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2016 CSO SUSTAINABILITY INDEX

FOR CENTRAL AND EASTERN EUROPE AND EURASIA

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Cover Photo: The photo was taken in Cahul (a city from the south part of Moldova as part of the campaign, Europa pentru Tine (Europe for you), that started in 2014 in Moldova. Participants, united by the idea EUROPA PENTRU TINE, formed a live chain in a circle symbolizing united countries on the EU flag.

This photograph was taken by FHI 360/MPSCS

The 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia

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

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INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the twentieth edition of the *CSO Sustainability Index (CSOSI) for Central and Eastern Europe and Eurasia*, covering developments in 2016.

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 Ocean¹. 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). The dimension 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 the corresponding narrative reports, with the aim of maintaining consistent approaches and standards so as to allow cross-country comparisons. Further details about the methodology used to calculate scores and produce narrative reports are provided in Annex A.

The Index is a useful source of information for local CSOs, governments, donors, academics, and others who want to better understand and monitor key aspects of sustainability in the CSO sector. The *CSO Sustainability Index for 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 thirty-one countries; *CSO Sustainability Index for the Middle East and North Africa*, which covers seven countries; and *CSO Sustainability Index for Asia*, covering seven countries. These various editions of the CSO Sustainability Index bring the total number of countries surveyed in 2016 to sixty-nine.

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.

¹ Please note that the five countries of Central Asia are no longer covered by this publication.

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| | |
|-------------------|---|
| Albania | Erisa Lame and Aleka Papa, Institute for Democracy and Mediation (IDM) |
| Armenia | Armen Ghalumyan and Piruze Manukyan, Civic Development and Partnership Foundation; Tatevik Margaryan |
| Azerbaijan | Shahla Ismayil, Women’s Association for Rational Development |
| Belarus | Uladzimir Korzh, Maryia Lando, Yunela Salnikava, Valery Zhurakouski, Maxim Padbiarozkin, Sieva Rahoisha, and Volha Smalyanka, International Educational NGO ACT |
| Bosnia | Center for Civil Society Promotion (CCSP) |
| Bulgaria | Luben Panov and Plamen Todorov, Bulgarian Center for Not-for-Profit Law (BCNL) |
| Croatia | Petra Drčić and Iva Mrdeža, Centre for Development of Non-Profit Organizations (CERANEO) |
| Czech Rep | Marek Šedivý and Alena Gmentová, Association of Public Benefit Organizations (AVPO CR) |
| Estonia | Maris Jõgeva, Network of Estonian Nonprofit Organisations |
| Georgia | Ramaz Aptsiauri and Otar Kantaria, United Nations Association of Georgia (UNAG) |
| Hungary | Veronika Móra, Ágnes Oravec, and Zsuzsa Foltányi, Ökotárs - Hungarian Environmental Partnership Foundation |
| Kosovo | Kushtrim Shaipi, IQ Consulting; Fjolla Shaipi, AnketaCo |
| Latvia | Rasma Pīpiķe, Kristīne Zonberga, and Anita Īvāne, Civic Alliance – Latvia |
| Lithuania | Jolanta Blažaitė, VšĮ Bendruomenių Kaitos Centras (Community Change Center) |
| Macedonia | Tanja Hafner Ademi and Sanja Bogatinovska, Balkan Civil Society Development Network (BCSDN) |
| Moldova | Nicolai Loghin, Center for Organizational Consultancy and Training (CICO); Anatol Beleac, FHI 360; Ion Donea, Ministry of Youth and Sport of the Republic of Moldova |
| Montenegro | Anđelija Lučić, Center for Democratic Transition (CDT) |
| Poland | Filip Pazderski, Institute of Public Affairs |
| Romania | Andrei Pop and Marian Bojincă, Civil Society Development Foundation (CSDF) |
| Serbia | Mladen Jovanović and Milena Velojic, National Coalition for Decentralization |
| Slovakia | Radana Deščiková, Pontis Foundation (Nadácia Pontis) |
| Slovenia | Centre for Information Service, Co-operation and Development of NGOs (CNVOS) |
| Ukraine | Lyubov Palyvoda and Volodymyr Kupriy, CCC Creative Center; Aleksandr Vinnikov, European Legal Development Network; Oleksiy Orlovsky, International Renaissance Foundation |

Project Managers

Management Systems International, Inc.
Svetlana Winbourne
Alex Nejadian

The International Center for Not-for-Profit Law
Catherine Shea
Jennifer Stuart
Margaret-Ann Scotti

Editorial Committee

Erin McCarthy, Orysia Lutsevych, Tamás Scsaurszki, Catherine Shea, Sevdalina Voynova,
Svetlana Winbourne

EXECUTIVE SUMMARY

For the twentieth consecutive year, the *2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia* reports on both the advances and setbacks in seven key dimensions affecting the sustainability of the civil society sectors in twenty-four countries in the region.

A number of countries, including Hungary, Russia, and Macedonia, have experienced backsliding over the past few years that has threatened the sustainability of civil society. While the increasing restrictions on civic space indicate a worrisome trend, the *CSO Sustainability Index* also highlights the ways that CSOs and individuals in these countries are learning to adapt to the reduced civic space, finding new ways to advocate, mobilize citizens, and raise funds. From the so-called Colorful Revolution in Macedonia to mass protests of the right-wing government's policies in Poland, public protests and demonstrations continue to be an important tool to bring both the public's and policymaker's attention to issues of public concern. As governments restrict access to foreign funding and reduce state funding to CSOs, CSOs are increasingly turning to crowdfunding as an alternative source of funding, including in restrictive environments such as Belarus, Russia, and Hungary. In addition, CSOs reported some success at using crowdfunding for political and human rights activities in 2016, broadening its effectiveness from the social, environmental, and cultural activities it originally targeted. In other contexts, however, government restrictions have made it virtually impossible for CSOs to operate. In Azerbaijan, for example, informal surveys indicate that at least two-thirds of CSOs in Azerbaijan have suspended their activities over the past few years, and most surviving CSOs have lost most of their staff members due to insufficient funding.

CSOs continue to be affected by the political and economic contexts in which they operate. During 2016, CSOs in Central and Eastern Europe and Eurasia were affected by and responded to the following developments:

- *Elections* – Parliamentary elections were held in a number of countries, including Montenegro, Slovakia, Georgia, and Lithuania. As they have over the past two decades, CSOs played a variety of roles in the electoral process, including voter education, get out the vote efforts, candidate monitoring, and election monitoring. Notable elections were also held in several other countries. In Moldova, the president was elected directly by the people—rather than the parliament—for the first time in the country's history. A number of CSOs monitored the election for procedural irregularities, and while they identified some, the Constitutional Court validated the elections, finding that the irregularities did not significantly affect the results. In Belarus, opposition candidates—democratic representatives from civil society—won two seats in the country's parliamentary elections in September, the first time in a decade that civil society representatives won seats in the parliament. In response to the protracted political crisis in Macedonia, the #Protestiram (I Protest) movement organized mass protests dubbed the Colorful Revolution that demanded that elections be postponed until conditions assuring free and fair elections could be put in place, among other demands. Elections were finally held in December.
- *Refugee Crisis* – While not as dramatic as it was in 2015, the flood of migrants stemming largely from the conflict in Syria continued to be a significant issue in Central and Eastern Europe in 2016. According to the Ministry of Interior in Serbia, for example, approximately 100,000 permits were issued to migrants in 2016 to allow them to enter the country, compared to over 550,000 refugees who were registered in the country in 2015. In Bulgaria, a public poll conducted by Alpha Research in September 2016 found that 61 percent of respondents identified refugees as the second biggest outside threat to the country, after international terrorism.

Many CSOs and governments in the region worked to provide assistance to the refugees in 2016. In line with the quota system proposed by the European Union (EU), Croatia promised to receive more

than 1,700 refugees from other member states by the end of 2017. The process of moving and settling these refugees began in 2016, but quickly encountered problems, with both of the centers for asylum seekers reaching full capacity by the end of the year. While only 154 refugees entered Latvia during the year, many organizations were still engaged in providing them with assistance, organizing fundraising campaigns, and educating the public about the refugees' culture. In Macedonia, CSO volunteers and activists continued to support stranded migrants and refugees at the country's borders with Greece and Serbia by monitoring the situation and ensuring support services. In Armenia, the number of programs and initiatives implemented by both formal and informal groups to support Syrian-Armenian refugees increased in 2016.

While many worked to assist and integrate refugees, the influx of migrants provoked tensions in other countries. After closing its border in September 2015, Hungary continued its "fight for sovereignty" in 2016, calling for a referendum against the EU's proposed refugee quota system. A public campaign successfully encouraged some people to stay away from voting and others to cast invalid votes (by crossing out both yes and no answers). The referendum results were ultimately invalid as less than half of the electorate voted. The refugee crisis also continued to polarize Slovak society in 2016. On the one hand, many communities responded to the crisis by collecting clothes and food for the refugees, and many volunteers traveled to the Hungarian and Serbian borders where the refugees were concentrated. At the same time, however, segments of society wanted to close the country's borders and block more refugees from entering, while the government was openly hostile to refugees and opposed to the mandatory quotas proposed by the EU.

- *Difficult Economic Situations* – Many economies in the region struggled in 2016. Sanctions imposed against Russia by European countries and the US three years ago significantly decreased the country's financial reserves, thereby prolonging its recession (although the severity of the economic downturn and the level of inflation both decreased significantly). Russia's economic problems had reverberations throughout Eurasia. For example, economic conditions in Armenia deteriorated, in part due to a dramatic reduction in remittances from Russia, as well as a decline in retail trade. The economy of Azerbaijan also struggled. Following a two-fold devaluation of the national currency in 2015, the state budget was significantly reduced in 2016 and unemployment increased. At the same time, remittances to Azerbaijan significantly decreased due to the deteriorating socioeconomic conditions of migrants working in Russia and other neighboring countries. GDP in Belarus dropped by 2 percent in 2016. In this context, the government actively sought new ways to attract investments, including using CSOs as a channel for foreign funding. These economic problems had a significant impact on CSOs. While demand for some CSO services increased, CSOs had access to fewer domestic resources to meet these needs.
- *International and Regional Bodies and Mechanisms* – International and regional bodies continued to wield significant influence on countries in Central and Eastern Europe and Eurasia.

Despite the issues plaguing the EU with the United Kingdom's vote in June 2016 to leave the union (known as Brexit), EU membership continues to be a significant draw for the countries covered by the Index. Eleven countries covered by this edition of the Index are already EU members.² Another four are candidate countries,³ while Kosovo and Bosnia are potential candidates. EU aspirations extend into Eurasia as well: According to an NDI-commissioned opinion survey conducted in November 2016, 72 percent of Georgians approved of the government's stated goal of joining the EU.

² The EU countries covered by the Index are: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

³ The EU candidate countries covered by the Index are: Albania, Macedonia, Montenegro, and Serbia.

The quest for EU membership continued to drive reform processes in candidate countries in 2016. In July 2016, for example, Albania adopted a comprehensive judicial reform plan, leading the European Council (EC) to conditionally recommend opening accession talks, subject to continued progress in justice reform. EU accession negotiations also remained a top priority in Montenegro during the year. Civil society in both countries continued to engage in the EU integration process during the year.

EU requirements also led several EU member countries, as well as candidate countries, to pass laws beneficial to the sector in 2016. In Poland, for example, an amendment to the Law on Public Procurement was adopted to comply with EU directives. The amendment supports more public procurement based on social objectives, including the usage of social clauses that provide socially beneficial obligations, such as employing persons with disabilities or the long-term unemployed, thereby increasing the chances of CSOs winning contracts. According to EU regulations, each EU country has to develop regulations and support systems for social enterprises. Latvia, the Czech Republic, Albania, and Moldova worked during the year to develop laws for social enterprises, while Romania adopted implementing regulations for its Social Economy Law.

Seventeen of the countries covered by the *CSO Sustainability Index for Central and Eastern Europe and Eurasia* are active members of the Open Government Partnership (OGP),⁴ an international platform that promotes governments that are open, accountable, and responsive to the public. Countries including Slovakia, Albania, Armenia, and Estonia reported progress during the year in developing and implementing country action plans to further OGP's goals, with active involvement of CSOs and the public. In Macedonia, the development of the OGP National Action Plan 2016-2018 was one of the few examples of civil society participation in the policy process during the year.

Two countries experienced disruptions in their OGP memberships in 2016 due to their poor operating environments for civil society. In May, OGP declared Azerbaijan an inactive member and therefore ineligible to vote in OGP elections due to problematic constraints on the operating environment for CSOs. Azerbaijan has one year to address these concerns, or else its membership in OGP will be suspended. In early December, Hungary decided to leave OGP (which it joined in 2012) after it was criticized in part for the lack of meaningful collaboration with civil society on matters related to open governance.

Operating within the New Normal

Two decades after the first edition of the *CSO Sustainability Index* was published, several countries (including Belarus and Azerbaijan) have made minimal progress in advancing sectoral sustainability, while others (including Hungary, Russia, and Macedonia) have experienced backsliding, in some cases to levels below those recorded twenty years ago. Constricted civic space seems to have become the norm in these countries. In some countries, CSOs have been able to adapt to this new situation, while in others the sector has been polarized or incapacitated.

While CSOs in Azerbaijan have always operated in a fairly constrained environment, an unprecedented crackdown on CSOs began in 2014, intensified in 2015, and continued in 2016. The government continued detaining activists and targeting those who used social media to criticize the government or organize protests. Government authorities also often used misdemeanor charges, such as “swearing in public” or “hooliganism,” to detain political activists, including peaceful demonstrators. Authorities subjected some detainees to

⁴ OGP member countries covered by the Index are: Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovakia, and Ukraine.

beatings, threats of rape or violence against relatives, and solitary confinement as punishment or to coerce confessions. In addition, myriad government regulations restrict CSOs' access to funding, particularly from foreign sources. Furthermore, CSOs are subject to an unwritten ban on hosting events in public venues, such as hotels and conference centers, in both Baku and the regions, which minimizes the opportunities they have to engage directly with their constituencies. The government and pro-government media view CSOs as agents of the West, targeting in particular CSOs working in human rights, democracy, rule of law, gender equality, children's rights, juvenile justice, elections, media rights, support to civil society, transparency, and property rights.

As a result of this hostile environment, informal surveys indicate that at least two-thirds of CSOs in Azerbaijan have suspended their activities over the past few years because they could not afford to maintain their staff and offices. Other CSOs have moved abroad, switched to other sectors, or remained active through less visible and sustainable work. Most surviving CSOs have lost at least two-thirds of their staff members due to insufficient funding. Some CSOs have stored their equipment, furniture, and libraries in the homes of staff members in order to protect it from government confiscation. Because of government restrictions on foreign funding, the only way CSOs could receive foreign funding during the year was by working through affiliated commercial organizations or individual service contracts between a foreign organization and a domestic CSO representative.

Belarusian CSOs have operated under difficult conditions since the country's independence. In contrast to the situation in Azerbaijan, however, the past few years in Belarus have been marked by modest improvements—a trend that continued in 2016 with relations between the state and civil society in Belarus improving slightly. Despite these positive developments, the legal environment under which CSOs operate remains largely unfavorable; the government does not consider CSOs as true partners; and access to local and foreign funding is limited and complex. While the sector remains small, many Belarusian CSOs have learned to operate within their difficult circumstances. For example, while the operations of unregistered organizations are technically criminal, informal initiative groups operate anyway, generally without harassment from the government. CSOs continue to have difficulty accessing foreign funding, but have recognized the importance of local fundraising for their survival. Therefore, a number of leading CSOs have hired or plan to hire professional fundraisers. Crowdfunding also continues to develop in Belarus, as described in more detail below. Other organizations have found it impossible to operate within the Belarusian legal context, and have therefore continued their work with registration in Lithuania, Poland, or the Czech Republic instead.

Russian CSOs continued to work in a difficult economic and political situation in 2016. The situation has polarized civil society, with independent groups working on issues such as democracy and human rights operating under dramatically different circumstances than organizations that are pro-government or provide social services. Independent CSOs continue to be subject to pressure from the authorities. The government has restricted their access to foreign and state funding, and the government and state-sponsored media continue to spread negative information about them. While government-supported organizations, many of which provide social services, have opportunities to increase their capacities, human rights and democracy groups are losing funding at an alarming rate, leading in many cases to reduced capacities. Many of these organizations previously relied on international funding to provide technical and capacity building services to organizations and individuals within the sector. Declining resources, coupled with increased government scrutiny and stigmatization, have forced many of these groups to shift focus, relocate offshore, or liquidate, either because they have been designated as foreign agents or because of a lack of funding. This in turn has significantly impacted the availability of training and services focused on democracy promotion, anti-corruption, human rights monitoring, and other similar areas. In spite of this, independent CSOs continue to fight for their existence and even continue to develop, with many striving to follow their missions and demonstrating resilience in a harsh environment. Pro-government organizations, on the other hand, have access to increased sources of domestic funding, including Presidential grants, and new legislative changes have created the framework for CSOs to provide more state-supported social services in the future.

Civic space in Hungary has declined significantly over the past several years, and this decline continued in 2016, with deterioration noted in all seven dimensions of sustainability. CSOs have operated within an atmosphere of intimidation and fear for several years. Options for funding have narrowed, while government rhetoric continues to vilify independent CSOs. CSOs are virtually excluded from providing government-funded services as a result of major policy reforms made in recent years. Meanwhile, advocacy remains futile. CSOs have struggled to adapt to these new circumstances.

Macedonian CSOs have also operated in a difficult environment for several years, and the situation continued to deteriorate in 2016, although overall sustainability remained stable. CSOs criticizing government policies and activists were subject to increasing state harassment. At the same time public attacks, hate speech, and smear campaigns against critical CSOs and activists by pro-government media became more frequent and direct during the year. Despite this difficult environment and the fact that state institutions were even less receptive to CSO input, CSOs continued to be active advocates. Most notable was the Colorful Revolution, led by the #Protestiram movement, which is described in more detail below.

POWER OF THE PEOPLE

Civil society harnesses the power of individuals in many different ways. Some people work for or volunteer with formal organizations to promote causes that are important to them. Other issues inspire larger numbers of people to take to the streets to express their opinions. Peaceful protests and demonstrations are an important form of self-expression and play a role in bringing both the public's and policymaker's attention to issues of public concern.

Mass protests have played a key role in Central and Eastern Europe over the past decade and a half. In the early 2000s, a wave of "color revolutions" galvanized populations against governments seen as corrupt and/or authoritarian. Individuals in the region continued to raise their voices through mass protests in 2016. Most notably, perhaps, was the so-called Colorful Revolution in Macedonia, led by the #Protestiram (I Protest) movement. Protests involving thousands of people broke out across Macedonia after the president pardoned fifty-six high-ranking officials suspected of involvement in illegal wiretapping, massive corruption, election-rigging, and other criminal wrongdoing. Protesters set clear demands, including revocation of the pardons, resignation of the president, postponement of elections until free and fair elections could be assured, and establishment of a special unit within the Criminal Court for handling Special Public Prosecutor (SPO) investigations. Several of the demands, such as revoking the pardons, were met, while others were still pending at the end of the year.

Individuals mobilized to push for their causes in other countries as well, with varying degrees of effectiveness. In Hungary, the government shows little receptiveness to independent voices, making traditional channels of advocacy, including formal consultations, petitions, and signature collections largely obsolete. The government does, however, respond to mass protests to some degree. The centralization of Hungary's education system prompted mass protests during the first half of the year, with about 50,000 people taking to the streets. In addition, in response to a statement by the State Secretary for Higher Education alluding to "checkered shirts" (used as a pejorative label for intellectuals), hundreds of classes and teacher teams spontaneously posted group photos outfitted with checkered shirts. In response to these public displays, the government set up a so-called Public Education Roundtable and promised to reform the system, including through the creation of several regional education governance bodies in order to decentralize decision making. Protesters claim that the announced reform plans failed to address their key demands of autonomy for teachers and schools, in particular in terms of flexibility in the curriculum and textbooks used. However, the movement became less visible by the end of the school year.

In Poland, the Committee for the Defense of Democracy (KOD) organized mass demonstrations to protest the right-wing government's policies and to defend democracy. Approximately 50,000 people participated in the march in Warsaw, with smaller marches taking place in other Polish cities. In October, the so-called

Black Protest organized massive demonstrations all around the country in response to parliamentary proceedings on a proposed anti-abortion rights law. Tens of thousands of people boycotted work and classes to protest the proposals, which would have imposed a blanket ban on abortion, including in instances of pregnancy resulting from rape or incest. A few days after the march, Poland's parliament voted overwhelmingly to reject the bill, although the government continued to discuss ways to further restrict access to abortion.

The year 2016 in Latvia was marked by numerous protests organized in reaction to government proposals and decisions. For example, feminist movements strongly opposed proposed changes to the Law on Sexual and Reproductive Health, which forbade the donation of eggs, arguing that the state has no right to make decisions about women's bodies. After the protests, this provision was removed from the law. In many cases, individuals harnessing the power of social media, rather than organizations, were the organizers of such actions. For example, individuals came together in front of the parliament building to protest a proposal that would greatly increase the taxation of microbusinesses, a legal form introduced several years ago in order to encourage people to start their own enterprises. The prime minister subsequently withdrew the problematic regulations.

In Kosovo, after the death of Astrit Dehari, an activist from the radical nationalist political party Vetevendosje, in prison under suspicious circumstances, protests were organized demanding justice for his death, including the resignations of relevant line ministers and other high-level officials. In addition, over 23,000 individuals signed a petition demanding institutional accountability and an independent investigation into his death. However, none of these initiatives achieved their objectives.

While individuals actively take to the streets in many countries around the region, the government in Azerbaijan continues to restrict political freedoms, including the right to protest, as described above. Despite the government's intolerance of public dissent, the difficult economic situation in the country during the year spurred a wave of protests throughout the country. In response to the unrest, the government created three public councils under the Council on State Support to NGOs to propose recommendations to address the economic crisis and promote "public control," allegedly referring to public watchdog activities to eliminate the widespread corruption among local officials. The public councils, however, became inactive as soon as the social unrest abated.

GROWTH IN CROWDFUNDING

Financial viability continues to be the most challenging aspects of sustainability for CSOs in nearly every country covered by the *CSO Sustainability Index for Central and Eastern Europe and Eurasia*. CSOs in many countries continue to be dependent on foreign donors. State support is also significant in many countries. Public support, however, has developed more slowly, although CSOs are increasingly seeking ways to garner resources from individuals.

Crowdfunding and other online mechanisms are increasingly popular means of tapping public support and many CSOs across the region successfully raised funds through crowdfunding sites in 2016. In Armenia, for example, more CSOs, especially informal groups, used online platforms, including GoFundMe, Indiegogo, Kickstarter, and ONEArmenia to raise funds. Repat Armenia, in cooperation with Arar Foundation and Sahman NGO and in coordination with the Ministry of Defense, initiated a campaign in April 2016 to collect funds to provide first aid to the soldiers and civilians wounded during military actions in Nagorno-Karabakh in April, as well as financial assistance to the families of Armenian soldiers killed or wounded during the hostilities. The campaign raised over \$150,000 in its first three months. In Ukraine, CSOs raised \$173,076 in 2016 for direct organizational support and \$846,154 for charitable projects in the areas of education, environment, literature, travel, new technologies, and capacity building through the Spilnokosht and Charity Exchange Stock crowdfunding platforms. CSOs in Slovakia have access to a variety of crowdfunding platforms, such as Dobrakrajina.sk, Dakujeme.sk, Ludialudom.sk, startlab.sk (for public utility projects), and marmelada.sk (for creative activities). In Croatia, crowdfunding is still in a legal grey area, discouraging CSOs from investing too

much effort in this area. However, there was at least one successful crowdfunding initiative in 2016. After state funding for non-profit media was abolished, Forum.tm, a non-profit media portal, crowdfunded more than \$10,000 to continue its work.

When CSOs first began using crowdfunding technologies as a fundraising tool, its effectiveness was primarily limited to social, environmental, or cultural activities. CSOs are now starting to have some success at using crowdfunding for political and human rights activities as well. For example, in 2016, the Human Rights Center in Estonia raised funds through crowdfunding to hire lawyers to file cases in court to protect the rights of same-sex couples, while the Helsinki Foundation for Human Rights in Poland was able to collect funds to issue a guidebook on whistleblower protections. In Serbia, while political causes are still not seen as good platforms for fundraising, the Ne davimo Beograd initiative raised between €1,200 and €1,800 from individuals through Facebook campaigns in a very limited timeframe for each of the six demonstrations they organized to protest an expensive construction project in the center of Belgrade. CSOs in Slovakia, on the other hand, report that crowdfunding is still not effective for initiatives involving complicated or controversial topics, such as legislative amendments, lesbian, gay, bisexual, transgender, and intersex (LGBTI) projects, or Roma community projects.

Crowdfunding is also developing as an alternative source of funding in countries in which civic space is being restrained or access to foreign funding is restricted. In Belarus, CSOs raised around \$300,000 on crowdfunding platforms such as Talaka, Ulej, and MaeSens in 2016, almost twice as much as in 2015 (\$160,000). For example, the online magazine Imena (Names), which focuses on social problems, raised over \$20,000 on Talaka, setting a national crowdfunding record. In addition to raising vital funds for their work, CSOs' increased usage of crowdfunding platforms—along with shares on social media—has attracted public attention and support for CSO initiatives.

Crowdfunding is also developing in Russia, including for activities focused on human rights that no longer have access to foreign funding. In 2016, for example, the international organization Memorial collected 400,000 rubles (over \$6,000) through crowdfunding for Return of the Names, a large-scale campaign aimed at remembering the names of victims killed by the Stalin regime on the day of political prisoners. However, Russian CSOs have found that crowdfunding generally represents a one-time solution to a specific problem, and not a permanent source of institutional funding.

Crowdsourcing is also becoming more popular in Hungary, mainly through the use of Adhat.hu. In 2016, the Two-Tailed Dog parody party crowdsourced more than 30 million HUF (about \$100,000) for a campaign that sarcastically distorted the government's messages and encouraged the public to cast an invalid vote on a referendum on the proposed quota system to distribute refugees among EU member states. This campaign was one of the few channels for those opposing the government's anti-refugee stance to convey their messages.

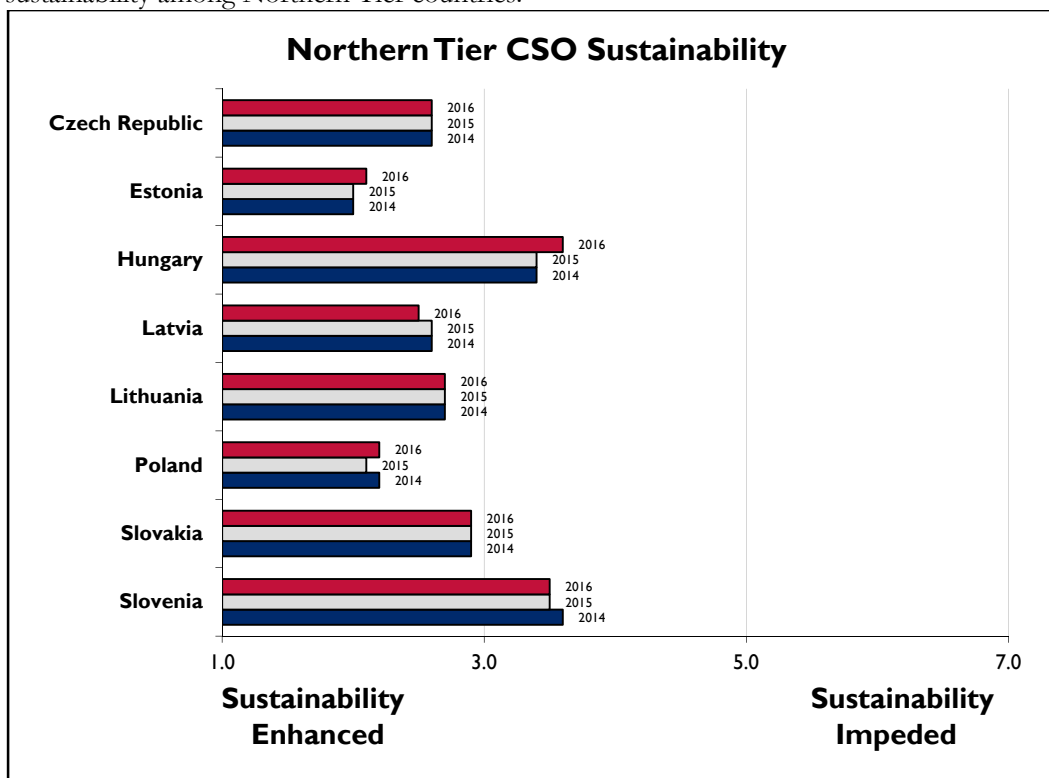
TRENDS IN SUSTAINABILITY

Overall CSO sustainability in Central and Eastern Europe and Eurasia showed diverging trends in 2016. Six countries representing all ends of the spectrum – from Estonia, Poland, and Croatia on the high end of sustainability, to Hungary, Russia, and Azerbaijan on the low end – reported overall declines in sustainability, while CSOs in three equally diverse countries – Belarus, Latvia, and Romania – benefited from improvements in sectoral sustainability.

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. In 2016, overall sustainability deteriorated in Estonia and Poland – the two countries with the highest levels of sustainability among all countries covered by the various editions

of the *CSO Sustainability Index*. Overall sustainability also declined in Hungary, the country with the lowest level of sustainability among Northern Tier countries.



In Estonia, the decline in overall sustainability was caused by a drop in organizational capacity as the gap between well-managed and less organized CSOs continued to grow. However, new capacity building programs were initiated that could improve the sector’s innovation and productivity in the coming years, indicating that this may be a temporary setback. In Poland, the work of CSOs, particularly advocacy-related work, was hindered by the new government that took office after parliamentary elections in late 2015. CSO cooperation with the central administration and public consultation in policy making both deteriorated significantly. The public image of CSOs in Poland also seriously deteriorated in 2016. Media coverage of the sector significantly worsened, with claims that some CSOs were associated with the political opposition and misusing public funds. The prime minister and other prominent representatives of the ruling party echoed these messages, declaring that CSOs require stronger regulation. The sector in Hungary, which has experienced significant declines in sustainability over the past five years, experienced further deterioration in every single dimension of sustainability in 2016, as the government continued to restrict civic space and vilify independent voices. As a result of the government’s attitude towards the independent sector, options for funding have narrowed; CSOs are virtually excluded from providing services; and advocacy remains futile. These factors have adversely influenced organizational capacity and infrastructure as well.

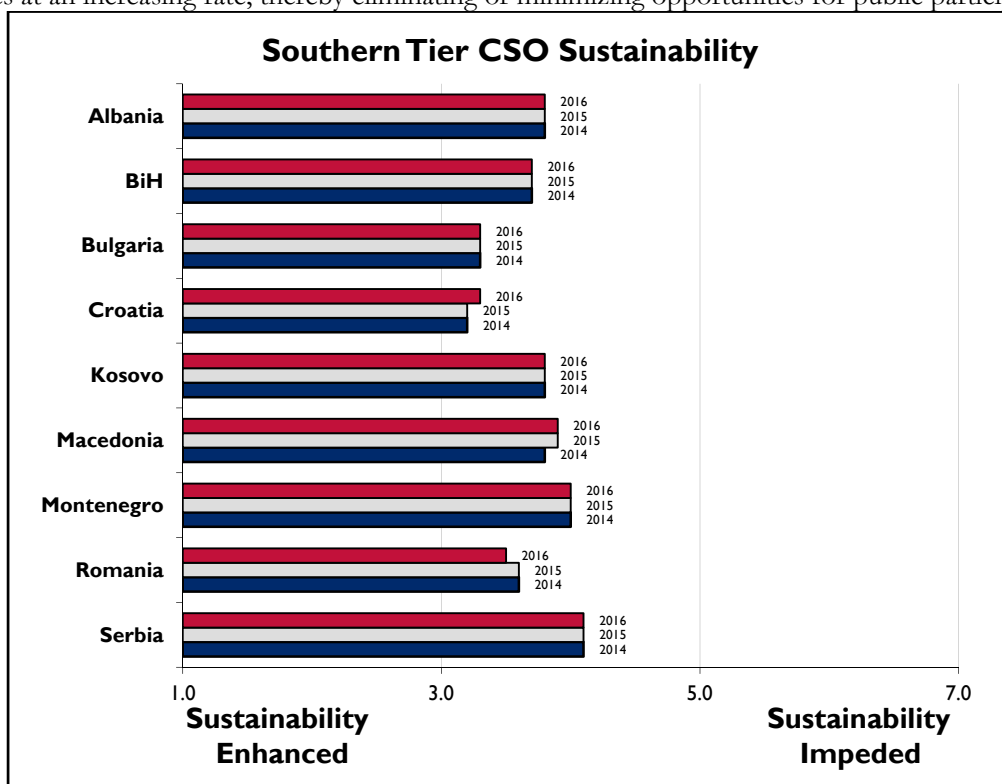
Latvia was the only Northern Tier country to report improved overall sustainability in 2016, with positive developments noted in several dimensions of sustainability. Financial viability improved with the establishment and start-up of the National NGO Fund. The National NGO Fund began implementing a program to support CSO capacity building and the five Regional NGO Support Centers secured longer-term funding, improving the infrastructure supporting CSOs. Finally, the public image of the sector improved, as media coverage of CSO activities increased and CSOs increasingly used social media to organize campaigns and events and inform their followers of their work.

While Slovenia continues to lag behind other Northern Tier countries in terms of overall sustainability, CSOs in Slovenia reported progress in several dimensions, including the legal environment, financial viability, advocacy, infrastructure, and public image. Advocacy organizations demonstrated increased ability to implement effective campaigns, including campaigns focused on changes to the legal environment for CSOs. Infrastructure improved slightly with a growing number of CSO coalitions, as well as improved cooperation between CSOs and the public and business sectors, while public image improved as a result of CSOs' increased presence in and cooperation with the media. Total CSO income also increased slightly in 2016, but continues to be insufficient to guarantee the long-term survival or further development of CSO programs. These advances, however, did not lead to an improvement in overall sustainability.

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, both of which are EU members, continue to have the highest levels of sustainability in the sub-region, while Serbia and Montenegro still have the lowest.

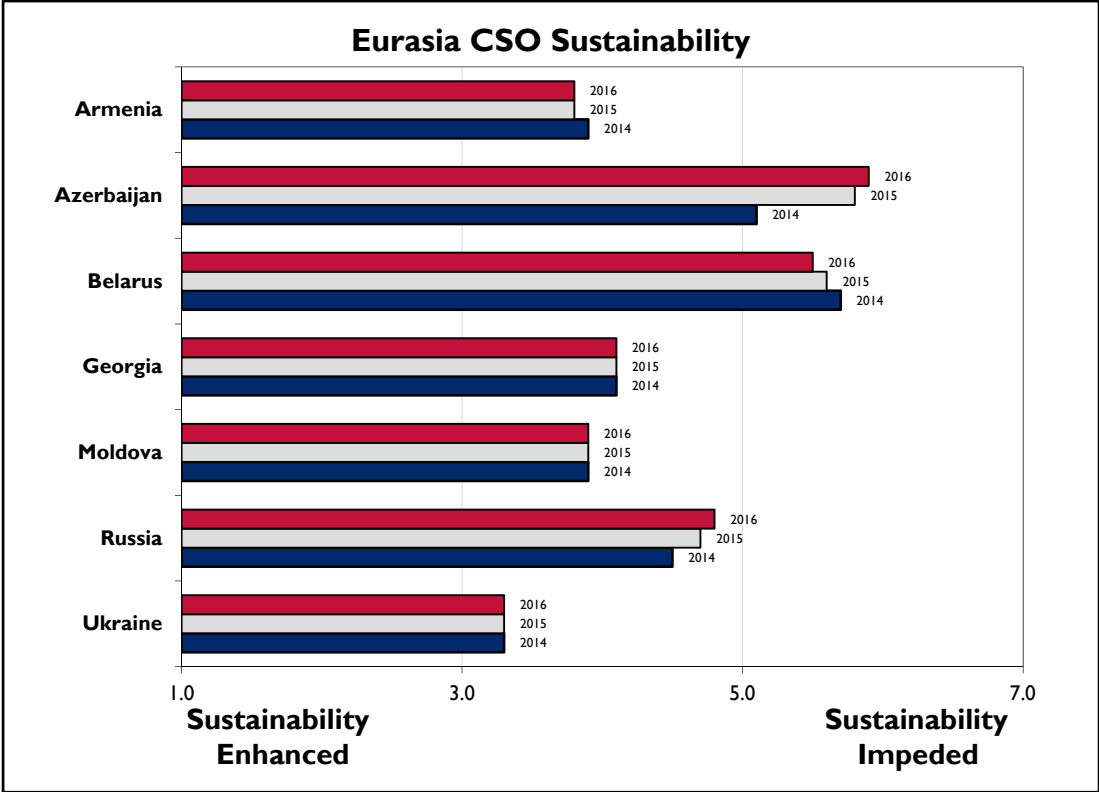
Overall CSO sustainability in the Southern Tier countries remained largely stable in 2016, with only one country – Romania – recording an improvement in 2016 and one country – Croatia – recording a deterioration. Both advocacy and public image improved in Romania: during the year, CSOs significantly influenced policy, and—despite increased accusations of foreign influence—garnered a more active media presence and greater appreciation from government. With the exception of service provision, all dimensions of sustainability deteriorated in Croatia. The government was distrustful of civil society during the year, labelling CSO activity as unnecessary and parasitical, and cut funding for the National Foundation for Civil Society Development (NFCSD), a critical component of the sector's infrastructure. As a result of decreased funding, many CSOs had to lay-off staff. While CSOs continued to engage actively in advocacy during the year, the unstable political situation limited the effectiveness of such efforts. In addition, parliament bypassed customary legislative procedures at an increasing rate, thereby eliminating or minimizing opportunities for public participation.



Eurasia

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*. Overall sustainability scores in Belarus and Azerbaijan (5.5 and 5.9, respectively), continue to move on different trajectories. While the situation in Belarus is still highly restrictive, overall sustainability improved slightly, with modest advances noted in all dimensions of sustainability with the exception of the legal environment. During the year, Belarusian CSOs focused on developing their organizational capacity and financial viability, with a special focus on local fundraising. CSOs also engaged more actively in advocacy, and citizen initiatives and local communities organized significantly more events and campaigns in 2016. In addition, CSOs extended the range of their services and made consistent efforts to promote their public images. Meanwhile, the situation in Azerbaijan got drastically worse as the government continued to restrict political freedoms and independent voices. Due to the restrictive environment and limited funding opportunities, CSOs in Azerbaijan had to significantly reduce their operations, self-censor, and diminish their advocacy efforts in 2016.

CSOs in Russia have also been operating in an increasingly constrained environment that resulted in deterioration in the legal environment, organizational capacity, advocacy, and public image, as well as overall CSO sustainability, in 2016. Independent CSOs continue to be subject to pressure from the authorities. The government has restricted their access to foreign and state funding, and the government and state-controlled media continue to spread negative information about them. Additional organizations were required to register as foreign agents (organizations that intend to receive foreign funding and conduct “political activities”), or were designated “undesirable” and subsequently unable to operate in Russia.



While overall sustainability scores did not change, both Armenia and Moldova reported improvements in at least three dimensions of sustainability. In Armenia, the legal environment improved with the passage of a new Law on Public Organizations, which was developed with extensive input from civil society, as well as amendments to the Law on Foundations. Civic activism grew, with informal groups engaged in advocacy at

the local level and formal CSOs and networks contributing to national policies through institutionalized channels. Financial viability also improved as CSOs increasingly used new technologies for crowdfunding, soliciting corporate donations, and establishing social enterprises to earn income. In Moldova, the legal environment improved as several positive amendments and legal acts were adopted or initiated; cooperation between CSOs and public authorities improved; local grant making increased, intersectoral partnerships continued to develop, and the sector's public image improved.

CONCLUSION

This year's *Index* once again illustrates that the hard work of developing strongly-rooted democratic cultures—including the development of an independent, vibrant and pluralistic civil society—is far from over in Central and Eastern Europe and Eurasia. Civic space continues to be restricted in several countries in the region, such as Azerbaijan, Belarus, and Russia, and has eroded over the past several years in others that had previously made significant progress, such as Hungary and Macedonia. At the same time, this edition of the *CSO Sustainability Index* provides grounds for optimism, as CSOs continue to take public action on issues that matter to them and find new ways to tap public support, including for human rights issues and actions.

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.

2016 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 | = | 2.8 | ↑ | 3.1 | ↑ | 1.8 | ↑ | 2.4 | = | 2.7 | = | 2.4 | ↓ | 2.6 | = |
| Estonia | 1.9 | = | 2.5 | ↓ | 2.4 | = | 1.8 | = | 2.3 | = | 1.6 | = | 1.9 | = | 2.1 | ↓ |
| Hungary | 3.3 | ↓ | 3.5 | ↓ | 4.2 | ↓ | 4.1 | ↓ | 3.3 | ↓ | 3.0 | ↓ | 3.8 | ↓ | 3.6 | ↓ |
| Latvia | 2.3 | = | 3.0 | = | 3.2 | ↑ | 1.9 | = | 2.4 | = | 2.1 | ↑ | 2.7 | ↑ | 2.5 | ↑ |
| Lithuania | 2.2 | ↓ | 2.7 | = | 3.3 | ↓ | 2.0 | ↓ | 3.3 | = | 3.0 | = | 2.3 | ↑ | 2.7 | = |
| Poland | 2.1 | = | 2.6 | = | 2.9 | = | 1.6 | ↓ | 2.2 | = | 1.4 | ↑ | 2.4 | ↓ | 2.2 | ↓ |
| Slovakia | 3.0 | = | 3.1 | = | 3.7 | = | 2.6 | = | 2.6 | = | 2.9 | = | 2.7 | ↓ | 2.9 | = |
| Slovenia | 3.1 | ↑ | 3.7 | = | 4.4 | ↑ | 3.2 | ↑ | 3.3 | = | 3.4 | ↑ | 3.1 | ↑ | 3.5 | = |
| <i>Average</i> | 2.6 | = | 3.0 | = | 3.4 | = | 2.4 | = | 2.7 | = | 2.5 | = | 2.7 | = | 2.8 | ↓ |
| SOUTHERN TIER | | | | | | | | | | | | | | | | |
| Albania | 3.7 | ↑ | 3.7 | = | 4.5 | = | 3.3 | = | 3.7 | = | 3.8 | = | 3.7 | = | 3.8 | = |
| BiH | 3.4 | = | 3.5 | ↓ | 4.9 | ↓ | 3.2 | = | 3.9 | = | 3.8 | = | 3.5 | = | 3.7 | = |
| Bulgaria | 2.5 | = | 4.1 | = | 4.4 | ↓ | 2.6 | ↑ | 3.1 | = | 3.1 | = | 3.4 | = | 3.3 | = |
| Croatia | 3.1 | ↓ | 3.3 | ↓ | 4.5 | ↓ | 3.2 | ↓ | 3.1 | = | 2.8 | ↓ | 3.2 | ↓ | 3.3 | ↓ |
| Kosovo | 3.6 | = | 3.8 | = | 4.7 | = | 3.7 | = | 3.8 | = | 3.7 | = | 3.5 | = | 3.8 | = |
| Macedonia | 3.8 | ↓ | 3.7 | ↑ | 4.4 | = | 3.7 | ↓ | 3.8 | = | 3.3 | = | 4.5 | ↓ | 3.9 | = |
| Montenegro | 3.5 | = | 4.2 | = | 5.0 | = | 3.5 | = | 3.9 | ↑ | 3.7 | ↑ | 4.2 | = | 4.0 | = |
| Romania | 3.6 | = | 3.5 | = | 4.2 | = | 3.5 | ↑ | 3.2 | = | 3.1 | = | 3.7 | ↑ | 3.5 | ↑ |
| Serbia | 4.1 | ↓ | 4.0 | ↑ | 4.7 | ↑ | 3.6 | ↓ | 4.2 | = | 3.3 | ↑ | 4.6 | ↓ | 4.1 | = |
| <i>Average</i> | 3.5 | = | 3.8 | = | 4.6 | = | 3.4 | = | 3.6 | = | 3.4 | = | 3.8 | = | 3.7 | = |
| EURASIA: Russia, West NIS, and Caucasus | | | | | | | | | | | | | | | | |
| Armenia | 3.8 | ↑ | 3.7 | = | 5.1 | ↑ | 3.1 | ↑ | 3.8 | = | 3.2 | = | 3.9 | = | 3.8 | = |
| Azerbaijan | 6.4 | = | 5.9 | ↓ | 6.5 | ↓ | 5.8 | ↑ | 5.2 | ↓ | 5.6 | ↓ | 5.8 | ↓ | 5.9 | ↓ |
| Belarus | 6.7 | = | 4.7 | ↑ | 6.3 | ↑ | 5.3 | ↑ | 5.1 | ↑ | 5.1 | ↑ | 5.6 | ↑ | 5.5 | ↑ |
| Georgia | 3.3 | = | 4.3 | = | 5.0 | = | 3.8 | ↑ | 4.1 | = | 4.3 | = | 3.8 | = | 4.1 | = |
| Moldova | 4.1 | ↑ | 3.7 | = | 4.7 | = | 3.2 | ↑ | 4.2 | = | 3.3 | ↑ | 3.8 | ↑ | 3.9 | = |
| Russia | 5.7 | ↓ | 4.6 | ↓ | 5.0 | = | 4.7 | ↓ | 4.2 | = | 4.1 | = | 5.2 | ↓ | 4.8 | ↓ |
| Ukraine | 3.4 | = | 3.3 | = | 4.2 | = | 2.1 | = | 3.2 | = | 3.3 | ↑ | 3.3 | = | 3.3 | = |
| <i>Average</i> | 4.8 | = | 4.3 | = | 5.3 | = | 4.0 | ↑ | 4.3 | ↓ | 4.1 | ↑ | 4.5 | = | 4.5 | = |

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

ALBANIA



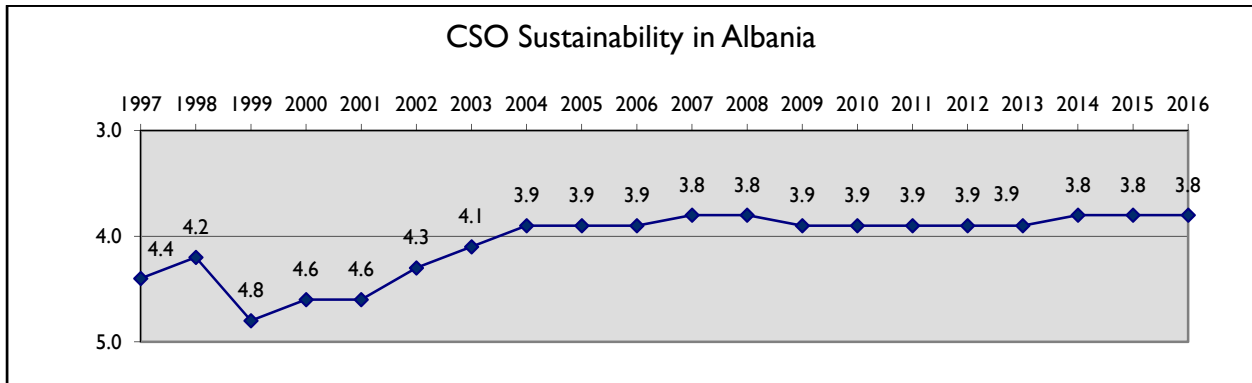
Capital: Tirana

Population*: 3,038,594

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

Human Development Index*: 75

CSO SUSTAINABILITY: 3.8



Albania has been an official candidate for accession to the European Union (EU) since 2014. Judicial reform has long been an issue in moving its candidacy forward. In July 2016, Albania adopted a comprehensive judicial reform plan, which includes legislative, institutional, and policy changes. In November 2016, the European Council (EC) conditionally recommended opening EU accession talks with Albania, subject to continued progress in justice reform. According to the 2016 EU Progress Report for Albania, there is still a need for closer cooperation and coordination at all levels of government with parliamentary and civil society platforms dealing with EU integration matters.

*Population (July 2016 estimate), and GDP (2016 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>. 2015 Human Development Index rankings from <http://hdr.undp.org/en/statistics/>.

Steps were taken in 2016 to establish the National Council for Civil Society (NCCS), an advisory body to the government on

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civil society issues that is expected to provide a framework for more structured government consultations with CSOs. Elections were held for the thirteen CSO representatives, and in June 2016, the NCCS held its first informational meeting. However, the council was not officially constituted by the end of 2016.

Although the legal environment governing the sector improved in 2016, overall CSO sustainability remained stagnant. CSOs continue to make efforts to improve their strategic planning, constituency and coalition building, advocacy, and use of modern technologies; however, these initiatives were insufficient to make significant and sustainable changes to the CSO environment in Albania.

Data on the size of the civil society sector is still not publicly available. There are around 12,000 CSOs—including associations, foundations, and centers—registered in the Tirana Court of First Instance. However, the total number of active CSOs registered with the tax authorities is just 3,724.

LEGAL ENVIRONMENT: 3.7



The legal environment for CSOs improved slightly in 2016 with the proposal and adoption of legal initiatives related to volunteerism and social enterprises.

Law 45/2016 on Volunteerism was enacted by the parliament in April 2016 and came into effect immediately, thereby fulfilling one of the nine priorities identified in the 2015 Road Map for Albanian Government Policy Towards a More Enabling Environment for Civil Society Development. The law defines the basic principles, conditions, and criteria for conducting voluntary work and aims to increase civic engagement and the participation of individuals in community development.

According to EU regulations, each EU country has to develop regulations and support systems for social enterprises. To meet this requirement, in June 2016 parliament enacted Law 65/2016 on Social Enterprises in the Republic of Albania, which aims to create an enabling environment for the establishment and operation of these organizations. The law, which became effective immediately, establishes regulations for the organization and operation of social enterprises, as well as the conditions and criteria that an entity must meet to obtain the status of social enterprise.

The registration process for CSOs continues to be centralized at the Tirana Court of First Instance, a great burden 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. The process is expensive and lengthy, and involves judges that are not specialized in CSO legal issues.

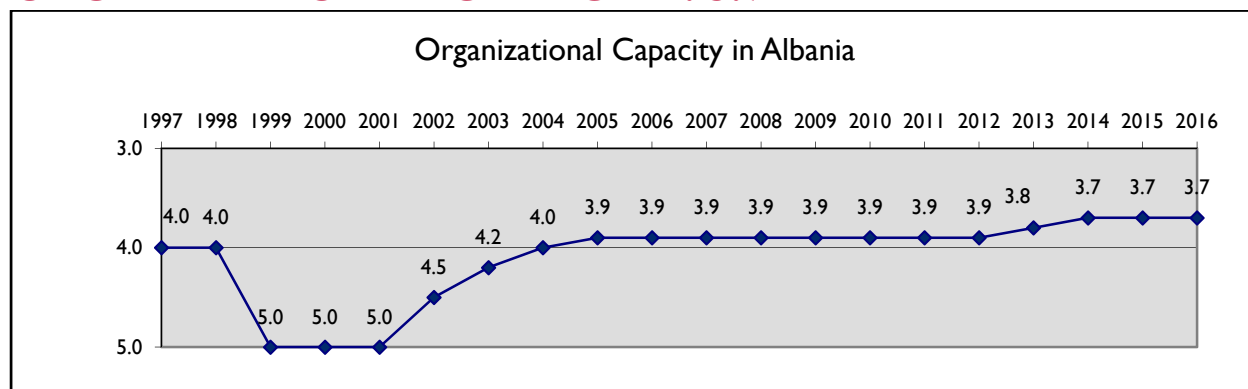
CSOs did not report any cases of administrative impediments or state harassment in 2016. According to the Monitoring Matrix on Enabling Environment for CSO Development in Albania for 2016, only eight out of the ninety-six surveyed CSOs reported that they faced unlawful state interference in their internal matters.

In February 2016, the Minister of Finance adopted Order 26 on the Approval of the Manual on Public Financial Inspection. It aims to guarantee the implementation of Law 112/2015 on Public Financial Inspection and increase the financial management capacities of all public and private entities that manage public funds, EU funds, or international funds deriving from an international agreement with the Albanian government. There were no official reports of CSOs being subject to public financial inspections in 2016. CSOs continue to advocate for proportional rules on accounting and financial reporting for organizations of different sizes and income, especially for small CSOs that do not engage in economic activity.

CSOs are allowed to engage in economic activity and generate income through service contracts and public procurements. CSOs that do not engage in economic activity are exempt from the value-added tax (VAT) on their non-profit sources of income, including membership fees, funds, grants, and donations. CSOs that engage in economic activity in the social, educational, cultural or sports fields are exempt from VAT when recognized by the competent authority in the Republic of Albania. In addition, CSOs implementing EU Instrument for Pre-accession Assistance (IPA) projects are eligible for VAT reimbursement on purchases. However, CSOs have found VAT reimbursement problematic for many years now. Even though the General Directorate of Taxation has a unit focused on CSO matters, CSOs argue that tax officers do not differentiate appropriately between CSOs and economic operators (as businesses are referred to in the law) due to a lack of capacity and training. Corporate donors receive minimal tax benefits for donations, but individuals do not receive any tax benefits. Since 2015, an online tax system requires all CSOs, as well as businesses, to file monthly declarations of income and expenses, even when no activities occur, which places a heavy administrative burden on all organizations.

Local legal capacity did not change in 2016. CSOs outside the capital do not have access to specialized pro bono legal assistance.

ORGANIZATIONAL CAPACITY: 3.7



The organizational capacity of CSOs in Albania remained unchanged in 2016. There is still a gap in expertise and experience between CSOs in Tirana and those outside the capital.

CSOs continued their efforts to enhance their constituencies and communicate their work to them, actively using information and communication technologies (ICT) and social media, mainly Facebook. Still, ICT and social media do not sufficiently reach certain target groups, such as Roma, women in rural areas, and the elderly, who are less likely to use such technologies. Despite CSOs' outreach efforts, the 2016 Institute for Democracy and Mediation (IDM) report on Challenges of Local Government Units in the Fight against Corruption concludes that CSOs at the local level enjoy less community support and weaker constituencies than organizations with national outreach, most likely because of their more limited human and financial resources.

In response to donor requirements, CSOs increased their efforts to create annual strategic plans and define their missions and visions in 2016. However, smaller and local CSOs still struggle to develop clearly defined

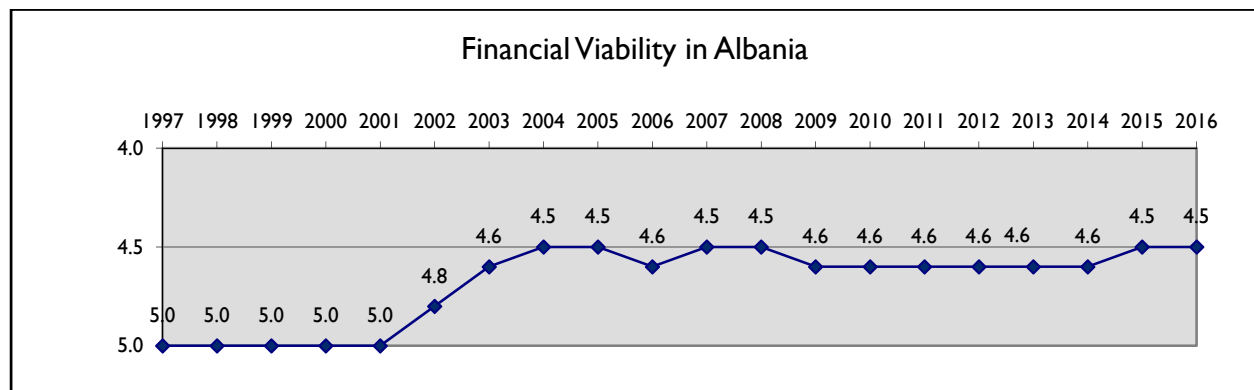
visions and missions. Donor dependence drives many CSOs to adopt broad missions, leading to generalization and lack of expert knowledge in specific areas of activity. At the same time, anecdotal evidence indicates that CSOs' efforts to meet donor requirements by improving their internal management structures, planning, and outreach to local constituencies have strengthened their organizational capacities.

Executive directors and board members continue to have overlapping responsibilities. Boards rarely engage in governance or monitoring activities, generally leaving executive directors with full authority. The transparency of boards is also an issue: most CSOs do not even publish the names of board members on their websites.

Few CSOs have the ability to retain permanent, salaried staff. Organizations typically have small staff and are not financially sustainable. Many organizations outside Tirana rely mainly on part-time staff or volunteers. According to the 2016 World Giving Index, 11 percent of respondents in Albania reported that they participated in voluntary action in 2015, compared to 9 percent in 2014.

CSOs are active users of ICT and online platforms that help them carry out their activities. Internet access continued to expand in the country in 2016.

FINANCIAL VIABILITY: 4.5



The financial viability of CSOs did not change in 2016. CSOs primarily rely on grants from foreign donors, the level of which remained largely the same in 2016 as in 2015.

The Agency for Support of Civil Society (ASCS) is the main source of government funding to the sector. ASCS funding levels have remained fairly stable since 2009. In 2016, ASCS issued one call for proposals, awarding forty-one grants ranging from 500,000 ALL (about \$4,000) to 3.5 million ALL (about \$28,000). The call supported initiatives to improve the enabling environment for civil society—strengthening the role of CSOs in developing policy priorities for the sector, as well as increasing the role of civil society within the national dialogue for development. According to ASCS, particular attention was given to newly established organizations. In addition, since 2014, the Ministry of Culture annually funds projects for individuals and CSOs working in the field of culture. In 2016, a total of ninety-two grants were awarded ranging from 200,000 ALL (approximately \$1,600) to 1.5 million ALL (approximately \$12,000).

Since 2015, CSOs, along with individuals and public institutions, are eligible to receive funding through lottery proceeds. During 2016, four grants were awarded. The call for proposals lacked information on the priority fields of support; however, three focused on disadvantaged children, and the other focused on the fight against the informal sector.

In 2015, several CSOs received contracts from donors that required them to re-grant funds to smaller organizations. During 2016, these CSOs made their first sub-grants to local and grassroots organizations. For example, the Project Leviz Albania, implemented by the Open Society Foundation for Albania, Co-PLAN, and

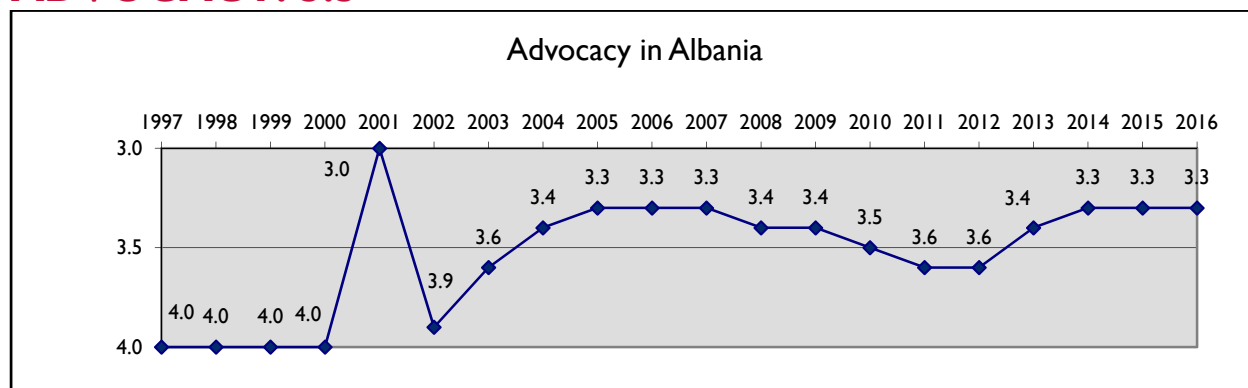
Partners Albania with funding from the Swiss Agency for Development and Cooperation (SDC), awarded over forty grants during the year. The Regional Environmental Center (REC-Albania) implements the program Albanian Civil Society for a European Environment – ACHIEVE, 2015-2017, with EU funding. During 2016, this program issued three calls for proposals. The project Partnership Against Corruption Together (PACT), funded by the European Union and implemented by the Albanian National Training and Technical Assistance Resource Center (ANTTARC), awarded twenty-five grants during 2016.

Financial support from the private sector continues to be sporadic and limited. In-kind donations are more frequent than financial donations. Such donations mainly go towards education, marginalized groups (including children and the elderly), and relief for natural disasters. Philanthropic activity is more developed among enterprises in the financial and insurance sector, information and communication sector, and mining and quarrying industry. According to the 2016 World Giving Index, 22 percent of respondents in Albania reported that they donated to charities in 2015, compared to 27 percent in 2014 and 17 percent in 2013.

The number of CSOs engaging in economic activity remains very limited. However, the adoption of the Law on Social Enterprises is expected to support CSOs' efforts to diversify their funding bases.

Very few CSOs have sound financial management systems or publish annual financial reports. Upon donor request, individual projects are subject to independent audit. Minister of Finance Order No. 62 on the National Standard on Accountability Rules of CSOs, which went into effect on January 1, 2016, aims to standardize accounting and bookkeeping information on the financial status and financial transactions of CSOs. CSOs consider this a positive development as the Order establishes different reporting requirements for CSOs based on their annual budgets.

ADVOCACY: 3.3



Advocacy capacities and the level of civic dialogue did not change in 2016.

The establishment of the NCCS, which is comprised of thirteen civil society and thirteen government representatives, is expected to lay the foundation for institutionalized CSO-government cooperation. The Minister of Social Welfare and Youth chairs the NCCS, while ASCS acts as the technical secretariat. CSO representatives to the NCCS were selected during 2016. However, the selection process, which was not clearly set out in the law, was lengthy and completed only with international assistance. The NCCS held its first informational meeting in June, but was not officially by the end of the year.

Following local government reforms in 2015, there was hope that local government cooperation with CSOs would improve. However, cooperation remains limited both because of a lack of capacity among local CSOs and limited capacity and willingness of local administrations.

In 2016, civic activism and advocacy efforts addressed a wide range of fields including environmental protection, women's and children's rights, education reform, and rule of law and good governance. In general, CSOs at the national level have stronger advocacy capacities, although their campaigns are not always successful. Advocacy capacities at the local level continue to be underdeveloped.

Civil society continues to engage in Albania's EU integration process. Although CSO representatives participated in all meetings of the National Council for European Integration (NCEI), a consultative forum established in 2015 to guarantee inclusiveness in EU-related processes, the 2016 EU Progress Report for Albania concluded that CSOs failed to take an active role in the council.

Environmental organizations and CSO coalitions intensified their public awareness and advocacy efforts in 2016. During the year, they worked to build and mobilize support bases, with varying degrees of success. In February, civil society activists protested against a government plan to build a playground in the Lake Park of Tirana. Despite these protests, the playground was built and opened in June. Under the motto #DontTouchValbona, environmental CSOs and concerned citizens protested against the construction of fourteen hydropower plants in the Valbona valley that threaten to damage the environment and tourism in the region. In September, the citizens group Alliance against Waste Import led advocacy campaigns against a recently adopted amendment to the Law on Integrated Waste Management that allows the import of waste into Albania for recycling purposes. CSOs warned of the risk of becoming a dump due to the lack of necessary institutional infrastructure and monitoring systems. The changes were sent back to parliament for review by presidential decree.

In July, the Grouping Citizens Pro the Judicial Reform produced a statement and led protests to urge the adoption of constitutional amendments to advance judicial reform. While a comprehensive judicial reform plan was passed in July, there are concerns about the plan's implementation.

CSOs participated in the process of drafting Albania's third Open Government Partnership (OGP) national action plan for 2016-2018. Based on their areas of expertise, CSOs provided concrete recommendations for commitments that promote transparency, accountability, and citizen engagement. CSOs proposed three of the seventeen adopted national commitments.

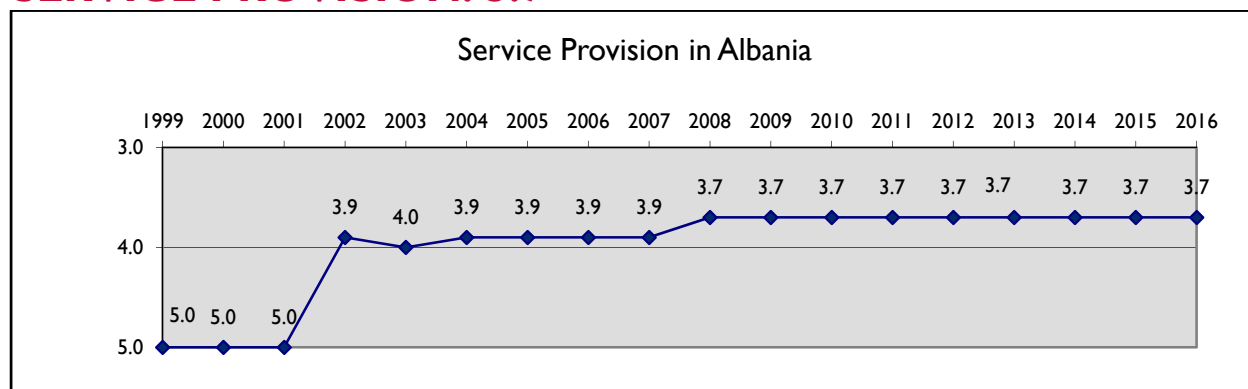
In May 2016, under the slogan Courage, the Alliance against the Discrimination of LGBT and Pro LGBT organized the fifth pride event in Albania and demanded amendments to the Family Code to provide same-sex partners with the legal right to marry and to be included in the legal definition of cohabitation. Nothing has come of these efforts to date.

While the number of public hearings and consultations has increased, CSOs continue to be concerned about the impact of these mechanisms. Consultations often seem to be organized as a formality. In some cases when consultation meetings are organized, feedback from stakeholders is not taken into account. In other cases, when written feedback is requested, parliament does not provide information on how this input was used during the review of draft laws. According to IDM's December 2016 national opinion poll, 45 percent of Albanians believe that suggestions coming from civil society and interest groups on draft laws are not taken into consideration. During 2016, civil society raised public awareness of the Law on the Right to Information and the Law on Notification and Public Consultation through TV, pamphlets, and websites like Pyetshtetin.al and Duainfo.org. CSOs also highlighted the fact that central and local government bodies are not adequately implementing these laws, and still pass laws and strategies without consulting relevant stakeholders. For example, the online registry for notifications and public consultation, on which all draft legal acts should be published, was launched in 2016, but was not used by public authorities during the year.

Civil society recognizes the need for an enabling legal environment to enhance the sustainability of the sector. During 2016, CSOs at the national level were consulted on the Laws on Whistle-Blower Protection, Volunteerism, and Social Enterprises. However, despite CSO advocacy efforts, decision makers failed to act

on CSOs' proposals to introduce fiscal incentives to increase philanthropy and to make legal changes to improve the distribution of public funding.

SERVICE PROVISION: 3.7



CSO service provision in Albania has been stagnant since 2008.

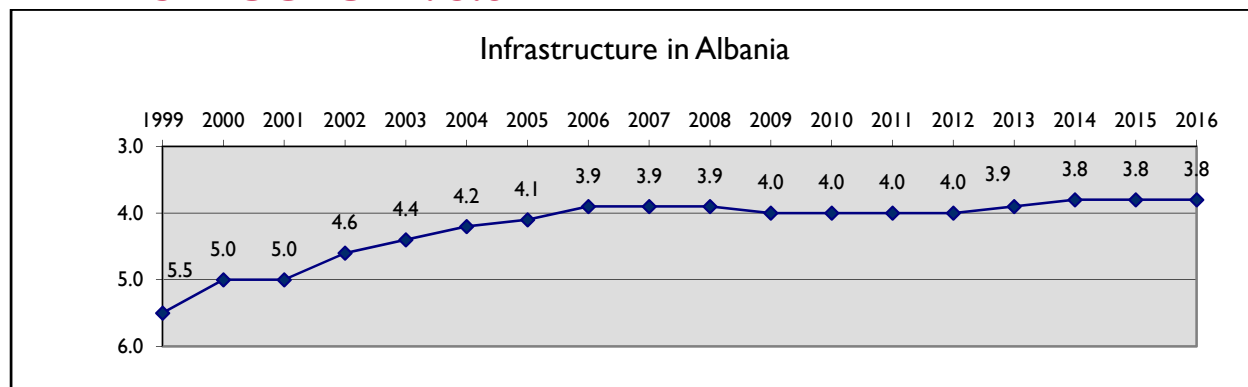
According to the CSO Needs Assessment Report 2016 conducted by the EU-funded Technical Assistance for Civil Society Organizations (TACSO), CSOs mainly provide basic social services, such as health, education, relief, and housing. These services are primarily provided to vulnerable social groups, including Roma, Ashkali, and Egyptian communities, as well as women and children and other marginalized groups. CSOs also offer services related to social inclusion, capacity building, job training, research and policy analysis, environmental protection, business management, financial management, and project proposal writing. Certain CSOs also offer specialized services related to women's issues and domestic violence, children's rights, and LGBTI issues. Chambers of commerce and trade unions offer services to their members in the form of capacity buildings and trainings.

Even though the services offered by CSOs reflect the needs of their constituencies, which are identified through needs assessments, CSOs are highly dependent on donors and must meet their priorities as well. CSOs are also concerned about the lack of standards when providing services and the lack of monitoring by responsible institutions.

CSOs generally provide goods and services, especially basic social services, free of charge as beneficiaries cannot afford to pay for them. Donors often cover the costs of studies, publications, and trainings. Even in the few instances when CSOs market their services, the revenues generated are insufficient to cover the actual costs of service provision.

The government generally recognizes CSOs' contributions in providing and monitoring basic social services. CSOs are allowed to participate in public procurement, but according to the Monitoring Matrix on Enabling Environment for Civil Society Development in Albania for 2016, participation in public tenders remains very limited mainly due to the lack of information about tenders, lack of trust in the transparency of the process, and the lack of a supportive framework for CSOs to compete. The National Crosscutting Strategy for Decentralization and Local Governance 2015-2020, approved in July 2015, offers increased opportunities for local government and CSOs to cooperate in the provision of social services. However, no official information on implementation is available yet.

INFRASTRUCTURE: 3.8



The infrastructure supporting civil society development did not change significantly in 2016.

The activities of intermediary support organizations (ISOs) and resource centers, which are mainly located in the capital, are still primarily funded through foreign grant programs. During 2016, ASCS continued to offer technical assistance to CSOs applying for its calls for proposals. It also organized meetings to present the structure and role of the NCCS to local CSOs. TACSO continued to provide support to local CSOs in order to increase their participation in EU funding schemes. For example, TACSO organized help-desk days to increase the knowledge of CSOs regarding the legal and fiscal framework in view of legal changes in recent years.

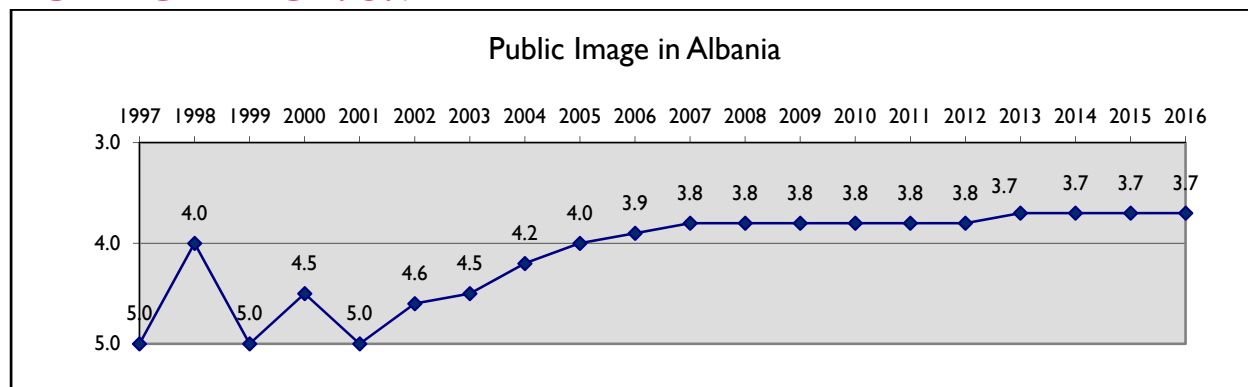
While overall levels of foreign funding to the sector did not change significantly in 2016, more funds became available to local CSOs through sub-granting schemes implemented by intermediary organizations, as described above. Absorption capacities of CSOs in rural and remote areas remained limited, however.

CSOs continue to engage in networking and coalition building. However, networks are often donor-driven and established on an ad hoc basis. In 2016, some active networks focused on women's and children's issues, youth issues, LGBTI rights, and environmental issues. Coalitions, such as the Alliance against Waste Import and the Citizens for the Park, tend to be sparked by specific social and environmental issues. Their activities are generally led by a handful of CSOs, with marginal involvement of other members.

CSOs' demand for quality training on organizational development, fundraising, financial management, and strategic planning remains unmet. A few well-established organizations offer training to local CSOs. Fee-based trainings are sporadic since CSOs usually cannot afford to pay for services. In 2016, Partners Albania organized the second annual Non-Profit Organization Academy, offering sector-specific informal education to thirty local CSO directors to help them build effective organizations.

During 2016, CSOs continued to implement several joint actions and projects with the government. The business sector became increasingly interested in intersectoral partnerships, increasing its support to CSOs, mainly focusing on people with disabilities, children with autism, and people with Down syndrome. CSOs also supported some business efforts to advocate to the government on certain issues. A notable example was the successful advocacy campaign against the so-called "public space taxes" (taxes charged on small businesses for the occupation of public spaces) in Tirana.

PUBLIC IMAGE: 3.7



The sector's public image did not change much in 2016.

CSOs enjoy some media coverage of their activities and advocacy campaigns—mainly those focused on good governance, accountability, women's and children's rights, and environmental protection. However, news reports on CSOs continue to be superficial and mainly highlight the presence of high-profile figures at CSO events. According to Freedom House's Freedom of the Press (2015), Albanian media outlets often display strong political bias, and owners' interests influence their reporting.

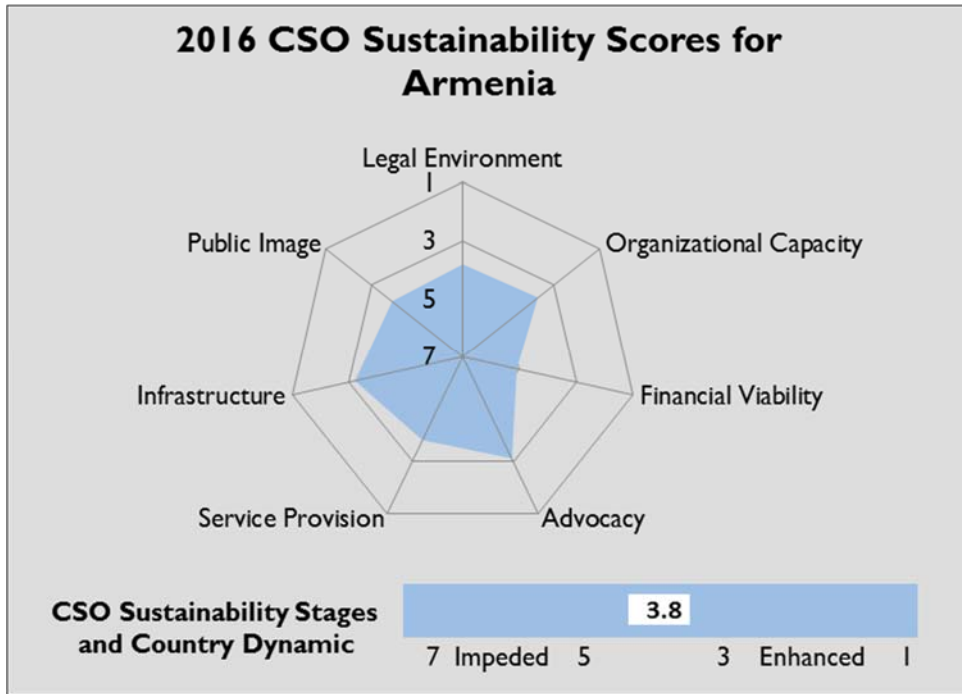
Public perception of CSOs is stagnant. The public generally supports particular causes and campaigns, but not the sector as a whole. According to IDM's December 2016 national opinion poll, the Albanian public remains ambivalent towards civil society, with the same percentage of surveyed individuals (46 percent) expressing trust in CSOs and tending not to trust CSOs. Furthermore, the majority of people remain skeptical about the impact of CSOs' work and activities. According to the IDM Audit of Political Engagement (April 2016), only 22.4 percent of Albanian citizens think that engagement with CSOs can contribute to changing a particular situation they are not satisfied with.

State authorities have recognized the work and importance of CSOs as demonstrated by their collaboration with the sector. There are no surveys or data that quantify the business perception of civil society. However, both government and businesses continue to harbor negative perceptions of CSOs as "grant-eaters" and promoters of political agendas.

CSOs continue to have limited public relations capacities; they generally lack public relations strategies and specialized staff to work in this area. The use of social media platforms to mobilize constituencies and communicate with stakeholders has proliferated and even bypassed traditional media in some instances.

Overall, the CSO sector lacks self-regulation, and few CSOs are transparent about their activities and finances. CSOs have failed to adopt a widely accepted code of ethics, though several individual CSOs have developed their own codes of ethics and conduct. All CSOs are required to submit annual reports to the General Directorate of Taxes. A limited number of well-established CSOs publish their reports online.

ARMENIA



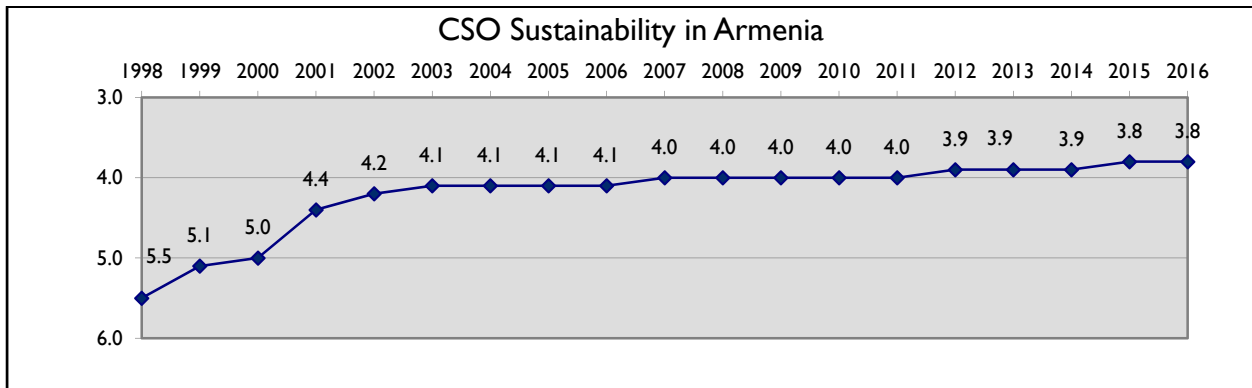
Capital: Yerevan

Population: 3,051,250

GDP per capita (PPP): \$8,900

Human Development Index: 84

CSO SUSTAINABILITY: 3.8

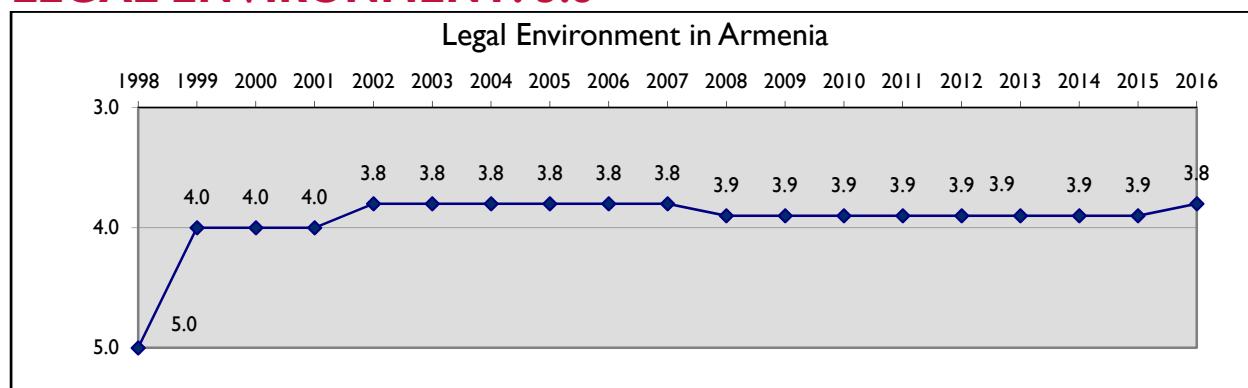


The escalation of armed conflict in Nagorno-Karabakh, difficult economic conditions, and dramatic political developments marked the year 2016 in Armenia. In April 2016, Armenia’s conflict with Azerbaijan over the Nagorno-Karabakh territory escalated and led to the highest death toll since the signing of the 1994 cease-fire agreement. In July, an armed group seized a police station in Yerevan, demanding the release of the leader of an opposition group and the resignation of the president, while also rejecting the possibility of territorial concessions that had been discussed in recent high-level negotiations related to the Karabakh conflict. Thousands of Armenians rallied to support its demands, calling for a peaceful resolution to the siege. Meanwhile, economic conditions in the country deteriorated, in part due to a dramatic reduction in remittances from Russia and a decline in retail trade. Prime Minister Hovik Abrahamyan resigned in September, and the cabinet soon followed. The new prime minister, Karen Karapetyan, called for reforms to tackle corruption and tax evasion and introduced a program focused on good governance, sustainable economic development, human rights protection, anti-corruption measures, and improved socioeconomic conditions.

CSO sustainability improved in some areas in 2016. In December, the parliament passed a new Law on Public Organizations, which was developed with extensive input from civil society and had been on the civil society and government agenda for several years, as well as amendments to the Law on Foundations. Civic activism grew, with informal groups engaged in advocacy at the local level and formal CSOs and networks contributing to national policies through institutionalized channels. Many CSOs are looking for new funding sources, and are therefore using new technologies for crowdfunding, soliciting corporate donations, and establishing social enterprises to earn income.

According to the Ministry of Justice, 4,573 public organizations, 1,042 foundations, and 312 legal entity unions were registered in Armenia as of October 2016, slight increases from 2015. Experts estimate that only about 20 percent of registered organizations are active.

LEGAL ENVIRONMENT: 3.8



There are two types of formal CSOs in Armenia: membership-based public organizations, which are regulated by the Law on Public Organizations, and non-membership foundations, which are regulated by the Law on Foundations. In addition, legal entity unions are regulated by the Civil Code. The State Register of Legal Entities within the Ministry of Justice is responsible for registration of all types of formal CSOs. The State Register responds to applications within twenty-one days, usually requesting additional information or amendments to CSO charters. As in previous years, in 2016 the State Register requested numerous rounds of revision to registration applications. The one-stop application process for CSOs, which was introduced in 2015, has facilitated registration processes and decreased opportunities for corruption, as applicants no longer have direct contact with officials reviewing documentation. The introduction of online registration is still delayed. Informal groups can implement activities without registration as long as they act within the general legal framework and do not enter into financial transactions in the names of their organizations.

In December 2016, the parliament passed a new Law on Public Organizations and amendments to the Law on Foundations. These were then ratified by the president in January, and came into force in early February 2017. The Law on Public Organizations will allow CSOs to engage in direct income-generating activities, provide CSOs flexibility in their legal forms and governance structures, allow CSOs to represent their constituents' interests on environmental issues in courts, introduce volunteering regulations, and require organizations receiving public funding to submit annual financial reports. The amendments to the Law on Foundations introduce the concept of endowment funds.

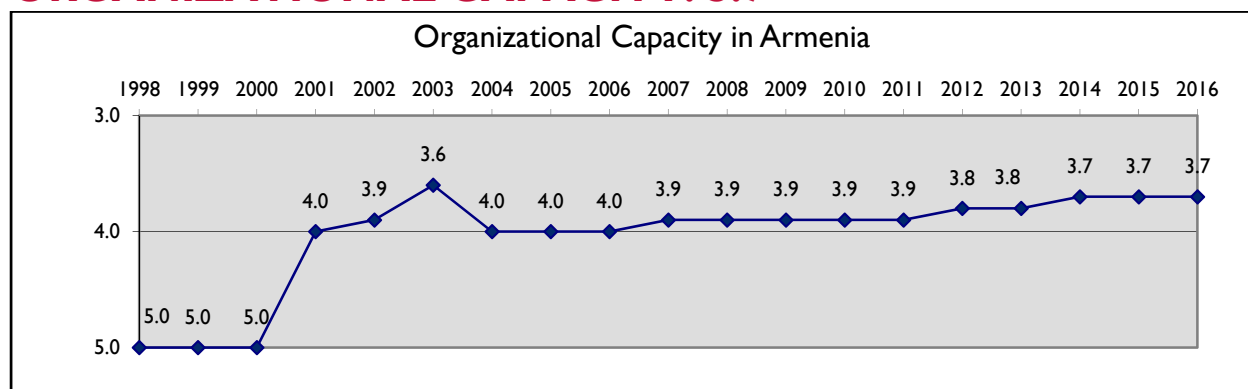
Legal protections related to the right to assembly are weak. In July 2016, during mass protests linked to the seizure of the police station in Yerevan, there were multiple reports of police suppressing protesters and attacking members of the media. Police detained over 700 demonstrators on the grounds of causing public disorder. Fifteen were ultimately charged with instigating mass disorder, two of whom were sentenced by the end of the year; others were still in detention and awaiting trial at the end of the year. According to the

Committee to Protect Freedom of Expression, nineteen media representatives were attacked during the July protests. Beyond such incidents, however, CSOs are generally not subject to harassment by the government.

CSOs are exempt from taxes on grants and donations. However, CSOs with annual revenues over 115 million AMD (approximately \$240,000) must pay VAT at the same level as business entities. CSOs can apply to the State Humanitarian Commission for exemption from VAT for purchases made under projects that the government deems charitable. Corporations can deduct donations from their taxable income up to 0.25 percent of gross income, while individual donations are not tax-deductible. Under the old Law on Public Organizations, which was in effect throughout 2016, public organizations could only implement income-generating activities through separately established subsidiary companies, which did not receive any tax benefits. The new Law on Public Organizations allows CSOs to engage in income-generating activities, as long as these fall within the framework of the organizations' charters.

Few CSOs employ full-time lawyers; however, organizations working in human rights or legal issues, as well as resource centers, provide some legal support. There is less access to formal legal advice in the regions, so regional CSOs often seek legal advice through their networks.

ORGANIZATIONAL CAPACITY: 3.7



CSOs continued to build their organizational capacities in 2016 through donor-funded capacity building programs. These programs target various areas of organizational development, such as strategic management, service delivery, fundraising, social entrepreneurship, policy reform monitoring, and advocacy. In addition, CSOs exhibit enhanced understanding of organizational development needs.

CSOs, community-based organizations, and informal groups have improved their engagement with constituents. As a result, community members are more informed and involved in local CSO activities. For example, the Gyumri is our Home initiative has started mobilizing youth in various environmental and sports activities such as planting trees, constructing a velodrome, and creating bottle cap mosaics. CSOs note that it is easier to mobilize supporters due to the increasingly active youth groups in communities.

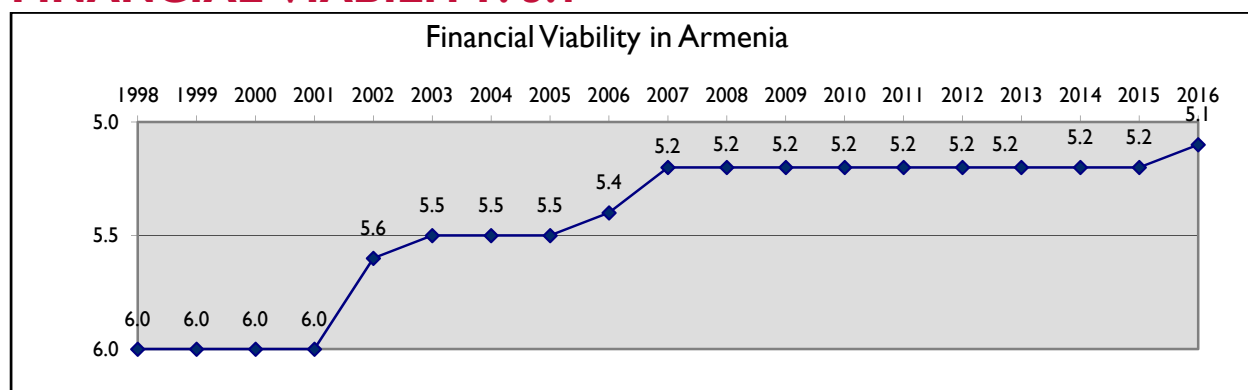
Many CSOs are being established by large groups of young people coalescing around community development, environmental and social issues. These new organizations have more horizontal management structures than those of more established CSOs; apply more creative approaches; and use new technologies in their activities, fundraising, and public relations. ARK Armenia, for example, is promoting eco-tourism in Syunik marz by creating a network of marked hiking trails, establishing eco-camps made from recycled materials, and attracting volunteers from within and outside of Armenia. They solicit funding through volunteer engagement, online crowdfunding platforms, individual sponsors, and the support of local and international organizations. Traditional organizations, on the other hand, tend to be more leader-focused, with less flexibility to adopt new methods and technologies in their activities.

Though CSOs recognize the need to adopt strategic approaches to their activities, few organizations produce well-developed strategic plans because they lack both the skills to develop, and the long-term funding to implement, such plans.

In 2016, the EU-funded Strong CSOs for Stronger Armenia program published an assessment of the capacity building needs of CSOs in Armenia. According to the assessment, 77 percent of surveyed CSOs indicate that they work in four or more areas, indicating that they are driven by donor priorities and other financial opportunities rather than a commitment to a particular issue. The assessment also found that most of the surveyed CSOs lack professionals in specific areas due to a lack of financial resources, high staff turnover, and limited access to professionals providing pro bono services. Most CSOs hire staff on a project basis. Although volunteers had no legal status before the enactment of the Law on Public Organizations, volunteering was not explicitly banned either and many CSOs engaged volunteers. Young people constitute the majority of volunteers. According to the 2016 World Giving Index, just 6 percent of respondents in Armenia reported participating in voluntary action in 2015, compared to 7 percent in both 2014 and 2013.

In general, CSOs' access to new online tools, including fundraising platforms, educational platforms, and surveys, continued to improve. Many CSOs use social networks for public outreach and mobilization. However, not all CSOs have the necessary modern equipment. The assessment by the Strong CSOs for Stronger Armenia program found that about 50 percent of responding CSOs, particularly regional organizations, need more advanced technical resources, including up-to-date computers, printers, scanners, and projectors.

FINANCIAL VIABILITY: 5.1



The financial viability of CSOs improved slightly in 2016, but remains weak overall. Though CSOs increasingly strive to diversify their funding sources, their dependence on international grants persists. Major CSO donors include USAID, the EU, GIZ, the UN, and international organizations such as the Open Society Foundations (OSF) and Oxfam. EU funding for CSOs increased in 2016 by approximately 20 percent. Many CSOs also receive funding as members of international consortia, particularly within EU-funded democracy grants for Eastern Partnership countries. Sub-granting schemes are included in some capacity-building programs, providing funding opportunities for small CSOs that are not able to engage directly in large international programs.

The state budget allocated an estimated 7.7 billion AMD (about \$16 million) for CSO grants and subsidies in 2016, a slight increase from 2015. To receive state subsidies, CSOs must be pre-identified in the state budget; according to the most recent research done on the topic, 115 CSOs were included in the budget in 2012. In 2016, one additional CSO that provides community services to children with disabilities was included in the budget. The process for selecting these CSOs is not transparent; however, the government plans to adopt regulations for competitive awards of social service contracts for upcoming years. The provision of grants is also mostly done on a non-competitive basis at the discretion of state agencies. However, two governmental agencies—the President's Administration and the Ministry of Sport and Youth Issues—organize grant com-

petitions through intermediary organizations. Local governments continue to provide limited funding for CSO projects addressing community needs. These funds are not awarded competitively either, and no information is made publicly available about the scale of such funding.

The culture of philanthropy in Armenia seems to be growing. More CSOs, especially informal groups, implement public fundraising campaigns through online platforms, such as Facebook and crowdfunding websites, including GoFundMe, Indiegogo, Kickstarter, and ONEArmenia. For example, Repat Armenia, in cooperation with Arar Foundation and Sahman NGO and in coordination with the Ministry of Defense, initiated a campaign in April 2016 to collect funds to provide first aid to the soldiers and civilians wounded during the April military actions, as well as financial assistance to the families of Armenian soldiers killed or wounded during the hostilities. The campaign raised over \$150,000 in its first three months. Many other fundraising and volunteering campaigns were also organized to support the soldiers, families of fallen soldiers, and border villages after the April events in Karabakh. When World Vision Armenia solicited local sponsors for its child sponsorship program, it ended up with seventy-four sponsors instead of its targeted fifty. Each sponsor committed to make long-term monthly donations of 8,000 AMD (about \$17) for a child from a vulnerable family. According to the 2016 World Giving Index, 9 percent of respondents in Armenia reported donating to charities in 2015, compared to 7 percent in 2014.

The Armenian diaspora appeared to more actively fund CSOs in 2016. In February, SOS Gyumri initiative organized a charity concert featuring the prominent Armenian pianist Tigran Hamasyan in order to aid families that still do not have permanent housing following the 1988 Spitak earthquake. The event attracted the attention of many in the diaspora, and enough funds were collected to purchase twenty-five apartments for people living in temporary shelters. IDeA Foundation, established by an entrepreneur from the diaspora, launched a fundraising campaign for organizations helping Syrian-Armenians impacted by the conflict in Syria. Oxfam Armenia also subsidized the rental of houses for refugees through private donations from US-based Armenians. At the same time, the diaspora tends to make donations primarily to humanitarian causes.

Business contributions to CSOs are still limited due to difficult economic conditions and businesses' distrust of CSOs. However, the concept of corporate social responsibility (CSR) is growing and businesses are increasingly open to cooperating with or funding CSO projects. Large companies continue to collaborate with partner CSOs, mostly for charitable purposes. Ucom Foundation supports World Vision Armenia's Let's Keep Children in Families program, doubling the amount donated by Ucom subscribers on a monthly basis through matching funds. Beeline supports the Child Development Foundation's Power of Children's Words program, which is designed to help children and adolescents develop their creative abilities through the use of the latest technologies, while also raising awareness among parents and community residents about the welfare of children. Businesses in the regions occasionally provide support for CSO events. For example, Khoran Ard Intellectual Center NGO solicits local business contributions for its festivals, which bring together teams from across Armenia to participate in a series of intellectual competitions.

Thanks to the number of social entrepreneurship development programs supported by donors such as USAID and the EU over the past several years, many CSOs have established social enterprises as an alternative source of funding to international grants. According to data provided by the State Register of Legal Entities, as of November 2016, 170 public organizations have registered subsidiary enterprises. However, many CSOs consider social entrepreneurship a risky strategy and therefore do not attempt it.

CSOs provide financial reports to donors and state tax authorities, but lack the capacity to establish sound financial management systems. Transparency is a low priority for most CSOs. Public organizations are legally obliged to provide annual financial and activity reports to their members; however there are no mechanisms to verify the extent to which this is done. Foundations must publish reports containing financial information, as well as a list of their board members and a list of projects implemented, on a government website. Foundations adhere to these requirements, as they are subject to fines if they do not.

ADVOCACY: 3.1



CSOs continue to demonstrate progress in national and local level advocacy. In general, the government has become more open to collaborating with CSOs and providing requested information, though the extent and impact of such collaboration often depends on the attitudes of individual officials.

Many of CSOs' advocacy achievements during the year were due to the support of international organizations and Armenia's international commitments. Armenia developed its Third Action Plan of the Open Government Partnership (OGP) in 2016 with significant involvement of CSOs and citizens through "idea crowdsourcing." A number of meetings were organized to involve national and local CSOs, and recommendations were submitted and adopted in a participatory manner. As part of the implementation of Armenia's Second OGP Action Plan, the Ministry of Justice created an online platform at the end of the year to publish all draft laws created by government agencies and thus provide more opportunities for public participation in decision making. (Draft laws produced by parliament have been published on parliament's website for several years.) Following a governmental decision in March, all eighteen ministries established public councils that include CSOs by August. Many of these councils had their inaugural meetings by September.

In the spring of 2016, Oxfam Armenia and the Economic Development and Research Center presented their evaluations of two major budget programs in social protection and health. They also launched a public awareness and advocacy campaign based on their key findings. The key findings focused on ways to increase efficiency and target implementation of healthcare entitlements for the extremely poor, increase awareness of beneficiaries on free-of-charge and primary healthcare services, improve the quality of those services, and reduce the inclusion and exclusion errors in the state benefit systems. In response, the Ministry of Labor and Social Affairs acknowledged the campaign's key recommendations, and the Ministry of Health entered a formal partnership with the Mother and Child Health Alliance to monitor and reform healthcare programs and policies.

CSOs also collaborated more with the government on anti-corruption initiatives in 2016. After presenting the results of its monitoring of government procurements, Transparency International Anti-Corruption Center (TIAC) provided recommendations for relevant policy changes to the Ministry of Finance, Ministry of Defense, and other state agencies. The Ministry of Justice initiated several working groups involving CSOs to prepare a draft Anti-Discrimination Law and provide recommendations on the Anti-Corruption Action Plan and other regulations.

CSOs actively advocated in 2016 to implement territorial administrative reform in Armenia with utmost transparency and clarity for the affected communities. As a result of ongoing lobbying by the USAID-funded Civic Engagement in Local Governance (CELoG) project, thirty-four proposals and comments were incorporated into the draft Law on Local Self Government.

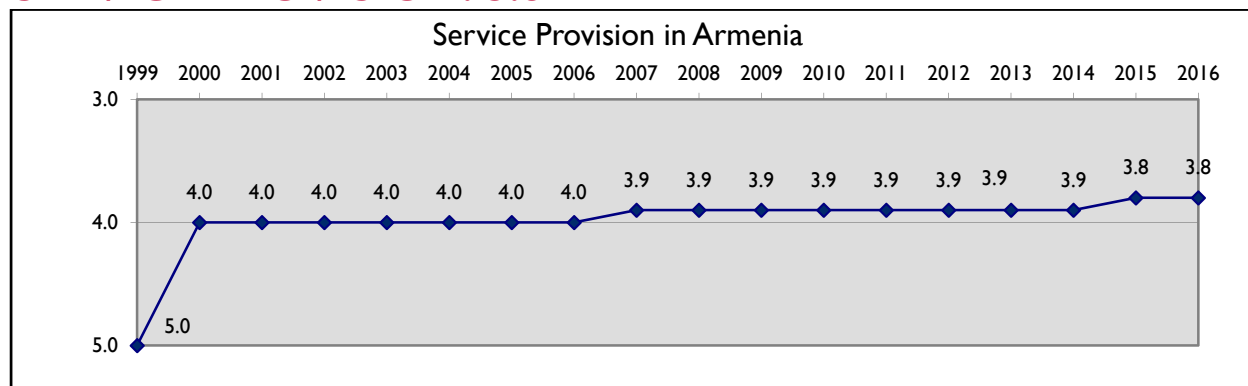
CSOs continued to participate in parliamentary hearings and present their recommendations on legal drafts. In 2016, discussion about the new Electoral Code was organized in an unprecedented format that provided equal representation of government authorities, the political opposition, and civil society called 4+4+4. Though the opposition and civil society representatives were not satisfied with the outcome of the dialogue, one of the most discussed demands—publicizing the voter registry to preclude multiple voting—was later accepted and incorporated into the new Code.

The Citizen Observer Initiative, a CSO coalition formed in 2013, continued its election-monitoring work during the 2016 local elections, deploying 347 observers to 181 precincts to provide timely information on violations and file complaints. In June 2016, the international community recognized this initiative during the Universal Rights Awards Ceremony with the Freedom Defender Award for outstanding efforts in the pursuit of free and fair elections and the rule of law in Armenia.

Local level advocacy is developing steadily, and regional CSOs report improved dialogue with regional and local governments, though outcomes vary depending on regions and communities. World Vision Armenia facilitates dialogue on the quality of community services and advocates for solutions to local and national issues with the involvement of local groups. Due to lobbying efforts, Armavir Development Center NGO secured contributions from the municipalities of Armavir and surrounding rural communities for the purchase of space for a daycare center for children with disabilities. The Community Finance Officers Association from Yerevan supported dozens of local groups in more than 100 communities to advocate before local governments for community actions.

In 2016, CSOs participated in discussions and public hearings around the draft Law on Public Organizations organized by parliament and the Ministry of Justice. With the support of USAID, the European Center for Not-for-Profit Law (ECNL) and TIAC played a key role in successfully pushing for the inclusion of legal regulations for volunteers and voluntary work in the draft law. In general, the final draft was based on a consensus among the parties.

SERVICE PROVISION: 3.8



CSOs continue to provide a broad range of services that respond to the emerging needs of constituencies. Many CSOs provide social assistance to vulnerable groups, including children, women, economically disadvantaged families, and Syrian refugees. The number of programs and initiatives implemented by both formal and informal groups to support Syrian-Armenian refugees increased in 2016. Full Life NGO, which operates training centers to promote independent living in Stepanavan and Tashir, launched a third center in Yerevan in 2016, serving more than 200 children and youth with disabilities. A group of mothers started the Bari Mama initiative to discourage parents from placing children with disabilities in orphanages. CSOs increasingly take efforts to understand and address the real needs of their constituents, but these efforts are still limited, as is the involvement of beneficiaries in CSOs' activities.

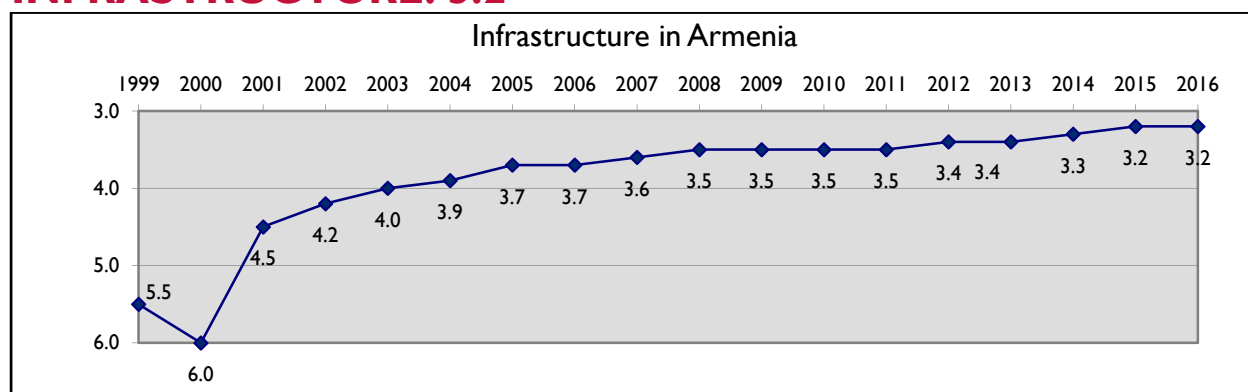
At the same time, CSOs have increased the effectiveness of their services through the use of new technologies. These include online platforms to promote their activities, find beneficiaries, and attract funds; online consulting and information resources; and the use of infographics and videos to disseminate information. For example, Compass Research, Training and Consultancy Center provides event notifications, media coverage, live event broadcasts, and regular updates on the findings of its monitoring and research activities on its Facebook and web pages. In addition, the Center created a web page to present Akhuryan community’s budget in a visual format in order to make it more accessible and interactive.

A number of CSOs market monitoring and research to other CSOs, government, and donors. The recently founded Armenian Green Technologies Center Foundation implements projects focused on renewable energy and energy efficiency and provides information, research, training, and construction of solar stations in Shirak marz. With the support of OSF-Armenia, Mandate NGO issues parliamentary monitoring reports and provides statistical data on legislative initiatives, including attendance and voting of members of the parliament and factions, on parliamentmonitoring.am. TIAC produces monitoring reports on elections, public procurements, and public services, and its findings and recommendations often prompt action by responsible agencies.

Under the law in force during 2016, public organizations were not allowed to charge fees for the services they provided. Instead, they had to establish subsidiary companies for that purpose. Foundations may provide paid services as long as they are in line with the organizations’ missions.

In recent years, central and local governments have demonstrated improved recognition of CSOs’ role in service provision, particularly in the area of social services. Following the introduction of integrated social services, the Ministry of Labor and Social Affairs established a new partnership platform to involve the state, community, and CSOs in policy development, implementation, and monitoring of social services. After several years of advocacy by CSOs, the ministry introduced a legal provision in December 2016 requiring communities with populations over 5,000 to have a social worker on the staff of their administration. This is expected to help them meet their legal responsibilities to provide social services in a more effective and professional manner. A competitive system for outsourcing social services to CSOs is expected to be introduced in 2017. State structures and CSOs worked together in Shirak region to provide free legal consultation to refugee families.

INFRASTRUCTURE: 3.2



A number of CSO resource centers and intermediary support organizations (ISOs) in Yerevan and the regions provide trainings, consultations, technical assistance, and online resources for CSOs. The six USAID-supported InfoTuns located in regional centers continued to provide trainings and information resources to local CSOs and active citizens, and two more InfoTuns were established in Ararat and Vayk in the summer of 2016.

Local grants were available in 2016 under donor-supported programs. In the framework of the USAID-funded Engaged Citizenry for Responsible Governance project, TIAC awarded eleven grants to CSOs to engage in participatory monitoring of public services and government accountability. Eurasia Partnership Foundation provided grants for small community projects and innovative ventures in the regions under the USAID-funded Media for Informed Civic Engagement (MICE) program. The USAID-funded CeLoG program, led by Community Finance Officers' Association, includes a small grants program for CSOs and local governments to foster public participation at the local level.

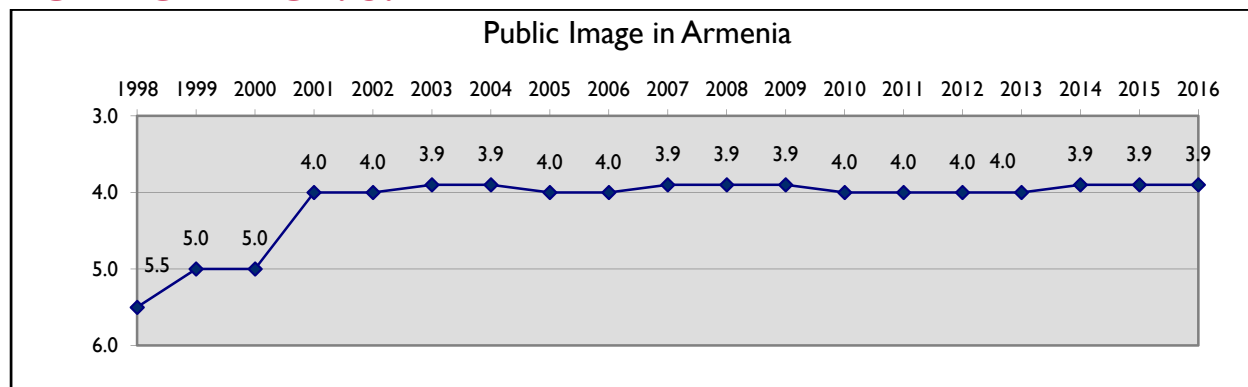
CSO networks and coalitions continued their activities, with some facing challenges in coordination and financing in 2016. The National Disability Advocacy Coalition, which was legally established in 2006, decided to dissolve in 2016 due to a lack of financial resources to maintain its administrative unit; it will act as an informal network in the future. The Child Protection Network, involving thirty-nine CSOs, promotes child protection issues on the national and regional levels. Other active networks include the Armenian National Platform of the Eastern Partnership Civil Society Forum, Mother and Child Health Alliance, Public Network, Social Enterprise Network, Eco Alliance, and Agricultural Alliance.

Donor programs provided a wide variety of training opportunities to CSOs in 2016. Under the EU-funded Stronger CSOs for Stronger Armenia program, 130 CSOs participated in a capacity-building initiative that included strategic planning, project management, communication training, coaching, and advice. Under the Management School component of the USAID-funded CSO Development Program, sixty CSOs in Yerevan and the regions were trained in fundraising. The program's CSO Portal continues to provide information, training, and research material for CSOs. The Civil Society School run by the A.D. Sakharov Armenian Human Rights Protection Center provided training and consulting on organizational development topics for representatives of 128 CSOs in 2016.

CSO collaboration with businesses is usually limited to specific fields. IT and telecommunication companies are more open to collaboration with CSOs as a means of promoting the companies' public image and recruiting staff from among CSOs' young beneficiaries. For example, several companies and CSOs partnered in recent years to develop and conduct robotics educational programs in schools in Yerevan and the regions. In June 2016, the Union of Information Technology Enterprises (UITE) and Ucom signed a memorandum of cooperation, according to which Ucom will invest funds to open approximately seventy more engineering clubs/laboratories in nine regions of Armenia.

Several platforms facilitate collaboration between CSOs and the media. Media Center, a project implemented by the Public Journalism Club and funded by OSF-Armenia and the Embassy of the United Kingdom, organizes discussions and debates on political and social issues with the participation of media representatives, civil society, and state and international institutions. After a workshop organized by Oxfam Armenia, media representatives established groups to support advocacy campaigns on healthcare, social, and agricultural reforms. The MICE program organizes trainings for CSOs and media to promote intersectoral communication and collaboration and engages journalists to produce multimedia content that stimulates public discussion about policy reforms.

PUBLIC IMAGE: 3.9



The public image of CSOs did not significantly change in 2016. Although the media mainly covers CSO events and activities that relate to popular topics, TV programs increasingly involve CSO representatives and media proactively seeks CSO opinions on topics of public concern. The above-mentioned platforms of CSO-media collaboration played a significant role in this regard. As a result of their increased interaction, media representatives are now better informed on the activities of CSOs and therefore more frequently contact them for information and expertise on various issues.

According to the Caucasus Barometer survey conducted in late 2015 by the Caucasus Research Resource Centers, only 3 percent of the public fully trusts CSOs, the same as in 2013. However, more people somewhat trust them (19 percent in 2015, compared to 15 percent in 2013), and the percentage of those who somewhat or fully distrust CSOs decreased from 36 percent in 2013 to 29 percent in 2015. Informal groups often enjoy more public trust due to their responsiveness to community needs and lack of association with the negative stereotypes of “grant-chasing” CSOs.

The central government increasingly acknowledges CSOs’ expertise, research, and opinions. For example, in contrast to previous years, the government collaborated more actively with CSOs around the findings of CSO monitoring efforts of state projects. Local authorities in many regions are also more open to CSO participation. The municipality of Gyumri, for example, organized an open discussion of the community’s five-year development plan, and incorporated many suggestions provided by CSOs. Businesses remain the least connected with the CSO sector, with only a limited number of companies collaborate with CSOs as part of their CSR policies.

CSOs lack sufficient public relations skills, though more organizations extensively use social media to promote their visibility and share information on their activities. At the same time, few CSOs publish annual reports or financial information online. There is no sector-wide code of ethics for Armenian CSOs, but individual CSOs develop and publicize their values and codes of conduct.

AZERBAIJAN



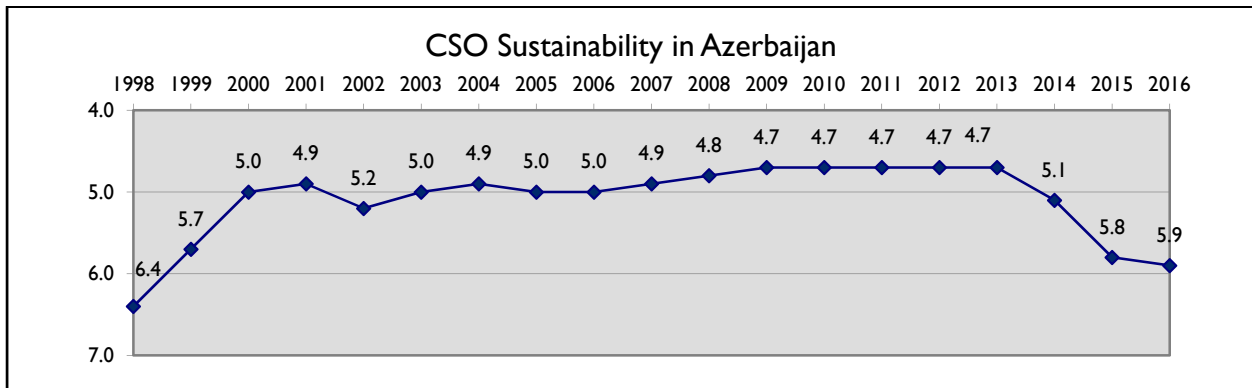
Capital: Baku

Population: 9,872,765

GDP per capita (PPP): \$17,700

Human Development Index: 78

CSO SUSTAINABILITY: 5.9



Political freedoms in Azerbaijan remained highly restricted in 2016. The government continued to detain activists and target those that used social media to criticize the government or organize protests. Government authorities also often used misdemeanor charges, such as “swearing in public” or “hooliganism,” to detain political activists, including peaceful demonstrators. Authorities subjected some detainees to beatings, threats of rape or violence against relatives, and solitary confinement as punishment or to coerce confessions. The government also prosecuted activists for alleged links to Fethullah Gülen, the US-based cleric accused of organizing the failed July 2016 coup attempt in Turkey. While several human rights and political activists were released in early 2016, the government did not overturn their convictions, and some continued to face travel restrictions.

These cases of harassment were broadly reflected in the findings of a September 2016 visit to Azerbaijan by the UN Special Rapporteur on the situation of human rights defenders. He expressed his concern for the situation of CSOs, bloggers, media, and lawyers, and proposed creating an inter-institutional mechanism to sup-

port the government in formulating an action plan to implement recommendations from international and regional organizations. However, the government of Azerbaijan declared his findings and recommendations “unrealistic and biased.”

In September 2016, Azerbaijan held a referendum on twenty-nine constitutional amendments, all of which were approved by 90 to 95 percent of voters. The adopted amendments resulted in the creation of the office of the vice president and extended the presidential term from five to seven years. Arguing that the amendments did not align with international standards, five prominent Azerbaijani human rights activists appealed to the Council of Europe to assess the amendments, arguing that “some of the proposed amendments contravene such fundamental principles of the Council of Europe as democracy, human rights, and the supremacy of the law.” The appeal was still pending at the end of 2016. Furthermore, the referendum took place in the context of a severely restricted civil society, repression of political activists, and the closure of the OSCE Office in Baku, without the presence of broad monitoring or reporting initiatives.

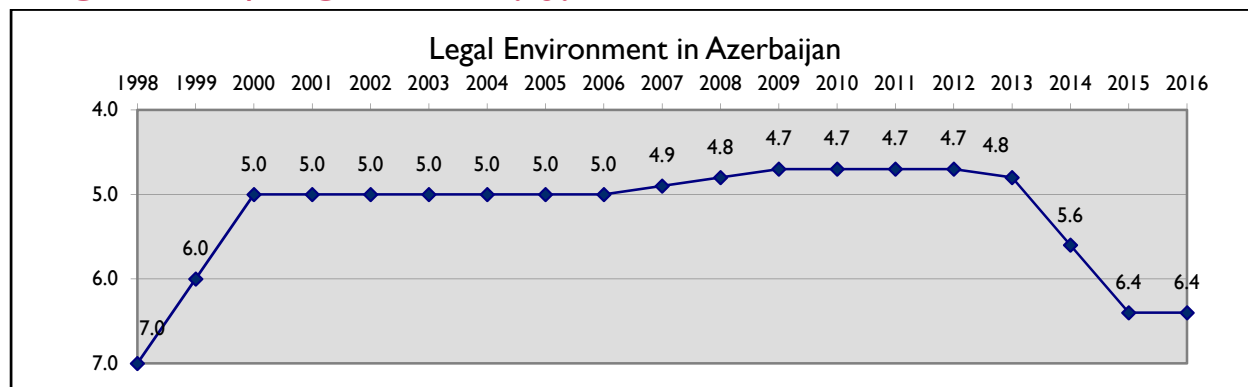
The two-fold devaluation of the national currency in 2015 was followed by significant reductions in the state budget and increased unemployment in 2016. At the same time, remittances to Azerbaijan significantly decreased due to the deteriorating socioeconomic conditions of migrants working in Russia and other neighboring countries. The difficult economic situation spurred a wave of protests throughout the country. In response to the unrest, the government created three public councils under the Council on State Support to NGOs to propose recommendations to address the economic crisis and promote “public control,” allegedly referring to public watchdog activities to eliminate the widespread corruption among local officials. The public councils, however, became inactive as soon as the social unrest abated.

The crackdown on CSOs in Azerbaijan continued in 2016. The so-called “NGO case” of 2014—used by law enforcement as a pretext to interfere in CSO activities, interrogate activists, ban travel of CSO leaders, seize assets, freeze bank accounts, and intimidate participants in CSO events—remained open, despite the fact that the law prohibits criminal cases from remaining open for longer than nineteen months. The government continued to use the case to harass and interrogate its most vocal critics, though not as intensely as in the two preceding years.

In May 2016, the Open Government Partnership (OGP) declared Azerbaijan an inactive member and therefore ineligible to vote in OGP elections due to problematic constraints on the operating environment for CSOs. Azerbaijan has one year to address these concerns, or else its membership in OGP will be suspended. In September 2016, the government launched the Dialogue Platform of State and Civil Society for Promotion of OGP to foster dialogue between the sectors and contribute to the implementation of the OGP’s recommendations. The Dialogue Platform includes nine state agencies and thirty-one CSOs, mainly pro-government organizations, excluding a large group of independent CSOs that sought to participate.

Due to the restrictive environment and limited funding opportunities, CSOs in Azerbaijan significantly reduced their operations, engaged in self-censorship, and diminished their advocacy efforts in 2016. Some CSOs became affiliated with the government, while others 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, remained in Azerbaijan. However, according to the Ministry of Justice (MoJ), the official number of registered CSOs—including non-governmental organizations (NGOs, which include foundations and public unions) and other entities—grew by about 200 in 2016, reaching a total of 4,300.

LEGAL ENVIRONMENT: 6.4



CSOs in Azerbaijan continued to operate in a highly restrictive legal environment in 2016.

The registration of CSOs continues to be difficult. MoJ officials regularly add new administrative requirements after multiple rounds of review of applications, delaying registration for months or even years. Furthermore, many of these requirements, such as that for a letter of recommendation from a relevant state agency (which is difficult for an unregistered organization to obtain), have no legal basis. On the other hand, CSOs that are favored by the MoJ are generally able to register more quickly. A list of registered CSOs has never been made public, making it difficult to gauge the motivations of the MoJ in registration decisions.

Rules adopted in 2015 require CSOs to register domestic and foreign grants, domestic and foreign donations, and foreign service contracts with the MoJ. In practice, these requirements have prevented CSOs from receiving any foreign funding. Registering these funds requires extensive submissions, and the MoJ has broad discretion to deny registration based on technicalities, extending the process for months or years.

The MoJ does not need to provide justification for denying the registration of a donation, grant, or service contract and there is no appeals process if the MoJ denies registration of funding, except where there is a procedural violation, which can be appealed administratively. However, CSOs rarely use this option for fear that it could prompt an investigation into their organizations. Instead, CSOs sometimes try to negotiate with the government or re-negotiate with the donor for more flexible funding. There is no public information about how much funding was approved or rejected in 2016.

Other rules introduced in 2015 require donors to undergo a multi-tier system of approval, including registering their branches or offices in Azerbaijan, signing an agreement with the MoJ, and receiving approval for each grant from the Ministry of Finance (MoF). The donor rules also apply to foreign states or intergovernmental organizations implementing projects under bilateral or multilateral agreements with Azerbaijan, although some requirements, such as an organizational charter or registration documents, do not apply to such donors. Although foreign donors and grantees must submit many of the same documents to the MoF and MoJ, one ministry might give approval, while the other does not. No donors or international CSOs managed to successfully complete the new registration procedure in 2016. In October 2016, President Aliyev signed a decree to simplify the registration of foreign grants through a “one-stop shop,” but the changes were minor and did not motivate any foreign donors to apply for registration.

A new set of restrictive Rules on Studying the Activities of Non-Governmental Organizations, Branches or Representative Offices of Foreign Non-Governmental Organizations, adopted by the MoJ in December 2015, entered into force in February 2016. These rules establish a procedure for the MoJ to inspect the activities of local and foreign CSOs in Azerbaijan; however, there were no cases reported of such inspections taking place in 2016. The rules essentially grant the MoJ the authority of other state bodies—such as the MoF (to check the submission of annual financial reports) and the Ministry of Taxes (to ensure that financial and ac-

counting laws are observed)—which may result in duplicate investigations by different state bodies. In addition, the rules obligate CSOs to “assist” the MoJ inspector by providing office space and hardware, as well as translated and notarized copies of documents. The government can undertake “regular” or “extraordinary” inspections on CSOs without any restrictions on their frequency or the number of years of activity that can be examined. CSOs are therefore vulnerable to numerous, invasive, and onerous inspections. If a CSO fails to submit the required information or provides false information, it can be fined 2,500 to 15,000 manat (about \$1,400 to \$8,400).

In November 2016, the National Assembly adopted new amendments to the Criminal Code that criminalize “online defamation or derogation of the honor and dignity” of the president. Violators face fines up to 1,000 manat (\$550) or two years in prison, or 1,500 manat (\$830) or a year in prison if they do so using “fake profiles or nicknames.” CSOs interpret the new law as a strong message to critical voices that is intended to further erode civic space and the freedom of expression in Azerbaijan.

CSOs can legally earn income through the provision of goods and services but do not receive any tax exemptions on earned income. Direct recipients of USAID funding are exempt from paying the 22 percent tax for the Social Protection Fund. The government requires CSOs to pay VAT for products and services, but not for grants received from foreign sources and recognized by the Ministry of Taxes.

In December 2016, the government made approximately 200 changes to the Tax Code and adopted a Law on Cashless Operations that come into force in January 2017. According to these changes, which encourage wire transfers and card payments, VAT payers⁵ cannot have cash operations exceeding 30,000 manat (\$16,600) per month, while simplified taxpayers⁶ cannot have cash operations exceeding 15,000 manat (\$8,400) per month. Moreover, a 1 percent tax will be applied on all cash operations of both legal and natural persons, and certain taxpayers will be required to pay utilities, landline phone bills, and salaries via bank transfer. While the changes aim to reduce corruption and improve the regulation of financial flows, there is insufficient infrastructure in the country to avoid cash operations, especially in the regions. Violations of the cash operations rules could result in a penalty of 10 percent of the cash operations for a first offense, 20 percent for a second offense, and 40 percent for a third offense. These regulations are expected to severely limit the number of CSOs conducting economic activity through affiliated commercial organizations or individual service contracts. The legal changes also impose a requirement for commercial entities, including CSOs that operate as LLCs, to undergo annual independent audits.

There are few lawyers in Azerbaijan compared to the size of the population, particularly in rural areas. Some regions have no lawyers at all, or only a single lawyer who is a member of the Bar Association. Only a few lawyers are willing to undertake the risk associated with providing legal assistance to CSOs on cases related to registration, taxation, or defense against undue state interference in their work. On the other hand, CSOs mostly use these lawyers’ services on an informal basis, as the highly politicized reputation of “human rights lawyers” can bring more harm than good in CSO cases.

⁵ VAT-payers are legal or physical entities having the annual turnover above 200,000 Azn (about 117,000 USD).

⁶ Simplified tax-payers are legal or physical entities having the annual turnover below 200,000 Azn (about 117,000 USD).

ORGANIZATIONAL CAPACITY: 5.9



The highly restrictive legal environment and significant decline in access to funding deteriorated organizational capacity throughout the CSO sector in 2016.

While official statistics are unavailable, according to informal surveys at least two-thirds of CSOs in Azerbaijan have suspended their activities over the past few years because they could not afford to maintain their staff and offices. Other CSOs moved abroad, switched to other sectors, or remained active through less visible and sustainable work. Most surviving CSOs have lost at least two-thirds of their staff members due to insufficient funding.

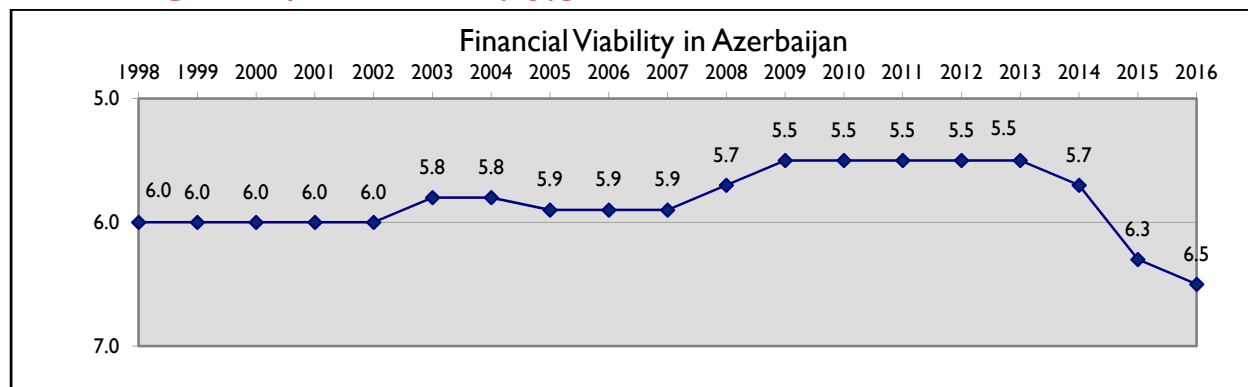
Regional CSOs were far more affected by the crackdown due to their limited access to donors, capacity building opportunities, and other resources. Furthermore, many regional CSO representatives do not speak English or even Russian, preventing them from communicating with international organizations and embassies. The few regional activities during the year were therefore conducted by Baku-based CSOs.

The unwritten ban on hosting CSO events in public venues, such as hotels and conference centers, in both Baku and the regions was enforced more strictly in 2016, minimizing the opportunities CSOs had to engage directly with their constituencies. Hotels and meetings spaces refused to host events organized by independent CSOs or outspoken civic activists or that focused on issues related to human rights or the political or economic situation. Social media and online television became the main platforms for CSOs to speak out and reach the wider public, but these proved to be insufficient to reach CSOs' main constituencies.

Very few CSOs in Azerbaijan engage in strategic planning, have strong internal management structures, or can retain qualified staff. Only a few CSOs have separate governance and management structures. Boards of directors function only to satisfy obligations stipulated in organizational charters or mandated by the MoJ. The law provides templates for organizational charters, thereby restricting CSOs' abilities to establish structures tailored to their needs.

Few CSOs own offices or vehicles. The employees of most of the remaining organizations work remotely from their homes. Some CSOs have stored their equipment, furniture, and libraries in the homes of staff members. Independent CSOs that were investigated and had their equipment confiscated in 2014 and 2015 reported that when their computers were returned in 2016, they were not working well or at all. Over the last three years, CSOs have not had any opportunities to replace deteriorated equipment. CSOs typically have access to the Internet, although Internet connections in remote areas are unreliable.

FINANCIAL VIABILITY: 6.5



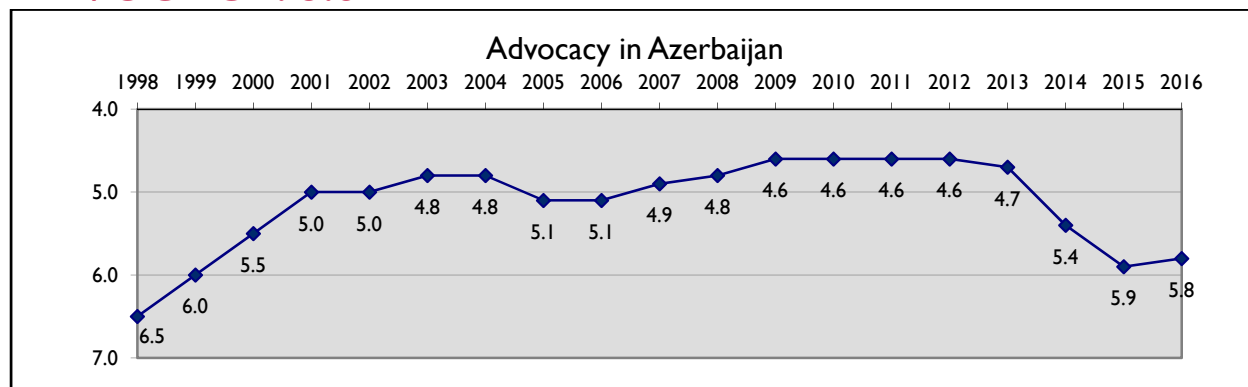
As a result of the restrictive rules adopted in 2015 that regulate CSOs' access to funding, the CSO sector had virtually no access to foreign funding in 2016. No donor institution or international CSO had successfully completed the new approval process for donors by the end of 2016. Therefore, the only way CSOs could receive foreign funding during the year was by working through affiliated commercial organizations or individual service contracts between a foreign organization and a domestic CSO representative. Even the UN agencies in the country began to utilize individual service contracts in their work with local CSOs.

The state is essentially the only remaining funding source for local CSOs. 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 there is no public information about state funding levels, they appear to have increased in 2016. However, this does not make up for the loss in foreign funding. In addition, the value of such funding likely decreased due to the devaluation of the national currency. 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, the grants process in government agencies is not open or transparent. Most approved grants are for non-controversial projects, such as those focused on art and culture, entrepreneurship, sports, the environment, children's rights, charity, and international promotion of Azerbaijan.

CSOs do not pursue other funding sources such as membership fees, donations, or commercial tenders, partly due to the new limitations on cash operations adopted in 2016. Local philanthropy, which is already undeveloped, was discouraged even further by the 2015 rules on donations.

Very few CSOs meet international standards on financial management. CSOs that do have sound financial management systems did not issue financial reports in 2016, as they did not want to show the decline in financial viability.

ADVOCACY: 5.8



Despite the restrictive environment in which CSOs operated, advocacy improved slightly in 2016. The CSO community considered the release of several political activists and human rights defenders in March 2016 as a sign that the government was softening its policy towards CSOs, which encouraged them to engage in further actions. Advocacy efforts that were less critical of the government were more effective. For example, when custody of a 10-year old girl from Guba region was transferred from her aunt, who had raised her since she was an infant, to her father, a number of human rights defenders, lawyers, and journalists spoke out in the girl's defense.

While self-censorship remains significant, CSOs frequently use social media to advocate for various issues and promote pluralism. However, this use of social media led to the passage of new amendments to the Criminal Code that criminalize “online defamation or derogation of the honor and dignity” of the president.

Some CSOs, particularly those that are part of coalitions and project partnerships, such as the EITI Coalition, the Dialogue Platform, and the EU/Council of Europe project Civil Society Dialogue in Azerbaijan, continued to promote policy dialogue with the government, despite the difficult environment and harsh criticism of more radical pro-opposition colleagues. However, the extent of a CSO's access to the government depends on its political orientation and level of engagement with so-called “blacklisted” international stakeholders, such as Freedom House, Human Rights Watch, National Endowment for Democracy, European Endowment for Democracy, and the Open Society Institute. Pro-government CSOs have much easier access to and greater support from state agencies than independent CSOs—even sympathetic state officials cannot formally cooperate with independent CSOs due to the state's general policy of hampering CSO activities.

The 2014 Law on Public Participation, which CSOs hoped would foster policy dialogue, continued to be poorly implemented in 2016. The law stipulates the participation of CSOs in public councils to monitor the work of central and local state administrations. However, few public councils have been established so far, and very few independent CSOs have been selected to participate in them.

In 2016, two significant platforms were created in response to the crackdown on civil society. In February, twenty-six prominent human rights activists, lawyers, economists, and journalists founded the Civil Society Platform (CSP) to find alternative solutions to the country's most urgent problems. Throughout the year, the CSP gathered on a bi-monthly basis and issued dozens of position papers on social, political, and economic developments in order to increase public awareness about the implementation of reforms. In September, the government initiated the Dialogue Platform of State and Civil Society for Promotion of OGP as a mechanism for CSOs and government to cooperate as part of Azerbaijan's new OGP action plan. Although civil society was mostly represented by pro-governmental organizations, even they expressed strong concern about the restrictive environment for civil society. In addition, coalitions, such as the EITI Coalition, Anti-Corruption Coalition, Committee to Protect the Rights of Civil Society, Women's Parliament, and National Platform of

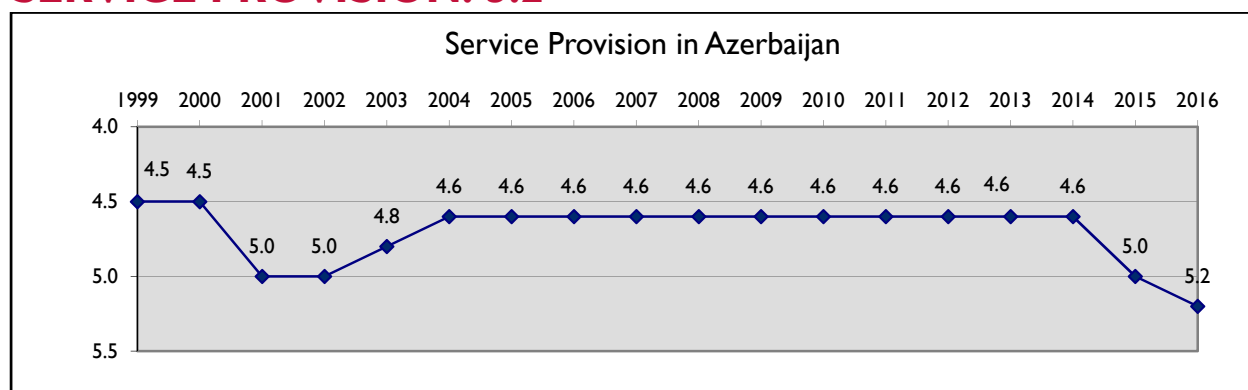
the Eastern Partnership Civil Society Forum (EaP CSF), continued to address various thematic issues, including the operating environment for CSOs.

Broad and highly visible international advocacy actions and campaigns are mainly conducted by CSO leaders in exile and by international organizations, such as Human Rights Watch, Amnesty International, Human Rights House Foundation, Freedom House, and Civil Rights Defenders. These organizations and their staff are blacklisted by the government of Azerbaijan, harshly criticized by state media outlets for being pro-Armenian or pro-Western, refused visas, or denied entry upon arrival in the country.

In September 2016, Azerbaijani political refugees from across Europe—including political and human rights activists, journalists, and former government officials—formed Azerbaijan Needs Democracy (AND). The government of Azerbaijan regards AND as the political opposition abroad as it has significant influence in the international community on the situation in Azerbaijan.

In May 2016, the EU and Council of Europe launched the Civil Society Dialogue, a joint two-year project aimed at improving the legal framework for CSOs in Azerbaijan and increasing CSO-government dialogue. During the year, the project provided legal expertise on CSO-related legislation and organized a study tour to learn about best practices in the field. The project involves the participation of a small group of independent and pro-governmental organizations as well as a few state agencies, including the MoJ, National Assembly, and Presidential Administration.

SERVICE PROVISION: 5.2



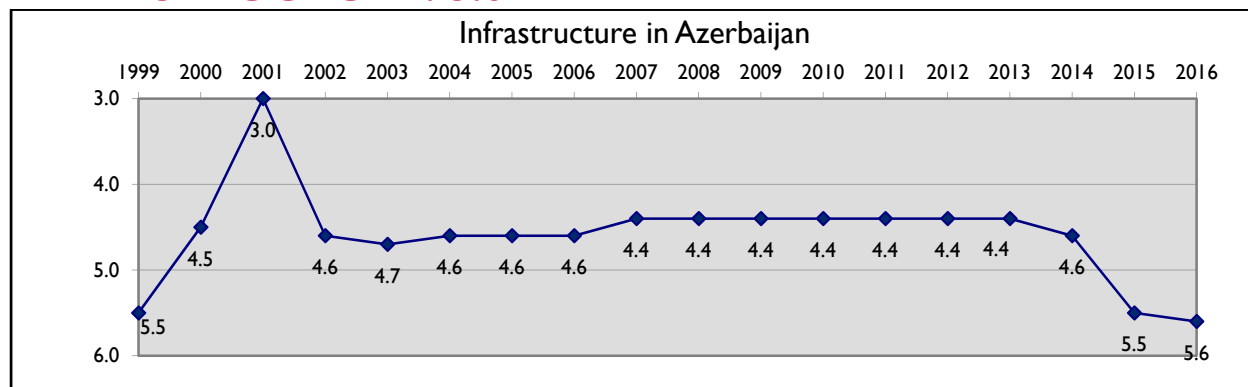
The 2015 rules requiring registration of service contracts significantly restricted CSOs' provision of all types of services. While registration of service contracts was easier than registration of grants, the MoJ still has wide discretion to deny their registration and such decisions can be political in nature. Social services were especially affected as very few donors continued providing support for such work.

Due to the state's approach and CSOs' reliance on donor funding for social service provision, communities and beneficiaries were deprived of many services, ranging from social counseling to micro-finance services. Most CSOs opted to make service contracts—as individuals or through affiliated commercial organizations—with donors or other customers to disguise their activities and to minimize the risk of closure in case there is a new wave of political tension in the country. At the same time, CSOs operating in this manner sacrifice their visibility and are accused of lacking transparency and accountability.

When they are concluded, service contracts enable CSOs to provide a wide range of services, from basic service delivery to efforts that promote economic development and social 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.

CSOs rarely charge beneficiaries for services, mainly due to the public perception that they are non-commercial organizations and therefore should provide their services free of charge. In addition, beneficiaries generally cannot afford to pay for services. The government provides some service contracts to CSOs, but as a rule, this is done through a closed and non-transparent process and the recipients are mainly pro-governmental CSOs.

INFRASTRUCTURE: 5.6



The National NGO Forum was founded in 1999 to coordinate the work of national CSOs and contribute to their capacity building. The Forum currently has 675 member organizations. The Forum also has several regional coordination centers that primarily support regional projects implemented by its Baku-based members. The International Press Center, created to host public events such as conferences and seminars, selectively refuses space to independent voices as it has strong links to the government.

There were no capacity-building projects targeting CSOs in Azerbaijan in 2016. The last one— Building Local Capacities for Development, funded by USAID and implemented by Chemonics International—ended in 2015 after many months of government investigations and obstacles to its activities.

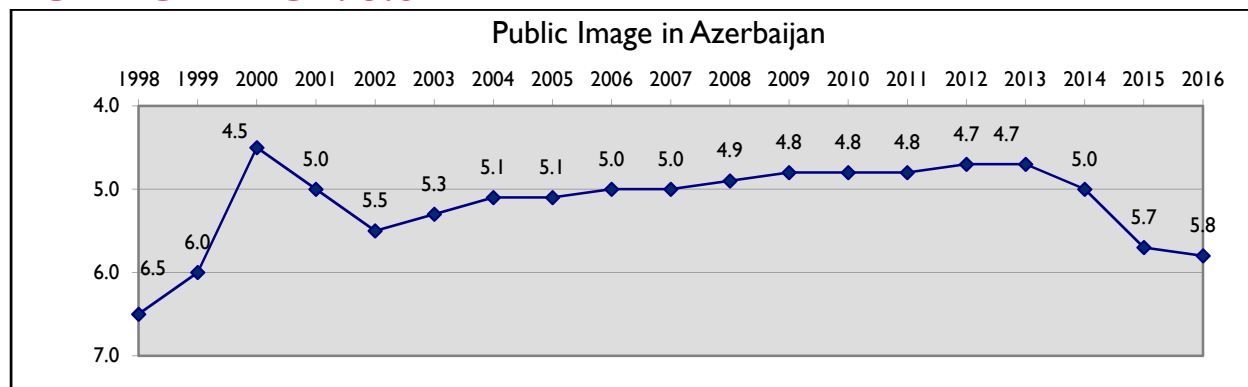
There are no local community foundations or intermediary support organizations that provide grants to local CSOs from either locally raised or foreign funds. In part, this is because the 2015 rules require re-granting organizations to get approval for each grant they award and recipients to register each grant as a donation.

CSOs share information with each other through the few remaining platforms and networks, such as the EITI Coalition, Dialogue Platform, and National Platform of the EaP CSF, as well as through social media. The Civil Society Platform and Committee to Defend the Rights of Civil Society are the main local independent platforms through which the CSO sector promotes its interests.

There are a few capable local CSO management trainers, most of whom are leaders and key experts of former capacity-building CSOs. However, most CSOs now question the relevance of such training, as they have lost most of their staff members and are barely operational.

The CSO sector finds it difficult to cultivate intersectoral partnerships. In general, businesses and academic institutions avoid working with CSOs because they do not want to damage their relations with the government. Academic institutions also fear CSOs’ “politicized motives.” Political activism among students is closely monitored, with most universities monitoring students on social media. Except for a few private universities, CSOs are not allowed to access students. CSOs’ relationship with media deteriorated after the government-sponsored media campaign against CSOs in 2014 and 2015.

PUBLIC IMAGE: 5.8



CSOs in Azerbaijan have been unable to rehabilitate their image following the pro-government media's portrayal of CSOs throughout 2014 and 2015 as politicized organizations, foreign agents, tax evaders, and pro-Armenian actors. In 2016, the media continued to portray CSOs in a negative light, implying that they are only active when they have grants. In addition, CSOs with relationships with international organizations are regularly accused of being "pro-Armenian." The "pro-Armenian" label is also broadly applied to human rights organizations, and their peace-building missions are presented as high treason.

The government and pro-government media view CSOs as agents of the West. They particularly target CSOs working on human rights, democracy, rule of law, gender equality, children's rights, juvenile justice, elections, media rights, support to civil society, transparency, and property rights. In part this is because such CSOs engage in international advocacy, including efforts related to the Universal Periodic Review. This attitude is mirrored in the broader public, which rarely has access to alternative information or knowledge of CSOs' work in order to counter such messages. Businesses view CSOs as critical of the government, and fear that associating with them could damage their relations with the government.

Media freedom in Azerbaijan continued to be restricted in 2016. Except for a few independent mass media outlets, the media largely depends on remaining in the government's favor. Therefore, social media and online television have become the main outlets for CSOs to reach the wider public, though these avenues were insufficient to rehabilitate CSOs' image or reach their main constituencies. CSOs are generally unable to hold public events in venues such as hotels or conference centers; most hotels and business centers require CSOs to obtain permission from the Presidential Administration, which is rarely granted. In a few cases, events were canceled at the last-minute, despite agreements with venues. Furthermore, the new law criminalizing "online defamation or derogation of honor and dignity" of the president restricted CSOs from exercising free expression online and promoted self-censorship.

Limited resources prevent CSOs from reaching out to their constituencies through other means, such as maintaining websites or publishing annual reports, thereby strengthening the state's claims that CSOs lack transparency.

BELARUS



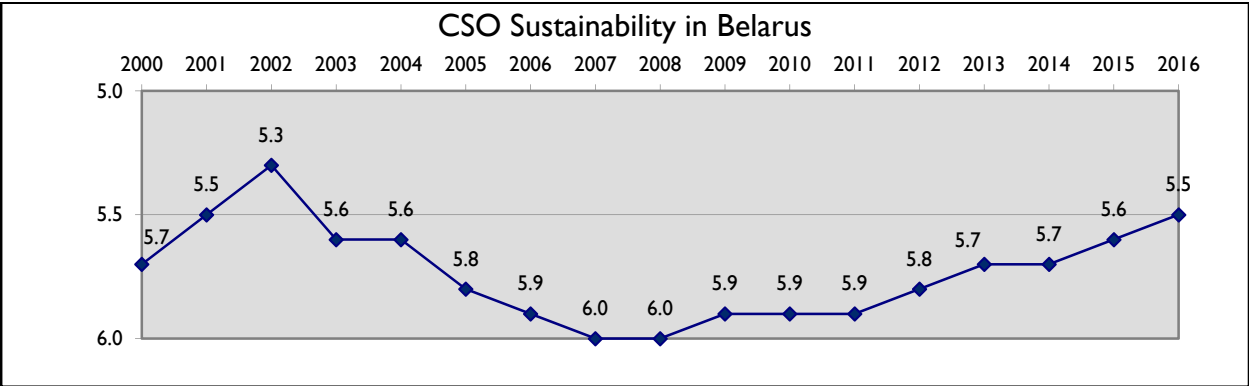
Capital: Minsk

Population: 9,570,376

GDP per capita (PPP): \$17,500

Human Development Index: 52

CSO SUSTAINABILITY: 5.5



While still constrained, relations between the state and civil society in Belarus improved slightly in 2016. For example, CSOs were involved in discussions at various levels on legal reforms and dialogue between Belarus and the EU. In addition, CSOs organized a number of major forums and conferences with the participation of government officials. Many forums and conferences that used to be held abroad were hosted in Belarus this year without any constraints. In addition, the authorities are increasingly open to dialogue with a variety of independent experts and analysts. In the September parliamentary elections, opposition candidates—democratic representatives from civil society—won two seats. Although this is the first time in a decade that civil society representatives are represented in the parliament, it is not expected to result in any significant policy changes towards civil society.

Despite these positive developments, the legal environment under which CSOs operate remains largely unfavorable; the government does not consider CSOs as true partners; and access to local and foreign funding is limited and complicated. The country continues to struggle with an economic crisis, with GDP dropping by 2

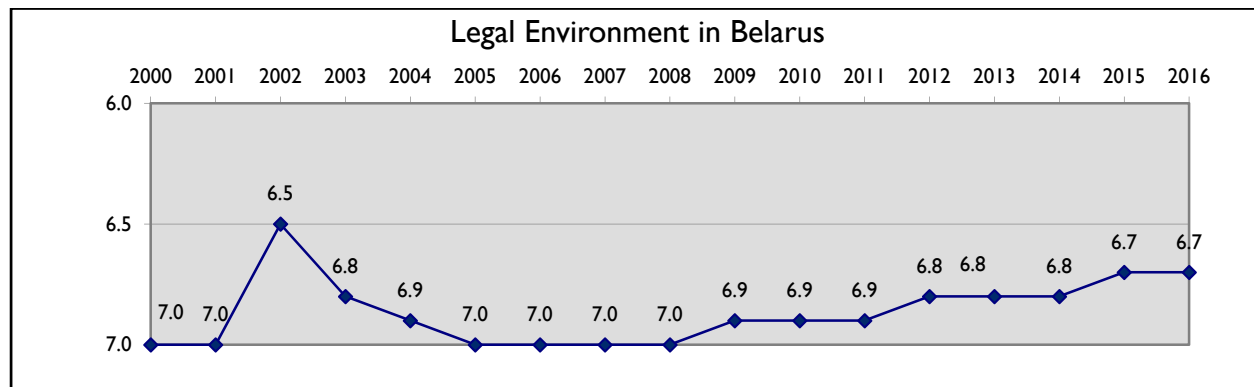
percent in 2016. In this context, the government actively seeks new ways to attract investments, including using CSOs as a channel for foreign funding. At the same time, Presidential Decree No. 5 on Foreign Aid entered into force in March 2016, introducing several onerous requirements for CSOs to register foreign aid.

Although civil society activists were fined at a higher rate than in previous years, primarily for violations related to their participation in mass events, there were relatively few instances of political repression against activists during the year. However, a documentary was aired on state TV that demonized the work of the Independent Institute for Socio-Economic and Political Studies (IISEPS), the main source of independent socio-economic data in Belarus. Following the airing of the documentary, IISEPS ceased its independent polling activities to reduce the risk faced by its field workers.

With the exception of the legal environment, all dimensions of CSO sustainability improved in 2016. CSOs focused on developing their organizational capacity and financial viability, with a special focus on local fundraising. CSOs also engaged more actively in advocacy, and citizen initiatives and local communities organized significantly more events and campaigns in 2016. In addition, CSOs extended the range of their services and made consistent efforts to promote their public image.

As of January 1, 2017, there were 2,731 registered public associations in Belarus, including 221 international, 730 national, and 1,780 local associations; and 42,094 registered branches of public associations. Other registered entities include thirty-one trade unions, thirty-six unions (associations) of public associations, 172 foundations, and seven national governmental public associations. One hundred thirty-eight new CSOs were registered during 2016. Organizations continue to register abroad or operate without registration due to the unfavorable legal environment. About 200 Belarusian CSOs are registered in Lithuania, Poland, and the Czech Republic.

LEGAL ENVIRONMENT: 6.7



The legal environment for CSOs did not change in 2016 and remains highly restrictive. Activities of unregistered CSOs continue to be criminalized; the registration procedure for associations and foundations is complex; and CSOs have limited access to both local and foreign funding.

Arbitrary denials of registration of public associations are still commonplace and in 2016, at least twelve public associations were denied registration. For example, both Gender Partnership and Mogilev Gender Center Ruzha were denied registration because their stated goal was to combat gender discrimination. The registering authority refused to provide registration under the pretext that discrimination in Belarus is already banned by the Constitution, though no legal act lists this as a permissible reason to deny registration. All appeals by the CSOs were dismissed.

In March 2016, Presidential Decree No. 5 on Foreign Aid came into force. It regulates the receipt, accounting, registration, and utilization of foreign aid. The Decree clarifies the procedure for registration and slightly

broadens the list of allowable goals for utilizing foreign aid, although these goals are still limited to apolitical, non-sensitive areas with which the authorities are comfortable. At the same time, the Decree requires CSOs to submit state authorities' opinions on whether the donations should be registered; prohibits CSOs from obtaining foreign donations to organize seminars or other activities considered to be political work; and requires CSOs to submit detailed plans on the use of foreign donations. In practice, the registration process allows the state to arbitrarily refuse access to foreign aid, and the state's interpretation of the Decree has made the process of accessing foreign aid much more difficult.

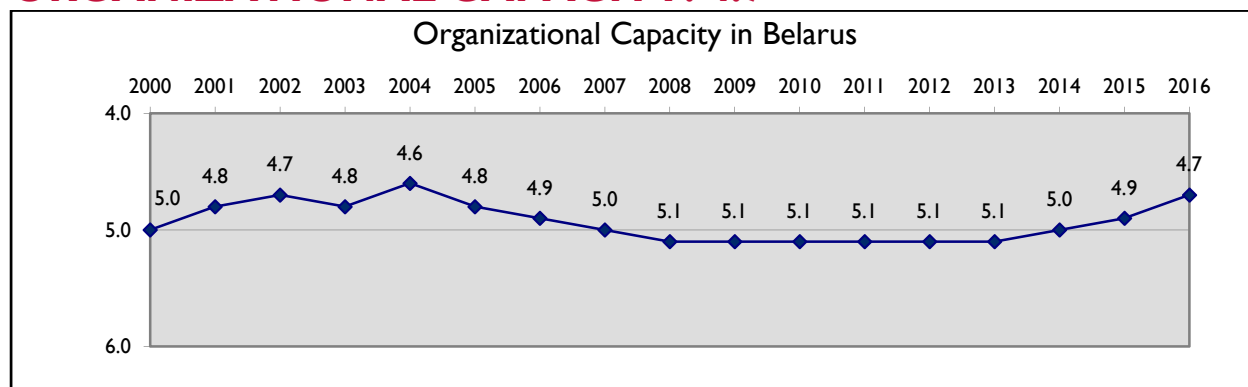
In general, CSOs felt that they were subject to less government harassment in 2016 than in previous years. At the same time, individual activists were still targeted and the number of fines levied against them increased seven-fold compared to 2015, while the total amount of the fines increased from \$40,000 to \$148,000. According to Viasna Human Rights Center, 484 fines were issued to activists for violations of Article 23.34 of the Administrative Code, which establishes the procedures for mass events. In August 2016, IISEPS announced that it would stop conducting its regular opinion polling. This decision followed the broadcast of a documentary on state TV that attacked the institute's work, which IISEP's founder worried would put its pollsters in danger. In 2015, the founder of CSO Platform Innovation, which defends the rights of inmates, was sentenced to six-and-a-half years in prison for allegedly disclosing official secrets after publishing information about police abuse he obtained from a police officer. He remained in prison during 2016, where he was continually harassed by the prison authorities, for instance for showing traits of "extremism."

The tax treatment of CSOs remains largely unfavorable. CSOs do not pay income taxes on membership fees or donations from Belarusian individuals or legal entities, but pay the same taxes as businesses on earned income. The president personally decides whether or not CSOs must pay the 18 percent income tax on approved donations from abroad. Corporate donors receive tax benefits for donations made to religious organizations, governmental social service institutions, sports organizations, and NGOs listed in the Tax Code by name, up to a maximum of 10 percent of their total annual incomes. In 2016, one new organization was added to this list, bringing the total to thirteen.

The law prohibits public associations from engaging in business activities. However, CSOs are allowed to seek government contracts.

CSOs increasingly sought legal services in 2016 in order to comply with the new regulations on foreign aid. However, few organizations provide high-quality legal assistance to CSOs. Lawtrend Legal Transformation Center and the Assembly of Non-Governmental Organizations (NGOs) of Belarus remain the main sources of such assistance.

ORGANIZATIONAL CAPACITY: 4.7



Organizational capacity continues to be the strongest dimension of CSO sustainability in Belarus, and further improvements were noted in 2016. Both CSOs and donors continued to invest in strengthening CSOs' organ-

izational capacities. Long-term donor-funded programs address good governance, financial management, constituency building, and communications. For example, as part of the USAID-funded Capacity Building for CSOs in Belarus project, in 2016 the New Eurasia Establishment trained representatives of ninety-four CSOs (compared to sixty-three from 2013 to 2015) and provided consultations on various aspects of organizational development and management to forty-one CSOs (compared to fifty-nine from 2013 to 2015).

While the operations of unregistered organizations are technically criminalized, informal initiative groups operate anyway, generally without harassment from the government. In 2016, informal initiative groups focused on the environment, local community development, culture, urban development, animal protection, gender, and other issues expanded their activities and some acquired characteristics of formal organizations, including missions, goals, permanent leadership teams, and plans of action, in order to promote their sustainability. In some cases, initiative groups even establish boards to ensure democratic governance and increase their legitimacy.

Many CSOs clearly identify and actively seek to build local constituencies for their initiatives. For example, Green Network has formed a network of 200 volunteers who promote an environmentally-friendly lifestyle, monitor the environmental situation in their respective localities, and report violations of environmental law, while APB-BirdLife Belarus established an organized system for attracting members, volunteers, and supporters.

Not all CSOs have clearly defined missions and strategic plans, but there have been improvements in this area. One of the aims of the Capacity Building for CSOs in Belarus project is to assist CSOs in defining missions and developing strategic plans. Through this project, in 2016 a number of CSO managers were trained on strategic decision-making techniques, as well as the role of boards of directors in strategic planning and decision making.

In most membership-based CSOs, the same people exercise governance and executive functions, although they still strive to be accountable and transparent by involving other members and stakeholders into their decision making and reporting practices. The number of non-membership based CSOs with one founder is on the rise. The founders of such organizations can theoretically make all decisions for the organization. However, in an attempt to adhere to democratic governance standards and increase transparency, some of these organizations are forming collective governance bodies similar to boards of directors.

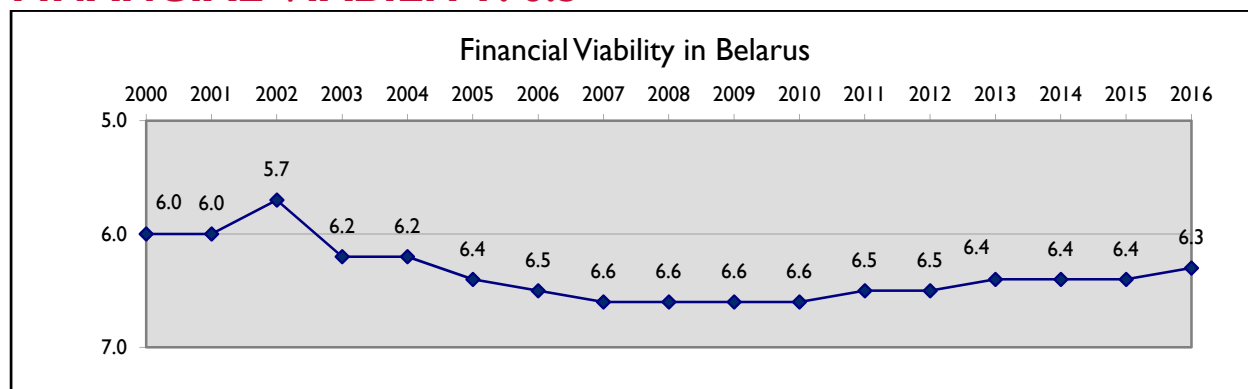
Only CSOs with reliable sources of funding can afford to maintain permanent paid staff and utilize the professional services of accountants, IT specialists, and lawyers. However, even these CSOs are rarely able to guarantee their staff benefits including paid leave, paid vacations, and maternity leave. There is also a shortage of specialists with expertise in the CSO sector that provide consulting services in accounting and finance. As a result, it is becoming more common for CSOs to outsource bookkeeping and other routine services or for CSOs to share specialists. For example, the CSOs Hope to Children and The Real World, both of which work with at-risk youth but in different cities, jointly contracted a financial advisor and PR specialist. In addition, highly-qualified lawyers, financial consultants, and IT specialist are occasionally willing to volunteer for CSOs.

Volunteers actively engage in CSO activities and even provide some professional services pro bono. Phalanster, for instance, launched the Digital Lab project to connect IT volunteers with social initiatives. According to the 2016 World Giving Index, 22 percent of respondents in Belarus reported that they participated in voluntary action in 2015, compared to 16 percent in 2014. In April, the global volunteer campaign Let's Do It!, organized by a coalition of environmental CSOs, mobilized 23,000 Belarusians to collect garbage around the country.

Most CSOs have access to modern technical equipment, which is generally purchased with project funds. In some cases, however, employees use their personal equipment for organizational work. In general, CSOs ac-

tively use the latest information and communications technology, including social media, online platforms, and mobile apps, to communicate with target groups and advance their missions.

FINANCIAL VIABILITY: 6.3



In 2016, the CSO sector diversified its funding sources, thereby improving financial viability slightly. At the same time, while there are no statistics on the amount of foreign funding that goes to Belarusian CSOs, foreign funding levels seem to be declining. In addition, international donors are increasingly reallocating the remaining funds to government agencies and government-organized NGOs (GONGOs), rather than independent CSOs. Due to the revised European Neighborhood Policy, for example, the EU reduced funding for CSOs, redirecting much of it to the government. Sweden, Germany, and the Global Fund to Fight AIDS, Tuberculosis and Malaria have also reduced funding for CSOs in Belarus. Moreover, Presidential Decree No. 5 on Foreign Aid made it more difficult for CSOs to access the foreign aid that was available.

Due to the ongoing economic crisis, adverse legislation, and CSOs' lack of experience in local fundraising, CSOs continue to pursue international aid more than local funds. However, Belarusian CSOs increasingly consider local fundraising to be a necessity for their survival. A number of leading CSOs have hired or plan to hire professional fundraisers, although the growing demand for professional fundraisers has exposed the lack of experts in this field.

Crowdfunding continues to develop in Belarus. In 2016 alone, CSOs raised around \$300,000 on crowdfunding platforms such as Talaka, Ulej, and MaeSens, almost twice as much as in 2015 (\$160,000). For example, the online magazine Imena (Names), which focuses on social problems, raised over \$20,000 on Talaka, setting a national crowdfunding record. While the average contribution (\$23) did not change in 2016, more people donated through these platforms.

According to the 2016 World Giving Index, 24 percent of respondents in Belarus reported giving to charity in 2015, compared to 28 percent in 2014. According to Yandex.Dengi, a Russian online payment system, in 2016 the total amount of online contributions from Belarusian users to CSOs grew more than twelve-fold over 2015 levels, while the number of contributors increased by a factor of fourteen. In 2016, Belarusian Children's Hospice collected over \$2 million from its 3,500 supporters to construct and equip a new building and train specialists and volunteers.

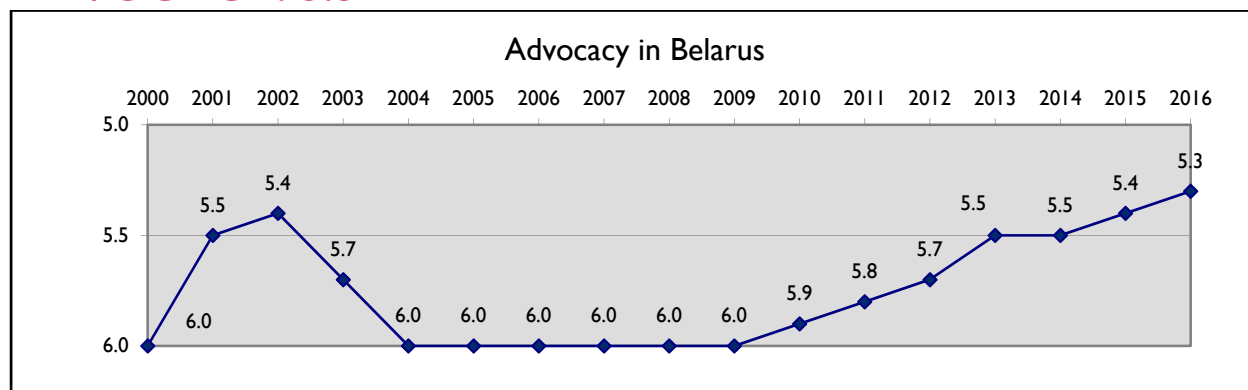
There are no local grant-making organizations that support social initiatives in Belarus with locally-derived funds. Belarusian business executives continue to support social initiatives by individuals or CSOs through the Social Weekend contest, which raised \$45,000 in 2016. Although no research was done on CSR in Belarus in 2016, a number of statements and examples indicate that businesses have significantly reduced their spending on CSR programs, or refocused them from external support of CSOs and community initiatives to their own employees. The Idea Fund did not organize an award ceremony to recognize the best CSR practices in 2016, as it has done for the last three years.

Local governments continue to award social contracts to CSOs to provide social services. However, the social contracting mechanism remains unpopular among CSOs, as they are required to meet many difficult conditions. Many social contracts are awarded to CSOs with close relationships to the authorities. However, the government also awards contracts to CSOs that offer unique services, but are critical of the government, including Hospice, BelAPDiMI, and Positive Movement. Funds earmarked in the state budget for contracting with CSOs for social services in 2016 were comparable to those of 2015 (around \$130,000).

Social entrepreneurship is becoming increasingly popular in Belarus, although only a few CSOs receive additional income from their social enterprises. The majority of social enterprises established by CSOs are created to solve social problems—for example, employ people with disabilities, prevent or treat addiction, or support the elderly—rather than to earn income. Some of the most prominent social enterprises include Nashy Maistry (Our Craftsmen), established in 2016 by NGO Zdorovy Vybor (Healthy Choice) to provide labor rehabilitation of alcohol addicts; and ArtIdea, which continues to employ people with disabilities. Some membership-based organizations collect dues, which almost never account for a significant source of CSOs’ income.

CSOs’ financial management practices generally adhere to the requirements of the government or donors. However, CSOs do not always make financial information public, as doing so can put them at more risk of being subject to financial inspections or being penalized for not registering foreign funds. All CSOs have the opportunity to go through independent financial audits provided by the Assembly of NGOs and Lawtrend.

ADVOCACY: 5.3



In 2016, Belarusian CSOs engaged in advocacy more actively, largely because the relationship between the state and civil society has thawed somewhat. The development of online tools for petitioning, such as Petitions.by and Zvarot.by, also made advocacy more widely accessible to and popular with the public. However, these advocacy initiatives, as well as CSO-government partnerships, continued to be focused primarily on issues not considered sensitive by the government.

Relationships between CSOs, government officials, and decision-makers continued to improve in 2016. In contrast to previous years, high-ranking officials including the prime minister participated in several prominent events organized by CSOs in 2016, such as the forum Broadening Horizons: Investments, Finance, Development; VI Festival of Non-Formal Education; and the Kastychnitski Ekanamichny Forum (October Economic Forum). In general, however, only organizations focused on less sensitive issues are able to organize such events.

CSO representatives—including business associations—are members of the Public Advisory Councils of the Ministry of Economy, Ministry of Natural Resources and Environmental Protection, the Ministry of Sports and Tourism, and the Humanitarian Affairs Department. In 2016, the Ministry of Health collaborated with CSOs to develop a national plan to prevent and treat HIV/AIDS and tuberculosis, which includes funding

for CSO services from the state budget. In May, the Republican Confederation of Entrepreneurship and the Ministry of Foreign Affairs signed a cooperation agreement for the 2016-2020 period to enhance business development in Belarus.

At the same time, cooperation between authorities and CSOs on decision making often exists only on paper. Mechanisms to promote interaction between the sectors, such as public councils, are not always efficient or transparent. In many cases, the government cooperates with CSOs just to receive funding from international agencies, such as UNDP, the EU, and USAID, which mandate such cooperation.

In 2016, the government introduced new regulations to improve procedures for public participation in decision making. For example, Council of Ministers Resolution No. 802 of October 5, 2016 improved procedures for public debate on business development laws by strengthening the role of public councils in decision making. The resolution also requires that information about draft regulations related to business be published online and in mass media, and that CSOs make up 50 percent of the membership of public councils related to business development. Similarly, Resolution No. 458, issued in June 2016, requires public hearings and public discussions of programs or acts that may affect the environment.

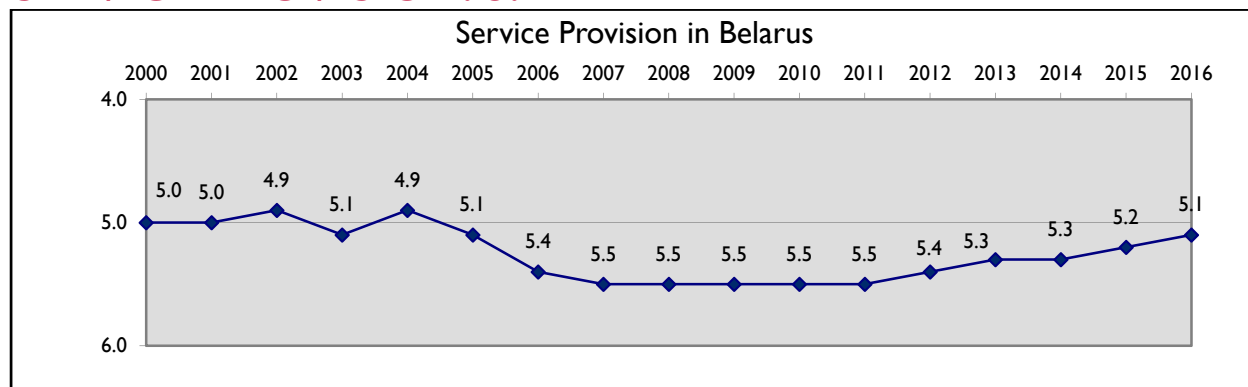
Two online platforms created by CSOs, Zvarot.by and Petitions.by, promote public participation by facilitating the submission of petitions to the government. These platforms, created in 2013 and 2015 respectively, became more popular in 2016. Through these two platforms, 400 petitions attracted about 50,000 signatures and received over 200 responses from government agencies.

Some advocacy campaigns launched in previous years yielded results in 2016. In October, Belarus ratified the Convention on the Rights of Persons with Disabilities, which resulted in positive amendments to national legislation. The General Plan for Minsk campaign advocated for the conservation of green zones in the center of Minsk. Thirty-one of its eighty-three proposals were fully approved in Minsk's official General Plan, and another thirteen were partially approved.

In 2016, CSO coalitions pursued local policy advocacy initiatives. For example, Green Network, Bahna (Swamp), APB-BirdLife Belarus, and the Center for Environmental Solutions teamed up to improve the management plan of the Lebyazhyi Biological Reserve. At the same time, other coalitions and large-scale advocacy campaigns went unnoticed, largely because they lacked a public outreach component. In many cases, the organizers of campaigns try not to attract too much attention in order to avoid possible harassment by the government.

Several organizations, including International Educational NGO ACT, Lawtrend Legal Transformation Center, and the Assembly of NGOs of Belarus, continue to lobby to promote legal reforms to benefit the CSO sector. For example, as part of the Reform project, implemented by the Belarusian Institute for Strategic Studies with funding from the EU, experts prepared a comprehensive study on modernizing the CSO law in Belarus that was discussed at the forum Broadening Horizons and then submitted to the Council of Ministers for consideration. In addition, in November a group of CSOs formed to advocate for laws that would make foreign funding more accessible.

SERVICE PROVISION: 5.1



In 2016, CSOs offered a more diverse range of services to the public, the government, and other CSOs. There was increased demand for training and legal consultations offered by CSOs. CSOs also directed their services toward the increasing number of migrants in Belarus. Belarus Red Cross Society, Human Constanta, and other organizations help migrants and refugees to access health and public services; provide food and other necessities; and draw media and public attention to the problems of refugees in Belarus through special events.

CSO-provided services have also become more innovative. For example, CSOs increasingly provide educational and consulting services online and incorporate a gender-sensitive approach in their service provision.

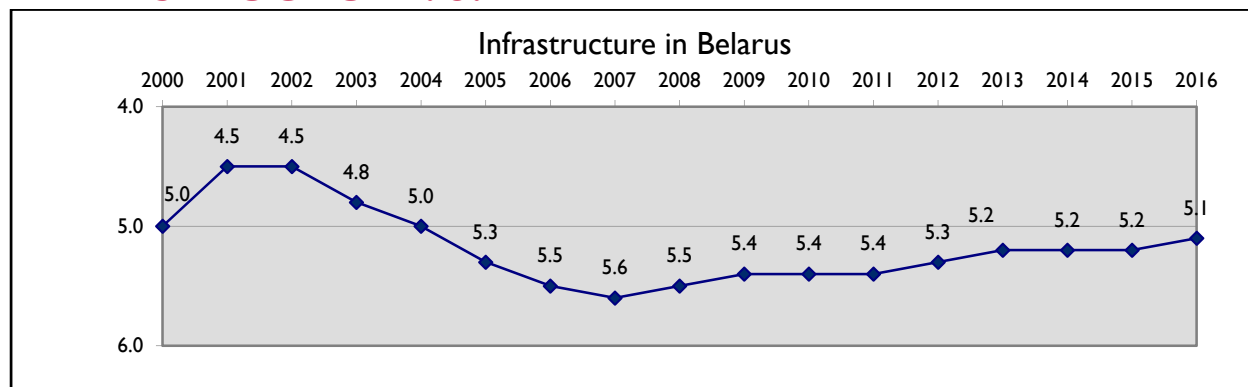
CSOs increasingly focus on the needs of target groups, a trend which is reflected in the growing number of requests for training on needs assessments. In response to the growing demand for needs assessments, in 2016 experts from NGO ACT developed a toolkit to assess the needs of target groups and the quality of CSO services provided to them. By the end of the year, at least twenty-five organizations had used the toolkit, although it is also available online, making it difficult to determine the actual number of CSOs using it. In general, new CSOs are more flexible than older ones and quickly respond to the changing needs of their target groups and communities.

CSOs provide services that go beyond the basic needs of their target groups. In 2016, Green Network launched Green Phone, a hotline to report environmental issues. CSO Legal Initiative began operating By-Law.pro, an online platform aimed at expanding access to legal aid for victims of human rights violations. Many CSOs provide information services through mailing lists and digests to the public. For instance, Golden Age University disseminates information about social, educational, medical, and recreational opportunities for elderly persons, and the Office for European Expertise and Communications shares news about the life and activities of initiative groups from local communities as well as information about development practices in various regions of Belarus. CSOs also carry out research in fields such as civil society development and civic education, although there is little evidence that there is significant demand for such services, or if these products are actually used.

CSOs have limited abilities to earn income through the provision of services. The law prohibits public associations from engaging in business activities. In order to generate income from service provision, CSOs have to register as establishments or commercial organizations. Hobby and sports groups registered as public associations earn income by charging membership fees for their services. Due to the economic crisis and decreasing household income, service beneficiaries—including CSO members—often cannot pay for CSO services.

Social contracting of CSO services and its extension to new areas, such as health and social support, reflects a growing state interest in the services provided by CSOs. In some cases, state agencies have been known to replicate or take over the provision of CSO services.

INFRASTRUCTURE: 5.1



The infrastructure of the CSO sector was better able to support the development of the organizational and outreach capacities of CSOs, especially those in the regions, in 2016.

Several new resource centers were established during the year. The Association of Life-Long Learning and Enlightenment opened three regional resource centers for informal education service providers. With funding from USAID, the New Eurasia Establishment set up resource centers through which CSOs can find local partners for economic development in twelve rural areas across Belarus. The network of resource centers also provides local activists, initiative groups, and CSOs with venues for various meetings and events, which they otherwise have trouble finding. Educational organizations, such as Lawtrend, Office for European Expertise and Communications, and ACT, also serve CSOs.

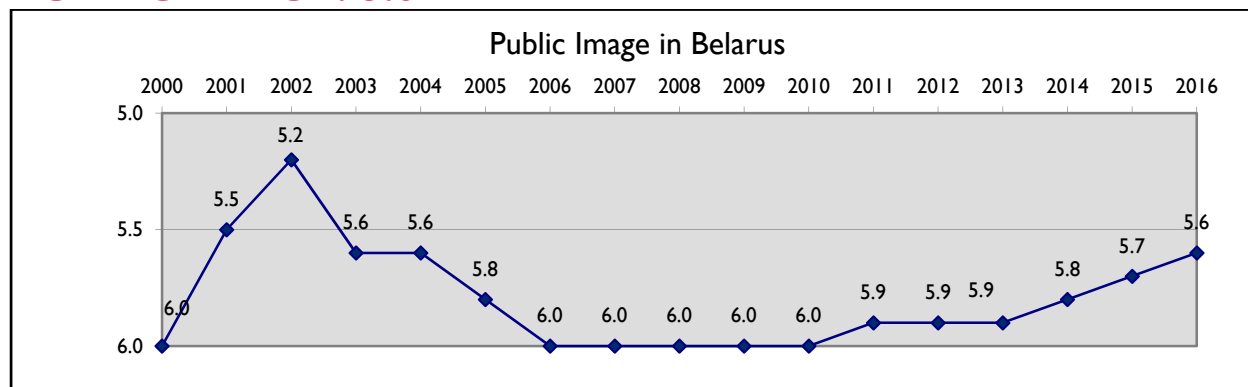
Several umbrella organizations continue to provide CSOs with expert and educational support, including training and consulting on organizational development and program activities, informational support, and various materials. These include the Assembly of NGOs of Belarus, Green Network, International Consortium EuroBelarus, Belarusian National Youth Council RADA, and BelAIDS Network. CSOs share information with each other, but mostly within their sub-sectors.

Several organizations, such as Vzaimoponimanie (Mutual Understanding), the New Eurasia Establishment, Belarusian National Youth Council RADA, Belarusian Human Rights House, Youth Information Center, and Civic Belarus, re-grant funds from international donors. The grants awarded are generally small, rarely exceeding \$10,000.

Despite the availability of qualified Belarusian coaches and training-of-trainers courses, there is a shortage of coaches and facilitators capable of providing high-quality training on topics in demand by CSOs. For example, there are few educational opportunities for CSOs in important areas such as accounting, financial management, fundraising, and engagement of volunteers.

Intersectoral cooperation increased in 2016. In September, the State National Agency of Investment and Privatization, UNITER investment company, and the Belarusian Institute for Strategic Studies (BISS) organized the forum Broadening Horizons: Investments, Finance, Development. At the event, government agencies, businesses, CSOs, and experts discussed structural reforms to promote economic development. The Coordination Council, established in 2016 under the Council of Ministers to liaise between recipients and donors of international aid, includes three CSO representatives. The Association of Life-Long Learning and Enlightenment created a council of CSOs engaged in informal education that will cooperate with businesses and the state. There is also growing cooperation between businesses and environmental CSOs within the framework of CSR initiatives. Banks and other large businesses support CSOs that implement socially significant programs. Heineken brewing company invited the Green Network to organize eco-friendly activities during the Rock Za Bobrov Music Festival.

PUBLIC IMAGE: 5.6



Public image improved in 2016, as CSOs continued to increase their visibility by fostering relationships with print and online media, maintaining a social media presence, and organizing public events.

In April, a team of journalists launched an online, crowdfunded magazine called *Imena* (Names), which focuses on social problems and is fully funded by readers. In 2016, *Imena* raised over \$26,000, and its articles were viewed tens of thousands of times. Furthermore, CSOs' increased usage of crowdfunding platforms—along with shares on social media—has attracted public attention and support for CSO initiatives.

According to the findings of the first national survey on civic literacy conducted in June 2016 by Pact, 48 percent of Belarusians believe that an important feature of a “good citizen” is to be actively involved in activities organized by public organizations and initiatives, and 77 percent agree that Belarusians should participate in public life more actively. However, only 21 percent consider themselves socially active—14.5 percent have volunteered at least once, 4 percent are engaged in volunteering on a regular basis, and just 4.8 percent were involved in public benefit activities. At the same time, 42 percent of respondents are active members in their local communities, including participating in initiatives organized by tenants' associations.

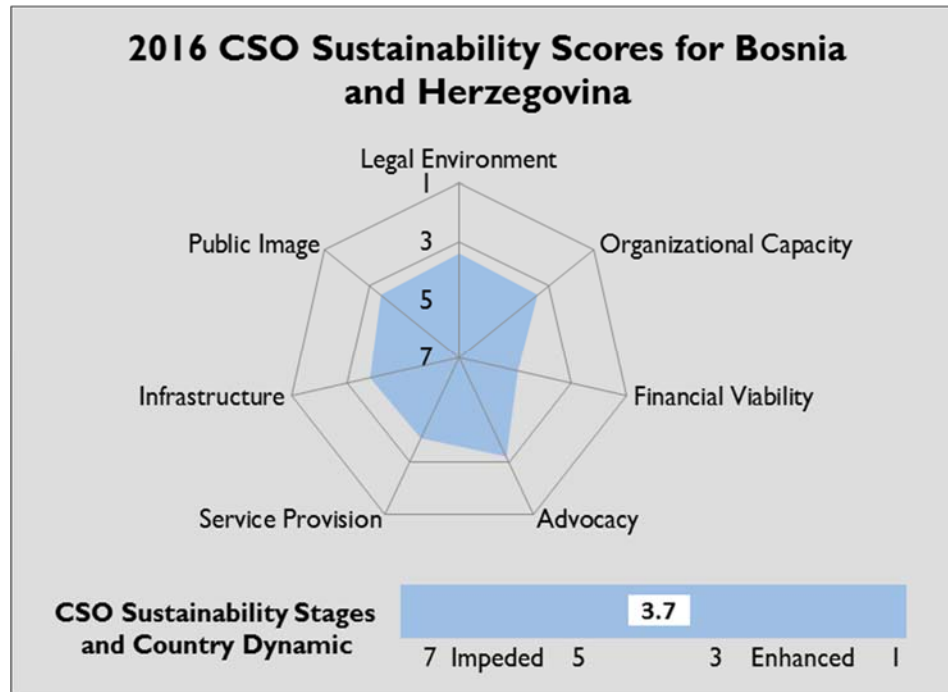
On the other hand, according to a survey of 2,000 Belarusian Internet users conducted by the Office for European Expertise and Communications (OEEC) and Baltic Internet Policy Initiative in December 2016, 52 percent know about the existence of CSOs. Among those who know about CSOs, 65 percent believe that public organizations and initiatives benefit Belarusian society and 41 percent participate in CSO activities.

The government's attitude towards CSOs became slightly less hostile during the year. In part, this can be explained by the country's gradual opening to the west, which requires the social capital and expertise of CSOs. In addition, the government views CSOs as a possible channel for attracting funding. Finally, donors increasingly require authorities to involve CSOs in joint activities. As a result, the government increasingly views CSOs as a source of expertise and participates in their events, and state media more frequently invites independent civil society experts to their events. At the same time, the state media still attacks some organizations, as was the case with IISEPS in 2016.

CSOs have become more active in promoting their own projects and socially useful activities. The OEEC, in collaboration with popular online resources such as Citydog.by, 34mag.net, Talaka, and *Imena*, trains journalists in feature writing with a focus on community leaders. In 2016, over fifty features on community leaders were published. CSOs also organized large events that attracted more participants and thus promoted awareness of CSOs and their work. For instance, the Bike Parade organized in April by the Minsk Cycling Association attracted over 9,000 cyclists. A large urban picnic organized by the Mogilev Center for Urban Initiatives attracted 3,000 residents. CSOs also increasingly use social media, including Facebook, V Kontakte, Odnoklassniki, Instagram, and Twitter, to inform or involve the public in their activities.

Few CSOs have codes of ethics, and there is no code of ethics for the sector as a whole. Only a few CSOs publish detailed annual activity reports, and very few organizations disclose comprehensive information on their finances due to the unfavorable political environment.

BOSNIA AND HERZEGOVINA (BiH)



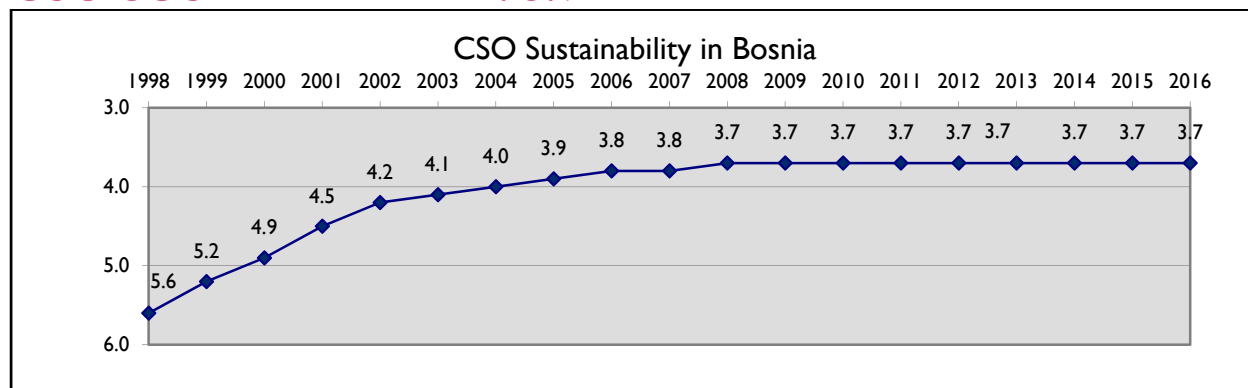
Capital: Sarajevo

Population: 3,861,912

GDP per capita (PPP): \$11,000

Human Development Index: 81

CSO SUSTAINABILITY: 3.7



CSO sustainability remained stable in Bosnia and Herzegovina (BiH) in 2016. While there was some progress in establishing institutional mechanisms for CSO-government cooperation and transparent public financing of CSOs, there is still no strategic framework for cooperation with civil society. In addition, an e-consultation platform established in 2016 remains underused.

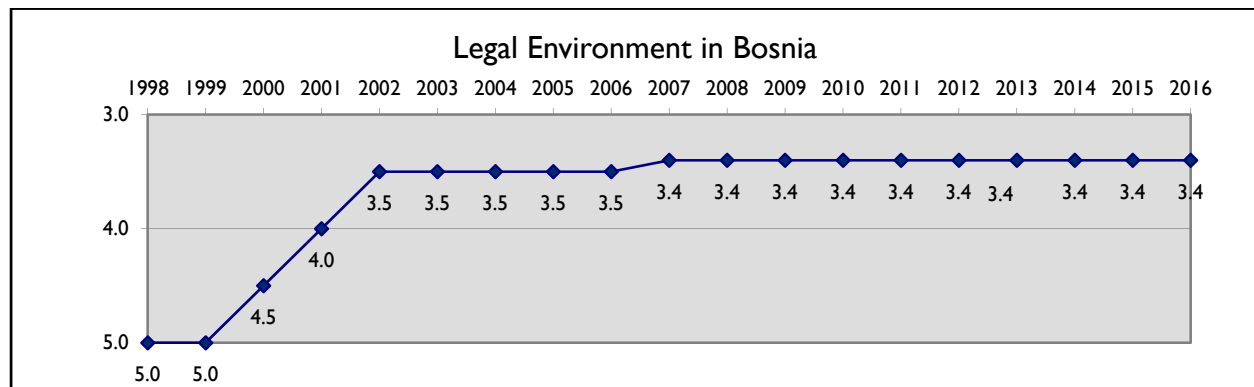
Legislation on elections was amended in the middle of 2016 to address gaps identified by OSCE/ODIHR and the Council of Europe's Group of States against Corruption (GRECO) on campaign financing, the de-registration process for parties and candidates, the threshold for winning mandates, and penalties for violating the election process.

Municipal elections held in October 2016 were generally conducted in an orderly manner. However, several municipalities struggled to collect the necessary funding to hold the elections. In addition, procedural irregularities, such as destruction of voting materials, occurred in some municipalities, resulting in the closure of

polling stations in one municipality and temporary closures in several others. Despite renewed efforts by the Office of the High Representative (OHR) in Mostar, an agreement between the leading Bosniac and Croatian political parties to implement the 2010 Constitutional Court’s decision to enable local elections in Mostar has yet to be reached; therefore, the citizens of Mostar still cannot exercise their right to vote.

According to the latest information from the EU-funded Capacity Building of Government Institutions (CBGI) Project, there were 22,601 registered CSOs in BiH in 2016. However, this number includes CSOs that are registered at multiple levels of government, as well as a significant, but unknown, number of inactive CSOs. According to a study by the Office for Economic Policy and Regional Development Ltd., more than half (56.4 percent) of a representative group of 1,000 registered CSOs that received EU 2012 Instrument for Pre-accession Assistance (IPA) funds are inactive. With the support of CBGI, governmental bodies began removing inactive or dissolved CSOs from the registries in 2016. CBGI and other CSOs have also proposed that the registries should include information about CSOs’ missions in order to provide more useful and detailed information about the sector.

LEGAL ENVIRONMENT: 3.4



The legal environment governing the CSO sector, which is largely enabling, did not change significantly in 2016.

CSOs are governed primarily by the Law on Associations and Foundations in BiH, which was amended in November 2016. The amendments were initiated in response to the Moneyval Committee of the Council of Europe and the Financial Action Task Force (FATF), which require legal measures to prevent money laundering and terrorist financing. The amendments, which CSOs generally support, establish requirements to update registries to make them more accurate, require CSOs to provide more detailed financial reporting to state agencies, and allow any legal entity, including state bodies, to establish non-profit organizations.

CSOs can register at the state, entity (Federation of BiH (FBiH) or Republika Srpska (RS)), and cantonal levels. In general, registration at all of these levels is relatively simple, although the administrative review of documentation is stricter at the state level than in some cantons. Registration at different levels is not interconnected, making it difficult to accurately determine the number of organizations operating in the country.

CSOs are allowed to operate freely within the law and can generally address matters of public debate and express criticism without fear of harassment from authorities. CSOs can only be involuntarily dissolved for breaching legal requirements.

In 2015, the RS government unsuccessfully attempted to enact the Law on Transparency of Non-Profit Organizations, which would have subjected CSOs to strict government control. There were no similar initiatives in BiH in 2016 to increase control or supervision over CSO activities. Nevertheless, an increasing number of inactive CSOs are choosing to dissolve voluntarily in order to avoid the costs of preparing and submitting

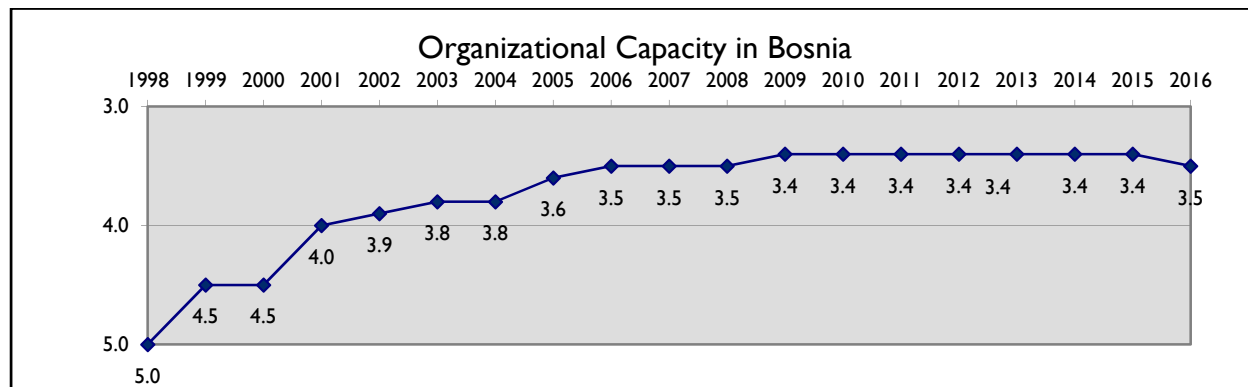
financial reports, which are required on an annual basis even if an organization is completely inactive during the year, as well as the possibility of sanctions for failing to meet the financial reporting obligations. Twenty-two CSOs voluntarily dissolved from the Registry of Associations and Foundations of Canton Sarajevo, and there were also reports of CSOs dissolving in Tuzla, Sarajevo, and Zenica.

The tax treatment of CSOs is defined by entity laws, which are not harmonized. According to amendments passed in 2015 to the Profit Tax Law in RS, CSOs do not have to pay income tax on grants received from the budget or public funds, sponsorship, or donations in cash or in kind. Donors in the RS receive deductions up to 3 percent of their total income 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 FBiH, 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 must pay VAT on all donations, except for those from the EU IPA.

CSOs can generate income through economic activity and are exempt from paying taxes on the first 50,000 BAM (about \$27,000) of income annually. CSOs are legally allowed to participate in public tenders, but there are no examples of CSOs successfully doing so. This is both because government bodies favor public institutions, such as social care centers, in the award of such contracts, and because CSOs still have insufficient skills to implement such initiatives.

CSOs have inadequate access to legal advice and information regarding registration and CSO activities. There are no legal centers and an insufficient number of lawyers qualified in not-for-profit law. Some CSOs, such as Vaša prava BiH (Your Rights BiH) and the Smart Resource Center within the Center for Civil Society Promotion (CCSP), employ lawyers who provide free legal assistance to other associations.

ORGANIZATIONAL CAPACITY: 3.5



Organizational capacity deteriorated slightly in 2016. Due to funding shortages, CSOs found it increasingly difficult to retain staff.

Some organizations, such as professional associations, have clearly defined target groups. Most other CSOs have very general goals. As a result, they often lack clear target groups and focus in their work. Only larger organizations have strategic plans, as the process is too expensive for others to undertake, and even those strategic plans change depending on the availability of funding and the policies of donors.

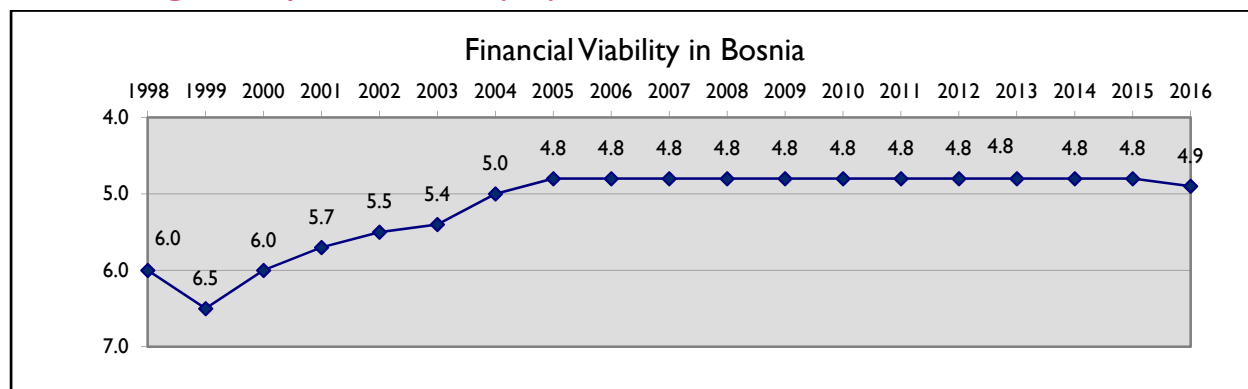
The law defines the management structures of CSOs, but the effectiveness of these structures varies. According to the law, the assembly is the highest body in an association, but in practice most assemblies only meet to adopt annual plans and reports. Assembly meetings must be organized on an annual basis, but it is unknown how many organizations comply with this obligation.

CSOs generally employ staff on a project basis. Only prominent CSOs with stable funding have permanent paid staff. According to the Labor Law, permanent employees are entitled to severance pay when their positions end. Donors do not fund such expenses, making it risky for CSOs to employ permanent staff. An increasing number of CSOs cannot afford to hire staff. Some CSOs have even ceased operating due to their inability to retain qualified staff. For example, UHD Prijatlice Tuzla scaled its operations back significantly in 2016 because of a lack of funds, cutting its staff from more than twenty employees to just a few focused on basic survival of the organization. Many professionals are leaving the CSO sector, and many active members, such as presidents, steering board members, and expert associates, have become politicians or left the country in search of better opportunities.

There are virtually no policies or initiatives to promote volunteering in the country. One exception is an annual event in the RS organized by the Voluntary Service network in partnership with the government of RS to recognize the Volunteer of the Year. Volunteering laws hinder CSOs' efforts to utilize volunteers. To engage long-term volunteers, a CSO must submit an application (albeit no official application form exists) to the Ministry of Justice for a five-year accreditation. In 2016, fifty CSOs in FBiH received accreditation, while no CSOs in RS did. The Law on Volunteering in FBiH does not count volunteer hours as service towards a pension. Furthermore, the position of "volunteer-intern" is defined in the labor laws at the entity level as unpaid work during one's free time, rather than employment that benefits both the volunteer and society. The media and the public have negatively interpreted volunteering as unpaid labor, and CSOs have reported a subsequent decrease in interest in volunteering throughout BiH. In 2016, the number of volunteers that signed long-term volunteering contracts was similar to levels in 2015—252 in FBiH and 150 in RS; there are no records on other types of volunteering. According to the 2016 World Giving Index, only 4 percent of respondents reported that they participated in voluntary action in 2015, compared to 8 percent in 2014.

While most CSOs use ICT, they 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: 4.9



The financial viability of CSOs deteriorated slightly in 2016, as the availability of funding declined. Only a few CSOs have diverse sources of financing. Instead, most CSOs depend on one to three funding sources, which puts CSOs and their operations in a precarious situation.

CSOs continue to have access to funding from a variety of international donors for work on a wide range of issues, including human rights, minorities, LGBT, transparent government and anticorruption, and the environment. Key donors include USAID, embassies, and the EU. However, while precise data is not available, foreign funding from donors, such as the embassies of the Netherlands, United Kingdom, and Sweden, as well as the EU, appears to have decreased in 2016. Grants from the EU and other donors are often unavail-

ble to small organizations. CSOs are advocating that the EU step back from its current practice of distributing funds through consulting firms and instead distribute through local organizations, so that small groups have more access to the funds. Some organizations such as CCSP, Centers for Civic Initiatives (CCI), and Mozaik Foundation already re-grant foreign funding.

Public funding at all levels is declining. Experts estimate that public funding for CSOs dropped from approximately \$40 million in 2015 to less than \$35 million in 2016. In addition, many CSOs claim that the government sometimes significantly deviates from legal procedures in the award of public funds. For example, there were accusations that an authority awarded funds non-competitively and then demanded that a portion of the funds be returned to a specific person, thereby enabling a financial crime.

The majority of less-developed CSOs are funded primarily by local governments. According to research by TACSO and CSSP, local governments account for more than half of all public funds CSOs receive, though the majority of these funds go to sports associations and veterans' organizations. There was some progress on the adoption of more transparent public funding procedures at the local level in 2016, with seven municipalities adopting legal frameworks for transparent funding of CSOs. The government of RS adopted the Methodology for Awarding Grants to Non-Profit Organizations in 2015, consulted with all the ministries to determine the most appropriate model for their programs in 2016, and intends to fully implement it in 2017. In addition, CCSP is leading a campaign to establish institutional mechanisms for awarding public funds at the state level and in FBiH.

Philanthropy is underdeveloped in BiH. A lack of financial incentives hinders the growth of philanthropy and the donor community does little to elevate this issue or support projects to develop philanthropy in the country. The USAID-supported Dobro project, which is implemented by Mozaik Foundation and aims to promote good practices in philanthropy, is a rare exception in this regard.

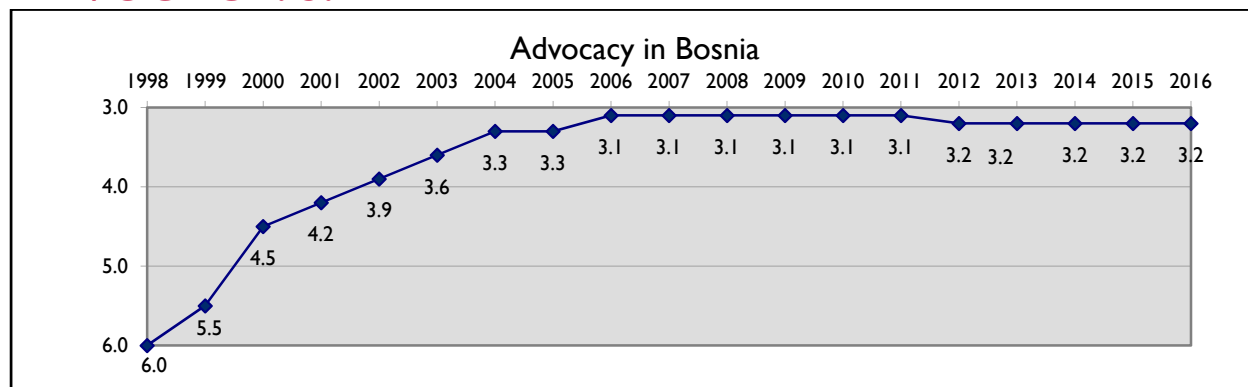
Foundations plan and manage passive investments that are regulated by their statutes and internal acts. Endowments are regulated at the entity level rather than the national level.

Public and private enterprises provide some funds to CSOs, but most companies in BiH do not view corporate social responsibility (CSR) as beneficial to their corporate interests. However, there are some positive CSR examples. For example, ASA Prevent provides more than 1,700 scholarships and supports more than 500 honor roll students, and its employees provide over 200,000 volunteer hours to projects in 105 municipalities. Coca Cola BiH, which uses more than 40 percent clean and renewable energy, invests more than 2 percent of its profits in local communities, and donates many products to local initiatives.

Few, if any, CSOs have cultivated loyal cores of financial supporters. While CSOs use ICT for their day-to-day work, they do not utilize these technologies for fundraising due to a lack of skills. As a result of the difficult economic situation in BiH, where unemployment is approximately 40 percent, CSOs find it difficult to generate revenue through income-generating activities. Only a few CSOs supplement their income with revenues from services, products, or rent from assets. Membership fees also do not represent a significant source of funding, even for membership-based organizations.

Most CSOs do not have financial management systems in place and do not operate in a transparent manner. Few undergo independent financial audits or publish annual reports with financial statements. Most CSOs are categorized as small legal entities and thus are not subject to mandatory audits of financial statements. CSOs are legally required to submit annual financial reports to state agencies, including the Agency for Intermediary, IT and Financial Services (APIF) in RS and the Financial and IT Agency (FIA) in FBiH, although most fail to do so.

ADVOCACY: 3.2



CSOs continued to engage actively in advocacy in 2016.

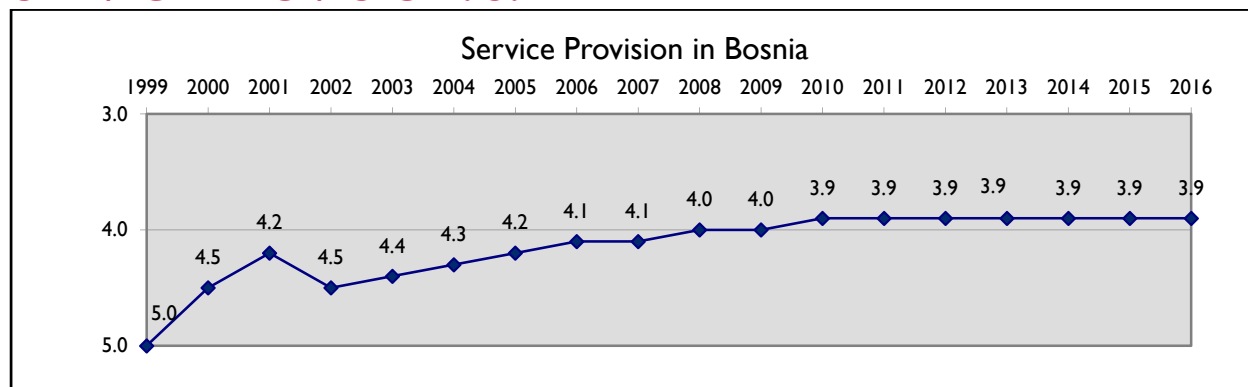
CSO advocacy in BiH is supported by a variety of institutionalized mechanisms. The Council of Ministers of BiH has adopted several documents regulating its cooperation with CSOs, including the Agreement of Cooperation between the Council of Ministers and CSOs in BiH. In 2016, the Council of Ministers adopted a working group report on revising the Agreement. Among other recommendations, the report suggests that lower levels of government should create similar documents to regulate their cooperation with CSOs. CSO engagement in the policy-making process is also facilitated by the Rules on Public Consultations for Preparation of Legal Regulations, the Law on Free Access to Information, and an e-consultation platform launched in April 2016. All draft laws must be posted on the e-consultation platform, and any interested member of the public can provide input on these drafts. The government also creates dedicated working groups that organize sector-specific consultations with CSOs on issues such as social care, a youth strategy, the pension system, and labor law. However, existing cooperation mechanisms are used sporadically, and many CSOs are unaware of their existence. In addition, the legal framework on public participation is not fully implemented, in part due to a lack of political will. A strategic framework for cooperation with civil society has yet to be established at all levels of government.

CSOs engaged in advocacy on a wide variety of issues in 2016. Women to Women drafted and advocated for a law protecting women and children against violence. Sarajevo Open Center fought for great protection of LGBT rights, while the Foundation of Social Inclusion and Koma network promoted minority rights. In addition, the Justice Network promoted justice sector reform, and a CSO coalition engaged in the Open Government Initiative promoted transparency in government work. At the local level, a campaign successfully prevented the construction of a church on a playground in Banja Luka.

Generally, the CSO sector is unfamiliar with the concept of lobbying. However, there were a few positive examples during the year. For example, the Youth Communication Center (Omladinski komunikativni centar or OKC), in cooperation with the Institute for Development of Youth (KULT), continues to lobby the government to prepare a Youth Strategy for FBiH. Although required by the 2009 Law on Youth, a youth strategy has not yet been prepared nor adopted.

There were a variety of initiatives to improve the legal environment for CSOs in 2016. CCSP advocated for transparent financing of CSOs and tax reform to support corporate and individual philanthropy; the Sporazum plus network worked to start the process of establishing a new Agreement on Cooperation between the Council of Ministers and the CSO sector; and the Network of Local Volunteering Services in BiH organized a number of small campaigns advocating for the Law on Volunteering.

SERVICE PROVISION: 3.9



The CSO sector continues to provide a wide range of services. The majority of services provided by CSOs are social services, including safe houses, daycare centers for people with mental disabilities, and daycare centers for homeless children. Other areas in which CSOs provide services include education of elderly people, training of public servants, anti-corruption, and environment. For the last six years, OKC has organized career fairs for high-performing elementary school students in Banja Luka, Bijeljina, and Zenica. In addition, CSOs continue to develop online tools supporting entrepreneurship, such as Biznisguru.ba, a business advice platform. In December 2016, as the official representative of the Hour of Code, a worldwide action in IT education, CCSP's Smart Resource Center engaged more than 30,000 children throughout the country, as well as organizations and businesses, in hundreds of hours of coding. BiH was among the top ten countries in terms of participation in the Hour of Code and was the highest ranked among the Balkan states for the third year in a row.

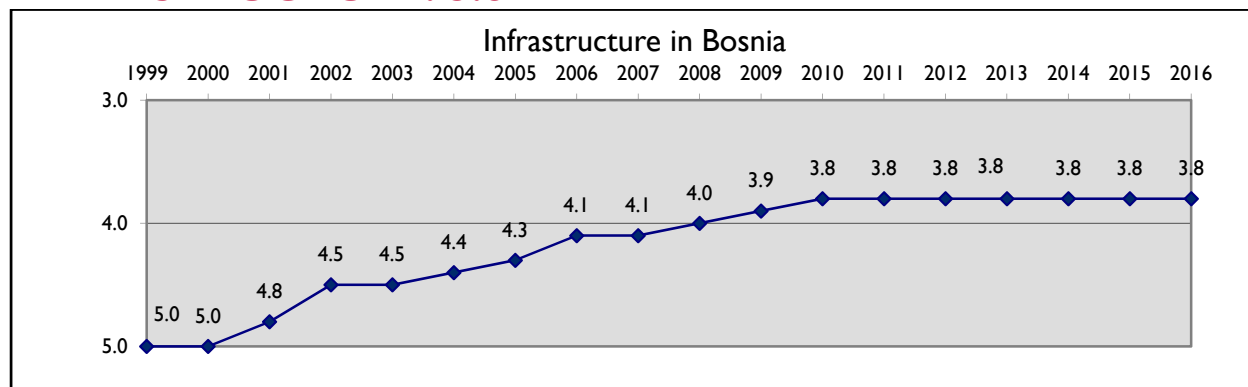
CSOs such as Transparency International, the Foundation for Social Inclusion (FSU), and Analitika conduct research, studies, and expert analyses, which they usually distribute to interested CSOs, government institutions, and individuals. However, CSOs do not have sufficient expertise to provide relevant services to businesses.

While CSO services are generally designed to meet the needs of their beneficiaries, some government and international donors do not include CSOs in needs assessments when developing services. In many other cases, donors ignore suggestions made by CSOs for project interventions.

CSO services are largely funded by international donors and are generally provided free of charge. However, the number of commercial services and social enterprises is increasing. For example, the social enterprise "Most" Gradiška (Funky Guerilla) employs young and disadvantaged people to produce clothing.

While many laws stipulate CSO engagement in service provision, governments at all levels often neglect this approach and show little interest in developing proper cooperation. Social Welfare Centers (SWC), which are government bodies, often consider CSOs as competitors. As a result, governments may restrict funds for CSOs in the area of social care, even though they often provide more innovative and better quality services than SWCs do. Cantonal governments are most likely to contract with CSOs, sometimes through public calls and transparent procedures and other times directly with privileged CSOs with political connections.

INFRASTRUCTURE: 3.8



CCSP's Smart Resource Center has been active for ten 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. The Network for Building Peace provides online information for CSOs on project tenders, seminars, and conferences. In 2016, the websites of the Network for Peace Building and CCSP each had more than 300,000 visits.

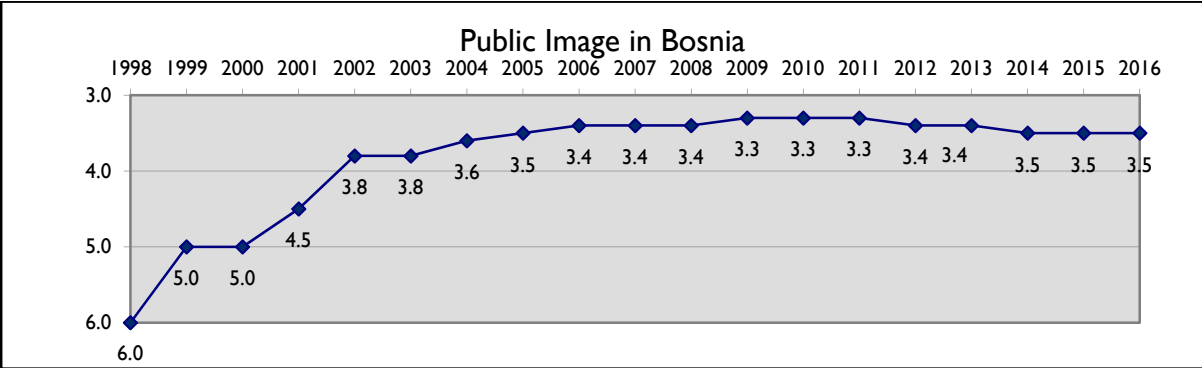
In the past, a number of foundations and associations distributed grants from foreign donors. However, most of these programs ended in 2015 and 2016. There is concern that if local grant making does not expand, civil society in small towns and rural areas will disappear. The Mozaik Foundation, CCI, and CCSP are among the few local organizations that still provide grants.

Although many networks and coalitions exist, there is mistrust and competition among CSOs, which hinders information sharing and cooperation; organizations fear that others will steal their project ideas and decrease their chances of winning grants. Networks and coalitions mainly function within projects supporting such activity; once the projects end, the networks and coalitions usually become inactive. A particularly active coalition in 2016 was the USAID-funded Pod lupom coalition, which successfully monitored the elections.

Training is available, primarily in larger cities. Most training is available for a fee, making it inaccessible for smaller organizations. CCSP's Smart Resource Center is still the leading training organization in BiH and provides a wide range of trainings free of charge.

Cooperation and partnership between CSOs and local businesses is rare and sporadic. CSOs argue that businesses are not interested in working with them and businesses argue that CSOs lack the skills to provide adequate services.

PUBLIC IMAGE: 3.5



The public image of CSOs did not change significantly in 2016.

Despite the existence of 290 media outlets and 2.3 million Internet users in BiH, there is no sustained presentation, promotion, or evaluation of CSOs’ impact. The mainstream media continues to be uninterested in the activities of CSOs, preferring to cover scandals and sensational stories instead. The media continues to spread negative messages about the CSO sector, including that it is ineffective or connected with politicians, due both to its poor understanding of the CSO sector and inconsistent messaging by CSOs. On the other hand, local TV stations and online media often report on the activities of local organizations.

Although there is no polling data on this topic, CSO experts believe that much of the public has a limited understanding of the role of CSOs in society. At the same time, people do support the activities and contributions of individual CSOs, especially the provision of basic services such as healthcare, education, humanitarian work, housing, water, and energy.

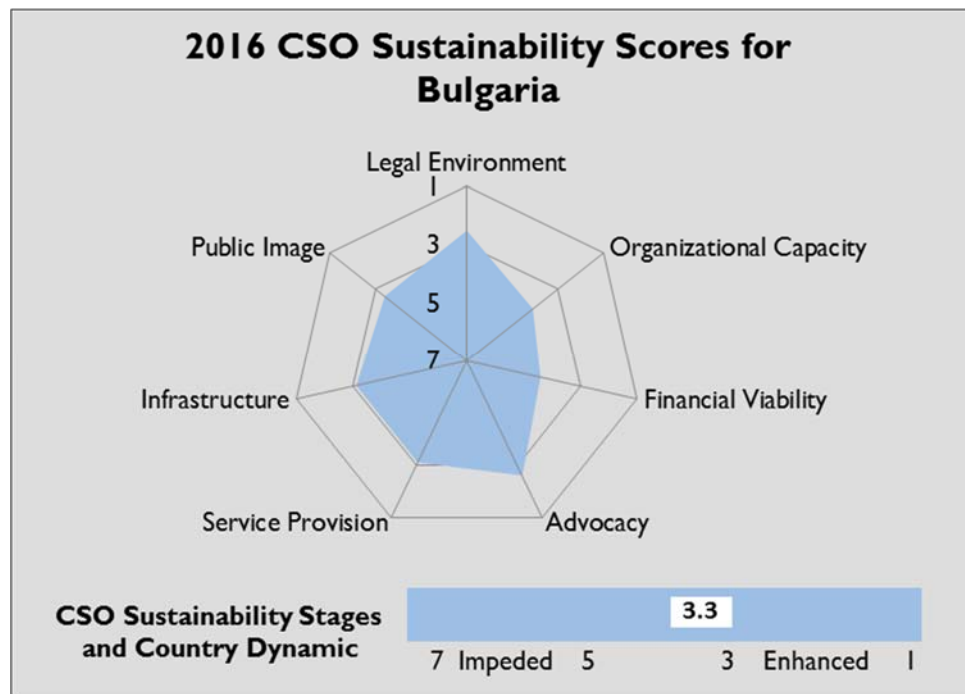
State officials have a progressively positive perception of CSOs. They are realizing the importance of CSOs in issues ranging from education to electoral processes and increasingly rely on CSOs as community resources. Local government officials tend to appreciate CSOs more than state government representatives. Government institutions frequently use CSO publications and articles to help prepare and implement their activities. Executive and legislative bodies, particularly at lower levels of government, have a positive attitude towards CSOs, especially those with which they cooperate on joint initiatives and projects.

The business sector’s perception of CSOs is gradually improving, and many companies use the capacities of CSOs in their CSR work, particularly in the areas of social care, protection of children and youth, environment, and sport.

CSOs actively use social media, particularly Facebook, to promote their work. Beyond this, however, only a few organizations seek to promote their images. CSOs rarely publish information about their organizations or their work, as media is uninterested in their stories, and CSOs lack marketing and public relations skills.

There is still no code of ethics for the CSO sector. CSOs that are more developed publish their annual reports to promote transparency in their work.

BULGARIA



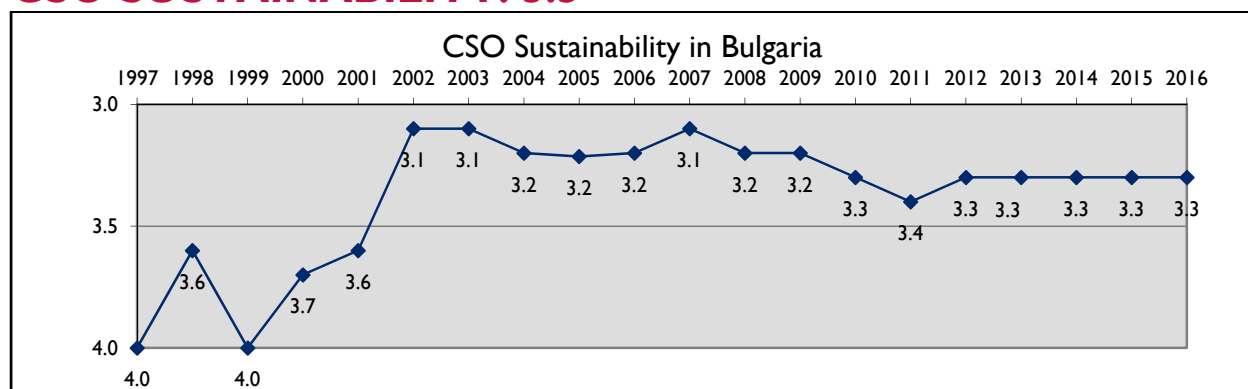
Capital: Sofia

Population: 7,144,653

GDP per capita (PPP): \$20,100

Human Development Index: 56

CSO SUSTAINABILITY: 3.3



Bulgaria continues to be the poorest country in the European Union (EU). According to Eurostat, as of 2015, Bulgaria had the highest risk of poverty or social exclusion (41 percent of the population), and the highest rate of people who are “severely materially deprived” (34 percent).⁷

In 2016, Bulgaria continued to deal with the refugee crisis stemming largely from the war in Syria. In a public poll conducted by Alpha Research in September 2016, 61 percent of respondents identified refugees as the second biggest outside threat to the country, after international terrorism. According to almost half (43 percent) of respondents, the government should have a firmer policy towards refugees. A survey conducted by the Open Society Institute (OSI) in July 2016 found that hate speech has also increased in Bulgaria over the past few years.

⁷ <http://ec.europa.eu/eurostat/documents/2995521/7695750/3-17102016-BP-EN.pdf/30c2ca2d-f7eb-4849-b1e1-b329f48338dc>

Overall CSO sustainability did not change in 2016. Advocacy improved somewhat: amendments to the Law on Normative Acts created clearer standards for public participation in the law-making process and CSOs continued to organize advocacy campaigns actively. Financial viability, on the other hand, worsened slightly with the conclusion of two major funding programs. In 2016, there were some negative media campaigns against CSOs, particularly environmental organizations. CSOs are often the drivers of change, including as defenders of the rights of minorities, migrants, and other marginalized groups, and hence are often seen as the enemy, especially by nationalist groups. This has led to a public debate as to whether CSOs—especially foreign-funded organizations, which are often accused of representing foreign interests—are beneficial for Bulgaria.

There are more than 47,000 CSOs registered in Bulgaria. In 2016, 1,579 new associations and 370 new foundations were registered.

LEGAL ENVIRONMENT: 2.5



There were both positive and negative developments affecting the legal environment in which CSOs operate during the year. While CSOs had increasing problems with registration during the year, amendments to the Law on Non-Profit Legal Entities (hereinafter referred to as the CSO Law) were adopted in September that should address these deficiencies.

Registration under current procedures continued to worsen in 2016. Judges more frequently considered criteria outside the scope of the law when making registration decisions, leading to significant delays in the registration process. In addition, in some cases, registration was denied on spurious grounds. For example, in 2016 some CSOs' registrations were denied because the judge questioned the feasibility of the organization's objectives or determined that its sole reason for establishment was to attract funds, or because an organization's name was in a foreign language. In addition to the court registration, any change in the board of directors or the official representative of a CSO still requires registration in the Bulstat registry, as well as the Central Registry if the CSO is a public benefit organization.

Steps are finally being taken to address these issues. In September 2016, following a prolonged advocacy campaign and numerous public consultations, the parliament adopted amendments to the CSO Law. The amendments aim to speed up registration, which currently can take more than a month to complete. Under the new provisions, registration is expected to take just three days, and registration authority will move from the courts to the Registration Agency, an independent agency under the Ministry of Justice where companies also register. The amendments will also make it easier for CSOs to register changes to organizational statutes and board members. In addition, the law foresees the creation of a special budget line for CSO projects and a Civil Society Development Council, a consultative body on CSO policy chaired by a Vice Prime Minister. The amendments also call on the government to regularly adopt strategies to support the development of CSOs,

although it does not establish a set time period for these strategies. The new provisions will not take effect until January 1, 2018, so their impact remains to be seen.

Another positive legal development is the amendment to the Law on Bulstat, which prohibits banks and other institutions from demanding proof of registration from CSOs, as this information is now available online. However, many of these institutions have not yet changed their internal procedures to comply with this new provision. Also in 2016, amendments were adopted to the Law on Normative Acts which improve the regulations for public consultations and regulatory impact assessments.

Despite the positive legislative changes, some CSOs—particularly environmental organizations—were subject to administrative impediments in 2016. For example, based on unsubstantiated allegations published in a newspaper, the Prosecutor's Office ordered a state audit of several environmental CSOs' EU-funded projects. While newspapers previously published negative articles about environmental and other CSOs, this is one of the few cases in which the state acted on such publications. The state institutions responsible for managing EU funds did not defend the accused CSOs even though they had approved the CSOs' projects and activities and monitored project implementation.

The Bulgarian Helsinki Committee, which monitors human rights, also experienced difficulties in 2016. First, the Ministry of Labor and Social Policy declined to renew the contract that gave the Committee access to specific state-owned social institutions that it monitors. Second, in late October, the chairperson of the Committee was attacked by two unknown persons. This is the first publicly reported physical attack against a high-profile human rights activist.

During the year, the State Agency for National Security started to penalize CSOs that did not prepare and submit internal rules against money laundering within four months of registration. Many CSOs are not aware of this deadline and therefore sometimes do not fulfill the requirement in a timely manner. The Agency has issued fines of about €1,000 for such delays, which is burdensome for many new organizations. Meanwhile, most for-profit companies are not required to submit any anti-money laundering rules.

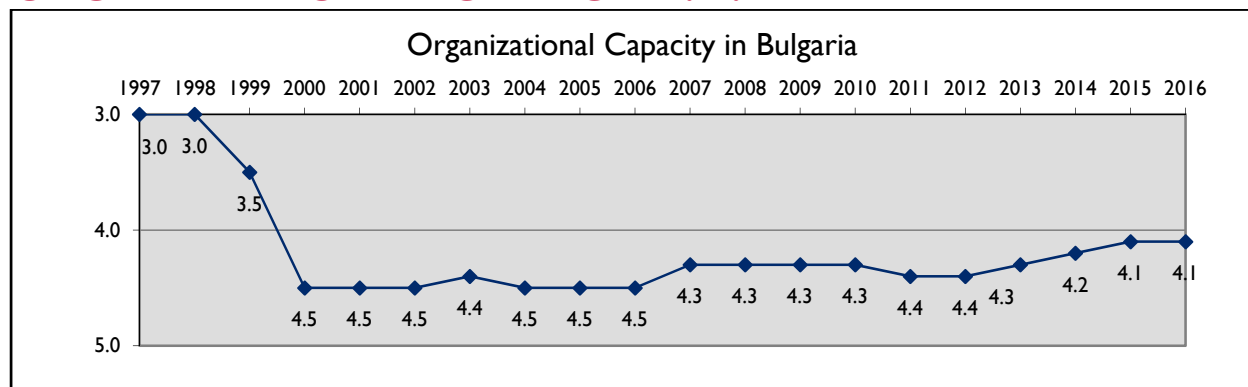
A new Law on Counterterrorism was adopted by parliament in December 2016. The law, which will enter into force six months after its promulgation, will allow for a CSO to be terminated if the Council of Ministers places it on a terrorist financing list or if there is information that it engages in terrorist activity, as defined in the law. Such proceedings can only be initiated by the chief prosecutor. A CSO does not have the right to remedy the violation prior to termination, a right that exists in other cases in which termination is sought. The parliament also continued to discuss the draft Law on Advocates, which would limit the possibility for CSOs to provide legal aid. However, this law was not adopted during the year.

CSO income from donations, grants, and membership fees is tax-exempt. Tax deductions are available for donations to public benefit organizations within certain limits: up to 10 percent of the profit of corporate donors, and up to 5 percent of the income of individual donors. However, donors can receive even higher deductions by donating to certain state institutions instead, placing CSOs at a disadvantage. In October 2016, the parliament amended the VAT law to allow companies to make VAT-exempt food donations to food banks.

CSOs are allowed to earn income and provide goods and services for a fee. They can participate in public procurements, but applications often require CSOs to meet requirements that do not apply to them in practice. For example, tenders often require submission of a declaration listing the organization's owners, which CSOs do not have, reflecting the administration's lack of interest in taking the specificities of CSOs into account.

Both CSOs and lawyers have limited knowledge of the legal framework for CSOs. Lawyers generally do not have the expertise to provide help on more complex CSO-related cases.

ORGANIZATIONAL CAPACITY: 4.1



While many CSOs understand the need to build a loyal core of supporters, some organizations, especially smaller ones, find it difficult to focus on attracting supporters as they are worried about their mere survival. According to OSI research,⁸ only around 20 percent of the population is a member of any type of CSO, including sports clubs, trade unions, and political parties.

Few CSOs engage in long-term planning. According to the National Youth Forum, less than 20 percent of its forty CSO members have some form of written strategy and plan more than two or three years into the future. Many CSOs recognize the need to change their strategies, for example, by conducting more public outreach, but are unable to devote resources to such purposes because they mainly receive project funding and lack institutional support.

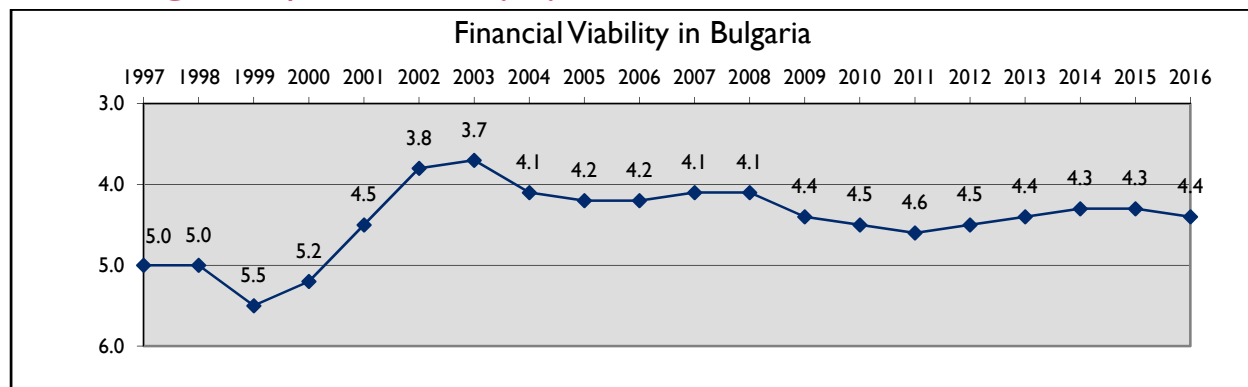
Most boards of directors are still not very involved in the activities or actual governance of CSOs. In some organizations, staff members serve on boards of directors.

According to the National Statistical Institute, the number of people employed in CSOs increased from 22,905 in 2014 to 27,040 in 2015. Nonetheless, CSOs find it difficult to attract employees, as they cannot offer the long-term stability and high salaries that other sectors do. The level of volunteerism in the country is generally low and according to CSO experts, negative media campaigns against the sector have made it more difficult for CSOs to attract volunteers and members. According to the 2016 World Giving Index, only 7 percent of the population in Bulgaria volunteered in 2015, compared to just 4 percent in 2014. Despite this, in 2016, Caritas organized a campaign to engage volunteers in Sofia to help refugees integrate into society better. This effort was recognized as one of the best volunteer campaigns in the 2016 Volunteer Initiative Awards, organized by the National Alliance for Voluntary Action and the Tulip Foundation.

The advancement of technology has provided CSOs with cheap access to high-quality equipment and Internet access. Microsoft donates its software to CSOs through Techsoup. CSOs frequently use social networks (primarily Facebook) to promote their activities. While CSOs often find it too expensive to rent offices, they increasingly utilize co-working spaces, such as the NGO House in Sofia.

⁸ <http://www.ngogrants.bg/public/portfolios/newsItem.cfm?id=282>; Democracy and Citizen Participation. Public Attitude Towards Democracy, Rule of Law and Main Human Rights in 2016; 28 February 2017

FINANCIAL VIABILITY: 4.4



CSO financial viability declined slightly in 2016, as two of the sector’s foreign sources of funding—the European Economic Area (EEA)/Norway grants and the Bulgarian-Swiss Cooperation Program—stopped awarding new grants. The EEA/Norway program, which has provided more than €10 million in grants to Bulgarian CSOs since 2013, is expected to have a new program cycle, but not until the end of 2017 at the earliest. No information is available on whether the Bulgarian-Swiss Cooperation Program, which provided more than €6.6 million since 2012, will resume funding. America for Bulgaria Foundation remains the biggest donor for CSO projects, especially in the fields of democracy and rule of law. In 2016, America for Bulgaria Foundation approved grants to sixty-two CSOs valued at more than \$9 million, and disbursed over \$10 million to ninety-four CSOs.

Some EU operational programs issued calls in 2016 for which CSOs were eligible. However, the special program supporting citizen participation under the EU Good Governance program was postponed for a third consecutive year. This program is supposed to have a separate fund dedicated to CSO projects, but because of a debate on how the program will be managed, specific steps to start the program were only taken at the end of 2016. The operational program Science and Education for Intelligent Growth delayed signing some contracts with CSOs when it became evident that several shortlisted candidates had the same address, objectives, and people in their management. Moreover, many CSOs are concerned that most EU calls for proposals apply the so-called de minimis rule for state aid (which limits EU grants to an individual organization to €200,000 over a period of three years to ensure that market competition is not compromised by improper state support to specific entities). Under this approach, CSOs are subject to a de facto funding ceiling. CSOs argue that most of the programs for which they apply should not be considered state aid as they do not support economic activity.

State funding to the sector remains limited. The State Gambling Commission, which provided €1 million for CSO projects in 2015, did not release a new call in 2016. A February 2016 article on standartnews.com claimed that most of the grant recipients in the 2015 competition did not have any previous history (two were newly established) and some of the organizations were linked to gambling companies. In December 2016, amendments were adopted to the Law on Gambling to channel funding from the State Gambling Commission to the Ministry of Youth and Sports. On a positive note, in 2016 the CSO Law was amended to create a special budget line to finance CSO initiatives on a competitive basis. Funding amounts and conditions for distributing the funds are not clear yet, as the law will enter into force only in 2018. At the municipal level, local authorities, mainly in large cities, continue to provide a portion of their budgets for CSO projects.

CSOs try to diversify their funding and recognize that corporate and individual donors are important in this regard. However, robust data on donations to CSOs is lacking. The most recent data from tax authorities shows that corporate donations increased by 22 percent to over €23 million in 2015. However, tax authorities have stopped differentiating between donations to various types of recipients, such as CSOs, state hospitals, and social institutions; thus it is unclear what portion of this amount went to CSOs. A number of large com-

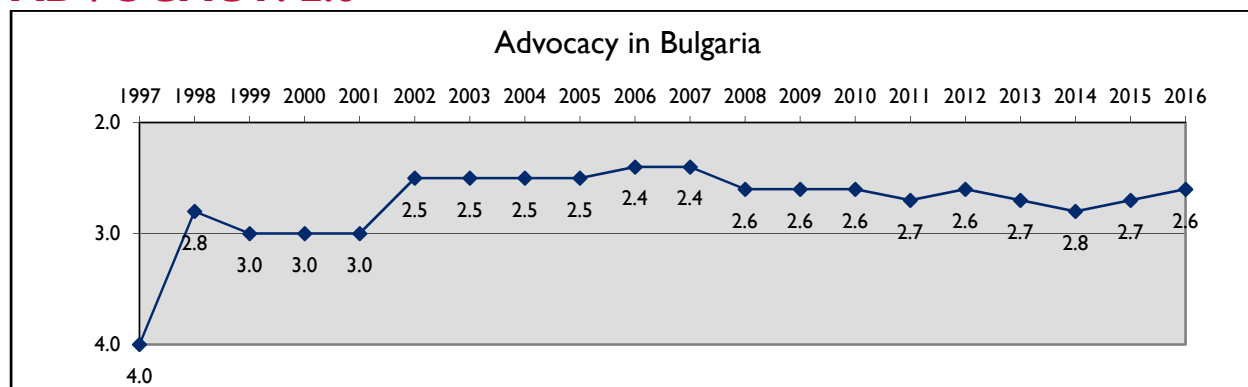
panies support CSOs. For example, Telus International Bulgaria provided €74,000 to twenty CSOs through its Community Board; Google supports a number of CSOs through its Google AdGrants, which includes an advertising package worth \$10,000 a month; and Vivacom continues to provide grants for a wide variety of CSO initiatives that address local needs throughout the country.

According to a survey conducted by the Bulgarian Donors' Forum,⁹ individual donations decreased in 2015 by 19 percent to around €3.15 million. The two most important donation methods for individuals are SMS donations (which account for around 40 percent of the total amount of donations) and donation boxes, as both are easy and anonymous. According to the 2016 World Giving Index, the percent of Bulgarians that donated money to charity decreased from 27 percent in 2014 to 13 percent in 2015.

CSOs consider engaging in economic activity to generate income, but most CSOs find it difficult to change their traditional grant-recipient approach and be more entrepreneurial. Membership fees are not a substantial source of income for most CSOs.

The law provides clear accounting requirements for CSOs. CSOs must differentiate between various types of income and expenses, as well as submit annual reports to the National Statistical Office and tax declarations to the tax authorities if they engage in economic activities. According to the National Statistical Office, more than 13,000 CSOs submitted financial reports in 2015.

ADVOCACY: 2.6



CSO advocacy improved in 2016 with the adoption in April of amendments to the Law on Normative Acts. The amendments require the publication of the government's agenda to change existing or adopt new laws; extend the timeline for public consultations on draft laws from fourteen days to thirty days, except in special cases when only fourteen days is required; require all drafts to be published in a single government portal for public consultations; require a list of proposals received and reasons for proposals not being adopted to be published online; and require a regulatory impact assessment for any amendment or adoption of legislation. While the government initiated the process of developing these amendments, CSOs were heavily involved in and supportive of the process.

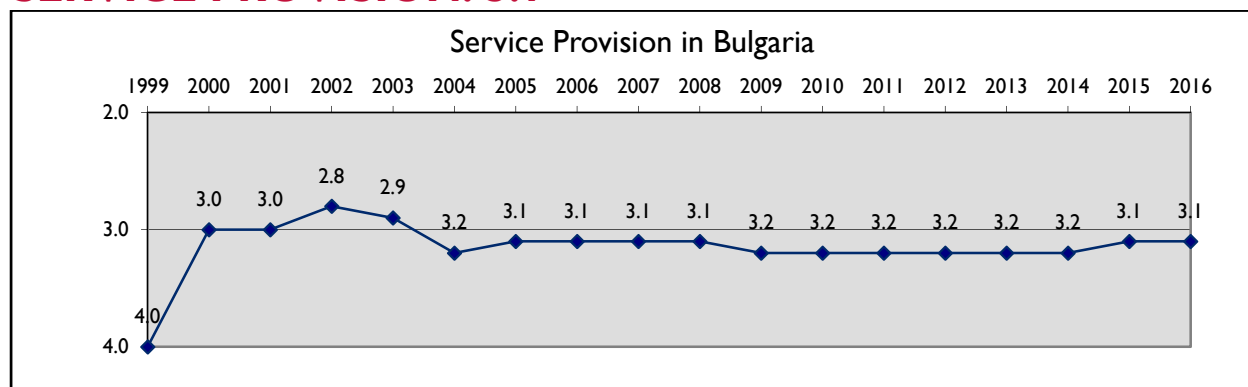
CSOs organized a number of awareness-raising and advocacy campaigns in 2016. For example, WWF organized a campaign to protect Pirin mountain. The Children Without Bars campaign, which called for reform of the juvenile justice system, continued in 2016, collecting almost 5,000 signatures for an online petition. While the Ministry of Justice developed a draft law addressing the concerns raised by the campaign, it was not supported by the government prior to its resignation in November 2016.

⁹ <http://www.dfbulgaria.org/wp-content/uploads/2016/10/Дарителството-в-България-2015-анализ.pdf>

On the other hand, CSOs' relations with public institutions continue to depend significantly on the attitudes of the state officials in charge, rather than institutional policy. Furthermore, CSOs often lack the resources and staff to be actively involved in decision-making processes. In 2016, cooperation between CSOs and policymakers advanced in some areas while it deteriorated in others. For example, during the development of the National Youth Program, CSOs were involved in a number of consultations and many of their recommendations were taken into consideration. On the other hand, no high level decision-makers attended the national meeting of the National Network for Children, an umbrella network of over 140 CSOs working on children's issues. Furthermore, some institutions harbor negative attitudes towards CSOs. For example, the rules of the Public Council of the State Fund for Treatment of Children were changed in 2016 to limit the involvement of CSOs. As a result, several CSO members of the Public Council resigned.

The amendments to the CSO Law resulted from a two-year long advocacy campaign by a group of CSOs, including the Bulgarian Center for Not-for-Profit Law (BCNL), the Bulgarian Donors' Forum, the Citizen Participation Forum, and the National Network for Children. These efforts were supported by the Public Council of the Parliamentary Committee for Interaction with Civil Society and Citizen Complaints, which BCNL chairs and the Citizen Participation Forum and National Network for Children are members of. While the parliament did not take all of the Public Council's decisions into consideration, at the initiative of the Public Council, members of the Parliamentary Committee introduced key proposals that led to the amendments to the CSO Law.

SERVICE PROVISION: 3.1



CSOs provide a wide range of services in social welfare, education, culture, and other fields. Examples include care for the elderly, homes for children with disabilities, and assistance at refugee camps. CSOs also provide expert services such as research, analysis, and consulting. Donor-funded services are based on assessments of the needs of CSO constituents, while paid services clearly respond to market needs.

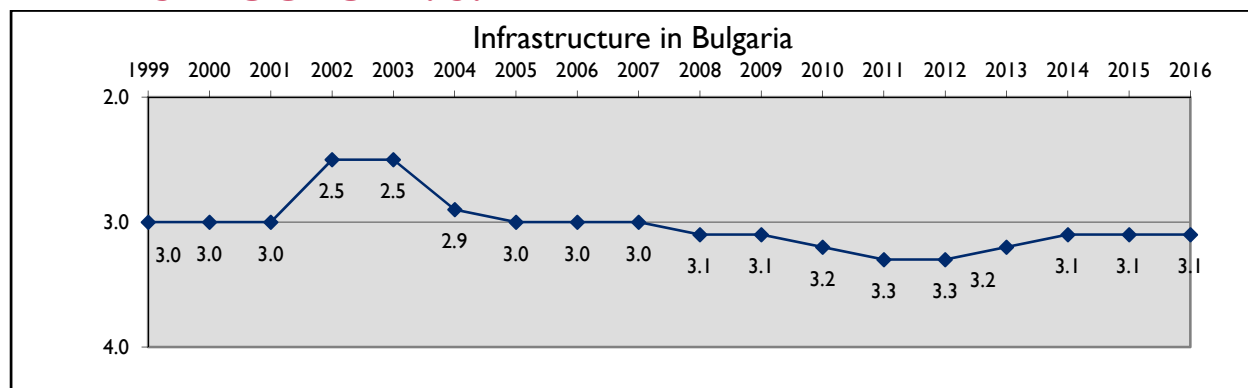
While some services are supported by grant funds from international and corporate donors, many services rely on funding from national or local government bodies through social contracts (such as services in the social area) or public procurement (including research and training). For example, the government contracts OSI to conduct a rating of Bulgarian universities. Many CSOs are learning to market their services and are increasingly charging participation fees for trainings they organize.

Although the parliament amended two laws in 2015 to allow the government to contract with CSOs for medical and educational services, the government has not used this new opportunity to date. In practice, such contracting might be difficult to implement. For example, potential service providers in education must meet certain ISO standards, which is a significant burden.

Municipalities are not eager to contract with CSOs for foster care services. Moreover, it is not clear if authorities are willing to share responsibility with CSOs even for traditional social services. While there are examples

of municipalities that contract out many of their services to CSOs, there are also a number of cases where the level of partnership between CSOs and municipalities is extremely limited. For example, while Sofia contracts twenty-nine out of fifty-two services to CSOs, Plovdiv only delegates three out of forty-four social services to CSOs.

INFRASTRUCTURE: 3.1



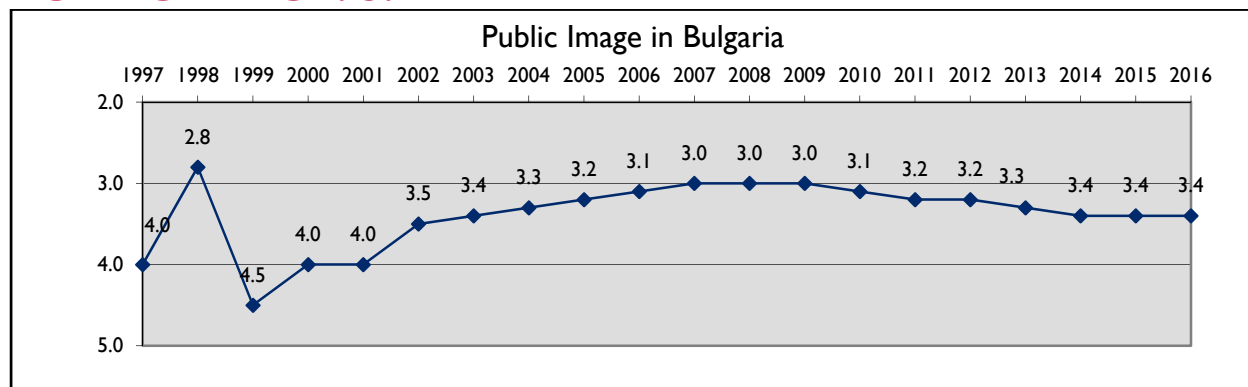
Some larger networks—such as the National Network for Children, the Citizen Participation Forum, and the National Youth Forum—act as intermediary support organizations, providing information, consultancy services, and training to their member organizations. In addition, some expert organizations act as resource centers and provide assistance to other organizations. For example, the Bulgarian Donors’ Forum provides assistance in the area of philanthropy. BCNL provides consultations and trainings to CSOs on the laws affecting their work; maintains the NGO Information Portal; and operates the NGO House, a co-working space for CSOs.

A number of local organizations distribute corporate or foundation funds. OSI was the local operator of the EEA/Norway grants together with the Workshop for Civic Initiatives Foundation (WCIF). WCIF also manages some corporate funds, including from SAP Labs and Eurofootball. The Trust for Social Achievement receives funding mainly from the America for Bulgaria Foundation. BCause (formerly the Bulgarian Charities Aid Foundation) also manages corporate funds, in addition to developing payroll giving for specific organizations.

CSOs have access to a number of trainings, of which some are fee-based, and others available at no charge. BCNL organizes an annual CSO Summer School, a five-day training program for civil society activists covering the basics of CSO operations. There are also advanced trainings in specialized topics such as advocacy, business planning, and fundraising. Both trainings and training materials are available in Bulgarian.

There are various examples of partnerships between CSOs and the media, business, and government sectors. For example, in 2016 the National Alliance for Voluntary Action (NAVA) continued to operate a social enterprise for sewing with the help of a municipality, which provided an office; another CSO, which provided funding for equipment; and a business, which provided scholarships. Reach for Change and NOVA TV continue to work together to support social entrepreneurship: Reach for Change organizes a competition for social enterprises targeting children, while NOVA promotes the program, provides funding for it, and involves its employees as mentors.

PUBLIC IMAGE: 3.4



While many media outlets, both public and private, provide coverage of CSOs and feature their activities and achievements, another large group of media outlets—especially privately-owned newspapers and online media—are part of a campaign against CSOs. In 2016, such media outlets actively campaigned against environmental organizations, referring to them as “the green octopus.” The same media outlets attacked foreign-funded watchdog organizations that often take critical positions towards the government. Media outlets at the local level, on the other hand, cooperate with CSOs and try to showcase their activities.

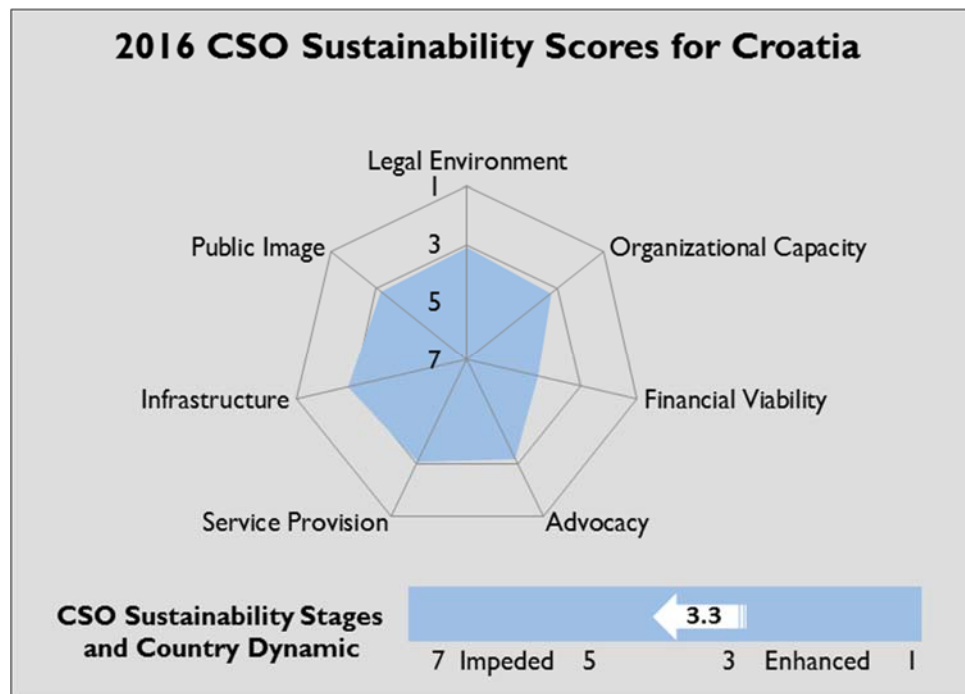
The public image of CSOs is not very good. According to a survey on public attitudes towards democracy, rule of law, and fundamental human rights carried out by OSI in 2016, only one-third of respondents trust CSOs. On the other hand, according to the same survey, trust in CSOs is higher than trust in political parties or the government.

Businesses and many government authorities partner with CSOs, indicating a positive attitude towards the sector. There are, however, examples of companies or authorities that are hostile towards specific CSOs. For example, there is often conflict between environmental organizations and businesses investing in ski and tourism infrastructure.

CSOs try to promote their activities. Bigger organizations invest in building relationships with mainstream media and try to involve them in their work. Smaller organizations predominantly rely on social media, as well as local media, to promote themselves.

CSOs are required by law to publish their financial reports online and they comply with that requirement. Most organizations also publish activity reports. Although some CSOs have developed individual codes of ethics, there is no generally accepted code of ethics for the CSO sector.

CROATIA



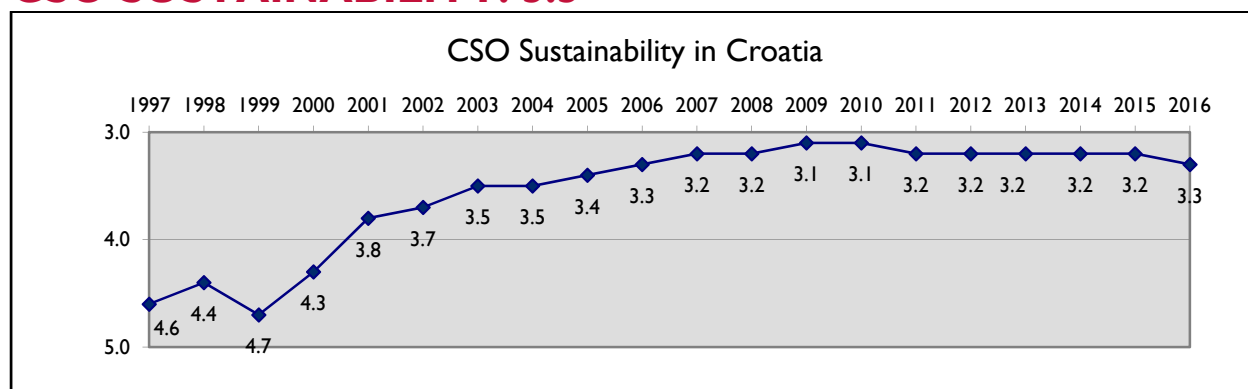
Capital: Zagreb

Population: 4,313,707

GDP per capita (PPP): \$22,400

Human Development Index: 45

CSO SUSTAINABILITY: 3.3



The sustainability of Croatian CSOs deteriorated in 2016, as the government that came to power in January after elections in late 2015 proved to be unstable, inefficient, and distrustful of civil society. The new administration, led by a non-partisan prime minister, drastically reduced funding for the National Foundation for Civil Society Development (NFCSD) without consulting the relevant government advisory body, the Council for Civil Society Development. The reduction in funding caused great difficulties for CSOs, as NFCSD had to withhold some of the funds for already contracted projects. At the same time, government officials labeled CSO activity as unnecessary and parasitical. The media conveyed this message, which contributed to decreased public opinion of the CSOs.

The new government fell after a vote of no-confidence by the parliament less than six months into its term. New parliamentary elections were held in September. The Croatian Democratic Union (HDZ), headed by a new president, won the most votes by a slim margin, but fell short of a majority. MOST, a coalition of independent candidates, decided to cooperate with HDZ, and together they formed a new coalition government.

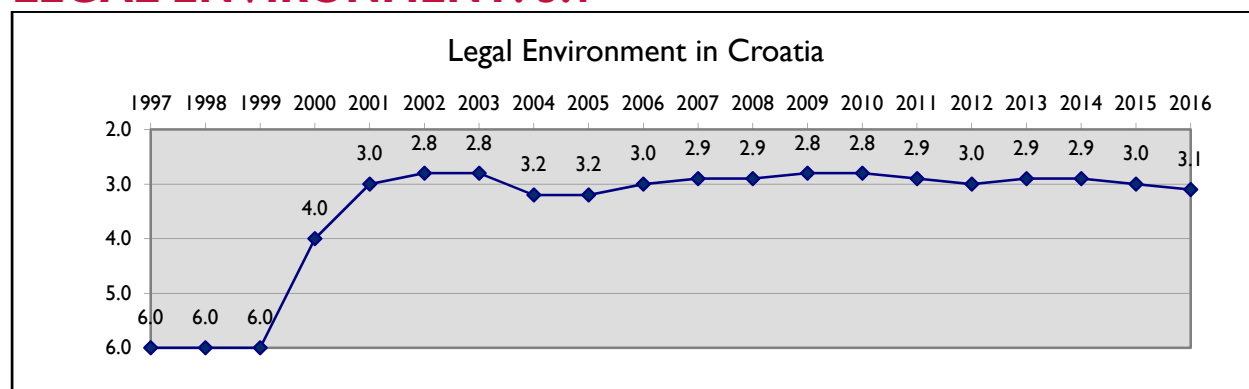
in October. The political party Živi zid (Human Shield)—originally a CSO—surprised the country by receiving a large number of votes, thanks to the recognition it gained in fighting evictions after foreclosures.

Given its position along the so-called "Balkan route" through which more than 800,000 migrants entered the EU in 2015, the refugee crisis continued to be a major issue in Croatia. In agreement with the EU, Croatia has promised to receive more than 1,700 refugees from other member states by the end of 2017. In 2016, Croatia started the process of moving and settling these refugees. However, Croatia is struggling to meet the needs of these asylum seekers; there are only two centers for asylum seekers, both of which were full at the end of the year.

The continuous struggle by CSOs to retain qualified staff worsened in 2016 due to decreased financial support for the sector and delays in the issuance of EU-funded calls for tender, resulting in many layoffs. While CSOs continued to engage actively in advocacy during the year, the unstable political situation limited the effectiveness of such efforts. In addition, parliament bypassed customary legislative procedures, thereby eliminating or minimizing opportunities for public participation, at an increasing rate.

During 2016, 1,698 new associations were entered into the Register of Associations in Croatia, bringing the total to 52,231. According to the Ministry of Finance, there were 34,513 associations registered in the Registry of Non-Profit Organizations in 2016. This number may better reflect the number of active organizations in the sector, as registration with the Ministry is a requirement for accessing state funds at the local or national levels. Additionally, 231 foundations and thirteen funds are registered in Croatia.

LEGAL ENVIRONMENT: 3.1



Implementation of the Law on Associations, which came into force in October 2014, continued to be difficult in 2016. According to the law, all associations in Croatia were required to harmonize their statutes to the law's provisions by October 2015, but that deadline was extended because many associations failed to meet it. Smaller CSOs in particular continue to face difficulties complying with the new law, both because they are unaware of the new requirements and because they do not have sufficient human resources to meet them. Meanwhile, some large CSOs reportedly waited two years for the state administration to certify their statutes. CSOs consider the law to be too prescriptive, and believe its administrative requirements reflect the state's mistrust of the CSO sector. For example, all associations, even small organizations that work on a voluntary basis, are required to appoint a liquidator. In addition, the law strictly regulates such internal management issues as composition and decision-making. On the other hand, public authorities believe the law will increase the transparency of CSOs and public trust in CSO activities.

On August 1, 2015, CSOs requested the Constitutional Court to review the Law on Associations for possible violations of the constitutionally-mandated freedom of association because of the excessive regulation imposed by the law. CSOs continued to await for the Constitutional Court to issue a decision on this matter throughout 2016.

The Regulation on the Criteria, Standards and Procedures for Financing and Contracting Programs and Projects of Common Interest Implemented by Associations, which regulates the state financing of programs and projects of associations, introduced more complex administrative requirements than the code that it replaced. The Regulation, which came into force in 2015, requires all public providers of financial support to associations, including local and regional governments, to update their legislation to comply with the regulation. CSOs have complained that they must now meet a new set of conditions and provide more documentation in order to receive public funding. In addition, civil servants have not been sufficiently trained on the new requirements and therefore do not implement this regulation properly.

The 1995 Law on Foundations and Funds prescribes a very bureaucratic procedure to set up and register a foundation, which can take between four and six months. Establishing a foundation requires an endowment, which must be sufficient to serve the foundation's purpose, as estimated by a professional. A new Law on Foundations that shortens the registration procedures and defines a fixed minimum level for an endowment is pending.

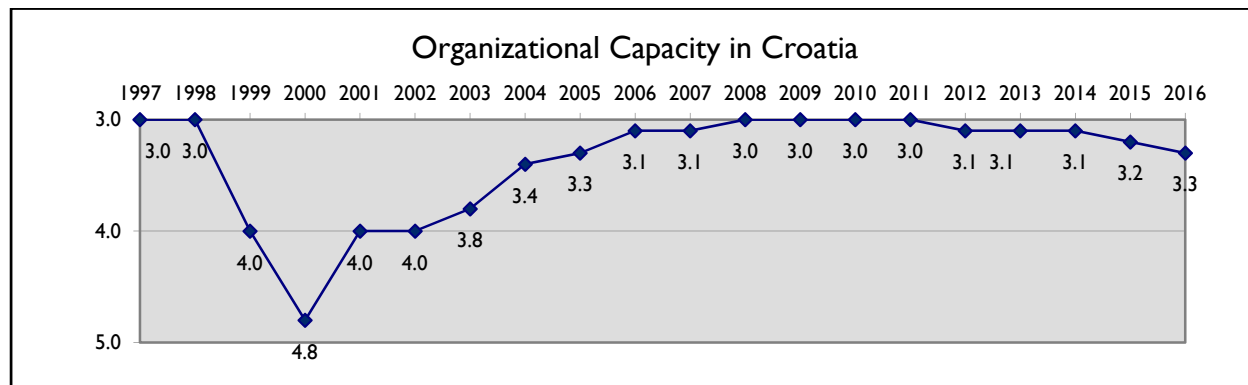
The Law on Associations clearly defines rules for internal management, the scope of allowed activities, financial reporting, and the termination of associations. Clear legal provisions exclude unjustified state control of CSOs, including political or arbitrary shutdown of activities or organizations. CSOs can freely act within the law and are free from state harassment. CSOs can also freely initiate public debates and express criticism. There were no reported incidents of state harassment in 2016.

All CSO income, including from economic activity, is exempt from taxation according to the Law on Financial Operation and Accounting of NGOs. In addition, all CSOs are exempt from VAT while using income from EU sources, while humanitarian organizations are also exempt from VAT for purchases for humanitarian purposes. Individual and corporate taxpayers have the right to an income tax deduction of up to 2 percent in cases of charitable contributions to CSOs. However, this tax benefit may not be enough to promote philanthropy and is not well-known by citizens and companies.

Associations can take part in economic activities but cannot use the income to benefit their members or third parties. They must use the profit for the aims outlined in their organizational statutes.

Local lawyers are still not sufficiently familiar with the legislative framework. CSO support centers and legal aid associations do not provide these services. Those lawyers who do take on CSO cases do so as a side activity. Additionally, quality legal advice is not available everywhere, with a large gap in capacity between large and small towns.

ORGANIZATIONAL CAPACITY: 3.3



Due to reduced funding and increased administrative demands, CSOs lack sufficient capacity to mobilize supporters for their initiatives and cannot afford consultants or technical support for strategic planning and

similar activities. Despite these difficulties, various CSOs appealed to the public for its support in 2016, particularly to support their response to the refugee crisis.

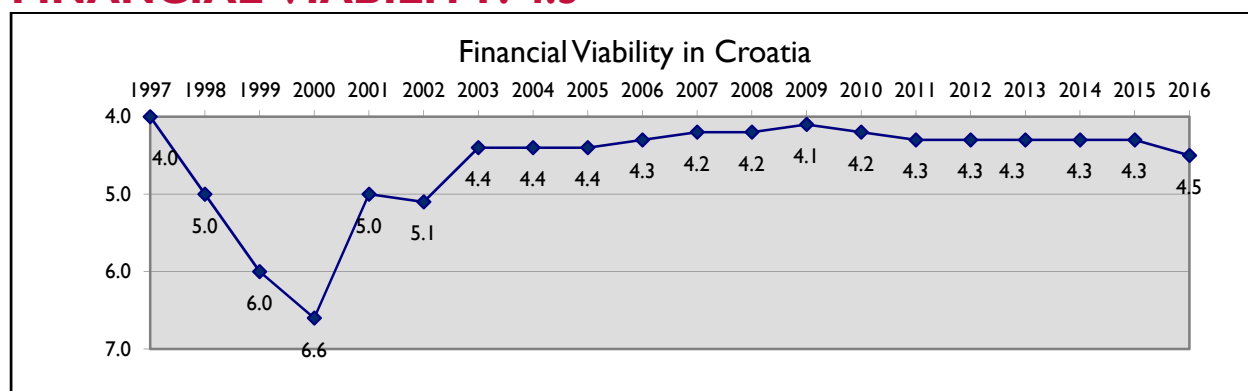
CSOs in Croatia are legally required to have strategic plans, but are often unaware of the importance of adhering to these plans. Serious strategic planning is mostly done by CSOs with greater organizational and financial capacities and diverse funding sources. Smaller organizations formally undergo strategic planning processes, but frequently change their activities and community involvement without reflecting these changes in their strategic documents. Some CSOs list areas unrelated to their real missions in their statutes in order to be eligible to apply to more tenders. This survival strategy was even more visible in 2016 due to reduced funding from public sources.

Data on employment in the CSO sector in Croatia is still not available. However, staffing levels noticeably deteriorated in 2016. Due to a negative media campaign in 2016, employment in CSOs was not perceived as desirable. Furthermore, after NFCSD's funding was cut, CSOs were forced to lay off many employees. CSOs increasingly shifted from offering permanent employment to project-based and part-time employment. Most employees now have part-time agreements. In order to preserve jobs, some CSOs pay minimum wages to their employees.

According to the Law on Volunteering, volunteer organizers are required to report to the government the number of volunteers, hours they spent volunteering, and activities in which they participated on an annual basis. The number of such reports submitted to the Ministry of Demographics, Family, Youth and Social Policy increased by 32 percent between 2015 and 2016. According to these reports, there were 52,208 volunteers in 2015 who recorded 2.9 million hours of volunteer work valued at approximately 12.3 million HRK (about \$1.7 million).

CSOs continued to use information and communications technology (ICT), including websites and social media, to raise funds, network, and promote their work in 2016. The gap between small and large CSOs on ICT usage has narrowed, but smaller CSOs from rural areas still do not have the capacity to keep up with new technologies, in some cases even lacking reliable Internet access.

FINANCIAL VIABILITY: 4.5



CSO financial viability deteriorated in 2016 due to decreases in public funding, both from the government and the EU. 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.

CSOs have access to funding from the EU, foreign foundations, embassies, and other international organizations. EU funding was significantly delayed in 2016 in part because of the instability and inefficiency of the government, which acts as an intermediary in the distribution of EU funds, during the first half of the year.

For example, the European Social Fund only started to contract projects for the 2014-2020 period at the end of the year. Only six tenders were released under the Operational Program for Efficient Human Resources in 2016, as opposed to the nineteen that were planned. In addition, the Europa plus fund, which co-finances European projects, was suspended due to the government's reduction in funding of the NFCSD, greatly reducing the ability of CSOs to apply for EU funds.

The NFCSD is a public foundation focused on promoting and developing civil society in Croatia. The NFCSD is financed from state budget funds, in part from the income from games of chance. On April 22, 2016, the Croatian government adopted the Regulation on the Criteria for Determining Beneficiaries and Method of Allocation of Revenue from Games of Chance for 2016, which drastically reduced funding for the NFCSD from 14.21 percent of all lottery proceeds to 6.88 percent, or approximately 20 million kuna (approximately \$2.8 million). This decrease in funding will likely result in many NFCSD programs being abolished.

Local self-government units generally do not provide much funding to CSO programs and projects. When they do, they usually attempt to use their limited budgets to fund as many local CSOs as possible without being guided by a strategy. The amounts therefore are usually symbolic and insufficient to have much impact. Furthermore, monitoring and evaluation mechanisms for CSO projects financed by local self-government units are underdeveloped, making it difficult to ascertain the results or effectiveness of funded activities.

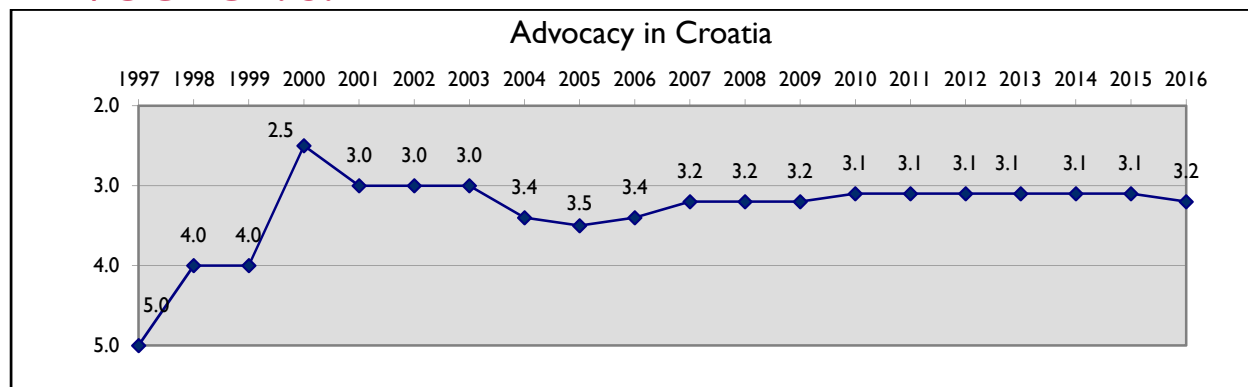
Philanthropy is still not recognized as a strategic issue by either the government or CSOs, and little effort has been invested in its development. CSOs still do not understand how to cultivate funding sources and pay insufficient attention to the potential of foundations as sources of funding. In addition, the legal environment does not fully support philanthropy. For example, because the Law on Humanitarian Aid is not harmonized with the Law on Foundations, foundations must obtain prior approval before collecting any humanitarian aid, which hinders their ability to pursue their core missions.

While CSOs still do not generally have loyal financial supporters, they increasingly turn to the public for donations. For example, the association In the Name of the Family has developed a successful online fundraising model that allows it to rely primarily on individual donations, in addition to a limited amount of state funding. The association Roda, which is focused on issues related to pregnancy, parenthood, and childhood, also organizes several successful fundraisers every year. However, these CSOs are well recognized by the public, which facilitates their efforts. While many CSOs are interested in new models of fundraising, such as crowdfunding, these activities are in a legal grey area, discouraging CSOs from pursuing them. However, there was at least one successful crowdfunding initiative this year. After state funding for non-profit media was abolished, Forum.tm, a non-profit media portal, raised more than \$10,000 to continue its work.

The concept of social entrepreneurship has become more prominent in recent years. However, some CSOs, such as Roda, a pioneer of social enterprise in Croatia, have warned that the growth of social entrepreneurship is hindered because social enterprises are subject to the same tax treatment as traditional companies. Furthermore, few tenders are available in the area of social enterprise, and those tenders so far have not addressed the major needs of social entrepreneurs.

CSOs generally have sound financial management systems, despite the fact that few accounting firms specialize in the field of non-profit accounting. 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. As of 2016, all CSOs' financial reports are available on the Registry of Nonprofit Organizations.

ADVOCACY: 3.2



While CSOs continued to be active advocates, the government was too unstable to be the target of effective CSO advocacy in 2016.

In the first half of 2016, 70 percent of the legislative bills discussed in parliament were not included on the parliament's official plan of activities, as required. Decisions were made randomly and there was no predictability in the passage of parliamentary acts. Furthermore, the parliament often bypassed the customary procedure of two readings, parliamentary committees, and public debates. Most decisions were made through urgent procedures, which narrowed the institutional space for advocacy by civil society. While such practices have been used in the past, the disregard for established law-making procedures was much worse in 2016.

In 2016, the Government Office for Cooperation with NGOs continued to promote the e-Consultation app, which allows citizens and CSOs to comment on proposed laws and regulations. The state body proposing a law or regulation must respond to every question or comment within thirty days. According to data from the Government Office for Cooperation with NGOs, only a small number of CSOs participates in public consultations through this portal. While no research has been done as to why this is the case, experts speculate that CSOs likely do not believe that their input will affect the development of laws.

The Government Office for Cooperation with NGOs actively included a wide range of stakeholders, including CSOs, government representatives, and academics, in a working group responsible for developing the new National Strategy for Creating a Stimulating Environment for the Development of Civil Society, 2017-2021. The national strategy provides a roadmap for creating an enabling environment, including legal, financial, and institutional system of support, for the further development of civil society in Croatia.

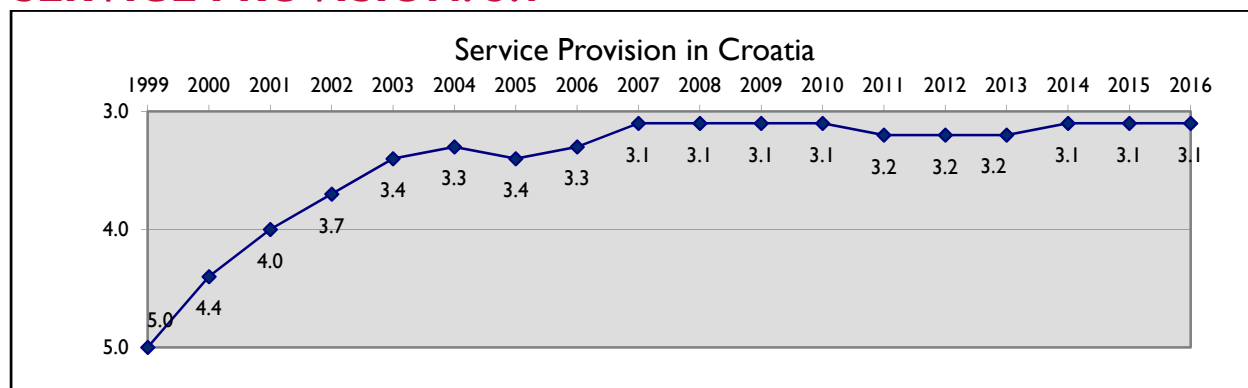
NFCSD provides financial support for CSOs to participate in the activities of EU committees, networks, and platforms with other CSOs from all over Europe. However, the significant reduction of funding for the NFCSD led to the termination of funding for such international participation.

Despite the poor environment, CSOs engaged very actively in broad-based advocacy in 2016. The education initiative Croatia Can Do Better gathered more than 250 associations, as well as trade unions, teachers, and individuals, to support comprehensive education reform. The initiative launched twelve simultaneous protests and actions across Croatia and abroad. Also in 2016, in response to the reduction in state funds for CSOs, the initiative For Strong Civil Society advocated to preserve the Croatian model of financial support for civil society. The initiative Gledaj (u)druge (Watch Associations) united 109 associations to inform citizens of the value of associations to communities, an important message in 2016 due to government criticism of CSOs. The Cultural Workers initiative gathered 5,000 artists to advocate for the dismissal of the Minister of Culture. The association In the Name of the Family launched a citizen initiative Walk for Life to protest against abortion. Initiatives for the rights of refugees were also prominent in 2016. The Welcome initiative gathers indi-

viduals and CSOs not only to support refugees on the ground, but also to put political pressure on Croatian and EU institutions to change restrictive migration policies.

Most CSOs are not familiar with the concept of lobbying; there are no legal regulations of lobbying or a register of lobbyists in Croatia. There is awareness that a favorable legal and regulatory framework could improve the efficiency and viability of CSOs in civil society, but the political situation in 2016 did not offer many opportunities for CSOs to advocate for such changes.

SERVICE PROVISION: 3.1



Over the past few years, CSOs have considerably expanded the range of goods and services they offer, including many services that neither the public nor the private sector offers. This includes informal education, prevention of substance abuse, environmental protection, civic activism, promotion of volunteerism, protection of human rights, and social services for the most vulnerable members of society. While funding cuts in 2016 threatened the continuation of this trend, they did not have a significant impact on service provision during the year.

Through the Welcome Initiative, more than sixty CSOs, one football club, and over 400 volunteers provide support to refugees on the ground on a daily basis. Services provided include humanitarian support, as well as information about current procedures for entering and leaving Croatia. In 2016, the Welcome initiative published a website with updated news and useful information for refugees, for example transport timetables and dictionaries. The European Economic and Social Committee recognized Croatia's vibrant civil initiatives to help refugees in 2016.

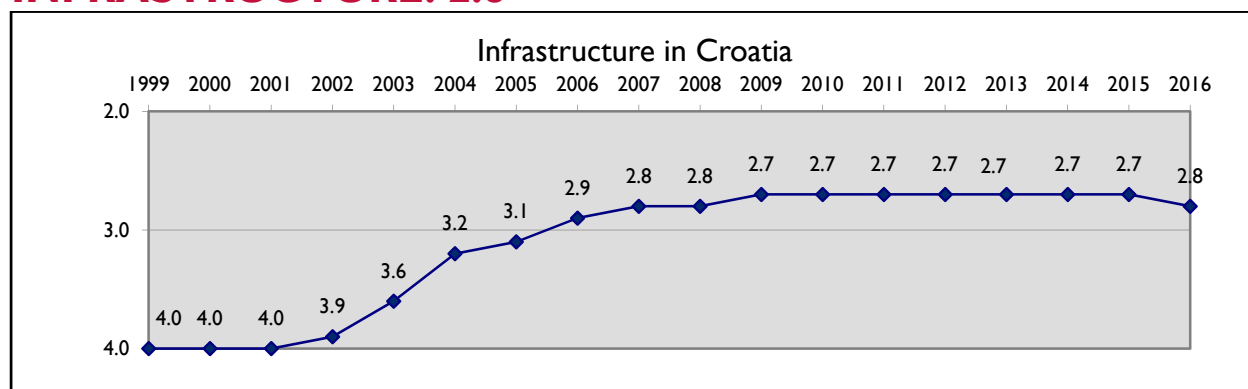
Regional disparities in development and the provision of social services persist in Croatia. For a long time, CSOs have been important providers of a wide range of social services for vulnerable groups throughout the country. CSOs are the primary source of support for some groups, especially persons with disabilities. However, CSOs lack access to social contracting and continuous financing for the social services they provide. CSOs continue to finance their social services primarily through projects funded by ministries, local governments, and NFCSD. This situation is problematic, particularly when CSOs are providing services that help the public to realize its constitutional rights, such as the right to education. Not only does the state rely on CSOs to provide services that it should provide, but project-based funding makes the long-term provision of these services uncertain.

CSOs respond to the needs and priorities of their local communities. Many CSOs are established by community members to care for vulnerable members of society. For example, a community initiative led to the establishment of a comprehensive center for the rehabilitation of children with neurological and other difficulties in a small Croatian town.

The public generally expects CSOs to provide goods and services free of charge. Some CSOs charge fees for their services, but generally CSOs offer goods such as publications, workshops, and professional analyses to other CSOs, academia, churches, and public authorities for free.

The government recognizes the quality and importance of services provided by CSOs, acknowledging that CSOs can quickly and effectively respond to community needs and can often provide services for less than the state can. However, CSO social service provision was affected in 2016 by the reduction of income from games of chance to NFCSD. This income was a major source of funding for CSOs that provide social services. CSOs also rely on EU funds for the provision of social services, but delays in fund transfers from the European Social Fund additionally burdened CSOs in 2016.

INFRASTRUCTURE: 2.8



NFCSD has been funding and implementing the Program of Regional Development and Strengthening the Capacity of Other Legal Persons since 2007. Within this program, five regional support centers offer information, consulting, and education services to CSOs at the local and national levels. However, services provided by the regional support centers remain uneven and some CSOs consider four regional centers insufficient for the entire country. The viability of the regional centers is in question given the drastic reduction of income from games of chance allocated to NFCSD in 2016.

Counties have developed regional development agencies to serve as links between the public, private, and civil sectors and to work jointly on projects that raise the living standards at the county level. However, CSOs feel that these regional development agencies still do not sufficiently cooperate with or involve CSOs in their activities. Instead, these agencies mainly develop physical infrastructure projects. As one exception, Zagorje Development Agency helped local CSOs prepare a project to train individuals to be teaching assistants for children with disabilities in Krapinsko-Zagorska County.

There are local CSO management trainers and CSOs have access to training on basic CSO management issues, mainly in the capital and major cities. More advanced specialized training in areas such as strategic management, accounting, financial management, fundraising, and volunteer management are available for a fee, mainly in the capital city. However, only developed CSOs have the financial means to afford such training. Training materials are available in local languages.

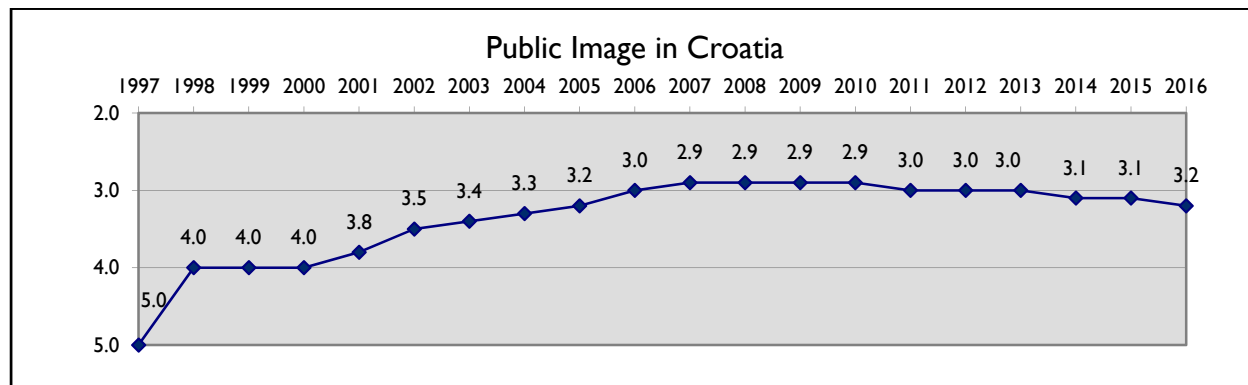
The role of foundations and philanthropy is not widely understood in Croatia, and there are few programs supporting the development of foundations.

CSOs exchange information, promote their interests, and advocate for change in society at the local, national, and international levels through a variety of networks, platforms, and alliances. For example, Platform 112 gathers sixty CSOs engaged in the protection of human rights, democratization, peace building, combatting corruption, and the protection of public resources, especially the environment. Before the parliamentary elec-

tion in September, they defined priorities for the country which they addressed to all political candidates. The Croatian Union of Associations of Persons with Disabilities (CUAPD) is an umbrella organization of people with disabilities and the parents or caregivers of persons with disabilities who cannot represent themselves. The CUAPD network consists of sixteen national associations representing more than 250 local associations of persons with all types of disabilities throughout Croatia. The activities of CUAPD include advocacy, education, consulting, research, publishing, campaigns, and networking.

Cooperation between CSOs and the private sector is underdeveloped, as the private sector still does not recognize civil society as a partner.

PUBLIC IMAGE: 3.2



The sector’s public image deteriorated in 2016.

The government was distrustful of civil society during the year, labelling CSO activity as unnecessary and parasitic. Government officials and other political actors frequently identified active individuals in the civil society sector as “meal ticket collectors,” meaning that they were employed not through merit, but through nepotism or clientelism, despite the fact that employment in the CSO sector is unstable and not lucrative. Although such accusations had been made in the past, this was a more noticeable trend in 2016. In return, CSO platforms actively criticized the government for its treatment of the sector, which created the perception that CSOs are political actors.

Public television fostered this negative perception of civil society by transmitting politicians' statements without questioning their veracity or reflecting critically on them. Sensationalist journalism prevails, without concern for civil society topics. It is difficult to find positive coverage of CSOs, except in local media, which provides information about local CSO activities.

The business sector rarely recognizes CSOs as potential partners. The image of CSOs among businesspeople often depends on personal experience with individual CSO representatives.

CSOs work to promote their image and visibility through various campaigns, social media outlets, and guest appearances on TV and radio broadcasts. For example, a representative of CERANEO was a guest on the radio show Civil Alphabet in late 2016. This kind of guest appearance provides CSOs with an opportunity to inform the public about the problems they are addressing in local communities and the results of their work.

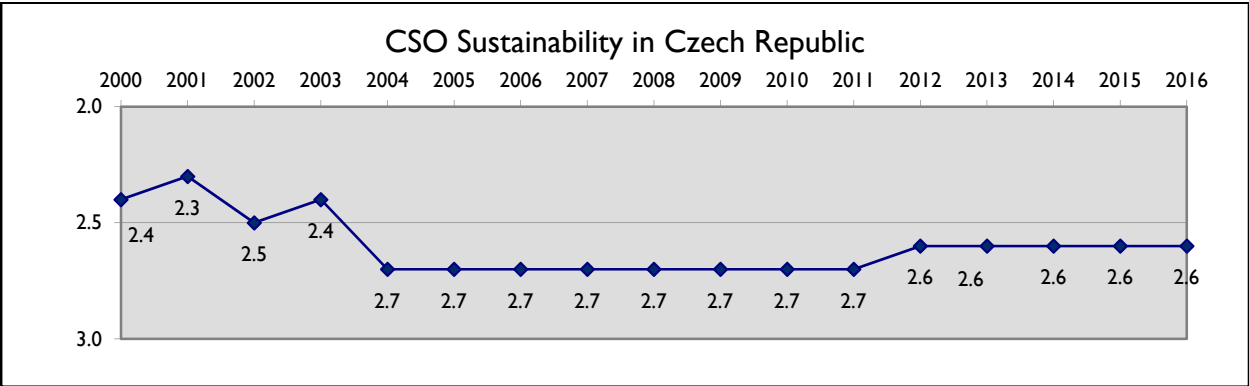
CSOs generally publish annual reports on their websites. Few CSOs, generally only larger organizations, have codes of ethics. However, other organizations take integrity into account in their work in other ways, for example adhering to the provisions of codes of ethics without formally adopting such a code.

CZECH REPUBLIC



Capital: Prague
Population: 10,644,842
GDP per capita (PPP): \$33,200
Human Development Index: 28

CSO SUSTAINABILITY: 2.6



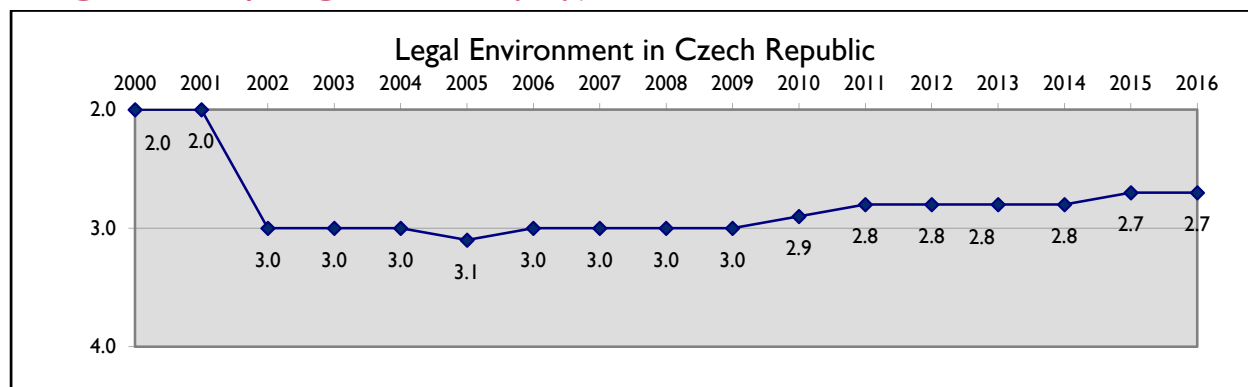
CSO sustainability in the Czech Republic did not change significantly in 2016, although changes were noted in several dimensions. Organizational capacity, financial viability, and advocacy all improved slightly, while public image deteriorated. More CSOs engaged in strategic planning and the number of CSOs employed in the sector continued to increase. CSOs started benefitting from EU funds for the 2014-2020 program period and several ministries began to conclude multi-year contracts with CSOs. Furthermore, CSOs increased their advocacy during the year, presenting strong opinions on a variety of issues. However, the strong positions taken by CSOs on sensitive issues such as immigration policy, inclusive education, and foreign policy were not supported by the public and actually had a negative impact on the sector’s public image.

The Government Policy towards NGOs for 2015-2020 established a number of priorities, including development of cooperation with associations and umbrella organizations of CSOs, stronger cooperation with the Governmental Council for Non-Governmental Non-Profit Organizations (RVNNO), the increased collection of information and data on CSOs, and the development of corporate philanthropy. Gradual progress was

made towards these goals in 2016. However, little progress was made during the year on major laws affecting civil society, including the Bill on Public Benefit Status and the long-anticipated Law on Social Entrepreneurship. Furthermore, the government decided not to pursue the creation of a Law on Volunteering.

According to the Czech Statistics Office, as of December 2016, there were 92,878 associations (up from 89,584 in 2015) and 26,370 subsidiary associations (26,423 in 2015); 2,792 public benefit corporations (2,894 in 2015); 686 institutes (388 in 2015); 516 foundations (505 in 2015); 1,635 endowment funds (1,518 in 2015); and 4,177 church organizations (4,166 in 2015) registered in the Czech Republic.

LEGAL ENVIRONMENT: 2.7



The legal environment governing CSOs in the Czech Republic did not change significantly in 2016. CSOs are still able to register and operate easily.

To comply with the new Civil Code, which came into force in January 2014, CSOs were required to adjust their founding documents by the end of 2016. Although no statistics are available, anecdotal evidence indicates that some organizations did not meet this deadline. In practice, there have been no consequences for missing the deadline as the courts do not have the capacity to address these breaches. As part of the Civil Code, a public CSO registry was created in 2014, which makes certain documents including statutes and founding documents available to the public, thereby increasing transparency and enabling a more accurate estimation of the number of active CSOs.

As in previous years, various courts interpreted the Civil Code differently in 2016. For example, different courts require different documents for registration. A working group of a government advisory tripartite council which includes CSO, government, and business representatives has been formed to discuss this issue, although no progress was made in 2016.

Preparations for the Law on Social Entrepreneurship continued in 2016. By defining social enterprise and social entrepreneurship, the law is expected to facilitate the growth of this practice, an increasing popular method for generating revenue. However, the Ministry of Finance has expressed disagreement with the bill's proposal to provide favorable tax treatment for social enterprises.

The Bill on Public Benefit Status was returned to the Ministry of Justice for revision in 2015. In 2016, a new version was released for comment. In December, it was sent to the parliament, despite the fact that it was not recommended by the Government Advisory Legislation Council. Most CSOs oppose the bill, as it defines only the conditions for receiving public benefit status, and not the benefits that such status confers.

The Ministry of Interior withdrew the Law on Volunteering from the legislative process, as it believed the law placed too many regulations on CSOs that utilize the service of volunteers. Instead, the Ministry is implementing a project to support volunteer centers in the regions and gather data on volunteering.

In 2016, the government prepared an amendment to the Law on Social Services without any consultations with CSOs. The amendment specifies several kinds of social services and regulates their registration. If adopted, it is unclear if CSOs registered under other laws would still be allowed to provide social services or if they could charge fees for services.

CSOs are generally able to operate freely within the law. They are not subject to harassment by central government, local governments, or tax police and can address matters of public debate and express criticism freely.

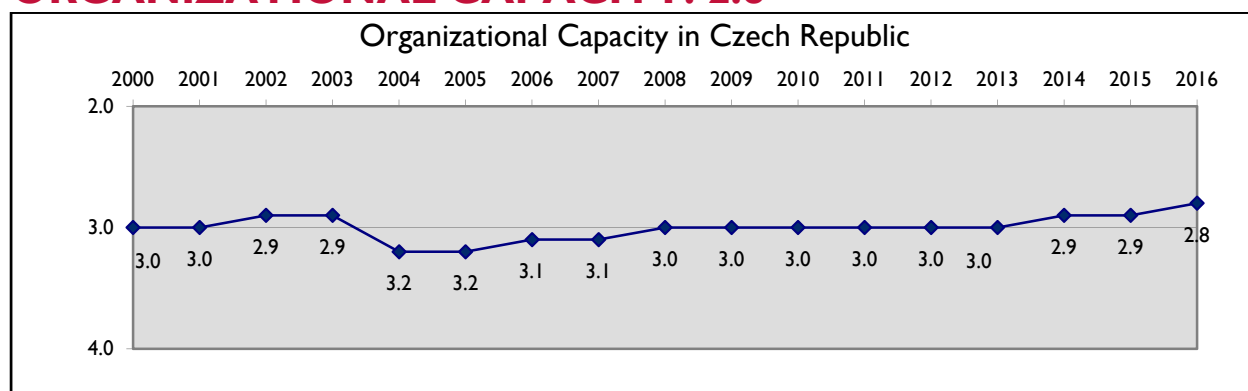
According to the Tax Law, subsidies, grants, and donations for CSOs are still tax-free. Individuals and legal entities can deduct donations up to 15 percent and 10 percent of total income, respectively. A public benefit organization can reduce its taxable income by up to CZK 300,000 (about \$12,000), provided that the resources are used to cover costs associated with the organization’s non-profit activities.

The Government Policy towards NGOs for 2015-2020 was approved in mid-2015. The policy aims to create a strong and sustainable non-profit sector with a focus on more efficient distribution of resources; transparency in the state policy towards CSOs; promotion of volunteering and philanthropy; and development of partnerships and cooperation between the government and CSOs. In 2016, discussions continued on whether the policy should promote additional incentives for corporate philanthropy. In the fall, a debate on this topic was organized involving representatives of the Ministry of Finance, corporations, CSOs, accountants, and tax experts.

CSOs are allowed to earn income through the provision of goods and services. Profit from business activities must only be used to support the organization’s main activities. Since December 1, 2016, organizations providing accommodations and catering services as a business activity must use an online system to report data on their sales to the government.

CSOs’ demand for legal assistance cannot be met due to the lack of legal experts on CSO law. In addition, individual legal interpretations still differ.

ORGANIZATIONAL CAPACITY: 2.8



The sector’s organizational capacity improved slightly in 2016.

CSOs clearly identify and actively seek to build local constituencies for their initiatives and continue to use strategic planning to help them identify ways to diversify their funding. Stable and large organizations engage in strategic planning on a regular basis, while smaller CSOs typically only make annual plans. In 2016, more CSOs engaged in strategic planning as corporate donors, the government, and the EU increasingly demand strategic plans from potential CSO recipients to help them gauge the sustainability of projects and organizations.

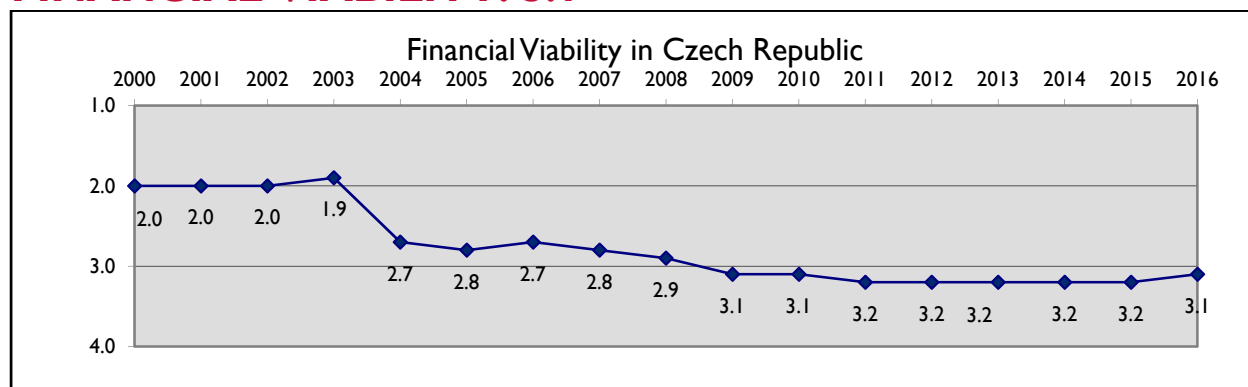
CSOs are legally obligated to define their organizational structures and the qualifications and duties of their management structures in their constitutions. In general, CSOs tend to have strong organizational structures, including advisory boards, boards of directors, and management teams. However, board members are frequently not aware of their responsibilities. In many cases, they fulfill their legal responsibilities, but take little initiative beyond this. In 2016, many CSOs transitioned to new legal forms that align better with their goals and activities in accordance with the 2014 Civil Code. For example, some service-providing associations changed their status to institutes, as this better reflected their missions. Such changes also result in changes to organizational management structures. CSOs that receive government support or actively fundraise, such as social service organizations, tend to have better planning and management processes.

Larger and more influential CSOs tend to have permanent staff. However, most CSO employees are hired on a project basis. Most employees have clear job descriptions, although their workloads often go beyond these official duties. Salaries of CSO employees are generally lower than those of employees in other sectors.

According to the latest data from the Czech Statistics Office, when converted to full-time employment, a total of 107,243 people (or 2.2 percent of those employed in the country) worked for CSOs in 2014. In addition, 26,414 registered volunteers worked approximately 45.6 million hours. In contrast, in 2013, CSOs had 104,830 employees and 25,307 volunteers who worked 43.8 million hours. According to the 2016 World Giving Index, 14 percent of respondents reported that they participated in voluntary action in 2015, compared to 13 percent in 2014.

Czech CSOs generally have enough financial resources to purchase office equipment. In addition, companies frequently donate used but functional technical equipment. The vast majority of CSOs routinely use the Internet, free online applications, and social media to communicate with their supporters, partners, and the public.

FINANCIAL VIABILITY: 3.1



The financial viability of CSOs improved slightly in 2016.

Most CSOs remain dependent on one major source of funding—typically public subsidies or EU funds. According to the latest data from the Czech Statistics Office, in 2014 all types of CSOs received approximately 16.9 billion CZK (about \$842 million) from governmental institutions (compared to 16.2 billion CZK in 2013); 10.6 billion CZK (about \$532 million) from individual donors including voluntary work (compared to 10 billion CZK in 2013); 5 billion CZK (about \$254 billion) from corporate donations (compared to 4.2 billion CZK in 2013); and 470 million CZK (about \$23 million) from international sources (compared to 575 million CZK in 2013).

In mid-2016, EU funds for the 2014-2020 program period became available for the Czech Republic. A total of €24 billion is allocated for this seven-year period, although no data is available about how much of this may go to the CSO sector.

The most recent data from RVNNO provides more insight about the composition of government funding to the sector, reporting that in 2015, the government provided 16.48 billion CZK (about \$650 million) to associations, public benefit corporations, institutes, foundations, endowment funds, school legal entities, association of legal entities, and church organizations, up from 13.56 billion CZK (about \$559 million) in 2014¹⁰. Of this amount, 9.77 billion CZK (about \$390 million) came from the state budget, up from 7.59 billion CZK in 2014; 2.3 billion CZK (about \$92 million) came from regional budgets and the budget of Prague, up from 1.8 billion CZK in 2014; 3.7 billion CZK (about \$148 million) came from municipal budgets excluding Prague, up from 3.34 billion CZK in 2014; and 737 million CZK (about \$29 million) came from state extra-budgetary funds, down from 842 million CZK in 2014.

While CSOs receive slightly more public funding to provide social services, humanitarian aid, cultural programs, and sports activities every year, most subsidies are given to long-established organizations, rather than newer organizations. Furthermore, individual ministries, regions, and municipalities have different requirements for CSOs to obtain public funding. Each region interprets the Act on Budgetary Rules differently when making decisions regarding support to CSOs. For example, interpretations vary on what it means for a project to be “publicly beneficial.”

Public funding used to be given only for a year at a time. In response to advocacy by RVNNO, the government approved changes in 2015 that allow it to conclude long-term contracts for cooperation with CSOs under predetermined conditions. In 2016, some ministries, including the Ministry of Education, Youth and Sports, Ministry of Justice, Office of the Government, and Ministry of Foreign Affairs, began to conclude such contracts with select CSOs. These multi-year agreements reduce the uncertainty of CSO operations.

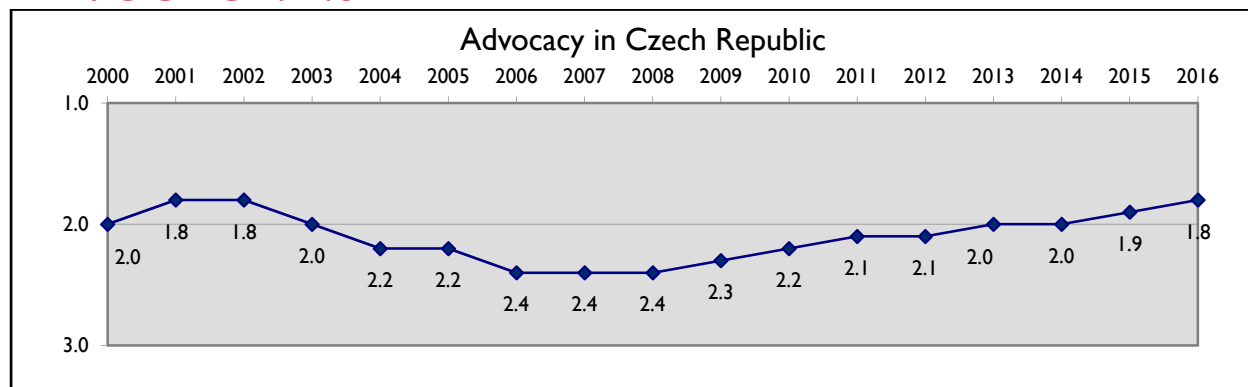
CSOs strive to diversify their funding, including through individual and corporate donations. CSOs utilize charity-based mobile apps and crowdfunding platforms, such as HitHit and Darujspravne.cz. In 2016, Czech CSOs, led by the Association of Social Responsibility, officially joined the Giving Tuesday online event for the first time. The GivingTuesdayCZ hashtag was used over 1,000 times, and more than 100,000 related posts were made on Facebook. Médecins Sans Frontières (MSF) was especially successful on Giving Tuesday, raising over 820,000 CZK (approximately \$31,500) for initiatives in Nigeria. CSOs are gradually building a community of regular donors. According to the World Giving Index, 23 percent of respondents reported donating to charities in 2015, compared to 20 percent in 2014. CSOs continue to approach and cooperate with corporate donors who push them to increase their professionalism and transparency.

The most common form of self-funding is selling goods and services, but some organizations—particularly those providing social or health services—only charge nominal fees. According to the latest data from the Czech Statistics Office, in 2014 Czech CSOs provided more than 54 percent of goods and services free of charge, whereas nominal fees were charged for 17 percent of goods and services. Associations collect membership fees, but this represents a minor source of funding for CSOs.

The law continues to require annual reports, proper accounting, and audits from registered CSOs. Donors also impose such requirements. CSOs usually cannot afford to have designated financial management positions. Instead, a single staff member may be responsible for financial management, as well as fundraising, human resources management, and client relations. As a result, CSO financial management is often not systematic.

¹⁰ Please note that the level of government funding to the sector in 2014 according to the data from RVNNO differs from the Czech Statistics Office’s data, as the RVNNO data is limited to a smaller subset of CSOs.

ADVOCACY: 1.8



CSO advocacy improved in 2016. As a result of the Government Policy towards NGOs for 2015-2020, cooperation between the government and CSO networks and umbrella organizations increased. CSOs continue to participate in various government advisory boards and committees, including the government advisory boards for human rights, NGOs, and sustainable development. In addition, CSOs are involved in the programming, implementation, and monitoring of EU funds through mandatory CSO representation on monitoring boards of EU Operational Programs and other structures. Individual ministries include CSOs in working groups preparing new government policies. For example, the Ministry of Justice worked with the NGO section of the Employees Union on the Bill on Public Benefit Status, while the Ministry of Finance worked with the Association of Public Benefit Organizations in the Czech Republic (AVPO ČR) on a variety of issues, including accounting rules for CSOs, the income tax law, and electronic registries.

Regional elections were held in the Czech Republic in 2016. The Association of NGOs in the Czech Republic (ANNO ČR) analyzed different political parties' platforms, finding that few of them mentioned the civil society sector. Moreover, political parties often had contradictory programs for different regions. However, this analysis did not have any impact on the parties' platforms.

In 2016, the Coalition against Palm Oil, an independent platform of individuals focused on reducing the global consumption of palm oil, organized educational events, engaged in political lobbying, and communicated with the business sector about deforestation in Indonesia. Also during the year, important Czech personalities, mostly from the cultural field, announced the Weeks of Citizens' Unrest, a call to activism against the Czech government's policies (led mainly by the president and his office) and its political focus on deeper cooperation with the Russian and Chinese governments. This initiative was still active at the end of 2016.

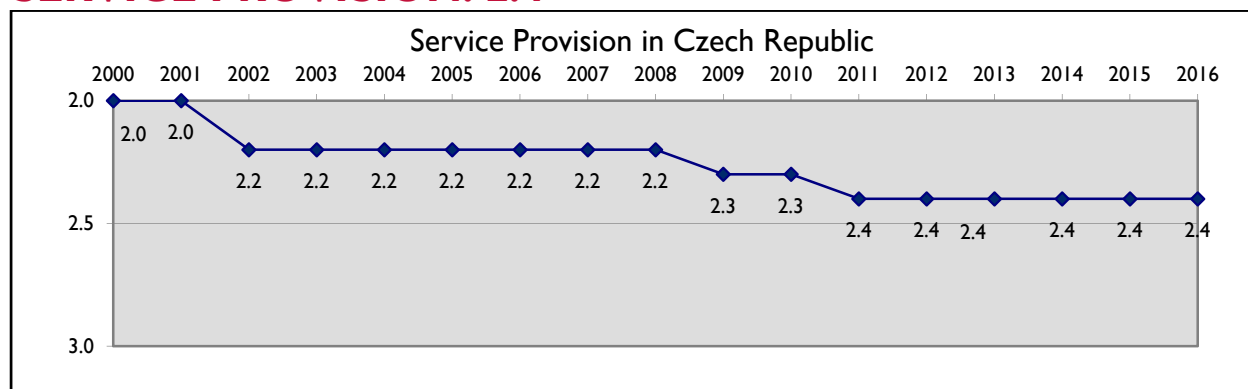
The Bill on Social Housing has been an issue for years. There is demand to regulate businesses that enable socially disadvantaged people to obtain long-term housing. During 2016, the Ministry of Labor and Social Affairs organized a few consultations to gather input at the drafting stage of this bill, but CSOs still consider the proposed bill to be problematic. CSOs believe that the bill would hurt municipalities by making them, rather than these businesses, responsible for providing social housing. The bill remained under discussion at the end of the year.

CSO advocacy to change legislation often leads to discord within the sector. For example, the CSO sector was split on issues related to the Bill on Public Benefit Status and the Bill on Voluntary Work. CSOs working in social services have little capacity to advocate for their interests and the legislation places little emphasis on the needs of service organizations.

In 2016, CSO lobbying activities focused on gender equality, inclusion in education, LGBT rights, social housing, financial support for hospices, and development of services for the hearing-impaired. In addition,

CSOs continue to negotiate for the inclusion of the profession of sign language interpreters into the National System of Occupations, and to get the services of mobile hospices covered by health insurance.

SERVICE PROVISION: 2.4



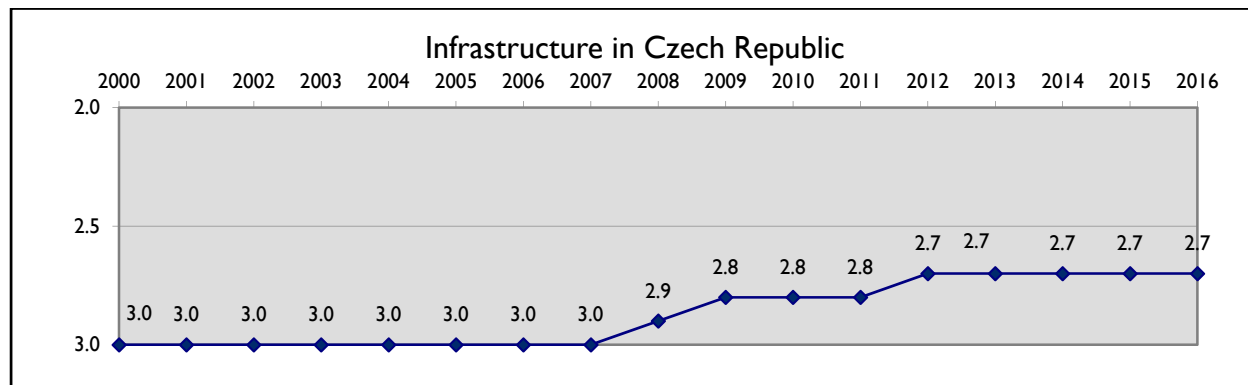
CSOs continue to provide a wide range of services, including in education, social welfare, health, culture, and environmental protection. Often, CSOs fill critical gaps in public services. In 2016, CSOs sought to respond to public needs, such as educational inclusion of children with disabilities, as well as minorities and those of various social backgrounds. As in previous years, CSOs providing social services typically cannot afford to expand their services.

Regions prefer to support services provided by state-funded institutions, rather than independent CSOs. In 2016, Hestia, a center for volunteering, educated volunteers in a new area—assisting foster families.

CSOs offer public benefit services, including social and health services, to the public. CSOs offering these services often use the Internet and social networks to reach out to potential beneficiaries. Professionally managed CSOs carry out market research on the provision and quality of services. In 2016, CSOs offered more of certain kinds of services, such as mobile hospices to provide services to the dying at their homes, services for the hearing impaired, and recycling services, in order to respond to public demand.

With the exception of registered social service providers, CSOs are allowed to recover costs by charging fees for services. However, CSOs often charge less than needed to fully recover costs because clients are not able or willing to pay the full costs as they are accustomed to receiving such services for free.

INFRASTRUCTURE: 2.7



A number of support organizations, including Nonprofits.cz, Civil Society Development Foundation, AVPO ČR, ANNO ČR, and regional associations of CSOs, provide education and consultations for CSOs, but most are located in Prague. In some regions, local municipalities also provide such services.

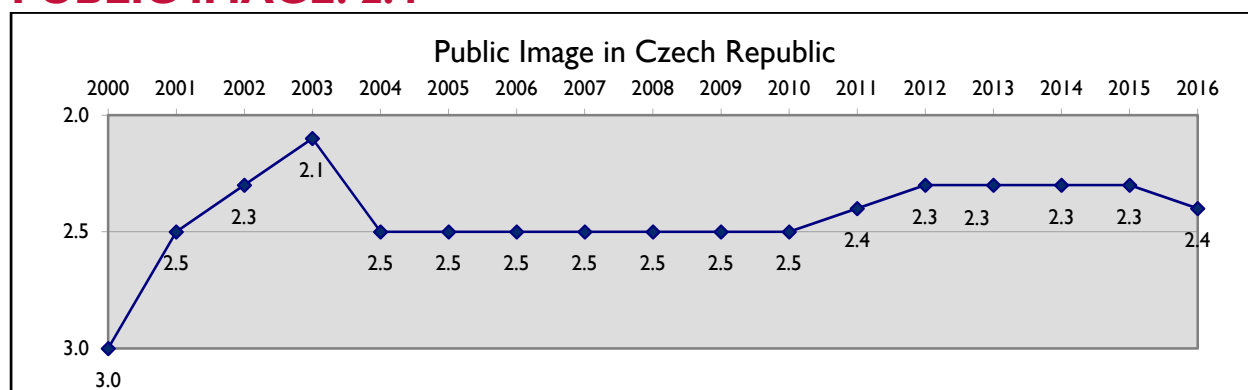
Foundations and endowment funds support public benefit projects through open calls for funding. These funds often cover the financial needs of CSOs that are not covered by other sources of funding, such as institutional, personnel, and education costs. According to the latest data provided by the Donors Forum, the ten biggest corporate foundations and endowment funds distributed 783 million CZK (\$31 million) in 2015, nearly double the amount in the previous year (342 million CZK).

There are two national umbrella associations in the Czech Republic – ANNO ČR and AVPO ČR. Most regions also have local associations of CSOs. Field-specific associations continue to work in the areas of ecology, humanitarian aid, and recreational activities for youth and adults. The state prefers to communicate with CSOs through umbrella networks with a sufficient membership base, to ensure that they are sufficiently representative. For the first time, the state, through the Office of the Government, offered CSO networks financial support in 2016.

CSOs are interested in education and training on capacity building, fundraising, monitoring and evaluation, and the role of boards of directors. As the current EU grant calls focus on educational activities for CSOs, there is an excess supply of training in these fields. However, there is unfulfilled demand for expert consultation in law, taxation, accounting, and CSO management. For the first time, in 2016 the Ministry of Labor and Social Affairs supported ninety-eight projects worth 227.3 million CZK (about \$9 million) focused on professionalization and capacity building of CSOs.

In 2016, CSOs continued to form partnerships with businesses, academia, and the public sector. For example, the Czech-Moravian Building Society (CMSS) and the Endowment Fund for Promoting Employment of Persons with Disabilities (NFOZP) joined together in a fundraising project called Srdcerváči aimed at helping people with disabilities to live independent lives. As described above, as a result of the advocacy activities of RVNNO, some ministries initiated long-term contracts with CSOs in 2016. The Responsible School project of the Association of Social Responsibility introduces students at all grade levels to a complex approach towards social responsibility in order to change the behavior of future generations.

PUBLIC IMAGE: 2.4



The public image of CSOs worsened in 2016. In some cases, the strong positions expressed by CSOs on sensitive issues such as immigration policy and inclusive education had a negative impact on the sector’s image from the perspective of politicians, government officials, and the public. In addition, the media, some parliament members, and the president spread the idea that some CSOs use public funds to lobby for their own interests, rather than working for the public good.

The media continued to invite CSO representatives to comment on particular issues, and remained open to presenting interesting CSO projects. Specific sections devoted to civil society, social responsibility, and philanthropy can be found in various media outlets. For example, there is a documentary series called *The Philanthropist*. In December 2016, the newspaper *Hospodářské noviny* published a catalogue of CSOs as a supplement. Czech Television's charity manager has been awarded for incorporating charity activities into popular TV programs.

According to the Center for Public Opinion Polls, which gathers polling data every six months, trust in non-profit organizations has been declining. After a relatively stable period from 2008 to 2014, when levels of trust ranged between 40 and 45 percent, trust fell below 40 percent in 2015 and remained there throughout 2016. In addition, some advocacy-oriented CSOs and their actions polarized public opinion. According to CSO experts, the public is most appreciative of CSOs that they know through the media or locally.

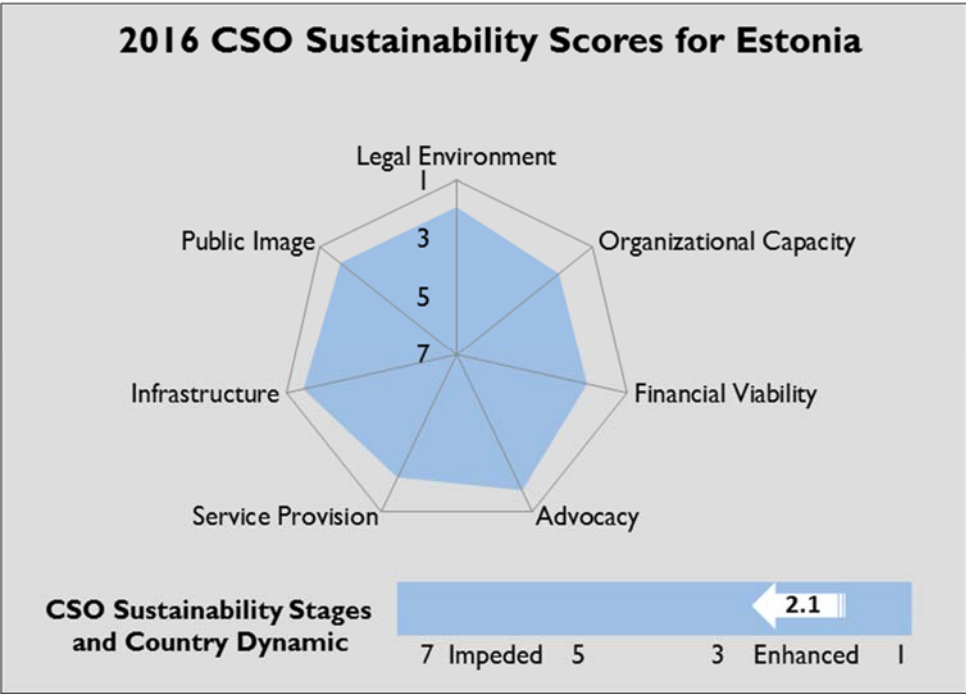
CSOs' work is publicly recognized through various competitions. For example, the Civil Society Development Foundation runs the NGO of the Year competition for the best managed organization. There are also awards within individual fields of work, such as environment, health, and education, and for social entrepreneurs. In addition, there are awards for donors and supporters of CSOs (such as the TOP Responsible Company award and the Via Bona award), as well as volunteers (such as the Křesadlo award). The Czech National Disability Council recognizes people working on behalf of people with disabilities. In 2016, the Personality of the Non-Profit Sector award was given for the first time to individuals contributing to the development of a strong civil society in the Czech Republic. The Donors Forum and the Civil Society Development Foundation jointly organized a Day of Donating for the first time.

While the government provides financial support to CSOs, it does not publicly recognize their work through awards or other forms of recognition. Some companies still rely on CSOs to help create their corporate social responsibility programs.

In general, CSOs recognize the importance of public relations as a means of promoting their long-term sustainability. Some CSOs use the services of public relations professionals, while others try to cultivate relationships with journalists or use social media for public outreach. However, due to a lack of human and financial resources, some CSOs cannot strengthen or systematize their public relations activities.

Most prominent and professionally-run CSOs have developed ethical rules and codes but do not sufficiently publicize them. There is growing demand from donors for transparency from CSOs, namely through the publication of high-quality annual reports. While active organizations typically publish annual reports, others do not publish such reports or publish poor quality reports. AVPO ČR still provides seals of reliability to public benefit organizations, while the Donors Forum certifies effective foundations and endowment funds.

ESTONIA



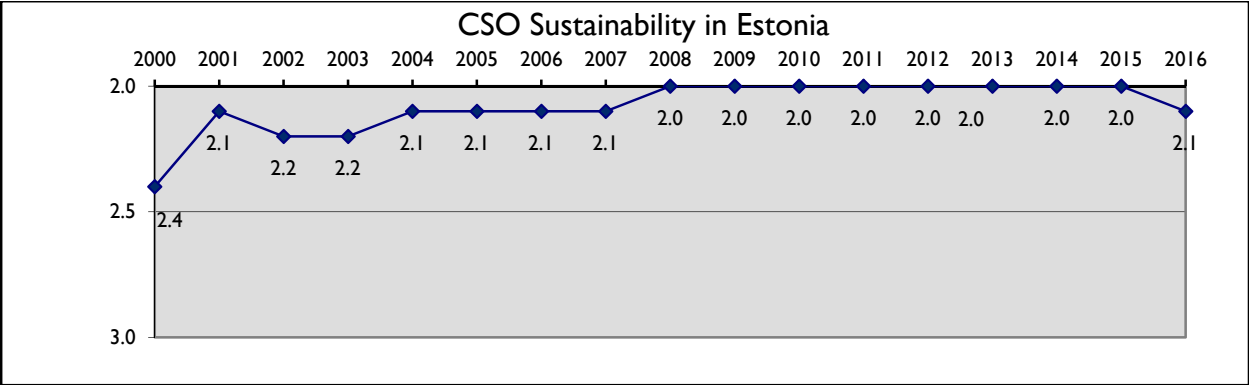
Capital: Tallinn

Population: 1,258,545

GDP per capita (PPP): \$29,500

Human Development Index: 30

CSO SUSTAINABILITY: 2.1

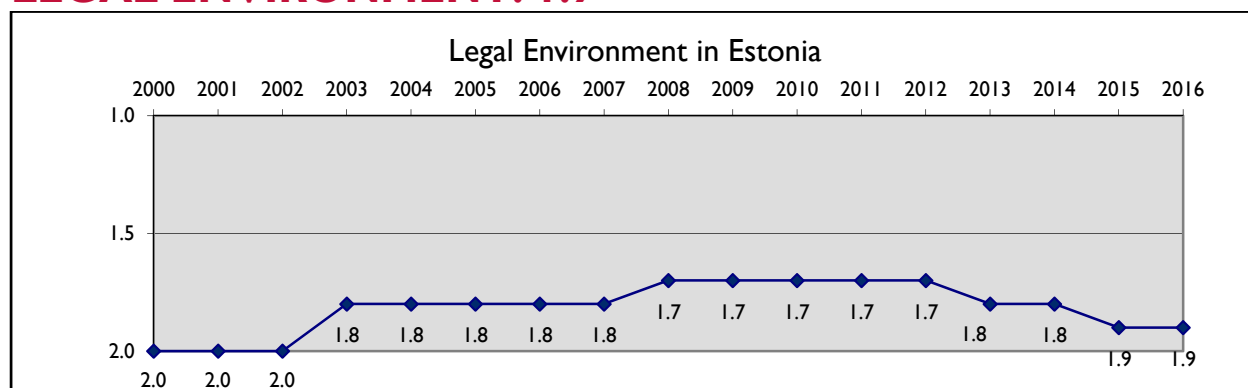


An indirect election took place in Estonia in 2016 for a new president. Parliament is responsible for electing the president. However, after three rounds of voting in August, no candidate received the required supermajority of votes, therefore an electoral college consisting of members of parliament and representatives of local government was convened. The electoral college was also unable to elect a president, so voting went back to the parliament, which finally managed to elect Kersti Kaljulaid as the first female president of Estonia. This was followed by a sudden change in the government in November. The coalition agreement between the new ruling parties promises to increase transparency in governance, increase funding for CSOs, and provide support for social enterprises. In addition, the new government declared that it will engage more with and be more responsive to the public. This change in attitude prompted CSOs to mobilize and advocate for changes that had stalled in prior administrations, including legal measures to promote private giving and social entrepreneurship. In addition, local-level participation increased and local issues attracted more attention than usual in light of administrative reforms and local elections scheduled to take place in 2017.

In 2016, overall sustainability declined slightly, caused by a drop in organizational capacity as the gap between well-managed and less organized CSOs continued to grow. However, new capacity building programs were initiated that could improve the sector’s innovation and productivity in the coming years. Private giving is becoming more ingrained in society and volunteerism is rising. CSOs continue to be active advocates, demonstrating their ability to stand up for the interests of civil society, their communities, and society at large. Perceptions of civil society have also shifted, with many seeing civic action as an integral part of life, not just something relevant to CSOs.

The number of registered CSOs increased slightly in 2016. According to the Center of Registers and Information Systems’ e-Business Register, there were 31,974 associations and 789 foundations as of December 2016, compared to a total of 32,349 registered associations and foundations the year before.

LEGAL ENVIRONMENT: 1.9



The legal environment governing CSOs in Estonia did not change significantly in 2016. CSOs can register easily, operate freely, and address matters of public debate without harassment. The law details a diverse scope of activities for CSOs, while allowing them to set their own rules for internal governance.

In 2016, discussions were held about major legal reforms in areas including taxation and procurement. For example, the Social Innovation Task Force, which is coordinated by the Government Office and involves CSOs as well as public sector representatives, introduced ideas and tools for social procurement and inclusive management in public institutions.

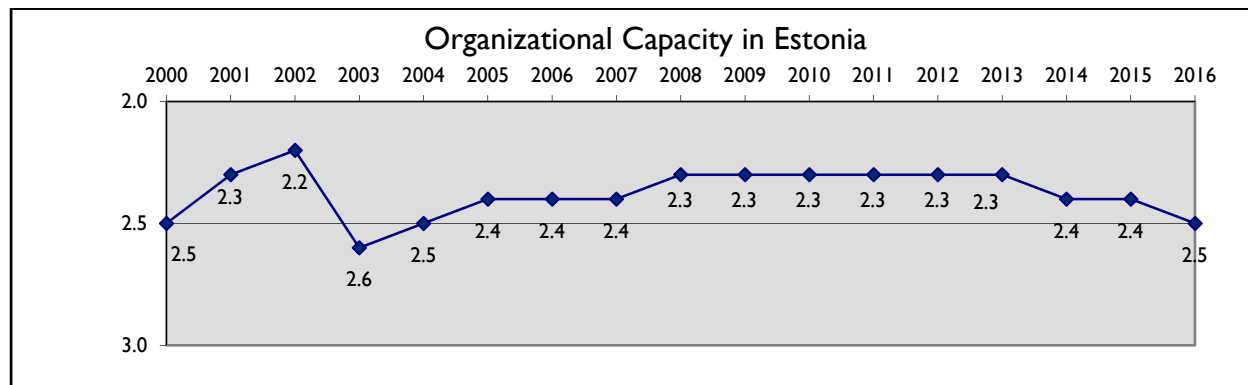
In 2016, CSOs were also involved in the process of updating laws regulating legal entities to enable their operations and facilitate effective relations with the state, a process initiated by the Ministry of Justice. The revision, as it is called, is expected to be finalized by 2020 and is especially important for social enterprises, which struggle to fit into the current legal framework and support infrastructure, either for CSOs or businesses.

CSOs do not pay income tax. CSOs that act in the public benefit and engage in charitable work can apply to be included in the list of public benefit associations and foundations, which currently includes about 2,200 entities; political parties, professional organizations, and business associations are not eligible for this status. Individuals can deduct the total amount of donations to public benefit organizations, as well as training expenses and other costs, from their annual personal income, up to a maximum of €1,200. Legal entities can make tax-free donations to organizations on the list up to 10 percent of their previous year’s profit or up to 3 percent of their personnel costs during the current year. In 2016, CSOs proposed increases to the benefits available to individual donors, by either raising the €1,200 limit or eliminating it all together. The proposal was advanced by the minister responsible for civil society development in the new cabinet. Outcomes of these deliberations are expected in 2017.

CSOs are allowed to earn income from the sale of goods and services, as well as compete for government contracts. However, the public and several politicians continue to believe that civic initiatives should be based on voluntary action.

Local and comparative expertise on the CSO legal framework exists, but CSOs often do not have the resources to access legal assistance. Some CSOs, such as the Food Bank, are able to involve professional lawyers in their work on a voluntary basis. Others are able to raise funds for professional legal representation of their interests. For example, in 2016, the Human Rights Center raised funds through crowdfunding to hire lawyers to file cases in court to protect the rights of same-sex couples.

ORGANIZATIONAL CAPACITY: 2.5



Organizational capacity declined slightly in 2016 as the gap between well-managed and less organized CSOs continued to grow. This growing divide has made it more difficult to describe the sector as a whole or to communicate its impact to the public.

While some organizations are able to pursue their missions successfully, others feel an increasing sense of stagnation and powerlessness to advance societal changes and report corresponding challenges in constituency building. Although people engage in CSOs' efforts, many organizations face difficulties creating regular teams of volunteers, activating members, communicating their impact, or asking target groups for feedback.

Most CSOs have defined missions and use strategic planning techniques. Despite this, many maintain flexible strategies, broaden their scope of activities, and enter new fields to take advantage of funding opportunities or proposals for cooperation. Increased funding is now available for development cooperation and community-based security, leading some organizations to begin work in these areas.

There remains a gap in the sector with regard to staffing and internal management structures. Professional CSOs are able to maintain permanent staff, have adequate human resource practices, hire professional services, and clearly distinguish responsibilities between the board of directors and staff. Less institutionalized organizations rely on volunteers, have flexible processes and procedures, and have fewer internal regulations.

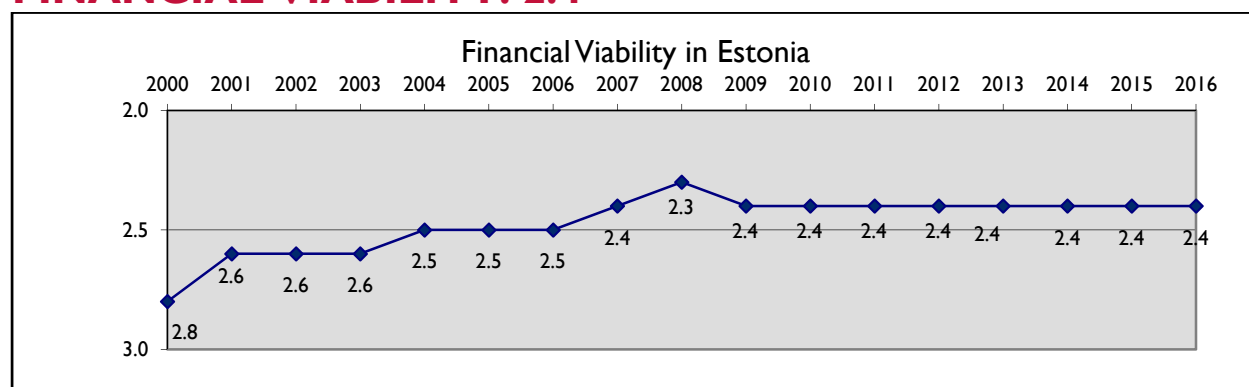
CSOs still use less sophisticated management tools than businesses and the public sector. In 2016, several programs shared new techniques for planning, governance, and service delivery. A program called Smart Solutions, implemented by the Good Deed Foundation in cooperation with the National Foundation for Civil Society (NFCS), aims to identify innovative solutions to social problems and then support their implementation with methods learned from business start-ups. A community school with an innovative curriculum, an organization providing a mental health program for schoolchildren, and a team with a plan to replace plastic cups with re-usable tableware at open-air events were chosen as the most outstanding from this group. NFCS also continues to fund project-based initiatives for organizational development.

Just 21 percent of CSOs have paid staff, according to a 2014 survey by the Research and Development Center for Civil Society. While more recent data is not available, CSOs believe that the percentage has declined in recent years, partly due to the fact that CSOs find it difficult to secure public funding to cover the ongoing work on experts.

Volunteerism is increasing. Public institutions organize volunteering events and entrepreneurs have successfully campaigned for employers to give employees paid leave to engage in charitable activity. In light of this, many CSOs have developed new ways of engaging volunteers. In 2016, *Village Movement Kodukant* awarded eighteen organizations with the title *Volunteers Friend*, a distinctive badge for CSOs that have developed recruiting and support structures for volunteers. People are primarily interested in short-term volunteer engagements and like to be part of “pop-up” community or charity initiatives, such as actions for or against planning decisions, well-designed fundraising campaigns, or teams organizing popular events. According to the 2016 World Giving Index, just 13 percent of respondents reported participating in voluntary action in 2015, compared to 19 percent in 2014. Despite these statistics, which capture data about volunteering during a specific month, CSOs feel that volunteering is becoming more common in society.

Most CSOs use relatively modern equipment for their work. However, CSOs still need to maximize the usage of information and communications technology (ICT) to better manage services, facilitate e-participation, and streamline administrative work.

FINANCIAL VIABILITY: 2.4



Financial viability remained unchanged in 2016. Most CSOs have multiple sources of funding. CSOs raise most of their funds from local sources, including public funding, corporate and individual philanthropy, and earned income. Although many CSOs complain that they are facing pressure from limited public funding, some CSOs have made significant progress in attracting private resources, both in terms of financial and in-kind support.

CSOs have access to EU Structural Funds, but there are fewer open calls for the 2014-2020 period compared to previous years. Many traditional open calls have been replaced with procurements. Such contracting mechanisms require new skills from CSOs, as well as upfront capital, which CSOs rarely have. The EEA/Norway Grants Program, which previously funded many civil society initiatives, did not fund any new projects in 2016. While the program is expected to restart, the new priorities and division of funds had not yet been decided by the end of the year.

Due to the ongoing break between program periods of the EEA/Norway Grants Program, more CSOs sought support from NFCS in 2016. Despite this increased demand, NFCS’s budget has remained stable at €2.5 million since its establishment in 2008. In 2016, 115 CSOs received support from NFCS capacity building programs (compared to 93 in 2015), and a total of 595 community actions received grants for local action (compared to 633 in 2015).

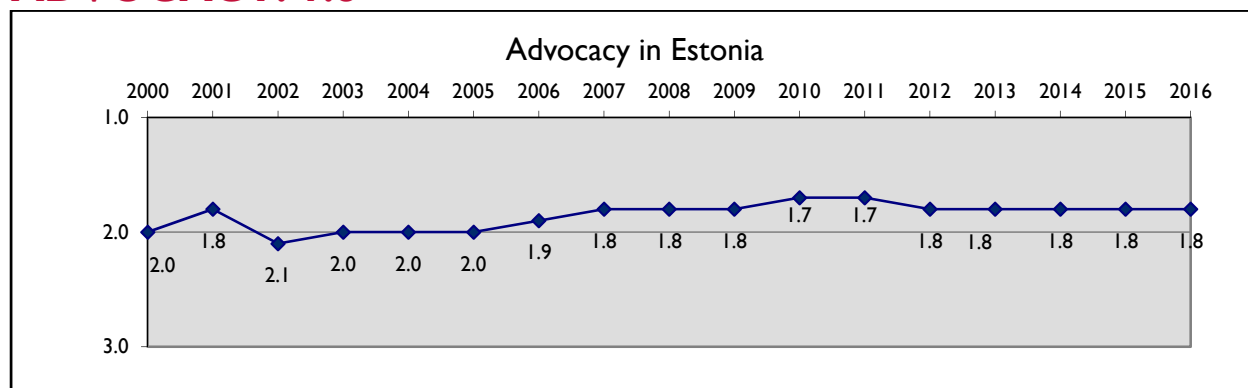
CSOs also have access to project and core support from almost every ministry and through the Gambling Tax. Most local governments have CSO support models with open calls for projects or small annual grants for community organizations, but many also use participatory budgeting to involve local residents in financial planning processes and to address citizens' concerns.

CSOs, especially community-based organizations, have made progress in attracting volunteer and in-kind support, such as pro bono services or goods from local enterprises. Individual donations to CSOs have also steadily grown, with a total of €31 million raised in 2015, according to the Tax Board. In addition, CSOs increasingly raise funds through crowdfunding. In 2016, 11,693 individuals contributed a total of €390,000 to civil society projects through the portal *Hooandja*. According to the 2016 World Giving Index, 20 percent of respondents in Estonia reported donating to charities in 2015, compared to 21 percent in 2014. CSOs benefited from exchanges and trainings aimed at improving their fundraising capacities during the year. Topics addressed included legal issues, communication, and fundraising for vulnerable groups. By the end of the year, seventy-six organizations were subscribed to the Good Practice of Fundraising, a self-regulation tool for improving transparency in fundraising. There are still no signs of growth in corporate philanthropy.

CSOs supplement their income with revenue from services, products, and rental of assets. Furthermore, according to a 2014 survey by the Research and Development Center for Civil Society, more than half of CSOs reported membership fees as a source of income, although these fees are relatively small.

Most CSOs have sound financial management systems and operate in a transparent manner. Larger organizations undergo independent audits and publish annual reports with financial statements on their websites. These reports are also accessible through the e-Business Register for a small fee.

ADVOCACY: 1.8



CSOs continued to be active advocates in 2016, demonstrating their ability to stand up for the interests of civil society, their communities, and society at large.

The Civil Society Development Concept (EKAK) established direct lines of communication between civil society and policy makers in 2002. Since then, formal mechanisms have been developed to make policy development transparent and consultations accessible. However, CSOs complain that these mechanisms do not always function properly; political will and administrative leadership on improving participation policies is weak; and government committees have no legitimacy or influence. CSOs also expect the government to make more effort to engage the public in earlier phases of policy making and to continuously reach out to the public. In addition, public discussions increasingly involve more professional lawyers, who tend to dominate debates, especially in areas of public planning. While debates are therefore becoming more professional, they are also becoming less inclusive of community members.

Estonia joined the Open Government Partnership (OGP) in 2012 and concluded its third action plan in 2016. Although CSOs were involved in the process, many criticized the plan for its lack of responsiveness and ambition.

The new government that came to power in November—a coalition of social democrats, the central party, and conservatives—stated in its coalition agreement that it will increase funding of CSOs, foster social entrepreneurship, and work on open governance, among other goals. During consultations on the agreement, numerous CSOs sent their proposals and civil society experts were invited to propose their ideas at negotiation sessions.

The Citizen Initiative Portal, coordinated by the Estonian Cooperation Assembly, enables citizens to write proposals, hold discussions, and send digitally-signed electronic petitions to the parliament. The parliament must consider a proposal if it receives at least 1,000 signatures by citizens over the age of sixteen. From the spring of 2014 to the beginning of 2016, the parliament processed twelve collective initiatives, six of them in 2016.

CSOs form alliances around common issues like social innovation, service delivery, volunteerism, civic education, and open governance. Although many CSOs lack the resources or ability to mobilize citizens around their issues, some broad-based advocacy campaigns were successful in 2016. For example, animal protection organizations collaborated to push for the abolition of the use of animals in circuses and for fur. As a result, several municipal councils decided not to allow circuses using animals to perform in their towns. Environmental organizations protested against the government's forest policy, resulting in a broader public debate about forests as a resource. Human rights organizations worked to improve the legal treatment of same sex couples, raising awareness as well as knowledge about gaps in legislation.

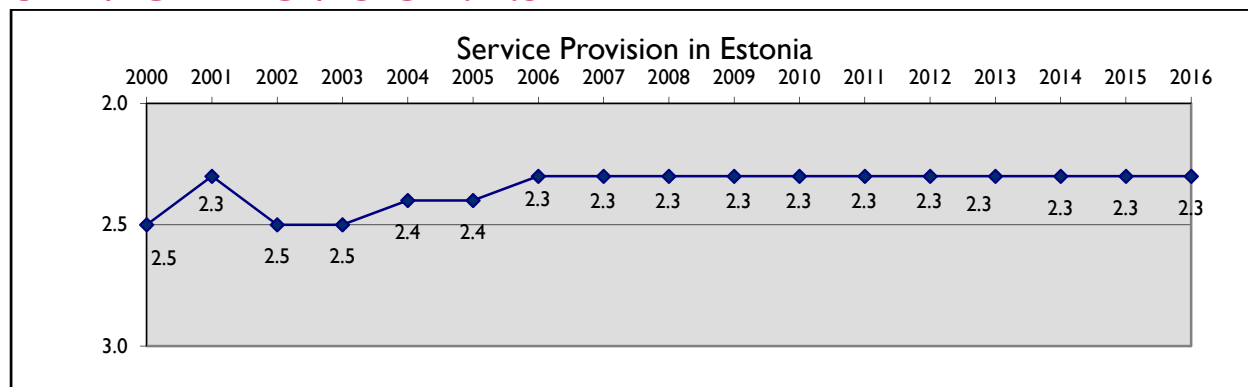
There were also some effective monitoring initiatives in 2016. For example, a shadow report by the Network of Estonian Nonprofit Organizations (NENO) on public funding of CSOs compared funding practices with approved guidelines. The report criticized the Gambling Tax and grants decided on by members of the parliament for being politically biased.

At the local level, advocacy is more friendly, constructive, and personal. In 2016, several community groups engaged in advocacy actions, including demonstrations, public seminars to discuss alternatives to unfavorable decisions, opinion pieces, and even legal challenges of local planning decisions. At the same time, local CSOs also report selective responsiveness.

In 2017, many local governments will be joined under larger administrative units as part of a national administrative reform effort. To prepare for this, a coalition of CSOs worked with local leaders in 2016 to develop functional engagement models, engage CSOs in service delivery, and empower local initiatives for development. Youth organizations are preparing to monitor local elections in the fall of 2017, when sixteen-year olds will have a chance to vote for the first time.

In order to develop strategic advocacy skills, NENO initiated a capacity building program in 2016 to support twenty-five CSOs in the formulation and implementation of strategic plans aimed at influencing government policies and practices.

SERVICE PROVISION: 2.3



Service provision by CSOs did not change significantly in 2016. However, the groundwork was laid for improvements in the future as a result of more targeted capacity building efforts in the sector and active public deliberation around the concept of social innovation in 2016. Service providing organizations are becoming more professional, are aware of their developmental needs, and engage in capacity building efforts. Advocacy initiatives aimed at increasing the involvement of CSOs in public service delivery support these developments. On the other hand, resources for capacity building are only available for a small number of CSOs and advocacy has not yet resulted in major changes.

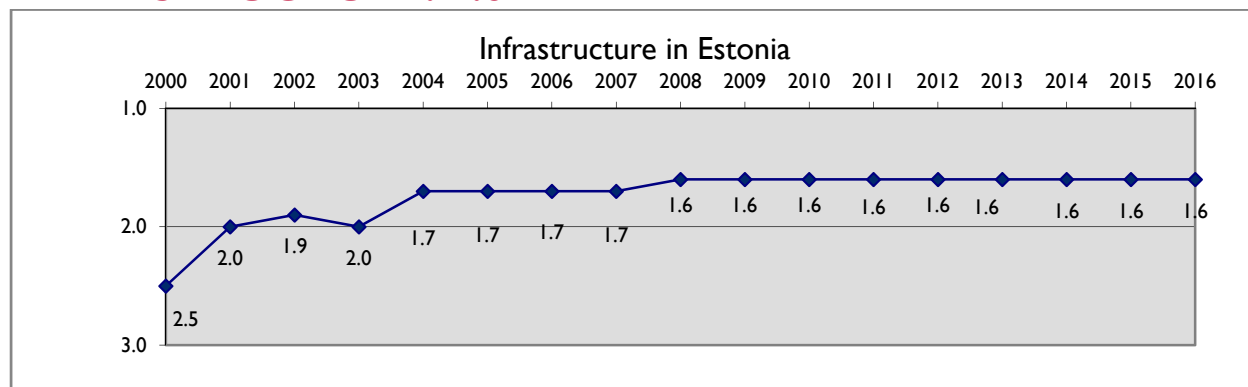
CSOs provide a wide range of goods and services in a variety of fields, including basic social services, such as health, education, welfare, and culture; youth services, such as sports and other recreational activities; services in environmental protection and democratic governance; and also instruction in different fields to citizens and CSOs in Eastern Partnership countries. In 2016, a few organizations working with refugees upgraded their services in response to global needs, including by introducing support structures such as recruiting, training, and coordinating the work of volunteers.

CSOs market some products, such as trainings and expert analyses, to other CSOs or the government. However, CSOs have limited resources, making it difficult to market their products.

CSOs understand the market for their services, but they often face difficulties in securing funds to provide services on a sustainable basis, due to the practice of awarding one-year agreements, the drive by donors to get the lowest price, and the limited resources of state and local governments. CSOs also report that some procurements have price limits lower than the actual cost of delivering services, which makes it impossible for them to recover costs. Unfavorable funding practices also hinder CSOs' efforts to make the investments needed to improve or expand their services. It is unclear if national or local governments recognize the value of CSOs in providing and monitoring basic social services. Reform of local administrative divisions in 2017 is expected to improve the financial capacity of local governments and thus create new opportunities for CSOs.

Although some CSO service providers have become more professional, cooperation between local governments and CSOs in the development and provision of services is rather limited.

INFRASTRUCTURE: I.6



The infrastructure supporting the CSO sector did not change significantly in 2016. Regional development centers continue to be the main source of support to the sector, offering information, training, technical assistance, advice, and cooperation opportunities in fifteen locations throughout the country. Umbrella organizations and networks also provide support services to their members.

Thanks to programs that support regional development, infrastructure is strong even in rural areas. The EU-funded LEADER program has developed well-functioning partnerships among businesses, local government, and CSOs. Funded projects have brought technical equipment to villages, built community houses, and empowered small enterprises. The total budget for the twenty-six regional LEADER programs for the 2014-2020 period is €90 million.

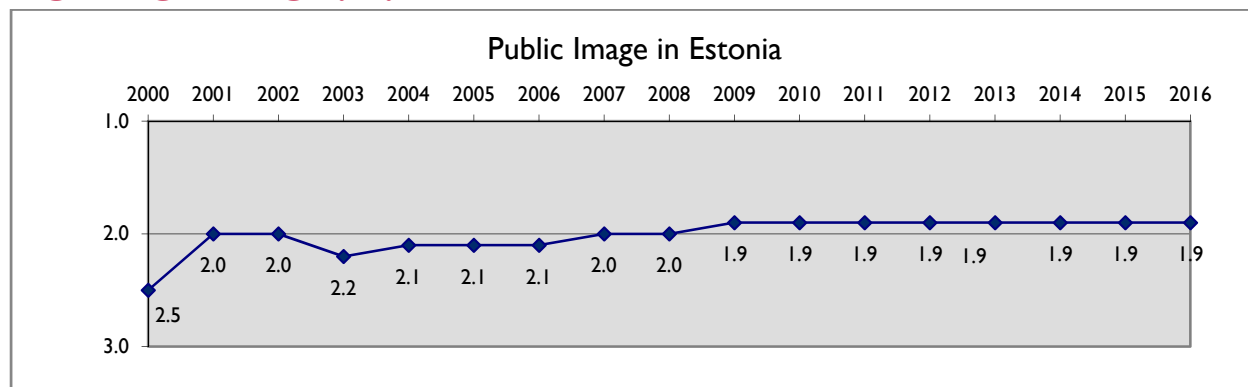
NFCS is still the only grant-making organization dedicated to building the capacity of the CSO sector. Some state-financed foundations responsible for implementing state action plans provide programmatic support to CSOs working in their field, for example, teachers' societies, youth organizations, or cultural CSOs.

Umbrella organizations and networks exist in most fields and play a key role in promoting the interests of the CSO sector as a whole. They consult with members and constituencies and empower their networks, mainly through consultations and the provision of training or advice. Many have found ways to widen their networks. For example, social enterprises collaborated with CSOs and independent experts to promote social innovation in the sector. CSOs also set goals and share information through informal coalitions, including on topics like open governance, civic education, and human rights. NENO continues to issue weekly news on civil society in Estonian and Russian.

CSOs have access to training, which is mainly provided by local trainers and is available in all regions of the country. More advanced trainings have been organized on topics such as fundraising and volunteer management. Development programs that combine training with mentoring and other practical activities are increasingly common. Training materials are available in Estonian and Russian. Estonian CSOs also provide capacity building and training to CSOs in other countries, mainly Ukraine, Moldova, and Georgia.

CSOs continued to establish and maintain various intersectoral partnerships in 2016 including with businesses (to promote social responsibility or support local community engagement), the government (within task forces and numerous committees), and the media (including special media projects and long-term cooperation).

PUBLIC IMAGE: I.9



The sector's public image did not change significantly in 2016, although public knowledge about civic activism—though not specifically about CSOs—is growing.

CSOs, especially those active in local advocacy, benefit from relatively positive media coverage. Service-providing CSOs generally receive coverage only when there is a major crisis in funding or quality of work. For example, a public procurement to run women's shelters that set price limits below the actual cost of the work attracted significant attention in 2016, with a number of CSOs threatening to stop providing shelter services. Otherwise, the media focuses on individual activists rather than organizations, as well as personal stories and tangible outcomes. While media has a positive relationship with CSOs, it does not engage in analysis of the state or role of civil society.

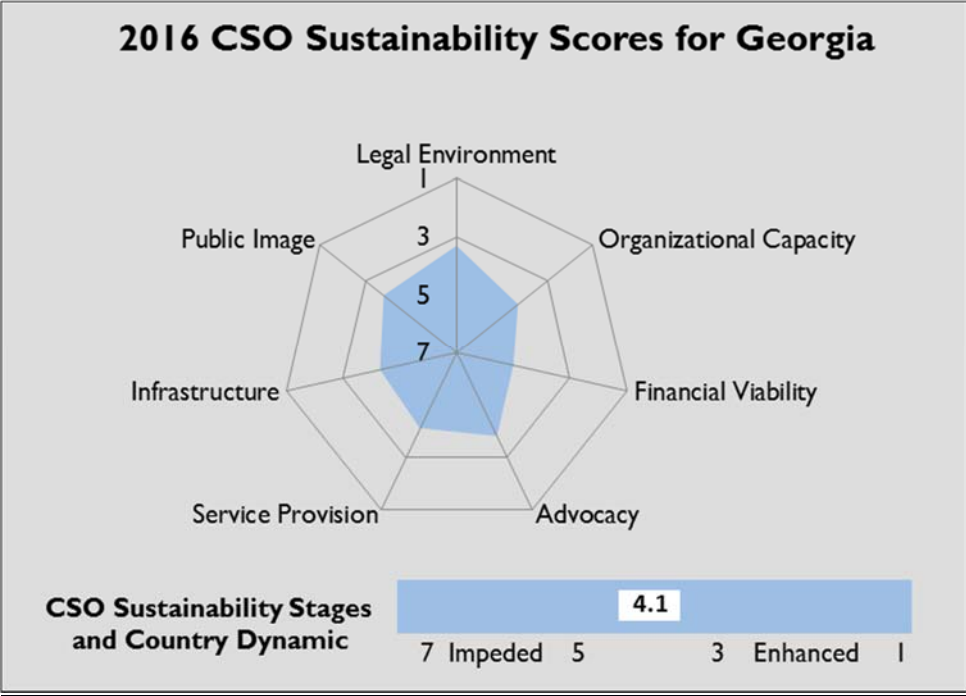
The public has a neutral or positive perception of CSOs, and is particularly supportive of well-known activities, including large volunteer events such as the Day of Citizenship and Let's do it! Action day, which again involved over 44,000 volunteers in community improvement actions in 2016.

The business sector and local and central government officials have a relatively positive perception of CSOs, although attitudes depend largely on personal experience. There was no significant change in perception of CSOs between the old government and the new. Some public officials view CSOs as a source of expertise, and therefore involve them in framing problems or finding policy solutions on a regular basis. Others still do not see the benefit of active consultations. More enterprises are looking for ways to participate in the community and are open to proposals for cooperation. In 2016, some community organizations identified mutual interests with real estate companies, although traditionally there have been more conflicts of interests between these two groups.

CSOs publicize their activities and organizations, but generally do not have strategic approaches to their public relations. CSOs widely use social media, mainly Facebook, for public outreach. Some have developed relationships with journalists or otherwise approach media outlets for coverage.

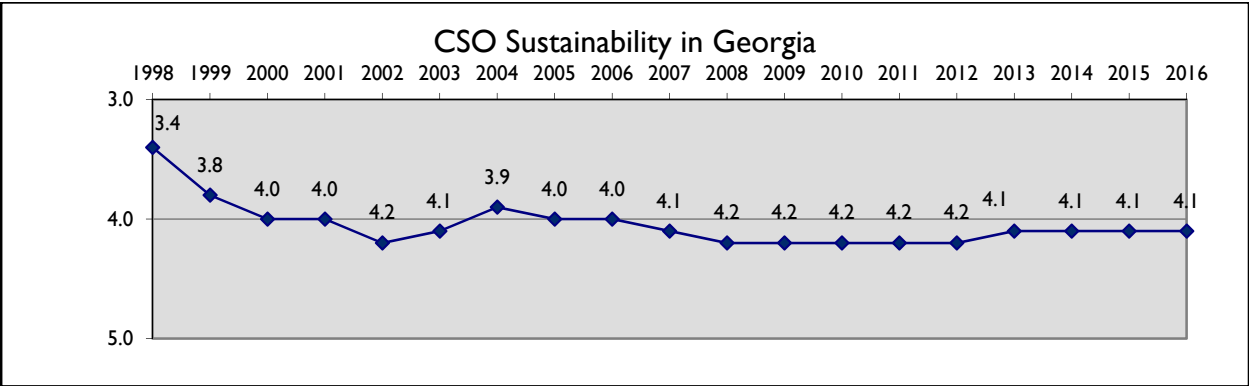
A code of ethics for CSOs has been promoted since 2002. Annual reports are either available on organizations' websites, or are publicly available for a small fee.

GEORGIA



Capital: Tbilisi
Population: 4,928,052
GDP per capita (PPP): \$10,100
Human Development Index: 70

CSO SUSTAINABILITY: 4.1



Georgia held parliamentary elections in October 2016. CSOs actively participated in national debates during the electoral season, but the nation’s focus on the elections also limited CSOs’ ability to push for important legislative and policy changes. Throughout the year, the media frequently sought commentary on election-related processes from CSOs, especially election observers and watchdog organizations. The incumbent Georgian Dream party received 48.68 percent of the popular vote, but won a supermajority in the parliament via the majoritarian system. It is too soon to tell what the new government’s attitude will be towards civil society, but no major changes are expected.

According to a June 2016 opinion survey by the National Democratic Institute (NDI), unemployment remains the most important issue for 56 percent of the population, with 55 percent of male respondents and 71 percent of female respondents reporting that they do not consider themselves to be employed. Currency depreciation continues to hurt the economy. The value of the Georgian Lari (GEL) dropped from \$0.60 five

years ago to \$0.36 in late December 2016. Strong currency fluctuations pose a significant challenge for CSOs too, as they often budget in foreign currencies, but operate in GEL.

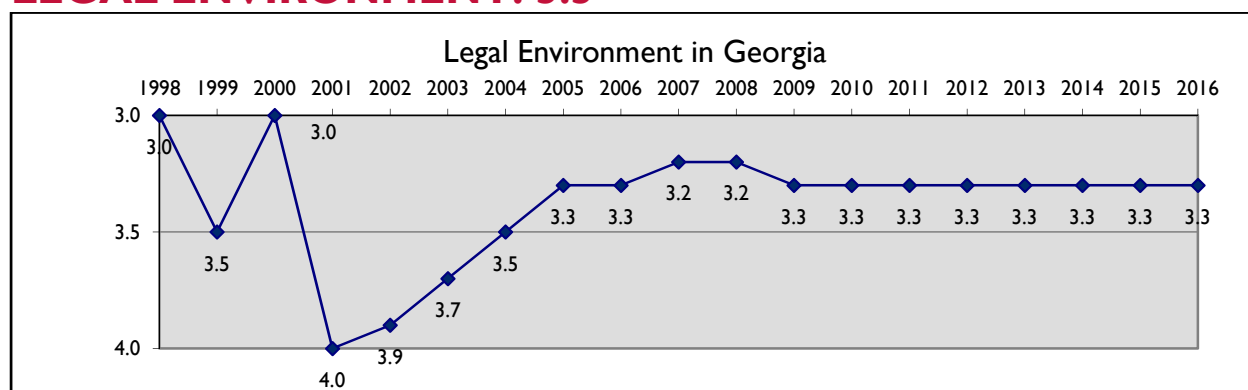
In 2016, Georgia was elected co-chair of the Open Government Partnership (OGP), a multilateral initiative that aims to promote transparency, empower citizens, and strengthen governance through CSO-government collaboration. Local CSOs are actively involved in the OGP process. According to the Institute for Development of Freedom of Information (IDFI), a local nonprofit and co-chair of Open Government Georgia Forum, Georgia has achieved significant progress in the implementation of its OGP commitments.

Georgians continued to have strong EU aspirations. According to an NDI-commissioned opinion survey conducted in November 2016, 72 percent of Georgians approved of the government’s stated goal of joining the EU. Ethnic minorities, however, report significantly lower acceptance of Georgia’s European ambitions. In 2015, in response to a Caucasus Research Resource Centers (CRRC) question that asked “if there were a referendum tomorrow, would you vote for or against EU membership?” 64 percent of ethnic Georgians responded positively, while only 43 percent of ethnic minorities did. In December 2016, the EU adopted the visa suspension mechanism, which would allow EU members to temporarily cancel visa-free agreements with non-member countries such as Georgia. This removes the largest obstacle remaining to granting citizens of Georgia visa-free travel, as it will provide EU members with a mechanism to revoke the status. If granted, the visa-free regime is expected to boost public confidence in the feasibility of Georgia’s European ambitions, despite the strengthening anti-European information campaigns in the country.

CSO sustainability remained stable in 2016. Most of the more developed CSOs are concentrated in the capital city, Tbilisi, and only a handful of them operate in the regions. Financial viability continues to be a challenge for regional organizations, due to limited access to funding, networks, qualified professionals, and other critical resources.

According to the National Agency for Public Registry (NAPR), there were 23,561 registered “non-profit, non-commercial” organizations in Georgia in 2016, an increase of almost 9 percent since 2015, when there were 21,660. However, these numbers also include government-owned entities such as kindergartens, making it difficult to determine the actual number of CSOs. Annual growth is attributed to easy registration procedures coupled with an extremely complicated liquidation process.

LEGAL ENVIRONMENT: 3.3



There were no significant changes in the legal environment affecting CSOs in 2016, although there were improvements that simplified VAT-related and other tax procedures.

CSOs generally operate freely, and there are no regulations or administrative practices that explicitly impede their independence and sustainability. No cases of government harassment or bureaucratic pressure were reported in 2016.

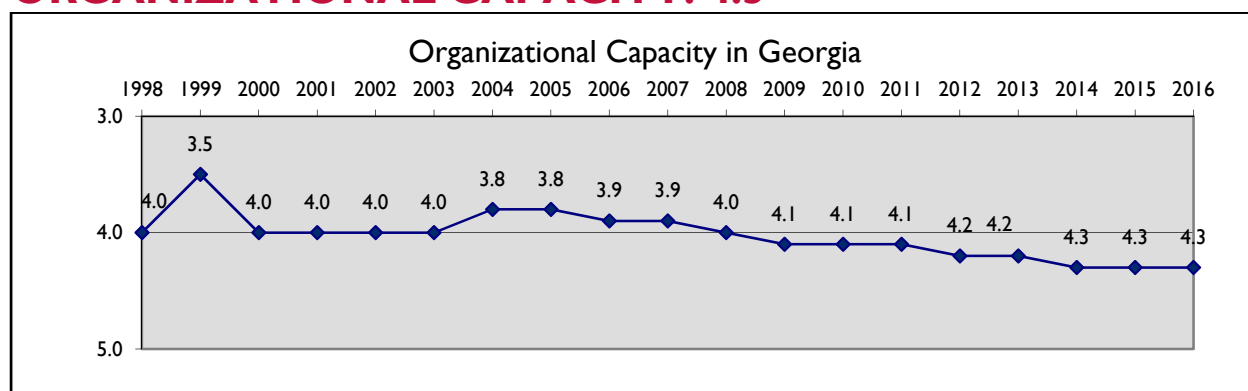
CSO registration continues to be quick and easy. Registration can be completed in just one work day and costs GEL 100 (about \$40), with optional same-day registration for GEL 200 (approximately \$80). There is no minimum number of founders to register a CSO and templates for required documents, such as statutes, are publicly available. Liquidation, on the other hand, is an extremely complicated process, resulting in thousands of defunct organizations remaining on the registry.

CSOs are eligible for VAT refunds on purchases made with grant funds, but the use of refunds is often limited by donor regulations. While some donors require the refunds to be returned or reinvested in projects, a few allow their grantees to use tax refunds for organizational needs. Grants from major foreign governments and international agencies, such as USAID, are exempt from VAT altogether based on agreements with the government of Georgia. CSOs are exempt from property taxes, unless income-generating activities are conducted on their premises. Corporate donors, as well as sole proprietorships (referred to as “individual entrepreneurs” in Georgian law), are able to deduct up to 10 percent of their taxable income for charitable donations. Individual donors do not receive deductions for charitable donations.

CSOs’ economic activities are taxed similarly to those of commercial organizations. Many CSOs are wary of engaging in any economic activity, fearing that the tax authority may classify an entire grant as taxable income if a portion of grant funds are used for economic activities. There are no legal impediments to CSOs competing for government grants and contracts, which are slowly growing in number.

Only a handful of local organizations provide free legal services to CSOs. However, according to a 2016 study by East-West Management Institute, 87 percent of Georgian CSOs reported having at least one lawyer on staff, although only 11 percent of organizations had a legal department, indicating that other lawyers likely serve as project staff. Despite the presence of lawyers on staff, legal knowledge in the sector appears to be limited. According to a 2016 study by the Civil Society Institute, 78.6 percent of surveyed CSOs had not heard about recent legal amendments affecting their taxation. This includes the 2012 amendment that releases them from paying taxes on gifts or services worth less than GEL 1,000 (approximately \$400) that they donate to their beneficiaries, and the 2013 amendment that improved the definition of a “donation,” making donations to nonprofits free from profit.

ORGANIZATIONAL CAPACITY: 4.3



Organizational capacity did not change significantly in 2016. However, some donors reintroduced organizational capacity as a crosscutting CSO issue during the year, setting the stage for improvements in the future. For example, USAID’s Advancing CSO Capacities and Engaging Society for Sustainability (ACCESS, 2014-2019) focuses on systematic interventions to empower CSOs and promote their sustainability. Despite this development, funding for institutional development remains limited both in Tbilisi and the regions. As a result, local CSOs, especially those in the regions, face challenges in building and maintaining organizational capacity.

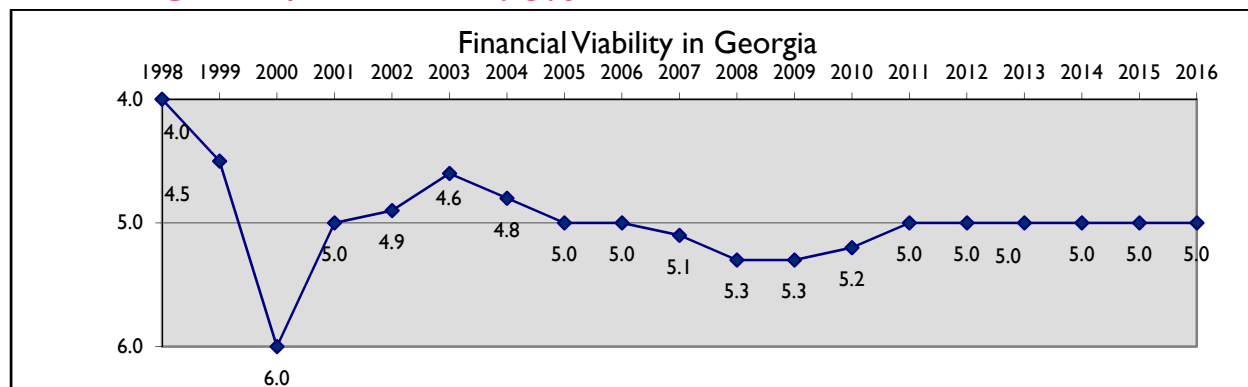
Constituency building is difficult for most CSOs, as they drift from one project to another in the pursuit of funding, making it difficult to establish lasting relationships with local stakeholders. Only a few CSOs—such as the Georgian Young Lawyers’ Association (GYLA), which provides legal counseling, or the Center for Change and Conflict Management - Partners Georgia, which offers training services—have transformed their initiatives into long-term services. Strategic planning is a rare practice because CSOs lack the necessary resources, both technical and financial.

A growing number of CSOs have functional boards of directors. However, many organizations continue to have boards only as formalities and in practice operate as “one-person organizations,” with one leader or a small team of managers making all administrative and executive decisions. Most CSOs have administrative policies and procedures in place, but it is difficult to estimate how strictly they are applied.

Staffing remains a key issue for CSOs, as competition with other sectors makes it difficult to retain qualified staff, especially during the frequent gaps in projects and funding. This limits organizational capacity and institutional memory. As in the past, there was a great flux in human resources after the parliamentary elections, with many well-connected and experienced professionals moving between the CSO and public sectors. As a result of this constant movement between sectors, CSOs continue to be viewed as politicized. Many CSOs recruit interns and volunteers, but only a few have mechanisms to train them or develop their skills. According to the 2016 World Giving Index, 18 percent of respondents in Georgia reported that they participated in voluntary action in 2015, compared to 21 percent in 2014.

CSOs have limited access to modern equipment and licensed software, including for finance and accounting. Most CSOs continue to operate with outdated equipment. According to local CSOs, most donors prefer to fund project activities, not technical advancement. CSOs can access licensed software through various programs, such as TechSoup or Microsoft Product Donations, but most CSOs are not aware of these opportunities.

FINANCIAL VIABILITY: 5.0



The government is becoming an important source of funding for CSOs. Two of the largest providers of government grants for CSOs are the Central Elections Commission’s (CEC) Center of Electoral Systems Development, Reforms and Trainings and the Ministry of Sports and Youth Affairs. In 2016, the CEC allocated GEL 4,262,000 (about \$1.6 million) for the “development of political parties and CSOs.” Most awarded grants, which had an average value of GEL 30,000 (about \$11,000), focused on electoral awareness and participation in the run-up to the parliamentary elections of October 2016. In 2016, at least two additional public offices were granted the legal authority to award grants: the Ministry of Education and Sciences’ Teachers Professional Development Center and the Internally Displaced Persons (IDPs) Livelihood Agency under the Ministry of IDPs from the Occupied Territories, Accommodation and Refugees of Georgia. Although an increasing number of government offices award grants to CSOs, the scopes and amounts of government funds are limited. The level of transparency of government funding is mixed. CEC, for example, releases the

selection criteria and scores for all projects that it funds. In other cases, including several ministries, it is difficult to obtain any information about funded projects beyond the project title and a short description.

Other avenues for local funding, such as individual philanthropy and corporate social responsibility (CSR), are very limited. Poor public awareness of CSOs and their work makes it difficult for CSOs to promote and cultivate local philanthropy as a sustainable source of income. According to the 2016 World Giving Index, just 10 percent of respondents in Georgia reported donating to charities in 2015, compared to 7 percent in 2014. Crowdfunding has yet to become an important fundraising mechanism for CSOs. In 2016, the CSR Club started publishing the CSR budgets of large businesses in Georgia. In its research, it found that from 2014-2015, just four large companies spent an estimated 7 million GEL (approximately \$2.9 million) on CSR initiatives. Companies usually spend these funds through their own charity programs and organizations, however, and CSOs have not yet been able to fully explore this source of funding.

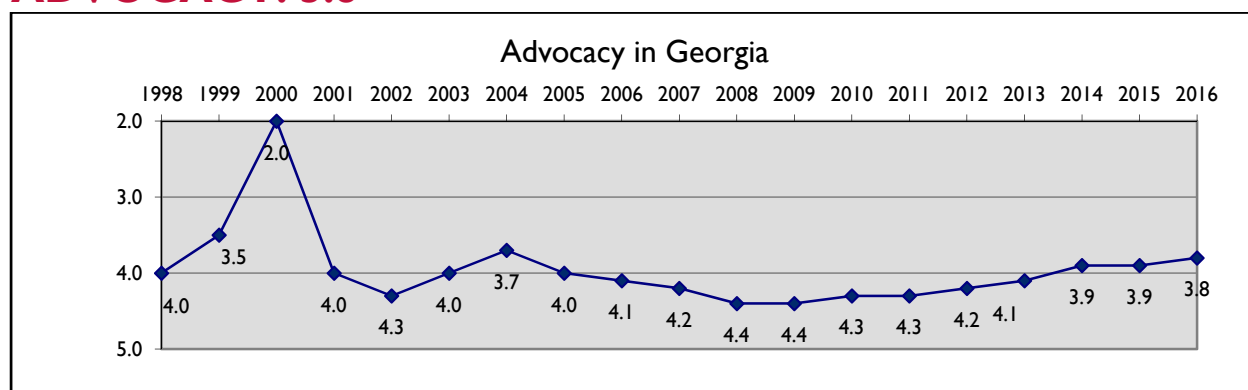
CSOs remain in the “95 percent zone,” referring to the estimated portion of CSO incomes that come from foreign funding. The landscape of donor funding changed significantly in the last few years, affecting both Tbilisi-based and regional CSOs. According to experts, the EU Commission, the largest development donor alongside USAID, has prioritized offering larger grant awards, limiting the number of CSOs that receive direct funding. Although many EU grants are required to have regional components to be implemented in partnership with local CSOs, this trend is expected to further concentrate development funds in Tbilisi at the expense of the regions. Larger Tbilisi-based CSOs are also under pressure as they compete with an increasing number of international CSOs for the same pot of foreign funding.

Although no precise statistics are available about the level of foreign funding that goes specifically to CSOs, according to the Organization for Economic Co-operation and Development (OECD), official development aid (ODA) for Georgia has been on a decline for the last three years. Net ODA receipts for Georgia constituted \$447.6 million in 2015, down from \$562.5 in 2014 and \$646.3 million in 2013.

While many CSOs have cultivated lasting relationships with their donors, experts estimate that only 5 to 10 percent of all CSOs enjoy relative diversity in funding. CSOs rarely engage in economic activities as they lack legal incentives, qualified staff, and income to invest. The Center for Strategic Research and Development of Georgia (CSR DG) operates a social enterprise club with over forty social enterprises as members, but it is very difficult to establish the status or viability of these enterprises.

More developed CSOs use advanced accounting and financial management systems and software, along with practical management procedures and regulations. However, only a handful of institutionally strong organizations can afford annual audits, the results of which they usually make publicly available.

ADVOCACY: 3.8



Advocacy improved in 2016, in part because of the active role CSOs played in the election process.

The government and parliament are generally open to collaborating with CSOs on various legislative and policy initiatives. The Speaker of the Parliament and the Head of the Legal Committee, for example, held separate meetings with CSOs a few months after the elections to discuss CSO participation in parliament's legislative work, as well as in the State Constitutional Commission. Such collaboration, however, does not always yield results.

CSOs participate in the development of policy and legislation when the government or parliament needs their expertise or input. The parliament signed a memorandum of understanding with 145 CSOs in 2013, acknowledging the role of CSOs in the legislative process. Many government offices operate CSO-government working groups. It is difficult, however, to assess the extent to which CSOs' legislative and policy recommendations are considered. The president, although constitutionally weak, continued to actively consult with CSOs and promoted their positions in several high-profile policy cases in 2016. For example, the president consulted with local CSOs on the reform of the Constitutional Court, and met with CSOs to discuss potential candidates for the Board of the National Bank of Georgia. The president's administration also actively cooperated with local CSOs on various projects, some of which were funded through the Presidential Reserve Fund. For example, in 2016, the president supported the Your Vote - Our Future youth electoral campaign, implemented by the Europe-Georgia Institute, a local youth CSO.

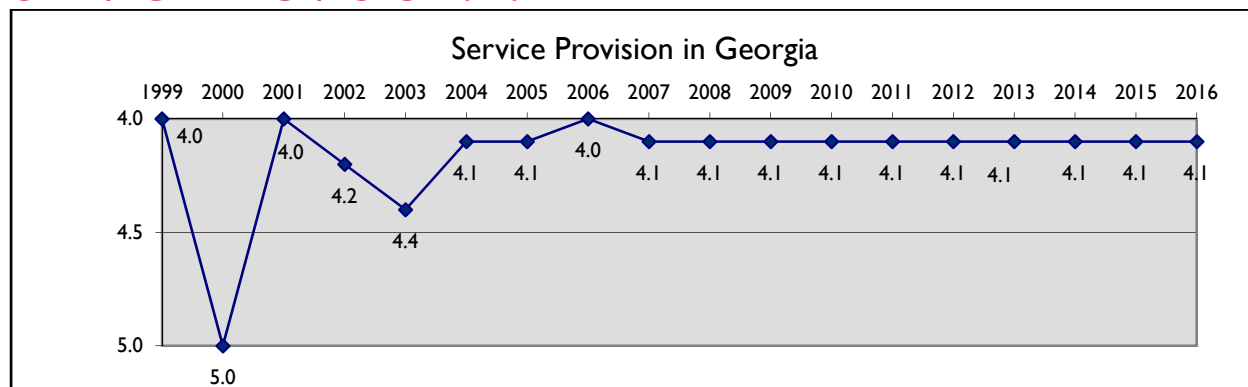
CSOs were actively involved in various aspects of the electoral process, including monitoring and assessing the pre-election environment, voter education, capacity building of political parties, and observation missions. A total of ninety-one local organizations were registered with the CEC for the elections. The International Society for Fair Elections and Democracy, Transparency International Georgia, and GYLA registered over 2,000 observers for election day. They also published a joint Assessment of the Pre-election Environment on October 7. In July, USAID's ACCESS launched Election Media Centers within the Centers for Civic Engagement (CCEs), where political parties and CSOs alike met with voters, women, youth, first-time voters, local CSOs, and other groups.

CSO coalitions and campaigns continued to influence public awareness of various issues in 2016, though their efforts did not result in policy changes. Local CSOs continued to rally against discrimination and hate speech during the year through the No-To-Phobia campaign, implemented by a USAID-supported coalition of leading watchdog and advocacy CSOs. Es Shen Gexeba (This Affects You Too), a CSO campaign funded by the Open Society Georgia Foundation (OSGF), resurfaced in 2016 with a new wave of protests against government surveillance after private videos of a top-ranking official were released on YouTube. CSOs also provided commentary on the ongoing ownership dispute over Rustavi 2 TV company, the most watched television company in Georgia.

CSOs continue to be actively involved in the OGP process, including in the development, monitoring, and implementation of the national action plans. CSO participation is organized through the national coordination mechanism – Open Government Georgia Forum, currently co-chaired by IDFI. Georgia has made important advances in its OGP commitments, as detailed in the 2016 report of IDFI. Accomplishments include the development of community centers, increased transparency and impartiality in public service recruitment, the introduction of political party financial declarations, growing public awareness of the electoral process, and increased efficiency and transparency of the public finance management system. In addition, surveillance data has been published on the website of the Supreme Court of Georgia, another OGP commitment. However, Georgia has made less progress on other commitments, including e-petitions, reform of freedom of information legislation, and access to government data.

Despite lobbying accomplishments in previous years, CSOs have had limited success in advocating for legal changes that would create a more enabling environment for CSOs. For example, the Law on Volunteerism was adopted without corresponding updates to the tax regulations, limiting CSOs' ability to fully take advantage of the new law. For example, while the Law on Volunteerism allows CSOs to provide volunteers with tax-free per diems, the Tax Law only allows tax-free per diems to be provided to employees.

SERVICE PROVISION: 4.1

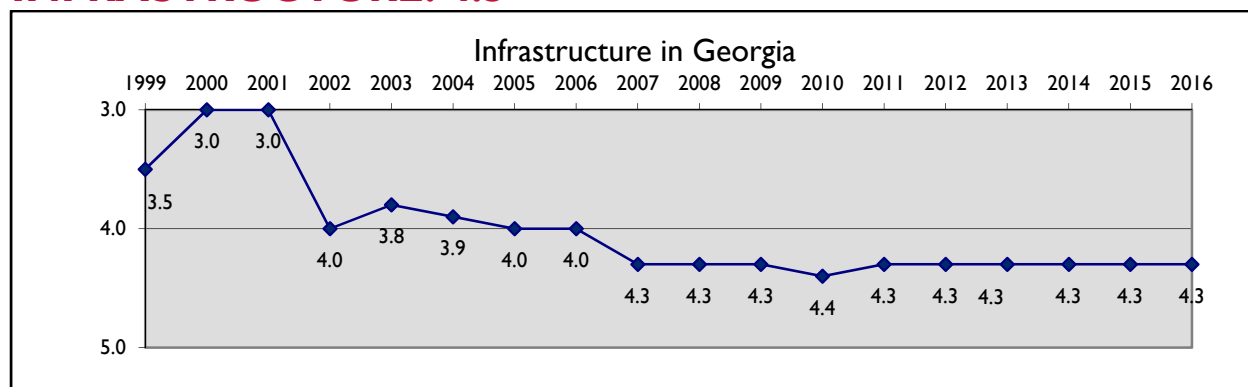


CSOs did not significantly expand or diversify their services in 2016. Most CSOs lack the resources to develop and deploy new products and services. However, a few service-providing CSOs continued to have success in marketing their services to businesses, governments, and other CSOs. A number of donor-funded and CSO-driven media projects, such as the United Nations Association of Georgia’s (UNAG) Civil Georgia (www.civil.ge), and the OSGF-funded Liberali Magazine (www.liberali.ge) and Netgazeti (www.netgazeti.ge), reach tens of thousands of readers every month. CSO projects and activities typically respond to constituents’ needs.

The government is the largest purchaser of health, welfare, and other social services, and more government offices are outsourcing education and other staff development services. According to the law, municipal governments are required to spend 1 percent of their payroll budgets on staff training and development, although it is unknown to what extent this requirement is observed. For large cities, this amounts to a large sum, for which both for-profit and not-for-profit organizations actively compete. The government occasionally outsources public awareness campaigns to CSOs. For example, in 2016, Tbilisi municipality awarded GEL 50,000 (approximately \$20,000) to five non-profit organizations (Partnership for Road Safety, Georgian Alliance for Safe Roads, Iare Pekhit, Transports and Roads Association, and Green Autoclub) to conduct a public awareness campaign about road safety in Tbilisi.

Donors or large umbrella projects typically fund CSO services for the benefit of a range of beneficiaries, either for free or for minimal co-pay. Only a handful of CSOs, including training organizations such as the Center for Training and Consultancy (CTC) or Partners Georgia, market their services to business, government, or CSO clients successfully. Donors also usually fund the capacity building, training, and consultancy services that CSOs provide to the government, municipal offices, media institutions, CSOs, or other beneficiaries.

INFRASTRUCTURE: 4.3



The infrastructure supporting the CSO sector is limited, both in Tbilisi and in the regions. USAID’s CCEs continue to be one of the most important components of the infrastructure available to regional CSOs. These centers offer local CSOs work space, equipment, and Internet access. In 2016, the CCEs registered as a network of independent local organizations. In addition, after several years of providing these services for free, they started to charge for services to diversify their income and ensure their sustainability. Other resources include the free legal consultations provided by GYLA and the Europe Foundation’s NGO clinic, which counsels CSOs on fundraising, management, and other CSO operations on the first Friday of every month.

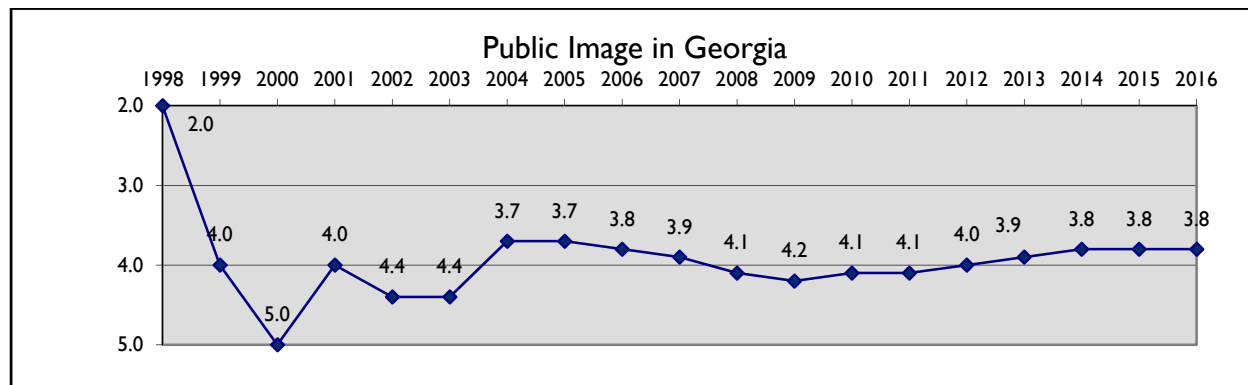
Only a handful of local institutions distribute limited amounts of donor funds to local CSOs through umbrella projects and calls for proposals. According to local experts, more grant-making organizations have started to implement projects themselves and therefore grant less funding to local CSOs.

There are a number of CSO networks, including the Regional Civil Society Network (R-CSN), which was created within the frameworks of USAID’s G-PAC program in 2013. In September 2016, twenty CSOs launched the Coalition for Euro-Atlantic Georgia. The coalition’s stated mission is to promote human and institutional development in Georgia and to expedite Georgia’s full integration into Euro-Atlantic institutions. Many CSOs are also members of international coalitions, such as the Eastern Partnership Civil Society Forum.

CSOs have access to a broad range of trainings and other development opportunities. Donors fund a variety of training opportunities, but these are generally limited in scope, size, and thematic focus. Many large projects provide capacity building opportunities for CSOs, but only a handful of them focus primarily on capacity building. USAID’s ACCESS is a rare example of a large-scale intervention focused on CSO capacity building, enabling organizations to improve their financial sustainability, organizational management, policy influence, and civic engagement. In 2016, ACCESS provided tailored capacity development assistance to eleven CSOs and organized a five-month nonprofit leadership program that benefited forty-one competitively-selected CSO staff. In addition, universities, for-profit companies, and others offer trainings and educational opportunities for CSOs that are usually more specialized, but CSOs can rarely afford them.

The business sector continues to show limited interest in partnering with local CSOs, potentially due to limited awareness or perceived “politicization” of CSOs. The CSR Club, led by Civil Development Agency (CiDA) and supported by USAID and other contributors, continues to promote CSR in Georgia. In one of the few examples of business-CSO partnerships in 2016, a group of CSOs (Center for Strategic Research and Development of Georgia, Kutaisi Education Development and Employment Center, and the Arbeiter-Samariter-Bund Georgia) partnered with the microfinance organization Crystal to support the development of social entrepreneurship in Georgia within the framework of an EU-funded project. Government-CSO partnerships largely occur under donor-funded programs, but some government agencies work with CSOs beyond these projects.

PUBLIC IMAGE: 3.8



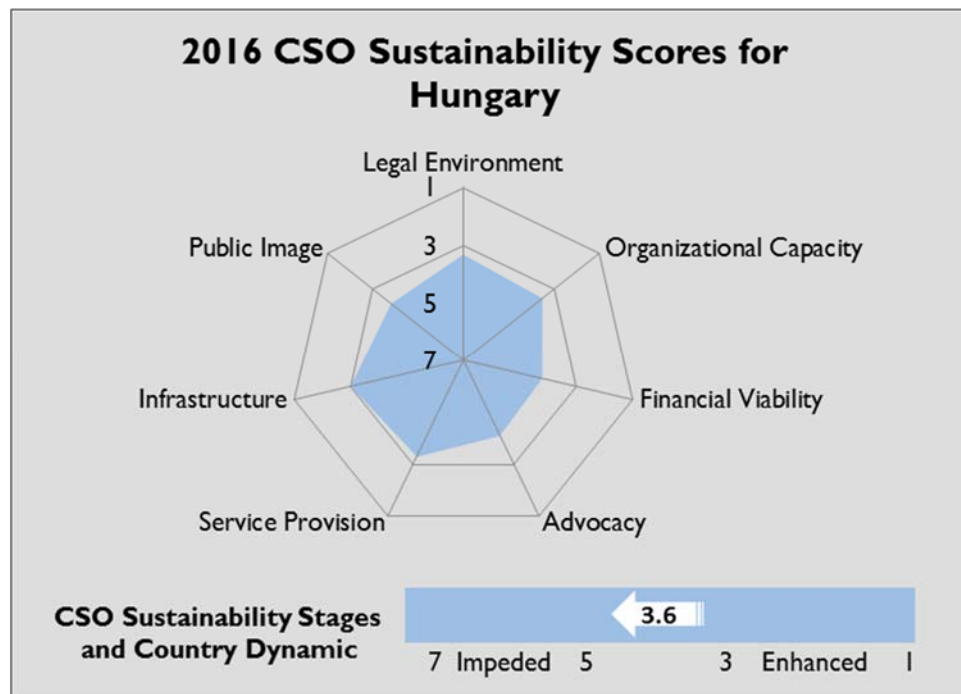
The public's understanding of the role CSOs play in society remains limited. In part, this is because there is a significant gap between what members of the public say "matters to them most," such as healthcare and unemployment, and the media coverage of CSOs' work, which usually focuses on elections, watchdog activities, and other critical commentary by CSOs. According to NDI's November 2016 survey, only 27 percent of respondents agreed that CSOs work on issues that matter to them. For example, few respondents list fair elections (3 percent), freedom of speech (4 percent), human rights (8 percent), media independence (1 percent), or the rights of minorities (1 percent) as one of the most important national issues to them, all areas of CSO work that the media covers extensively. Furthermore, the public affiliates different advocacy and watchdog organizations along political party lines, in part due to the frequent migration of professionals between the government and CSO sectors. According to CRRC's Caucasus Barometer, public trust in CSOs decreased from 35 percent in 2008 to 23 percent in 2015, the most recent year for which data is available. At the same time, according to NDI's opinion surveys (also conducted by CRRC), 27 percent of respondents agreed that NGOs worked on issues that matter to them in 2016, compared to 24 percent in 2015.

CSOs have the capacity to reach large audiences and influence public opinions, including through their increasing use of social media. Some media companies are open to collaboration with CSOs. Rustavi 2 TV, the most-watched TV channel in Georgia, often invites CSOs or incorporates CSO advocacy topics and campaigns in its top-ranking talk shows. Some online media entities are also open to such collaboration, although only a handful of online resources, such as the Civil Society Institute's www.csogeorgia.org, concentrate on CSO-related news.

Both the government and businesses view CSOs as a source of expertise. However, advocacy-oriented CSOs are often perceived as politicized both by the government and businesses.

CSOs agree that the sector needs new mechanisms for self-regulation. A formal code of ethics was drafted by a coalition of CSOs in 2005, but did not receive significant attention. Generally, only large CSOs can afford external audits, the results of which they usually publish online.

HUNGARY



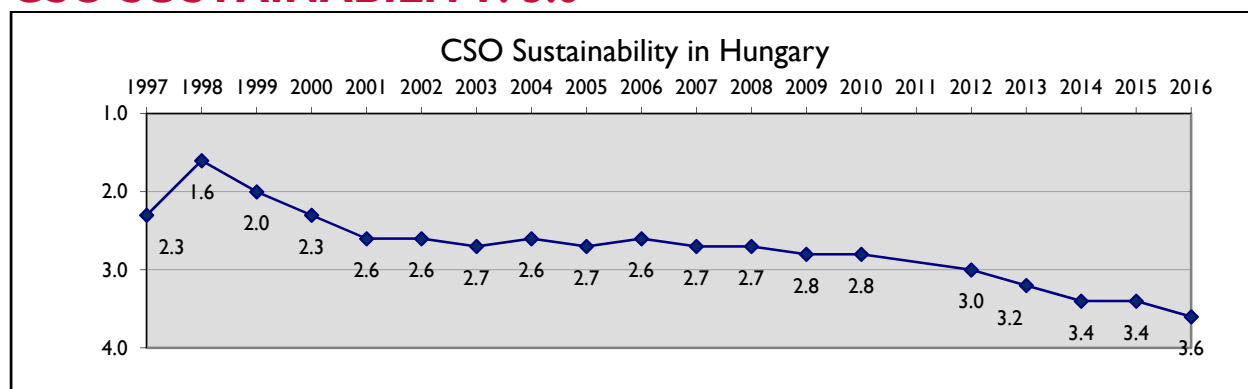
Capital: Budapest

Population: 9,874,784

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

Human Development Index: 44

CSO SUSTAINABILITY: 3.6



Corruption and the refugee crisis dominated public discourse in Hungary in 2016.

During the year, five foundations established by the National Bank in 2014, each with endowments of 50 billion HUF (about \$200 million), were subject to intense scrutiny. The foundations, which were created to support the teaching of economics and related objectives, ultimately created companies and bought real estate. Renewed media interest in the National Bank also exposed nepotism within the Bank itself and at the foundations, as well as dubious use of funding.

Investigative news outlets, such as Atlatzo.hu, and CSOs, such as K-Monitor, continued to monitor the use of EU Structural Funds, with experts finding systematic overpricing in infrastructure projects, sometimes running as high as 50 percent of the projects' total value. Also, major tenders are awarded almost exclusively to government-friendly executives through non-transparent bidding procedures. This hinders the access of CSOs to these funds, which in the past comprised an important source of income for the sector. Although

the European Commission and the European Anti-Fraud Office (OLAF) have sent several warnings, Hungarian authorities rarely investigate these cases.

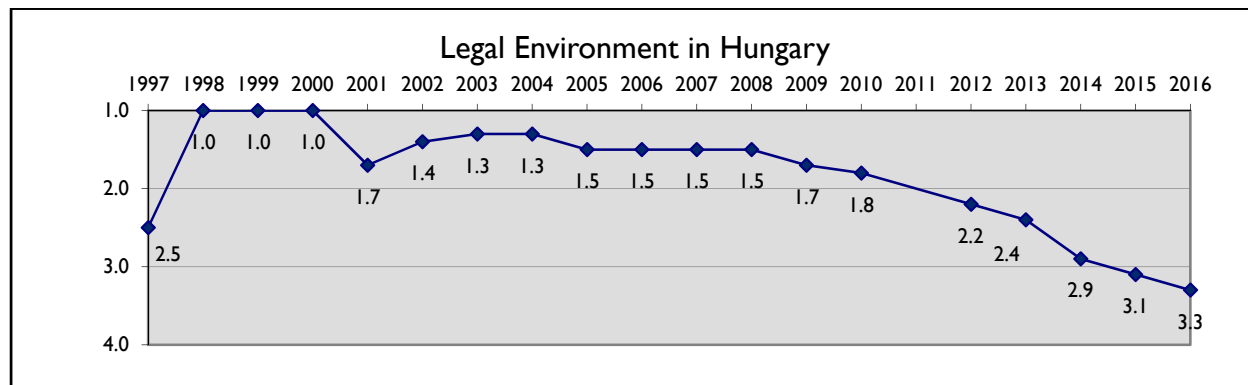
These corruption concerns were overshadowed by the ongoing public debate about the migration crisis. Very few immigrants entered Hungary after the country's borders were closed in September 2015, and many of those who had previously entered the country used it only as an access point to other points in the EU, leaving before their asylum applications were processed. Still, Hungary continued its "fight for sovereignty," calling for a referendum against the EU's proposed refugee quota system. A citizen campaign successfully encouraged some citizens to stay away from voting, and others to cast invalid votes (by crossing out both yes and no answers). The referendum results were ultimately invalid as less than half of the electorate voted. In addition, 6 percent of votes were invalid, an unusually high proportion.

Living conditions in the country are worsening. According to statistical surveys of the European Commission and the Hungarian Central Statistical Office, about 40 percent of the population lives in or is at risk of sliding into extreme poverty. This situation contributes to a general feeling of helplessness and apathy among the populace. According to a study published by the Pew Research Center in October 2016, 61 percent of Hungarians feel they cannot influence the government outside of elections, making it "the lone nation where pessimism clearly outweighs optimism on this front."

In this context, the negative trends affecting civil society over the past few years continued in 2016, with deterioration reported in all dimensions of sustainability. Options for funding have narrowed, reducing financial viability, while government rhetoric continues to vilify independent CSOs and further shrinks civic space. Major changes made in recent years in many sectors, especially the nationalization and centralization of education and the dismantling of the social welfare system, have virtually excluded CSOs from providing services. Meanwhile, advocacy remains futile. These factors have adversely influenced organizational capacity and infrastructure as well.

According to the most recent data from the Central Statistical Office, both the number of CSOs and the number of their employees decreased in 2015 for the third year in a row, while the sector's income grew slightly. However, the increased income was mainly generated by nonprofit companies, as opposed to traditional CSOs. In 2015, just over 62,000 registered CSOs operated. Among associations, leisure (23 percent), sports (19.5 percent), and culture (14 percent) are the most popular areas of activity. For foundations, education (33 percent), social care (16 percent), and culture (15 percent) are the leading areas.

LEGAL ENVIRONMENT: 3.3



The legal environment does not support the work and development of civil society. In 2016, adverse developments in legislation affecting the operation of CSOs, as well as in the implementation of existing legislation, led to a deterioration of the overall legal environment affecting the sector.

While the basic regulations remained the same, the new Civil Code, which entered into force in 2014, introduced several technical changes. These include new procedures for conducting general assemblies and the extension of a board's liability after an organization's dissolution, which have generated concern among CSOs. CSOs originally had until March 15, 2016 to adapt their statutes to the provisions of the new Civil Code, but the deadline was extended by a year to March 15, 2017. In addition, the nonprofit law that came into effect in 2012 introduced new conditions to receive public benefit status. The effects of this became visible only in recent years. According to the most recent data, by the end of 2015, the share of CSOs with such status fell dramatically, from 55 percent of the total number of registered organizations to just 20 percent.

The process for registering an organization or amending organizational statutes is still very burdensome. A new online registration system became operational in 2015. However, the 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 country, as judges interpret the legal requirements differently in the absence of any central guidance or position.

Although the laws technically allow CSOs to operate freely, there has been an atmosphere of intimidation and fear since 2014, with leading political figures referring to independent CSOs as possible "security threats" that "engage in illegal political activities." Although the authorities did not take any dramatic actions against CSOs in 2016 (in contrast to the previous two years), the government's rhetoric perpetuated the feeling of insecurity within the sector. In one case, in October, tax investigators, without warning, visited the premises of EnergyClub, a major nonprofit think tank, with a search warrant and seized financial documents related to one of its projects supported by the EEA/Norway Grants' climate change program. No further actions were taken against EnergyClub by the end of the year.

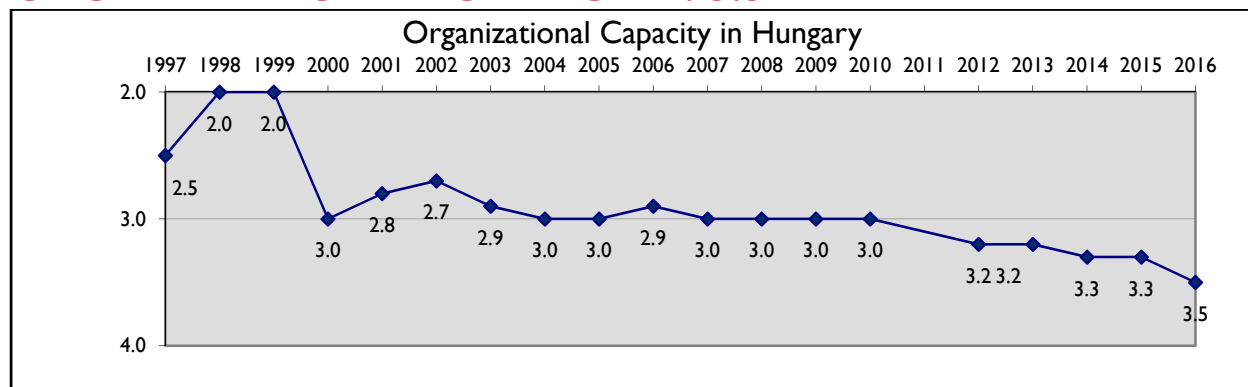
While the main laws regulating CSOs in Hungary did not change in 2016, some new legislation and amendments adversely affected the sector's work. Changes to the freedom of information (FOI) legal framework during the year further limited the scope of public information by introducing additional exemptions. The use of corporate tax donations assigned to professional sports organizations, for instance, is not considered public access data any more. Local governments can make similar exemptions regarding the use of local industry taxes. This limits the rights of CSOs engaged in FOI, as well as access to data on the use of public funds that could benefit CSOs.

In 2016, the government re-introduced public foundations as a legal form, which had previously been abolished in 2007, through an amendment of the Public Finance Act. Many see this development as a way to make the use of public funds less transparent, as these foundations would be established and operate using public funds, but with laxer reporting and disclosure obligations than those that normally apply to state financing. Private schools operated by foundations to serve children with special needs are also under threat due to planned legislation, which would require them to fully apply the National Basic Education Plan and offer special services only as extras. According to information currently available on the matter, if they do not conform to these obligations, their assets may be nationalized.

The taxation of CSOs did not change in 2016. While CSOs themselves are exempt from corporate income tax, there are no tax deductions for individual donors, and the system for corporate donations strongly encourages giving to professional sports organizations rather than CSOs. While in principle CSOs can earn income through the provision of services and compete for contracts, in practice this is becoming rarer and rarer as there are hardly any tenders or procurements for which CSOs are eligible.

There is still insufficient pro bono legal support for CSOs, especially in the countryside.

ORGANIZATIONAL CAPACITY: 3.5



Organizational capacity declined in 2016, as adverse funding conditions continued to deter CSOs’ efforts to build capacities and human resources in a systematic manner. According to the latest statistics from the Central Statistical Office, during 2015 the number of CSOs decreased by approximately 1,700 (or 2.7 percent), while the number of people they employ fell by 2.5 percent. These trends likely continued in 2016.

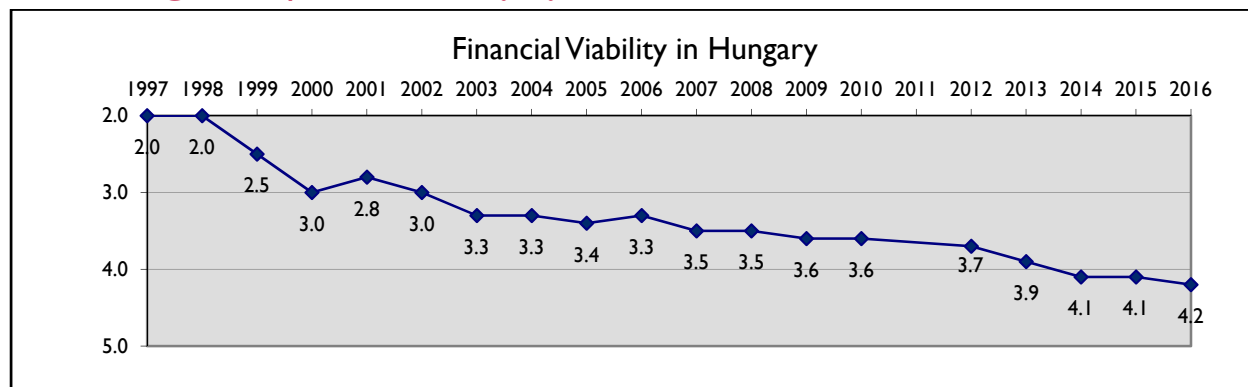
While many organizations strive to build constituencies, they typically achieve only limited success, partly stemming from their lack of expertise in recruiting and motivating volunteers or donors, as well as general apathy within the population. On a positive note, more people seem to be engaging in informal movements or clubs, which sometimes—though rarely—develop into formal organizations.

Amid worsening political and financial conditions, only the largest, most experienced CSOs work along clearly defined missions and strategies; most other CSOs work in an ad hoc manner. Many smaller CSOs are “one-man shows,” run by a few people without professional credentials. As a result, management functions are not separated. Larger CSOs, in contrast, have greater human resources and can therefore separate governance and management functions to some extent. CSOs struggle with administrative tasks that increasingly require professionals experienced in areas such as management, accounting, and law. While there is a small, but growing pro bono community, most CSOs do not have the means to obtain the necessary expertise.

Turnover of professional staff continues to be a problem in the sector. The overall number of employees in the sector has been on the decline since 2012. Employees are typically hired on a project basis and no longer have positions when funding ends. Furthermore, CSO representatives report that the government’s attitude towards CSOs, including personal attacks on CSO leaders in the media) has stigmatized employment in the sector. According to the World Giving Index, only 9 percent of Hungarians reported that they volunteered in 2016 (compared to 11 percent in 2015), rendering Hungary 127th in volunteering out of 140 countries.

Due to a lack of funding, technical equipment—especially that of smaller or newer CSOs—is deteriorating and becoming obsolete. There are still huge gaps in the use of modern technologies and social media within the sector. Smaller CSOs rarely have their own webpages, and even if they do, they often lack important information, such as the names and contact information of key people. While most CSOs do maintain Facebook profiles, these are rarely updated and unattractive for potential followers.

FINANCIAL VIABILITY: 4.2



The financial viability of civil society continued to deteriorate in 2016, with most CSOs lacking both short- and long-term funding. In September 2016, four major Roma rights and integration organizations—Chance for Children Foundation, Roma Press Center, Legal Defense Bureau for National and Ethnic Minorities, and Romaversitas Foundation—made a joint announcement that they were closing or scaling down their activities due to a lack of funding.

The projects supported by the EEA/Norway NGO Program, valued at approximately €11.5 million (\$12.3 million), all ended by the spring of 2016. No new funding sources have emerged to take its place. The Swiss-Hungarian NGO Block Grant, which was expected to resume funding in 2016, is also still on hold.

Although EU Structural Funds started to be distributed during 2016, few calls were open to CSOs, and these grant mechanisms, which are operated by the government, seem increasingly non-transparent and biased against independent CSOs. For example, in September, after a ten-month delay, the Ministry of Human Resources announced funding decisions on its latest call for funding for *tanodas*, local institutions providing after-school education and community programs to marginalized children, primarily Roma. *Tanodas* are typically run by CSOs or church-based organizations. The ministry rejected the applications of most of the long-standing institutions operating *tanodas* in disadvantaged regions, forcing them to close or significantly downscale their services. Most of these institutions were members of the Tanoda Platform, a standard-setting and advocacy umbrella organization.

Independent organizations, especially those with advocacy and watchdog functions, are practically unable to receive public funding. Though they are eligible to apply, funding decisions are almost always negative, so many such organizations have given up trying.

CSOs are also increasingly excluded from entering into contracts with the state. When municipalities do out-source services, local powers often demand a position in, or at least influence over, the decision-making body of the CSO service provider.

The National Cooperation Fund (NCF)—the key state financing mechanism that supports CSOs' institutional costs—distributed 3.5 billion HUF (about \$14 million) in 2016 (down from more than 5 billion HUF (about \$17.5 million) in 2015) to about 4,000 CSOs. However, it is difficult to obtain an official list of grantees. In early 2016, the mandate of the CSO-elected members in the NCF decision-making bodies (comprising one-third of the membership) expired, and the Ministry of Human Resources organized new elections. Fewer than 1,500 organizations registered and took advantage of the opportunity to vote. The reason for this lack of interest is not known, but is likely related to the fact that elected representatives are a minority in the committees, and therefore have limited influence.

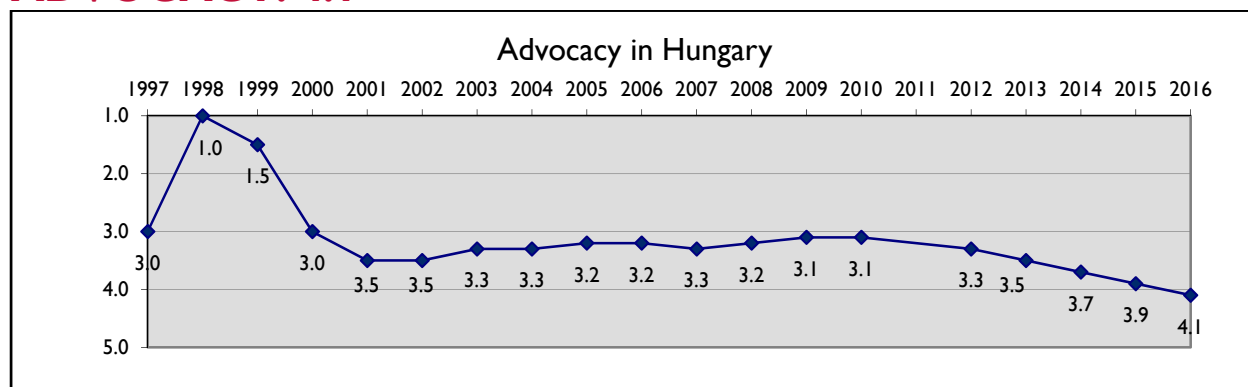
Both the number of CSOs benefitting from 1 percent income tax allocations and the amounts donated increased—from 13.5 billion HUF (\$45.7 million) and 25,120 recipients in 2015 to 14.5 billion HUF (\$49 million) and 25,800 recipients in 2016. However, the distribution among organizations continues to be very uneven. The top twenty beneficiaries are almost exclusively foundations dedicated to treating sick children or saving stray dogs.

Although more CSOs are aware of the need to pursue alternative funding mechanisms, such as crowdsourcing and generating their own income, mainly through the launch of social enterprises, these cannot make up for the absence of public and international funding. Crowdsourcing, mainly through the use of Adhat.hu, is becoming more popular, but it can only raise enough funds for small-scale action. While some larger CSOs occasionally hold fundraising events, they often just bring in enough income to cover the costs of organizing the events. CSOs rarely use other fundraising techniques, such as peer-to-peer giving and giving circles. It is also difficult for most CSOs to sustain a loyal circle of supporters. According to the 2016 World Giving Index, 16 percent of respondents in Hungary reported donating to charities in 2015, a decrease of 4 percent from the previous year.

While specific data is not available, corporate support to the sector appeared to be at roughly the same level in 2016 as in previous years. Most corporate donors are major multinational companies, rather than Hungarian-owned businesses. Therefore, corporate donations are still driven by central or regional strategies or priorities, rather than local ones. Still, several such companies, such as Tesco and Auchan, implemented competitive small grant schemes for the first time in 2016. In general, local business support depends primarily on personal contacts and networking.

CSOs are required by law to maintain stringent accounting systems. CSOs generally adhere to these systems and work in a transparent manner in order to avoid visits by tax inspectors.

ADVOCACY: 4.1



CSO advocacy is practically non-existent, and one of the weakest indicators of CSO sustainability. Traditional channels of advocacy (e.g., formal consultations, petitions, and signature collections) continue to be ineffective at the national level. The government is only willing to consult with very loyal organizations. In addition, government-organized NGOs are emerging. For example, the Center for Fundamental Rights, created in 2013, refutes criticism of the government by long-established human rights and watchdog groups. The government labels critical organizations as “political” organizations acting outside of their role in civil society, which they define as traditional charity. In early December, the government decided to leave the Open Government Partnership (OGP) initiative (which it joined in 2012), after it was criticized in part for the lack of meaningful collaboration with civil society on matters related to open governance.

Advocacy at the local level is also weakening. Municipalities, especially in larger towns, are increasingly pushing through decisions without consultation or even in spite of citizen protest.

The government seems to respond only to mass protests. In 2016, the extreme centralization of the education system prompted mass protests during the first half of the year, with about 50,000 people taking to the streets. In addition, in response to a statement by the State Secretary for Higher Education alluding to “checkered shirts” (used as a pejorative label for intellectuals), hundreds of classes and teacher teams spontaneously posted group photos outfitted with checkered shirts. In response to these public displays, the government set up a so-called Public Education Roundtable and promised to reform the system, including through the creation of several regional education governance bodies in order to decentralize decision making. Protesters claim that the announced reform plans failed to address their key demands of autonomy for teachers and schools, in particular in terms of flexibility in the curriculum and textbooks used. The movement became less visible by the end of the school year, and its future remains unclear.

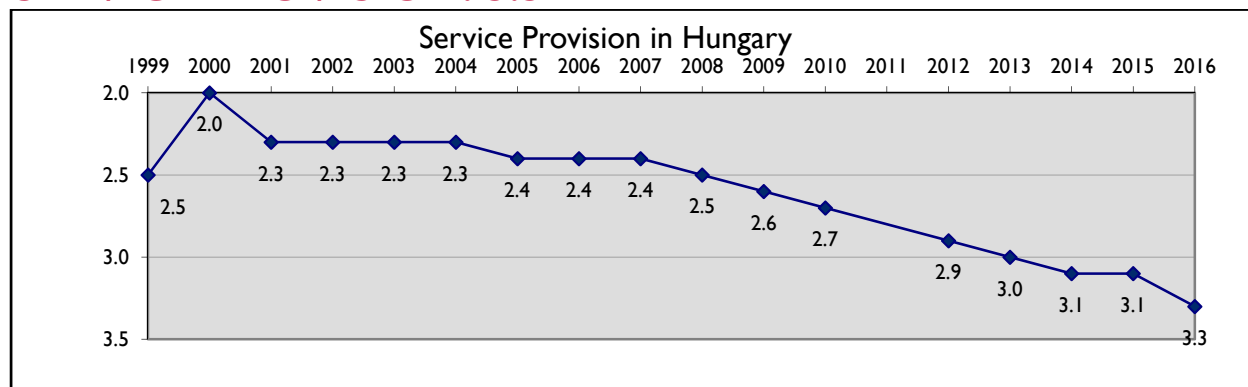
Another movement emerged in 2016 to protect Budapest City Park from becoming a new museum quarter, and to stop the widespread removal of trees in the capital's public areas. When the first workers arrived in City Park in March, a group of citizens established a permanent camp in the area. With the support of major environmental CSOs, such as Greenpeace and the Clean Air Action Group, the group organized several demonstrations during the summer and fall. However, the government seems adamant about constructing new buildings in the green areas; the removal of trees continues; and concessions made to the movement (such as promises to plant more trees than are cut down) appear nominal.

Despite the difficult environment, major human rights organizations, such as the Helsinki Committee, Hungarian Civil Liberties Union, and Transparency International–Hungary, continued to engage in advocacy in 2016, including on behalf of refugees. In 2016, the government called a referendum against a proposed quota system to distribute refugees among EU member states. The government conducted a 15 billion HUF (approximately \$50 million) campaign depicting migrants as potential terrorists endangering Hungary's “homogenous, Christian national identity and heritage.” Voices that were critical of this campaign had few channels to convey their messages. One of the most successful counter-campaigns was the Two-Tailed Dog parody party, which crowdsourced more than 30 million HUF (about \$100,000), for a campaign that sarcastically distorted the government's messages and encouraged citizens to cast an invalid vote. Twenty-two major human rights and advocacy CSOs joined together to deliver a statement condemning the government's stigmatizing approach towards migrants and calling for their humane treatment. They also argued that the question on the referendum as formulated was legally ineffectual, and as such no valid answer was possible. On the day of the referendum, 98 percent of voters voted with the government; however, more than 6 percent of the votes were invalid—a very high proportion—and voter turnout was only 43 percent, rendering the results invalid.

Advocacy for Roma rights severely deteriorated during the year due to the closing of four major Roma rights and integration organizations because of a lack of funding.

As in 2015, there were no consistent advocacy efforts to improve the legal environment governing the sector. Organizations that previously engaged in this area have given up on trying.

SERVICE PROVISION: 3.3



Although CSOs continue to provide a range of services, especially supporting marginalized and vulnerable groups in fields such as education, social welfare, and health, the overall quality and quantity of services provided by CSOs continues to decline.

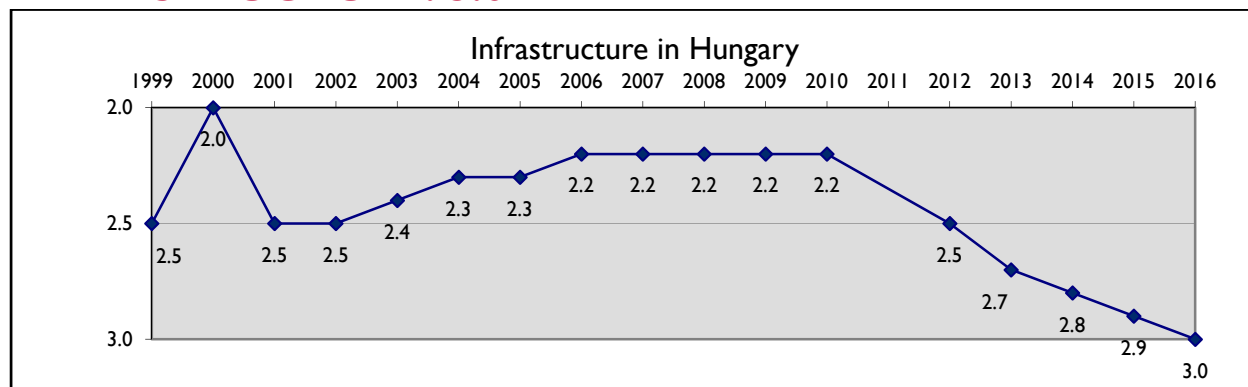
As a result of reforms and budget cuts over the past few years, CSOs are now virtually excluded from providing education and social welfare services. As a result, vulnerable groups now receive hardly any services. In addition, the quality and efficiency of social services has suffered, as such services receive less attention and much less funding. For example, the centralized education system gives CSOs fewer opportunities to provide needed services in cooperation with schools, such as informal and after-school education. In addition, everything must be approved by the central governing body, which can take months, if it happens at all.

Despite these obstacles, CSOs continue to try to provide much-needed services that respond to the needs of vulnerable target groups, which extend far beyond their membership. CSOs identify needs through various academic research and surveys. In addition, some CSOs—particularly the biggest relief organizations—conduct their own assessments.

Under the circumstances, CSOs increasingly focus on providing low-cost services on a voluntary basis, such as awareness-raising activities for vulnerable groups. In general, CSOs cannot recover the costs for their services, as their funding levels are inadequate and clientele is unable to pay. CSOs regularly offer their products to other CSOs, and occasionally to academia, for free, but there is no interest in their products from the government or official institutions.

The government generally excludes CSOs from contracts for the provision of services. Generally, only major churches, state-owned companies, and foundations have the possibility of entering into contracts with the government.

INFRASTRUCTURE: 3.0



Civil society infrastructure is weak, especially in terms of the availability of local resource centers, local grant-making, and intersectoral partnerships.

The government-supported network of Civil Information Centers (CICs) continues to operate. CICs help CSOs write grant applications, provide legal advice, and support networking among CSOs, but they are underfinanced and provide uneven services. Also, the number of centers (one per county) is unable to meet the demands of the CSO sector: their work is mostly limited to the county seat, and they can barely reach out to smaller settlements.

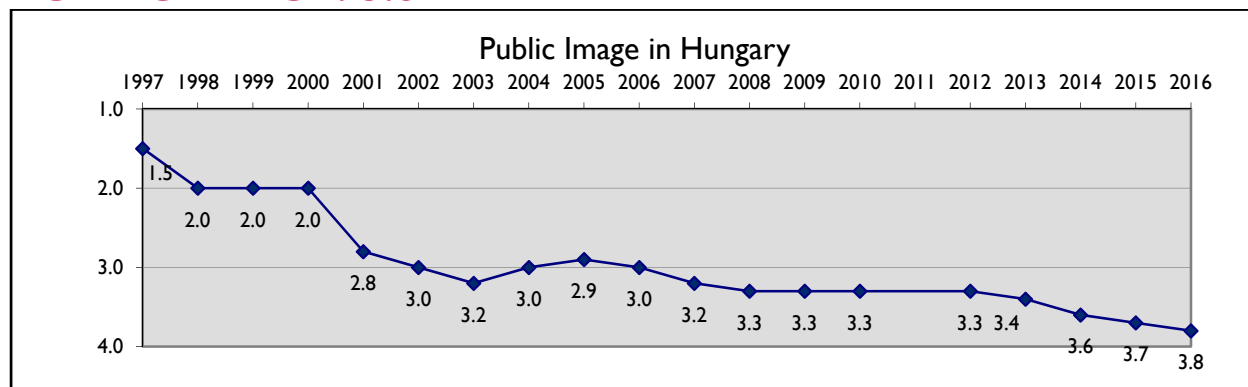
Local grantmaking organizations are gradually developing, but still need further development in order to be significant local actors. In 2016, the Ferencvaros Community Foundation, the oldest community foundation in the country, increased its grantmaking budget by 50 percent, although this is a unique exception. In the past two years, community foundations were launched in a few countryside towns, such as Pécs, Miskolc, and Nyíregyháza.

Coalition building is weak and ad hoc, typically occurring only around concrete issues or cases. It works better in some segments of civil society, such as among human rights or environmental organizations, but in other areas, such as CSOs working on employment issues, existing coalitions are falling apart, as they have become frustrated with the lack of advocacy results and the overall negative trends in policymaking. At the same time, self-financed informal networks, such as the teachers' movement, are emerging and could form the basis of future coalitions or broader movements.

Some specialized organizations, such as Civil Support, the Nonprofit Information Training Center Foundation, and the Cromo Foundation, offer training to CSOs on topics such as strategic planning, fundraising, and using social media. There are also training companies that offer management training to CSOs on a pro bono basis. However, most CSOs do not seek out these trainings due to insufficient funding, indifference, and a lack of understanding of how these skills would contribute to their efficiency and results.

Intersectoral networking is rare. When it happens, it is usually bilateral and ad hoc. More strategic partnerships to achieve common objectives are occasionally formed, for example, between anti-corruption CSOs and independent media outlets or between nature conservation CSOs and National Park Directorates.

PUBLIC IMAGE: 3.8



As in past years, the government’s policies and continued vilification campaign had a strong, negative affect on civil society’s public image in 2016. While independent media and CSOs’ own communication efforts aim to counter this trend, they have much less visibility and reach.

The Hungarian media landscape is increasingly dominated by public and government-friendly private media as newspapers, radio, and TV stations are being bought up by government-friendly tycoons. A typical example is the takeover of the Mediaworks company by a Hungarian owner in October 2016. While most of the company’s holdings, which is composed of county newspapers, has been re-shaped in a pro-governmental direction, one of the company’s flagships, *Népszabadság*, a popular leftist daily, was suddenly closed (even its online archive was made unavailable overnight).

Public and government-friendly media generally only cover the activities of pro-government organizations or non-controversial issues, such as traditional charitable actions. In addition, they frequently echo the government’s vilification of independent CSOs, labeling them as being “Soros-dependent.” In 2016, the media directed such accusations at the twenty-two pro-refugee organizations that campaigned against the quota referendum. In September, a vice president of the governing party publicly threatened to initiate an investigation into the operations and financing of these “Soros-supported” CSOs.

At the same time, CSOs’ ties with the remaining independent media, especially investigative journals such as *Átlászo* and *Direkt36*, continued to strengthen in 2016. For example, major anti-corruption organizations work closely with them to highlight the shortcomings of politicians’ asset declarations.

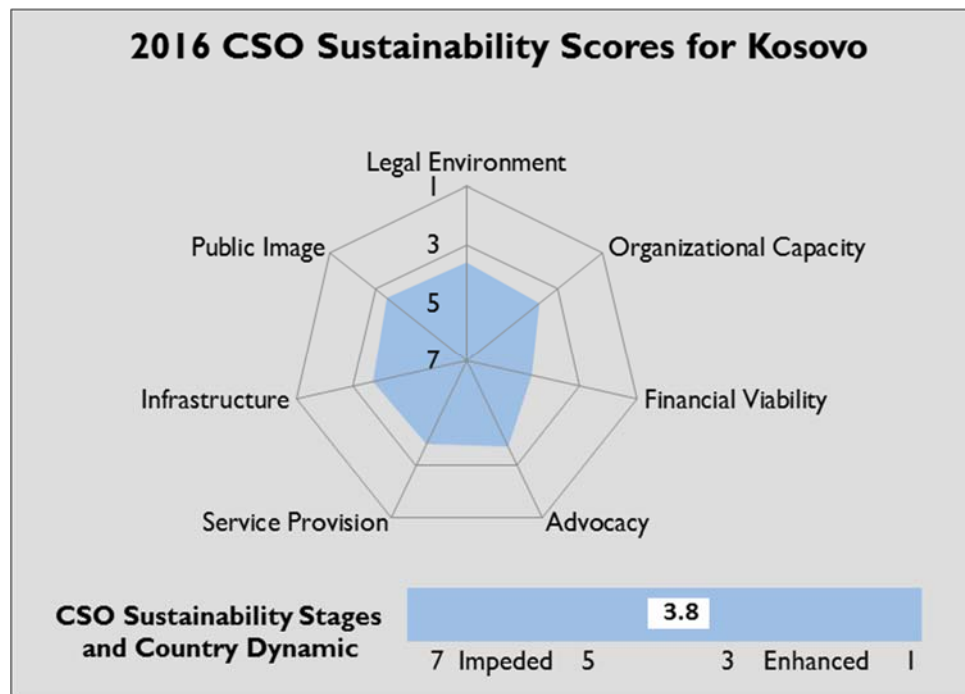
According to a regular survey carried out by the Association of Community Developers, the public views CSOs increasingly favorably (an increase of 0.2 points in the past year on a scale of one to four), but most people still do not have a clear understanding of the role of CSOs in society. Recent research conducted by the Publicus Institute in relation to the teacher protests in spring 2016 found that respondents agree that civil society groups need to voice problems and concerns; however, as soon as they enter the (perceived) political arena, they lose their credibility, mostly due to the general disillusionment in politics. The findings also indicate that CSOs must scale up their public relations efforts, including by using social media more professionally. Campaigns such as *Magyar Civilszervezetek (MACI)*, a loose CSO coalition seeking to promote the visibility of the sector, need to continue for the long term to counter these trends.

The government continues to divide civil society into “good” and “bad” organizations based on whether they are government-friendly or independent. This division is made clear by the government’s decisions on which organizations to fund or consult with. In addition, high-ranking officials of the governing party continue to make vilifying public statements about independent CSOs on a regular basis. At the end of the year, the prime minister declared 2017 “the year of revolt” when “George Soros and the powers symbolized by him will be

supplanted from Europe”. According to experts, such as the Hungarian Donors Forum, business perception of CSOs is more positive though not completely independent of the political atmosphere.

Most CSOs work in a transparent manner, as they are legally required to do so, but they have not developed codes of conduct. Membership in the Self-Governing Body of Fundraising Organizations is growing slowly and currently includes twenty-three major CSOs.

KOSOVO



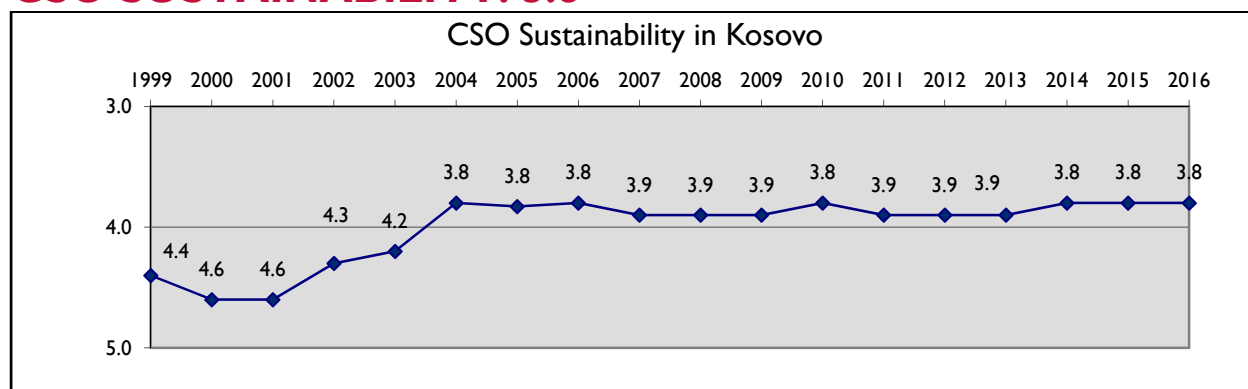
Capital: Pristina

Population: 1,883,018

GDP per capita (PPP): \$10,000

Human Development Index: n/a

CSO SUSTAINABILITY: 3.8



The sustainability of CSOs in Kosovo did not change significantly in 2016. The operating environment for CSOs continues to be challenging. Weak financial viability in particular undermines CSO sustainability.

Political tensions between the government and opposition continued in 2016, impeding progress on major reform processes. Major topics of debate during the year continued to include the demarcation of the border with Montenegro (an EU requirement before Kosovo can be granted visa liberalization) and the EU-facilitated dialogue with Belgrade, which is focused on the normalization of relations between Serbia and Kosovo. The Stabilization Association Agreement between Kosovo and the EU, signed in October 2015, is expected to dramatically improve the country's economy, but efforts to implement the agreement remain marginal, as state institutions lack capacity.

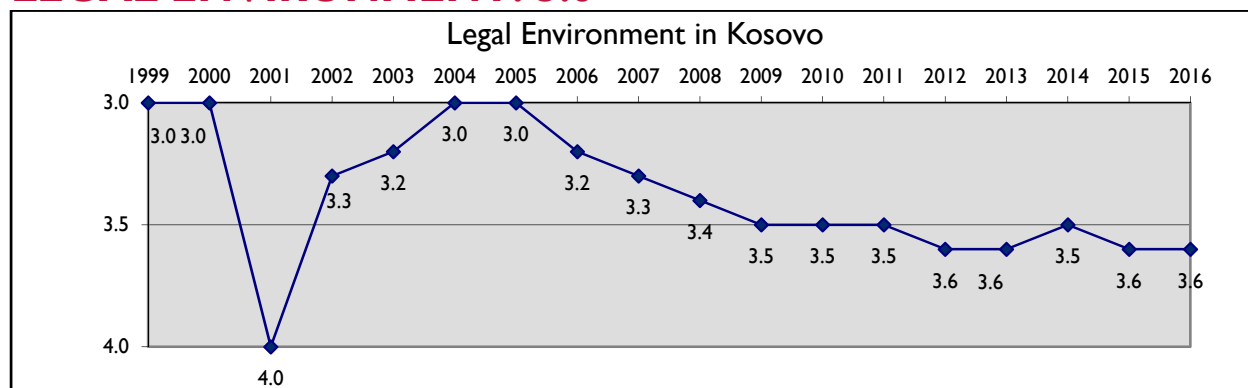
Corruption and organized crime also continue to be major issues in Kosovo. In November 2016, a prominent website, Insajderi.com, published wiretapped conversations of high-level officials trying to influence ap-

pointments to independent boards and agencies, revealing corruption and abuse of power within political parties and public institutions. In late April, former officials of the Democratic Party of Kosovo (PDK) were arrested and charged with embezzlement of public property, fraud, abuse of power, intimidation, and several other crimes carried out by a criminal organization allegedly under the orders of the accused. A third high-profile scandal broke out in December. Called the Grande Dossier, media reports revealed that high-level political figures of the Democratic League of Kosovo (LDK) and the Italian Embassy are under investigation by Italian authorities for abuse of position and corrupt practices in issuing Italian visas. These scandals provoked public resentment and further alienated citizens from politics and state institutions. As a result, public trust in state institutions is at an all-time low, with the Kosovo Police and the Kosovo Security Force being the most trusted public institutions in the country, according to public opinion polls carried out by UNDP and others.

The heightened political tensions have hindered CSOs' ability to effectively advocate for their causes. The few instances of civic action during the year generally revolved around tragic events. For example, after the death of Vetevendosje activist Astrit Dehari in prison under suspicious circumstances, protests were organized demanding justice for his death, including the resignations of relevant line ministers and other high-level officials. However, none of these initiatives achieved their objectives.

In 2016, there were around 9,100 local non-governmental organizations (NGOs)—a term used in Kosovo to describe both associations and foundations—and around 450 branches of international organizations formally registered with the Department for Registration and Liaison with Non-Governmental Organizations (DNGO) within the Ministry for Public Administration. This number, however, may be artificially high as few NGOs deregister when they cease operating, due to the lengthy procedures involved.

LEGAL ENVIRONMENT: 3.6



The legal environment for CSOs did not change significantly in 2016. Major legal initiatives that would affect CSO operations, such as the Law on Social Enterprises, the Law on Volunteerism, amendments to the 2011 Law on Freedom of Association of NGOs, and provisions addressing sponsorships and donations, did not progress in 2016. Similarly, little progress was made in implementing the Government Strategy for Cooperation with Civil Society, 2013-2017.

CSOs can register as foundations or associations. Although all CSOs must travel to Pristina to register, the registration process is relatively easy and is usually completed within the thirty-day period foreseen by the Law on Freedom of Association of NGOs. There were no reports of registration being denied in 2016. While the law calls for an online registration system, none has been established to date.

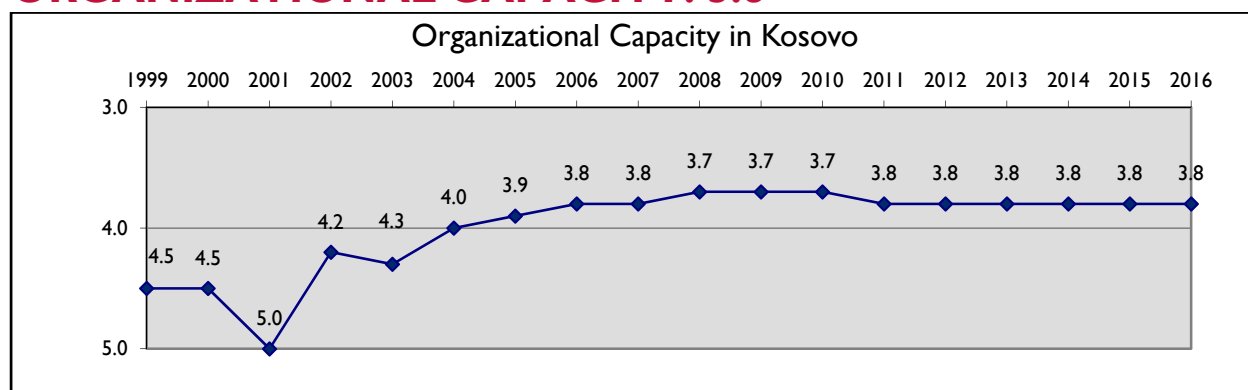
The law defines the governing structures, types of activities, and reporting obligations of CSOs. It also protects CSOs from undue state interference, clearly defining the conditions for suspending the activity of registered CSOs. In general, the law is reliably implemented.

CSOs are exempt from VAT and income tax on grants received from international, bilateral, and multilateral organizations. In August 2016, the Kosovo Tax Administration issued Public Explanatory Decision No. 04/2016 – Treatment of Donations for Tax Purposes, which clarified and simplified the procedures for CSOs to access VAT exemptions. However, this decision only covers primary recipients, while taxation of re-granted funds continues to be more complicated. While some sub-grantees pay VAT and seek reimbursement themselves, in other cases the grant-making CSOs carry out most procurements on behalf of their sub-grantees to ensure VAT exemption. Donations from both corporate and individual donors for humanitarian, health, educational, religious, scientific, cultural, environmental protection, or sports purposes are eligible for tax deductions up to 10 percent of taxable income, though these deductions are rarely claimed.

CSOs are allowed to earn income from the provision of goods and services, but there is a lack of clear guidance on whether they must pay taxes on such income. Some CSOs argue that they do not have to pay taxes on earned income if it is used towards their organizational missions; however, there have been cases of CSOs being penalized for not paying taxes on such income. CSOs are also permitted to compete for government grants and contracts, but CSOs view the public procurement system as corrupt and therefore rarely participate in it.

CSOs can access legal advice in the capital and other major cities. While there are no CSO law specialists, there are some lawyers who are knowledgeable about the CSO legal framework. At the same time, demand in the CSO sector for legal services is low.

ORGANIZATIONAL CAPACITY: 3.8



Organizational capacity did not change significantly in 2016.

Most CSOs fail to build constituencies or mobilize the public. The handful of CSOs with clear constituencies is primarily focused on issues facing discrete groups, such as persons with disabilities, the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community, and religious groups.

More CSOs are acknowledging the importance of strategic planning, and CSOs increasingly engage in mid-term planning for periods of three to five years. This is gradually becoming standard practice in the sector as larger international donors, the biggest source of CSO funding, increasingly require formal strategic plans.

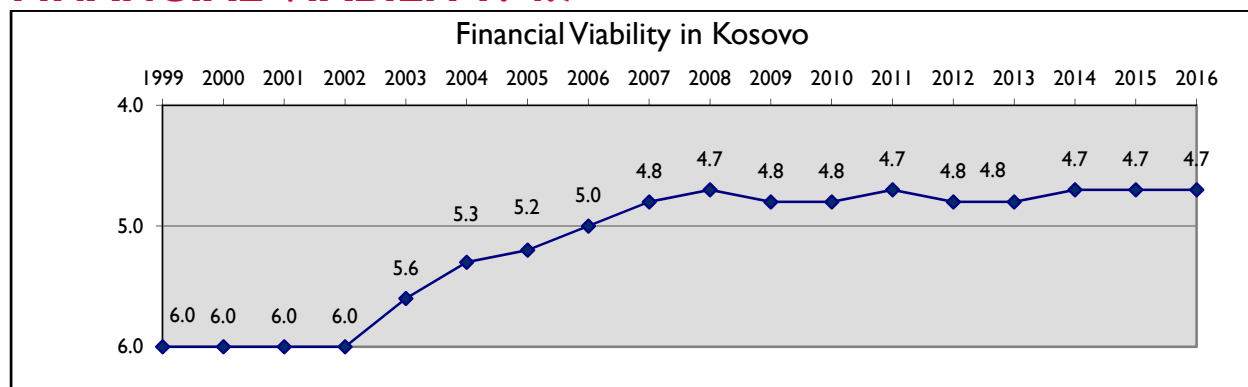
While it is a legal requirement for all CSOs to have formal boards of directors, only a fraction of registered CSOs have active boards that genuinely engage in governance. In most cases, board members perceive their positions as more of a privilege than a responsibility to engage actively.

While more active CSOs are able to retain permanent staff, the vast majority of CSOs are only able to employ staff on a project basis. Very few CSOs can afford consulting, legal, or other specialized services, unless they specifically include such services in the budget of their donor-funded projects.

Volunteerism is still underdeveloped in Kosovo, but there was a lot of discussion about volunteerism during 2016, partly due to the fact that the Law on Volunteerism was being drafted. Many volunteers are ambitious youth building their resumes. The Law on Volunteerism, which has been sponsored by the Ministry of Youth, Culture and Sports, focuses on this demographic in its scope and competencies, leaving out potential volunteers of other age groups. In 2016, some CSOs began building local or national volunteer platforms, but the impact of these efforts remains to be seen. According to the 2016 World Giving Index, 12 percent of respondents in Kosovo reported that they participated in voluntary action in 2015, the same level as in 2014.

The high cost of office space is a significant obstacle to organizational sustainability. CSOs generally cover the costs of rent through grant funding, but most donors have low ceilings for administrative costs. Both small and large CSOs find it very difficult to rent office space when they are between projects. Most CSOs have sufficient information and communications technologies (ICTs) and other equipment, which they update through their project grants. However, smaller CSOs and those outside the capital do not invest in updating their ICTs, and therefore rely on outdated equipment.

FINANCIAL VIABILITY: 4.7



The availability of financial resources for CSOs, both from local and international sources, did not change significantly in 2016.

CSOs have access to funding from several international donors, including the European Commission, USAID, and other bilateral donors. Funding from private foundations and other regional initiatives, including the Charles Stewart Mott Foundation, Rockefeller Foundation, Open Society Institute, Kosovo Foundation for Open Society (KFOS), and the Balkan Trust for Democracy, was also available during 2016. No major changes were noted in donor funding levels compared to 2015. A new potential source of international funding for local CSOs emerged in 2016. The regional EU-funded Investing in People program included Kosovo as a participant in 2016 and may provide funding for CSOs in subsequent years. While only a few CSOs can effectively compete as lead organizations for funding from this program, CSOs are likely to partner with larger European networks.

According to a 2015-2016 government report, state funding—from both the central and local budgets—is one of the largest funding sources for CSOs in Kosovo. These funds are generally distributed through informal and non-transparent processes, despite the stated objective of the Government Strategy for Cooperation with Civil Society, 2013-2017 to establish an open and transparent system for calls for proposals. In 2016, an EU-funded mapping study for CSOs found that public institutions in Kosovo awarded a total of €13,975,988.32 in 2015 and €13,883,316.78 in 2016 to CSOs. Much of this funding comes from Kosovo's thirty-eight municipalities, which all have budget lines to co-finance CSO activities.

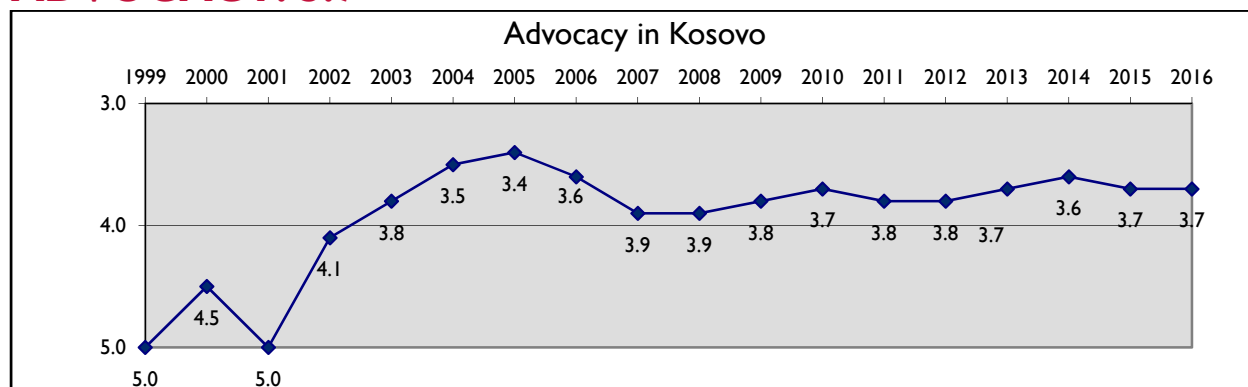
Local philanthropic sources continue to be scarce in Kosovo. Corporate sponsorships and donations predominantly go to cultural and sports events that further donors' public relations objectives. The private sector

rarely consults CSOs or contracts them for services, although there were a few examples during the year of corporate-sponsored charity or community projects. According to the 2016 World Giving Index, 46 percent of respondents in Kosovo reported donating to charities in 2015, compared to 29 percent in the previous year.¹¹ Individual giving primarily consists of in-kind donations of clothes and other goods, as well as cash, to the needy, or financial contributions for individual health treatments abroad in response to widely-advertised public campaigns.

Only CSOs that have developed robust services or products generate sustainable income independent of donations. This includes microfinance institutions—which register as NGOs and comprise a significant part of the financial market in Kosovo—and some private educational institutions like the American University in Kosovo. In other cases, earned income is a marginal part of CSOs’ overall income. Trade unions and some professional and religious organizations rely mostly on membership fees.

An increasing number of CSOs have established sound financial management systems and procedures. Most active CSOs have some basic accounting software, while more developed organizations use top-of-the-line financial management software. Most donor programs, including USAID-funded civil society programs, provide grantees with training in financial management and reporting. Most active CSOs carry out independent financial audits of their projects and organizations, the costs of which are generally covered by project funding. However, few CSOs make their financial reports publicly available.

ADVOCACY: 3.7



Advocacy initiatives were limited in 2016. Political rivalries, the demarcation of the border with Montenegro, and the Agreement on the Association of Serbian Municipalities continued to dominate public discourse, leaving CSOs with few opportunities to gain the attention of decision-makers on other issues. CSOs did not engage in any meaningful advocacy attempts on these topics.

While CSO participation in policy-making was limited in 2016, CSOs were able to successfully stall reforms to the pension system, which they argued would harm the social protection of Kosovo’s citizens. CSOs raised public objections to the reforms by participating in TV debates and issuing studies that analyzed the implications of the proposed reforms. Furthermore, civil society objected to the Ministry of Labor and Social Welfare’s use of the amendment process for the reform, arguing that the proposal would change more than 30 percent of the law, thereby legally requiring a re-write of the law.

¹¹ According to the World Giving Index, Kosovo (and Turkmenistan) “saw significant drops in 2015 to their lowest ranking recorded, and the increase this year likely represents a return to a similar level of ranking that they had previously attained... These increases may also be down to the interviewing in these countries taking place during or shortly after the holy month of Ramadan, where giving to charity is encouraged.”

Given the limited advocacy space for CSOs in Kosovo, more organizations are submitting comments on the European Commission’s (EC) annual Progress Report in order to advocate for their causes, including women’s rights, children’s rights, minority rights, transparency, governance, and rule of law. CSOs are also actively participating in civil society consultation meetings that the EU organizes as part of the process of drafting the Progress Report. These forums have been very useful in directly presenting issues to EU representatives and getting them incorporated into the Progress Report’s recommendations. While it is difficult to assess which CSOs have successfully advocated for their causes, the combined inputs of CSOs have produced positive results for many initiatives, as the government is under pressure from the EU to address the Progress Report’s recommendations.

Only advocacy actions focused on high-profile corruption scandals or the loss of innocent lives gained media attention in 2016, and these actions did not produce any real impact. For example, small protests were organized in response to the publication of wiretapped conversations of high-level politicians abusing their authority. These protests attracted public attention, but their demands, including the resignations of implicated officials, were not met. In response to the death in prison of Vetevendosje activist Astrit Dehari, over 23,000 citizens signed a petition demanding institutional accountability and an independent investigation into his death. The state also failed to take action in response to this petition.

Various other campaigns in 2016 addressed topics such as domestic violence, property inheritance rights, employment, education, environment, and energy efficiency. Most of these campaigns included promotional clips on television, debates, public service announcements (PSAs), events, and other traditional advocacy initiatives. However, none of these efforts led to concrete results during the year.

While many local-level organizations carry out monitoring activities and successfully advocate for various causes, these achievements remain largely unnoticed at the national level. For example, Action of Mother and Child successfully advocated with Pristina Municipality to introduce free Pap testing for women. The protocols have been developed and the service will commence in 2017.

In 2016, CSOs and CSO networks such as CIVIKOS participated in technical working groups and consultations regarding the laws affecting CSO work, particularly provisions related to sponsorship and donations. However, little progress was made on these reforms during the year.

SERVICE PROVISION: 3.8



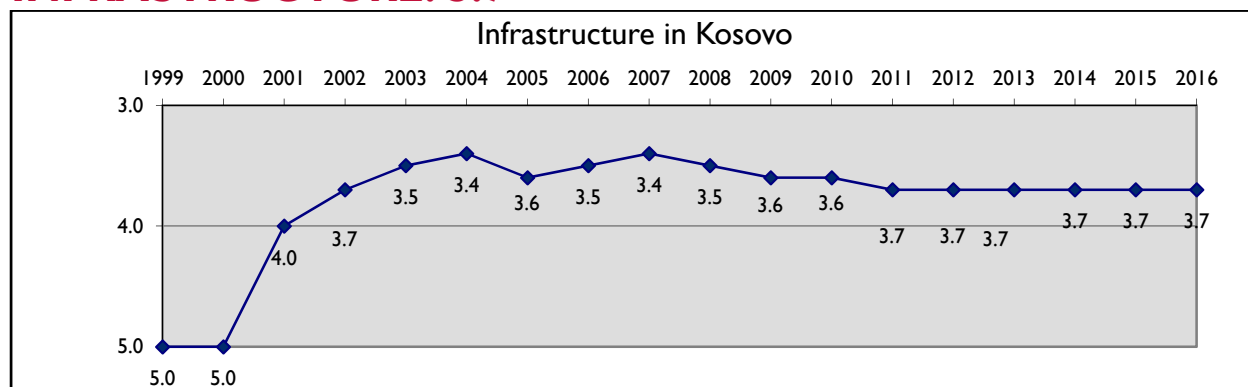
Service provision remained largely unchanged in 2016. Very few CSOs have developed services in areas other than basic social services like shelter, relief, education, and health. A handful of CSOs specialize in environmental issues and governance, but they rely on grants to operate and are not commercially viable. Very few CSOs market their products to other CSOs, academia, or the government.

Generally, issue-based CSOs and networks, such as those focused on persons with disabilities, effectively align their activities with the priorities of their constituents. Regular communication with members and constituent groups, field presence, and other types of engagement ensure that constituent priorities are addressed. In contrast, organizations focused on governance issues and think tanks often voice positions without consulting the constituents that they claim to represent.

Most CSO services are funded through grants from the government or other donors, and are therefore offered for free. Very few CSOs have developed products that can be widely marketed. Several media CSOs have developed publications that they sell to the public and earn income from, but even these organizations heavily rely on donor funding. Sectoral, professional, and business associations—including the Association of ICT, Business Consultants Council, Wood Processors Association, and the Local Producers’ Association—collect membership fees and often charge additional fees for services to their members such as trainings.

The government, at both national and local levels, recognizes the value that CSOs add in the provision of basic social services. Most of the public funding allocated for service provision continues to go to CSOs that deliver social services to vulnerable groups. CSOs are the sole providers of some of these services, such as domestic violence shelters. The Ministry of Labor and Social Welfare developed a licensing system for non-governmental providers of basic social services several years ago, which has been improved continuously with donor support.

INFRASTRUCTURE: 3.7



The infrastructure supporting the CSO sector in Kosovo generally remained the same in 2016. Intermediary support organizations (ISOs) and CSO resource centers—including Kosovo Civil Society Foundation (KCSF), CIVIKOS, Kosovo Women’s Network (KWN), and Advocacy Training and Resource Center (ATRC)—offer training, support, and advice to CSOs on key operational issues, such as compliance with tax regulations. Such services generally are dependent on donor funding. All of the ISOs and CSO resource centers are located in Pristina, making it difficult for CSOs outside the capital to access their services.

There is a robust set of local grantmakers in Kosovo that cover most areas in which civil society operates. Local grant-making foundations include the Community Development Fund (CDF), KFOS, ATRC, KCSF, and KWN, all of which regularly re-grant international donor funding. Other CSOs, including Innovation Center Kosovo, Initiative for Kosovo Community (IKC), and international organizations like HELP - Hilfe zur Selbsthilfe, also re-granted donor funding to small and medium-sized enterprises during 2016.

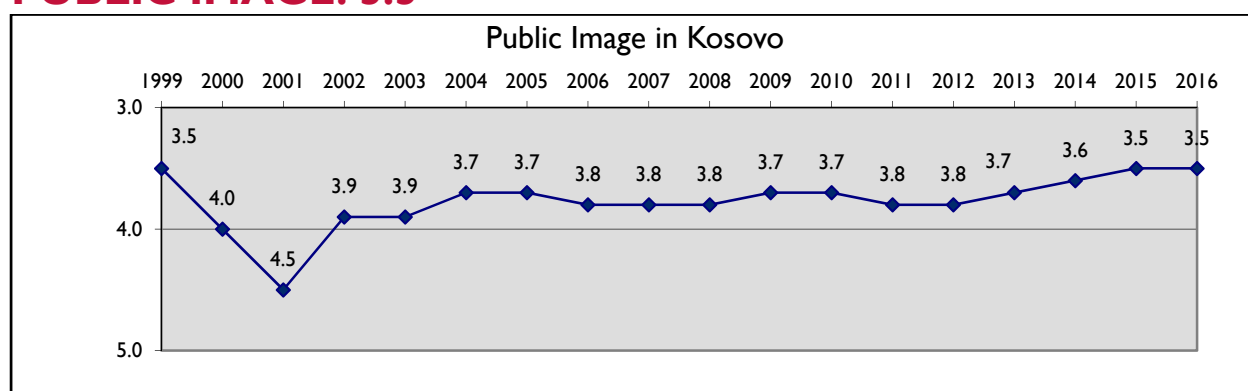
Generally, CSOs share little information with each other. As in previous years, there was more competition than cooperation among CSOs in 2016. With over 200 members, CIVIKOS remains the largest CSO platform in Kosovo. CIVIKOS facilitates information exchange among CSOs, including about changes to the legal environment, although not on a regular basis. Other networks such as KWN also facilitate some infor-

mation sharing. Moreover, CSOs increasingly use social media like Facebook, LinkedIn, and Instagram to disseminate information.

While many donor programs incorporate some training and other capacity development, these opportunities are usually limited in scope and time. Local trainers and expertise can meet most training needs of CSOs; however, few training materials are available in local languages. While local trainers cannot cover some topics in demand such as countering violent extremism or highly specialized information on the EU integration process, this problem lessens each year, with local trainers covering an increasing range of topics.

CSOs rarely engage in long-term cooperation with the public sector. Although private sector engagement with CSOs is also rare, CSOs and the private sector organized a joint campaign in 2016 to boycott Serbian products in response to Serbia's stance towards Kosovo.

PUBLIC IMAGE: 3.5



In 2016, CSOs' public image did not change significantly.

CSOs continue to enjoy positive and extensive media coverage. In some cases, civil society activists publicly comment on matters outside of their expertise, which leads to public criticism. Legislation on media differentiates between PSAs and corporate advertising, and the public broadcaster is legally required to transmit PSAs free of charge. Many CSOs make use of these provisions to air their PSAs through the public broadcaster.

According to the UNDP Public Pulse, 30 percent of respondents viewed CSOs in Kosovo as a truthful monitor of democratic developments in April 2016, compared to 32 percent in April 2015. At the same time, the public image of CSOs appears to be promoted by their heightened focus on volunteerism and community work, particularly on initiatives related to the environment or improvement of public spaces such as Earth Day or ECOWEEK. In addition, citizens are using CSO-developed online platforms such as kallxo.com to report instances of corruption or injustice. However, other than this limited engagement, the public remains a passive observer of CSO actions and seldom participates in initiatives. CSOs' long-term dependence on foreign donor funding also contributes to the view—by the public, private sector, and government—that CSOs prioritize donor interests over the needs of communities.

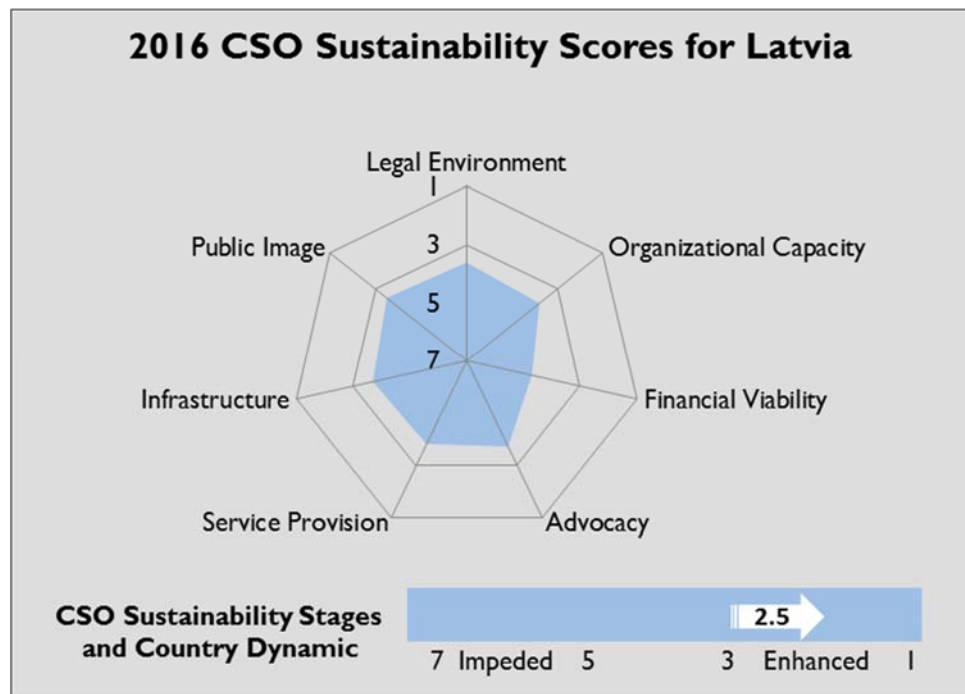
The government publicly acknowledges the role of civil society in fostering democracy, but continues to be skeptical of CSOs and their motives.

Many existing and startup businesses have benefited from multi-million-dollar CSO re-granting programs focused on private sector development, thus generating a positive opinion of the sector within this target group. In addition, many CSOs continue to implement labor force development and economic development projects, which has also improved the image of CSOs among the private sector and the public.

CSOs utilize a variety of public relations methods, such as organizing TV shows, preparing press releases, organizing press conferences, and using social media and other web-based platforms. Some CSOs also partially fund or sponsor content in the media to promote their objectives.

Many organizations have publicly promoted codes of ethics, but the extent to which these are genuinely implemented is unknown. The Code of Ethics adopted by CIVIKOS remains partially implemented because CSO members lack the necessary governance and accountability mechanisms. CSOs are not legally required to publish their annual reports and most CSOs prefer to keep their financial information private. Thus, only a few leading CSOs publish their annual reports or financial statements on their websites.

LATVIA



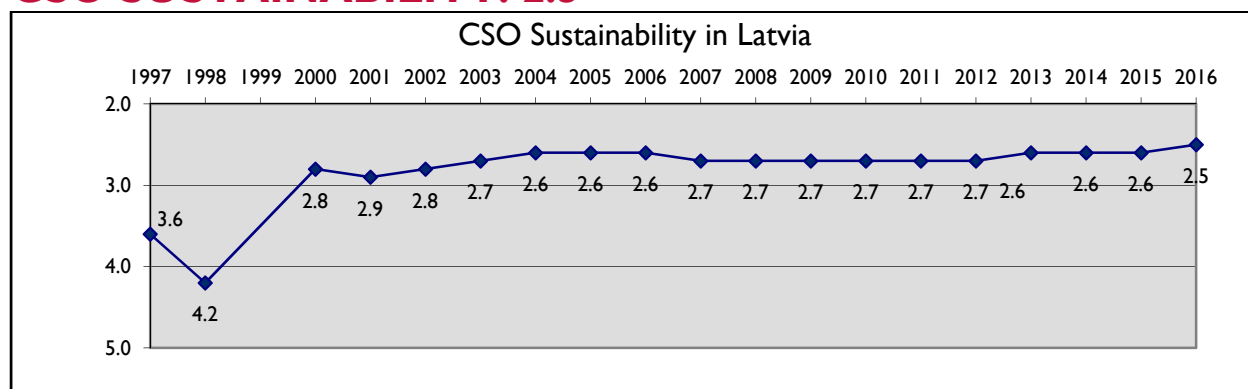
Capital: Riga

Population: 1,965,686

GDP per capita (PPP): \$25,700

Human Development Index: 44

CSO SUSTAINABILITY: 2.5



CSOs in Latvia regularly engage in civic dialogue, campaigns, and projects addressing various issues at both the national and local levels. However, individuals harnessing the power of social media, rather than organizations, are organizing an increasing number of citizen actions. For example, individuals came together in front of the parliament building to protest a proposal that would greatly increase the taxation of microbusinesses, a legal form introduced several years ago in order to encourage people to start their own enterprises. Many people that have created such enterprises would be forced to close them if the changes were adopted. In early December, the prime minister withdrew the problematic regulations.

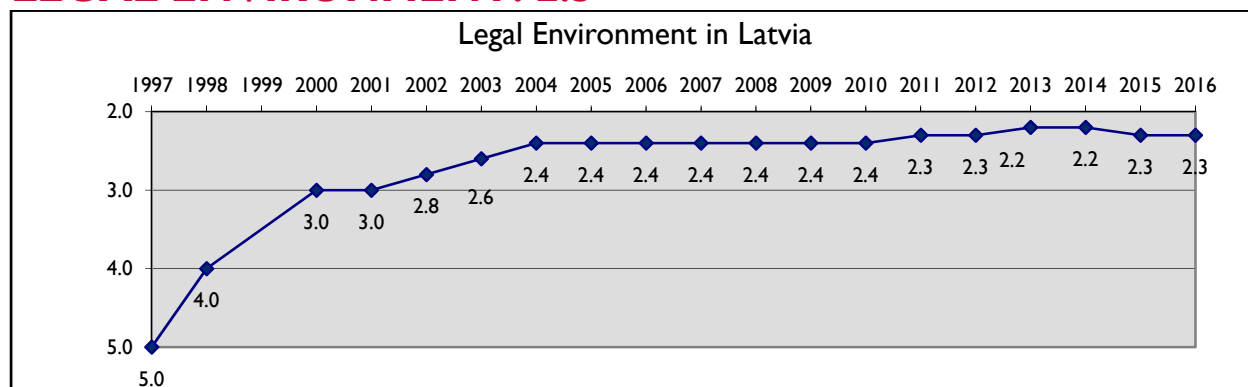
While the scale of the migration crisis diminished in 2016, many organizations were still engaged in providing assistance to the 154 refugees that arrived in Latvia during the year. Individuals and community institutions such as churches organized fundraising campaigns to support refugee families. In addition to providing humanitarian aid to the refugees, some organizations and informal movements focused on educating the public about the culture of the refugees arriving in the country. Statistics show that many refugees that arrived in

Latvia left quickly, as their families were settled elsewhere in Europe. Therefore, some efforts also focused on convincing refugees to remain in the country.

Overall CSO sustainability improved slightly during the year, with positive developments noted in several dimensions of sustainability. Financial viability improved with the establishment and start-up of the National NGO Fund. The National NGO Fund began implementing a program to support CSO capacity building, improving the infrastructure supporting CSOs. In addition, the five Regional NGO Support Centers signed contracts with the Ministry of Culture for three years, rather than one year as they had in the past. Finally, the public image of the sector improved, as media coverage of CSO activities increased. In addition, CSOs increasingly used social media to organize campaigns and events, and inform their followers of their work.

As of November 2016, there were 21,628 registered associations and foundations in Latvia, an increase of approximately 1,200 since 2015. However, the number of liquidated CSOs has also increased. There are about 1,500 foundations registered in the country.

LEGAL ENVIRONMENT: 2.3



Associations and foundations in Latvia continued to operate in a relatively enabling legal environment and did not face any significant legal hurdles to their registration or operations during the year.

CSOs are governed primarily by two laws – the Law on Associations and Foundations and the Public Benefit Law. In 2016, amendments were adopted to the Law on Associations and Foundations that aim to ensure that CSOs are not formed to create conflict or instability in society. These amendments give the State Revenue Service the right to ask for more detailed financial reports if an organization is promoting instability, radicalization or conflict in society with funds from anonymous sources. In addition, the Latvian Security police can now request that organizational bank accounts be frozen if they suspect that an organization is planning to engage in unconstitutional initiatives. CSOs engaged actively to ensure that these regulations do not violate the freedom of speech, association, and assembly.

The Law on Volunteering came into force in 2016. The Law regulates relationships between volunteers and employer organizations, including CSOs as well as state and municipal institutions. CSOs have many questions on how the law will be interpreted in practice. For example, it is unclear what is allowed in terms of remuneration of volunteer expenses and how to indicate volunteer work in annual reports. In addition, some of the terminology in the law is subject to various interpretations. For example, the law requires the address to be determined, but it is unclear if this refers to the volunteer’s address, the organization’s address, or the address where the volunteering will take place. CSOs have collected these questions and addressed them to the responsible state institutions, but no institution has been willing to engage in a discussion on these issues to date. Meanwhile, in accordance with the Law, the State Employment Agency has created a portal for volunteer management, which allows users to create profiles and search for appropriate volunteer jobs, while providing organizations with a means to seek volunteers.

According to EU regulations, each EU country has to develop regulations and support systems for social enterprises, which Latvia does not yet have. The Parliament of Latvia was almost done preparing a Law on Social Enterprises by the end of the year. The Law is expected to be adopted in early 2017, although some issues – including the tax support system for social enterprises, whether owners will be able to receive dividends, and whether CSOs will be able to apply for social enterprise status – were still unclear at the time of writing.

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. Beginning in 2016, all legal entities are required to be listed in the Register of Enterprises of Latvia, and to have an email address to ensure that all communications can be conducted electronically. Compliance with this regulation has not caused any difficulties for CSOs.

Although the legal framework for CSOs is generally favorable, there are a few cases every year in which CSOs are harassed by government employees who are uninformed or inexperienced. In addition, some organizations report negative attitudes from politicians when they disagree with government decisions. For example, the Minister of Justice refused to speak to the head of the resource center for women Marta after the organization stated that the minister should step down if Latvia fails to adopt the Council of Europe Convention on preventing and combatting violence against women and domestic violence, known as the Istanbul Convention.

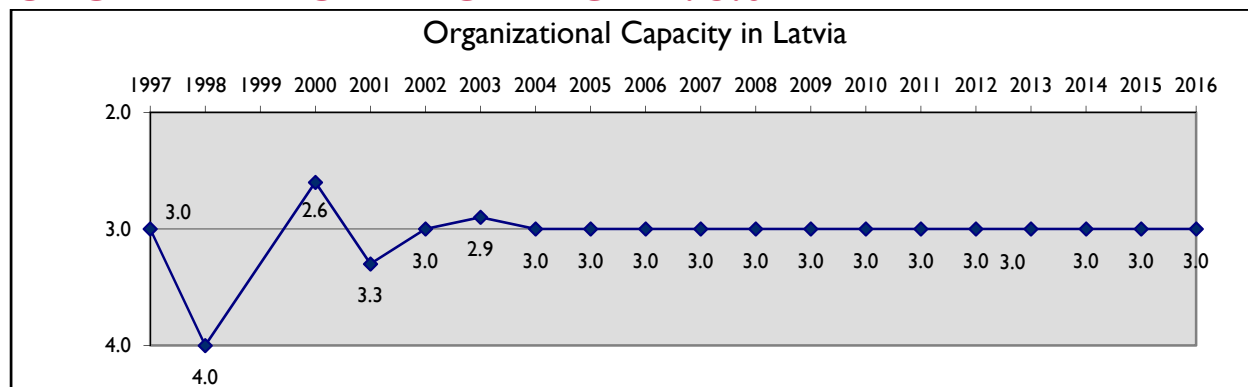
CSOs are free to engage in economic activities and compete for government and local council contracts where applicable, but such activities cannot account for more than 50 percent of a CSO's income per taxation period. As the State Revenue Service believes that some organizations abuse the regulations, acting in fact as hidden businesses, discussions continued in 2016 about the possibility of further restricting the scale of CSOs' business activities by introducing income tax on CSOs.

Individuals and corporate donors can receive tax exemptions for donations made to organizations that have public benefit status, which includes state and municipal institutions and religious organizations, in addition to some CSOs. Corporate donors are eligible for tax exemptions of 85 percent of the amount of their donations to public benefit organizations, not to exceed 20 percent of their total tax liabilities. Individual donors are eligible for income tax credits equal to 23 percent of the value of their donations to public benefit organizations, up to a maximum of 20 percent of their taxable income. Donors that do not want tax exemptions can donate to any organization, with the exception of political parties.

In the second half of 2016, changes were made to the Social Tax Law that will affect many CSOs with part-time staff. The new amendments require employers to pay social tax for their part-time employees based on the minimum salary in the country (€370 per month in 2016). Thus, employers will have to pay more for employees who receive salaries lower than the minimum. This presents a heavy burden on CSOs, which generally do not have unrestricted funds to cover such expenses. The regulation will come into force on January 1, 2017. CSOs sent a letter, with 220 signatures, to the highest officials in the country, including the president, asking them to review and cancel this regulation or to exempt CSOs from its provisions. The tax was canceled at the very end of 2016. However, comprehensive changes to tax policies are planned for 2017, and some major changes affecting CSOs are expected.

There are no lawyers in Latvia specially trained in CSO law. However, some law firms do work on cases involving CSOs. In the regions, CSOs can receive free legal advice about basic legal issues from the five Regional NGO Support Centers.

ORGANIZATIONAL CAPACITY: 3.0



The organizational capacity of Latvian CSOs is generally adequate. However, CSOs operate under unclear conditions. For example, tax policies are changing and new laws affecting the work of CSOs are being adopted, which requires CSOs to develop capacity in new fields.

From 2016 to 2018, the five Regional NGO Support Centers will continue to provide support to local CSOs. Through open calls for proposals, the Support Centers distribute small amounts of funding to strengthen the capacity of CSOs in the regions. For example, an association of CSOs in Tukums organized a training course for local CSOs on capacity building, public relations, and advocacy, and organized a study visit to Lithuania. Remarkably, the organization also engaged the municipality in the implementation of the project.

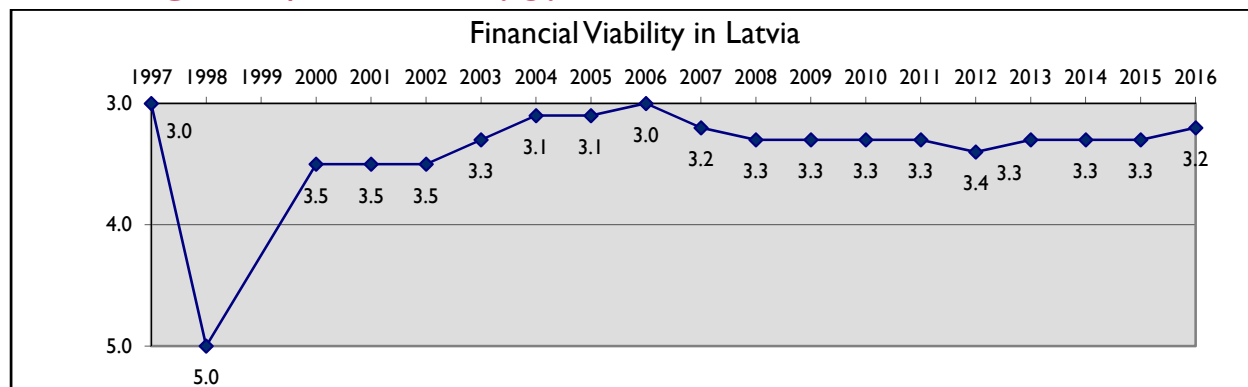
While the number of CSOs is growing and CSOs strive to engage new members in their work, according to a 2015 report on civil society prepared by the Civic Alliance – Latvia (CAL), the number of people formally engaged in the sector has not changed significantly. During 2016, another study by CAL determined that most people engaged in the work of CSOs are women with higher education who are ICT literate. According to the 2016 World Giving Index, 11 percent of respondents in Latvia reported that they participated in voluntary action in 2015, compared to 9 percent in 2014.

CSOs generally have strategic plans, some of which are even for five years or more. However, many CSOs limit their planning to their projects. In 2015, CAL and LTD Eurofortis IT developed software to facilitate self-evaluation and the design of organizational development plans. CSOs can buy licenses 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. Some CSOs continued to use this tool in 2016.

CSOs generally have functional boards and management structures, but this depends somewhat on their scale of operations. While some movements operate without any legal leadership, some organizations have become highly professional and respected in their fields and are able to engage sufficient staff to implement their activities. For example, the Latvian Samaritan Association is a leader in the field of social care and first aid instruction, while the Latvian Red Cross has become responsible for providing social support and counseling to refugees arriving in Latvia.

CSOs do not face any hurdles in using ICT tools to improve the services they provide to their clients. A few organizations have received free software from Microsoft. The Latvian Association of Blind People has calculated that such assistance has saved them about €50,000.

FINANCIAL VIABILITY: 3.2



In 2016, Latvian CSOs had access to funds from the newly-established National NGO Fund, thereby increasing the financial viability of the sector. The National NGO Fund issued its first call for proposals in April 2016, awarding approximately €400,000 to sixty-five projects. CSOs criticized the fact that both the call for proposals and the process of signing agreements were delayed, leaving grantees just five months, including the summer season, to implement projects. Grantees also complained about the difficult reporting requirements of these projects. As a result of this criticism, all the documentation and procedures for the next tender were revised and improved. The call for proposals for projects to be implemented in 2017 was issued in October 2016, which will give CSOs a full year to implement these projects.

The Operational Program to distribute the EU Structural Funds for 2014-2020 was delayed again, and no funds were distributed in 2016. However, throughout the year, the Latvian government worked to set up the distribution systems for these funds. Some CSOs, including CAL, were closely engaged in this process, trying to ensure that CSOs were deemed eligible partners in these programs. After CSOs learned that an employers' organization would receive €1.5 million to improve the status of workers by promoting collective agreements in work places, CAL requested the same amount of funding to support the development of civil society. While this campaign was ultimately unsuccessful, it highlighted the needs and importance of the sector. CAL also closely followed the developments of some other programs by suggesting revisions of planned regulations to ensure there are more financial opportunities for CSOs. For example, some public procurements require high cash flows, which make it impossible for CSOs to compete for such services.

Municipal governments continue to be a significant source of funding and support for local CSOs, particularly organizations that work in the social and cultural fields. Funding levels in 2016 were roughly the same as in 2015.

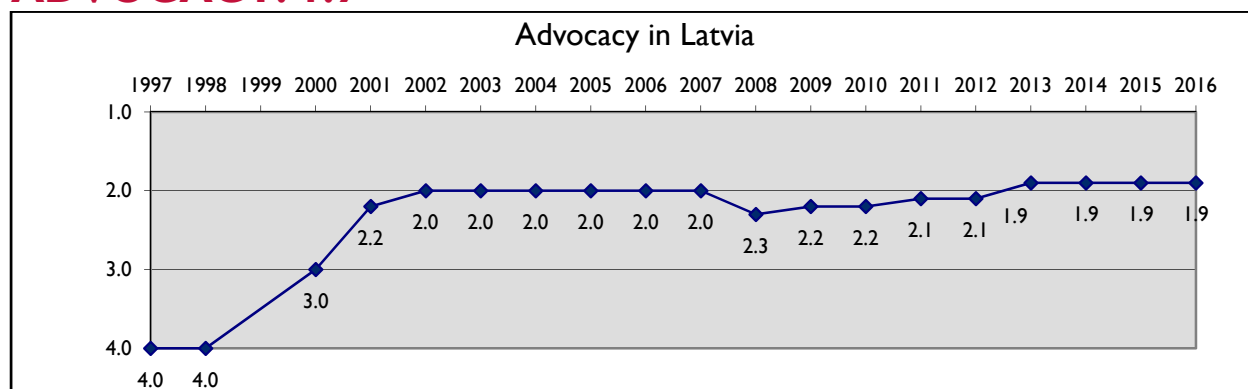
According to a 2015 CAL report, about half of CSOs' average income still comes from business activity, such as providing training or consulting; about one third derives from funded projects and other activities; approximately one-tenth is from donations; and only 2 percent is from membership fees. The sources of CSOs' financing changed little between 2015 and 2016. In the last quarter of 2016, state institutions and politicians started discussing the possibility of restricting the business activity of CSOs. These discussions were tied to deliberations about the state support system for social enterprises, as the state is not interested in establishing separate support systems for CSOs and social businesses.

Although precise data is not available, individual philanthropy seems to be becoming more prevalent. People donate both money and goods, including items such as food, clothes, and school supplies for children from poor families. In particular, people actively donate funds to individuals to cover medical expenses not covered by the state, often through social media. In 2016, there were at least three campaigns to raise such funds. According to the 2016 World Giving Index, 28 percent of respondents in Latvia donated to charities in 2015, compared to 31 percent in 2014.

In 2016, several enterprises were recognized for their generous donations to public institutions and the academic sector. For example, at the end of 2015, the ICT company “Mikrotīkls” donated €1 million to the Children’s Hospital Fund and an equal amount to the University of Latvia, remarkable amounts in the Latvian context. Private foundations established by companies and individuals continue to offer funding for CSO activities in different fields, including health, arts, and sports. In contrast, there are almost no donations for projects focused on social integration or advocacy. The National NGO Fund also primarily supports social projects. As a result, advocacy organizations in particular face financial challenges.

Most CSOs, particularly those with public benefit status, have financial management systems and transparent reporting systems in place.

ADVOCACY: 1.9



The year 2016 was characterized by protests. Many organizations and citizens movements reacted strongly to various government proposals and decisions. For example, feminist movements strongly opposed proposed changes to the Law on Sexual and Reproductive Health, which forbade the donation of eggs, arguing that the state has no right to make decisions about women’s bodies. After the protests, this proposal was removed from the law.

Another controversial issue that provoked a strong advocacy reaction from civil society was the Minister of Justice’s statement that Latvia would not sign the Istanbul Convention. Despite protests, the Latvian Government delegated the Minister of Welfare to sign the Convention on behalf of the state.

An increasing number of initiatives recommending legal changes were submitted to the portal myvoice.lv during the year: in 2015, thirty-one initiatives were submitted, while in 2016, this number grew to eighty-five. The number of people who supported these initiatives also increased drastically, from 91,891 in 2015 to 278,120 in 2016. The government must consider initiatives that receive at least 10,000 signatures. This tool has proved to be very powerful. For example, in response to one initiative, the government agreed to cover the costs of treating hepatitis C, which patients previously had to pay for themselves.

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, CSO representatives have noted an increasing number of cases in which CSOs were not engaged in the decision-making process, leading to protests after decisions are made.

The Council of the Memorandum of Understanding among NGOs and the Cabinet of Ministers continues to be the highest platform in which CSO issues and matters of public participation are discussed. In June 2016, the Council organized a conference about participation, which the prime minister attended. During the event,

successful examples of citizen participation were presented and discussed. This event was an important step towards improving dialogue between the state and CSOs. Another conference will be organized in 2017.

CSOs and state institutions continued to discuss national security issues during 2016. CSOs were 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 to the Law on Associations and Foundations. These CSOs worked effectively to ensure that the amendments that were adopted to ensure that CSOs are not formed to create conflict or instability in society still safeguarded the freedoms of expression, association, and assembly.

During 2016, there was continued public discourse on the issue of refugees. One of the most discussed topics surrounded the issue of state benefits provided to refugees. A segment of society opposed the amount refugees would receive, believing it to be high, while others calculated that the level of these benefits was insufficient for even a basic level of survival.

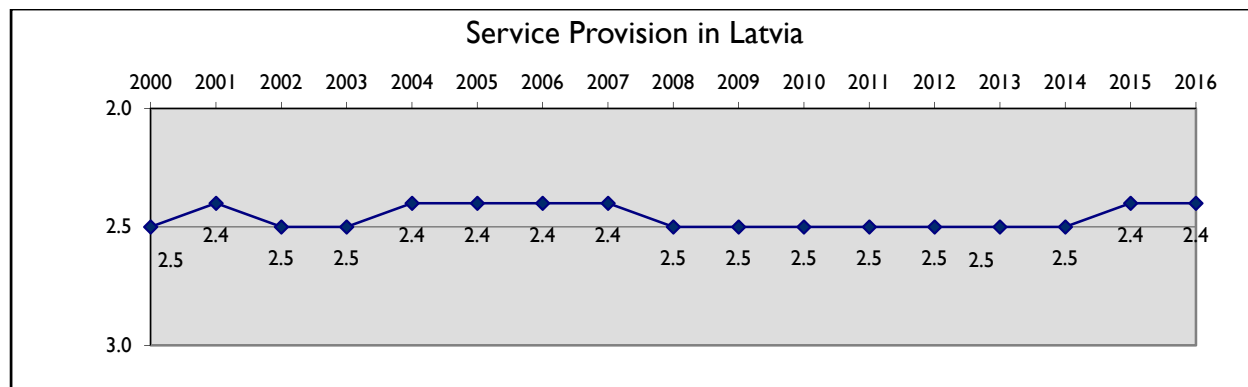
In 2016, an organization submitted a proposal that would require CEOs of foundations and associations to speak Latvian at a level above average in order to ensure that all CSOs can communicate with their clientele in Latvian. Many organizations, including those with foreigners and minority representatives as leaders, actively protested this proposal. The proposal was ultimately not adopted.

Many volunteers and staff members within CSOs have legal backgrounds, which helps the sector to engage in advocacy. For example, in a case where a municipality did not consult with citizens about its plans to create a cemetery in the protected dunes of the Baltic Sea shores, some lawyers supported the activists on a voluntary basis.

Funding for the first year of the National NGO Fund did not come from the base budget of the state, but from unexpected expenses. During 2016, CAL and other CSOs, with significant support from the Ministry of Culture, successfully lobbied the government to provide funding for the National NGO Fund from the state budget in the future, thereby providing it with more stability.

CSOs also addressed the issue of financing from the EEA and Norwegian financial instruments. During 2016, donor countries and the European Commission reached an agreement to invest about €102 million in Latvia without consulting CSOs. After CAL initiated discussions about this topic, the Ministry of Finance organized some events with the participation of CSOs. However, CSOs still did not participate significantly in this process, as it required a huge effort on their part in a short period of time and was delayed. Donor countries eventually organized a separate consultation process, providing CSOs with the opportunity to express their points of view.

SERVICE PROVISION: 2.4



CSOs continue to provide a wide range of services for their constituencies and the wider public. Social services are a very important part of the sector's portfolio. These services are generally developed for very specific groups who have been directly affected by concrete problems. CSOs also provide a variety of services in the field of culture, including concrete products such as plays and concerts.

The government opened up a new program to support CSO-provided services for refugees in 2016. While the number of refugees in Latvia is relatively small, the country has never received refugees before, so a new support system had to be created from scratch. State institutions developed a tender to find the most appropriate service provider to support the refugee community. The first tender ended inconclusively, as the requirements were too strict and there were no applicants. When the tender was reissued, the Latvian Red Cross was selected, assuming responsibility for the services to be provided to refugees on behalf of the state, including assistance finding housing, schools, and medical care. Other CSOs also continued to develop services for the refugees, with a focus on issues such as housing, health care, and learning the Latvian language.

CSOs generally develop services by identifying the needs of communities through needs assessments, electronic questionnaires, focus groups, and other tools to collect client opinions.

CSOs increasingly create small social enterprises producing goods such as handicrafts and other products manufactured by people with various disabilities. For example, an association for blind people in Liepaja has created a garden and farm, and sells products to other organizations and individuals, investing the income in the organization's development. The same association has equipped a part of a beach in Liepaja with specific equipment to ensure that blind people can swim safely.

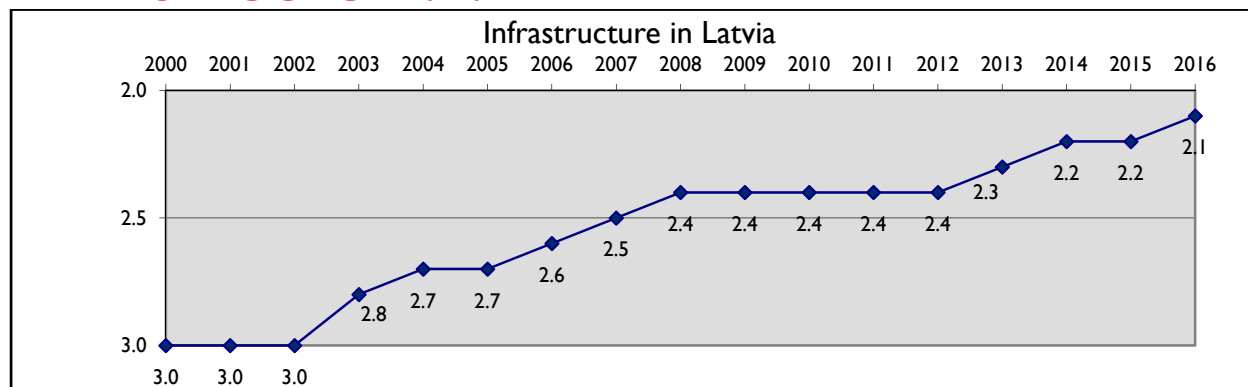
A few organizations provide training and consultations to other organizations, but this is not a widespread practice. For example, a foundation from Valmiera (a town in the Vidzeme region) teaches organizations in Riga about fundraising and project writing.

In most cases, CSO services are free for members and other target groups. Many vulnerable groups are not able to pay for services, and therefore CSOs raise funds to cover the costs of providing these services. Services are generally funded through project grants and public fundraising efforts, although CSOs also organize business activities to cover the costs of service provision.

Stakeholders continued to work during the year to create a more favorable environment for the establishment of social enterprises. At the end of 2015, five organizations established the Association of Social Enterprises. The aim of this association is to lobby for the adoption of a new law that would establish the concept of social enterprises in Latvia.

Municipalities regularly issue calls for proposals for CSOs to provide social services. On the national level, however, CSOs note increasing cases where they are not seen as partners in the implementation of government services.

INFRASTRUCTURE: 2.1



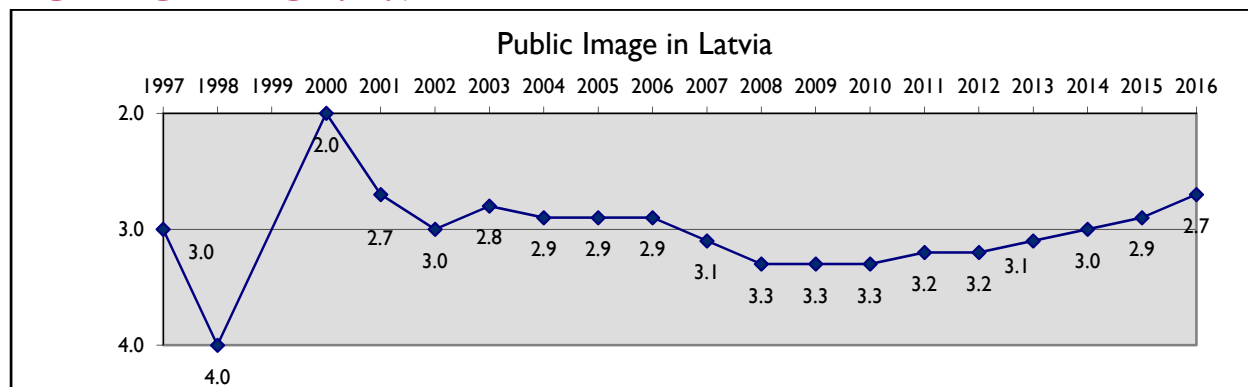
In 2016, the five Regional NGO Support Centers signed three-year contracts with the Ministry of Culture. This has decreased the administrative burden for these centers, which previously had to participate in an open call every year. For the coming three years, these centers will provide CSOs and citizens with legal advice about founding organizations, as well as consultations on various topics, including bookkeeping, advocacy, organizational development, citizen engagement, volunteer management, and board development. The centers will also organize and support local activities in their region related to the capacity building of local organizations and other initiatives. These centers will also continue implementing a regional re-granting program with a total value of approximately €100,000 per year (€20,000 per center) to support civil society initiatives, intercultural dialogue, and the initiatives of minority organizations. All Regional NGO Support Centers attend a conference each year, which is organized by one of the centers in close cooperation with the Ministry of Culture, at which they evaluate their success and make plans for the coming year.

The newly-established National NGO Fund began implementing a specific program to support CSO capacity building in 2016. Some of the supported organizations have trained their staff members and developed organizational development strategies for CSOs throughout the country. There is currently a greater focus on training for minority organizations. Riga's NGO House, which is financed by the Municipality of Riga, provides training to many organizations in different fields of interest to CSOs.

CSOs continue to build coalitions and networks. CAL continues to be the main network working to protect the interests of the sector. CAL shares relevant information with the sector on a weekly basis. In 2016, the Network for Protecting Children of Latvia continued to actively unite organizations working to protect children's rights. CSOs also exchange information with the business sector, as some legal changes, such as the changes to the Tax Law described above, negatively affect both sectors.

For the second year in a row, the foundation "DOTS" in co-operation with Swedbank, one of the largest commercial banks in the country, organized festival LAMPA (Lamp) in Cesis to create space for dialogue about issues affecting the public. The festival was attended by approximately 9,000 people, an increase of almost four times compared to 2015, and provided opportunities to create partnerships and exchange ideas. The event was organized in co-operation with about ninety CSOs and institutions, was well supported by state institutions and businesses, and included about 150 different events, including performances, debates, and other interactive events.

PUBLIC IMAGE: 2.7



The public image of the sector improved in 2016.

Media coverage of CSO activities continues to increase. TV and radio stations, as well as newspapers and journals, rely on CSOs as a source of information. Almost all national, regional, and local news outlets cover CSO activities, and some nationwide charity campaigns are promoted on TV. However, it is not always clear how the public media selects the stories it covers or the charity campaigns it supports.

As in previous years, local municipalities continue to issue newsletters that are widely distributed in local communities. While the published information is typically favorable to local politicians, some municipalities are also keen to reflect issues addressed by local CSOs, as long as they do not criticize the municipality.

The public perception of organizations that address concrete health or social issues is very positive. The perception of organizations focused on other issues, including fighting corruption and promoting democratic values, is less clear.

In 2016, CSOs increasingly used social media to organize campaigns and events, and inform their followers of their work. Some fundraising campaigns, including several to raise funds for people seeking medical treatment, also successfully used social media.

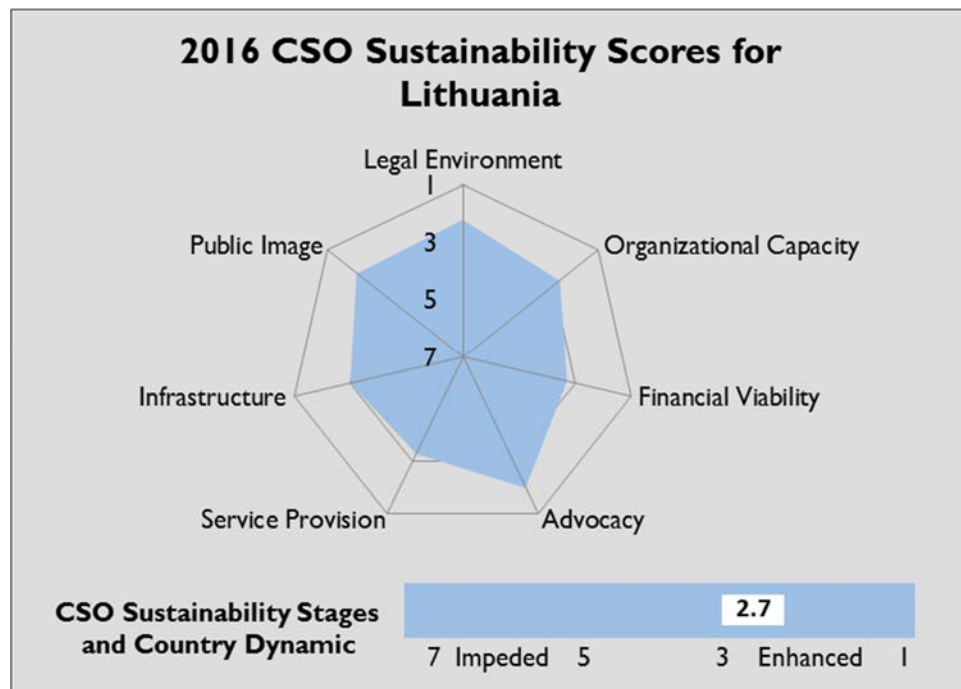
For the third year, the American Chamber of Commerce in Latvia partnered with the US Embassy in Latvia and CAL to hold a ceremony for the Human Development Award, which recognizes people, businesses, and CSOs that had a positive impact in the country. In 2016, the president of Latvia became a patron of this award. At the event, “Mikrotīkls” was nominated for its donation of approximately €1 million to the Children’s Hospital Fund.

The government generally has a positive attitude towards CSOs. However, some CSOs believe that the quality of consultations has decreased and there were some recent examples when CSOs were not consulted in the policy-making process. For example, the government planned the changes to the Social Tax Law in 2015, but CSOs only found out about this in 2016.

Businesses and their collective associations also have a positive perception of CSOs. Businesses and CSOs jointly advocate on a few issues, such as EU Structural Funds, that are important to both sectors.

While the CSO sector does not have any sector-wide self-regulatory tools or instruments, individual organizations publish annual reports and actively inform the public about their work on social media and organizational websites. Organizations with public benefit status are obliged to publish activity and financial reports.

LITHUANIA



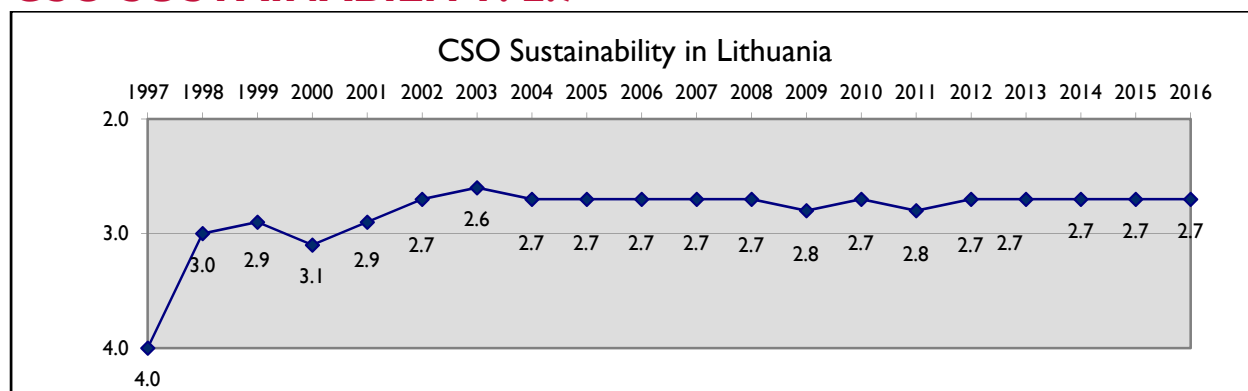
Capital: Vilnius

Population: 2,854,235

GDP per capita (PPP): \$29,900

Human Development Index: 37

CSO SUSTAINABILITY: 2.7



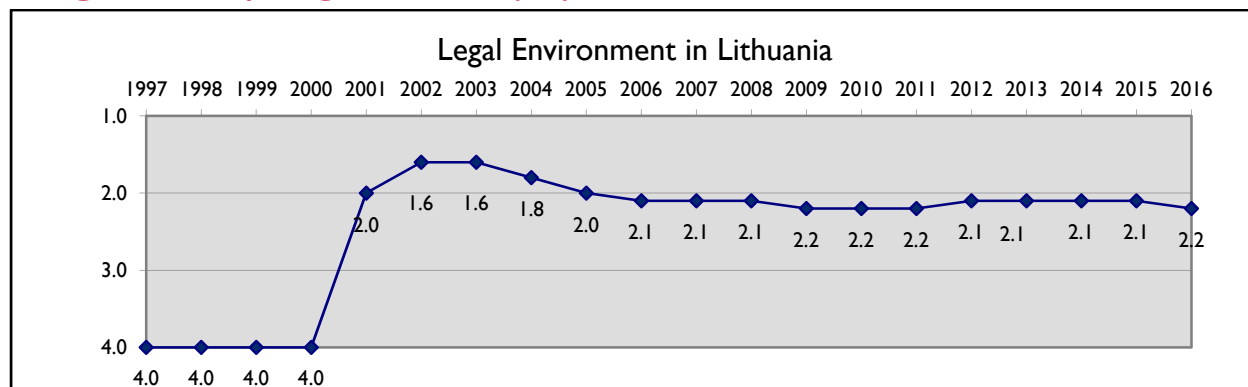
Parliamentary elections, which took place in October, dominated the political scene in Lithuania in 2016. The elections came on the heels of corruption scandals involving one of the leading political parties in the country. Voters were also frustrated with established parties' failure to address persistent low wages and emigration. Buoyed by these trends, the Lithuanian Farmers and Greens Union, which previously held just one seat in the parliament (Seimas), won a plurality of seats and formed a coalition government.

Lithuanian CSOs actively engaged in public debates in the run-up to the parliamentary elections. The outgoing government had stifled legislative reforms that CSOs had been promoting for years, including efforts related to the regulation of social enterprises, the establishment of a National NGO Fund, and reforms to public procurement regulations, and failed to take actions to disburse public funds through a competitive process. In this context, the CSO sector consolidated to defend its interests and promote change. The sector expects government relations to improve in the future as the incoming political party has declared its intention to engage with civil society and its commitment to make professionalism, rather than politicization, the guiding principle in its administration.

Overall CSO sustainability did not change significantly in 2016, although declines were noted in several dimensions. The legal environment and advocacy deteriorated slightly as a result of the implementation of the 2015 Law on Lobbying, which essentially blocked CSOs from participating in public debates and the law-making process. Meanwhile, government funding to the sector was constrained to critical levels, restricting financial viability. At the same time, though, CSOs continued to adhere to their missions and successfully built partnerships with media, helping to boost the public’s perception of the sector. In addition, large-scale nationwide civil initiatives were launched to promote volunteering and assist CSOs in building long-term citizen engagement.

According to the NGO catalog launched in 2016 as part of the NGO Atlas by Transparency International Lithuania, there are over 29,600 organizations registered under the Law on Public Non-profit Entities, Law on Associations, and Law on Charitable Foundations. A new reporting system introduced in 2016 will help Lithuania’s National Register to eventually build a viable CSO database as organizations will be deregistered after five years of inactivity.

LEGAL ENVIRONMENT: 2.2



Instead of expected improvements to the legal environment governing CSOs, in 2016 the sector confronted unreasonable restrictions introduced by amendments to the Law on Lobbying.

In general, CSOs and their representatives are free to operate under the law and to express criticism and engage in public debate. Approximately 1,000 CSOs register each year with the National Register. Registration of CSOs is straightforward and founders are generally able to complete the process easily, although they are often not fully aware of their liabilities. For example, in 2016, the founders of a CSO failed to check the register for patented names and were subsequently sued for using a name similar to one patented by a business entity. During the year, national minority groups voiced frustration regarding restrictions on the use of foreign languages in organizational names. While these restrictions have been in place in the Law of the State Language for a while, the issue only emerged in 2016 when a group with Polish words in its name was refused registration.

A new system of reporting to the government was established in 2016. CSOs, along with other types of organizations, are now obliged to submit annual activity and financial reports to the Tax Inspectorate electronically. The Tax Inspectorate shares reports with the National Register, which will automatically deregister organizations that do not report for five years. CSOs can submit reports via the Tax Inspectorate website using electronic signature or through electronic banking. Users have to pay to use electronic signatures; it costs approximately €43 to acquire such a signature and then approximately €8 a year to maintain it. Many community-based CSOs found electronic reporting challenging, both because of technological issues and the extra costs associated with the electronic signatures, and failed to submit the reports. These organizations are subject to fines.

CSOs experienced negative effects from amendments to the Law on Lobbying which were enacted in July 2015. The Law equates the advocacy activities of CSOs to commercial lobbying, therefore essentially blocking CSOs from participating in public debates and the law-making process. CSO participation in public hearings and plenary sessions at the Seimas was hampered as a result of the amendments.

Legislative reforms that were initiated in previous years floundered in 2016. As a result, a clear definition of public versus private benefit organizations was not established; social enterprise has still not been established as a legal form; and the establishment of a National NGO Fund stalled.

In 2016, CSOs receiving funding from national and local governments complained about unnecessary administrative hassles. In particular, government agencies, most notably the Ministry of Social Security and Labor, sought to audit not only the projects they funded but also the overall accounting and general documentation of organizations.

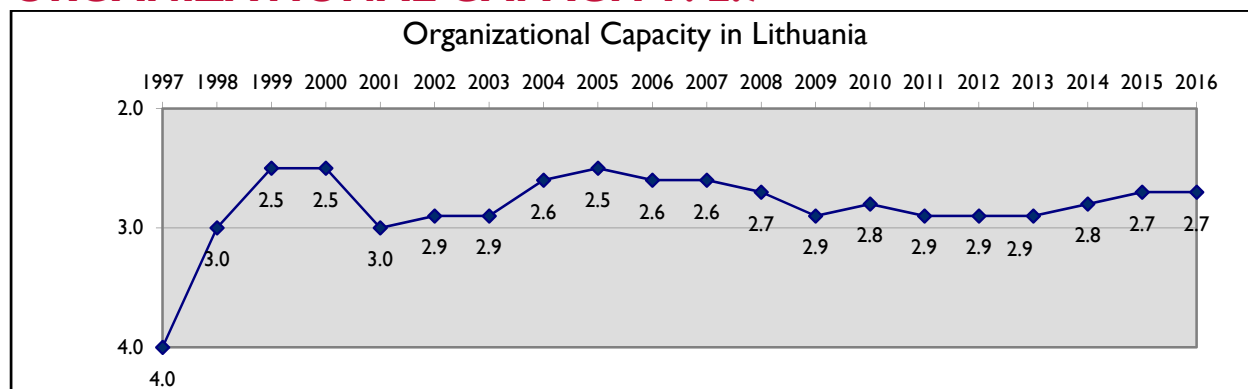
CSO taxation has not changed for several years. While stability in the regulative framework is generally a positive for CSOs, CSOs must still pay income tax on profits over €7,200, despite the fact that the responsible government agencies agree that a CSO's income cannot be regarded as profit as it is not shared amongst stakeholders. Nevertheless, the government is in no hurry to abolish this incoherent provision.

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.

Despite EU recommendations and promising legislative undertakings in 2015, no changes were made in 2016 to public procurement rules to lessen bureaucratic burdens on CSOs and enable a broader cross-section of CSOs to compete for government procurements.

Legal representation continues to be an issue. In general, CSOs cannot afford qualified lawyers. While the NGO Law Institute continued to provide legal advice to CSOs in 2016, it cannot represent clients in court because legislation foresees representation by individual attorneys and excludes legal representation by organizations. The NGO Law Institute seeks to promote CSO law among university students by offering internships and encouraging them to write course papers on this topic. However, interest in this specialization is limited. CSOs can also receive one free consultation per case from Vilnius University Legal Clinics.

ORGANIZATIONAL CAPACITY: 2.7



The Civic Empowerment Index, carried out annually by the Civil Society Institute, suggests that citizen engagement with CSOs has gradually declined since 2009. According to the latest data, presented in March 2016, the percentage of respondents that reported involvement in CSOs' activities or social movements in

2015 fell to 7 percent, down from 9 percent in 2014. Commenting on the results of the survey, experts pointed out that CSOs are not sufficiently active in building local constituencies. The civil initiative *I am for Lithuania*, launched in 2016, seeks to promote civic participation and assist CSOs in building long-term citizen engagement. Through this initiative, several dozen CSOs, local administrations, and businesses have partnered with the goal of engaging one million citizens and members of the diaspora (roughly one third of Lithuania’s population) in various volunteering acts to mark the 100-year anniversary of the re-establishment of the state of Lithuania in 2018. The initiative got a powerful kick-off with 33,000 participants from fifty-four towns registering to volunteer within two days of its launch.

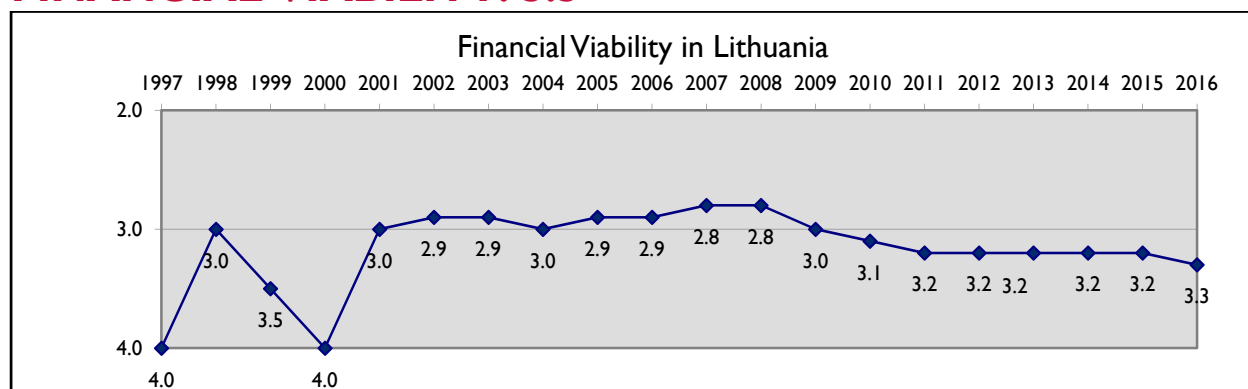
Meager funding for the sector over the past several years has resulted in many dormant organizations; at least half of registered organizations are estimated to be inactive. Those that continue to operate typically have clearly defined missions and pursue them passionately, despite their inability to maintain permanent paid staff. Many of the CSOs that received funding in the previous EU programming period developed strategic plans, but funding uncertainty made it challenging to implement these plans.

Serving on CSO boards is considered increasingly prestigious. During the 2016 parliamentary elections, candidates who were CSO board members openly declared their affiliations with CSOs. CSOs increasingly understand the board’s responsibilities and boards have become much more engaged in governance issues. For example, in 2016 the board of the Human Rights Monitoring Institute dismissed its director, a well-known human rights activist. While the director publicly disputed the decision, the board demonstrated that it had a clear vision for the organization and was resolute about the dismissal.

Those organizations that manage to secure foreign donor funding struggle to maintain permanent staff but are generally able to hire specialists on a project basis. CSOs reliant on local funding often cannot afford even a single paid staff position. This situation is particularly problematic because the head of an organization has liabilities which by law are not ascribed to a volunteer. Organizations working under a constant shortage of material and human resources cannot successfully reach out for volunteers and public support.

Equipment and information and communications technologies (ICTs) are universally available and effectively utilized by CSOs. CSOs actively employ virtual technologies for various initiatives, such as *I Know Whom I Elect* by the House of Europe. The anti-corruption initiative *White Gloves* used a special app to register electoral violations.

FINANCIAL VIABILITY: 3.3



Decreased access to government funds led to a deterioration of the sector’s financial viability. Contrary to recommendations in various national and EU documents, government funding for CSOs has been constrained to critical levels. In 2016, government agencies failed to enact proposed reforms to public procurement legislation, which currently favors budgetary institutions and effectively bars CSOs from receiving

funds. As a result, when purchasing services, the government continues to favor its own agencies and institutions. Provisions encouraging social partnerships are often present in procurement rules but not enforced.

Government grants to the sector were also constrained. Significant grant programs organized in previous years were not offered in 2016. For example, the Ministry of Social Security and Labor reformed its program for local communities, issuing grants based on political affiliation. In addition, measures under a €140 million program aimed at increasing the efficiency of the public sector, which is managed by the Ministry of Interior, were open exclusively to the government's own agencies and institutions. The Fund for Social Enterprises, a €3 million joint EU and Lithuanian government initiative managed by the Ministry of Agriculture, announced its first call for proposals in November; however, its regulations were not adjusted to accommodate CSOs. Local Action Groups in seventeen towns were allocated funding for initiatives aimed at disadvantaged populations and the promotion of entrepreneurship, but these funds will not be disbursed before January 2017 as the government agencies responsible take months to develop and announce disbursement rules.

No new funding sources became available to CSOs in 2016. EU funding was expected to resume, but did not. A call for proposals for Program 54+, a €6 million program funded by the European Social Fund that is aimed at activating the older population and promoting volunteering, was announced, but was later suspended until 2017. However, the CSO community welcomed news that philanthropist George Soros agreed to renew the Open Society Institute programs in Lithuania beginning in January 2017. As a result, the sector's funding diversity remains low, threatening its viability.

According to the World Giving Index, 11 percent of respondents in Lithuania reported donating to charities in 2015, compared to 10 percent in 2014. According to the Department of Statistics, about one-third of charitable giving by individuals is in the area of social care and support.

Business support to the sector remains insubstantial. Big businesses such as Maxima supermarket chain and Barclays Lithuania only occasionally support CSOs as part of their public relations strategies. Small businesses and start-ups have a more integral relationship with CSOs, as they often share working spaces, regularly exchange services and implement joint projects.

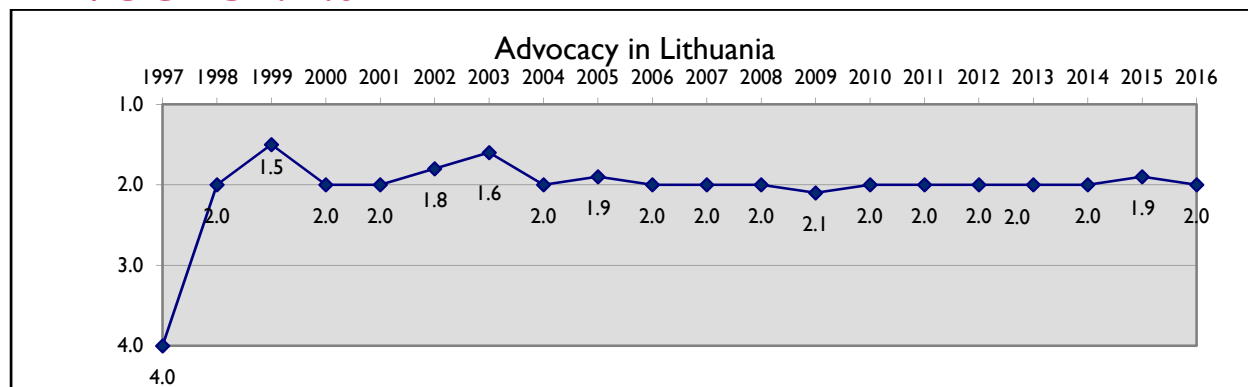
Lithuania's biggest charities successfully raise funds through TV charity projects and national charity actions. For example, the Food Bank's traditional autumn food collection at supermarkets raised a record €370,000 in support and its charity concert raised €170,000. *Aukok.lt* remains a major on-line fundraising platform for CSOs. In 2016, €354,200 was raised on the site, compared to approximately €338,000 in 2015 and €396,000 in 2014. CSOs actively use Facebook both for fundraising and membership outreach.

Income from fees is insignificant, mainly because CSOs serve segments of the population which are not able to pay and the costs of providing these services are usually covered by various projects and programs. Membership organizations collect fees with increasing success. This income is very important as it can be used at the organizations' discretion, for example, to cover expenses not funded by donors, bridge gaps between funding, motivate staff, and invest in new products.

Many CSOs operated with barely any funds in 2016. CSO's financial management systems are therefore minimal and aimed primarily at meeting government reporting requirements. The finances of larger CSOs are scrutinized by donors and society, and their financial management systems are therefore usually sound and their operations transparent.

Banking fees increased in 2016, putting an additional burden on the scant finances of the sector. Although banks continue to refuse loans and guarantees even to reputable CSOs with large budgets, credit unions occasionally step in to provide financing for CSOs.

ADVOCACY: 2.0



CSO's relationship with government was challenging in 2016. The sector had to fend off various threats to its independence. For example, several government programs integrated requirements regulating the remuneration of CSO staff implementing government-funded projects. Furthermore, the government's communication with CSOs in 2016 was negligent. Information about important meetings was usually distributed late, leaving no time for CSOs to organize and prepare.

The Ministry of Social Security and Labor, the government agency formally responsible for civil society, took actions that were adverse to CSOs. The Ministry reformed its support program for local communities, issuing grants to CSOs directly instead of channeling funds through community councils proportionately to the number of inhabitants. These grants were distributed based on political affiliation. For example, the Raseiniai region, which strongly supported the Minister's party in elections, received the highest number of grants in the nation.

During 2016, the National NGO Coalition actively protested against the Law of Lobbying which impedes CSO advocacy. The Elders' meeting of the Seimas ultimately admitted that treating CSOs as commercial lobbyists was a mistake. While the law was not changed, CSOs believe that with this new interpretation of the law, they will not be further affected.

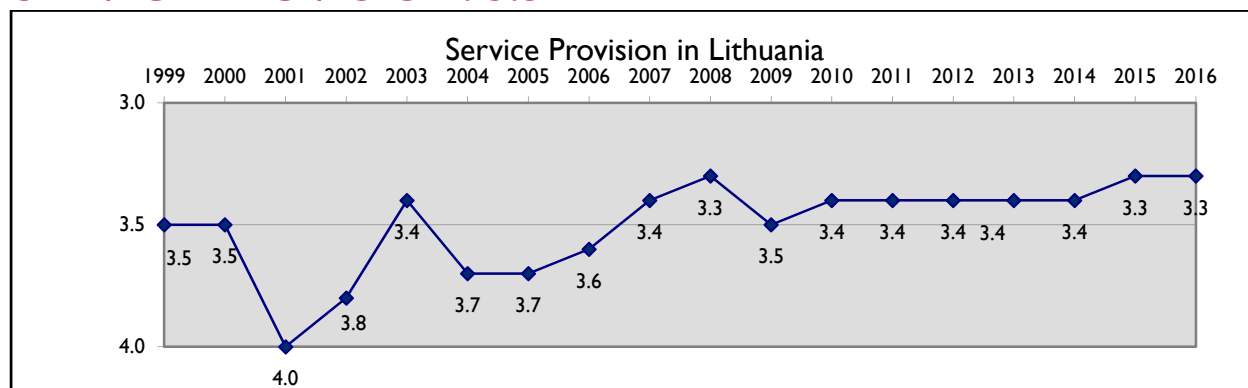
CSOs also lobbied the Ministry of Social Security and Labor to change the rules of Program 54+. The Ministry initially made provisions to finance local governments, allowing them to choose CSOs as partners for the funds. After CSOs' lobbying, the conditions of the program were changed in November, allowing any CSO to apply for funds to implement projects in partnership with local government. A local government would need sound reasons to object to a partnership with a particular CSO. Nevertheless the program was suspended until the beginning of 2017.

In 2015, the OECD urged the government to include CSOs as recipients of EU funds, rather than channeling such funds to their own establishments. By adopting the Plan of Action for 2016-2018, the government formally committed to follow OECD recommendations.

CSOs organized a campaign on migration, voicing concerns regarding the mass emigration of Lithuanians abroad and drawing attention to the fact that many immigrants to the country should not be granted refugee status as they do not come from war zones. The campaign did not have any tangible results but helped raise awareness of the government and society at large of these issues. In general, such issue-based campaigns were overshadowed by the elections to the Seimas in October 2016. CSOs actively encouraged citizens to exercise their right to vote in the election, and also helped voters become better informed by organizing candidate debates all over the country, attracting celebrity journalists to lead the debates.

Various coalitions supported the National NGO Coalition in its advocacy efforts for legal reform to benefit the sector, primarily those focused on the Law on Lobbying as well as various efforts to fend off government actions that were hostile to CSOs. The National NGO Council was also active in 2016, but its work was not productive due to a lack of government support.

SERVICE PROVISION: 3.3



In 2016, CSOs continued to provide services in traditional areas including social care, education, culture, health, environment, and animal welfare. The number of CSOs providing services, as well as the scope and range of services in these areas, continues to increase slowly but steadily. In general, CSOs offer social services which are acutely needed by society, but are not considered profitable by commercial providers. CSOs are practically the exclusive providers of some social services, such as daycare centers for children and assistance to immigrants. The government is usually the sole funder of these services. It sets funding conditions and offers non-negotiable remuneration, which is typically too low to ensure cost recovery. CSOs struggle to find the remaining funding they require and many CSOs volunteer their work.

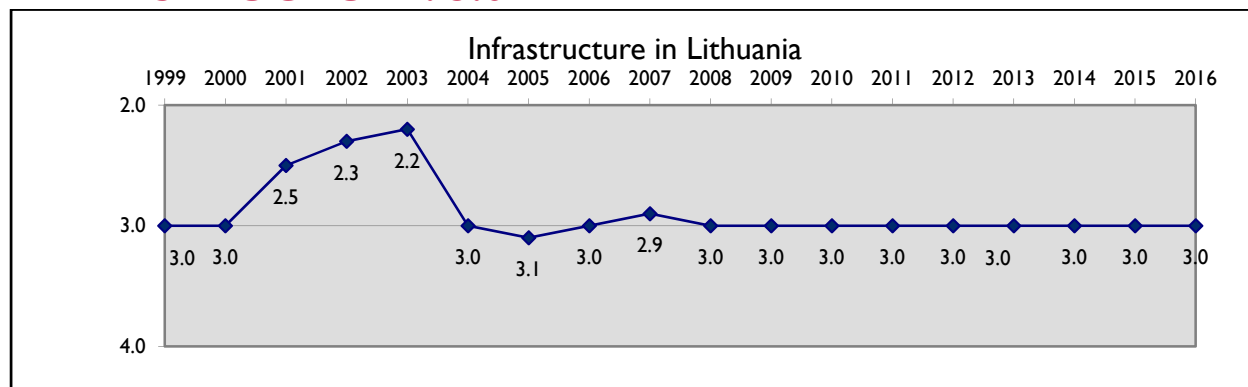
Communities value the services provided by CSOs. On the basis of a 2015 study evaluating the quality of services provided by child daycare centers, in 2016 the Ministry of Social Security and Labor increased funding for such services by €500,000, although only new service providers can apply for these additional funds.

CSOs rarely charge fees for the services they provide, as they generally serve populations that are unable to pay. However, CSOs are increasingly developing products that are attractive to more affluent groups. For example, local community organizations offer entertainment, educational, and cultural services, as well as traditional products.

CSOs support the principle of government vouchers for public service provision, but they criticize local governments as well as the national government for a lack of transparency, lack of responsiveness, and political bias in social contracting. CSOs are often driven out of more appealing service areas by the government's own agencies and institutions. For example, expectations that CSOs would provide non-formal education services through the government's voucher scheme were not met in many municipalities. Instead, a majority of these resources funded after-school activities provided by school personnel.

In its various strategies, the government recognizes the value of social services provided by CSOs. However local governments, which are the ultimate distributors of government funds, continue to divert funds to their own agencies and institutions. Only a handful of the sixty municipalities around the country, including the capital Vilnius and some bigger cities such as Klaipėda and Šiauliai, are seriously committed to transferring services to CSOs. The rural municipality of Kazlų Rūda sets a good example with its Center for Social Support. The Center's three founders (municipal authorities, Caritas, and a local community organization) decide upon the social issues they will address and the local government allocates funds for projects approved by the Center and local community.

INFRASTRUCTURE: 3.0



Lithuania's only CSO resource center, the NGO Information and Support Center in Vilnius, represents the National NGO Coalition and the sector in dealings with the Seimas and various government agencies. Over the past twenty years, the Center has established itself as a focal point for dialogue between the three sectors and a gateway to sector-specific information for CSOs. Its online newsletter has over 3,000 subscribers. It also has easy-to-access online information resources, which are regularly updated.

The Ministry of Social Security and Labor's website continues to provide information about its programs and initiatives for CSOs, as well as the activities of the National NGO Council. In response to the specific needs of CSOs, new informational resources have been developed, such as the website *ngo.in.lt*, which is targeted at Belarusian CSOs seeking legal recognition in Lithuania. The organization Social Action disseminates information on volunteering on Facebook, and advises and provides support to CSOs on issues regarding volunteering. The coalition of CSOs and experts *I Can Live* provides extensive online resources on lobbying and advocacy for CSOs working with disadvantaged populations.

A handful of private foundations established by famous athletes, artists, business people, and politicians are the only active local grant-making organizations in Lithuania. However, in 2016, these foundations supported causes unrelated to CSOs, instead generally supporting individuals and families in need. In previous years, some foundations did provide grants to local communities and CSOs, primarily children's organizations. The online fundraising platform *Aukok.lt* remains the only venue which raises funds for CSOs.

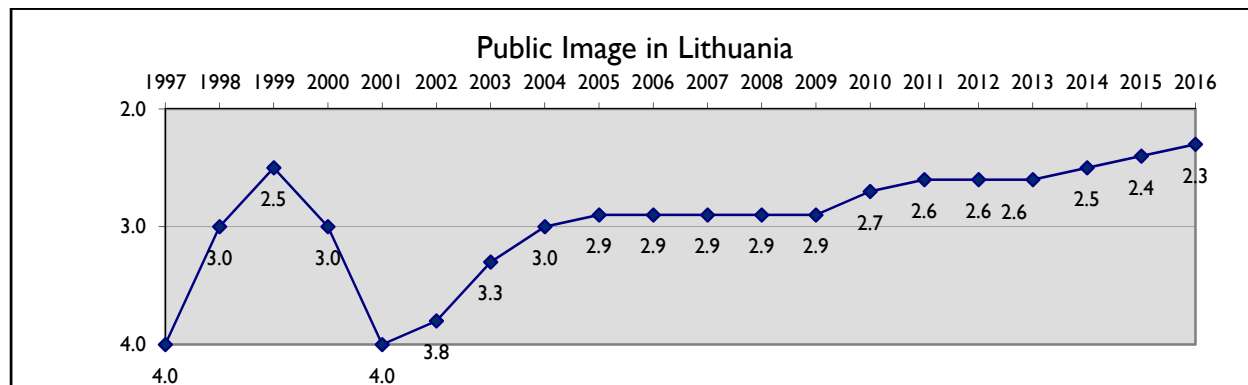
Major donors that have funded CSOs over the past few years stimulated cooperation and information exchange within the sector by funding networking activities and promoting CSO coalitions. As a result, CSOs have gradually become more aware of the benefits of cooperation, and have stopped perceiving one another as competitors. Increased discourse on social media indicates that CSOs working in the same thematic area increasingly share information among themselves. Various coalitions and umbrella organizations also continue to facilitate information sharing, however, they lack dedicated funding to enable them to engage in strategic and consistent member support.

While the government has budgeted €100 million for the training and professional development of civil servants, no funds from either public or private donors are available for training CSO staff. The Tax Inspectorate fails to provide competent advice to CSOs and other government agencies do not invite CSOs to their trainings on topics relevant to the sector. The Public Procurement Service no longer provides consultations by phone, but organizes open days where CSOs and other organizations can get consultations on questions agreed upon in advance. Private firms like Public Procurement Agency organize relevant trainings, but with the cost of training around €100 per day, they are generally too expensive for CSOs.

CSOs effectively use social media to share information on available trainings. In February, Kaunas Women's Employment Information Center invited CSOs to take part in training on lobbying and advocacy, one of the last activities funded by the European Economic Area (EEA)/Norwegian NGO Program in Lithuania.

The October elections to the Seimas stimulated intersectoral partnerships. Several youth initiatives, CSOs, universities, and journalists organized political debates in all regions of Lithuania. CSOs actively joined the Campaign for Safe Lithuania. Initiated by the president, the campaign unites all sectors and the media against violence, suicide, abuse, and other issues affecting Lithuanian society. *I am for Lithuania* is another example of a wide cross-sectoral partnership which invites people to volunteer and do good deeds to celebrate 100 years of the Lithuanian Republic.

PUBLIC IMAGE: 2.3



Cooperation between media and CSOs grew in 2016. The media increasingly refers to CSOs as reliable sources of information, which helps improve the reputation of individual CSOs, as well as the sector in general. Baltic News Service (the biggest news agency in the Baltic States) increasingly disseminates information from CSOs and related to CSOs.

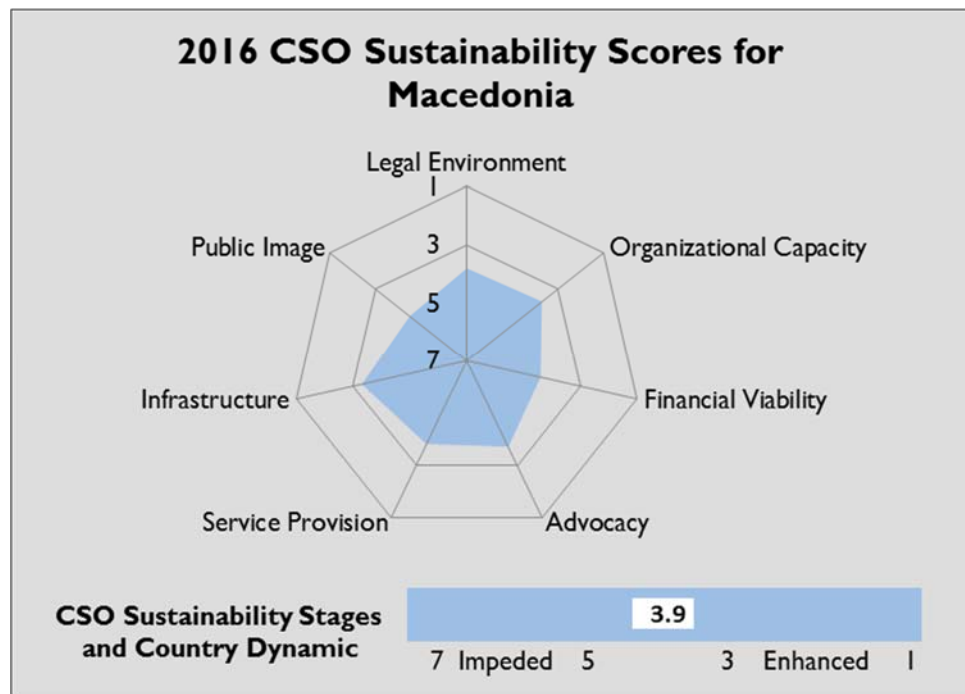
During the year, the media handled incidents which could have affected CSOs negatively in a professional and considerate way. For example, media coverage of the dispute between the board and director of the Human Rights Monitoring Institute was fair, presenting sound arguments on both sides of the conflict. The media also stressed the fact that investigative searches executed in private foundations in relation to a corruption scandal involving the head of the Liberal Party referred to personalities, not CSOs or the sector in general.

In general, the public perception of the sector is favorable and experts believe that it is improving, as evidenced by the growth in individual giving and media coverage. The political debates CSOs organized in advance of the parliamentary elections in October boosted the visibility and public perception of CSOs among the public.

A non-profit Internet television station called Freedom TV was launched in September 2016. The investigative and educational TV is independent from politicians and business interests and its content is shaped by its audiences. Since its establishment, it has raised topics relevant to civil society and criticized the government's actions. Freedom TV's popularity is growing rapidly and it has great potential to be used as an advocacy tool by CSOs.

The outgoing government failed to use CSOs as experts or community resources, meaning that the sector's expertise was often ignored. The NGO Law Institute had to use legal measures to stop procurement of a study of the third sector's development. The Institute sued the Ministry of Social Security and Labor for procedural violations in public procurement after the Ministry refused to consider the Institute's recommendations to correct the procedural violations or to stop the procurement. The President's Office demonstrated its support of and involvement with CSO initiatives. The president herself volunteered for the Food Bank's annual food donation campaign.

MACEDONIA



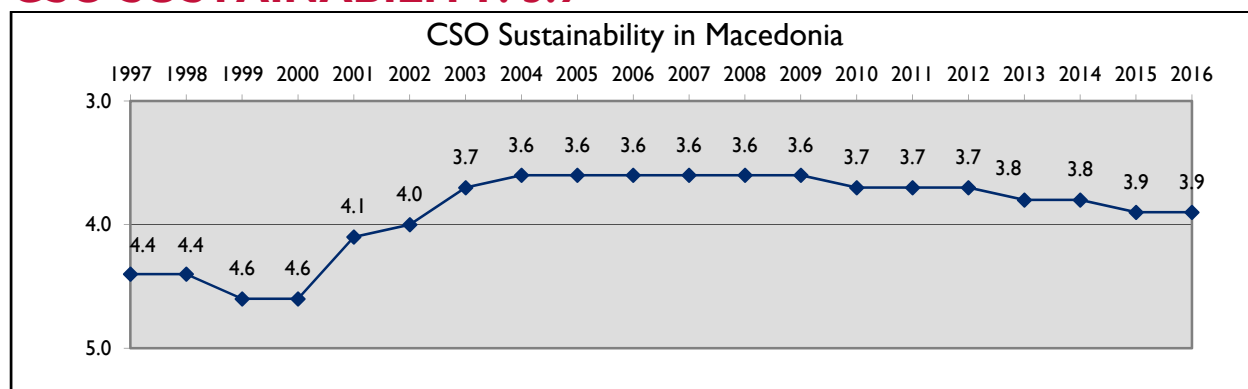
Capital: Skopje

Population: 2,100,025

GDP per capita (PPP): \$14,500

Human Development Index: 82

CSO SUSTAINABILITY: 3.9



The political situation in Macedonia continued to be unstable in 2016. As a result, CSOs found it increasingly difficult to access and cooperate with government institutions, and their involvement in policy development continued to deteriorate.

As part of the 2015 Przino Agreement, brokered by the EU and the US between the four main political parties—the ruling Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity (VMRO-DPMNE) and Democratic Union for Integration (BDI); and the opposition Social Democratic Union of Macedonia (SDSM) and Democratic Party of Albanians (PDSH)—Nikola Gruevski resigned as prime minister in January 2016. A technical government was formed to organize early parliamentary elections. On April 12, President Gjorge Ivanov pardoned fifty-six high-ranking officials suspected of involvement in illegal wiretapping, massive corruption, election-rigging, and other criminal wrongdoing. This development halted the Special Public Prosecutor (SPO) investigations under the Przino Agreement, unleashing massive protests dubbed the Colorful Revolution. Led by the #Protestiram (I Protest) movement and supported by

opposition parties, protesters set clear demands. Among the key demands were that the president withdraw the pardons and resign; the legality of the SPO be ensured; a separate court unit be established to process the alleged crimes and prioritize urgent reform priorities; and parliamentary elections be postponed until conditions for free and fair voting are established.

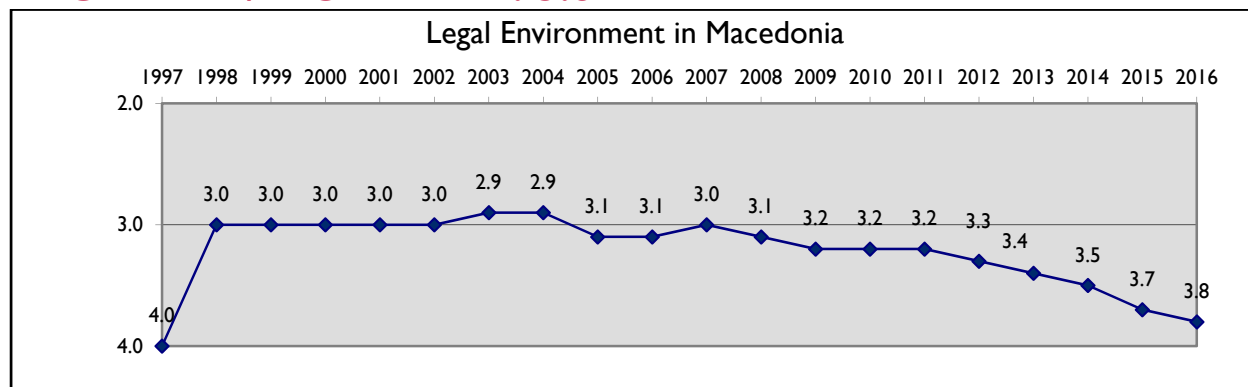
In May, the Constitutional Court ruled the parliament's January 18 dissolution unconstitutional, effectively halting the June 5 election and causing the parliament to reconvene on short notice. In late July, the four main political parties agreed to an annex to the Przino Agreement, again brokered by the EU and the US, to solve the political crisis. The annex addressed issues with the voters list (including removing phantom voters and the deceased) and media freedom; reaffirmed support to the SPO; and committed the parties to focus on inclusiveness in reform processes by involving a working group including civil society and experts in the parliament. On September 2, a new technical government, including ministers from the SDSM ranks, was sworn in to prepare elections for December 11. Throughout October, the SPO ramped up investigations into wiretapping and other scandals, presenting evidence of the direct involvement of former Prime Minister Gruevski and former chief of the Counter-Intelligence Bureau (UBK) Saso Mijalkov in wiretapping 5,817 phone numbers of high-ranking officials, journalists, business executives, and civic activists, among others.

Peaceful elections were finally held on December 11. The race was too close to call, with both VMRO-DPMNE and SDSM and their respective partners holding victory celebrations. After a re-run on December 25 in a single polling station, VMRO-DPMNE emerged as the winner, with fifty-one out of 120 seats (ten fewer than it had in the previous parliament). SDSM followed closely behind with forty-nine seats (fifteen more than in the previous parliament). Efforts to create a coalition government were ongoing at the end of the year.

The continued political crisis undermined development in Macedonia during the year. Massive emigration, especially of young people and people from rural areas, continued. The crisis also challenged public institutions' abilities to perform even their most basic duties, including disaster prevention and response. This was demonstrated during the floods in August in the Skopje area, which left twenty-two people dead and caused extensive damage to property and livestock; and during the series of earthquakes in September. In the absence of an effective government response, CSOs and activists quickly responded to these crises by providing humanitarian aid, clean-up, and transportation.

The official number of CSOs registered in the Central Register of Macedonia (CRM) as of December 2015 was 14,245. However, only 4,148 of these submitted annual accounts or financial statements and are therefore considered active. While CSOs were required to re-register under the Law on Associations and Foundations (LAF) passed in 2010, CRM was not given explicit authority to delete all CSOs that did not re-register or were inactive. In addition, there is no official number of organizations that have registered under the LAF. Data on the number of registered CSOs, as well as income, expenses, and employment structure in the CSO sector are only available from the CRM for a fee. CSOs involved in the working groups for the development of the new Open Government Partnership (OGP) National Action Plan 2016-2018 have raised this issue, though it still remains to be seen if the CRM will fulfill the commitment to make this data publicly available.

LEGAL ENVIRONMENT: 3.8



The legal environment affecting CSOs in Macedonia continued to deteriorate in 2016, with increasing state harassment of activists and CSOs criticizing government policies.

During the spring protests by the Colorful Revolution, pro-government media called upon authorities to investigate CSOs' finances, prompting visits by the Financial Police to several CSOs. For example, the Financial Police visited Citizen's Association MOST on the day it held a press conference on its assessment of government institutions' readiness to organize free and fair elections; no charges had been filed against the organization by the end of the year. Pro-government media also disclosed the personal incomes of several CSOs and their staff who were prominent Colorful Revolution activists in order to discredit them and the movement as foreign funded. CSO leaders and academics have been summoned for questioning by the police, and civic activists who protest have been asked by police officers to show their IDs.

Furthermore, a month before the election, the Public Revenue Office began carrying out selective financial inspections of CSOs upon request of another unnamed state institution. By the end of the year, at least nineteen CSOs were visited by financial inspectors and several more had received notices announcing such visits. On December 9, 2016, the pro-governmental Civil Movement for Defense of Macedonia (GDOM) distributed flyers in the capital listing the names of dozens of CSO representatives and activists, primarily those that have worked with Foundation Open Society– Macedonia (FOSM). The flyers alleged that these individuals had received “mercenary” money and included copies of defamatory articles about some of the individuals. Threats against Macedonian CSOs peaked on December 17, 2016. During a protest by the ruling party that took place while the State Election Committee was deciding on complaints from the opposition party related to electoral fraud, VMRO-DPMNE chief Gruevski read a proclamation. Among other claims, it included a direct threat to “disobedient” CSO representatives and activists, namely that it will fight for the “de-Sorosization” of Macedonia, the strengthening of an independent civil sector, and regulation of financing of “foundations and NGOs” in line with models used in the most advanced democracies in the world.

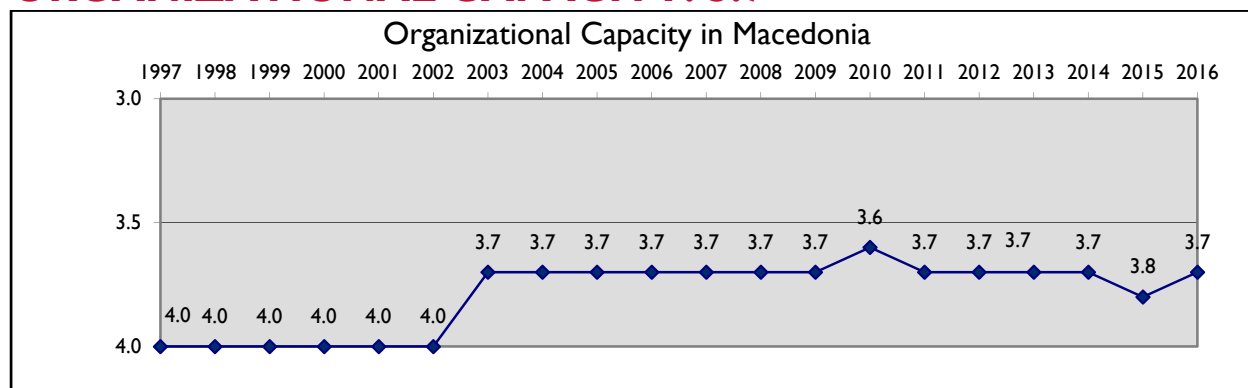
The LAF provides a broad framework for the operation of associations and foundations. Registration is generally fast, inexpensive, and easy to complete. The LAF is sufficiently clear with respect to organizational governance, scope of work, reporting obligations, and other aspects of CSOs' operations.

Tax treatment of CSOs remains unfavorable. CSOs do not receive special benefits as non-profit entities. On the contrary, the Law on Profit Tax stipulates less favorable regulations for CSOs compared to some profit-making entities. For example, while Article 32 of the Law on Profit Tax exempts micro and small companies from income tax as long as their total income yields a tax liability of less than \$53,000, similar exemptions are not available for CSOs.

The LAF allows CSOs to perform economic activities aligned with their statutory goals, although there are multiple interpretations on whether earned income is subject to taxation. CSOs can participate in public procurements at the national and local 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 few donor programs or other types of support for such services.

ORGANIZATIONAL CAPACITY: 3.7



Organizational capacity continued to grow in 2016, primarily as a result of the growth in grassroots mobilization. The Colorful Revolution facilitated decentralized citizen mobilization, with protests in fifteen cities and rural areas, as well as among the diaspora. Beginning in September 2016, the civic action We Decide!, led by twenty-one CSOs, launched a campaign in more than twenty municipalities to encourage citizens to participate in the parliamentary elections.

While many CSOs have not established more direct links with their constituencies, there are examples of CSOs supporting marginalized groups—such as Megjashi-First Children Embassy, for children’s rights; LGBTI Center, for the LGBTI population; and Healthy Options Project Macedonia and Association for Health Education and Research, for reproductive rights—that have developed strong constituencies over the years.

In 2016, some CSOs reported government pressure on them or their constituencies when trying to raise public awareness of various issues, often resulting in self-censorship. For instance, when the women in Shuto Orizari, the largest Roma municipality, decided to protest their lack of access to reproductive health services, the mayor threatened them with sanctions, including a loss of state social support, causing them to abandon their plans for a protest.

Due to their dependence on limited, short-term project financing and a lack of human resources, few CSOs have devoted resources to establishing systems for short- or long-term planning, or monitoring and evaluation. CSOs typically prepare strategic plans only when required or directly supported by donors. By September 2016, the Civica Mobilitas program, supported by the Swiss Agency for Development and Cooperation (SDC) and implemented by the Macedonian Center for International Cooperation (MCIC), had awarded twenty CSOs with eighteen-month institutional grants that included assistance in strategic planning. According to a self-evaluation conducted at the beginning of 2016 by the CSOs receiving these institutional grants, 68.6 percent reported having strategic plans; of this group, 53.1 percent had strategic plans covering 2016, while 46.1 percent had expired plans. Similarly, according to a Technical Assistance for Civil Society Organizations (TACSO) survey published in April 2016, 52 percent of respondent CSOs have strategic plans, out of which only 40 percent raised enough funding to implement the plans.

Boards are typically a formality and composed of those who undertake executive functions in the organization. There are several initiatives to improve this practice. For example, Civica Mobilitas provided training to its grantees that addressed the division of responsibilities within the organization, among other topics. Compared to smaller CSOs, it is more common for larger and well-established organizations to have a clear division of roles between boards of directors and executive staff.

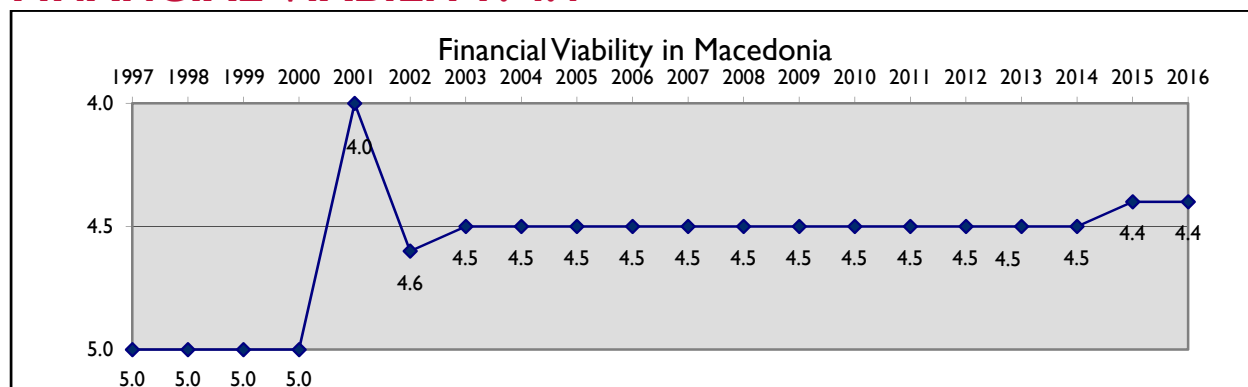
According to the most recent data available, there were only 1,990 full-time CSO staff members in 2015. Employees are generally hired on a project basis and are not afforded pension or health insurance benefits. Attrition of key CSO leaders and activists increased in 2016 due to frustration with the current political situation, as well as the regular generational change of CSO leaders. Very few CSOs are able to devote resources to personnel development or ongoing staff training. CSOs typically outsource accounting, IT, and other professional services.

Most grassroots CSOs depend solely on volunteers, while professional CSOs use very few volunteers. Official statistics on volunteering are not available, although according to the 2016 World Giving Index, just 7 percent of respondents reported participating in voluntary action in 2015, compared to 9 percent in 2014 and 14 percent in 2013.

Most CSOs lack strategic, organizational approaches to information communications technology (ICT). Although most grants allow for limited purchase of new or updated equipment, staff members often use their personal equipment. CSOs use the Internet and smartphones as their primary communication tools, including for accessing e-mail and social networks. The donation program Techsoup Balkans offers a wide range of software products to CSOs and public libraries for free or minimal administrative fees. So far, ninety-three CSOs have registered to participate in the program, with twenty-four obtaining software for small fees and twenty other organizations receiving donations of online access to Microsoft Office 365 for nonprofits to date.

By law, CSOs should have websites to publish annual financial reports. However, many do not have websites due to lack of funds, technical expertise, or internal will. There are no legal repercussions or clear enforcement procedures against such CSOs. For some organizations, Facebook pages are their only online presence.

FINANCIAL VIABILITY: 4.4



Financial viability did not change significantly in 2016. CSOs have not diversified their funding due to lack of opportunity and institutional support, as well as continued dependence on project funding. According to the most recent data available from CRM, in 2014 CSOs reported that 68 percent of their income came in the form of donations and grants.

As in previous years, CSO funding in 2016 mainly came from foreign sources, including the EU, USAID, SDC, the British Embassy, and the Netherlands Embassy. No significant changes were noted in terms of for-

eign funding levels during the year. The SDC-supported Civica Mobilitas program, which is expected to grant a total of €5.5 million to CSOs between October 2014 and September 2018, had awarded around €3.7 million to seventy-eight CSOs by the end of September 2016. The Delegation of the European Union (DEU) in Skopje launched a call for €5 million in multi-year grants through the Civil Society Facility in April and signed contracts with nineteen CSOs in December. 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. In November, USAID launched a new five-year Civic Engagement Program managed by the East-West Management Institute that will provide long-term support to CSOs and networks.

State support to CSOs is insignificant. According to MCIC's 2016 Monitoring Matrix report for Macedonia, just 22 percent of respondent CSOs receive state support from the national budget, and such support accounts for more than 10 percent of the budgets of only 12 percent of respondent CSOs. Total state support to CSOs in 2016 was around €4.7 million, similar to the levels in 2015 (€4.8 million). State funds are distributed through several institutions, including the General Secretariat of the Government (through the Unit for Cooperation with NGOs); Agency for Youth and Sport; Directorate for Protection and Rescue; Fund for Pension and Disability Insurance; the Secretariat for Implementation of the Ohrid Framework Agreement; and the Ministries of Defense, Environment and Social Planning, Health, Justice, Labor and Social Policy, and Culture. Such funds tend to support project activities, not institutional needs or co-financing. Lottery proceeds are distributed to a limited number of CSOs through a non-transparent procedure. In 2016, this support to CSOs totaled €1.07 million.

Similarly, government support is marginal or non-existent in most municipalities, although there are some exceptions to this rule. According to the 2016 MCIC report, 17 percent of respondent CSOs receive more than 10 percent of their budgets from local level funds. The City of Skopje grants the most funding of any municipality. However, in 2016, it modified its funding policy to distribute funds to CSOs only on a reimbursement basis after activities are implemented. Strumica Municipality, by contrast, provides CSOs with funding in advance.

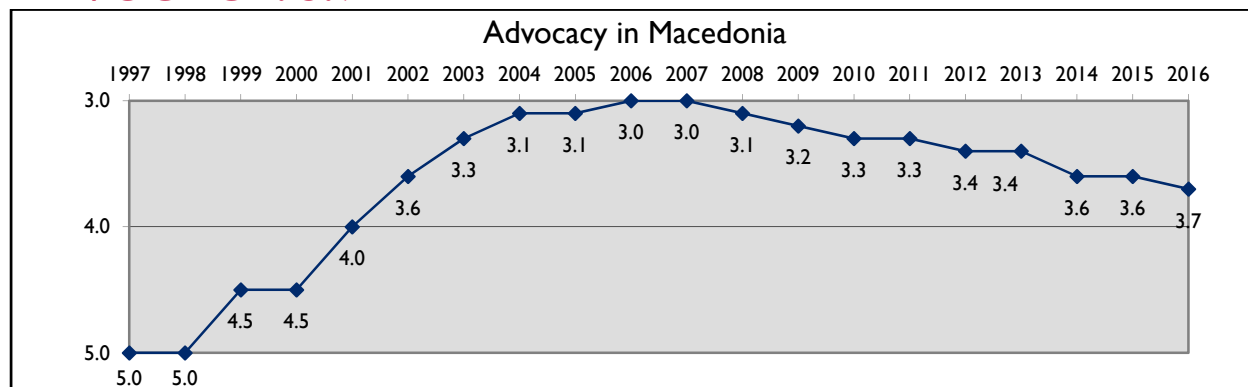
Individual philanthropy and volunteering are limited, although both appeared to increase somewhat in 2016 in response to the ongoing refugee crisis and the devastating August floods in Skopje. According to Giving Balkans (Catalyst and Horus), individuals and corporations donated €1.8 million for flood-related causes during the year. According to the 2016 World Giving Index, 26 percent of respondents reported donating to charities in 2015, compared to 35 percent in 2014 and 41 percent in 2013.

Corporate philanthropy is still underdeveloped. Businesses do not have strategic corporate social responsibility (CSR) or philanthropy programs to support CSOs. Businesses that decide to give to CSOs most often provide non-financial support. They also ask not to be identified as supporters when the recipient CSOs' activities are of a political nature, fearing repercussions from state authorities. For example, one business that openly supported the Colorful Revolution faced state harassment, financial inspections, and fines. Banks, on the other hand, offer less support to CSOs, and when they do support CSOs they tend to request something in return, such as public recognition for the donation.

With the exception of some social services, state institutions do not contract with CSOs. CSOs rarely contract with businesses to provide services, such as trainings or coordination of CSR activities. However, CSOs do manage to generate income from goods and services. According to CRM data, in 2014 CSOs reported €5.2 million (out of a total of €81 million in income) as income from selling products and another €4.7 million from income from services. Contributions from members are symbolic and only important in historically membership-based CSOs, such as the Association of Pensioners and some networks.

Very few organizations demonstrate financial transparency or undergo institutional financial audits, unless required by donors. Such audits typically are conducted on behalf of specific projects.

ADVOCACY: 3.7



While advocacy initiatives grew stronger in 2016, the prolonged political crisis has caused state institutions to be even less receptive to CSO input, which resulted in a net decline in advocacy during the year.

Implementation of the Strategy for Cooperation between the Government and Civil Sector 2012-2017 was limited in 2016; by the end of the year, only two out of fifty-two measures had been implemented. The government adopted a Decision on the Establishment of the Council for Cooperation between the Government and Civil Society in May 2016, only two working days after it was presented to CSOs, not allowing for additional consultations. Seventy-five CSOs that had strongly advocated in favor of establishing the Council sent a joint reaction to the Government Secretariat, laying out their concerns on the Decision, including the lack of time for quality consultations; insufficient representation of CSOs in the Council; the inclusion of state officials on the Council who were not sufficiently senior; vague requirements for selecting candidates to the Council; and a lack of mechanisms to monitor the process. Despite these objections, the government still proceeded with the selection of candidates, resulting in a boycott of the process and another statement signed by eighty-nine CSOs. Thirteen CSO representatives were selected, most of whom were unknown in the sector and do not work in the areas they represent on the Council. The government had not confirmed the candidates by the end of 2016, so the Council is still not active.

Other mechanisms promoting CSO engagement in policy making are also ineffective. For example, CSOs are still not included in government working groups on EU Instrument for Pre-Accession Assistance (IPA) funding, despite the existence of the IPA CSO mechanism, a network of 217 CSOs devoted to supporting public institutions in planning EU pre-accession assistance for structural reforms. In addition, the establishment of the Regional Youth Cooperation Office (RYCO) was problematic. CSOs boycotted the process after unregistered CSOs were allowed to vote for the RYCO representative. At the same time, the National Youth Council of Macedonia remains unrecognized by the state. The National Strategy of Youth was adopted in February 2016 but with limited consultations, no budget, and no action plan.

Despite technical improvements to the Unique National Electronic Registry of Regulations (ENER), public consultations on draft legislation continued to deteriorate. In 2016, 505 law items were reviewed, 453 of which involved an obligation to consult the public. However, electronic consultations were only organized on twenty-one (or 5 percent) of these, a considerable drop from 2015. For sixteen of the twenty-one draft laws made subject to public consultations via ENER, the minimum timeframe of ten days for consultations was not respected. The majority (76 percent) of laws, including 238 draft pieces of legislation which should have been subject to consultations, were adopted through urgent procedures, which circumvent the consultation requirement and are intended to be used only for emergency situations. In addition, a majority of legislation proposed by the government is discussed in closed government sessions, for which minutes are not available to the public.

The only example of wide participation of civil society in 2016 was in the development of the OGP National Action Plan 2016-2018. However, the level of cooperation on OGP decreased after a fervently pro-government media personality known for his inflammatory speech was nominated to participate in OGP working groups. While CSOs continue to participate in OGP initiatives, they are more cautious, and have little trust in the quality of cooperation.

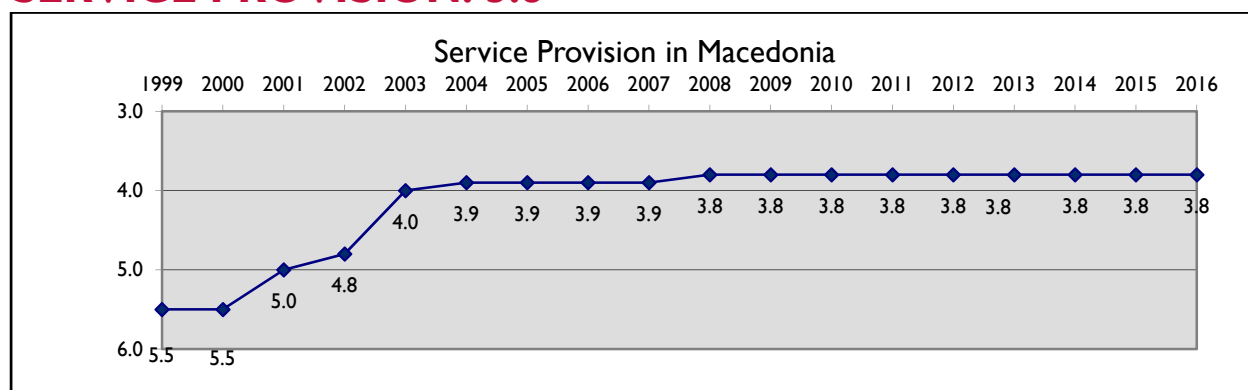
Despite these setbacks, advocacy was strong in 2016. The Colorful Revolution, led by the #Protestiram movement, was the most significant advocacy campaign of 2016. At first the Colorful Revolution consisted mainly of protests, but the campaign expanded after the president pardoned officials allegedly involved in corruption. Protesters made demands, including revocation of the pardons, resignation of the president, postponement of elections until free and fair elections could be assured, and establishment of a special court unit within the Criminal Court for handling SPO cases. Several of the demands, such as revoking the pardons, were met, while others were still pending at the end of the year. In July, a group of CSOs and experts presented the Blueprint for Urgent Democratic Reforms at a public conference. The Blueprint aims to provide incentives, guidelines, and actions for relevant stakeholders to restore democratic standards and values in Macedonia, make progress in key policy areas, and ultimately, create conditions for free and fair elections.

Other advocacy activities targeted health and environmental issues. HIV Platform held a protest in front of the Ministry of Health in response to dramatic funding cuts to HIV treatment and prevention. While the budget was still cut, these efforts resulted in a significant amount of funding being allocated to CSOs working on this issue. In addition, the Ministry of Health included CSOs in the process of creating criteria to receive these funds. The association Let's Go Macedonia initiated a law to regulate the donation of excess food, although it did not enter into parliamentary procedure by the end of 2016. Numerous activities focused on environmental issues also took place in 2016. In Tetovo, citizens protested to highlight unresolved issues with landfills and air pollution, leading a factory to close down. The Civic Initiative Arsenia undertook numerous activities regarding the high levels of arsenic in the drinking water in Gevgelija. While these efforts raised public awareness of the problem, officials took no steps to resolve the problem.

Pro-governmental groups also engaged in advocacy in 2016. In response to the Colorful Revolution, the informal pro-governmental initiative GDOM organized large counter-protests, demonstrations, and debates in order to create a counter-narrative in favor of the government. The movement attacked human rights activists and CSOs critical of the government, and called on the Constitutional Court to temporarily halt the operation of, or dissolve, CSOs that are “demolishing Macedonia.”

No new initiatives were launched to improve the enabling environment for CSOs in 2016. The 2015 initiative to amend the tax treatment of CSO operations also remained unaddressed.

SERVICE PROVISION: 3.8



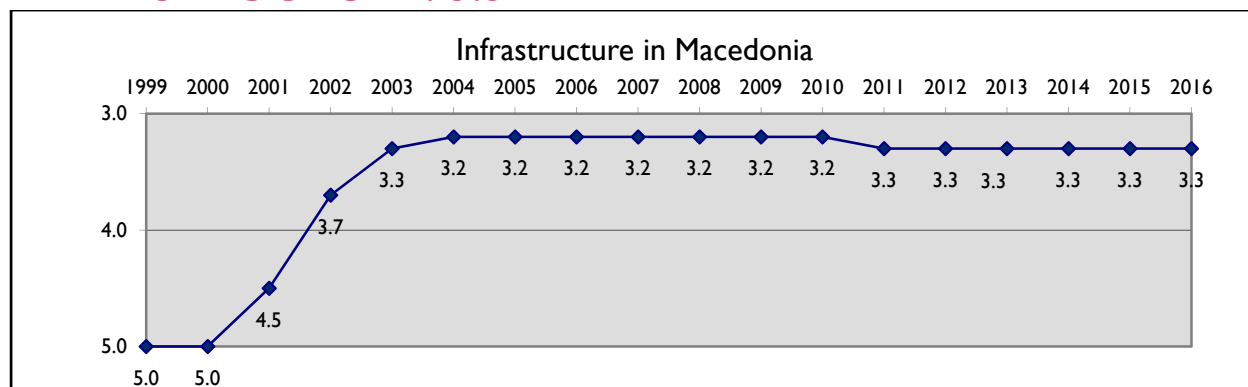
CSOs continue to provide a range of basic social services, such as social protection of children, persons with disabilities, and marginalized groups; and humanitarian relief for refugees and migrants. However, such services receive little support from local or central governments, making it difficult to sustain the provision of quality services. The Ministry of Labor and Social Policy continues to finance CSOs in a non-transparent manner; in general, little information is made public on the criteria for selection, the selected organizations, or the results of grantees' work. The City of Skopje, which supports the services of many CSOs based in the capital, decided to reimburse service providers for the costs of services only after services are rendered, even though most CSOs lack the capital to provide services without advance payment. Around 95 percent of funding for CSO-provided services comes from foreign donors.

The devastating floods in Skopje in August prompted CSOs and activists to provide humanitarian aid, largely standing in for the state's emergency response. Volunteers immediately stepped forward to provide basic humanitarian supplies and help in clean-up and transportation. In addition, CSO volunteers and activists—many with the help of foreign funding—continued to support stranded migrants and refugees at the Macedonian borders with Greece and Serbia by monitoring the situation and ensuring support services.

CSO services generally reflect the needs of their target groups, which are sometimes determined through needs assessments linked to project or grant requirements. However, CSOs often do not have sufficient funding to entirely meet the needs of their beneficiaries. Some CSOs produce analyses and research publications, which are typically provided to state institutions and the public free of charge.

The state is still unwilling to establish service partnerships with CSOs or to decentralize services. CSOs continue to advocate for the establishment of registers and licensing in particular sectors in order to improve this situation by providing mechanisms to ensure the quality of services. For example, Health Education and Research Association continues to advocate for a registry of CSOs working on HIV issues.

INFRASTRUCTURE: 3.3



The infrastructure supporting the sector did not change significantly in 2016. The EU-funded TACSO Resource Center offers diverse support, including a help desk, capacity strengthening services, and information on calls for proposals. FOSM (through the USAID-funded CSP) and MCIC (through the Civica Mobilitas program) also offer in-person and online services and information to CSOs. The new five-year USAID-funded Civic Engagement Program, launched in late November, will support the efforts of Macedonian civil society and youth organizations to engage with citizens, the private sector and government stakeholders and institutions on issues of public interest.

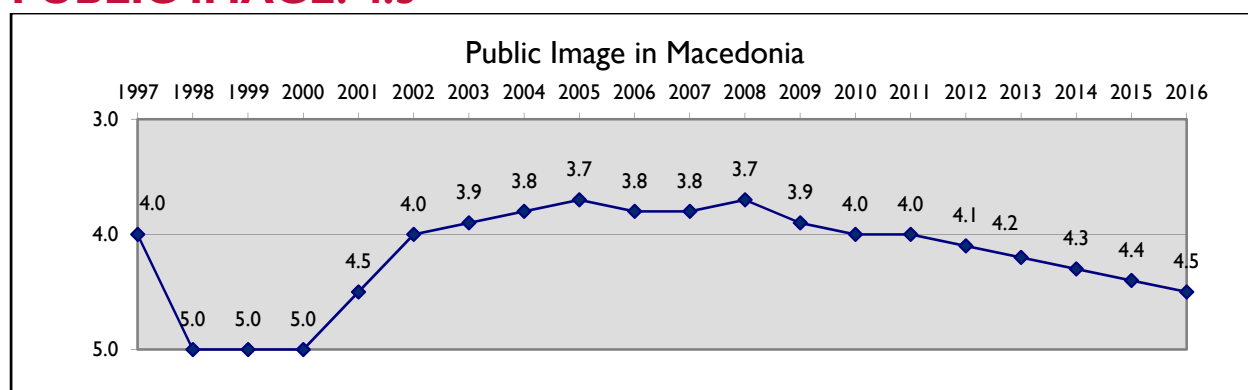
MCIC and FOSM re-grant SDC and USAID funding, respectively. Four CSO consortiums re-grant DEU funding for small projects, averaging in size between €3,000 and €5,000. In 2016, DEU also published a call within the Civil Society Facility and allocated almost €5 million for grants that have re-granting components.

CSOs often share information through the TACSO e-mail list and thematic coalitions. In 2016, the IPA CSO mechanism, a coalition of 217 CSOs from different fields of work, held elections for its sector representatives and offered extensive capacity-building programs to involved CSOs.

Highly qualified trainers offer various types of training, including more advanced options. CSOs most frequently access training through CSP, Civica Mobilitas, and TACSO. Trainings are typically provided for free, and transportation costs are often covered. Training materials are available in Macedonian and to some extent in Albanian.

Intersectoral partnerships have not grown. In 2015, Konekt published the first-ever study on CSO-business cooperation, based on research conducted in 2014. Although about half of CSOs indicated that they had cooperated with businesses, only 15.5 percent of the business sector reported having some cooperation with CSOs. 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, the Ministry of Labor and Social Policy, festival Taksirat, and Youth Cultural Center from Bitola, organized an NGO and volunteering fair in December.

PUBLIC IMAGE: 4.5



The public image of CSOs continued to deteriorate in 2016. Public attacks, hate speech, and smear campaigns against critical CSOs and activists by pro-government media became more frequent and direct during the year. In particular, pro-government media demonized the Colorful Revolution protests, connecting them with ISIS while labeling protesters as foreign agents and “destroyers of Macedonian history.” Senior-level officials too have openly targeted their critics. The former prime minister labeled CSOs as “Soros hordes” and opposition party servants, while the president sought information from government agencies in neighboring countries on “dangerous” CSOs and activists. Other representatives of public institutions and high-ranking officials, such as the President of the Anti-Discrimination Commission and the Deputy Minister of Interior, also made disparaging remarks about CSOs during the year.

Aside from the smear campaigns, journalists—except for those affiliated with non-profit media outlets such as NovaTV and BIRN—are generally unaware of CSOs’ role in society and are not interested in covering CSO issues. However, in 2016, independent media showed more interest in CSO expertise and work on issues surrounding the political crisis, including rule of law and anti-corruption measures. Although rare, there were cases of cooperation between CSOs and media, such as between MCIC and TV Telma through the USAID-funded M-Media Program, and between MOST and NovaTV.

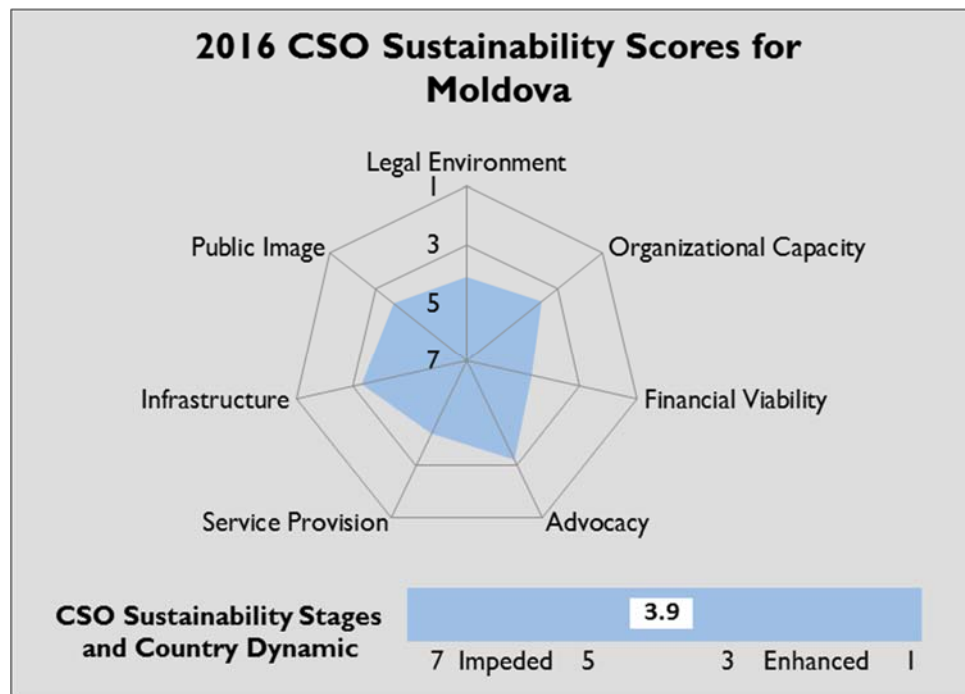
Although most of the population still trusts CSOs, public trust has decreased since 2013. According to TACSO research from April 2016, the percentage of the public who trust CSOs fell from 59.3 percent in 2013 to 50.5 percent in April 2015 before increasing slightly to 53 percent in April 2016.

As described above, the government continues to have a contentious relationship with CSOs that criticize its policies. According to Konekt's research, 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.

Leading CSOs use typical means, such as press releases and press conferences, to publicize their work. In addition, many CSOs, especially informal initiatives, increasingly use social media to disseminate information, generate support, and call for action on particular issues. At the same time, CSOs report practicing self-censorship in their communications with the media. Watchdog organizations have more developed public relations, but only with media that are open to criticism of the government.

Generally, only leading CSOs publish annual reports on their websites. Most CSOs implementing foreign-funded projects regularly submit activity reports, but only to donors. Self-regulation in the sector has not developed. No code of conduct for the sector exists.

MOLDOVA



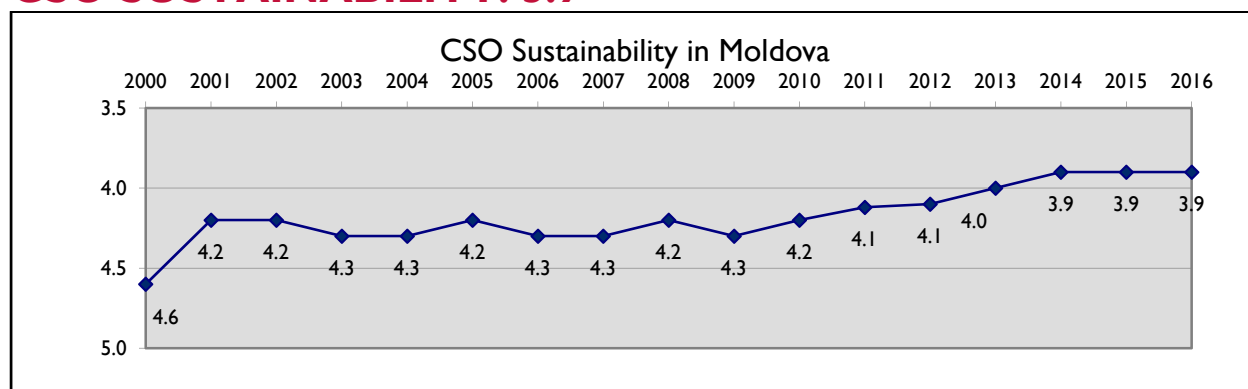
Capital: Chisinau

Population: 3,510,485

GDP per capita (PPP): \$5,200

Human Development Index: 107

CSO SUSTAINABILITY: 3.9



In 2016, the president of Moldova was elected directly by the people—rather than the parliament—for the first time since 2000. CSOs such as Promo-LEX, the Association for Participatory Democracy (ADEPT), and the Independent Press Association (API) actively monitored the election for procedural irregularities. Several irregularities were identified, such as the organized transport of voters, unauthorized persons inside or within fifty meters of polling stations, and errors in voter lists. Despite this, the Constitutional Court validated the elections, finding that the irregularities did not significantly affect the results.

Anti-corruption protests that began in 2015 continued in the first quarter of the year, but decreased in intensity after the decision was made to hold presidential elections. In addition, civic activism was undermined by the decision of civic platform Dignity and Truth, which initiated the protests, to transform itself into a political party.

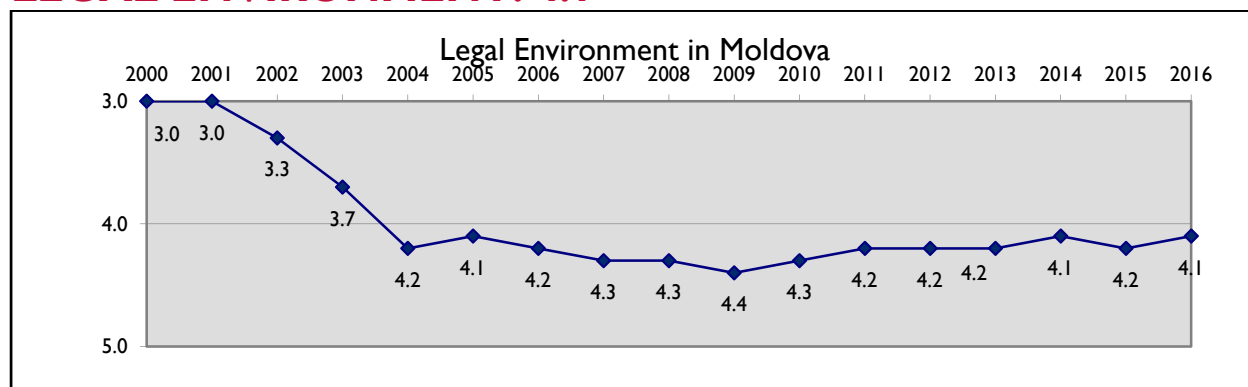
Cooperation between civil society and public authorities improved in 2016. The National Participation Council (NPC), the main platform for dialogue and cooperation between the government and CSOs, was restructured and reinstated after two years of inactivity. It is expected to begin operating in 2017 with new members. The government also approved several legal initiatives to strengthen civil society, most significantly the Law on the Appropriation of 2 Percent of the Individual Income Tax (hereinafter the 2 Percent Law) and the Law on Social Entrepreneurship. In addition, a working group was launched to improve the legislation regulating civil society's involvement in decision making.

Moldova continued to implement the Association Agreement with the European Union during 2016. According to the Ministry of Foreign Affairs' implementation report for the 2014-2016 period, 73.73 percent of planned activities for this period were implemented.

The sustainability of the Transnistrian CSO sector continues to be challenged. According to a report published in February by Promo-LEX, CSOs in the Transnistrian region face new forms of pressure. They are prohibited from conducting certain activities under the pretext of security considerations. In addition, KGB representatives intimidate participants in CSO activities, publicly denigrate CSOs, and threaten CSO managers.

CSOs in Moldova can register either at the national level with the Ministry of Justice, or at the local level with local public authorities. According to the electronic version of the State Register of Non-Commercial Organizations, about 10,872 CSOs were registered with the Ministry of Justice as of December 2016, 600 more than in 2015. The number of CSOs registered by local public authorities is unknown. Transnistrian CSOs can register with the Ministry of Justice of Moldova, but fear of political harassment discourages them from doing so. According to the Promo-LEX report, 2,364 non-commercial organizations were registered in the Transnistrian region, 505 of which are civic associations.

LEGAL ENVIRONMENT: 4.1



The legal environment for civil society improved in 2016 as several positive amendments and legal acts were adopted or initiated. In addition, public consultations were organized in September to discuss a new draft law for civic associations, private institutions, and foundations that better aligns with international standards on the freedom of association.

Registration of associations improved in 2016 through the adoption of amendment No. 188 to the Law on Public Associations, which became effective December 16, 2016. First, the amendment clarifies that three people, not two, are needed to establish an association. The law previously stipulated that two people are needed to establish an association but that it must have at least three independent internal bodies, each with at least one person, de facto requiring three people to form an association. Second, it removes registration authorities' ability to postpone registration of an association; now they must either approve or deny registration. Associations welcomed this amendment, as postponement of registration imposed a three-month wait-

ing period before they could resubmit their applications. In addition, the amendment reduces reporting obligations for most CSOs. Now only CSOs with public benefit status or that received public funds in the previous year are required to submit annual reports to the State Register of Civic Associations.

Aside from the Transnistria region, described below, there were no reports of administrative impediments or state harassment of CSOs in Moldova in 2016. However, there is still a lack of clarity regarding the state's ability to shut down a CSO. While authorities may ask the courts to shut down an association due to repeated violations, no laws or regulations stipulate the number or types of violations that can lead to this penalty.

CSOs are exempt from income tax on grants, and some projects are exempt from VAT. CSOs can earn income through the provision of goods and services, as long as this activity is explicitly stated in their bylaws. CSOs accredited as social service providers can also earn income by providing services for the government. The government exempts CSOs from tax on income from economic activities if they submit a letter of request to the local subdivision of the tax authorities. However, tax authorities have interpreted the law regarding tax exemptions on earned income differently, causing confusion among CSOs.

As of July 2016, corporate taxpayers can deduct philanthropic or sponsorship donations up to 5 percent of their taxable income, instead of just 2 percent as it had been since May 2015. However, the deduction is still less than it was before mid-2015, when corporate taxpayers could deduct up to 10 percent of their taxable income for eligible donations. Donations can only be deducted if they have philanthropic or sponsorship purposes, in accordance with Government Decision 489. The procedure for getting such a determination continues to be outdated and complicated, potentially discouraging possible donors. Individuals do not receive tax benefits for donations they make to CSOs.

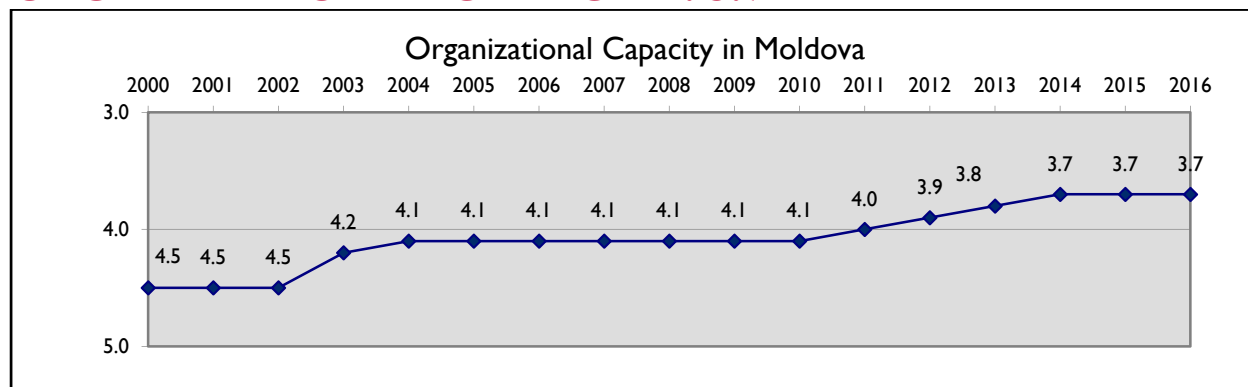
CSOs welcomed the approval in July 2016 of the 2 Percent Law, which allows individuals to designate 2 percent of their income tax to an eligible CSO beginning in 2017. The Ministry of Justice will approve the list of potential beneficiaries of the 2 percent mechanism on an annual basis. Among the main criteria for inclusion on the list are that CSOs deliver services in the public benefit and do not owe funds to the government.

The government approved a draft Law on Social Entrepreneurship at the end of the year. By establishing a concrete definition of a social enterprise and guidelines for how these entities will operate, the law is expected to encourage CSOs to develop more economic activities through social enterprises, thereby improving their financial sustainability. However, the final version of the law approved by the government does not include any tax benefits for social enterprises. Parliament is expected to adopt the law at the beginning of 2017.

Local legal capacity on CSO issues remains limited. Most lawyers with knowledge of CSO legal issues are based in the capital city, while there is weak capacity in rural areas. Local public authorities do not have the capacity or knowledge to provide CSOs with adequate support.

The legal environment for CSOs in the Transnistrian region continues to be difficult. 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 or defending human rights, remain tightly controlled by both the Committee for Humanitarian Assistance and the Security Committee of Transnistria. In 2016, new forms of pressure were used in order to intimidate CSO representatives. The Transnistrian KGB threatened people participating in CSO activities, and the Transnistrian government began to require CSOs to seek approval for their foreign guests. In October, the Transnistrian police began a crackdown against *The Human and His Rights*, the only newspaper reporting on corruption and human rights in Transnistria. Police stopped and intimidated people and prevented them from reading or distributing the newspaper. The Council of Europe adopted several recommendations for protecting human rights defenders in the Transnistrian region during its Conference of International Non-Governmental Organizations.

ORGANIZATIONAL CAPACITY: 3.7



Organizational capacity did not change significantly in 2016.

Many CSOs continue to actively build their constituencies. Some CSOs increased their constituency-building efforts after the adoption of the 2 Percent Law, in order to develop stronger connections with individuals, and thereby increase the chances that they will benefit from the tax assignments. Some CSOs established new platforms to engage constituents in 2016. For example, in northern Moldova, the association Pro Cooperare Regionala established several new Local Action Groups (LAGs) consisting of civil society, public authorities, and the private sector to promote rural development by identifying local needs, strengthening development capacities, and implementing local development strategies.

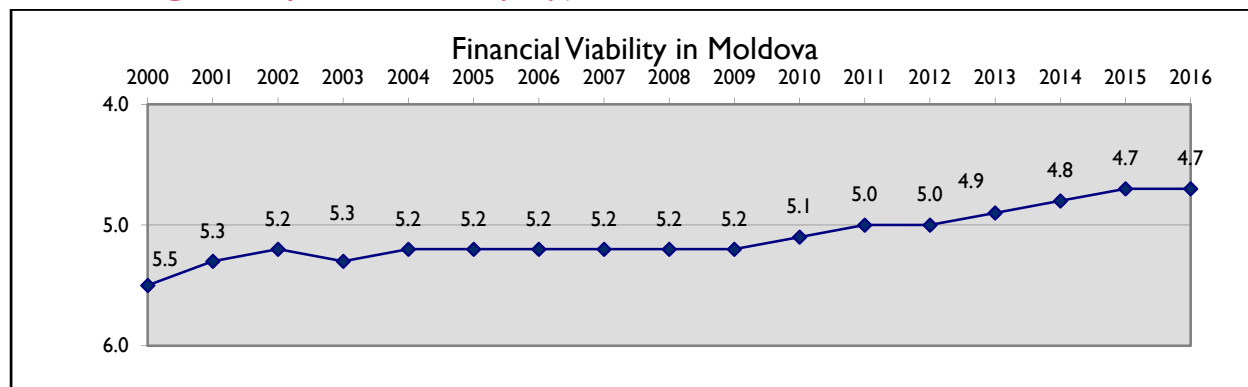
Only a small number of CSOs have strategic plans due to their lack of long-term funding and limited understanding of the importance of strategic planning. CSOs' internal management structures remain weak. CSOs find it difficult to establish stable boards of directors. Many CSO boards are ineffective or exist only on paper.

Human resource management in CSOs is still rudimentary. Most CSOs do not have human resource specialists, and only larger CSOs have well-defined procedures with performance indicators and pay policies. Only a small number of CSOs can afford to maintain permanent, paid staff.

Few people volunteer for CSOs, in part because CSOs do not have clear plans on how to involve volunteers in their activities. According to the 2016 World Giving Index, 17 percent of respondents in Moldova indicated that they participated in volunteering in 2015, compared to 14 percent in 2014. In the first six months of 2016, the Host Institutions Certification Commission accredited forty-eight volunteer-host institutions and issued ninety-six volunteer certificates. The government-issued certificates certify the number of hours volunteers worked with accredited volunteer-host institutions, and can be useful in proving relevant work experience.

CSOs' technological capacities are still modest. However, CSOs increasingly use modern office equipment, including relatively new computers and software. In 2016, Novateca launched the Small Grants Program for Libraries and CSOs, which aims to encourage partnerships between CSOs and public libraries by creating modern library services, such as computer classes, to address community interests and needs or implement local projects. Through this program, the fourteen participating CSOs will enjoy access to office space, equipment, and Internet access to support their activities.

FINANCIAL VIABILITY: 4.7



Financial viability did not change significantly in 2016, although CSOs increasingly sought domestic funding at national and local levels and corporate donors were more motivated to make donations to CSOs, as they are now eligible for larger deductions, thereby setting the stage for improvements in 2017.

According to the study *Fundraising by Moldovan Civil Society Organizations from Domestic Sources: Opportunities and Perspectives*, published in 2016 by CONTACT Center, approximately 17 percent of CSOs' income comes from local and national sources, while the rest comes from foreign grants. Key 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 United States, United Kingdom, and Slovakia, also play an important role in financing CSOs. Important private international donors include Soros Moldova Foundation, the East Europe Foundation (EEF), the Swedish Organization for Individual Relief (SOIR), and Swiss Interchurch Aid (HEKS).

At the end of 2016, the European Union restarted its financial support for programs in Moldova, which was stopped in 2015 due to the political crisis and lack of progress in making necessary reforms. As part of this support, the EU will provide €8 million for a program to develop and strengthen the capacities of civil society in Moldova. The program will focus on developing the capacities of civil society to ensure the active participation of CSOs in decision-making and policy-making processes, as well as the implementation of the Moldova-European Union association processes.

The Youth Banks program—implemented by EEF, with financial support from Sida and the Danish Ministry of Foreign Affairs in partnership with the Moldovan Ministry of Youth and Sports—concluded in 2016. The program raised \$10,375 in 2016, about the same amount as in 2015, including \$2,205 from the Ministry of Youth and Sports. This funding was distributed to 107 youth projects in fifty-nine communities.

Local government support for CSOs is still moderate due to local governments' limited resources and capacities to establish programs to support CSOs. Notably, Ungheni, Ialoveni, and Soroca districts organized open and transparent funding competitions for youth CSOs in 2016. A few national government agencies also provide support to CSOs. For example, in 2016 the Ministry of Youth and Sports provided financial support to twenty-three youth CSOs and the National Health Insurance Company contracted ten CSOs to provide health services.

Some CSOs sell products and services. These activities are expected to become more prevalent when the Law on Social Entrepreneurship is passed.

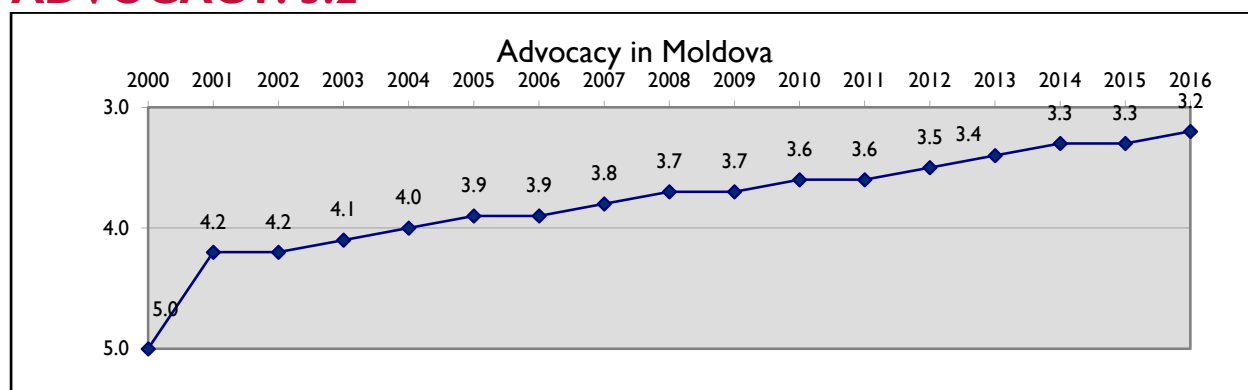
According to the 2016 World Giving Index, 20 percent of respondents in Moldova reported that they donated to charity in 2015, compared to 17 percent in 2014. In 2016, CONTACT Center and the European Center for Not-for-Profit Law organized a working group to craft proposals for amending the law regulating donations. In particular, corporate donations are still limited due to the burdensome procedure of registering these

transactions, although companies may be more willing to make donations to CSOs as they are now eligible for larger deductions. CSOs began to promote their public image more during the year so that they can benefit in 2017 from the 2 Percent Law.

Small CSOs, particularly those from rural areas, keep accounting records and develop written reports, while large CSOs can afford to use 1C, a comprehensive accounting software program designed specifically for CSOs. In 2016, CICO organized its annual training seminar on preparing annual financial statements.

CSOs from the Transnistrian region still encounter difficulties in ensuring financial sustainability. 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 are additionally required to register any social projects at the Transnistrian Commission for Humanitarian Aid. 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: 3.2



Cooperation between CSOs and public authorities improved in 2016. One of the most important events of 2016 was the seventh annual conference *Cooperation between the Parliament and Civil Society*, organized by the parliament in partnership with the National Council of NGOs in Moldova, the central government, and development partners. Debates at the conference centered on the involvement of civil society in the development and monitoring of public policy; legal changes that would provide long-term support and public resources for CSOs' financial sustainability; transparency and active citizen involvement in decision making; and joint platforms for dialogue and cooperation. Following this conference, the government issued a decision which describing a number of collaborative initiatives to engage civil society in the decision-making process, which were subsequently launched in 2016. For example, a working group of representatives from parliament, the central government, and civil society formed to work on amendments to the Law on Transparency in the Decision-Making Process and other laws that affect parliament's cooperation with civil society. At the local level, five participation councils were established under the mayor's office in ATU Gagauzia to promote the voice of civil society in decision-making process on local issues, and two more are expected to be established in the near future.

After more than two years of inaction, the NPC will be operational in 2017 following several consultations in 2016. The NPC will continue to consult civil society and the private sector on public policies. Slight changes were made to the composition of the NPC: the number of CSO representatives will now be at least twenty-five, rather than exactly thirty. In addition, every member of the platform will hold the presidency for three months, in rotation by alphabetic order.

The EU-Moldova Civil Society Platform (CSP) was established in May. The CSP consists of eighteen members—nine from the EU (the European Economic and Social Committee and large European civil society networks) and nine representatives of Moldovan CSOs. The platform will monitor the implementation of the Association Agreement between Moldova and the EU. The CSP will hold its second meeting in the first half of 2017.

The Governmental Commission on Youth Policy was relaunched in 2016 after a long period of inaction. Thematic working groups consisting of equal numbers of state and youth CSO representatives were established following the Commission's meeting in April 2016 to identify fiscal incentives for young graduates to enter the labor market, restructure the Republican Center for Children and Youth ARTICO, analyze the challenges student organizations face, and reconfigure the structure of the Commission in order to make it more efficient and active. The results of these working groups will be presented at the next meeting of the Commission in 2017.

Promo-LEX's members have been prohibited from entering Transnistria since April 2015, when the organization was accused by the Security Committee of Transnistria of destabilizing the region. However, Promo-LEX continued to monitor the human rights situation in the region and published a report of its findings in 2016.

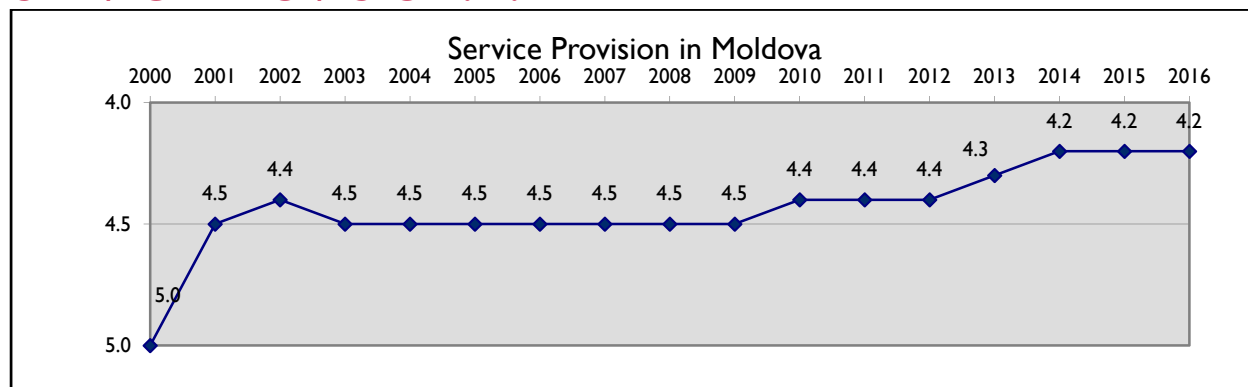
The CSO sector developed more successful advocacy initiatives at both the national and local levels. In response to a request from the civic platform Dignity and Truth, the Constitutional Court changed the system for electing the president. The president is now elected directly by the citizens, not by the parliament.

Civil society groups and human rights activists also stood up against the proposed "Big Brother Law," which introduces extensive mass surveillance measures. In November, the Legal Resources Center from Moldova (LRCM) published recommendations, prepared in conjunction with external experts, concerning the draft law. The group recommended rejecting the proposed articles on mass surveillance measures and undertaking a detailed examination of legislation limiting fundamental rights, among other measures. In December, the Venice Commission issued a joint opinion on the draft law identifying issues the authorities need to address in order for it to meet applicable European standards.

Review of the National Civil Society Development Strategy (NCSDS) 2012-2015 and preparations for developing the next strategy started in 2016. Following several consultations during the year, three working groups were established. The next strategy is expected to be adopted in 2017 and will largely reflect the priorities of the previous strategy: civic participation, financial viability, and volunteering.

CSOs' advocacy efforts over the past two years played a key role in the adoption of the 2 Percent Law in 2016. LRCM was directly involved in developing the mechanism to implement the Law and developed a set of guidelines for both CSOs and taxpayers explaining how to take advantage of the new mechanism. Many CSOs participated in the first round of consultations for the new Law on Public Associations, and the first concept was developed by an initiative group that included CSO representatives.

SERVICE PROVISION: 4.2



Service provision did not change noticeably in 2016. CSOs continue to provide services in areas ranging from human rights and education to culture and personal development. Youth service providers became more proactive in their outreach services to young people during the year. For example, the Pro Comunitate Center trained at least ten local coordinators to proactively reach out to youth, rather than waiting for them to seek services. At the end of the year, the Center launched the Methodological Guide, which provides recommended standards of quality for such services.

International donors continue to be the primary funders of services in Moldova. Most funding is provided on a project basis and services generally reflect donor priorities. Few CSOs therefore collect information to identify community needs on a regular basis. Furthermore, there is a belief that CSOs already know the needs of beneficiaries; local authorities do not even conduct community needs assessments before contracting with CSOs to provide particular services.

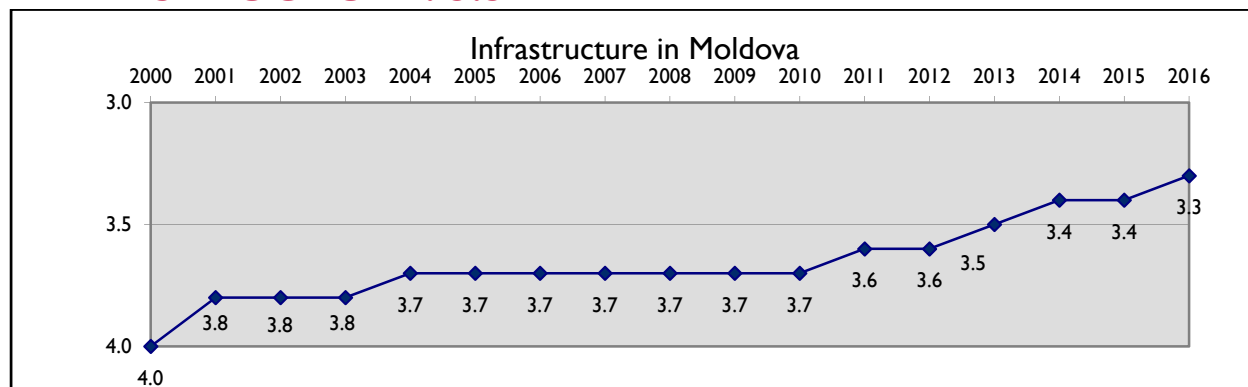
Most service-providing CSOs offer their activities to stakeholders beyond their members and immediate beneficiaries, including government officials, other CSOs, and other interested entities. Most think tanks participate in public consultations on public policy, while others are involved in working groups to develop policy documents.

Most CSO services are provided for free, although slightly more CSOs charged fees for services in 2016. For example, Nexus Moldova, which provides counselling to migrants, launched a fee-based migration support service in the fall of 2016. On average, the service receives twenty to thirty requests for assistance per month. In general, when CSOs charge for their services, the income is still generally insufficient to cover the costs of providing services.

Governmental institutions continued to contract CSOs to provide different services. For example, the National Health Insurance Company contracted ten CSOs in 2016 to provide homecare services, compared to thirteen in 2015. Casmed NGO, one of the contracted organizations, conducted 804 homecare visits in the northern region of Moldova with this support.

The National Council for the Accreditation of Social Services Providers provides accreditation to CSOs seeking to provide social services through contracts with the government. Six out of fifteen applicant organizations received accreditation in 2016, compared to fifty out of seventy in 2015.

INFRASTRUCTURE: 3.3



The infrastructure supporting Moldova's CSOs improved in 2016.

The CONTACT Centers in Chişinău, Bălţi, and Cahul, along with CICO and Pro Comunitate, are the most important organizations providing CSOs with training in management, strategic planning, accounting, and other areas. The CONTACT Centers also provide critical legal support, consulting, and operational resources. Although most of these support organizations are located in the capital, their services are increasingly focused on the regions. In addition, their services are offered in minority languages.

Organizational capacity programs launched in previous years, such as the USAID-funded Moldova Partnerships for a Sustainable Civil Society (MPSCS) and the Embassy of Sweden's Organizational Development Program, continued in 2016. Through three strategic partners (LCRM, CICO, and Contact Cahul), MPSCS delivers legal assistance, organizational development trainings, consultancies, and advocacy campaigns to CSOs in the regions.

Russian-speaking CSOs from the Transnistrian region and the Autonomous Territorial Unit (ATU) of Gagauzia showed interest in strengthening their planning and strategic management capacities in 2016. In response, the Center for Organizational Training and Consultancy (CICO) designed a program to develop the organizational capacities of Russian-speaking CSOs. The program is scheduled to begin in 2017 and will address good governance and fundraising, among other topics.

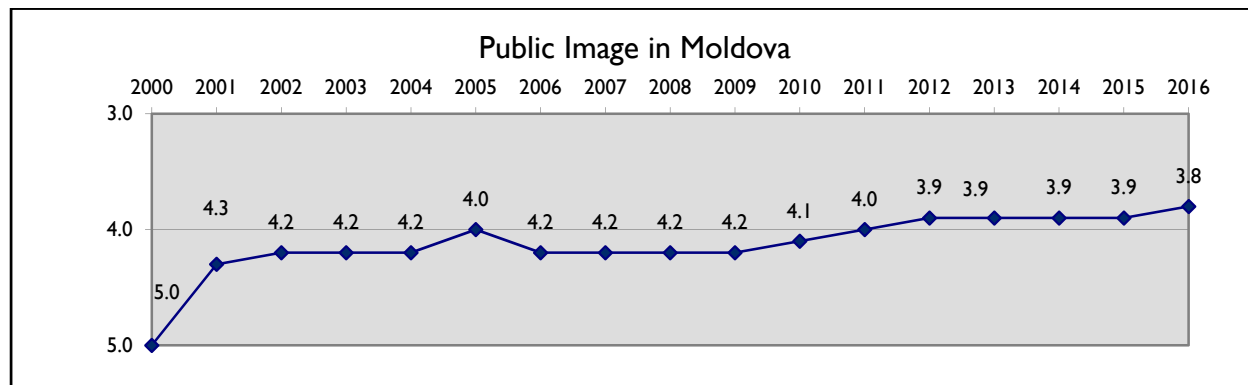
The National Volunteer Center was still not established in 2016; thus there is still no institution that coordinates volunteer activity in Moldova. However, with the approval of the new Law on Youth in July 2016, the National Agency for Development of Youth Programs and Activities is expected to be established in 2017 and assume this role.

Local grant making increased in 2016. Youth Banks organized nine small grants programs in the eight regions covered by the project. The National Youth Council of Moldova, an umbrella organization of fifty-eight youth CSOs, sub-granted government funding for the institutional development of fifteen local CSOs. CSOs can easily find information about grant programs online on www.civic.md and www.finantari.md.

The National CSO Council continues to be the largest platform for dialogue in the CSO sector. In 2016, the Council played a determining role in negotiating with the government to relaunch the NPC. Most CSO networks rely on foreign grants or national funds to operate. The Ministry of Youth and Sports provided funding through the 2016 Small Grants Program to the largest youth networks and coalitions in Moldova, including the Volunteering Coalition, the National Youth Council of Moldova, and the National Network of Youth-Friendly Services. In 2016, the National Network of Youth-Friendly Services made important steps to improve the quality of its services, including the development of quality standards for nine types of youth-related activities.

Intersectoral partnerships to solve community issues continued to develop in 2016. For example, Pro Cooperare Regionala laid the foundation for the establishment of fourteen LAGs that include CSOs, local public authorities, and the private sector. To improve conditions for business development, the Economic Council under the prime minister was relaunched in 2016 with more members representing state institutions, the business community, and CSOs. The council adopted several measures to promote business activity during the year.

PUBLIC IMAGE: 3.8



CSOs' public image improved in 2016. Mass media was increasingly interested in the active role CSOs play in political development at the national level. Various mass media outlets seek commentary from CSO representatives. Promo-LEX was constantly in the media in the run-up to the 2016 presidential election, providing up-to-date information and launching a campaign to encourage voting. Local media was also more interested in the activity of local CSOs during the year. In Soroca, the Ziarul Nostru newspaper entered an official partnership with the Dacia Youth Resource Center, wherein the newspaper will publish the Center's press releases for free.

The level of public trust in CSOs is still low. According to the 2016 Public Opinion Barometer, only 23.6 percent of respondents reported that they trusted CSOs, similar to levels in 2015. Younger people report a higher level of trust in CSOs (31.5 percent) than the older population (17.1 percent). Young people are more likely to get involved in CSO activities and understand their role in society.

According to a Promo-LEX report presented as part of the Universal Periodic Review (UPR), only 1 percent of people from Transnistria fully trust CSOs. The anti-extremism order issued in Transnistria in 2015 promoted the perception that CSOs are foreign agents. Under the order, extremist activities include: activities considered to hinder the work of state bodies (which might include criticizing their work), defamation of high government officials, breaches of human rights and freedoms, and participation in public demonstrations, among others. Accordingly, the government can deem some CSO activities, particularly those promoting human rights, to be extremist. In addition, both authorities and the public in the Transnistrian region view CSOs as grant consumers.

The national government is very open to CSOs thanks in part to advisers to the prime minister who are former CSO representatives. The government recognizes the benefits of utilizing CSOs' expertise in different areas, and of improving public participation processes and its image by engaging with CSOs. Local governments also consider CSOs as assets for planning and implementing different projects. For example, the LAGs created in the north will create a platform for partnership among local authorities, CSOs, and the private sector.

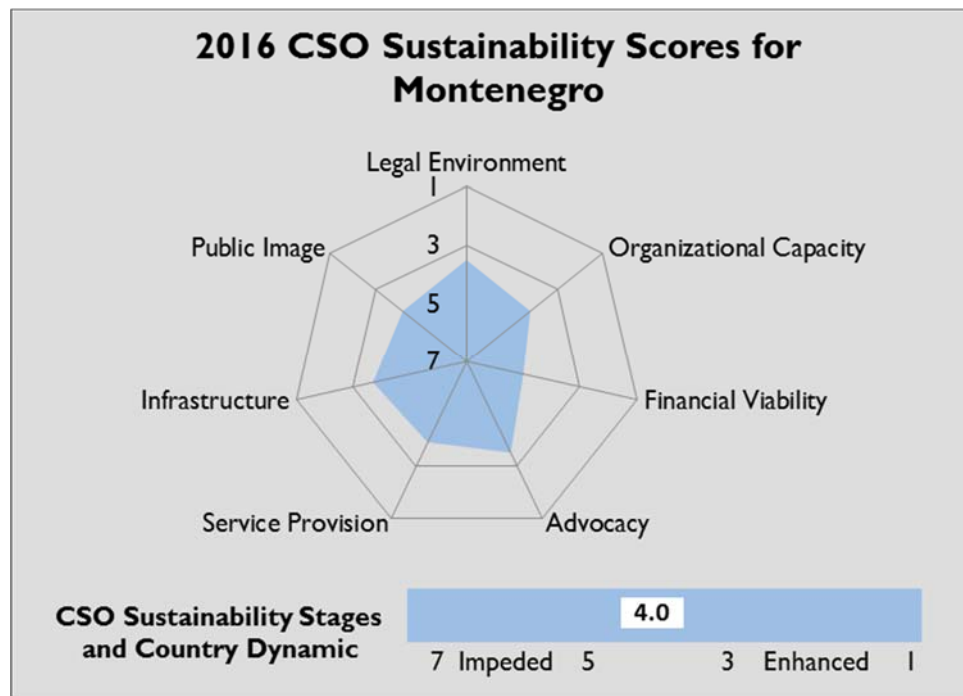
As a result of collaboration with CSOs on various social campaigns, the business sector has a generally positive image of CSOs. However, overall interaction between the private sector and CSOs is still limited. In addition,

tion, in 2016 CSOs accused businesses of exploiting volunteers in their activities. The biggest case in this regard was the opening ceremony of the MIMI Castel, which utilized the services of many volunteers. These volunteers felt that they were mistreated: they worked without breaks, were given little food during the day, and only had access to poor quality water. In response to this incident, Youth for the Right to Life conducted a workshop in December with representatives of both companies and volunteer organizations in order to identify ways to increase collaboration between the two sides to avoid this kind of situation in the future.

Instead of relying on traditional media for public outreach, CSOs widely use social networks and their own websites to promote their organizations, attract volunteers, and sometimes raise funds. Most CSOs have Facebook or Twitter accounts. The Civic Fest continues to be an opportunity for CSOs to present their activities and impact to the public. In 2016, this event lasted for three days and took place both in the capital and beyond. Contact Center and CICO continue to maintain a database of journalists interested in CSO activities, but the number of registered journalists remained stable in 2016.

CSOs started to publish more activity reports in 2016 in order to increase their contact with their constituents and other stakeholders, mainly to convince them to assign 2 percent of their taxes to them beginning in 2017. CSOs aim to become more transparent and to satisfy legal obligations for obtaining public benefit status and eligibility requirements for the 2 percent mechanism. A common code of ethics has not been adopted, and some CSOs promote the idea of organizations developing individual codes of ethics.

MONTENEGRO



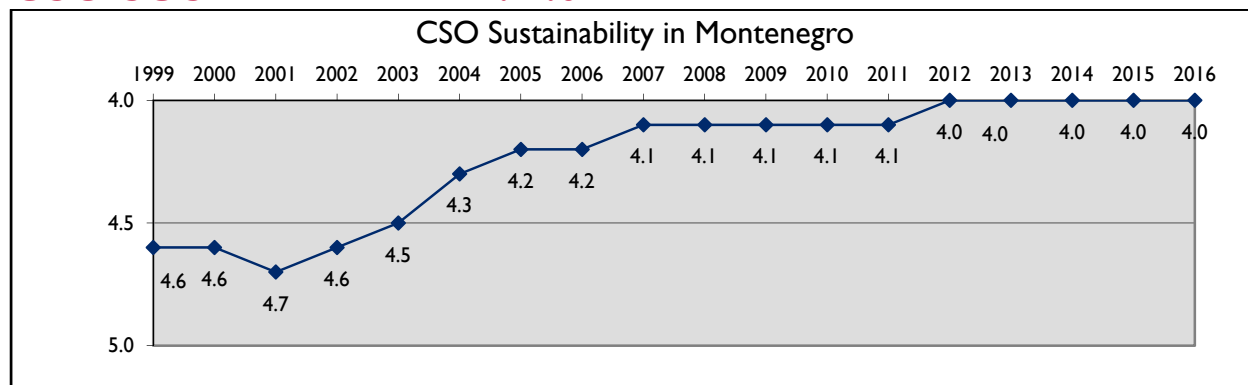
Capital: Podgorica

Population: 644,578

GDP per capita (PPP): \$17,000

Human Development Index: 48

CSO SUSTAINABILITY: 4.0



Political and government reshuffling before the October general elections galvanized Montenegro in 2016. Following the political turmoil in 2015—which included boycotting of the parliament, allegations of electoral fraud, and protests calling for a transitional government that would pave the way for fair elections—the government won a vote of confidence in January 2016. Months of heated debate resulted in a political agreement to form a transitional “government of electoral trust,” which included members of the opposition. The “government of electoral trust” was established in May and was tasked with preparing and organizing fair general elections in October.

The elections took place in an atmosphere of political polarization and mistrust in the electoral process, in part due to a lack of transparency in the funding of political parties. Improvements in the legal and institutional framework contributed to more robust electoral procedures but did not increase public trust in the electoral process or the politicians involved. The incumbent Democratic Party of Socialists (DPS) won the

most seats, but fell short of winning an outright majority. DPS formed a coalition with the Social Democrats and ethnic minority parties to form a government.

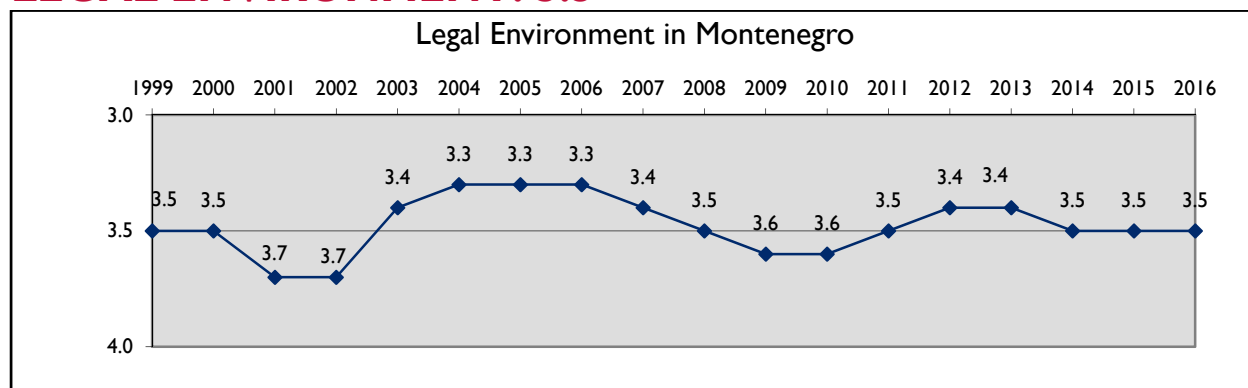
EU accession negotiations remained the country's priority in 2016. Despite some progress, problems persist with freedom of expression, corruption, organized crime, independence and accountability of the judiciary, rising public debt, high fiscal deficits, and high unemployment.

Following NATO's invitation to Montenegro in December 2015 to become a member, in May 2016 NATO foreign ministers signed the Accession Protocol, providing Montenegro "Invitee" Status and allowing the country to send observers to NATO meetings.

Overall CSO sustainability did not change in 2016, although slight improvements were recorded in both service provision and the infrastructure supporting the sector. CSOs provide a variety of services, including many focused on social protection of domestic violence, HIV/AIDS, drug addicts, and other vulnerable groups. Four new local resource centers for CSOs were established in 2016 and partnerships with the media expanded during the year. Financial viability remains the most challenging issue for Montenegrin CSOs. CSOs continue to be highly dependent on international donor funding, while state support, individual philanthropy and corporate philanthropy remain limited.

According to the Ministry of Public Administration, as of January 2017, there were 4,213 registered associations, 153 foundations, and 115 foreign CSOs. During 2016, 469 new CSOs were registered. Most registered CSOs work in culture, human rights, art, formal and informal education, agriculture and rural development, social and health care, civil society development and volunteerism, and environmental protection.

LEGAL ENVIRONMENT: 3.5



The overall legal environment remained the same in 2016.

The main legislation governing CSOs is the Law on NGOs, which defines NGOs as non-governmental associations and non-governmental 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.

While the Law on NGOs has been in effect since 2012, it has never been fully implemented. Implementation of provisions regarding CSO financing from state resources has been particularly problematic. Specifically, while the law provides for the establishment of a multi-sectoral commission responsible for distributing funds from the state budget, it has never been established.

In 2015, the Ministry of Interior (MoI) prepared a draft Law on Amendments to the Law on NGOs, which addresses the issue of funding from the state budget. The 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 while the ministries would then be responsible for distribution of funds. The draft amendment was still pending at the end of 2016.

Registration procedures for CSOs are simple and founding documents are not demanding. 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. To be a founder, a person must be at least fourteen years of age, though minors need consent from a legal guardian. A foreign CSO must submit proof of registration from the country where its main office is located. The online registry provides basic information about CSOs but does not allow for online registration. At the very end of November 2016, the government brought a decision to reorganize the state administration, delegating CSO affairs, including registration, to the newly-established Ministry of Public Administration.

CSOs generally enjoy the freedoms and legal guarantees necessary to carry out their work without political or institutional interference. The harassment and intimidation CSOs faced in previous years through tax inspections, arrests, and surveillance continued to be a threat to CSOs in 2016. In addition, some government-friendly media continued smear campaigns against prominent civil society representatives, although these campaigns were less intense than in previous years. In 2015, the executive director of Human Rights Action (HRA) filed a lawsuit against TV Pink for “false and offensive allegations” after it called for her imprisonment for allegedly making up a sex-trafficking scandal in order to influence the political situation in the country. In 2016, the High Court in Podgorica confirmed the judgment of the Basic Court in Podgorica that TV Pink injured the honor and reputation of HRA’s executive director.

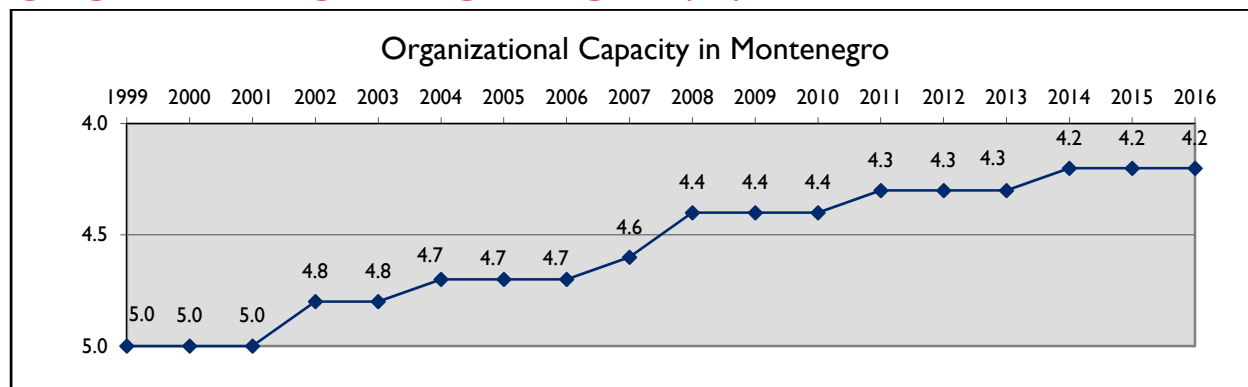
The Income Tax Law generally exempts CSOs from taxation on foreign grants and donations; imported humanitarian goods; all services provided by CSOs, unless the exemption would unfairly distort market competition; and “public interest” services, which include educational, cultural, sports, and religious services. In addition, all expenditures above €50 made on EU-funded projects are exempt from VAT. In practice, however, the procedure to access these tax exemptions is complicated and varies depending on the type of EU grants. 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, even though CSO work in Montenegro is project-oriented, and few CSOs can ensure permanent work contracts for staff.

CSOs may engage in economic activities, but 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 which are taxed at the corporate rate in order to provide such services.

Legal capacity did not change in 2016. Legal advice for CSOs is provided on a voluntary, ad hoc basis by national-level support organizations and individuals.

ORGANIZATIONAL CAPACITY: 4.2



The organizational capacity of CSOs remained the same in 2016. Most Montenegrin CSOs are small, municipality-based organizations that are dependent on public funding, which does not provide support for organizational development.

Constituency-building activities by CSOs are generally sporadic, project based, and limited to social media. CSOs in Montenegro widely use social media to communicate with constituents, beneficiaries, stakeholders, and donors. 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.

Few CSOs regularly conduct strategic planning, as most remain dependent on donor funding, and therefore follow donor agendas and objectives.

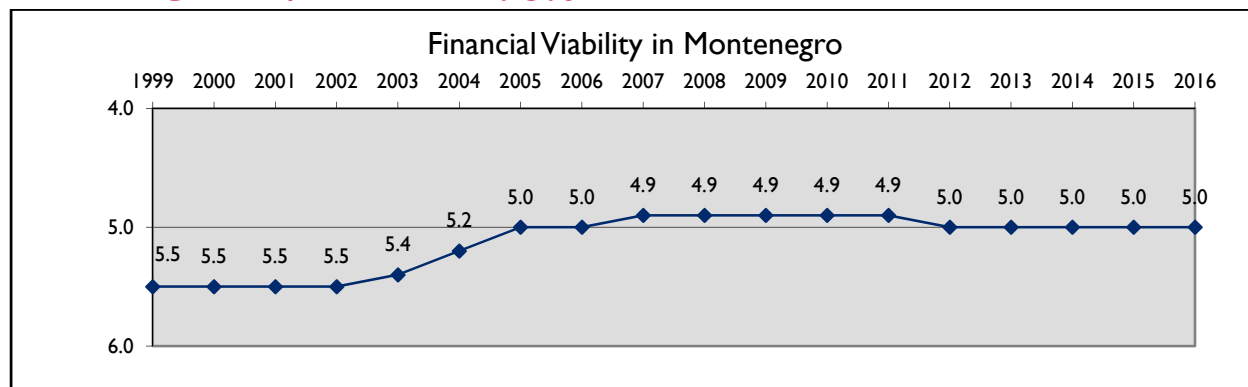
Few CSOs have democratic governance structures or functional internal management structures. Instead, one or two leaders typically make all decisions. In most CSOs, boards only exist as a formality, and often include staff members. Very few boards actively engage in governance or monitor the accountability of their organizations.

There is no official data regarding CSOs' income, staff levels, salaries, or number of volunteers. Staff members are usually hired on a project or voluntary basis. Most well-developed organizations are located in the capital and few maintain permanent staff or have employment policies and procedures in place.

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. 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 2016 World Giving Index, 8 percent of respondents in Montenegro reported that they participated in voluntary action in 2015, compared to 7 percent the year before.

Most CSOs are equipped with basic technology, including computers, phones, and Internet access.

FINANCIAL VIABILITY: 5.0



The financial viability of CSOs did not change significantly in 2016.

CSOs remain highly dependent on international donor funding. The EU and various embassies continue to be critical sources of funding for Montenegrin CSOs. However, less EU funding was available to CSOs in 2016. There were no calls in 2016 under the European Instrument for Democracy and Human Rights (EIDHR) and the only call for the Civil Society Facility Montenegro Program, with funding of €2 million, was announced at the very end of December, with contracts anticipated to be awarded in mid-2017. At the same time, Montenegrin CSOs were eligible for funding under several calls for EU programs that are implemented at the regional or European level, which compensated somewhat for the lack of national EU funding programs. EU programs in general are only accessible to a few well-developed CSOs that are capable of meeting the co-financing and other requirements for EU grants. In addition, many EU programs require applicants to provide the funds for project implementation up front and then get reimbursed after the fact. Few CSOs have flexible resources that they can use for this purpose.

The level of state resources for CSOs remained unchanged. In 2012, ministries and the parliament decreased or cut funding for CSOs in anticipation of the CSO funding mechanism prescribed by the Law on NGOs. Ministries have not resumed funding even though the funding mechanism was never established. The major source of state funding for the sector therefore continues to be revenue from games of chance. In 2016, CSOs received €3,129,477 from games of chance, a slight increase from €2,819,637 in 2015. The available funding covers six areas of work: social protection and humanitarian activities, needs of persons with disabilities, sports development, culture, non-formal education of youth and children, and issues of addiction.

Support to CSOs at the local level is still insignificant. Allocation of funds by municipalities is not transparent, and personal relationships—rather than the quality of projects—are still the primary factor in funding decisions. According to data published by the Center for the Development of NGOs (CRNVO), municipalities allocated €440,572 for CSO projects in 2015. Out of this amount, €285,538 was allocated based on open calls for proposals, while the remaining €155,034 was allocated non-competitively, generally based on a decision by the mayor.

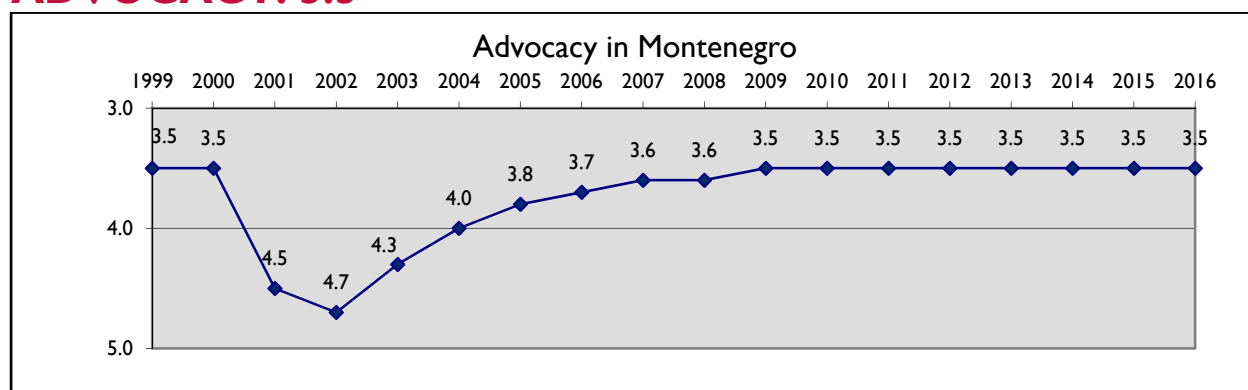
Despite efforts to expand their funding sources, most CSOs have limited diversification in their funding, as individual philanthropy, in-kind support, volunteerism, and corporate social responsibility all remain underdeveloped in Montenegro. Although the legal framework does not provide incentives for companies or individuals to make financial donations, a few companies, regularly fund CSOs through calls for proposals. For example, Trebjesa Brewery supports environmental projects, while Telekom and Telenor both support initiatives focused on children, youth, and other vulnerable groups. More commonly, companies support CSOs by providing them with goods or services or jointly organizing events. According to 2012 research on individual philanthropy, the only research done on this topic in Montenegro, philanthropy is limited both because of the poor financial situation in the country and a lack of awareness of the value of engaging in such activity. While

the overall situation was similar in 2016, CSOs did organize several successful fundraising activities during the year, including several campaigns organized on social media to raise money for health treatment for children. In addition, the NGO Food Bank successfully informs the public and collects money and in-kind donations for its work. In 2016, a number of families received food, clothes, and other types of support from this organization.

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.

Bookkeeping rules are the same for CSOs as for other legal entities, without differentiation among organizations of different income levels, which complicates the work of CSOs that have little or no income. While CSOs generally adhere to the bookkeeping rules, this does little to contribute to the development of sound financial management systems, as most CSOs outsource bookkeeping to accounting firms, which are not well-informed about the activities or specific environment in which CSOs operate.

ADVOCACY: 3.5



There are several mechanisms that facilitate cooperation between government and CSOs. In particular, 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 Development of CSOs, which is composed of the president and twenty-two members (eleven from the government and eleven from CSOs), is responsible for monitoring the implementation of the Strategy for Development of CSOs for 2014-2016, as well as the Action Plan for Chapters 23 and 24 related to CSOs, and for providing recommendations on legislation and other documents related to CSOs with the aim of improving CSO-government cooperation. In practice, the Council was even less functional in 2016 than in previous years, due to the extreme polarization between government and CSO members. As government members have the majority, the opinions of CSOs are ignored in most cases. CSO representatives have boycotted Council sessions since July.

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 and other state entities. However, the EU accession process continues to lack transparency, mainly due to a change in the negotiating structure and the establishment of the Rule of Law Council, which consists only of state authorities and organizes closed meetings. The public, including CSOs, also lacks access to European Commission opinions on key legislation and reports from its expert missions, only a few of which are available online.

Some CSO representatives held different positions in the “government of electoral trust.” This had a positive influence on the transitional government’s openness to cooperating with CSOs during its brief mandate.

CSO participation in the legislative process and the work of institutions is regulated by two decrees: the Decree on the Manner and Procedures of Cooperation between State Bodies and CSOs, and the Decree on the Manner and Procedures for Organizing Public Consultations in Law Preparations. According to a report prepared by the MoI and the Office for Cooperation with NGOs, these decrees were implemented inconsistently during 2014 and 2015. The government often failed to publish the list of laws subject to public consultations or the consultation reports, which made it difficult for CSOs to track whether their proposals were adopted.

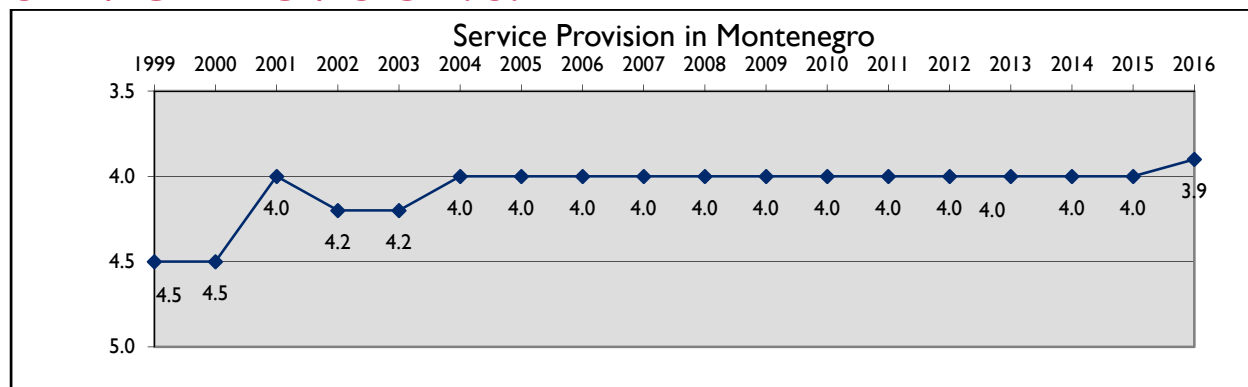
CSOs played an active role in monitoring the election process. The Center for Democratic Transition (CDT), Network for the Affirmation of the NGO Sector (MANS), Center for Democracy and Human Rights (CEDEM), and Center for Monitoring and Research (CEMI) monitored different aspects of the electoral process, including campaign financing and the work of the State Election Commission, the Agency for Prevention of Corruption, the MoI, and relevant parliamentary committees. MANS and CDT were also invited to participate in sessions of a team of the Agency for Prevention of Corruption working on the implementation of the Law on Financing of Political Entities and Electoral Campaigns. Civic Alliance followed the work of media and CSOs during the election process. Based on their monitoring, CSOs found several flaws in the administration of the elections: the Law on Financing of Political Entities and Electoral Campaigns was implemented inconsistently, the State Election Commission performed poorly, there was lack of information from the Agency for Prevention of Corruption, and there were shortcomings in the electoral register. In addition, CSOs pointed out that political parties did not operate transparently and engaged in negative campaigns and inflammatory rhetoric. No changes were made to the laws in 2016 as a result of these findings.

CSOs were also actively involved in voter education initiatives during the electoral period. Most notably, CDT launched a Viber Public Chat “CDT - Elections 2016” to inform the public and discuss important topics for the upcoming elections. This was the first time this leading global application for the exchange of messages was used in Central and Southeastern Europe. Individuals using Viber were able to follow the content of a public chat and to participate in live political and economic debates with representatives of state institutions, analysts, and media commentators. In addition, CDT used Viber to report live to the public on all important aspects of the electoral process, to refer people to the relevant addresses for electoral matters, and to provide easily accessible information on voter turnout and election results.

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. Despite these obstacles, there were a number of successful local advocacy initiatives during the year. For example, the environmental movement Ozon conducted a successful campaign with primary schools called “Every Can Counts,” which educated children about the importance of recycling. In addition, after an autistic child escaped from his home and was found dead, media and CSOs successfully advocated for the creation of a specialized center for children with autism. A center will be opened within the health care center in Podgorica, and will be partly funded by public donations.

CSO advocacy related to legal reforms that would benefit the sector are limited and mainly concern the allocation of funds to CSOs.

SERVICE PROVISION: 3.9



The score for service provision improved in 2016, as a result of incremental changes over the past decade that were insufficient to justify a change from one year to the next, but have led to a cumulative improvement in service provision.

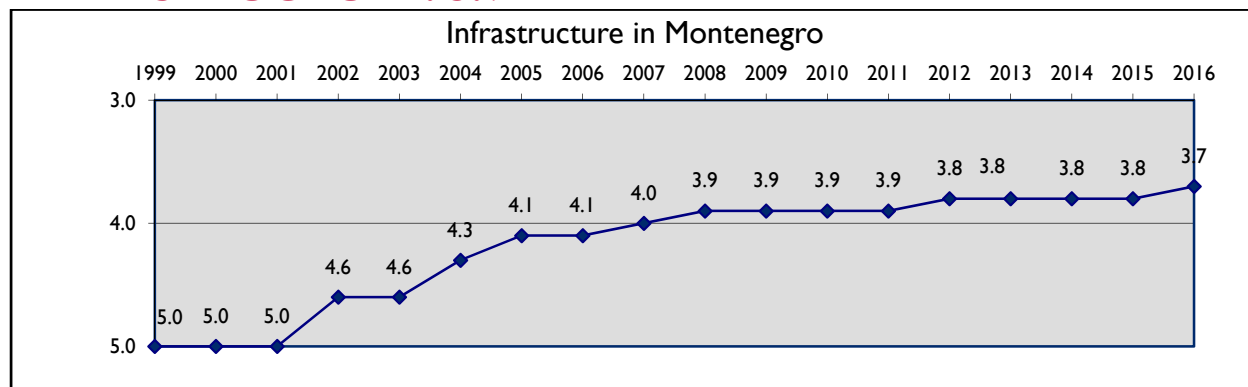
CSOs provide a variety of services, mostly focused on social protection for victims of domestic violence, HIV/AIDS patients, drug addicts, and other vulnerable groups. Small and local CSOs are largely dependent on state funds in order to provide services.

CSO services are widely recognized by the public. However, due to their uncertain financial viability, CSOs tend to apply for any funding opportunity even if it does not fit their missions, which undermines their ability to respond to the real needs and priorities of communities.

According to Law 27/13 on Social and Children Protection, social protection services include services that improve the quality of life of vulnerable populations, including social and educational services, counselling and therapeutic services, and accommodation services. The law specifies that social protection services (which in practice are provided by non-governmental institutions) are financed by the state budget, municipality budgets, and fundraising activities of service providers, including donations and contributions of beneficiaries. In 2015, the bylaws necessary to implement the law, which address issues such as licensing and accreditation, the management of registers, and criteria for prices of such services, was adopted. According to the bylaws, the Institute for Social and Children Care is responsible for the accreditation of programs and licensing services. However, the Institute has not yet accredited any services. The main problems related to accreditation include CSOs' lack of information about the relevant procedures, the high standards that must be met, as well as the underdeveloped system of financing for such services.

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 at the local level, where the authorities, as well as businesses and some media, 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.

INFRASTRUCTURE: 3.7



The infrastructure supporting the CSO sector improved slightly in 2016 with the establishment of new resource centers that provide support to community groups and the expansion of partnerships with the media.

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. EU's Technical Assistance for Civil Society Organizations (TACSO) project also provides capacity building activities, support, and assistance to CSOs.

In 2016, CRNVO established four new local resource centers for CSOs with EU funding. Two of the centers are located in the south of the country (in Herceg Novi and Ulcinj) and two are in the north (Pljevlja and Bijelo Polje). The centers provide support to community groups on registration, as well as consulting and advice on issues such as fundraising, project cycle management, planning, and establishing local initiatives. In 2016, CRNVO focused on building the capacity of the local centers, and the local centers organized training on project proposal writing.

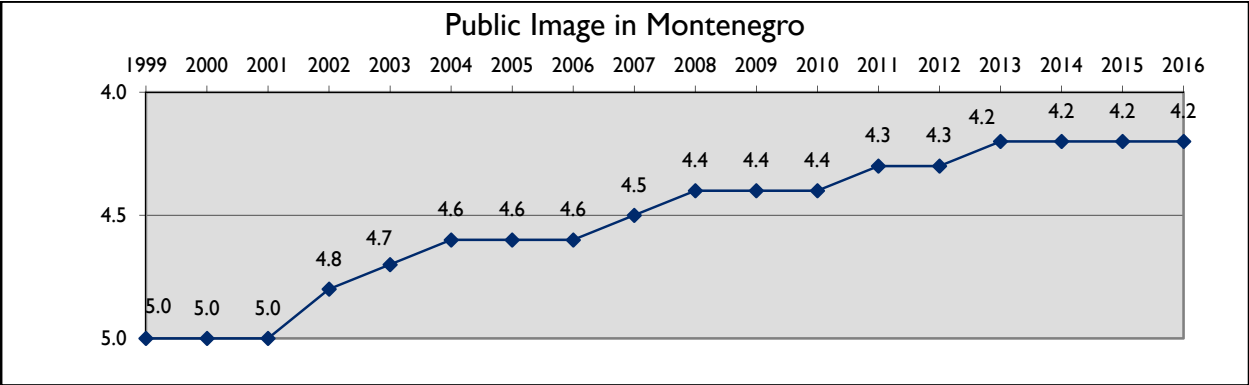
FAKT is the only local donor that offers grants to informal groups. In 2016, FAKT funded thirty-nine community-based actions and organizations in a total amount of €133,000. In addition, FAKT is part of the SIGN Network, a regional network of indigenous grant makers.

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. 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 both basic and 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 continued to grow in 2016, 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 to work on specific issues. For example, during the election period, MANS cooperated with two daily newspapers which regularly published its investigative stories.

PUBLIC IMAGE: 4.2



The CSO sector’s overall public image remained unchanged in 2016, although public trust in CSOs increased slightly. According to CEDEM research, as of June 2016 39.8 percent of the public trusted CSOs, compared to 35.7 percent in November 2015. While no polls have been done since the election, public trust in CSOs may have increased further due to CSOs’ involvement in monitoring the elections.

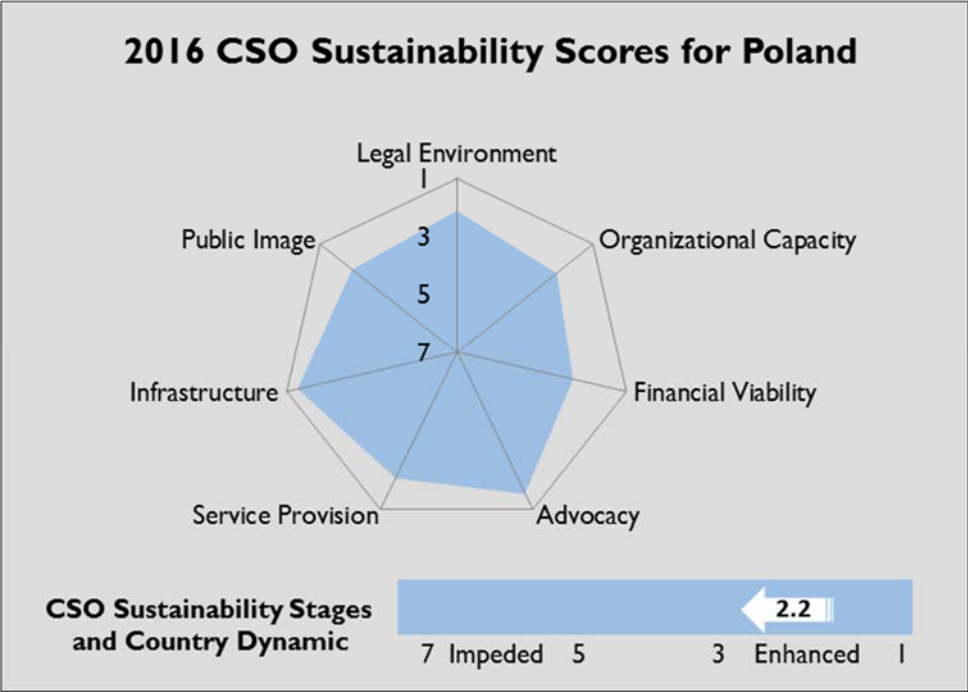
Media is polarized in Montenegro, and personal disputes often affect coverage of CSO activities. Some media choose to report only on specific CSOs, disregarding or negatively reporting on others. In 2016, negative media coverage of the sector focused on issues such as the skills, personal debts, or personal life of individual CSO representatives or activists.

Representatives of the “government of electoral trust” included CSOs in their work and perceived them as reliable partners. However, their mandate ended after the elections and it is still too early to comment on the new government’s perception of the sector. The increasing level of business support to local initiatives indicates that business perception of CSOs has improved slightly.

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, including to conduct joint research and produce articles, and use social networks to promote their work.

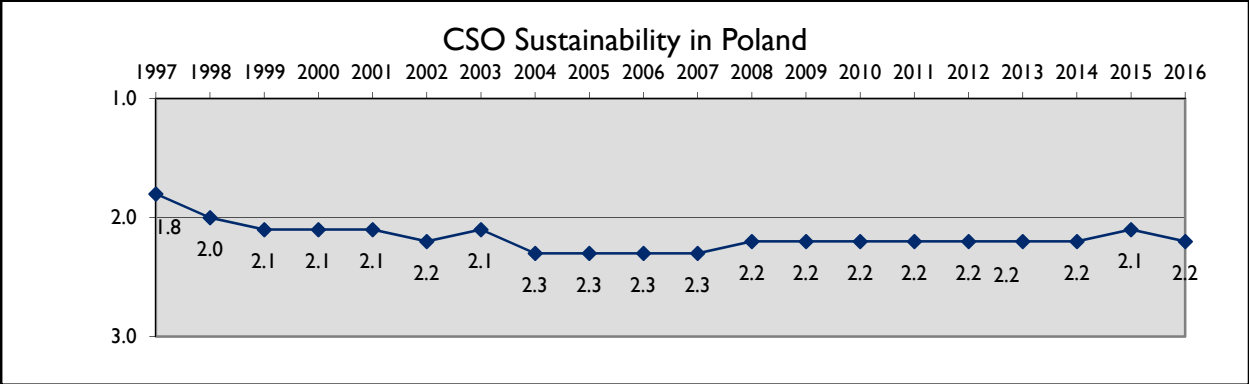
There is little self-regulation in the sector. The CSO coalition Together towards the Goal has a code of ethics, but it is unknown how widely it is implemented. Major CSOs publish annual programmatic and financial reports, while local and underdeveloped CSOs generally do not.

POLAND



Capital: Warsaw
Population: 38,523,261
GDP per capita (PPP): \$27,700
Human Development Index: 36

CSO SUSTAINABILITY: 2.2



The work of CSOs in Poland was hindered by the new government that took office after parliamentary elections in late 2015. Following a dispute over the composition of the Constitutional Tribunal, the government—led by the conservative Law and Justice Party—significantly decreased public dialogue with CSOs. Some civic dialogue bodies were dissolved and the legislative process rarely included public consultations. At the same time, central authorities demonstrated various procedural irregularities in the granting of public funds in 2016.

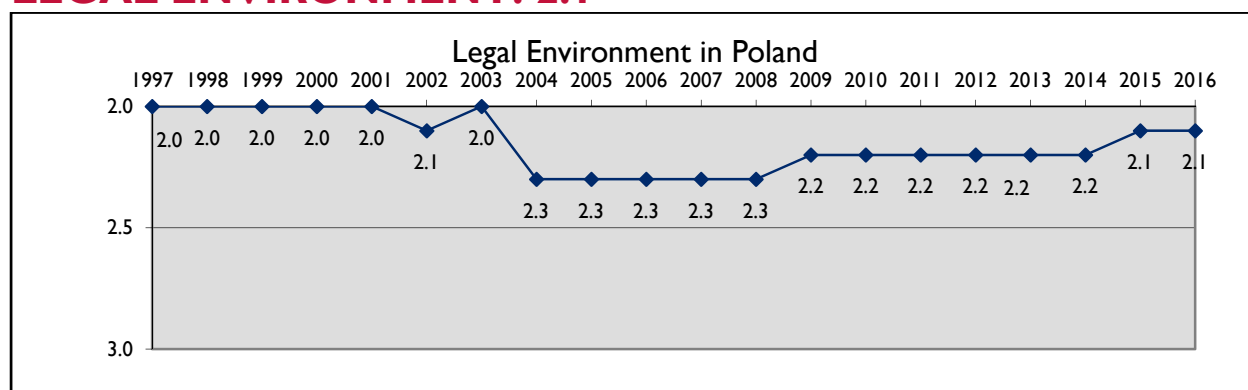
In addition, the ruling party took control of the public media by amending the media law and appointing its own directors, after which the public media began to provide negative coverage of particular CSOs. The main public news programs launched a defamation campaign, claiming that some CSOs were associated with the political opposition and misusing public funds. The prime minister and other prominent representatives of the ruling party joined this campaign, declaring that CSOs require stronger regulation. As a result, in late December, the prime minister proposed a new law that would introduce central administration over the civil

society sector through a new agency reporting directly to the prime minister. The law is expected to be adopted in early 2017.

On the other hand, a significant amendment to the Law on Associations entered into force in May, easing the rules for establishing associations and enabling unregistered associations to receive funding. The amendment also eliminated the supervision of local authorities over this process and shortened the time period for the court to make registration decisions. In addition, an amendment to the public procurement law that entered into force in July supports more public procurement based on social objectives, which is expected to increase CSOs' chances of winning contracts.

According to the latest available data, there were about 20,000 foundations and 106,000 associations registered in Poland at the very beginning of 2016. However, these numbers include many inactive CSOs that have not formally dissolved, estimated to account for roughly a quarter of all registered CSOs. These numbers also exclude other organized forms of civil society, such as the 16,000 voluntary fire brigades that operate mostly in rural areas.

LEGAL ENVIRONMENT: 2.1



The legal environment governing CSOs in Poland experienced both progress and setbacks in 2016.

In May 2016, the most significant amendment to the Law on Associations since its introduction in 1989 entered into force. It eased the rules for establishing an association, reducing the minimum number of founders from fifteen to seven. In addition, it eliminated the supervisory role of the local government in the registration process. As a result, the deadline for the courts to consider an application for registration in the National Court Registry was shortened from three months to seven days. In addition, associations that are not registered in the National Court Registry, referred to as “regular” associations, are now eligible for grants from both private and public funders. Such associations only need three founders, thereby making it easier for more organizations to receive funding. On the other hand, the registration process for foundations has not changed and remains bureaucratic, lengthy, and complicated.

Legal regulations concerning the management and reporting requirements of CSOs are clear but are often implemented inconsistently. Several amendments to the legal regulations came into effect during the year that reduce the obligations on smaller CSOs. For example, organizations with budgets under 100,000 PLN (about \$25,000) that do not conduct economic activity no longer need to maintain full accounting books, although they do still need to keep simplified records. In addition, if an authority requests an audit of a CSO's operations, it must justify the request. Since 2015, the National Court of Registry has had the authority ex officio to deregister CSOs that do not submit financial reports for two consecutive fiscal years. It is too early to gauge the extent to which the court will exercise this authority.

Administrative impediments and state harassment of CSOs worsened in 2016, especially for organizations working on issues contrary to government policy, such as the rights of the LGBT population, refugees and migrants, minorities, and women. In December, the Ministry of Labor, Family and Social Policy stopped the public funding of a two-year women's rights project halfway through its implementation, without providing justification. The project, implemented in southern Poland by a women's rights foundation, was focused on preventing violence against women and educating people on anti-discrimination mechanisms. While the law protects the right of CSOs to express their opinions freely, CSOs often restrain their criticism of government authorities and agencies, especially those from which they receive funding. In addition, recent criticism of CSOs by the media and prominent politicians indicates that CSOs, including watchdog organizations, may still be subject to unexpected control or even dissolution by the government, although there were no known cases of this happening in 2016.

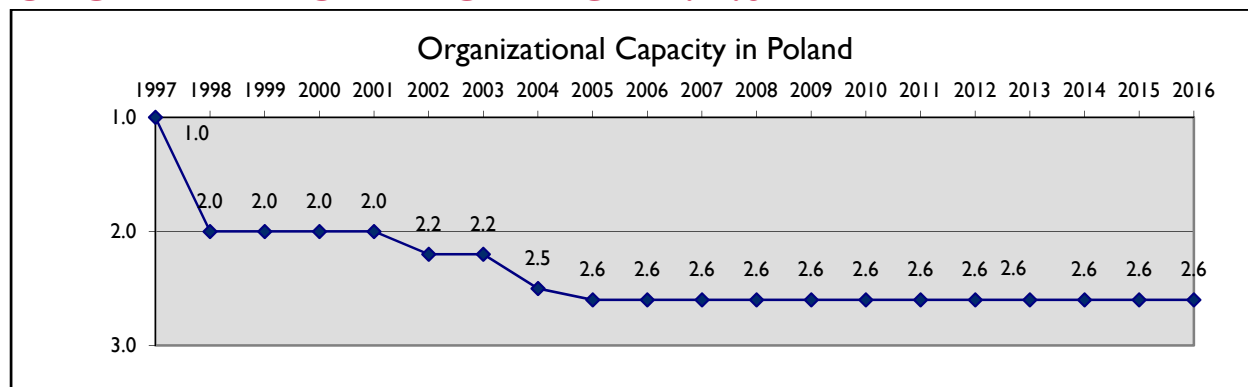
Following the media campaign against CSOs, the prime minister and other prominent politicians of the ruling party declared that CSOs need to be regulated more, because they, particularly foundations, misuse public funds for political purposes. As a result, a new law was proposed that would introduce central administration over the civil society sector with the establishment of a new agency, the National Center for Civil Society Development. According to the proposal, this new body, which will report directly to the prime minister, will be authorized to govern the sector's development, specifically by controlling the distribution of all public funds—including government, European, and other international funding that comes through the state—dedicated to the development of the CSO sector. The law was still under consideration at the end of 2016.

There were no changes in 2016 regarding tax exemptions that are applicable to 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. However, donors rarely use these exemptions. 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. In 2016, the government admitted that funds from the 1 percent mechanism go to a very narrow group of CSOs and that the situation needs to be rectified. No solutions were proposed by the end of the year.

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. A 2016 amendment to the Law on Public Procurement, adopted to comply with EU directives, supports more public procurement based on social objectives, including the usage of social clauses that provide socially beneficial obligations, such as employing persons with disabilities or the long-term unemployed. They thus increase the chances of CSOs winning contracts. Some central administrative bodies, such as the Ministry of Development, have started implementing the new requirement. However, local authorities are still reluctant to do so.

Access to legal services remains better in bigger cities than in rural areas. CSOs typically cannot afford to pay for legal advice and thus seek pro bono assistance. In 2016, more lawyers offered pro bono legal advice to CSOs that were harassed by the government or had their public funding cut. The Anti-Discrimination Law Association leads a program to train lawyers and CSO representatives throughout the country in CSO law.

ORGANIZATIONAL CAPACITY: 2.6



The organizational capacity of Polish CSOs did not change significantly in 2016.

CSOs find it increasingly difficult to engage people actively in their activities; instead, people more often choose to engage online due to the growing popularity of various social media tools. In addition, the political and media campaign against CSOs in 2016 may have discouraged public involvement in CSO activities. At the same time, watchdog organizations and organizations working with immigrants and refugees garnered increasing public support, including financial donations and petition signatures, after politicians openly criticized their work.

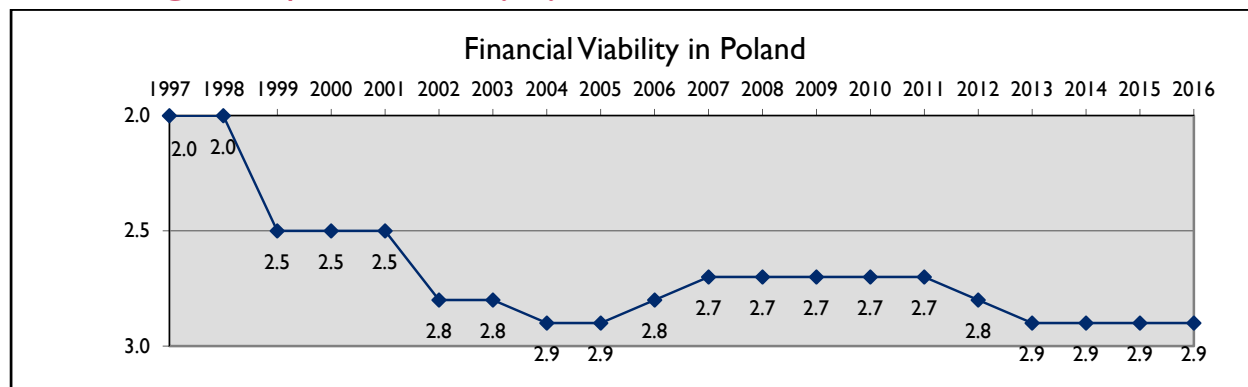
CSOs have gradually become more aware of the need for strategic planning. Still, most organizations have not developed strategic plans. Due to the uncertainty and difficulties in the current political environment, some CSOs are focused more on survival rather than the pursuit of long-term goals. According to research conducted by Klon/Jawor Association in late 2015, only one-third of CSOs report having an action plan for the next few years.

Most CSOs are either too small to have management structures or they have unclear internal structures and divisions of power between their boards of directors and staff, with their boards making key decisions.

According to research by Klon/Jawor Association, one in three CSOs has a team of regular employees— on average four persons, two of which are full-time employees, and the other two of which are employed on a contractual basis. Twenty percent of CSO staff members are employed on long or short-term contracts, and 45 percent are volunteers, generally without any formal agreements. EU funding was interrupted throughout 2016, forcing many organizations to lay off staff or close offices. Other CSOs had to cut wages or use other forms of remuneration for their staff. CSO employees continued to criticize the lack of stable employment in the CSO sector in 2016, noting that most of them only have short-term, project-based contracts and are often forced to contribute free labor to projects. The first labor union of CSO sector employees, established in 2015, continued to operate in 2016. According to the 2016 World Giving Index, 9 percent of respondents reported that they participated in voluntary action in 2015, compared to 13 percent in 2014 and 9 percent in 2013.

The technical capacity of CSOs improved slightly in 2016, as new technologies, including Internet access, software, and hardware, became more accessible to CSOs and the public. CSOs also became more experienced in using information and communications technology (ICT).

FINANCIAL VIABILITY: 2.9



The financial viability of CSOs remained the same in 2016.

According to the Klon/Jawor Association, the average annual income of CSOs in Poland significantly increased between 2011 and 2014—from 18,000 PLN (about \$4,500) to 27,000 PLN (about \$6,800). This improving financial situation was true among both CSOs with the lowest as well as the highest incomes. According to the same study, in 2014 53 percent of CSOs’ funding came from public sources (23 percent EU funding, 15 percent from local government, and 15 percent from the central government). Other sources include individual donations (9 percent), economic activity (7 percent), the 1 percent mechanism (5 percent), corporate philanthropy (4 percent), paid statutory activities (4 percent), membership fees (3 percent), support from foreign CSOs (3 percent), grants from local CSOs (3 percent), bank interest (3 percent), and capital gains from endowments (3 percent).

In early 2016, CSOs started reporting procedural irregularities in the granting of public funds. Several calls were suspended or canceled without explanation. In a growing number of grant competitions organized by various ministries, organizations with little or no relevant experience won over applicants with extensive relevant experience. Moreover, the negative attitude of the government towards CSOs has heightened concerns regarding future access to public funds and emphasized the importance of CSOs sources of funding diversification.

All local governments provide public funds to CSOs carrying out public tasks. The overall pool of funds for such expenses in 2015 exceeded 1.8 billion PLN (approximately \$452 million), which is about 130 million PLN (approximately \$37 million) more than in 2014. In addition, CSOs have access to local funds dedicated to cultural activities.

The financial situation of CSOs supporting issues such as democracy, watchdog activities, ecology, and anti-discrimination deteriorated due to the closure of the EEA/Norwegian financial mechanism. Other CSOs, including those working on social assistance, professional development, sport, and culture, have been affected by the interruption between EU funding periods, which has been extended due to the change in government.

The 1 percent mechanism, through which citizens can designate 1 percent of their tax liabilities to organizations with public benefit status, continues to benefit only a small group of CSOs, with ten CSOs receiving more than half of the funding. The majority of this group establishes sub-accounts for particular individuals, taking some funds for administering this access. Many citizens consider this mechanism a sufficient form of philanthropy for the year and do not make further donations to CSOs.

Individual and corporate philanthropy are still undeveloped. There are just over 100 corporate foundations operating in the country, most of which were established by larger companies. Most of these focus on helping people in need, as well as issues related to health and education. Almost 75 percent of these foundations,

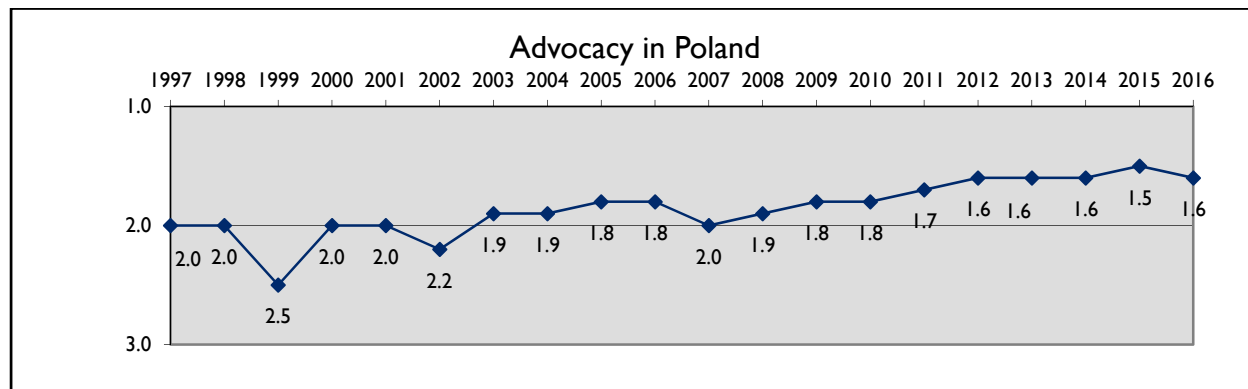
which have larger and more stable budgets than other CSOs in the country, provide grants to other CSOs and institutions.

While citizen trust of CSOs is still limited, more CSOs seem interested in fundraising and creating a loyal group of donors. Crowdfunding is increasingly popular, and CSOs have become more adept at it. For example, during 2016, the Helsinki Foundation for Human Rights was able to collect funds to issue a guidebook on whistleblower protections. Public collections are also increasingly popular. For example, Watchdog Poland successfully collected funding for their oversight activities. Training opportunities related to fundraising are also increasing.

According to data from the Klon/Jawor Association, only about 10 percent of organizations engage in economic activity (selling products or services), while more than half of CSOs charge fees for services to earn income that supports their statutory activities, an increase of 10 percent since 2012. Centers for social economy, which aim to encourage CSOs to undertake economic activity and provide public funds for such initiatives, began operating in 2016. Local governments increasingly contract with CSOs for services, but this is still rare. Associations collect membership fees, but they represent a small share of organizational budgets.

CSOs have little awareness of the need for financial management systems, and therefore most operate without them. At the same time, only a limited number of CSOs have significant funds to manage. Financial audits are not common, though the wealthiest organizations are conducting them more frequently. Many CSOs believe that it is enough to publish financial statements on their websites, although some do not even bother making their reports accessible to the public in this manner. However, donors' growing expectations for transparency may influence the importance that CSOs place on financial management systems in the coming years.

ADVOCACY: 1.6



CSO advocacy worsened in 2016. While CSO cooperation with local governments continued to improve, CSO cooperation with the central administration deteriorated significantly.

In 2016, a new department was established in the Prime Minister's Office under the Government Plenipotentiary for Civil Society with the duties previously assigned to the Government Plenipotentiary for Equal Treatment. This department invited a group of individual experts (who are not representing their CSOs and may not even be related to a CSO) to work on a voluntary basis on the development of a new National Program of Civil Society Development. Since this group was established, it has only met twice until November and has not developed any concrete work products. The Law on National Center for Civil Society Development was proposed without any consultation, including with the expert group members. Given these developments, along with the negative media campaign, CSOs might feel discouraged about speaking out on matters of public debate or expressing criticism.

During the year, the Ministry of Culture dissolved its advisory bodies that included CSOs. After the media campaign against CSOs started, the November meeting of the Public Benefit Council, an advisory body to the Ministry of Labor that includes members elected by CSOs, was canceled without explanation. At the end of the year, the Ministry of Environment proposed amendments to the legislation on environmental protection that in practice would exclude environmental organizations from local consultations on urban planning, diminishing the transparency of these projects. On the other hand, the Ministry of Development still administers dialogue mechanisms related to people with disabilities in the distribution of EU funds.

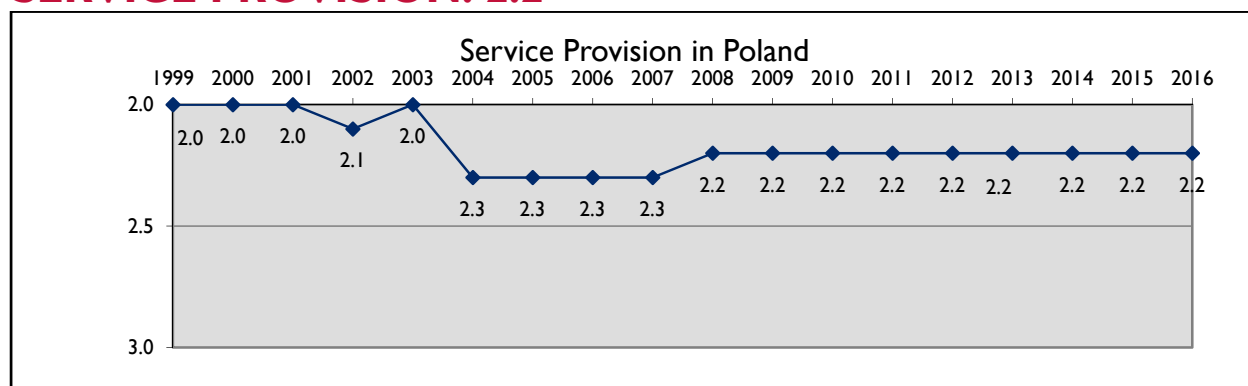
In 2016, there were some positive examples of coalition building within the CSO sector. For example, the ON Inclusion 14-20 Group aims to make EU funds more accessible to people with disabilities. The sector also started organizing itself to advocate for or against various government policies. For example, informal groups came together to issue joint statements related to an amendment to the law on police, the new law on anti-terrorist activities, and an amendment to the law on public gatherings. A major example of coalition-building in the CSO sector in 2016 was the Strategic Road Map for Third Sector Development, a strategic self-regulatory initiative consisting of more than thirty thematic partnerships established by CSOs from throughout Poland. Half of them were active in 2016 and developed further ideas for legal solutions and policies to support the third sector's development in the country.

Watchdog advocacy activities also became more visible and CSOs initiated new fact-checking activities, such as the OKO.press portal. In addition, new independent funds, including the Civic Fund, were established to support this kind of work. In general though, CSOs' advocacy work is visible mainly to groups already interested in their issues. In contrast, a few massive social movements gained significant public awareness during the year. The Committee for the Defense of Democracy (KOD), for example, organized the largest mass protests in the country in 2016 in defense of democracy and against violations of the constitution, while the so-called Black Protest organized massive protests all around the country in response to the start of parliamentary proceedings on a proposed statute that would further restrict abortion in the country.

In addition, movements to increase the quality of urban life continued to be active. These include efforts to build biking paths, improve municipal housing, fight smog, and promote public participation mechanisms, such as participatory budgeting.

CSO lobbying weakened during the year. Public consultation in legislation making decreased significantly, with many new laws submitted to the parliament through a procedure that circumvents the need for such consultations. CSOs representing views contrary to those of the ruling party were not able to carry out drafting bills or propose changes to existing laws. However, there were some examples of effective cooperation between CSOs and the public administration in 2016. For example, with support from the Ministry of Finance and Ministry of Labor, CSOs successfully pushed for the adoption of an annex dedicated to CSOs in the Act on Accounting.

SERVICE PROVISION: 2.2



The service provision of CSOs did not change significantly in 2016. The range of goods and services offered by CSOs continues to diversify gradually, although CSOs still work primarily in the area of social services, for example, providing social care assistance, running day-care institutions, and supporting people with disabilities. According to Klon/Jawor Association, at the end of 2015, 70 percent of CSOs declared that they were active in more than one field of work, up from 55 percent in 2012, indicating that CSOs are becoming more diversified in their operations, likely due in part to the need to look for available funds. The number of CSOs working in education was 53 percent in 2015, an increase of about 10 percent since 2012. The percentage of CSOs working in local development, and social assistance and social services also increased, to 21 percent each in 2015. CSOs are also carrying out more activities at the village, municipality, and district levels, which may indicate that CSOs are filling gaps left when local governments withdraw services.

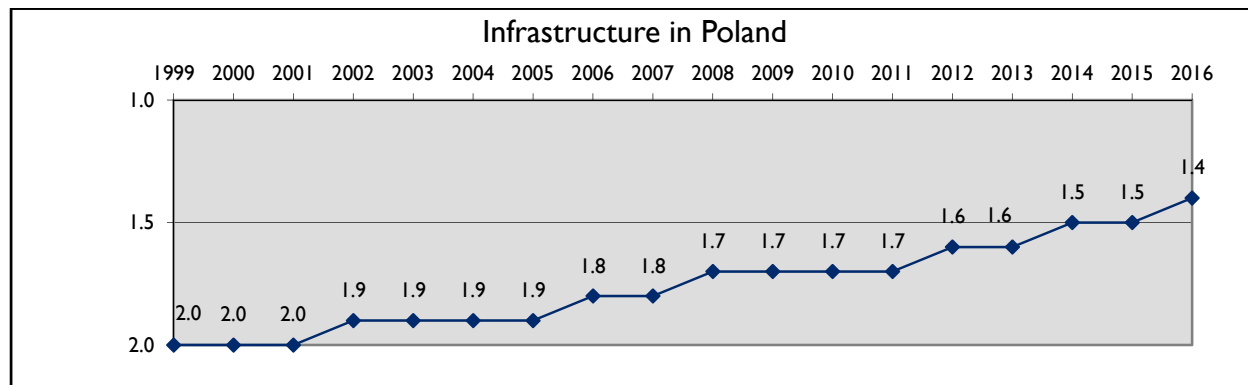
Only a few CSOs try to identify the needs and priorities of communities systematically and reliance on public funding prevents CSOs from adjusting their plans to meet specific local needs. However, EU structural funds increasingly adjust particular competitions to specific needs at the district level, forcing applicants to address these needs. Moreover, some civic initiatives are getting better at identifying and responding to local needs.

Around one-third of Polish CSOs focuses exclusively or mainly on their own members. However, CSOs are becoming better at promoting their services to a wider audience, using ICTs to do so. Social enterprises are also increasingly emerging and offering goods and services. The title of Social Enterprise of the Year 2016 was granted to Vocational Training Center Caritas Siedlce, which employs forty-four persons with disabilities. Social Cooperative Dalba runs the Cooperative Brewery, where people with various disabilities are employed in beer production. The Cooperative was the winner of the Idea for Development award and the prize for the most effective promotion.

CSOs generally do not understand the market for their services, but the recent establishment of fifty social economy support centers around the country might decrease this knowledge gap.

The current government does not recognize the value of CSOs in service provision as much as the previous administration, as demonstrated by the negative campaign against CSOs in 2016. The government ignores CSOs that criticize its policies, even when the criticism is based on expertise. Central authorities sometimes hinder CSO services by cutting their subsidies. At the same time, the Ministry of Labor supported social cooperatives, and the State Fund for Persons with Disabilities generated ideas for greater involvement of CSOs in its activity.

INFRASTRUCTURE: I.4



The infrastructure supporting the CSO sector improved slightly in 2016.

CSO federations run CSO support or resource centers in a number of municipalities. Other centers were created in the context of EU-funded programs, although these closed down when funding came to an end. Re-

source centers do not generally charge for their services, which include trainings, workshops, legal consulting, and information. These services are particularly helpful for small and medium-sized organizations. Larger and more professional organizations require more individualized consulting, which is expensive and only provided by business specialists who are often not familiar with CSO-specific issues. Increasingly, consulting for CSOs is offered online, making it more accessible. In addition, a system of social economy support centers was launched in 2016. CSOs were selected through an open competition to run these centers, which provide developmental support to social economy entities.

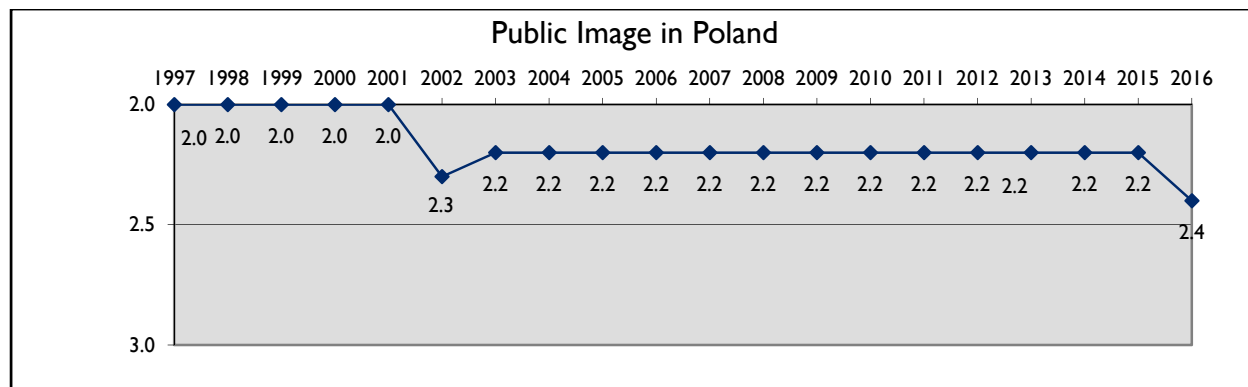
Following an amendment to the Act on Public Benefit Activity and Voluntary Work in November 2015, CSOs can now re-grant public funds to other CSOs. However, it is unknown how many CSOs have utilized this opportunity. EU structural funds also allow CSOs to provide small grants to other CSOs. Some corporate foundations also provide grants to CSOs. There are approximately twenty-five community foundations in the country that have been developed since the 1990s. They operate in local communities outside of large cities and most of them possess endowments, differentiating them from other CSOs. The majority of them belong to the Federation of Polish Community Foundations.

In 2016, CSOs increasingly engaged in joint actions, participated in networks, and established coalitions, especially in response to the political and media campaign against the CSO sector. For example, one of the networks created through the Strategic Road Map facilitates cooperation and the exchange of information. Federations and networks of CSOs have also increased their information sharing, including through social media. Approximately one-third of CSOs in Poland belongs to a network.

Training opportunities for CSOs constantly evolve, both in quantity and quality. There are many qualified trainers in CSO management. CSOs also have access to research, webinars, and a large selection of training materials in Polish. However, CSOs are accustomed to receiving such resources for free and often cannot afford to pay for these services. These training services therefore rely on external funding. At the same time, some activists suggest that the professionalization of the sector is undesirable, advocating instead for a return to community activism.

According to Klon/Jawor Association’s research, interaction between CSOs and businesses significantly increased between 2013 and 2015. Forty-five percent of CSOs reported that they had regular contact with businesses, while 25 percent reported having no contact with businesses. At the national level, businesses are increasingly aware of corporate social responsibility (CSR), and as a result intersectoral partnerships are growing. For example, in 2016, the Broad Coalition for Digital Skills (SPRUC) brought together dozens of entities from the CSO sector, local governments, and large and small IT companies in order to promote activities that enhance digital skills and Internet access in society. Despite the increase in state harassment of CSOs, CSOs continued to work in partnership with government institutions at roughly the same level as in past years.

PUBLIC IMAGE: 2.4



The public image of CSOs seriously deteriorated in 2016. Media coverage of CSOs significantly worsened, presenting parts of the CSO sector in a very negative light. The media typically has little interest in CSOs unless they are involved in scandals, a trend that strengthened in 2016. The campaign against CSOs began with wide-ranging criticism by public media and those related to the ruling party of the Great Orchestra of Christmas Charity, which organizes the largest public collection in the country for medical needs. Criticism initially focused on the misuse of funds, but when this was unsuccessful, the charity was accused of promoting liberal values. The same media also attacked CSOs operating in certain fields, like anti-discrimination, protection of minorities, and women's rights, alleging that they work for George Soros or other foreign interests, or promote values foreign to Polish culture. The media (public and related to ruling party) further claimed that certain CSOs misused public funds and had links to the political opposition. Prominent politicians from the ruling party echoed these allegations and declared that there needs to be stronger regulation of public funds going to CSOs.

Research by the Klon/Jawor Association shows a steady increase in the public's knowledge of what CSOs are, although this knowledge is still limited; CSOs remain strongly identified with charity and social assistance. The public mainly recognizes large CSOs that receive national media coverage or that actively promote themselves to collect from the 1 percent mechanism. The public knows little about the nature of CSOs' work and may be even more suspicious of CSOs now due to the recent media coverage. Many believe that CSOs misuse public funds and are beholden to foreign interests. In addition, CSOs are suspected of dishonesty when they try to earn income by selling services.

The business sector's recognition of CSOs continues to improve. Large corporations view CSOs as relevant to their CSR activities or social impact. However, businesses are reluctant to engage with CSOs that have lost the support of the central government. Despite the changed attitude of the central government, local governments still appear to have a good perception of CSOs.

As a result of the media campaign against the CSO sector, CSOs increasingly recognize the importance of public relations and try harder to influence their public image. CSOs have become more adept at using social media and research data for public outreach. In addition, a growing number of journalists have basic knowledge of CSOs and relationships with them.

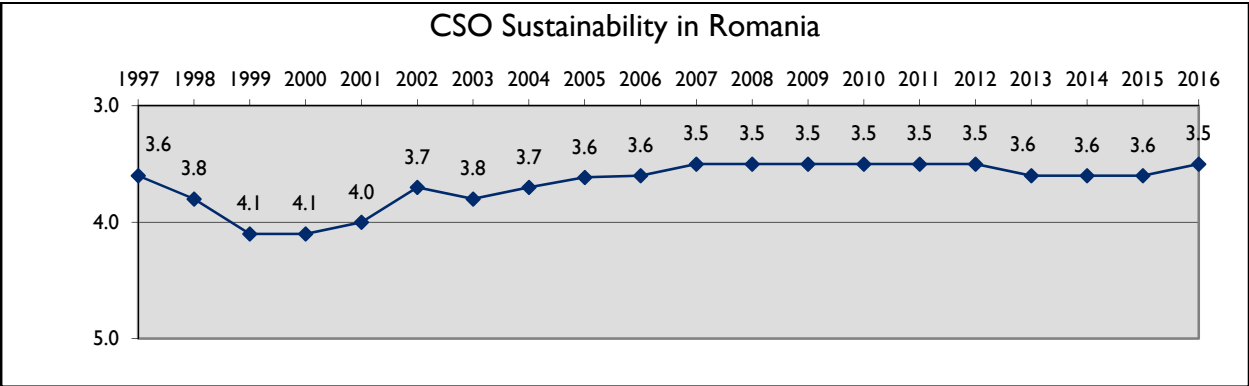
There is growing discussion in the CSO sector on self-regulation. The sector developed the Strategic Roadmap for the Polish Third Sector and a charter of principles, which CSOs can adopt. However, many organizations are still reluctant to operate in a participatory, transparent, and representative manner, in part because they do not have sufficient capacities to do so. Some organizations still do not publish their annual reports unless required by the government or donors.

ROMANIA



Capital: Bucharest
Population: 21,599,736
GDP per capita (PPP): \$22,300
Human Development Index: 50

CSO SUSTAINABILITY: 3.5



In 2016, civil society in Romania was focused primarily on the reformist agenda of the acting technocratic government, which had a mandate through the end of 2016 and included many former CSO experts and activists. Reform priorities included making governmental decision-making processes more transparent and open, with notable initiatives to increase the transparency of electoral processes and to increase competition and transparency in the appointment of managers of hospitals, schools, and publicly-owned companies.

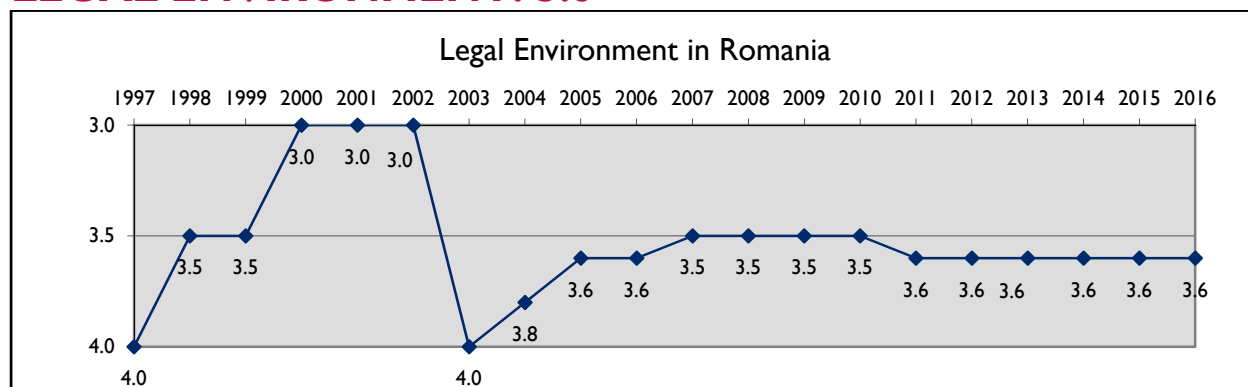
Elections were held during the year, with local elections in June and parliamentary elections in December. Significant campaign topics included corruption; George Soros’ alleged promotion of foreign interests through funded CSOs; and a referendum to amend the constitution to restrict the definition of marriage to the union between a man and a woman. With a platform that included right-wing economic measures and rhetoric about protecting the national identity, the Social Democratic Party won the parliamentary elections, and also performed well in the local elections. The elections also marked the rise of the Save Romania Union,

established by a former CSO leader with a platform focused on ending corruption and increasing governmental transparency, which obtained almost 9 percent of the votes in the parliamentary elections.

CSO sustainability strengthened in 2016, with improvements noted in the advocacy and public image dimensions. CSOs significantly influenced policy, and—despite increased accusations of foreign influence—garnered a more active media presence and greater appreciation from government. In addition, the registration process became easier and CSOs’ prospects for earning income improved with the passage of some legal regulations that defined social enterprises and gained access to assets confiscated by court order.

The National Non-Governmental Organization (NGO) Register included 97,208 registered CSOs as of the end of December 2016, an increase of 596 since December 2015. However, organizations registered in 2016 might not be represented on the Register until 2017, as courts are not subject to a deadline for updating the registry. In addition, the database was reviewed in 2016 to eliminate many CSOs that had been dissolved. Most registered CSOs are associations (77,439) and foundations (17,713).

LEGAL ENVIRONMENT: 3.6



The legal environment for CSOs did not change significantly in 2016, although improvements were noted in terms of registration and possibilities for earned income.

Registration for associations—the most common legal form for a CSO—became easier in 2016 when the minimum capital requirement was reduced by 80 percent. However, the registration process still requires significant time and involves complex procedures. Reserving a name through the Ministry of Justice can take up to twenty days and the registration process, which can only be completed by a judge at the local court of law, can take up to forty-five days. In July, the government launched a public debate on the difficulties with CSO registration and the operation of the National NGO Register. Although CSOs proposed several viable solutions, no concrete steps were taken by the end of the year to change official procedures.

Law 544/2001 regarding free access to public information was amended in July to include public utility non-governmental organizations (which can be associations, foundations, or federations) within the scope of the law. These CSOs, which number approximately 1,400, for the most part did not receive their status through a transparent application process, and are now required to provide any interested party with a very broad range of information concerning their work. This is expected to increase the transparency of civil society. In addition, following consultation with a broad range of CSOs, the government clarified inconsistencies in the implementation of the law and unified the standards for public authorities to provide public information. While CSOs in Romania view the law as a positive development, such laws are considered to be problematic in most countries and it is not yet clear what impact these changes will have.

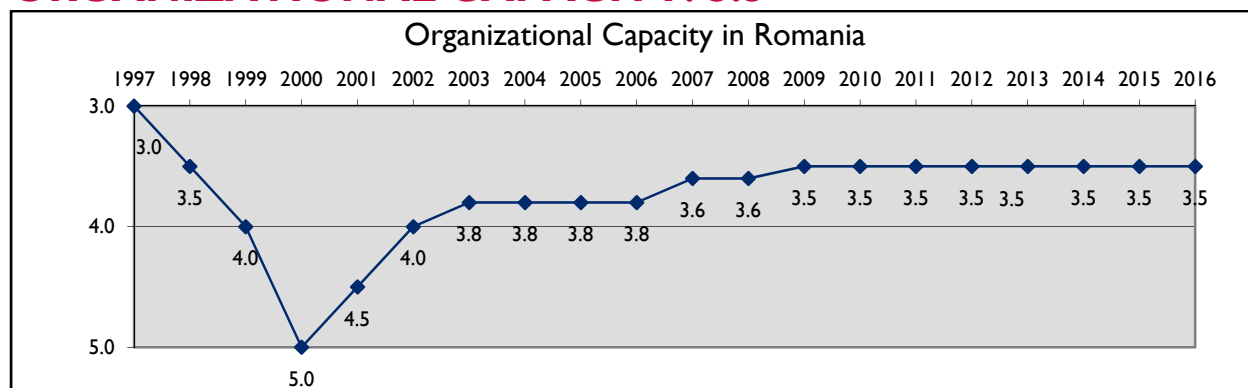
CSOs can operate freely within the law. In contrast to 2015, there were no reported incidents of harassment of CSOs in 2016.

CSOs, trade unions, and business associations are exempt from income tax up to \$20,000 in earned income per fiscal year or up to 10 percent of total tax-exempt income, whichever is lower. Revenue from grants and sponsorships is not subject to income tax. Corporate donors are eligible for a deduction 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. Individual donors can choose to direct up to 2 percent of their income tax obligations towards a CSO or church, or to an individual scholarship.

CSO prospects for financial viability improved in 2016. First, in August, implementing regulations for the Social Economy Law were adopted that defined social economy enterprises and put in place rules governing their operations. By the end of the year, the authorities had issued the first twenty-four social enterprise certificates, allowing these organizations to access dedicated European Structural Funds and business consultancy services provided by the state. Second, in response to CSO campaigns in 2015 led by the Center for Legal Resources, the government created a public agency to administer assets confiscated by court order. In December, the government passed the agency’s rules of procedure, according to which 15 percent of the managed funds will be dedicated to CSOs. Finally, in early fall, the government initiated civil society consultations on updating Law 350/2005 regarding granting from public funds, though no specific conclusions were reached by the end of the year. CSOs are allowed to compete for public funds.

Legal advice for CSOs is available but highly limited compared to the needs of the sector. For example, CSOs in the social service sector would greatly benefit from greater access to pro bono legal services to increase their clients’ access to public services. CSOs in rural parts of the country also lack access to legal expertise to address the public interest cases they encounter.

ORGANIZATIONAL CAPACITY: 3.5



CSOs’ organizational capacity did not change significantly in 2016.

Due partly to the limited level of public trust in the sector, CSOs do not garner significant local support for their initiatives and projects. CSOs’ constituency-building efforts are not consistent, and some CSOs are not yet aware of the importance of encouraging participation in their activities. However, the Romania Country Report of the Bertelsmann Stiftung’s Transformation Index (BTI), which covers February 2013 to January 2015, notes that “with improving living standards, a burgeoning service sector and rising educational standards, a clientele and constituency for CSO work and employment is growing incrementally.” Some CSOs help to strengthen civic groups and promote models of community building. For instance, the Resource Center for Public Participation (CeRe) provided training and coaching on community mobilization to four citizens groups in Bucharest in 2016.

Many CSOs have strategic development plans, but they are difficult to implement due to the lack of continuity and predictability of funding. Smaller organizations are less able to develop strategic plans as they lack fi-

nancial resources and know how in this area. In addition, the vast majority of these CSOs are preoccupied with short-term issues, such as funding and legal compliance, rather than long-term strategies.

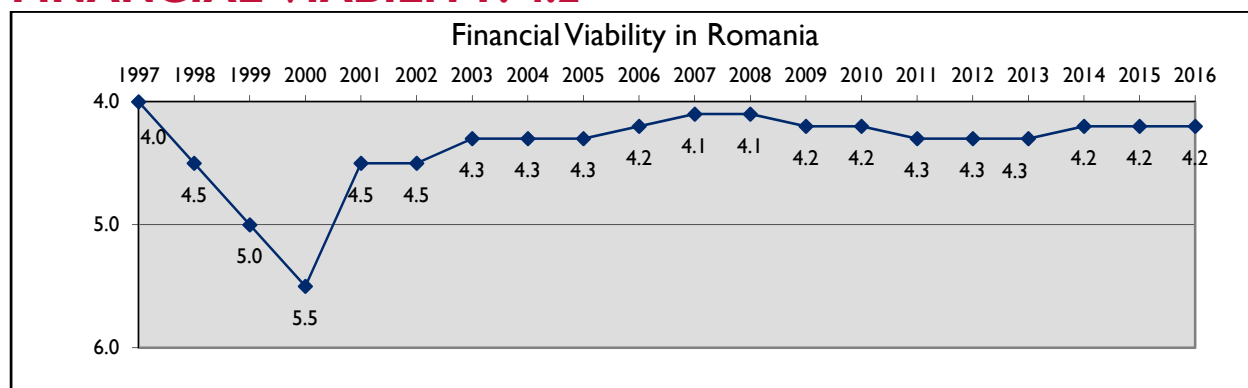
In most organizations, CSO are responsible for organizational management, without significant involvement by boards of directors. Smaller organizations do not even have boards of directors that are separate from their executive teams. Instead, board members of such organizations are directly involved in project implementation, and often serve as remunerated staff.

The majority of CSOs find it difficult to maintain permanent paid staff, especially due to the gap in European funding in 2016. In addition, some professionals left the sector for various government bodies during the year due to the productive relations between CSOs and the technocratic government.

According to the 2016 World Giving Index, only 7 percent of respondents reported in 2015 that they had participated in voluntary action in the past month, the same level as in the two previous years. However, there is potential for growth in this area: in 2016, according to the Volum Federation guide, 69 percent of a limited sample of very active CSOs reported that during the previous three years, the number of volunteers involved in their activities increased. Moreover, 76 percent of responding CSOs reported having monitoring and evaluating procedures for their volunteers.

While CSOs generally have the office equipment they need for their current activities, according to a 2016 TechSoup study, CSOs would need to double the number of computers they currently own for optimum operation. Between 2014 and 2016, CSOs were able to purchase equipment under the 390 projects financed by the NGO Fund of the EEA/Norway Grants and ninety-four projects under the Civil Society Participation Fund of the Swiss-Romanian Cooperation Program. In addition, some institutions and companies, such as the World Bank and Telekom, donate new or used equipment to CSOs. For instance, Renault donated 500 computers, which the Romanian Workshops without Borders refurbished and gave to CSOs and educational, social, and cultural institutions.

FINANCIAL VIABILITY: 4.2



CSOs' financial viability remained the same in 2016, with private funding mitigating the absence of traditional funding sources, such as the EEA/Norway Grants and the European Structural Funds. While CSOs have diverse sources of funding, most funding continues to be project-based, which limits their financial stability.

CSOs have two ways of accessing public funds allocated by the central government: grants from national and European funds, and subsidies for social services provided by CSOs. According to a report by the Ministry for Public Consultation and Civic Dialogue, in 2016, both kinds of funds decreased: through September 2016, \$45 million had been allocated for grants to CSOs, compared to \$53 million in 2015, while \$4.3 million was allocated for subsidies, compared to \$4.9 million in 2015.

While the situation varies from one community to another, CSOs generally receive limited funding from local government budgets. In 2016, the city of Iasi launched an annual grant program for local public projects proposed by CSOs, with a total budget of \$430,000. The city council of Piatra Neamt allotted \$250,000 for a similar initiative. In many other communities, however, no information on CSO funding levels is available. CSOs delivering social services are more likely to obtain support from local budgets than those focused on developing civic participation, or working in cultural and educational areas.

According to a study by the Association for Community Relations (ARC), in 2015 revenue from local individual and corporate philanthropy constituted over 75 percent of the annual budgets for 21 percent of CSOs; and under 10 percent of the annual budget for 37 percent of CSOs. In addition, the report finds that in the last year, 63 percent of adults made at least one financial donation to a CSO, church, school, hospital, or individual, but only 22 percent of them donated to CSOs. This figure is consistent with data from the 2016 World Giving Index, which reports that 21 percent of Romanians reported that they donated to charities in the previous month in 2015, compared to 24 percent in 2014.

According to the National Agency for Fiscal Administration, in 2015 about 1.8 million out of 6.1 million taxpayers used the 2 percent mechanism, which allows individuals to donate 2 percent of their income tax obligations to a not-for-profit organization, religious institution, or scholarship, when filing their fiscal year 2014 taxes. As a result, 27,956 entities benefitted from \$36 million in allocations from this mechanism. Because of the time required to process these allocations, CSOs started receiving these funds in late 2015.

Private companies continue to be important sources of funding for CSOs. ING, Raiffeisen Bank, OMV Petrom, Kaufland, Vodafone, and Orange continue to support CSO activities. For instance, Kaufland provided 75 percent of the funds Hospice Casa Sperantei needed to open a new pediatric ward with integrated palliative care in Bucharest. Google offers individual Romanian CSOs the opportunity to earn up to \$10,000 a month for using Google AdWords. In 2016, the annual philanthropic gala organized by ARC featured 270 philanthropic initiatives that raised almost \$23 million from both corporate and individual donors, compared to \$20 million in 2015.

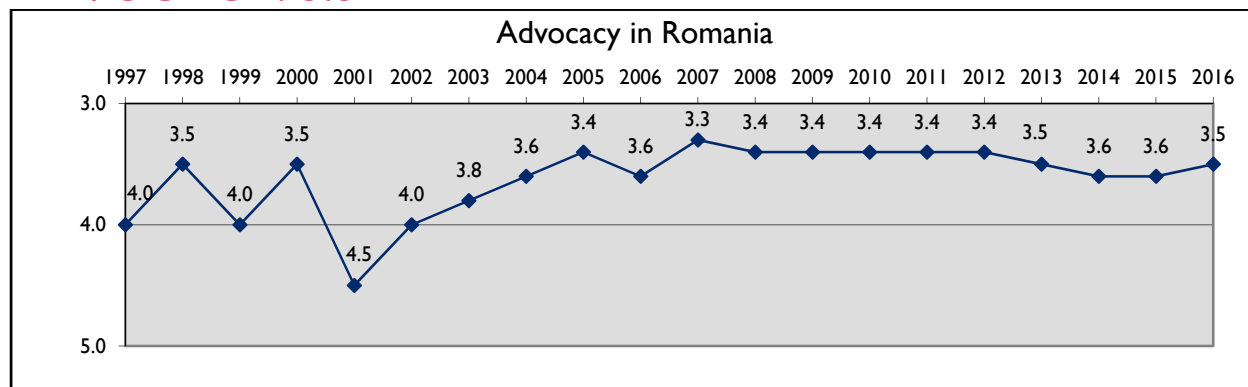
CSOs had less access to traditional sources of funding in 2016. The European Structural Funds 2014-2020 have not begun to be distributed yet, although several calls for proposals were launched and applications were under review at the end of the year. All the projects financed through the NGO Fund of the EEA/Norway Grants were completed in April 2016. The total value of financed projects was over \$31 million. In 2016, the EEA and the EU renewed agreements for another EEA financial mechanism for the 2014-2021 programming period; the allocation for Romania will be about \$524 million, an increase of \$204 million compared to the 2009-2014 period. Out of this amount, more than \$48 million will be allocated to CSOs. Based on the previous experience with this program, the first call for projects is expected to be launched at the beginning of 2018.

In 2016, forty-nine projects valued at over \$5 million were selected for funding from the Thematic Fund for Civil Society-NGO Block Grant, a financing scheme within the Swiss-Romanian Cooperation Program, and began implementation. The purpose of the Thematic Fund for Civil Society is to promote the contribution of CSOs as important actors in the development of society and to strengthen civic participation. Furthermore, as in the previous year, 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. The program has two components: civic innovation and civic mobilization to advocate for improved energy access in vulnerable communities or groups. About twenty projects will be funded under the program and will begin to be implemented in 2017.

Some CSOs supplement their income through revenue earned from providing services or selling products. For instance, “Pentru Voi” Foundation maintains two sheltered workshop facilities that employ people with

disabilities. In 2016, these sheltered workshops generated about about \$1.3 million, or 67 percent, of the Foundation’s total income. However, this level of income generation is very rare among Romanian CSOs. Broadly speaking, CSOs operate in a transparent manner regarding their sources of financing. Most CSOs publish annual reports which include financial figures. CSOs also engage independent financial audits, in particular of grant-funded expenditures to meet donor demands.

ADVOCACY: 3.5



Advocacy improved in 2016, as cooperation with central government expanded, leading to a number of advocacy and lobbying successes.

Throughout the year, the central government demonstrated its openness to consulting with CSOs. In March, the Ministry of Public Consultation and Civic Dialogue, established at the end of 2015, adopted an official memorandum that mandates increased transparency in the government’s work. This led other authorities to publish legally required public information more accurately and in an accessible manner.

The government capitalized on CSO expertise in the development of a number of policies in 2016. For example, more than half of the forty-seven policy actions included in an anti-poverty policy package related to projects already piloted by CSOs. In the middle of the year, the government adopted a new Anti-Corruption Strategy (2016-2020), which relied on several CSO consultations. The Romanian presidency also launched a national debate concerning education and research, with a two-year period to define national objectives in a participatory manner.

Nevertheless, the government continued to pass important decisions through emergency orders— avoiding the more lengthy but transparent regular procedures. In addition, the transparency of local authorities did not improve much in 2016, and even decreased in some localities. A report launched in December by Active-Watch Association indicated that the Bucharest General Council only advertised for debate seven of the 149 proposals it considered in the second half of the year.

Several CSO advocacy initiatives successfully influenced policy in 2016. Thanks to advocacy by the Constanta Students’ Association, the National Student Council, and Save the Children Romania, the government provided the necessary funding to fully reimburse pupils’ travel costs to school (a commute that is sometimes more than thirty miles). Teach for Romania successfully convinced the government to provide incentives for teachers to work in schools with highly vulnerable students and high drop-out rates, while Save the Children Romania successfully advocated for funding for the purchase of hospital equipment for the care of newborns. In response to proposals by a group of CSOs led by the World Wildlife Fund, the Ministry of Environment and Climate Change launched an app allowing citizens to verify the legality of any timber transport. Following sixteen years of campaigning against an open-pit gold mining project in Rosia Montana, in 2016 the Ministry of Culture initiated the process of registering the mining site on the UNESCO World Heritage List, which would render the mining project impossible.

Likewise, the National Student Council succeeded in lobbying for the adoption of the Pupil's Statutes, which regulate student obligations as well as rights, such as the right to be consulted on curriculum or to provide anonymous feedback about teachers. A legislative proposal to establish a Child's Ombudsman, a longtime CSO suggestion to enforce children's rights, was formulated in the parliament and was pending debate at the time of writing.

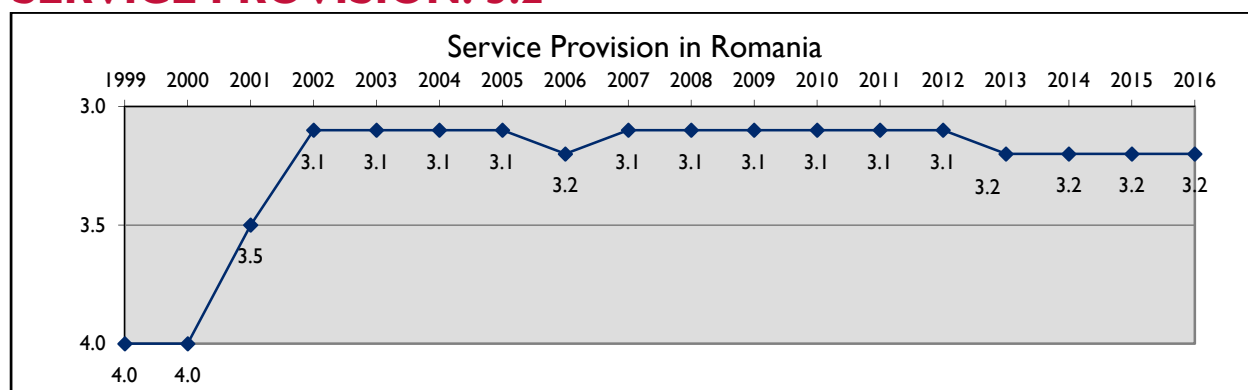
A citizen legislative initiative with close to three million signatures was submitted to the parliament in May. The initiative, supported by thirty organizations and the Orthodox Church, proposes a national referendum to amend the Romanian Constitution to include a more restrictive definition of marriage as the union of a man and a woman, instead of the union of two consorts, as it currently specifies. Even though common law does not allow gay marriage in Romania, a number of national and international human rights and anti-discrimination organizations considered the proposal to violate the rights to privacy and to marriage. After the Constitutional Court validated the initiative, the parliament admitted it and will debate the issue in 2017.

Watchdog organizations made significant contributions to monitoring the local and parliamentary elections in 2016, and made recommendations to improve the current election law for local offices. For example, mayors are elected through a single round of voting, which can result in a mayor being elected with very few votes. CSOs have proposed a two-round system, with a run-off between the two front runners from the first round, which would allow more citizens to have their votes reflected in mayoral elections. Human rights organizations expressed strong criticism of the National Liberal Party's extreme rightist nominee for the Mayor's Office of Bucharest. Following this pressure, the party withdrew the candidate and made a new nomination.

In 2016, Greenpeace and Bankwatch sued the government to prevent abusive expropriations in Runcurel village, and APADOR-CH repeatedly sued the Health Ministry about an access to information issue related to its response to the tragic Colectiv nightclub fire in 2015. No decisions had been reached in either of these cases by the end of the year.

CSOs also advocated for legal changes to improve their operations. In November 2016, the Law for Reducing Food Waste was passed, encouraging food traders to donate food that is close to its expiration date to CSOs or social enterprises.

SERVICE PROVISION: 3.2



CSO service provision did not change significantly in 2016. CSOs provide services in a variety of fields, including basic social services such as health and education, and other areas such as economic development, environmental protection, governance, and empowerment. There are still significant disparities in terms of the number of CSOs providing services in rural versus urban areas. Although CSOs rarely conduct specific needs assessments at the community level, CSOs deliver relevant services to vulnerable groups and address issues on the public agenda.

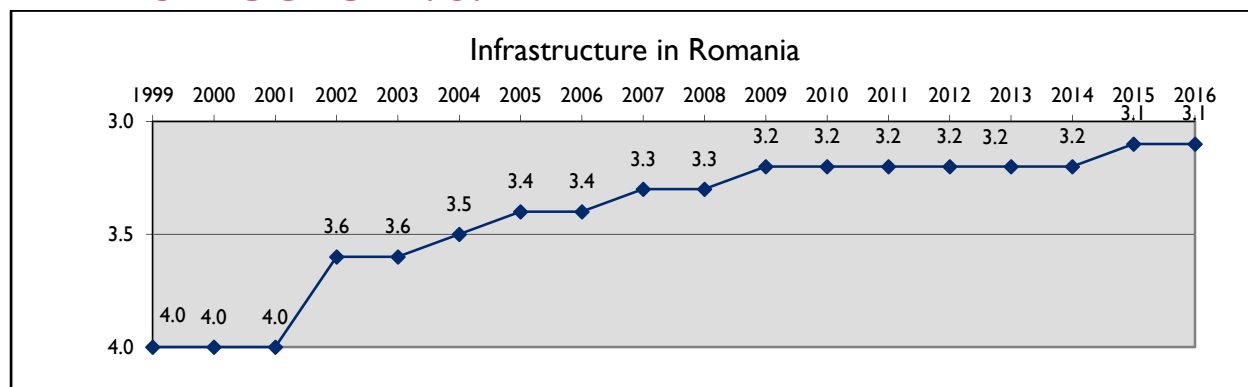
Think tanks monitor the allocation of public funds. For instance, Expert Forum monitored the award of public contracts in the pre-electoral periods, while ActiveWatch monitored public spending by the Bucharest Mayor's Office. The Romanian Academic Society analyzed the allocation of public funds to higher education institutions and formulated recommendations for a less discretionary funding mechanism. The Romanian Academic Society also ranks the integrity of public universities in Romania and offers legal advice to students and professors in order to facilitate the reporting of illegal and non-transparent practices in public universities.

CSOs providing social services help various vulnerable groups by protecting their fundamental human rights and ensuring special protective measures to facilitate their social integration. For instance, in 2016, sixty-three teachers trained by Teach for Romania Association began teaching in over thirty schools in vulnerable communities in ten counties in Romania. In 2016, Carusel Association opened a temporary shelter in Bucharest with fifty beds to help the homeless during the winter. Environmental CSOs focus on preventing illegal logging. Greenpeace Romania launched a platform that allows citizens to directly report any case of deforestation suspected to be illegal.

Some CSOs charge fees for the services they provide. Trainings, which a large number of organizations provide, are one of the most common examples of this. A growing number of CSOs have also created social enterprises in order to charge fees to raise income to benefit their target groups. For example, Alaturi de Voi Foundation in Iasi developed UtilDeco, an enterprise that includes archiving solutions, a print house, a travel agency, and an industrial tailor.

During 2016, the technocratic government closely cooperated with civil society, recognizing the value of CSOs in the provision and monitoring of social services and providing CSOs with more opportunities to participate in decision-making processes. For example, the government founded the Anti-Poverty Coalition, which includes forty-six CSOs and public institutions, to improve existing poverty reduction programs and their implementation. While public funding of CSO services decreased in 2016, CSOs still have access to a range of public grants and subsidies, as described above.

INFRASTRUCTURE: 3.1



The infrastructure supporting the CSO sector remained the same in 2016. While traditional CSO coalitions are not as active, informal ones are picking up the pace. CSO resource centers and local grant-making organizations exist, but still cannot meet all the needs of the civil society sector.

Dozens of CSOs, including CeRe, Resource Center for Roma Communities, and ProVobis National Resource Center for Volunteering, act as resource centers and provide support to CSOs on a range of topics. Most of these organizations are located in Bucharest and other large cities; CSOs in smaller communities therefore have more limited access to their services. The services of these centers largely depend on available funding. Gaps in funding from EU sources affected the services they provided in 2016.

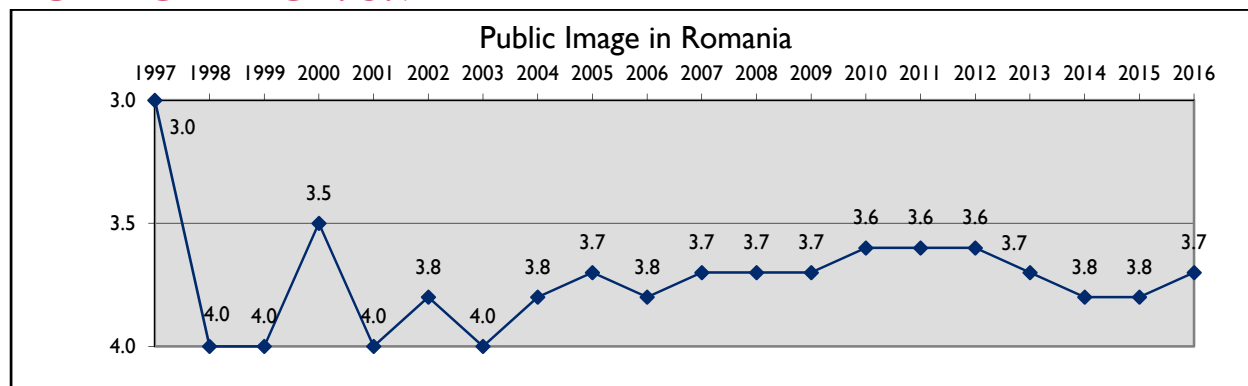
In 2016, the network of community foundations increased by one member to sixteen organizations, all of which raise funds locally in order to finance and implement community projects. In 2016, the Stiintescu (Science Guy) Fund, supporting science teachers in their efforts to encourage students to engage in their fields of study, operated in four locations around the country. The Fund was managed by local community foundations, with support from the national secretariat of the Romanian Community Foundations Federation. In general, however, grant accessibility at the local level is still limited, especially in rural areas.

Some formal CSO coalitions were less active in 2016, partly due to the conclusion of dedicated funding programs. Also, due to CSOs' improved relationship with the government and the opening of more direct channels for advocacy, many organizations felt less need to work together to advance their objectives. At the same time, however, informal coalitions got stronger. For example, in the spring, thirteen civic groups from different neighborhoods within the capital established the Bucharest Civic Network to promote public participation and the accountability of local authorities. Also, several partnerships such as the Common Front for Housing Rights, active in Bucharest and the northern city of Cluj-Napoca, worked informally to strengthen the right to decent living conditions.

CSOs have access to training opportunities, including online offerings. In 2016, a diverse range of free webinars was organized for civil society. Topics included fundraising, financial planning, project writing, organizational management, policy advocacy, and communicating the needs of people with disabilities. TechSoup also continued its training program in digital skills at the NGO Digital School.

Some CSOs increasingly acknowledge the advantages of working in partnership with different professionals, such as investigative journalists or IT experts specialized in app design and data mining. The most visible intersectoral partnership in 2016 was with the central government, through the Anti-Poverty Coalition. Through the Coalition, CSOs and the government met regularly, with CSOs providing feedback and proposals on governmental policies targeting poverty, with a focus on streamlining policies into funding priorities for the new EU structural programs.

PUBLIC IMAGE: 3.7



CSO public image, particularly government perception of the sector, improved in 2016. However, accusations by political parties that CSOs act as foreign agents undermined the public perception of CSOs, tempering this improvement somewhat.

According to 2016 data from INSCOP, public confidence toward CSOs increased slightly during the first half of the year, with 32.6 percent of respondents expressing “much” or “very much trust” in CSOs in March 2016, compared to 30.2 percent at the end of 2015. However, the level of trust in CSOs is still quite low compared to other social and private institutions included in the analysis, such as universities, mass media, and churches. Furthermore, this improvement was negated by the emergence of Soros funding as an electoral

campaign topic, which CSOs believe damaged the public perception of civil society, particularly among those who rarely or never interact with CSOs.

With the increased presence of former CSO activists in the government and the state's openness to public consultation, the government perception of CSOs improved. The prime minister attended high-profile civil society events, such as the Civil Society Gala and the Central and Eastern Europe Civil Society Forum in Bucharest, while the Minister for Public Consultation and Civic Dialogue was the first Romanian minister to attend the Bucharest LGBT Pride festival.

Improved government relations led to increased media coverage of CSO projects and activities, especially in the first half of the year. The various initiatives involving partnerships between the government and CSOs garnered the interest of mainstream media, both television and print, contributing to an increased understanding of the role of civil society. Nevertheless, this improvement was cancelled out by the characterization of CSOs as agents of foreign interests during the election campaign season. Popular journalists widely repeated this rhetoric, propagated especially by politicians seeking to disparage political opponents who had any CSO background. Stories related to this topic, even if unverified, trended easily, especially online.

CSOs continue to promote their work results online, both on their websites and through social media, as well as through various public events. The Public Participation Gala, the NGO Fest, the National Gala of Excellence in Social Assistance, the National Volunteering Gala, and the International Solidarity Gala are just some of the annual national events that took place during 2016. CSOs also promote their achievements through local events, such as the NGO fairs in Brasov and Mureş counties.

Many, but not all, CSOs publish annual activity reports, mainly to satisfy donor requirements as they are not legally required to do so. Though various attempts have been made to draft a code of ethics or conduct for the CSO sector over the years, these efforts have not benefitted from significant support or acceptance among CSOs, and no progress was made in this regard in 2016.

RUSSIA



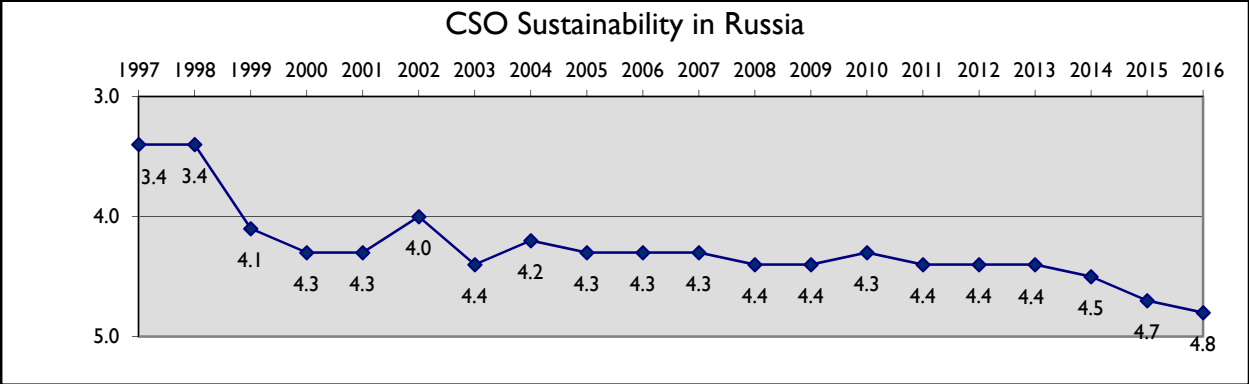
Capital: Moscow

Population: 142,355,415

GDP per capita (PPP): \$26,100

Human Development Index: 49

CSO SUSTAINABILITY: 4.8



Russian CSOs continued to work in a difficult economic and political situation in 2016. Sanctions imposed against Russia by European countries and the United States three years ago have resulted in significant decreases in the country’s financial reserves. The country’s recession continued, although the severity of the economic downturn and the level of inflation both decreased significantly. The country was further isolated as a result of ongoing confrontations with western countries over the conflict in Ukraine, Russia’s active involvement in Syria, and anti-doping scandals affecting Russian sportsmen. Elections for the State Duma were held in September, in which only 48 percent of the eligible population voted, down from over 60 percent in 2011. The ruling party won an overwhelming majority of seats, while none of the true opposition parties or candidates managed to get into parliament.

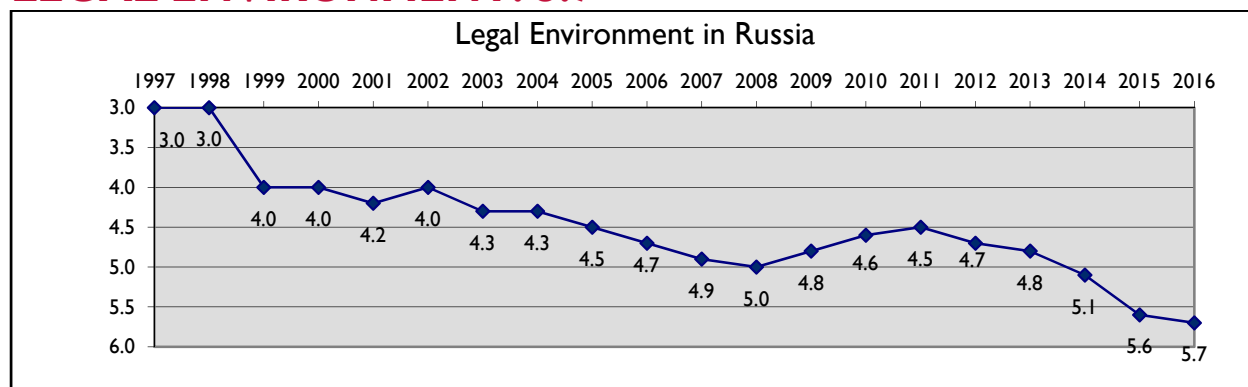
Independent CSOs continue to be subject to pressure from the authorities. The government restricts their access to foreign and state funding, and the government and state-controlled media continue to spread nega-

tive information about them. In spite of this, independent CSOs continue to fight for their existence and to develop, with many striving to follow their missions and demonstrating resilience in a harsh environment.

Overall sustainability continued to decline in 2016, although not as dramatically as in previous years. The legal environment deteriorated further, with additional organizations registered as foreign agents (organizations that intend to receive foreign funding and conduct “political activities”), or labeled “undesirable” and subsequently unable to operate in Russia. Organizational capacity, particularly of human rights and democracy groups, also deteriorated slightly. The public perception of CSOs and CSOs’ opportunities to defend their interests and those of their constituents, have continued to deteriorate due to negative state propaganda in recent years. At the same time, financial viability and service provision remained stable over the last year, although legislative changes adopted during the year create the framework for CSOs to provide more state-supported social services in the future.

The total number of CSOs remained almost unchanged in 2016. According to the Ministry of Justice, as of January 2017, there were 225,216 registered CSOs. According to the 2016 annual report of the Public Chamber, however, only 10 to 15 percent of these are active. More than 20 percent of all organizations are registered in Moscow or St. Petersburg.

LEGAL ENVIRONMENT: 5.7



The legal environment under which CSOs operate is generally unfavorable and further deteriorated in 2016.

According to the 2012 Law on Foreign Agents, any CSO that intends to receive foreign funding and conduct “political activities” must register as a foreign agent. In May 2016, the State Duma adopted a law clarifying the definition of “political activity.” The definition was expanded to include essentially all civic activity, including: promoting any public interests; any contact with local government; and any criticism or advocacy, including of the Law on Foreign Agents itself. At the same time, the new law clarifies that the following areas of work are not considered political activity: science, culture, art, health care, preventative healthcare, social services, social support and protection of citizens, protection of motherhood and childhood, social support to persons with disabilities, promoting healthy lifestyles, physical culture and sport, environmental protection, charity, and activities for the promotion of charity and volunteerism.

CSOs with foreign agent status continued to be subject to state pressure and the number of designated foreign agents grew again, although by less than in 2015. During the year, forty-three CSOs were added to the foreign agents registry (compared to eighty-two in 2015). Twenty-three were eliminated from the registry; some abandoned foreign funding and therefore were no longer considered foreign agents, while others were deleted after they were liquidated or decided to shut down. By year end, ninety-seven registered foreign agents remained. Among the organizations added to the registry in 2016 were such well-known CSOs as the Levada Center and the international organization Memorial, which was classified as a foreign agent contrary to the Constitutional Court’s clarification that international organizations cannot be assigned foreign agent status.

Both organizations, together with many others, are challenging the Ministry of Justice's decision in court, although there were no decisions during the year. According to the Ministry of Justice, Association Golos and Association Agora, one of the most active defenders of the rights of CSOs in court, were both closed down during the year—and therefore eliminated from the registry—for systematically violating the Law on Foreign Agents. At the same time, the courts canceled the foreign agent status of several organizations that did not receive foreign funding in over a year or that were registered as foreign agents because of procedural errors.

CSOs with foreign agent status face a number of restrictions. For example, they cannot observe elections or nominate candidates for membership in Public Monitoring Committees for places of detention, including labor camps, prisons, and police stations. As in 2015, many organizations on the list of foreign agents were forced to pay significant fines or shut down during the year. Organizations such as Youth Memorial from Perm decided to shut down due to risk of being placed on the registry, alongside lack of funding. The government also initiated the first criminal case related to the Law on Foreign Agents in 2016 against the head of the Women of the Don Union for not registering the foundation as a foreign agent voluntarily, which was considered a malicious violation of the law.

The Law on Undesirable Organizations also continued to be applied in 2016, although in fewer instances than in 2015. In 2016, the Prosecutor's Office added the Media Development Investment Fund and the International Republican Institute to the list of "undesirable organizations." These organizations are no longer legally permitted to work in Russia, and all official contacts with them are banned.

At the same time, legislation supporting organizations that provide social services continues to improve. A law was passed in June 2016 establishing a new status for CSOs performing socially useful services. These are organizations that "for one or more years have provided socially useful services of good quality, that are not foreign agents and have no arrears in taxes and levies or other obligatory payments stipulated by the legislation of the Russian Federation." CSOs with this status will receive financial and other support from the government to provide these services. A new registry will be set up for these organizations, and the status will be valid for two years.

The process of registering a CSO continues to be complicated by registration officials' lack of professionalism, as well as the complexity of the required documents. In addition, the recently introduced Civil Code provisions are not implemented consistently. In 2015, the latest year for which data is available, only 16,000 out of 70,000 CSO registration applications were approved. Because of the difficulties with registering, as well as issues with navigating the bureaucracy, reporting requirements, and the risk of inspections, many organizations choose not to register and instead operate as unregistered initiative groups. Because they lack official status, however, initiative groups cannot open bank accounts and therefore generally cannot receive any funding.

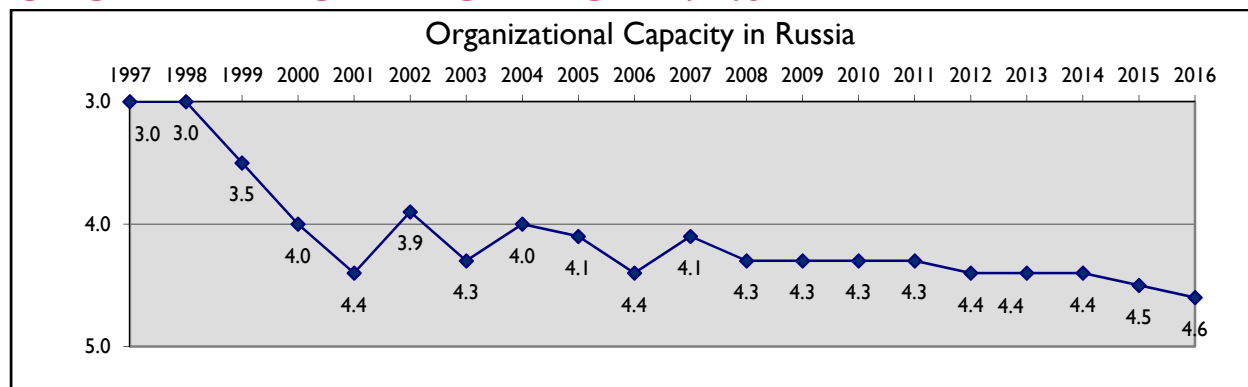
The Ministry of Justice organized seminars in the regions to increase understanding of Civil Code provisions introduced in 2014. These provisions affected the legal forms available for CSOs, the procedures for establishing CSOs, and the types of entrepreneurial activities CSOs could engage in, among other matters. In some cases, these new legal provisions require CSOs to revise their statutes.

CSOs are exempt from taxes on grants, donations, and other money received for charitable purposes. All other income is subject to taxation. An individual has the right to an income tax deduction up to 25 percent of taxable income for total donations to various CSOs, including registered charities, socially-oriented non-commercial organizations (SO NCOs), and religious organizations, as well as for contributions to CSO endowments. Corporate donors are not eligible for deductions.

The law allows CSOs to engage in economic activity as long as it is included in the organizations' statutes. However, any CSO economic activity must be separately accounted for in the CSO's financial records.

CSOs' access to legal aid did not change in 2016. Although most CSOs do not face legal issues, the availability of legal aid is limited, particularly in the provinces. Lawyers for Civil Society has representatives in many regions. CSOs can also receive legal consultations through a legal support portal and federal-level hotline managed by the Lawyers Club of the Third Sector.

ORGANIZATIONAL CAPACITY: 4.6



Given the number of CSOs in Russia, there continues to be wide discrepancy in organizational capacity across the sector. While government-supported organizations, many of which provide social services, have additional opportunities to increase their capacities, human rights and democracy groups are losing funding at an alarming rate, leading to reduced capacities in many cases. Many of these organizations previously relied on international funding to provide technical and capacity building services to other organizations and individuals within the sector. Declining resources, coupled with increased government scrutiny and stigmatization, have forced many of these groups to shift focus, relocate offshore, or liquidate, either because they have been designated as foreign agents, or because of a lack of funding. This in turn has significantly impacted the availability of in-country capacity building training and services focused on democracy promotion, anti-corruption, human rights monitoring, and other similar areas. Most CSOs still do not have sufficient resources to improve their operations.

Most CSOs have target audiences with whom they interact, but they rarely work consistently with a wider audience. However, there were an increasing number of actions and programs aimed at fostering interaction between CSOs and local communities during the year. In nearly every large city, for instance, there were fairs, promotions, and other events aimed at attracting attention to the problems on which CSOs are engaged.

CSOs work in an uncertain legal, financial, and political environment, making it difficult to plan activities over a longer time period. As a result, only the largest and most successful organizations engage in strategic planning.

There is great variety in CSOs' internal management structures. Some strong CSOs have thousands of members and a regional presence. Active and experienced organizations may have multi-layered management structures, including boards, general meetings, advisory committees, audit committees, executive directors, governing councils, and others, which are reflected in their charters or statutes. Hundreds of organizations use efficient management systems, often inspired by best practices in the business sector. For example, many private and corporate foundations, including Evolution & Philanthropy and the new Rybakov Foundation, are managed by former businessmen and have implemented efficient management systems based on business experience.

At the same time, the majority of CSOs are small and generally not experienced in issues related to internal management. Even when such CSOs formally have boards, these boards do not always play an important role

in organizational governance. In the majority of CSOs, leaders assume all responsibility and make all decisions.

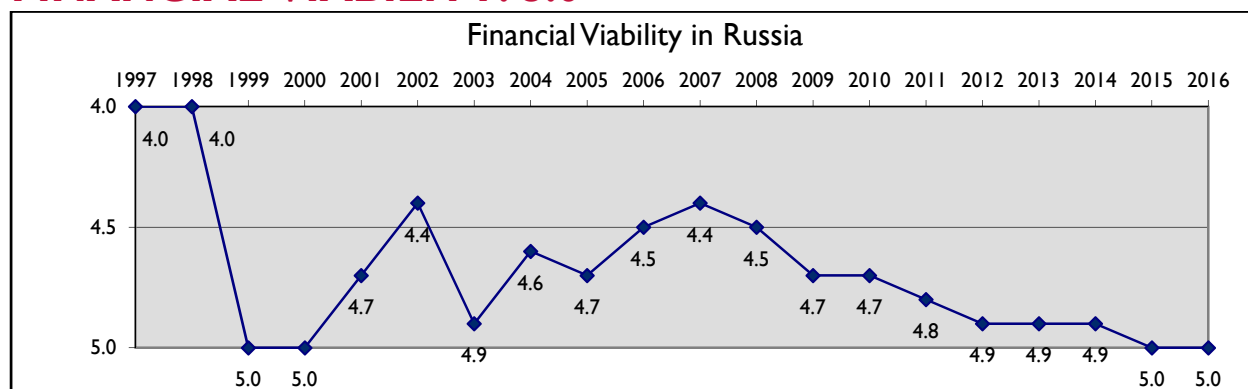
CSOs are often forced to make changes to their statutes because of new provisions in the Civil Code or at the request of organizers of state funding competitions. As part of this process, CSOs are rethinking their management systems and the work of their boards of directors, which is gradually increasing managerial professionalism. In 2016, the Donors Forum devoted its annual conference to the management of charitable organizations.

According to the Public Chamber’s 2016 report, SO NCOs, which account for 63 percent of registered CSOs, employ six people on average. Many CSOs are so small that they cannot afford to pay professionals in IT, public relations, or the legal field. This creates digital and legal security risks, and also diminishes their capacity to pursue a variety of development opportunities and to engage with and expand their constituent base through better messaging. Sometimes CSOs rely on free advice and assistance, the availability of which increased slightly in 2016. According to data from the Higher School of Economics, two-thirds of CSOs attracted volunteers in 2015. Employees often work as volunteers when their organizations do not have funding for their salaries. According to the 2016 World Giving Index, 12 percent of respondents in Russia indicated that they participated in voluntary action during the month before they were surveyed in 2015, compared to 19 percent in 2014. At the same time, data from Rospatriotcenter, an official institution working with youth, indicates that the number of volunteers increased from 1.97 million people in 2015 to 2.71 million in 2016.

CSOs are required to comply with labor laws, but are not always able to do so. For example, under the terms of the contracts for Presidential grants or regional subsidies, vacation pay is not provided, even though organizations are legally required to provide it.

According to the Public Chamber’s 2016 report, approximately half of SO NCOs have offices. CSOs with offices generally have basic office equipment and supplies, and almost all CSOs have access to the Internet and e-mail. More stable organizations have social network accounts. The number of user-friendly sites aimed at supporting CSOs, such as Kukhnya NGO, developed by the NGO Development Center (NDC) in St. Petersburg, is growing, as are various mobile applications, particularly those prepared within the framework of the Greenhouse of Social Technologies project, managed by the Agency of Social Information.

FINANCIAL VIABILITY: 5.0



CSOs’ financial viability remained stable over the last year. According to the Public Chamber’s 2016 report, the main sources of CSO funding continue to include private donations, corporate donations, income from goods and services, membership fees, and subsidies from federal and regional authorities.

Although the economic crisis continued, fundraising organizations report that donation levels have been more or less stable. Rusfond, the largest foundation collecting private money in Russia, actually collected more funds for sick children in 2016 (1.6 billion rubles, or almost \$25 million) than in 2015. The bank VTB24 also noted increased interest in transfers to charities.

Foreign funding was reduced significantly in 2015 following the adoption of the Law on Undesirable Organizations. As a result, there were very few foreign donors still supporting CSOs in Russia in 2016. The few remaining foreign donors include the Oak Foundation, Sigrid Rausing Trust, EU Commission programs, a number of German foundations, and some embassies.

The Presidential grants program continues to finance CSO projects. In 2016, funding reached almost 4.6 billion rubles (approximately \$74 million), an increase of 400 million rubles over 2015 levels, while the number of organizations appointed by the president as grantmaking organizations increased from eight to nine. According to experts from the Center for Economic and Political Reform, however, supported projects appear to be for the “promotion of loyalty, instead of developing civil society.” In addition, the distribution of funds lacks transparency. In 2016, most large human rights organizations again received no support, while pro-government organizations received large grants.

CSOs also had access to grants from a few ministries, including the Ministries of Labor, Health, and Culture, in 2016. However, these funds are generally distributed without competition to a very limited number of CSOs close to these ministries. In 2015, the government decided to transfer to the Presidential grants budget all funds used by the Ministry of Economic Development to support infrastructure organizations and stimulate regional CSO support programs. Nevertheless, in 2016 all projects supported by the Ministry of Economic Development in 2015 were still active. In addition to these federal programs, the government has declared its intention to begin distributing funds to CSOs to provide social services, which is expected to become a very important source of funding for service-providing CSOs in the coming years. CSOs also have access to support from regional budgets, although the levels of support have decreased in some regions. Most of the funding allocated by both regional and federal governments goes to various ideological projects, including patriotic education.

Corporate philanthropy is most developed among large companies, both Russian and international. Corporations often organize funding competitions for local CSOs and municipalities; these generally support social projects and programs in the regions where they operate. Some companies also implement their own programs. Every year, the Donors Forum, Price Waterhouse Cooper (PwC), and *Vedomosty* newspaper publish *Corporate Philanthropy Leaders*, which looks at the giving of companies with annual turnover of more than 100 million rubles (\$1.5 million). In 2016, the research included sixty companies with total expenditures on social projects equal to 20 billion rubles (approximately \$307 million). According to the research, the main areas of corporate support include education, social assistance, community development, ecology, and culture and art.

Most CSOs also try to secure other resources, including private donations, and recruit volunteers to support their work. Community foundations are important facilitators of philanthropy in their communities. CSOs around the country are also putting more time and effort into fundraising campaigns and events, including charity marathons, races, swims, auctions, and performances. For example, Sestry Center organized a marathon to support its work in cooperation with the apparel company Sketchers.

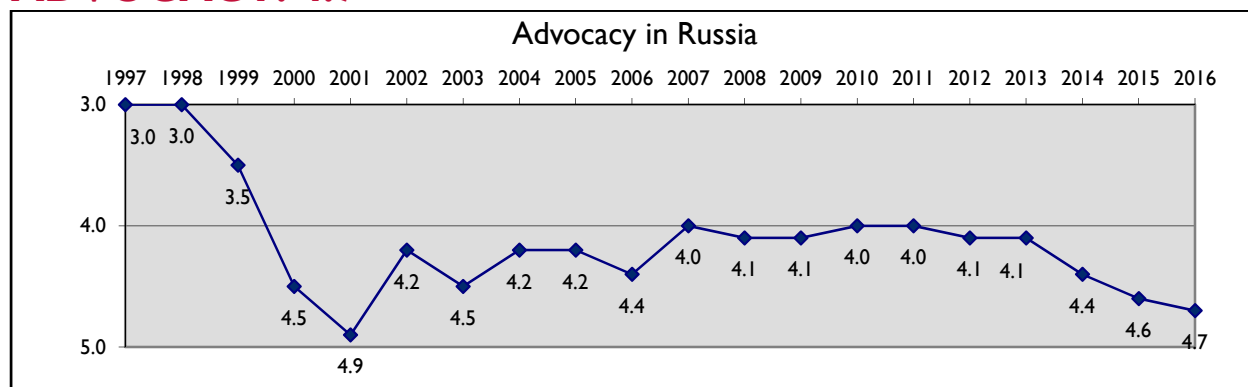
Social entrepreneurship is an area of increasing interest. For example, charity shop Yarkamarka in Perm region sells goods with prints of young painters, and uses the funds to train talented disabled children and young people. The private foundation Our Future, established in 2007, has a mission to support and develop social entrepreneurship. Our Future’s annual prize Pulse of the Good helps to identify the best examples of social entrepreneurship in the country.

New crowdfunding platforms have emerged over the past year. For example, Pulsir.Ru, which was created in 2016, is focused on raising funds for charitable projects. In 2016, the international organization Memorial collected 400,000 rubles (over \$6,000) through crowdfunding for Return of the Names, a large-scale campaign aimed at remembering the names of victims killed by the Stalin regime on the day of political prisoners in October. While crowdfunding can help build a base of supporters, it generally represents a one-time solution to a specific problem, and not a permanent source of institutional funding.

According to the 2016 World Giving Index, Russia was 126 in the overall ranking of giving, up from 129 in 2015, with 18 percent of Russians reporting that they donated money to charity in 2015, compared to 9 percent in 2014. According to research conducted by Charities Aid Foundation-Russia (CAF) in sixteen cities across Russia in 2016, the proportion of people making online donations has grown almost three times over the past two years.

Financial reporting requirements have not changed in several years. CSOs continue to provide financial reports to the Tax Inspection Authority and the Ministry of Justice, but rarely make them available to the public. Most organizations still cannot afford to hire experts on financial management or to conduct financial audits, unless required by law.

ADVOCACY: 4.7



CSOs have limited opportunities to defend and promote the interests of their constituencies, as well as their own rights, particularly at the federal level. Nonetheless, some CSOs had more official opportunities in 2016, leading to several advocacy successes. At the same time, those successes demonstrate the limits of CSO advocacy; while the government is willing to work with certain CSOs on non-controversial issues, other CSOs and issues are usually neglected.

The Russian government continues to engage some CSOs in policy making on select issues. For example, the Ministry of Labor and Social Protection operates a working group that includes CSO representatives to discuss reforms to the operation of neuropsychiatric boarding schools. In addition, experts from the sector are invited to participate in the creation of specific legislative initiatives, including initiatives related to the framework legislation for the support of CSOs and charities.

All ministries must have public councils, which provide some public oversight of their work. The composition of these councils depends on the ministry. While many of the public representatives on the councils are from organizations close to the government, independent experts are represented on some councils, including that of the Ministry of Internal Affairs. According to the law, ministries cannot issue regulations defined as socially significant without discussing them in the councils first, although this does not always happen in practice. Even when such discussions happen, CSOs' influence on the process is limited. In 2015, the federal government adopted new rules that exclude executive branch authorities from participating in the formation of public councils. Instead, these functions were transferred to organizations closely associated with the gov-

ernment, such as the Public Chamber and governmental Expert Council. In 2016, new public councils were formed and started operating in many ministries. In addition, public councils were formed on the regional level.

The Public Chamber, which was created in 2005 to ensure interaction between CSOs and government institutions, was less active in 2016 than in the previous year. Nevertheless, as in 2016, the Chamber organized a number of regional forums with local government and business participation to bring together volunteers and civic activists loyal to the authorities. At the federal level, the Community Forum also assembled several thousand people from all regions to discuss issues of interest to CSOs, participate in trainings, and engage in consultations; the president also attended this meeting. The All-Russia Civil Forum also took place in 2016 with more participants who are independent activists and critical of the government. The Forum was portrayed very positively in the media.

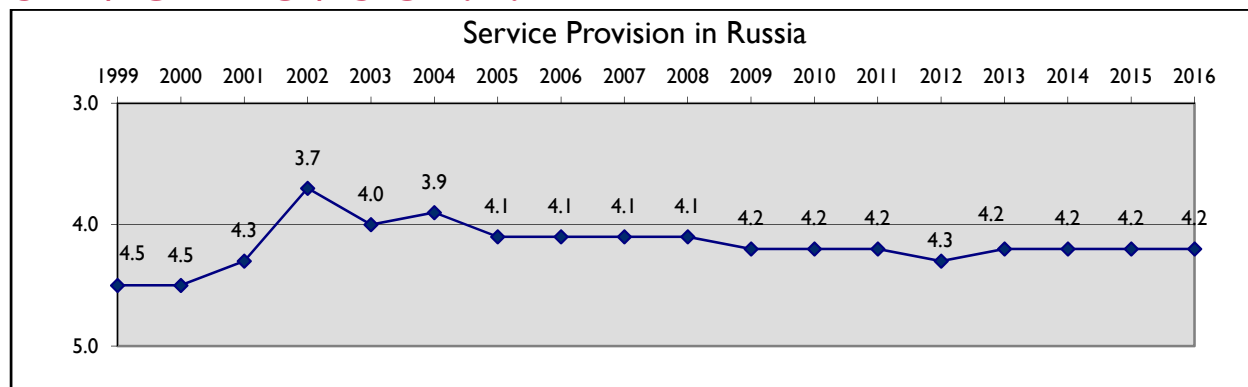
Thanks to a petition prepared by the charity association *Vsyey Vmestyey* (All Together) and signed by 6,000 people, some positive changes were made to the law amending the Law on Foreign Agents. Although the amendments were still passed, several categories of CSOs, including charitable organizations, were excluded from the list of possible foreign agents at the last minute. In another 2016 advocacy success, the Moscow Helsinki Group initiated the campaign Citizens and the Police. Through the campaign, 200 volunteers were involved in monitoring the police in thirty-three localities around the country. The campaign attracted a significant amount of media coverage, thereby raising public awareness about police misconduct and monitoring. Coalitions of activists and CSOs focused on various issues, such as the protection of animal shelters in Moscow, often form on social networks or when signing petitions on issues that are significant to society. Sometimes such campaigns lead to local victories. For example, a coalition of citizens successfully stopped the construction of a monument to Prince Vladimir on Sparrow Hills, although the struggle continues against construction in—or the destruction of—a number of parks in Moscow and other cities.

In January 2016, a law (FZ-419) came into force improving the situation of people with disabilities. All state and municipal authorities are now obliged to provide disability-friendly access to their facilities. The law was adopted in response to the numerous recommendations and demands of CSOs working with disabled people, as well as in accordance with international obligations of the Russian government.

At the same time, these successes by CSOs and initiative groups are isolated examples that generally do not address significant and fundamental issues. Moreover, the government often creates loyal CSOs or affects the composition of various bodies that provide citizens the right to engage in public control of governmental structures. For example, after new selection procedures were introduced for the Public Monitoring Committees (PMCs) for places of detention, many well-known activists were excluded from these committees. In 2016, a pro-governmental CSO group created the National Union of Non-profit Organizations to consolidate, support, cooperate, and develop social institutions to “promote the implementation of the decrees and orders of the President.” In Moscow, the city Duma initiated the Youth Parliament, which claims to represent youth in city government. In general, the protection of public interests is complicated, and sometimes impossible if it does not go through the regional public chambers or public councils.

As in 2015, CSOs have almost no opportunities to advocate for legal reforms that benefit CSOs or promote philanthropy. Although CSOs make reasonable suggestions to develop civil society to the government and State Duma, including proposals for tax benefits and objections to the Law on Foreign Agents, these have little to no impact.

SERVICE PROVISION: 4.2



Service provision remained largely stable in 2016. The government continues to have a clear desire to allow select non-profit groups to implement social services and to finance such activities from the budget, particularly where it lacks the capacity to provide a more adequate level of service to citizens. While additional groups were registered as foreign agents in 2016, few of these were service providers, so this had little impact on overall service provision by the sector.

CSOs continue to provide a variety of services, including legal assistance, social services for vulnerable groups and children, educational services, and charitable assistance for the poor. According to state statistics, more than 26 million people benefited from social services provided by CSOs in 2015. Some more professional CSOs, such as research institutions and think tanks, provide services such as sociological findings or environmental expertise to businesses or local governments. The ability of CSOs to provide services in certain fields, such as governance, empowerment, and environmental protection, remains limited. In addition, those organizations engaged in activities that the government may consider politically sensitive continue to be stigmatized.

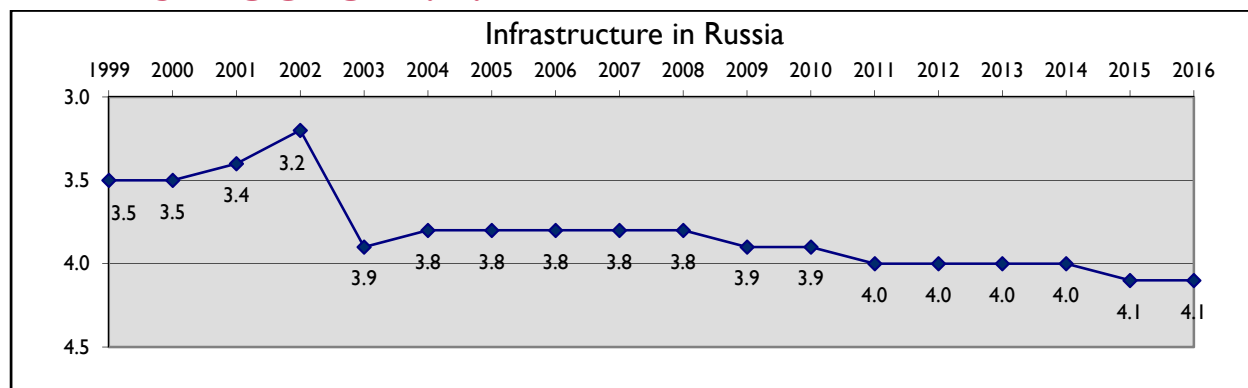
Because of their limited numbers compared to the size of the country and their lack of resources, CSOs are unable to fully meet the needs and priorities of their constituencies and communities. CSOs nonetheless try to focus their social services on meeting community needs and to expand their scope.

New legislative changes create the framework for CSOs to provide more state-supported social services in the future. In June 2016, the State Duma passed a law on the status of SO NCOs that implement socially-useful services. The government, in turn, approved a list of twenty such socially-useful services and developed quality assessment criteria. The list of services includes the provision of health services whether at home, on an inpatient or an outpatient basis; social and labor services for young people, mothers with children, the disabled, the elderly, as well as persons released from prison; rehabilitation services and the social adaptation of persons with disabilities; and support services for families raising children with disabilities. In addition, the list involves the participation of CSOs in the prevention of child neglect and juvenile delinquency; the prevention of child abandonment; as well as medical and social support for the seriously ill. While the range of services is currently fairly limited, the government has stated that it intends to expand the list.

However, SO NCOs still face many serious barriers to entering the social services market. To be registered as providers of social services, CSOs must meet many requirements that were designed for state social institutions. The authorities are interested in removing these barriers and have planned a series of activities over the next two years that will enable designated SO NCOs to become full participants in the market for social services. The Ministry of Economic Development and the Ministry of Labor are working actively in this direction and have issued a clarification to their respective regional offices that removes many of the restrictions for CSOs to enter the registry of service providers.

CSOs still rarely provide paid services to other CSOs, businesses, or government, with the exception of some specific projects supported by grants or subsidies. Often the authorities turn to powerful CSO resource centers for assistance, for example, in preparing reports, organizing public events, recruiting volunteers, or training officials, but they rarely pay for these services.

INFRASTRUCTURE: 4.1



The infrastructure supporting the CSO sector did not change significantly in 2016. While government structures have become more active in supporting CSOs, independent infrastructure organizations are gradually losing government support and funding and finding it increasingly difficult to survive.

According to data from the Ministry of Economic Development, there are currently between eighty and one hundred organizations that act as resource centers. Of these, the Ministry assessed twenty to thirty as very strong. These resource centers continue to provide technical assistance, office space for events, and various training courses. However, since 2015, independent infrastructure organizations have been struggling with a loss of foreign funding. In addition, some large resource centers, such as NDC in St. Petersburg and the Perm Alliance of Community Foundations, are registered as foreign agents, which impedes their work. The Siberian Civic Initiatives Support Center (SCISC) in Novosibirsk, on the other hand, was excluded from the foreign agent registry in 2016 because it had no foreign funding. The Ministry of Economic Development has decreased funding to its two major CSO infrastructure programs and announced that it will close these programs soon, although funding continued in 2016.

Private, corporate, and community foundations all award grants to CSOs. In some cases, corporate, governmental, and private donors work with larger CSOs, usually resource centers, to operate grant competitions. The number of community foundations in small towns and villages continues to increase. According to data from CAF, there are now sixty-eight community foundations in the country, up from about sixty in 2015.

Formal coalitions of organizations are rare. There have not been any visible coalitions to address democracy issues for several years. Coalitions mainly form when there is a need to take a stand on a specific issue. For example, on February 1, 2016, ten organizations in St. Petersburg established Dobryy Piter, an informal urban coalition of charitable organizations that promote philanthropy and host charity events together.

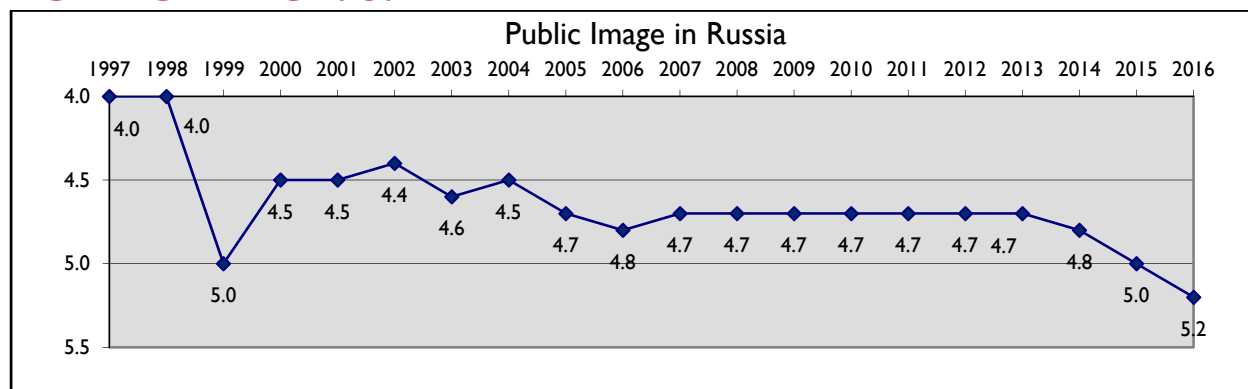
In 2016, the number of platforms and learning materials for educating CSO members increased significantly. Planeta.ru organized an all-Russian school of crowdfunding, and also released the first practical guide to crowdfunding in Russia. In the regions, several schools for community foundations and their regional alliances were organized. The 3rd Grantmaking School was organized in Arkhangelsk. In Penza, a handbook was issued on the creation and management of effective non-profit organizations titled *NGO: Rules of the Game*, while the GRANI Center in Perm organized the first championship in NGO management. The NDC in St. Petersburg launched the project Kukhnya (Kitchen) NGO, which gives CSOs and proactive citizens access to relevant, high-quality materials on fundraising, management, project management, and CSO-specific legisla-

tion in a contemporary format. Many of these initiatives were organized with the support of businesses or subsidies from the Ministry of Economic Development.

To a certain extent, businesses have become interested in supporting CSO infrastructure, and in collaboration with CSOs are creating new infrastructure platforms. For example, Vladimir Smirnov, a businessman and owner of a private charitable foundation, initiated the Center Blagosfera, an incubator for the cultivation of civic engagement and education. The center officially started to operate in Moscow in 2016. Twenty-five CSOs have already joined the project. Philanthropy Infrastructure (PHILIN), created by businessman Ruben Vardanyan and his wife, also provides professional support in financial management, IT, bookkeeping, and human resources to twenty-five charitable organizations. Development Group, an independent partnership of trainers and consultants providing pro bono services, started implementing PRONKO 2.0, an all-Russian training program for third sector leaders.

Government institutions have also become more active in supporting CSO infrastructure. In May 2016, the Public Chamber opened its first study program, with courses in leadership, CSO management, and resource management, with 150 civil activists from forty regions studying during the first year. The largest support network of CSOs in the country, the Moscow House of NCOs, is based in Moscow and supported by the Moscow city government. In addition to eleven resource centers, one in each administrative district of the capital, the Moscow House organizes training programs, lectures, seminars, workshops and festivals for the sector. It also provides space and informational, methodical, and legal support to SO NCOs and promotes cooperation between CSOs and the government and businesses in Moscow. While the services of the Moscow House are available to all NCOs based in Moscow, many human rights and democracy CSOs choose not to participate in its trainings and events, preferring the services offered by independent groups such as Memorial, Blagosfera and the Sakharov Center.

PUBLIC IMAGE: 5.2



The public image of CSOs continued to deteriorate in 2016 as a result of the negative campaigns aimed at CSOs in recent years.

The media environment in Russia negatively influences CSOs' public image. State-controlled and state-aligned media frequently disseminate propaganda and biased information. Additionally, the government blocked an increasing number of Internet sites for extremist content in 2016. The number of cases when bloggers or Internet users were punished just for reposting so-called extremist information also grew in 2016.

The authorities continue to have a negative attitude towards independent organizations and suspicion towards "foreign agents" and opposition politicians, and state-owned and affiliated media continue to provide disinformation about CSOs that are not considered loyal to the government. In 2016, government supporters increasingly attacked organizations seen as disloyal to the government. During 2016, there were physical attacks against employees of the Committee for the Prevention of Torture and Journalists in the Northern Caucasus,

journalists and participants in the Man in History contest conducted by the organization Memorial, environmental activists in the Krasnodar region, and at an exhibition of anti-war pictures in the Sakharov Center.

At the same time, authorities are trying to demonstrate their positive attitude towards what they consider “good” CSOs. For example, state awards have been established to recognize outstanding achievements in the fields of human rights and philanthropy development. Winners are chosen by a public committee appointed by the president, with the first awards presented in December 2016. The state prize for human rights was given to the director of the international public organization Fair Help, which provides assistance to the homeless, handicapped people, the dying, and others, regardless of their religious beliefs, origin, or social status. The prize for outstanding achievement in the field of philanthropy went to the director of Children’s Hospice, which provides home-based palliative care for terminally ill children and their families. Both prize winners were uninvolved in politics.

Despite the hostile environment, there has been some growth in the media coverage of CSOs and civic action. According to Medialogia, the number of publications and programs in the mass media dedicated to CSOs has increased over the past few years and this trend was believed to continue in 2016, although precise data is not available. The Need Help foundation created a portal named These Cases, which features the work of high-profile journalists who showcase philanthropy. Since last year, Russian Public Television has broadcast a daily program titled Big Country, which reports on CSOs and activists in different regions of Russia. There are similar programs on some radio stations and columns in newspapers, but they have smaller audiences than the country’s main media channels. Moreover, mass media publications usually talk about specific people, charitable events, and good deeds, and not the importance of the role of the non-profit sector in the life of the country.

The public still lacks systematic knowledge about the sector and does not fully understand its role in society. According to research conducted by local resource centers in 2016, more than half of the population (57.7 percent) in the Pskov region have not formed an attitude towards CSOs.

While most CSOs are active on popular social media sites, including V Kontakte, Facebook, and Odnoklassniki, few have the resources or expertise required to work systematically with the media or to develop communications strategies. Despite the state oversight of social media, very few CSOs censor themselves on these sites. The government blocked an increasing number of Internet sites for extremist content¹² in 2016. The number of cases when bloggers or Internet users were punished just for reposting so-called extremist information also grew in 2016. Organizations do not usually have developed communication strategies, which results in greater vulnerability to criminal liability for not being in compliance with new laws on extremism that apply to the digital space.

Only large organizations prepare public annual reports. According to a survey of eighty-seven foundations in different regions of Russia published by the Center for Studies of Civil Society and the NGO Higher School of Economics in March 2016, only 39 percent of foundations publish annual reports on their activities. CSOs regularly discuss issues of self-regulation, but most of the sector still does not see the value in such efforts.

¹² According to the law, extremism includes terrorism propaganda or terrorism justification, calls for changing the governing regime, crimes or hostility on religious or ethnic grounds, and a number of other actions formulated rather broadly. In practice, authorities treat extremism even more arbitrarily. In particular, strong criticism of government officials or the president could be considered as extremist materials, and on this ground sites could be blocked by court decision.

SERBIA



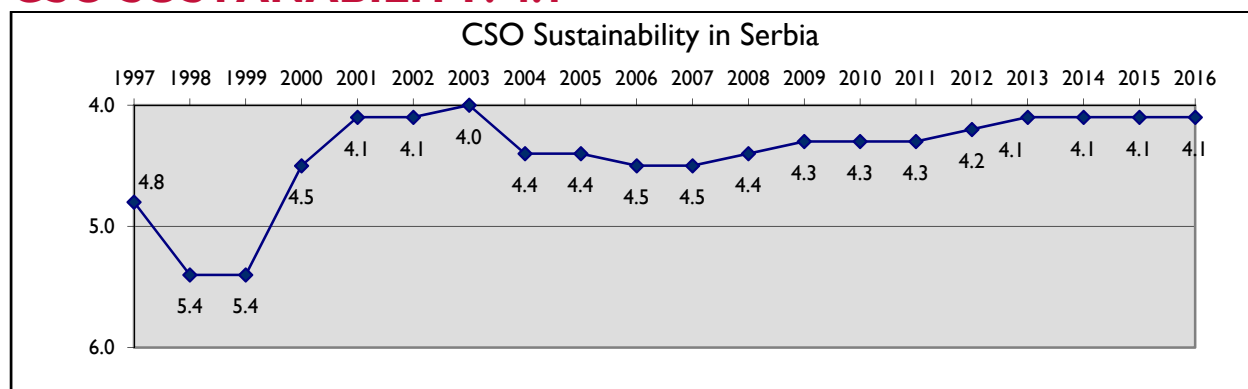
Capital: Belgrade

Population: 7,143,921

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

Human Development Index: 66

CSO SUSTAINABILITY: 4.1



CSOs in Serbia were the target of increasingly negative media coverage in 2016. After civil society media released critical reports on the affairs of leading politicians, media outlets with strong ties to ruling political parties published claims that foreign donors, both public and private, aim to “destabilize Serbia” through their “mercenaries,” referring to CSOs. The national daily newspaper *Informer* further published the names and photos of CSO leaders, labeling them as “mercenaries, traitors and conspirators.” At the same time, according to the EU Progress Report for 2016, cooperation between civil society and the parliament on EU negotiations improved.

National and local parliamentary elections were held in 2016. During the election period, the government was increasingly hostile toward civic initiatives that monitored the election process, as well as human rights organizations and private media. The election resulted in the Serbian Progressive Party winning the majority of parliamentary seats, although the government structure and ruling party coalitions did not change significantly on

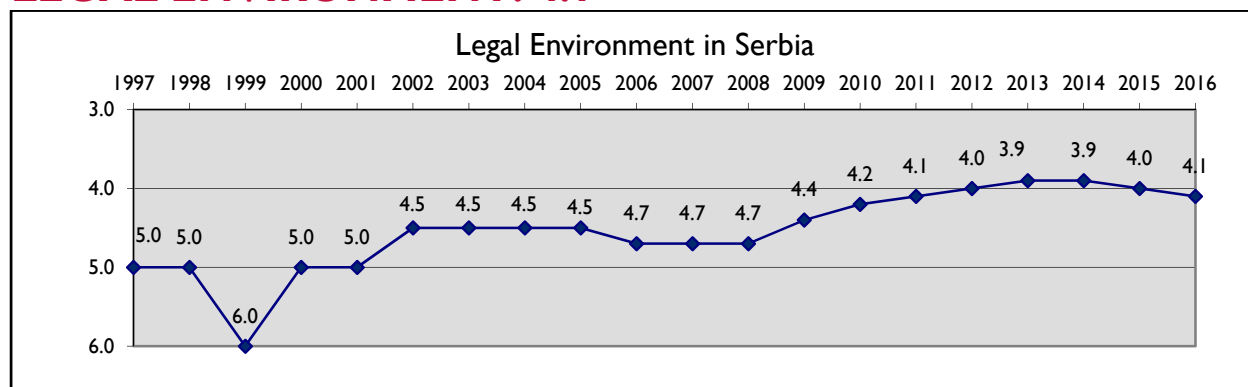
the local or national levels. Some non-partisan civic initiatives also won a significant number of seats in local parliaments.

The migrant crisis continued in 2016, but at a significantly smaller scale. According to the Ministry of Interior, in 2016 alone, approximately 100,000 permits were issued to migrants to allow them to enter Serbia. In contrast, over 550,000 refugees were registered in the country in 2015. However, CSOs report that migrants remained in Serbia longer than in previous years, creating significant accommodation problems.

While overall CSO sustainability did not change in 2016, the legal environment, advocacy, and public image dimensions all deteriorated, while organizational capacity, financial viability, and infrastructure improved.

As of November 2016, 28,799 CSOs were registered in the Serbian Business Registry, an increase of approximately 2,400 over the past year. The number of foundations and endowments increased by sixty-seven to 732. In addition, seven more foreign associations were registered in 2016, bringing the total to sixty-six.

LEGAL ENVIRONMENT: 4.1



For the second consecutive year, the legal environment for CSOs worsened in Serbia in 2016, primarily due to increased harassment by government officials and media.

While registration continues to be easy for associations, it is still complex for foundations, endowments, and CSO unions (networks), as the state conflates the role of their governing bodies with that of organizational founders. CSOs trying to register networks, for example, are subject to increasingly complex demands, such as being asked to submit the personal identification documents of founding members, which is difficult as some organizations may have been founded over twenty years ago by people who are no longer involved.

The Civil Code is still under development. CSOs have not been included in its preparation, but are monitoring its development since the Code will cover issues relevant to the sector.

The Ministry of Labor, Employment, Veteran and Social Policy announced the creation of the Law for Associations of People with Disabilities during the year. The minister announced that the state will introduce “criteria of representativeness” for such associations to get funding, although did not explain further what this means. CSOs are worried that the state might use these criteria to legally favor traditional membership organizations with which it has close ties in its funding decisions.

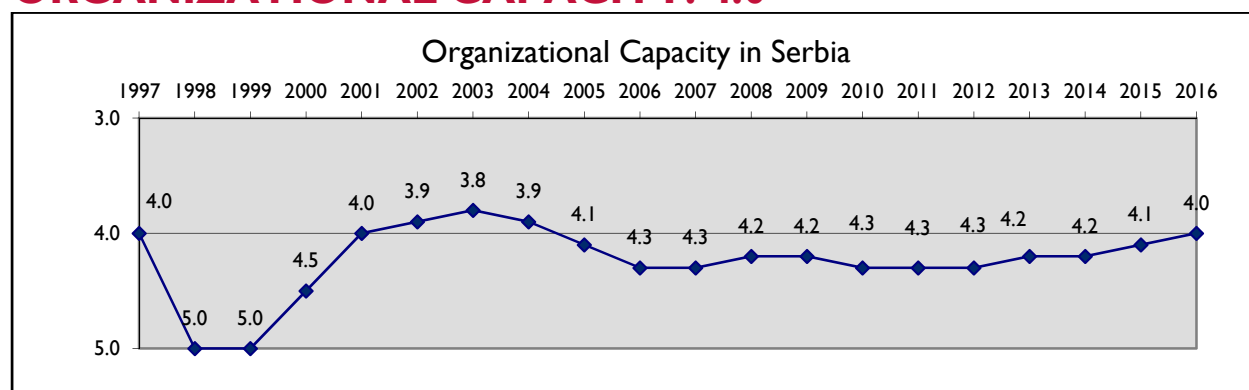
Members of the ruling party and media connected to them, as well as government representatives, continued to pressure organizations such as the Serbian Center for Investigative Journalism (CINS), Crime and Corruption Reporting Network (KRIK), Balkan Investigative Reporting Network (BIRN), and Istinomer. After the prime minister accused international donors and the EU of sponsoring attacks on the government through CSOs on several occasions in 2015 and 2016, media outlets close to the government started to produce arti-

cles with data on recipients of EU and other donor’s grants, as well as the names and photos of project coordinators, under headlines such as “Rockefeller and Soros are financing chaos in Serbia.” After each of the articles, CSO leaders received death and other threats on Facebook, email, and by phone. Law enforcement has done little to address the problem. In one notable case, the court decided that an online message sent to *Juzne Vesti* stating that “journalists of *Juzne Vesti* should be burned” was not a threat but an expression of opinion. During a visit to Serbia in August 2016, US Vice President Joe Biden expressed his concern about the threats to Serbian civil society to Prime Minister Vucic.

CSOs do not receive tax exemptions on income from grants. In late 2015, the government adopted amendments to the tax law that provide corporate donors with tax exemptions for donations to CSOs. However, the government reportedly shows little interest in implementing these changes. In addition, research by the Trócaire Foundation and Catalyst Balkans found that the procedures are either unclear or too complicated for many companies: 40 percent of companies and SMEs that have corporate giving programs do not take advantage of the new tax incentives provided by law, while almost 55 percent recognized or faced difficulties in claiming these exemptions. 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.

CSOs can earn income through the provision of goods and services and can legally compete for government contracts and procurements. The Law on Social Entrepreneurship is still pending. In 2016, the second working group in charge of creating the draft law was disbanded, and a third working group was created at the end of 2016. There are no indications when the new law will be adopted or what can be expected from this law. Local legal support to CSOs is still not developed in Serbia, especially outside of Belgrade. CSOs rely mostly on experienced CSOs for advice.

ORGANIZATIONAL CAPACITY: 4.0



Organizational capacity improved in 2016. CSOs increasingly demand assistance in strategic planning, while more developed organizations have identified constituency building as a key priority. However, constituency building is still not a primary focus for most CSOs. CSOs working in smaller communities, where CSO leaders are better recognized, are more successful at building constituencies.

According to the Center for Research, Transparency and Accountability’s (CRTA) Political Audit research for 2016, only 9 percent of respondents participated in local community initiatives, a decrease of 3 percent since 2015. However, the percentages of respondents who would like to influence national government decisions (28 percent) and local government decisions (34 percent) both increased by 6 percent since 2015.

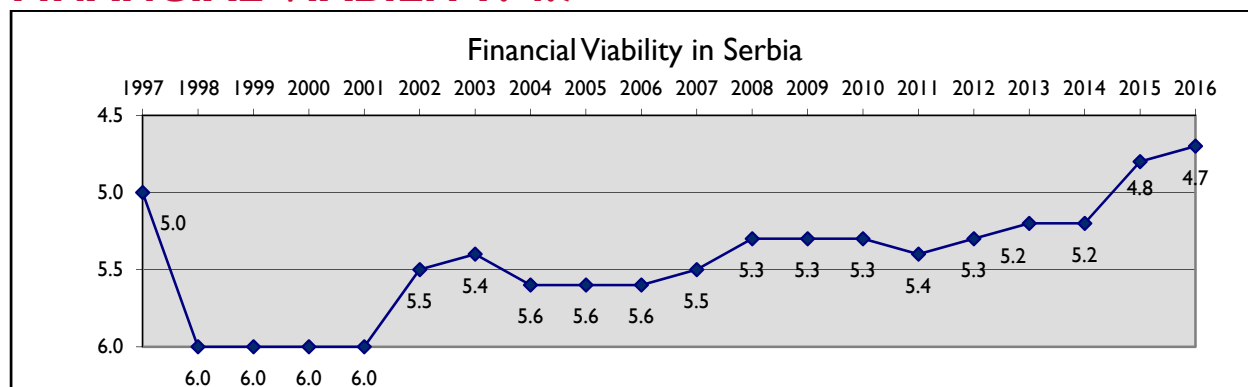
According to the training and consulting community, CSOs are increasingly interested in strategic planning assistance, and more CSOs are developing strategic plans and including planning techniques in their work. While CSOs define mission statements as part of the strategic planning process, CSO projects are still predominantly donor driven and frequently outside of organizations’ stated goals.

Internal management structures are still underdeveloped in CSOs. A limited number of organizations have developed their staff, management bodies, and boards of directors. In most organizations, leaders still make the majority of decisions. Leading organizations share their experiences and practices with other CSOs, inspiring other organizations to create human resources and financial management procedures.

Most CSO staff members are employed on a project basis. The limited number of CSOs that receive institutional support from donors have permanent staff. Skilled staff frequently leave the sector for jobs in business or government. While employment in the sector is stagnant, the skill level of CSO employees has increased significantly in recent years thanks to practices and procedures shared by more experienced organizations. In 2016, CSO cooperated with universities and student organizations to provide more students with internships, increasing the capacities of some segments of civil society, primarily social service providers. According to the 2016 World Giving Index, just 5 percent of respondents reported that they had participated in voluntary action in 2015, roughly the same level as in 2014 (6 percent). Volunteer management continues to be weak.

CSOs have access to the latest information and communications technologies (ICT), and increasingly use social networks to promote their work, establish dialogue between individuals and decision makers, and engage their constituencies.

FINANCIAL VIABILITY: 4.7



CSO financial viability improved in 2016. CSOs were able to raise more funds from both individuals and companies during the year, including through large fundraising campaigns.

CSOs estimated that the level of international funding was roughly the same in 2016 as in 2015, although there is no accurate data. In 2016, the EU experienced delays in issuing open calls to CSOs. The Government Office for Cooperation with Civil Society is advocating to provide funds from central and local budgets to CSO recipients of EU funds to cover cost share requirements. Few donors provide institutional support to CSOs.

Local support from individuals and companies is on the rise, but is still not sufficient to sustain the sector. In 2016, Catalyst Balkans reported 3,270 unique philanthropic actions.¹³ Catalyst also reported that the overall value of recorded philanthropic actions in 2016 was €9.6 million, with around €3 million given to CSOs, a significant increase from 2015. This was mostly due to the fact that CSOs, such as the National Parents Association for Children with Cancer (NURDOR), organized several large fundraising campaigns. The percentage of donated funds that were given to CSOs rose from 15.6 percent in 2015 to 31.4 percent in 2016.

¹³ Catalyst Balkans defines philanthropic actions as: “Unique verified events/examples of collecting donations. May contain several donations (for example, an instance could be a campaign in which individuals collect cash for someone’s medical treatment).”

CSOs increasingly understand the benefits and techniques of local fundraising and successfully attracted more diverse sources of funding during the year. The Trag Foundation's annual Successful Fundraising program demonstrated extraordinary success when, for the first time in nearly a decade, eight out of ten supported organizations fulfilled their local fundraising goals in just three months. Political causes are still not seen as good platforms for fundraising. Nevertheless, the Ne davimo Beograd initiative, which advocates against an expensive construction project in the center of Belgrade, raised between €1,200 and €1,800 from individuals through Facebook campaigns in a very limited timeframe for each of the six protests they organized. According to the 2016 World Giving Index, 25 percent of respondents in Serbia reported donating to charities in 2015, a dramatic decrease from 38 percent in 2014, when there were "extensive fundraising efforts following extensive flooding throughout Southern Europe," but generally in line with 2013 levels (21 percent).

The Corporate Social Responsibility (CSR) Council in the Chamber of Commerce, which aims to promote CSR in Serbia, was reconstituted in 2016 and now includes as representatives many strong CSOs, including Trag Foundation, Divac Foundation, and Smart Kolektiv. According to Catalyst Balkans, the major companies that the media most frequently mentions in connection with philanthropic actions include NIS Novi Sad, Elcom Trade, AD Imlek Beograd, Telekom Srbija Beograd, and DM drogerie markt d.o.o. Beograd. The most frequently mentioned small and medium-sized enterprises (SMEs) were Link group d.o.o., Bahus, Dexy Co, Eurolin, and Miligram Music Beograd.

The state provides grants at the central and local levels to CSOs from budget line 481, dedicated to non-governmental organizations. However, this line is also largely used to finance political parties and the Serbian Orthodox Church. CSOs also receive funding from local and central authorities to provide social and other services. There has not been any official data on the overall amount transferred to civil society by the state since 2013.

Defendants in court can reach an agreement with the prosecutor to contribute funds to public benefit causes in exchange for dropping charges. In 2016, the Ministry of Justice began to collect the funds and issue open calls for public benefit projects. However, only 10 percent of the funds were given to CSOs, while most were re-distributed to state institutions.

In response to complaints about the lack of transparency, Civic Initiatives demanded information from the government on the distribution of funds from the Lottery of Serbia, which published an open call for public benefit projects in 2016. After waiting for four months, Civic Initiatives received an official response stating that the Lottery does not have a database of the CSOs that receive its grants.

On a positive note, as a result of advocacy by CSOs and the Standing Conference of Cities and Municipalities, starting in 2017, the central budget will have a new budget classification for youth projects, which previously were in the same budget classification as sports. This new classification is expected to provide more transparency in the state's funding of youth projects.

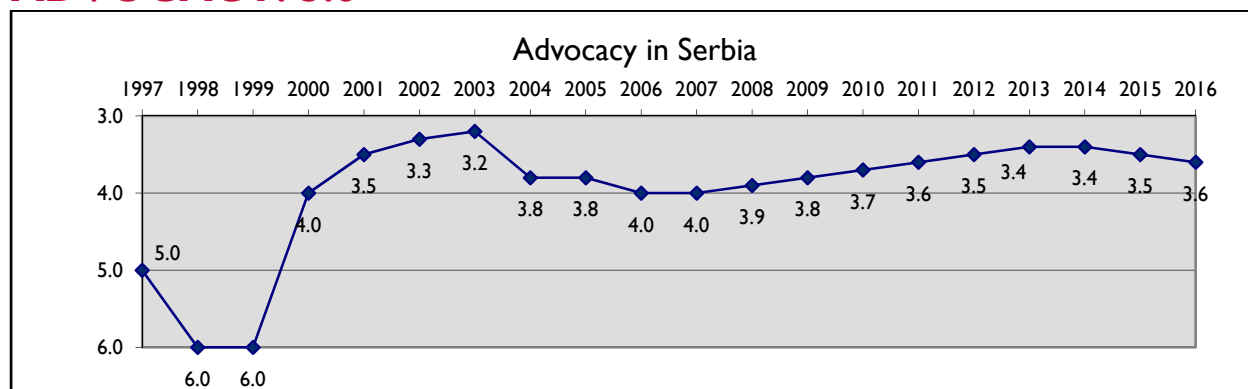
On the local level, there are some positive examples of public funding to CSOs. For example, in the City of Kragujevac, the Local Action Plan for Roma allocates budget funds for numerous CSO projects. Moreover, local self-governments showed more openness and provided funds for CSO projects throughout Serbia.

According to Catalyst Balkans, three of the top fifty associations in terms of income earn all of their revenue from the sale of goods and services. According to the same research, among the 100 largest CSOs in terms of income in Serbia, 14 percent of revenue comes from the sale of goods and services.

Only larger CSOs have financial management systems in place. Recent USAID initiatives that provide direct support to Serbian-based CSOs have encouraged grant applicants to develop human resources, financial, and procurement procedures. Small and medium-sized CSOs have rudimentary financial systems, which are usual-

ly project-based and overseen only by project coordinators. Bigger CSOs increasingly produce annual financial reports and annual organizational audits, which is also a requirement for receiving larger scale EU grants.

ADVOCACY: 3.6



Cooperation between the state and civil society relies on the attitudes of individual government officials, rather than on institutionalized relations, and many government officials view CSOs in a negative light. As a result, it is generally impossible for advocacy and human rights organizations to cooperate with the government or lobby at the central or local levels.

Despite these difficulties, cooperation between CSOs and local and central authorities on the issue of migrants was much better in 2016. CSOs worked with the Ministry of Labor, Employment, Veteran and Social Affairs and municipalities to provide aid to migrants. However, when media reports in November 2016 brought to light the lack of migrant housing, the Minister of Interior blamed CSOs for not building any accommodations.

The Autonomous Women’s Center, Group 484, ASTRA (Anti Trafficking Action), and PrEUgovor Coalition advocated for the Law on Asylum during the year. The law was still in development at the end of the year, but the Ministry of Interior adopted almost all of CSOs’ recommendations.

The parliament seemed to be less willing to cooperate with CSOs in 2016 than in previous years. In 2016, the parliament started to demand more information from CSOs, including biographies of speakers and details of their presentations, before permitting them to present at the legislature. The National Coalition for Decentralization, CRTA, and Open Parliament all received such inquiries. This new procedure made it considerably more time consuming for CSOs to speak in front of parliament than in previous years.

In 2016, fifty-two CSOs initiated administrative court proceedings against the parliament for violating legal procedures in selecting the Regulatory Body for Electronic Media’s council members. The Law on Electronic Media requires two CSO representatives in the council, but the parliament tried to utilize legal loopholes to postpone and influence their selection. The administrative court did not take any action on this matter by the end of 2016.

On the local level, the Standing Conference of Cities and Municipalities recommended that local governments create a position dedicated to cooperation with CSOs. Local governments have not responded to this recommendation so far.

CRTA’s Political Audit research indicates that there is limited belief in the usefulness of public activism. Only 11 percent of respondents feel that they are able to make changes by engaging at the national level, while only 17 percent believe the same for engagement at the local level. Out of eight actions individuals could potential-

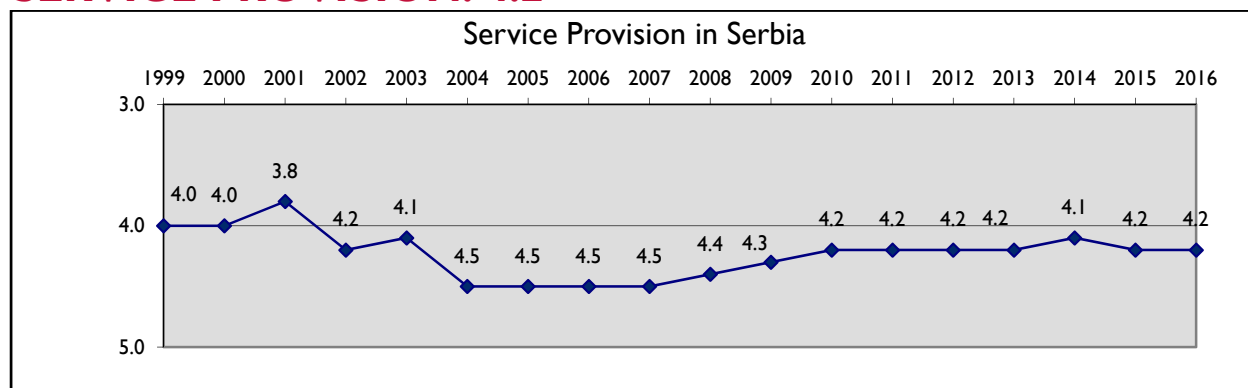
ly take to address their problems, presenting their problem to a CSO was the least popular, chosen by only 21 percent (a significant decrease from 26 percent in 2014).

The new government did not move forward the draft Law on Volunteering, a key law for CSOs. The working group of the Ministry of Labor, Employment, Veteran and Social Affairs, which includes CSO representatives, held no official meetings in 2016. Instead, the ministry insisted on doing an analysis of the current regulations on volunteers prior to creating a new law. The analysis was still pending at the end of the year.

Several CSOs, such as CeSID, CRTA, and Citizens on Guard initiative, conducted independent monitoring of the 2016 elections. However, domestic monitors were subject to more complex requirements than international monitors. For example, there were limits on the number of domestic monitors per polling station. In addition, the government required CSOs to have articles in their statutes dedicated to election monitoring, which excluded a number of human and national minority rights organizations from monitoring election activities. CSOs, including National Coalition for Decentralization, CRTA, and Civic Initiatives, also organized candidate debates throughout the country, although these were inexplicably boycotted by candidates from the ruling Serbian Progressive Party. Some local civic initiatives and groups with strong anti-partisan and pro-citizen agendas, such as Local Front in Kraljevo and parody political group Samo Jako in Mladenovac, also ran in local elections and succeeded in getting seats in local councils.

Advocacy by LGBT rights groups has been very successful in recent years. In 2016, the state ombudsman congratulated the government and LGBT organizations for organizing a safe and successful LGBT Pride parade, an event that in previous years was marred by violence and threats by right-wing groups. On the local level, police departments created units for LGBT rights that cooperate well with associations.

SERVICE PROVISION: 4.2



CSO service provision in Serbia is mainly focused on social services such as counselling, day care centers for children with disabilities, group therapy, and accommodations for families of children receiving hospital treatment. CSO social service providers must obtain licenses in order to access public funding and become eligible for state contracts for social services. The licensing process is still very difficult—many CSOs cannot satisfy the requirements, which focus on physical specifications like facilities and equipment, rather than the competencies of human resources. Even when CSOs meet the licensing requirements, the state tends to favor working with state-affiliated social service providers over CSOs.

CSOs in Serbia are not yet allowed to provide health services, although they can work as partners to health institutions. For example, Duga Sabac provides medical testing in partnership with a health institution. On the other hand, CSOs continue to dominate the field of informal education. However, the state still favors the educational programs of state institutions in its funding decisions.

CSOs provide many trainings and consultancies to local and state institutions on project cycle management, how to apply for EU funds, and project proposal writing. Such trainings and consultations are also marketed to other CSOs, academia, educational and health institutions, and businesses eligible to receive EU grants.

CSO social services respond to the needs of their constituents and communities, but also depend on the availability of funding. For example, due to lack of donor funding, environmental services are on the decline despite increased demand.

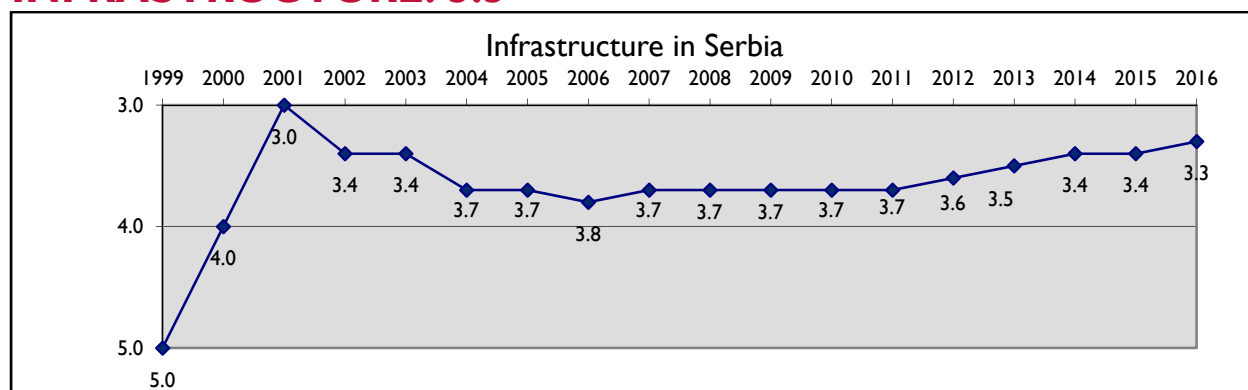
CSO services are mostly provided free of charge to beneficiaries, with international donors or the state covering the costs on a project basis. At the same time, apart from migrant relief services, donors are providing less funding for CSO services. Few service providers conduct cost benefit analyses; most cannot provide even basic information about costs, limiting their ability to develop strategic plans to maintain their services. One exception is the co-working hubs—mostly created by CSOs—that have recently appeared in bigger cities. These hubs, which rent out office space to individuals, as well as space for meetings and events to other CSOs and companies, became more self-sufficient in 2016. Profits are invested in CSOs’ not-for-profit activities.

The government mostly recognizes the value of CSO social service providers and the potential for educational services, while it is generally not interested in other types of CSO services. Local authorities continued to implement austerity measures in 2016, resulting in further cuts to some social services, such as personal assistance for disabled persons. Despite numerous objections from civil society, parliament adopted a new Law on Financing of Local Self Government in October without public debate or consultation with civil society and local governments. The law has raised concerns as it will cut local revenues in 2017.

A Law on Free Legal Aid is under development. In November 2016, a group of eight leading human rights organizations issued a list of demands, including full respect of international standards allowing CSOs to be providers of free legal aid.

In October 2016, the Trag Foundation, the Technical Assistance for Civil Society Organizations (TACSO) Resource Center, and the Ministry of Labor, Employment, Veteran and Social Affairs published recommendations to improve the position of CSO social service providers and sent them to relevant ministries and local self-governments. The recommendations focused on five areas: government cooperation with CSOs and local self-governments, the licensing process, the financing of social services, education of CSO service providers, and cooperation with state-based Centers for Social Work.

INFRASTRUCTURE: 3.3



The infrastructure supporting civil society improved in 2016.

The TACSO Resource Center provides workshops, trainings, technical assistance, help desk support, mentorship, and other services to CSOs. In 2016, TACSO organized eighty-five events focused on capacity building and the creation of an enabling environment for CSOs; more than 1,000 representatives of almost 500 CSOs participated. TACSO also implemented a special program from August 2015 to June 2016 to promote the development of thirty-five CSO networks, which produced a new cadre of twenty-three trainers from throughout Serbia. Many other organizations also provide support services to CSOs. Seven of the fifty wealthiest foundations and fourteen of the fifty wealthiest associations provide training and information sharing to other CSOs.

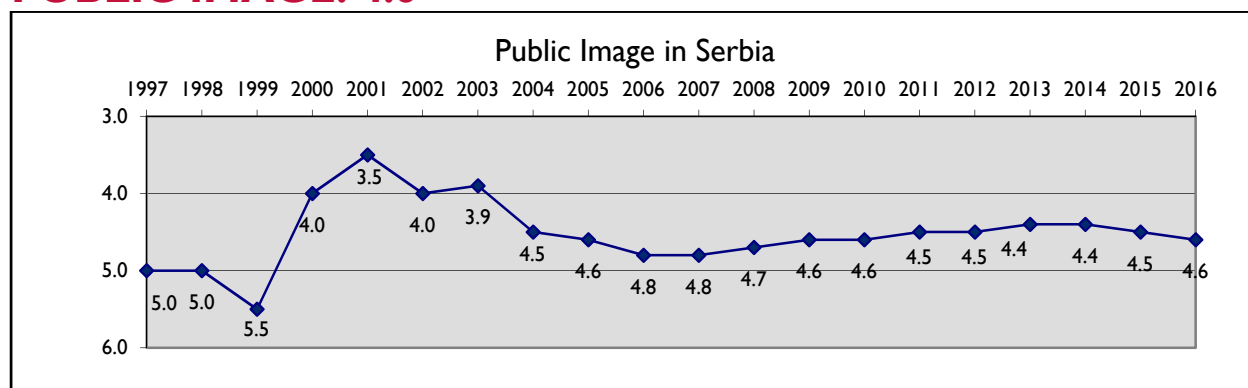
In March 2016, the government appointed a new Director of the Government Office for Cooperation with Civil Society, one year after the resignation of the previous director. This office finalized a draft National Strategy for an Enabling Environment for Civil Society Development in the Republic of Serbia in 2015, but it was not adopted by the end of the year.

Several local grant-making organizations operate in Serbia. Nine of the fifty wealthiest foundations in the country provide grants. Foundations increasingly cooperate with the business sector to support their CSR programs. Community foundations are also slowly growing. CRTA, BIRN, and the Trag Foundation founded a new civil society endowment in Belgrade in 2016. This endowment will provide support for the development and promotion of civil society in Serbia, and will also support the future organizational development of its founding members. Some leading associations in Serbia have also started providing grants throughout the Balkans region. Group 484 has provided grants for migrant-related issues, including to an international CSO working in Macedonia. ORCA provided grants to forty-eight organizations in Serbia, Macedonia, Albania, Montenegro, and Kosovo for sustainable agriculture projects.

Existing networks continued their operations and received some support for new partnerships. For example, CRTA, the National Coalition for Decentralization, and the Trag Foundation worked jointly to promote civic engagement. In 2016, the Association of Online Media began operating. It gathers eighteen online media outlets mostly focused on investigative journalism. Thirty-seven leading journalists from the Balkans region also began a network dedicated to journalist safety in the region.

Intersectoral partnerships are on the same level as in previous years. Smart Kolektiv continues to provide opportunities for CSOs to benefit from mentors from the business sector and establish intersectoral cooperation. In addition, Hemofarm Foundation brought businesses and CSOs together in an organ donation campaign. Further, more businesses and elementary schools throughout Serbia agreed to serve as collection centers for plastic bottle lids that are then sold for recycling and used to purchase wheelchairs for a Zrenjanin-based CSO dedicated to people with disabilities. Existing local business-CSO partnerships also continued to develop. For example, the creative industries co-working space in Nis was initiated by CSO Proactive and the architectural company Kontra group.

PUBLIC IMAGE: 4.6



For the second consecutive year, the public image of CSOs declined. Compared to 2015, there was increased media pressure on CSO representatives, employees, and donors. Coverage of CSOs by major news outlets was very negative, presenting advocacy and human rights organizations and associations of media and journalists as “mercenaries.” The tabloid *Informer* and *Pink TV*—private media outlets with the highest ratings in Serbia that are close to the government—are primary producers of this negative coverage. While Radio Television Serbia (RTS), the national public media outlet, provided significant coverage of CSOs in the previous two years, in 2016 its coverage of CSOs ceased. Private national media provides more reasonable coverage of CSOs than state media. Social service providers also generally receive more positive media coverage.

Media reporting on philanthropy is much more positive. According to Catalyst Balkans, 12,924 articles and reports were published on philanthropic actions in Serbia in 2016. Only 1 percent of the coverage was negative. Approximately 12 percent of articles were published in the first five pages of newspapers, while 18.9 percent of electronic media reports on philanthropy were broadcast during primetime.

Since the adoption of media laws in 2014, numerous local and regional media outlets have been privatized, leading to a concentration of media ownership in the hands of individuals with both direct and alleged ties to ruling political parties. This has led to the closure of many local media outlets, thus reducing local media coverage of CSOs.

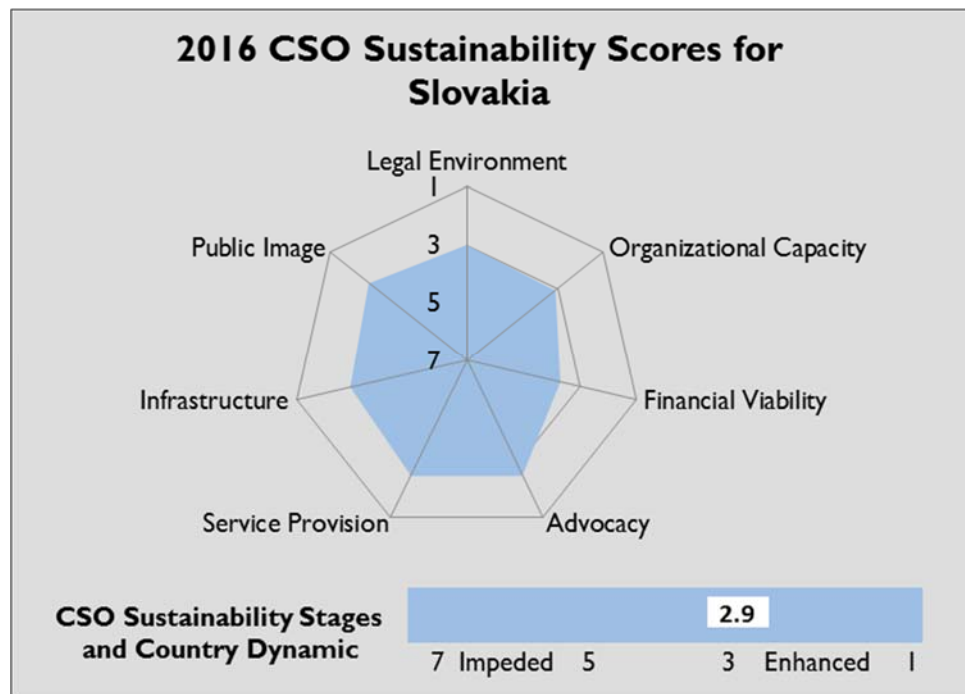
CRTA research shows that the public still associates non-governmental organizations (NGOs) with human rights organizations, primarily in a negative context. Meanwhile, only 37 percent of respondents know what NGOs are. According to Catalyst Balkans research, 19.2 percent of respondents would be ready to donate when asked by an entity presented as a humanitarian organization, while only 2.2 percent would give to an entity presented as an NGO.

Companies make similar distinctions. They would rather cooperate with humanitarian CSOs than organizations that appear to have political agendas. Companies still trust national state institutions more than they trust CSOs. On the local level, long-term cooperation between individual businesses and CSOs continues, and businesses find these relationships more beneficial than cooperation with local authorities.

State officials regularly make negative statements about advocacy, human rights, and media organizations, thereby contributing to these organizations’ unfavorable media coverage and public image. On November 20, 2016, Prime Minister Vucic insinuated that civil society media and CSOs are paid by foreign donors to attack the government. Immediately after this statement, media outlets close to the prime minister published a series of stories claiming that CSOs are paid by international donors to “create chaos” and “demolish the state of Serbia.” CSO leaders almost immediately received threats. The reaction from the police and justice system was highly inefficient. Similar cases also occur on the local level. For example, Association *Pescanik* from *Krusevac* was attacked by a former minister and current high official of the Serbian Progressive Party for being a “foreign mercenary” after it protested against the building of a wall around a Roma settlement in *Krusevac*.

Civil society recognizes the importance of self-regulation. In mid-2016, Civic Initiatives and the TACSO Resource Center initiated a series of discussions with leading CSOs on quality standards for CSOs. Furthermore, through the SIGN network, CSOs throughout the Balkans region have supported the adoption of fundraising standards and principles. In 2016, the SIGN network distributed a handbook on fundraising standards in five countries in native languages.

SLOVAKIA



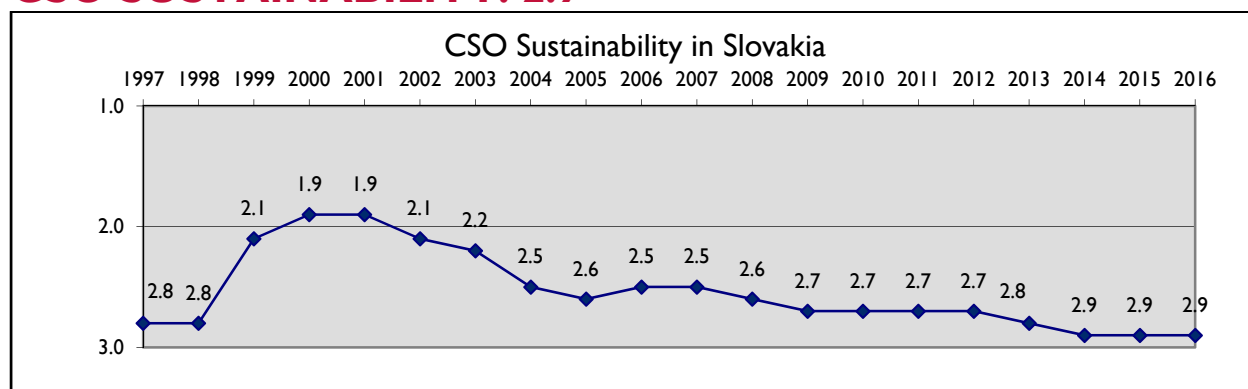
Capital: Bratislava

Population: 5,445,802

GDP per capita (PPP): \$31,200

Human Development Index: 40

CSO SUSTAINABILITY: 2.9



Public discourse in the Slovak Republic at the beginning of 2016 was dominated by the parliamentary elections, which were held in March. The campaign of the current prime minister's political party, Smer - Social Democracy, was hostile towards refugees and opposed to the mandatory quotas proposed by the EU. Several CSO initiatives aimed to raise awareness among first-time voters of key issues, such as the poor state of the education system and the disproportionate influence of various special interest groups. Disappointment with the government and anti-refugee rhetoric resulted in representatives of the far-right Slovakia People's Party Our Slovakia winning fourteen out of 150 seats in the parliament – the first time in Slovakia's post-communist history that a political party that denies basic principles of liberal democracy has been represented in the parliament. While Smer - Social Democracy lost its majority winning just forty-nine seats compared to eighty-three in 2012, it still ultimately managed to put together a coalition government.

The refugee crisis continued to polarize Slovak society in 2016. On the one hand, many communities responded to the crisis by collecting clothes and food for the refugees, and many volunteers traveled to the

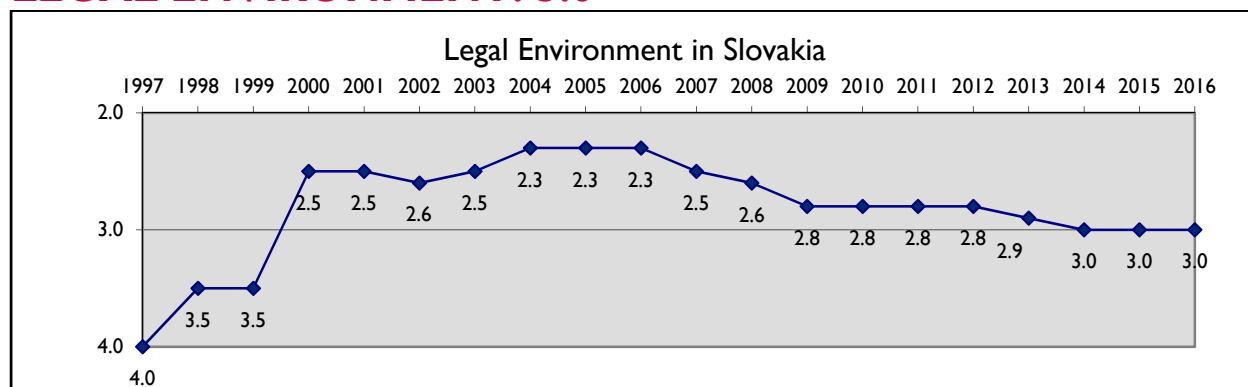
Hungarian and Serbian borders where the refugees were concentrated. At the same time, however, segments of society wanted to close the country's borders and block more refugees from entering.

In the second half of the year, Slovakia held the presidency of the Council of the EU for the first time, which consumed significant media attention. CSOs were also able to attract strong media attention for several other issues, including political corruption, immigration, educational reforms, and expansion of the far-right movement.

Overall CSO sustainability did not change significantly in 2016. Public image was the only dimension of sustainability that recorded a significant change: the rise of hate speech in the country was met with an increase in negative coverage of the activities and financing of CSOs. High-ranking government officials echoed these sentiments.

According to the Ministry of Interior, the number of registered CSOs rose significantly, from 45,172 in 2015 to 48,079 in 2016. This number includes 45,310 civic associations, 536 non-investment funds, 1,647 non-profit organizations providing public benefit services, 121 entities with an international element, and 465 foundations.

LEGAL ENVIRONMENT: 3.0



The process of registering a CSO in the Slovak Republic depends on the legal form chosen. 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 (which are local government bodies) through an agreement or deed of foundation. Civic associations can complete the registration process within ten days, while it takes thirty days to register a foundation and sixty days to register a non-investment fund or a non-profit organization providing public benefit services.

In 2015, the Office of the Government Plenipotentiary for the Development of Civil Society drafted a law on registration of CSOs, which seeks to create a single registry for CSOs, thereby increasing transparency and clarifying the total size of the sector. In addition, the law will increase legal certainty in relationships by ensuring that accurate information is available about CSOs' legal representatives, address, and other pertinent information. In December 2016, the Office of the Government Plenipotentiary forwarded the draft to other departments in the ministry for further review. The law is expected to be adopted in the first half of 2017.

Beginning on January 1, 2017, all legal entities registered in the Business Register must communicate with the state through email as part of the digitization of government. Based on discussions between CSOs and the Office of the Government Plenipotentiary, however, civic associations, foundations, and other types of CSOs do not have to satisfy this requirement until mid-2018.

CSOs continue to function without any threats from the government. However, before and after the elections, the government was hostile towards certain CSO initiatives, including strikes by unions of nurses and teachers. In his first interview after the election, the prime minister said that the election was unusual because they did not fight with opposition political parties, but with the non-governmental sector, which was funded from abroad, as well as the media.

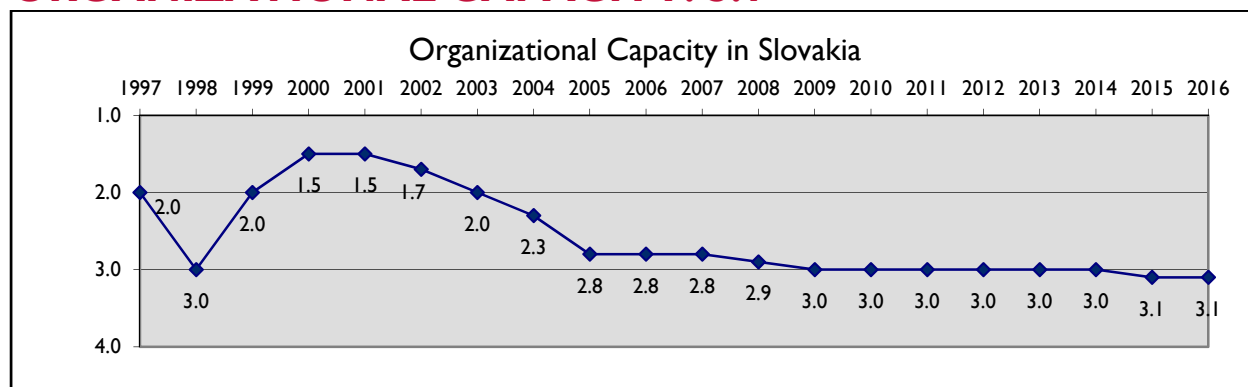
The far-right Slovakia People’s Party Our Slovakia prepared a draft amendment to the Law of Non-profit Organizations in 2016 according to which any organization “directly or indirectly linked to financing from abroad will need to register into the newly created Register of foreign agents.” According to the proposed amendment, all foreign agents would have to include the phrase “Warning! Foreign agent” along with the name of the organization. The legislation was based on the Russian Law on Foreign Agents. The Office of the Government Plenipotentiary strongly opposed the proposal, stating that it was “totally inconsistent with democratic principles and the protection of fundamental rights and freedoms.” The proposal did not pass the first reading in parliament, winning the support of only eighteen out of 150 members of parliament.

According to a 2015 amendment to the Income Tax Law, if during the year a company donates funds amounting to 0.5 percent of its paid taxes, it can assign 2 percent of its tax obligations to CSOs. If a company donates less than 0.5 percent of paid taxes or does not donate at all, it can still assign 1 percent of its tax obligations. Besides this tax assignment, CSOs do not benefit from any tax exemptions or deductions on income.

Civic associations, foundations, and non-profit organizations that provide public benefit services can charge for their services, but their earnings must be reinvested in their activities. Other legal forms, including foundations and non-investment funds, are legally prohibited from engaging in business activities.

The Pro Bono Attorneys program, managed by the Pontis Foundation, provides non-profit organizations and their clients with free legal assistance. Currently, thirteen law firms and five individual attorneys participate in the program. Legal services are coordinated mostly from Bratislava, but are available in the regions as well. From the program’s launch in 2011 to the end of 2016, a total of eighty attorneys have provided free help to more than eighty-five non-profit organizations with almost 130 legal tasks. In addition, many CSOs rely on the First Slovak Non-Profit Service Center (1.SNSC) for legal assistance. 1.SNSC operates an online platform that includes information about all legislative changes and proposals affecting the non-profit sector, in addition to other resources. Users pay an annual subscription fee to access the service, which can be a burden for some organizations.

ORGANIZATIONAL CAPACITY: 3.1



The organizational capacity of CSOs deteriorated slightly in 2016, mainly due to the lack of sufficient funding, although not sufficiently to change the score in this dimension.

According to research conducted in December 2016 by Partners for Democratic Change Slovakia (PDCS), CSO representatives consider their most successful initiatives over the past few years to include networking, building local constituencies for their initiatives, cooperation with media, and greater involvement of the public in particular topics. In the town of Prešov, for example, a local CSO runs a webportal providing information about social care in the city. What began as a volunteer initiative now networks local organizations with the municipality, which has led to an increase in transparency and openness in the everyday life of citizens.

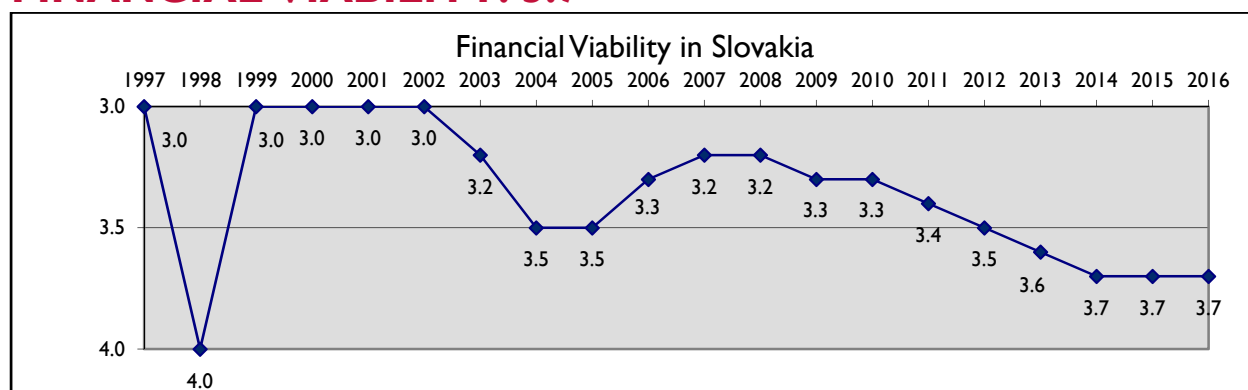
The majority of organizations have clear mission and vision statements, although smaller organizations may only define their missions and visions in their articles of incorporation. Larger organizations generally consider strategic planning to be a vital part of their work. Many other organizations, however, are focused simply on surviving, and therefore place little emphasis on strategic planning. At the same time, more organizations are discussing the need to develop their human resources and strategic planning capacities.

Larger CSOs tend to define responsibilities among boards of directors and employees more clearly than smaller organizations. However, members of the boards of directors in both small and large organizations often do not understand the importance of their positions and act as pro forma members in several organizations.

Only a minority of CSO employees work either full-time or on a contract basis. Many employees in the CSO sector are engaged as persons registered in the Trade Register, essentially meaning that they are consultants even though their titles and job descriptions may indicate that they have project management responsibilities. On the one hand, hiring people under trade licenses provides organizations with flexibility, but can also result in unqualified people being hired for certain posts. When grant funds are available, CSO employees can focus on specific projects and sometimes receive training, but once such projects are over, these workers have to multitask again or find other employment until funding resumes. Organizations seek professional services and hire accountants, IT administrators, and graphic designers, but the pressure to keep costs low limits CSOs' ability to pay for such services. The government would rather contract with experts from the CSO sector than with organizations, which further undermines organizational capacity. According to the 2016 World Giving Index, 11 percent of respondents in Slovakia reported that they participated in voluntary action in 2015, the same level as in 2014.

Organizations still have the opportunity to acquire cheap software licenses through the Techsoup Slovakia program. This program, which is managed by the Pontis Foundation, is part of the Techsoup Global Network and offers software by Microsoft, Adobe, GiftWorks, and O&O Software to participating non-profit organizations. In addition, CSOs can sometimes purchase used hardware from other companies.

FINANCIAL VIABILITY: 3.7



The financial viability of CSOs remained stable in 2016. According to the December 2016 study *State of Affairs, Trends, Needs and Possibilities for Development of Civil Society in Slovakia*, conducted by the Institute for Public Affairs, Center for Philanthropy, and PDCS, funding for the non-profit sector comes more or less evenly from public resources, private resources, and revenue from CSOs' own activities, including earned income and membership fees.

Little foreign funding is available to CSOs in Slovakia. The EEA/Norway financial mechanism, which awarded €7.4 million to Slovak CSOs over the past few years, ended in 2015. No new calls were issued in 2016. In December 2016, a memorandum was signed and a call for a new operator of these funds is expected to be announced in early 2017, meaning that the first calls for new project proposals will be announced later in 2017. Meanwhile, CSOs still have limited access to EU Structural Funds, which involve significant administrative burdens established by the state. The Global Grants system, which would open up EU funds to CSOs more broadly, has not been implemented yet. This lack of resources has reduced organizational capacities, as people working on these projects have been forced to find other employment until funding resumes.

Companies, especially multinational corporations, continue to distribute funds to CSOs through their tax assignments, which reached a record sum in 2016. According to the Ministry of Finance, tax assignments were €59.4 million in 2016, compared to €56.9 million in 2015 and €52.2 million in 2014. At the same time, in light of the number of corruption scandals during the year, CSOs are starting to question whether to accept money from less transparent companies or firms whose activities are not in line with organizational goals. However, there were no reports of CSOs actually turning down tax assignments during the year.

Businesses also provide direct support to local projects. For example, through the program *You Decide, We Help*, Tesco Foundation supported seventy-seven community programs, while VUB Foundation announced a community grant program called *€80,000 for the Community where It Lives*. In addition, companies – both large and small – increasingly understand the importance of volunteering and employee engagement and are therefore developing initiatives along these lines as well. About 10,000 volunteers—more than half of them corporate volunteers—participated in Our City in 2016. Our City, organized by Pontis Foundation, is the largest corporate volunteering event in Slovakia and Central Europe through which volunteers participate in a number of different projects around the country to beautify their cities.

Individual philanthropy continues to evolve, including through crowdfunding platforms, such as Dobrakrajina.sk, Dakujeme.sk, Ludialudom.sk, startlab.sk (for public utility projects), and marmelada.sk (for creative activities). However, crowdfunding is not effective for initiatives involving complicated or controversial topics, such as legislative amendments, lesbian, gay, bisexual, transgender, and intersex (LGBTI) projects, or Roma community projects. According to the 2016 World Giving Index, 23 percent of respondents in Slovakia reported donating to charities in 2015, the same level as in 2014.

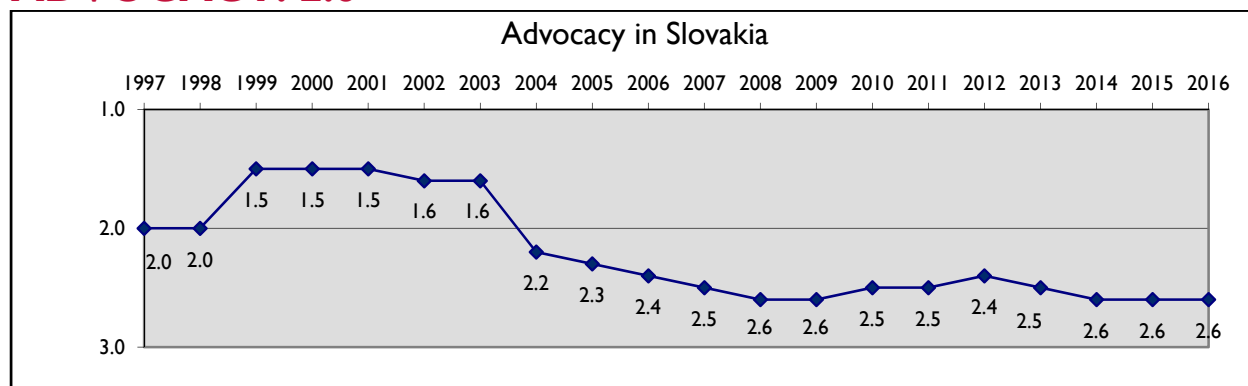
CSOs strive to diversify their funding sources, seeking a combination of governmental subsidies, foreign contributions and grants, tax assignments, and private contributions. In the last two years, foreign funding decreased, which required growth in domestic public and private sources to replace it to some extent. Most CSOs' work is project-based, and therefore they do not have sufficient resources to ensure their long-term sustainability.

According to the study *State of Affairs, Trends, Needs and Possibilities for Development of Civil Society in Slovakia*, income-generating activities are not widespread among CSOs. There are only a few examples of municipalities contracting organizations to provide services. Even in these few cases, CSOs have to compete with the profit sector through the regular selection procedure, with price being one of the most important evaluation criterion.

Well-developed CSOs have financial management systems. Foundations, non-investment funds, and non-profit organizations that render public utility services are required to submit annual reports to the govern-

ment. In addition, ministries can send auditors to check the use of funds received through the 2 percent tax assignment or other public resources.

ADVOCACY: 2.6



There was no significant change in CSO advocacy in 2016, although the parliamentary elections and Slovakia's presidency of the Council of the EU made it harder for CSOs to advocate for their interests as top government officials were occupied with other matters. Cooperation with the central government is often more formal than genuine.

The Office of the Government Plenipotentiary for the Development of Civil Society acts in an advisory role to the state in order to promote active citizen participation; CSOs that represent citizens; and government bodies that are responsive to active citizens. As part of its responsibilities, the Office is responsible for coordinating the process of developing strategies and action plans for the development of civil society. In 2016, the Office, in cooperation with CSO experts who were nominated by platforms and umbrella organizations, was preparing a national project aimed at increasing the participation of the non-governmental sector in the planning, monitoring, and evaluation of EU funds.

The Minister of Interior convened only one plenary session of the Council of the Government for CSOs in 2016, instead of the two to four normally organized in a year. In general, such sessions are ideal platforms for CSOs to communicate their interests and concerns to the government. However, the agenda of this session was informative, and did not result in any new innovative ideas.

Since 2015, civil society has been able to participate in policy making through open.slovensko.sk, a tool that enables individuals to submit comments and suggestions on draft legislation and to initiate debate on new issues. The government is required by law to consider every electronic mass request that obtains at least 15,000 supporters in thirty days. However, no proposal required a sufficient level of support in 2016 to be considered.

CSOs engaged heavily in networking before the parliamentary elections in 2016. CSOs worked jointly to keep politicians accountable to their promises and solve urgent issues in the country, including poor law enforcement and ineffective public administration. Foundations like Stop Corruption, Pontis Foundation, VIA IURIS, and the Slovak Governance Institute worked together on a campaign to promote transparency and reform of the judicial system, law enforcement, and management of public finances. Two-thirds of the campaign's recommendations, including the Anti-Offshore Law, were incorporated in the Government Program Declaration.

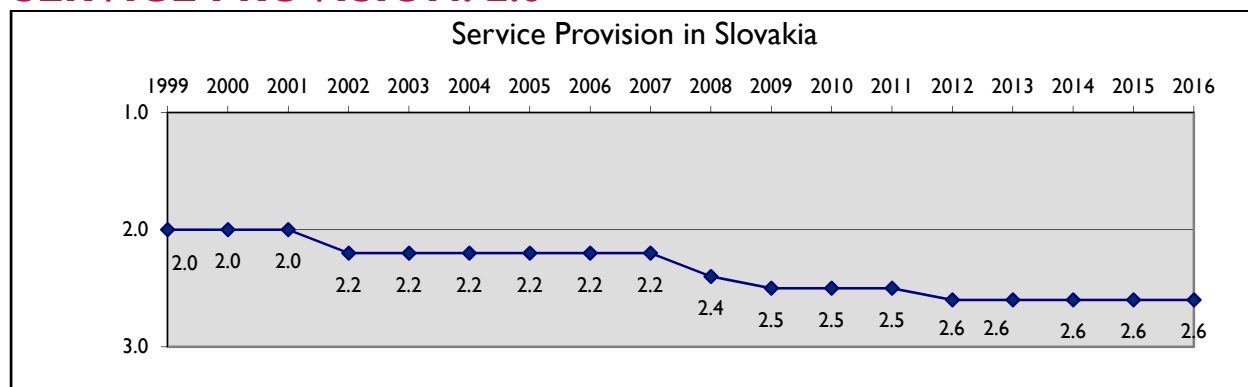
The refugee crisis continued to be a prominent issue in 2016. A spontaneous civic initiative called Plea for Humanity, coordinated by the Open Society Foundation, emerged in August 2015 in response to the tragic death of seventy-one refugees near the Slovak border with Austria. The initiative asked the government to

take immediate action and draft an action plan to support the refugees and help prevent a humanitarian disaster. These efforts continued in 2016. Based on this campaign, the government approved a document pledging to cooperate with CSOs to help with the refugee crisis. This document specifies concrete tasks for different ministries. For example, the Ministry of Interior is charged with coordinating the creation of an integration program. In addition, the government authorized TIPOS, the national lottery company, to donate €500,000 to the Plea for Humanity. These funds were distributed to CSOs in 2015 and 2016 to provide practical assistance to refugees on the Serbian-Croatian border and integration activities in Slovakia.

Slovakia has been a member of the international Open Government Partnership (OGP) Initiative since 2011. The Advisory Board for the OGP consists of representatives of the government, ministries, and the third sector. In 2016, the country's third OGP Action Plan was under development. This process involved broad consultation with a wide spectrum of organizations.

CSOs are also active advocates at the local level. Local authorities are generally supportive of non-confrontational topics such as community activities or improvements to public spaces. However, according to *State of Affairs, Trends, Needs and Possibilities for Development of Civil Society in Slovakia*, other advocacy activities can sometimes result in open confrontation with local government officials.

SERVICE PROVISION: 2.6



CSOs primarily provide social services, including for groups such as seniors and persons with disabilities, thereby filling critical gaps in public services. Still, the demand for such services exceeds the supply. Especially in the area of social services and education, the public sector perceives CSOs as competitors. In some cases, non-profit service providers offer alternative and better quality services than those provided by the state.

In 2016, CSOs in Slovakia provided services to refugees and migrants. For example, Human Rights League provided free-of-charge legal aid to migrants and refugees, while the Open Society Foundation supported a variety of initiatives through the Plea for Humanity.

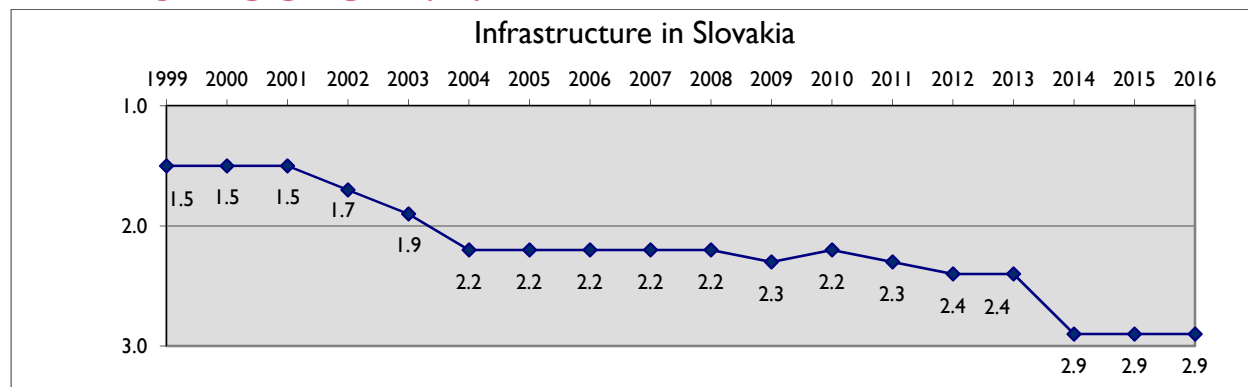
The goods and services provided by CSOs reflect the needs and priorities of their constituents and communities. People at the grassroots level are particularly interested in CSO services.

CSOs are also active in consulting and education, and some even have specialized companies in these areas. For example, PDCS provides conflict mediation, facilitation, coaching, and evaluations to a variety of interested parties, including local government bodies, companies, and other CSOs. Organizations increasingly charge fees for their workshops, conferences, and seminars, which helps them to co-finance their activities.

The government does not appreciate the added value of CSO services. Neither the state nor companies consider CSOs as equals in service provision. In most cases, grants and subsidies are assigned to public social service providers, which are then able to offer services that are cheaper than those of CSOs.

Municipalities, such as the town of Stare Mesto, are beginning to contract with local CSOs to provide services. For example, based on a public procurement, Staré Mesto concluded a contract with PDCS to facilitate a participatory process to verify the interests of the people, the city, and local operators on land use. This included planning and organizational work, a survey, workshops, and interviews with key players. In general, however, municipalities still prefer to contract with commercial companies.

INFRASTRUCTURE: 2.9



Unlike other countries in the region, Slovakia does not have any dedicated CSO resource centers or intermediary support organizations. The CSO sector’s access to technical support, information, and communication technologies is therefore more limited.

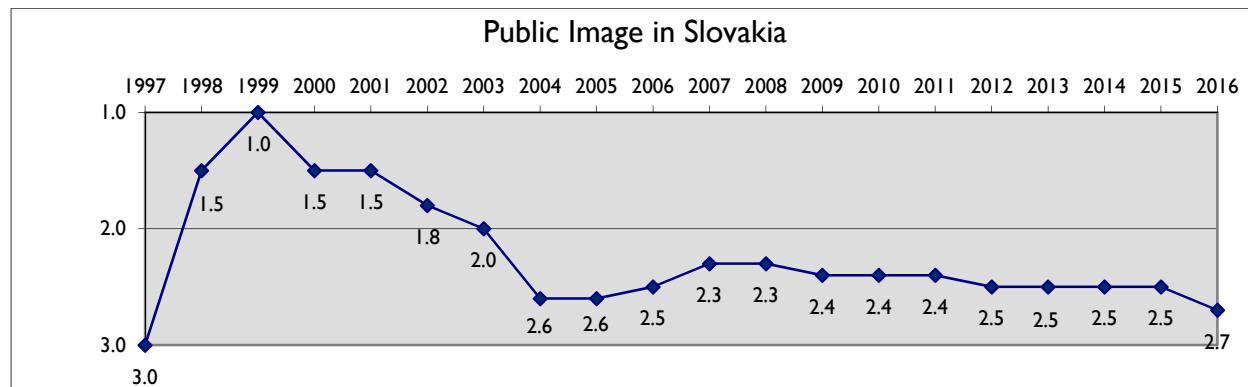
Foundations provide grants with funds raised mostly from the 2 percent tax assignments. Community foundations—including the Carpathian Community Foundation, Community Foundation of Nitra, and Community Foundation of Bratislava—continue to cooperate with local companies and other donors, using their knowledge of local conditions to help people and CSOs in the region.

CSO networks were active before the parliamentary elections in 2016. Most of these networks became less active after the elections, as they waited for the right opportunity to pursue their interests again. Others continued to work, shifting their focus to implementation of their recommendations which were incorporated in the government program declaration. Major organizations have created a coalition to promote individual philanthropy. Platforms of environmental organizations do not function properly, resulting in infrequent exchange of information among their members. Networking at the grassroots level is uncoordinated and based on personal relationships among activists, although there are some positive examples. According to *State of Affairs, Trends, Needs and Possibilities for Development of Civil Society in Slovakia*, people and organizations are more likely to create informal networks at the local level. Well-established CSOs are less likely to create networks or coalitions, in part because of the competition for financial resources.

Several CSOs, such as PDCS, Voices, Slovak Center for Fundraising, and getADVANTAGE, provide training to other CSOs on topics such as financial management, public relations, presentation skills, facilitation, and conflict resolution. However, the current financial crisis in the CSO sector has rendered such trainings too expensive for some CSOs. The departure of professionals from the sector has also led to insufficient demand for these trainings. Companies often offer their services pro bono and also pass along their know-how in managing human resources (including through the use of rewards, motivation, and education) as well as organizational management and leadership skills. Since 2014, the Pontis Foundation has organized the Pro Bono Marathon as a way of promoting and celebrating pro bono help. During this twelve-hour event, teams of professionals meet with selected non-profits and social innovators to help them communicate better, plan their business strategies, and solve their IT or legal challenges.

Over the last decade, CSOs have increasingly sought cross-sector partnerships and several successful intersectoral partnerships were launched or developed in 2016. VIA IURIS worked with the Judicial Council of the Slovak Republic to conduct public opinion polls on citizen trust in the courts. Smaller groups in local communities also reportedly improved their cooperation with municipalities. For example, Zelená hliadka (Green Patrol), a small civic association, is working to clean up landfills in cooperation with the municipality. The municipality provides high-capacity containers free-of-charge and volunteers from Zelená hliadka work to decrease the number of landfills. The municipality also built two new sections of a bike trail based on an architectural study prepared by a member of the civic association Cyklokoalícia.

PUBLIC IMAGE: 2.7



The public image of CSOs deteriorated significantly in 2016.

The election of far-right politicians to the parliament and the rise of alternative media spreading unreliable, misleading, or fraudulent information and promoting conspiracies and propaganda have led to an increase in negative coverage of CSOs. Moreover, the prevalence of hate speech on social media has increased since the elections. The far-right party Slovakia People’s Party Our Slovakia continues to spread hoaxes, hateful posts, and extremist positions. CSOs are often marked as “agents of the West,” paid by foreign countries. Supporters of this party even created a list of “agents,” which is available online and contains names of people working in different CSOs or media. Journalists from respected traditional media, on the other hand, continue to assess CSOs’ work positively.

In general, the public perceives charities more favorably than organizations focused on advocacy. According to a public opinion poll conducted by FOCUS agency in June 2016, the most visible organizations in the country are traditional charitable organizations working in the field of health, such as the League against Cancer, Slovakian Red Cross, and Good Angel. Groups such as Freedom for Animals, UNICEF, and Greenpeace are also among the ten most visible. The number of CSOs that the public recognizes has expanded and now exceeds 110. On the other hand, a third of respondents did not recognize a single nationwide organization. CSOs are considerably less visible at the local level.

The government’s perception of CSOs plummeted in 2016, as demonstrated by the antagonistic post-election rhetoric of high-ranking government officials. The re-elected prime minister characterized CSO initiatives as hostile, which throws possibilities for future cooperation into doubt. Both the state and municipalities have begun to perceive CSOs as being critical of their work.

Major organizations have invested in hiring communications specialists to enhance their public relations. At the same time, however, CSOs still have not responded effectively to negative claims about CSOs. While CSOs actively generate discussions online, these efforts are insufficient to reach citizens and counteract these negative claims.

CSOs have taken some steps to demonstrate transparency in their operations. For example, the Association of Corporate Foundations and Endowment Funds has adopted the Transparency Code, which commits its members to transparent and detailed disclosure of their activities. Different types of CSOs have different obligations towards publishing their annual reports. Foundations, non-investment funds, and non-profit organizations providing public benefit services are required to publish annual reports, and violations of this requirement may lead to financial fines or liquidation. Civic associations and entities with an international element are not obliged to publish annual reports, but the majority do so voluntarily in order to demonstrate transparency.

SLOVENIA



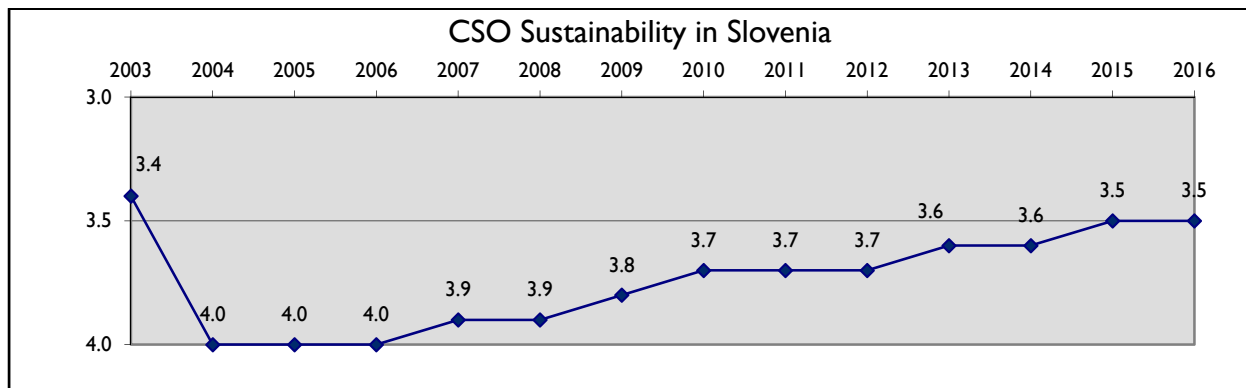
Capital: Ljubljana

Population: 1,978,029

GDP per capita (PPP): \$32,000

Human Development Index: 25

CSO SUSTAINABILITY: 3.5



The political situation in Slovenia was tense in 2016. Disagreements between the opposition and the government culminated in a number of unsuccessful calls for motion of no confidence in the government. There were also disagreements within the government coalition itself. Despite this, the government remained in place throughout the year and the economic situation remained largely stable.

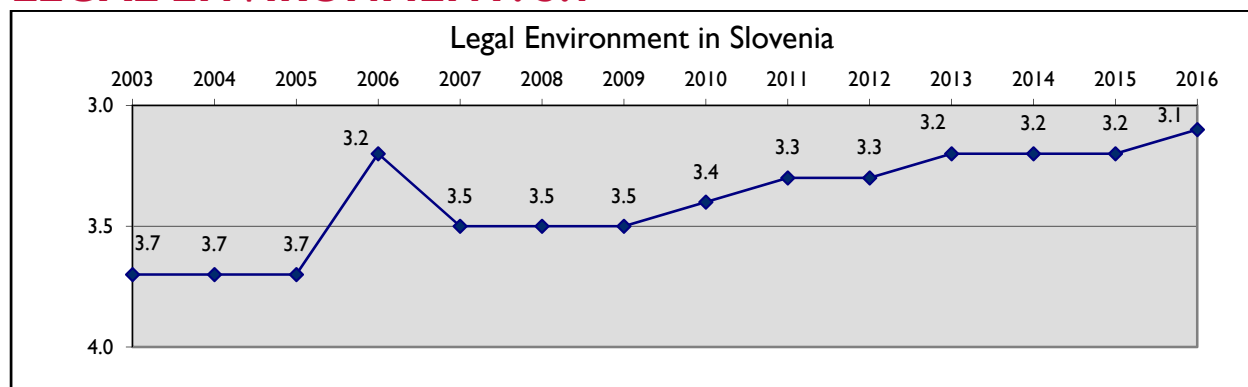
Overall CSO sustainability did not change significantly in 2016, though there were some improvements in the areas of legal environment, advocacy, infrastructure, and public image. Advocacy organizations demonstrated increased ability to implement effective campaigns. Campaigns focused on changes to the legal environment for CSOs, such as tax exemptions and administrative burdens, were particularly successful. Infrastructure improved slightly with a growing number of CSO coalitions, as well as improved cooperation between CSOs and the public and business sectors, while public image improved as a result of CSOs' increased presence in and cooperation with the media.

Financial viability of CSOs also improved slightly during the year, but continues to be insufficient to guarantee the long-term survival or further development of CSO programs. Total CSO income increased slightly in 2016, but the increase was much less than in previous years and public funding levels decreased significantly. While significant progress was made in implementing the new EU Structural Funds Financial Perspective (2014–2020), certain public calls for funding of CSO programs continued to be delayed.

Migration continues to affect Slovenia due to the country’s position as a transit point. In 2016, more migrants requested residency permits in Slovenia. Continued migration has strengthened the organizational capacity of humanitarian CSOs working in this field. Furthermore, these organizations carried out several advocacy campaigns to protect the rights of migrants in the process of adopting new immigration legislation

More than 27,600 CSOs were registered in Slovenia by the end of 2016. This number includes approximately 24,040 associations, an increase of over 200 since 2015; 3,300 private institutes, an increase of 250 since 2015; and 292 foundations, an increase of six since 2015. While not all registered organizations are active, 25,975 CSOs, or 96 percent of all registered organizations, submitted annual reports for 2015. There are also 167 registered social enterprises, although many more legal persons operate as social enterprises without registering as such.

LEGAL ENVIRONMENT: 3.1



The legal environment improved slightly in 2016, mainly due to the elimination of certain administrative barriers and costs, improvements in legislation regulating public funding of CSO programs, and removal of discriminatory measures regarding the public benefit status of some CSOs.

Core legislation regarding the registration and operation of CSOs has remained unchanged for several years. Associations register at local administrative units; private institutes at the courts; and foundations at the responsible ministry based on the topic in which the foundation works. For all these entities, the procedure can be completed in less than a month and typically costs less than €100. CSOs still cannot register online.

Legislation is clear regarding state authority over CSOs. Registration can only be denied on specific grounds, such as if the CSO’s sole purpose is to pursue profit or criminal activity. CSOs are required to submit annual reports and can be dissolved if they do not submit these reports for two consecutive years. The law protects CSOs from being dissolved for political or arbitrary reasons. CSOs can freely express criticism and engage in advocacy or public debate.

According to the Societies Act, in order to qualify for public benefit status, an organization must be active for at least two years and its activities must be open to all, not just to members. Sector-specific legislation defines additional criteria for public benefit status. Conditions for obtaining public benefit status were improved in 2016 in some policy areas—namely social protection, maritime policy, and protection from discrimination—to include all types of CSOs, not just associations. In other policy areas, only associations are eligible for this

status. Organizations with public benefit status have certain privileges, such as access to free legal assistance and eligibility to receive donations from individuals through their income tax allocations. Following advocacy efforts in 2015, a new benefit was introduced for public benefit organizations in 2016: exemption from administrative fees for various applications, decisions, permits, licenses, and other documents or administrative actions.

The Act on Fiscal Certification of Receipts, adopted in 2015, disproportionately increased the administrative burden on small CSOs by requiring all individuals and legal persons receiving any cash payments to use electronic tax registers connected to the tax authority's central system. Even the smallest CSOs had to acquire these devices, pay for the necessary certification, and ensure an Internet connection when receiving cash payments, even at outdoor events. Following a successful advocacy campaign by a coalition of CSOs, the Rules on the Implementation of the Value Added Tax (VAT) Act were amended in 2016, exempting small CSOs with less than €5,000 of annual taxable income from the obligation to issue receipts and in turn use electronic tax registers. Another exemption introduced by the amended Rules is that CSOs that are not liable for VAT no longer have to use the electronic tax registers when organizing occasional fundraising events. These changes have reduced the administrative burden on many CSOs.

Another positive development in 2016 was the Implementation of the Republic of Slovenia's Budget for 2016 and 2017 Act, which introduced the possibility for municipalities to provide grant payments to CSOs in advance, rather than on a reimbursement basis.

Legislation in the area of social protection was also improved in 2016. The Social Security Act was amended and Rules on Implementation and Cofinancing of the Social Welfare Programs were finally adopted to include comprehensive rules on financing CSO programs. Similarly, the Domestic Violence Prevention Act was amended to include provisions on public funding of CSO programs in this policy area.

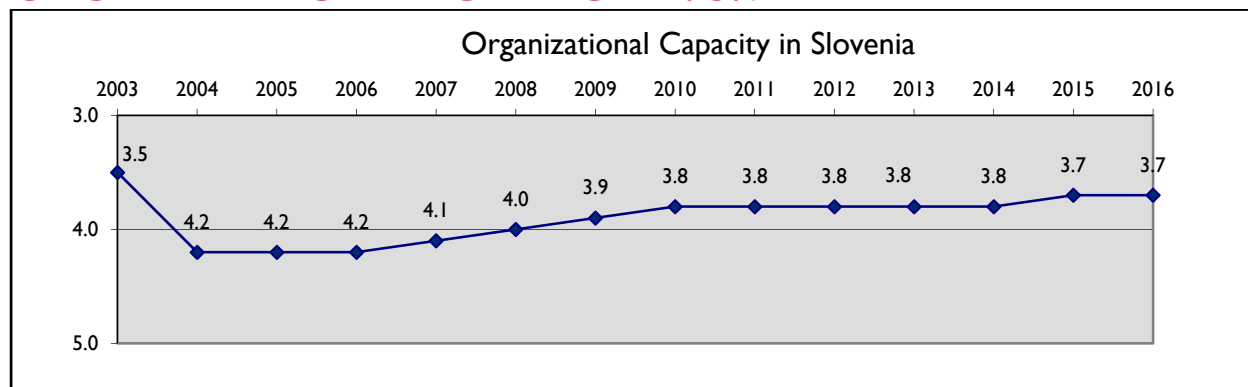
Rules on voluntary work areas and the register of voluntary organizations (VOs) were amended in 2016 to implement provisions of the 2015 Act on Volunteering. These rules simplify the records VOs must keep on volunteer work, as well as the content of VOs' annual reports on volunteering. The Rules also enable volunteering in a number of other types of organizations with volunteer programs, such as public institutions.

The tax treatment of CSOs is still relatively 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 activities like other legal entities. However, CSO economic activities are taxed at the corporate rate.

CSO support organizations at the national and regional levels, such as the Center for Information Service, Co-operation and Development of NGOs (CNVOS), regional NGO centers, the Legal Informational Center for NGOs, and thematic networks in specific areas, continue to offer free legal aid to CSOs.

ORGANIZATIONAL CAPACITY: 3.7



Organizational capacity remained mostly unchanged in 2016. CSOs continue to work closely with their constituencies, responding to their needs and successfully recruiting volunteers in response to crises or local problems. As in 2015, constituency building in 2016 was most visible among humanitarian organizations serving migrants. These organizations successfully built new and maintained existing networks through which they could notify constituents of the need for donations and volunteers to solve particular migrant issues. Such CSOs also noted an improvement in their organizational capacities due to an increase in public funding and donations, which enabled them to employ more people.

CSOs have clearly defined missions in their statutes, but many still lack detailed strategic plans. According to CSO professionals, CSOs are becoming more aware of the importance of organizational development. This is supported by the numerous applications for training programs. Intermediary support organizations (ISOs) continue to offer trainings on various topics such as strategic planning, project management, and human resources management. In 2016, ISOs started offering comprehensive, tailored, organizational capacity building programs to CSOs selected for their potential. The impact of these programs is expected to be seen in upcoming years.

The law requires management structures to be defined in the statutes of CSOs. Boards of directors are usually not involved in day-to-day operations, but instead play a limited role in governance by approving or rejecting strategic plans prepared by executive directors or presidents. In 2016, the government began enforcing measures that had been in place for some time that require founders who are also representatives of institutes to pay contributions for various kinds of social insurance, such as pensions, disability insurance, and unemployment insurance, despite the fact that these positions are voluntary. This has led many institutes to establish fake founders or directors in order to avoid the obligation, since they do not have the necessary funds to pay these contributions.

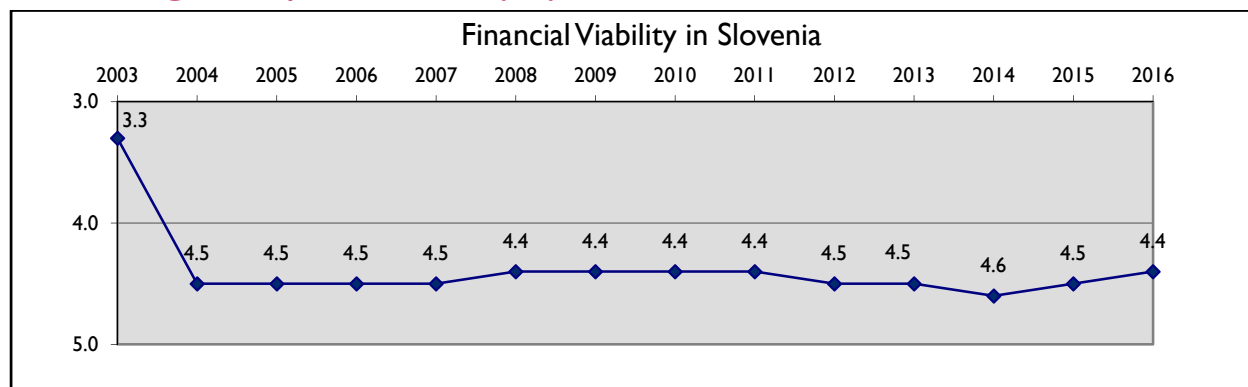
Employment in the CSO sector continued to grow in 2016, but the growth was less than in previous years. According to the Agency of the Republic of Slovenia for Public Legal Records (AJPES), the number of employees in the CSO sector increased from 7,100 in 2014 to 7,300 in 2015. The share of the working population employed in the sector was just 0.79 percent, compared to 0.77 percent in 2014. CSOs still depend heavily on the system of public works, which provides year-long subsidies for CSOs to hire the long-term unemployed. However, CSOs rarely have the funds to keep these individuals employed when the subsidies expire. As a result, personnel changes frequently, affecting CSO sustainability.

Most CSOs engage volunteers in their work, though only 1,324 organizations are registered as VOs. According to the Ministry of Interior's 2015 report on volunteering, 96,822 volunteers conducted 10,878,360 hours of volunteer work in 1,037 organizations, a 10 percent increase in the number of volunteer hours since 2014. However, the increase may be due to the increased number of organizations registered as VOs and therefore

reporting volunteer hours. According to the 2015 World Giving Index, 34 percent of respondents in Slovenia reported that they participated in voluntary action in 2015, compared to 35 percent in 2014.

CSOs are well-equipped with information communication technologies (ICT). Most use social media, especially Facebook and Twitter, as their primary channel of communication. However, many small grassroots groups struggle to submit reports and other documents electronically because their senior management is less familiar with ICT. The introduction of cash registers, for example, showed that some smaller CSOs still have difficulty using new technologies.

FINANCIAL VIABILITY: 4.4



The financial viability of CSOs improved slightly in 2016, as total CSO income grew and new fundraising practices emerged.

CSO funding sources are gradually becoming more diversified, but still not sufficiently to ensure long-term sustainability. According to the most recent data available from CNVOS, although it decreased by about 1 percent, public sources continued to represent a significant share of total CSO income (36.8 percent) in 2015. This decrease is attributed to a 7 percent decline in funding from ministries.

Funds from municipalities continue to exceed funds from ministries, representing about one-third of all CSO income from public sources. Municipal public funds increased by 0.5 percent in 2015. At the local level, some good practices for public funding emerged, such as cooperation between municipalities and CSOs on the implementation of public calls, and provision of loans for easier implementation of CSO projects. Some of these practices have already improved the financial viability of local CSOs, while most are expected to have a larger impact in 2017.

Despite the drop in public funding from the ministries, total CSO income increased by 2.7 percent in 2015. This increase can be attributed to other sources, such as economic activity and individual philanthropy. Large, innovative fundraising campaigns continue to be rare, but new practices for raising funds through online tools are emerging. For example, in 2016 a young CSO called Storylink developed a web platform that presents the stories of children and families in need and enables individuals to buy specific products for them. Individuals can also donate to the CSO to help it maintain the platform and other programs. After the platform became successful, Storylink donated it to a branch organization of the Association of Friends of Youth.

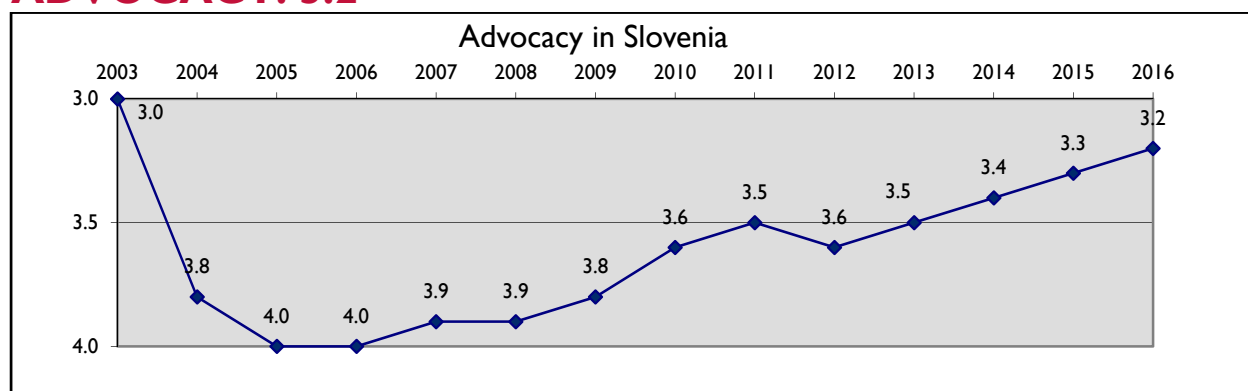
According to the 2016 World Giving Index, 41 percent of respondents in Slovenia reported that they donated to charities in 2015, compared to 42 percent in 2014. People typically donate to humanitarian organizations during major crises. The ability of CSOs to attract volunteers also increases at these times. The Syrian refugee crisis attracted both financial and material donations in 2015 and 2016, improving the financial viability of CSOs working in this area. However, donations linked to specific crises typically do not contribute signifi-

cantly to the long-term financial sustainability of humanitarian organizations. In addition to direct donations, individuals can allocate 0.5 percent of their personal income tax to public benefit organizations. The total amount of allocated funds increased slightly from €3.8 million in 2014 to €4.0 million in 2015. Although the total amount of corporate donations also increased slightly in 2015, the number of companies that donate to CSOs has been dropping since 2007 and continued to drop in 2015. This can be at least partly attributed to the virtual lack of tax incentives for corporate donations.

The new European Financial Perspective (2014-2020), which was postponed throughout 2014 and 2015 resulting in gaps in the provision of some services, finally started to be implemented through public calls for financing of CSO programs in 2016. However, some public calls continue to be delayed. In addition, there are still very few public calls for funding of advocacy activities, perpetuating a gap in development between advocacy organizations and CSO service providers. Slovenian advocacy organizations are generally too small to be eligible for EU programs.

CSOs must follow clear accounting requirements, which vary according to the type and size of the organization. All CSOs must submit board-approved annual reports to AJPES, and the vast majority of organizations do so in a timely manner. CSOs do not need to be audited, with the exception of associations with annual incomes of over €1 million.

ADVOCACY: 3.2



Advocacy improved in 2016, as many new CSO advocacy coalitions emerged. These include a coalition of social protection organizations seeking legislation to implement and finance social protection programs; a coalition of CNVOS and large thematic networks (including sports, pensioners, and mountaineers organizations) supporting an exemption from the obligation to use electronic tax registers for small CSOs; a coalition of humanitarian organizations, firefighters organizations, and CNVOS focused on introducing an income tax exemption for CSOs operating in the public interest; several coalitions working to improve a number of laws adopted in 2016 that affect migrants; a coalition for the prevention of domestic violence; a coalition focused on international trade agreements; and a coalition of humanitarian organizations advocating for free lunches in schools. Many of these coalitions cooperated with the media on their advocacy campaigns.

Some of these advocacy efforts were successful. For example, small CSOs are now exempt from the obligation to use electronic tax registers; CSOs working in the public interest are now exempt from administrative fees; CSOs can receive prepayments under municipalities' grant programs; laws now include comprehensive rules on financing CSO social protection programs; and laws concerning migrants were improved. Some campaigns, such as the one regarding the profit tax exemption, were unsuccessful, while others are still ongoing.

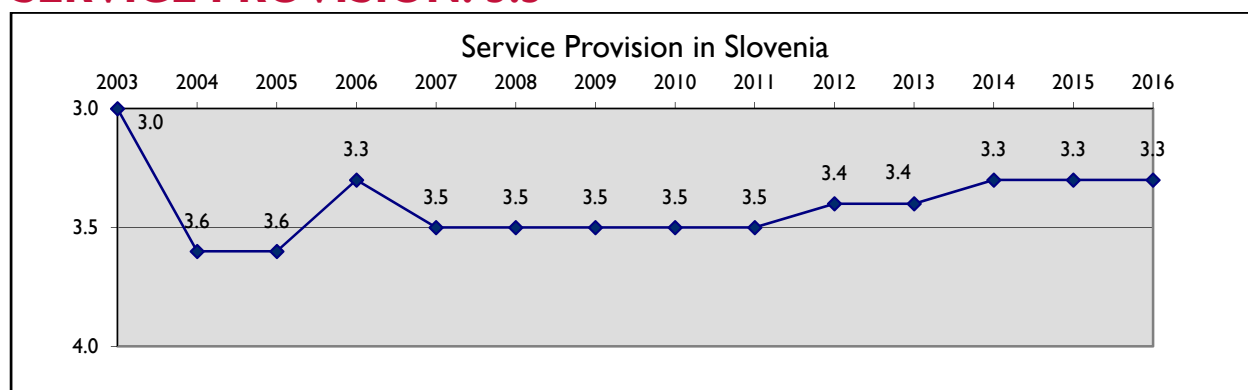
Many advocacy organizations are able to establish direct lines of communication with policymakers. The government has shown a relatively high level of openness and accessibility, and the participation of CSOs in con-

sultative bodies has become more prominent in recent years. However, the government continues to breach deadlines for public consultations. According to CNVOS, approximately 60 percent of the deadlines were breached in 2016, which is only a slight improvement from the previous government, which breached the deadlines 65.5 percent of the time during its term.

In 2016, CSO representatives were able to influence legislative processes actively and efficiently by participating in several working groups, including one focused on the preparation of the Act on NGOs and another focused on preparing the Social Security Law and bylaws. The working group for the preparation of the Act on NGOs, half of which are CSO representatives, finished preparing the draft Act, which was then sent to various ministries for their review towards the end of the year. The Act, along with the Strategy for the Development of the Non-Governmental Sector and Volunteering, is expected to be adopted in 2017.

On the local level, CSO-government cooperation improved. After a pilot project for a participatory budget last year, local governments carried out new practices of participatory budget planning in cooperation with CSOs. In addition, regional CSO centers and CNVOS began cooperating with the Association of Municipalities and Towns in Slovenia to promote cooperation between CSOs and municipalities on local public financing of CSO programs. A working group of CSOs, the Ministry of Public Administration, and the Association of Municipalities and Towns in Slovenia was also established to form official Minimum Standards for Public Participation in Local-Level Decision Making, which will be used to make local decision-making processes more participatory.

SERVICE PROVISION: 3.3



CSO service provision did not change significantly in 2016. CSOs continue to be prominent providers of public services and offer services in a wide range of areas, including social assistance, culture, sports, emergency preparedness, firefighting and fire prevention, and environmental protection. While some new services were developed in 2016, in general, products and services offered by CSOs have not diversified significantly.

Most CSOs offer their services broadly, beyond their own memberships. CSO goods and services reflect the needs of communities and constituencies, who report their needs to CSOs directly. CSOs conduct needs assessments through online questionnaires and in-person meetings.

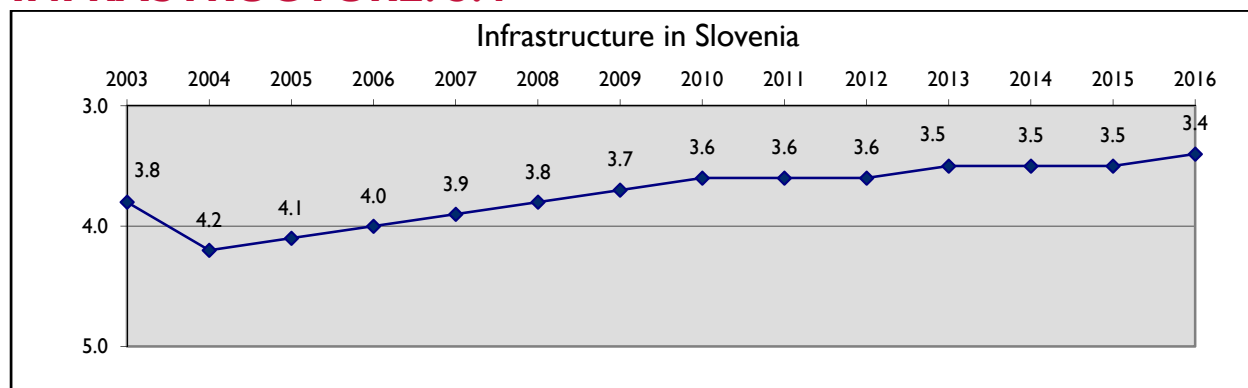
In 2016, humanitarian organizations continued to address the refugee crisis by collecting donations and providing aid to refugees. Some innovative services were introduced during the year. For example, the international service Refugees Welcome in Slovenia connects refugees to people offering temporary housing and helps them integrate in other ways, and an interactive awareness-raising theater performance organized by Humanitas enables the audience to experience the journey of refugees and the challenges they face in seeking a better life in Europe.

The Association of Friends of Youth’s Adopted Child program, which attracts sponsors for poor children, continues to be among the most successful service programs. In 2016, their branch organization collaborated with Storylink, which developed a website to feature the stories of children and families in need and enable individuals buy specific products for them.

CSOs market their products to other CSOs, the business sector, and the public sector. Such products include workshops, lectures, trainings, and consultations. While there are some examples of successful marketing that enables full cost recovery of such services, CSOs typically do not conduct thorough market analyses; thus the potential for cost recovery might not be fully realized.

National programs and legislation recognize CSOs as service providers in many areas, and provide public funding for these services. For example, according to the Fire Service Act, volunteer fire brigades registered as associations are responsible for providing public firefighting services. Fishermen’s associations manage fisheries, while hunters manage wildlife according to respective laws. Various other CSO services, including those in the fields of health, social protection, sports, and culture, are co-financed by the state. The state is also recognizing the role of CSOs in service provision in some new areas. For example, the Resolution on the National Health Care Plan 2016-2025 defined a special role for CSOs in its implementation. On the other hand, attempts to increase the role of CSOs in the area of social activation and deinstitutionalization were unsuccessful due to strong lobbying by public institutions (such as public elderly homes), which convinced the ministry that the proper way to deinstitutionalize such services is by extending the services of public institutions to include community care, rather than outsourcing such services to CSOs. Greater progress may be seen in the coming years after the Ministry of Public Administration conducts a thorough analysis of the possibilities of transferring public services to CSOs in all areas of operation.

INFRASTRUCTURE: 3.4



The infrastructure supporting the CSO sector improved slightly in 2016. The implementation of the new European Financial Perspective improved the capacities of ISOs: the number of regional centers, which offer various types of support to CSOs, increased from ten to twelve, covering all regions of the country. The number of thematic networks also remains high, at around 160

ISOs, namely the national umbrella network, regional CSO centers, and a variety of thematic networks, are well-positioned and recognized by CSOs and national and local authorities. They offer various services, such as free information, training, consultancies, and technical assistance to CSOs throughout the country according to their needs and levels of development. Thematic networks are mostly financed by membership fees and public funding, while CNVOS, regional CSO centers, and four thematic networks are funded by the European Social Fund.

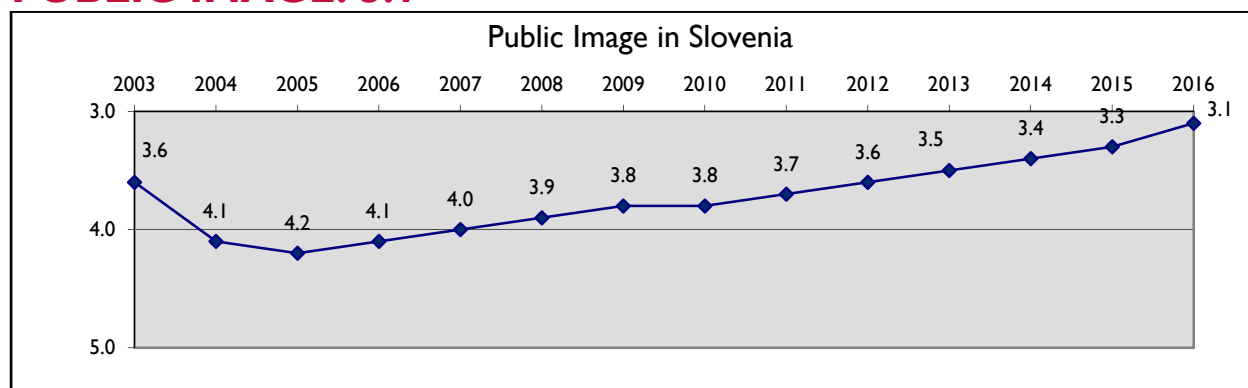
Local grant-making organizations are still not well-developed. Many grant-making organizations that registered almost ten years ago still operate, but generally do not re-grant anymore, and there are very few new grant-making organizations.

The large number of new CSO coalitions in 2016, as described above, suggests significant improvements in information sharing and the sector's ability to jointly promote its interests. Coalitions have been formed around various policy areas as well as across sectors, and in several cases they successfully represented the interests of CSOs and their constituents.

CNVOS and regional CSO centers provide a wide range of free trainings, covering all important issues of CSO development, including strategic planning, human resource management, fundraising, project management, lobbying, and public relations. In 2016, ISOs started implementing new capacity development programs, which focus on comprehensive assistance to CSOs selected for their potential. Instead of offering only traditional assistance through various consultations and trainings in the above-mentioned areas, ISOs created tailor-made programs for these organizations to promote comprehensive organizational and advocacy development.

Partnerships between CSOs and other sectors are growing. For example, in 2016 the Cause Marketing project initiated five joint projects implemented by five different coalitions of companies, CSOs, and marketing experts, while several other partnerships between companies and CSOs established in previous years continued to operate. These projects aim to raise awareness of various social problems, such as food waste, the dangers of texting while driving, or the need to support firefighters.

PUBLIC IMAGE: 3.1



The public image of CSOs improved in 2016. Besides coverage of the work of service providing CSOs—an integral part of national media programs for many years—coverage of broader CSO topics increased. For example, a popular daily newspaper published an infographic on basic data on the CSO sector in Slovenia. Another example was a two-page interview with an expert on the CSO sector, featured in a popular Saturday supplement of multiple newspapers of the largest Slovenian newspaper publishing house. Media also featured reports on CSO advocacy campaigns, including the campaign against the mandatory use of electronic tax registers for small CSOs, and the campaign concerning a profit tax exemption for CSOs working in the public interest.

A general increase in coverage of CSOs and their work was noted in all forms of public and private media—print, television, radio, and online media. The public national television channel started using one of its TV shows to feature stories from all kinds of CSOs, such as one dedicated to cultural heritage and another dedicated to education of the elderly. One of the most visited news websites, operated by the national radio-television, introduced a CSO blog that allows new CSOs to write blogs about their work, projects, and issues

relevant to the sector each week. One of the national radio channels also occasionally reserves special hours in which CSOs can call and ask a legal expert for guidance on matters pertaining to their work.

Due to the increased media presence of CSOs, the public's understanding of and support to CSOs are improving. Various public opinion surveys and contests indicate this improved public perception. For example, the annual public survey that identifies the most influential lawyers in the country currently ranks two CSO lawyers in the top ten. Similarly, person of the month contests often feature or are won by individuals working in the CSO sector. A thematic network of environmental CSOs carried out a survey on the public perception of non-governmental organizations in August 2016. The survey revealed a high level of trust in CSOs, which were ranked first, in front of police (second) and the army (third), as well as private companies, media, political parties, and other institutions.

National and local governments generally have a positive perception of CSOs. The national government cooperates with CSOs in service provision and advocacy. Local governments rely more on CSOs to provide services or organize local events. At the same time, many local authorities often neglect to consult CSOs when making decisions. Nevertheless, there was progress in 2016 in this area as well, such as a consultation with youth organizations on the preparation of youth policies in Maribor; close cooperation between a regional CSO center and certain municipalities on the reform of public financing for CSO programs; and the notable role of CSOs in the preparation of participatory budgets.

The perception of CSOs by the business sector is also improving, as demonstrated by the level of cooperation between companies and CSOs in Cause Marketing projects, which expanded in 2016.

CSO public relations are also increasingly professional: CSOs have more public relations staff and increasingly maintain media contacts, while some have even 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.

There are certain initiatives for self-regulation and transparency in the sector, but they have not become widely accepted. Although codes of conduct have been adopted for some areas of CSO work, such as social assistance and organized voluntary work, such codes are not very common in the CSO sector. Several legal requirements guarantee some degree of transparency. For example, associations—which account for 90 percent of all CSOs—are required to publish their annual reports on the AJPES website. Several CSOs publish their reports on their own websites as well. A new Decree on the Provision and Re-Use of Public Information, adopted in 2016, expands the obligation of public funders to publish information on public funding of CSO programs, including grant recipients, amounts of grants, and final reports and summaries of the implementation and results of these programs.

UKRAINE



Capital: Kyiv

Population: 44,209,733

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

Human Development Index: 84

CSO SUSTAINABILITY: 3.3



Ukraine experienced acute political, security, and economic challenges in 2016. A new government took office in April 2016 and committed to continuing ongoing reform initiatives, including efforts to reform energy tariffs and social assistance, make public procurement more transparent, simplify business regulation, and reduce deep-seated corruption. In May 2016, the government introduced a wide-ranging reform agenda and action plan addressing these issues. Moreover, the government prioritized decentralization and local government reform to give local communities the power to self-govern.

The military conflict in the Donbas region between two Russian-backed militant groups (Donetsk People's Republic and Luhansk People's Republic) and the Ukrainian Armed Forces continued in 2016 following the Russian annexation of Crimea. According to the Ministry of Social Policy, there were 1.7 million internally displaced persons (IDPs) in Ukraine as of October 30, 2016. According to the UN, around 5 million people have been affected by the conflict in eastern Ukraine.

Civil society continues to be one of the strongest actors in Ukraine’s democratic transition. From assistance to IDPs and independent advocacy campaigns to participation in new anti-corruption institutions, Ukraine’s powerful civil society plays a crucial role in driving reforms aimed at building a functional democracy and the rule of law, as well as identifying solutions that promote peace and regional stability.

The overall sustainability of CSOs did not change in 2016. Infrastructure was the only dimension of sustainability in which a change in score was reported during the year. Intermediary support organizations (ISOs) in the regions strengthened their organizational capacities and provided organizational and financial support to local CSOs. In addition, more CSOs provided sub-grants to smaller organizations and IDPs, and CSO coalitions became more effective in achieving their objectives.

The government adopted the National Strategy for Developing Civil Society in Ukraine for 2016-2020. The strategy outlines the priorities for the sector’s development, including institutional strengthening of the CSO sector; enhancing the role of civil society in socioeconomic development and decision-making processes; and increasing intersectoral cooperation. Leading CSOs have strategic plans; are proactive in engaging target groups in their activities; and are taking steps to improve their governance and internal management. CSOs vigorously promoted the adoption of many draft laws and their implementation throughout the year and coordinated with public authorities on the implementation of various national initiatives. However, the ongoing economic crisis limited public and private sector funding to CSOs. CSO experts have become an integral part of media programs. Meanwhile, the government’s view of CSOs improved and it often relies on CSO expertise in decision making.

According to the Ukrainian Unified National Register of Companies and Organizations (UUNRCO), there were 75,924 public associations, 288 creative unions and other professional associations, 16,603 charity organizations, and 1,479 self-organized bodies registered in Ukraine as of November 1, 2016, slight increases from the previous year. The data does not include CSOs registered in the Autonomous Republic of Crimea, the city of Sevastopol, or the occupied territories in Donetsk and Luhansk oblasts, as there is no access to these regions. Access to a shortened version of the UUNRCO’s database is free. Alternatively, it is possible to pay a fee equal to two minimum monthly wages to access an electronic version of the full database.

LEGAL ENVIRONMENT: 3.4



CSOs can be registered as local, regional, or national organizations. It takes at least two natural persons or legal entities to register a public association. The registration process is free of charge and, according to the law, takes between three and eighteen working days to complete. In 2016, the number of documents required for registration was reduced for all types of CSOs. In addition, the fee for changes to by-laws not required by law decreased from 30 percent to 10 percent of the monthly minimum wage for all organizations. Unlike other CSOs, charity organizations no longer have to notarize their documents for registration.

CSOs still face numerous challenges in the registration process: they can register only in Ministry of Justice offices in the capital and the twenty-five oblasts; they face delays in response to their applications despite statutory time limits; the registering bodies are understaffed; and registration personnel are not always fully trained. These challenges are aggravated by the fact that CSOs had to re-register with UUNRCO by January 1, 2017, although this deadline was later extended to July 1, 2017.

In February 2016, the president of Ukraine signed the National Strategy for Developing Civil Society in Ukraine for 2016-2020. It envisages annual action plans at the national and regional levels. In November, the Cabinet of Ministers approved the 2016 Action Plan for implementation of the strategy. As part of the implementation of the strategy, the Coordination Council for Civil Society Development was established in November as a CSO advisory body, enabling CSOs to contribute to national decision-making processes and promoting better coordination between civil society and state.

In 2016, a new procedure for maintaining the CSO Register was officially adopted, although it was not yet implemented by the end of the year. The procedure will provide for an online or one-stop-shop mechanism to register CSO and grant them non-profit status.

Laws No. 1664 and No. 1665 were adopted in October 2016 to improve opportunities for CSOs to raise funds through charity text messages by exempting such donations from value-added tax (VAT) of 20 percent and social security contributions (SSC) of 7.5 percent. These laws define a list of charity activities as well as conditions for which charity text messages are subject to VAT and SSC exemption. Law No.1797, adopted on December 21, 2016, removes limits on the amounts of charitable support participants in the military campaign in the Anti-Terrorist Operation Zone (ATO) and their family members can receive. Charitable support includes the provision of special personal protection equipment (such as helmets or body armor manufactured according to military standards); technical means of surveillance; personal care; food; items of property maintenance; and other goods and services.

In September 2016, the Constitutional Court ruled that it was unconstitutional for the state to require CSOs, religious organization, and others to receive permission to hold peaceful assemblies. As a result, groups no longer need permission to organize peaceful assemblies of any kind.

CSOs were subject to some state harassment during the year. CSOs engaged in charitable activities and other assistance to the ATO were subject to state inspections. For instance, the Kherson Protection Foundation was inspected by the military attorney department, the Serious Fraud Office, and the Security Service. These inspections were not limited to the foundation's charitable support to the ATO, but covered all of the organization's technical assistance projects during the past five years. CSOs also had issues with banks in 2016; some state-supported banks illegally required CSOs to open accounts with them, rather than the banks of their choice. In addition CSOs had difficulty wiring funds to foreign experts as they were required to obtain permission from various entities. CSOs did not report any other administrative impediments to their work in 2016.

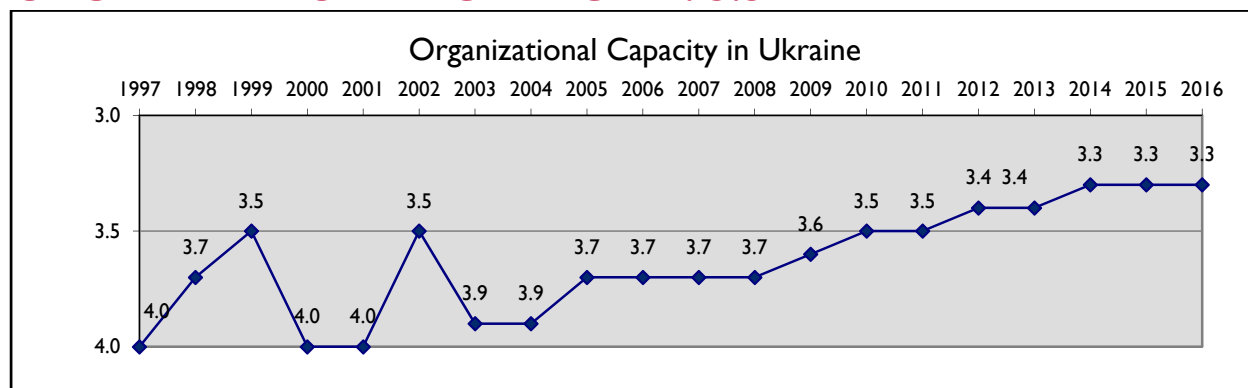
Pursuant to the Tax Code, public associations can choose to use a simplified taxation system, paying a fixed tax of 4 percent in lieu of income tax or VAT. Individual and corporate donors to CSOs are entitled to tax deductions of up to 4 percent of their income. However, most donors generally do not claim these benefits due to confusing regulations and difficult reporting procedures.

The revised Tax Code, which took effect in January 2016, introduces stronger provisions regarding the ban on profit-sharing, including between employees and related persons, stakeholders, interested parties, and associates. These steps, as well as already existing measures that require a CSO to transfer its assets to another CSO or the state when it is dissolved, are aimed at avoiding conflicts of interest and improving CSOs' governance practices.

CSOs are allowed to participate in public procurement related to social service provision.

CSOs have access to legal advice at the national and regional levels. More lawyers are providing legal advice to CSOs at designated offices established by local self-government bodies.

ORGANIZATIONAL CAPACITY: 3.3



Organizational capacity did not change significantly in 2016. As a result of increased donor attention on organizational development over the past few years, the vast majority of active CSOs have increased their focus on institutional development, including by training staff, engaging new supporters, and developing internal policies and procedures. In addition, leading CSOs have allocated funding for capacity building. However, these efforts have not yet led to concrete improvements in organizational capacity and there continues to be a large gap in institutional capacity between Kyiv-based and regional CSOs, as well as between CSOs operating at the oblast level and community-based organizations. These gaps are exacerbated as less developed organizations have fewer opportunities to receive institutional support or large grants from donor organizations.

International donors—including USAID, the Swedish International Development Cooperation Agency (Sida), the Charles Stewart Mott Foundation, and the International Renaissance Foundation (IRF)—continued to support the institutional development of CSOs at levels similar to those in 2015. USAID and Sida continue to support the Marketplace, an online tool that helps CSOs find service providers in the area of capacity building. In addition, USAID and Sida provide core financial support to CSOs in order to promote their institutional development as well as more effective project implementation in line with donor requirements. IRF and Sida provide core support to national and regional think tanks. EU-financed CSO programs, including the European Initiative for Democracy and Human Rights (EIDHR) and Neighborhood Civil Society Facility (NCSF), also target regional CSOs with programs that include some institutional capacity building.

Most CSOs continued to engage in mission-driven strategic planning in 2016. Through the Marketplace, around 165 small grants—amounting to \$145,000—were provided to CSOs for strategic planning activities. However, CSOs often lack the skills to implement the strategies they develop. In particular, CSOs need better skills in planning, fundraising, attracting community support, and defining expected results, among other areas.

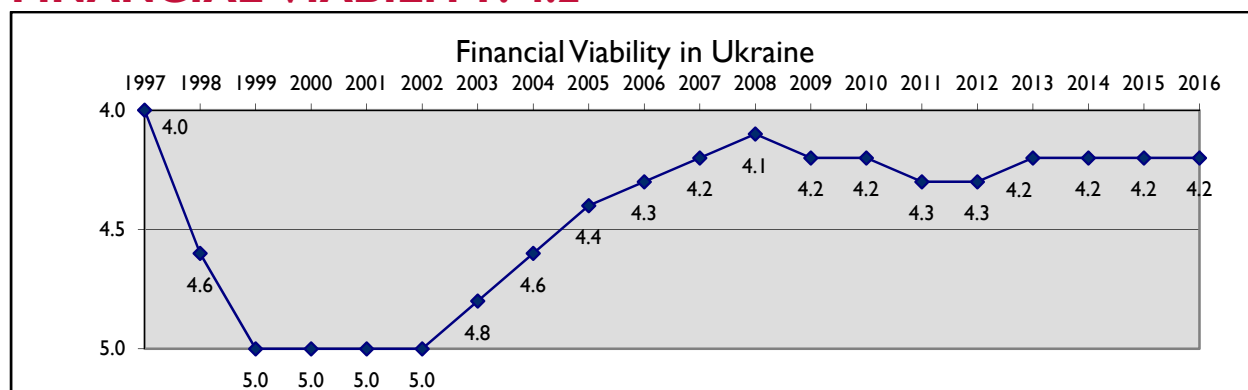
The public's increased interest in the work of CSOs has driven CSOs to become more transparent. In particular, CSOs have improved their division of duties and responsibilities among staff, members, and supervisory boards. In addition, some CSOs have started rotating the members of their governing bodies, and inviting external experts to become members of supervisory boards.

The CSO sector has a shortage of competent staff, especially directors, public relations managers, and fundraisers. Employment in the CSO sector has decreased, and fewer and fewer organizations can afford permanent paid staff. Instead, an increasing number of organizations rely either on part-time staff or volunteers. A

2016 Center for International Private Enterprise (CIPE) survey of seventy business associations found that 42 percent had between one and three salaried employees and 37 percent did not have any paid staff. A 2016 Ukrainian Forum of Charities (UFB) study found that seventy-four charity organizations had a combined total of 900 employees and 24,000 volunteers. Most CSOs have professional accountants or bookkeepers. According to the 2016 World Giving Index, 19 percent of respondents in Ukraine volunteered in 2015, compared to 13 percent in 2014.

CSOs upgrade their office equipment very slowly due to their limited funding. CSOs are replacing their websites with accounts on social networks. Due to donation programs offered by Microsoft and other IT companies, CSOs enjoy improved access to software and applications.

FINANCIAL VIABILITY: 4.2



Financial viability did not change in 2016. While support from international donors, including USAID, the United Kingdom’s Department for International Development (DFID), UNDP, EU, and Germany’s GIZ, increased, the new support primarily targeted projects focused on mitigating the conflict in eastern Ukraine, regional development, and decentralization reform. Existing CSOs began to focus on these areas, while CSOs working in other areas, including social service provision, struggled to find available funding.

The State Committee of Statistics partially evaluated the 2015 statistical reports of 22,185 public associations and found that they declared \$242.9 million in income, including \$8.7 million from the state budget, \$6.7 million from local budgets, \$23.5 million in membership dues, \$142.76 million in charitable donations (which includes international funding), \$21.15 million from economic activities, and \$40.62 million from other sources.

In 2016, more than eighty banks went bankrupt, losing the funds of many CSOs including local charity foundations that supported programs for youth, children, orphans, and others. For example, Gavrylyshyn and the Community Well-being Foundation lost \$1.7 million and \$670,000 respectively. There is little chance that these funds will be recovered.

Only a few donors cover the administrative or indirect costs of CSOs, which impedes financial sustainability. The European Commission (EC) allows 7 percent of program costs to be allocated to administrative expenditures, but only a small number of CSOs receive funding from the EC.

More CSOs are seeking to diversify their funding sources, and anecdotal evidence indicates that the share of funding from local donors—including businesses, individuals, and foundations—is slowly growing. For instance, according to ISAR-Ednannia, a local CSO that supports the development of community foundations in Ukraine, the share of local funding in the budgets of twenty-two community foundations increased from 70 percent in 2015 to 80 percent in 2016. In 2016, CSOs introduced new methods of generating support

from the local donor community. For example, some organizations organized fundraising dinners with donors in the town of Stryi. In 2016, CSOs raised \$173,076 for core support and \$846,154 for charitable projects in the areas of education, environment, literature, travel, new technologies, and capacity building through the Spilnokosht and Charity Exchange Stock crowdfunding platforms.

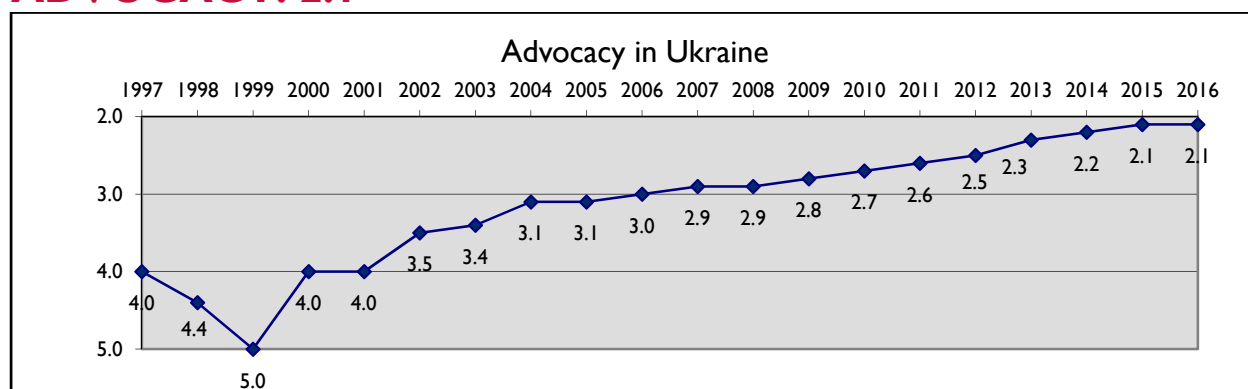
Local businesses continue to support CSOs in communities where their businesses are located. For example, Uber collected warm clothes from 6,551 individuals in Kyiv during a two-week charity action called UberGiving and donated them to Caritas Ukraine to disseminate to the most needy. Similar actions took place in sixty-five cities in thirty-one countries in Europe, Asia, and the Middle East, with residents in Kyiv being the most generous. However, such examples are still rare, and corporate support continued to decline in 2016 due to the economic crisis.

Although accurate data is unavailable, financial and in-kind support from central authorities and local self-government bodies appeared to decrease in 2016. However, several ministries continued to run CSO grant competitions in 2016. The Ministry of Social Protection routinely provides financial support to CSOs, while the Ministry of Defense awarded grants to CSOs for the first time in 2016, mainly for projects to assist ATO veterans and their families. The Ministry of Youth and Sports organized a funding competition for long-term projects proposed by children- and youth-oriented CSOs. The Ministry is also focusing more on monitoring and evaluation of funded projects. Some local authorities also conducted competitions for project funding in 2016.

While CSOs often collect membership dues and increasingly engage in social entrepreneurship, these sources generally do not provide significant income. According to CIPE, in 2016, the share of income for business associations from membership dues reached 18 percent, while 35 percent of income came from service delivery, and 43 percent came from local and international donors.

An increasing number of CSOs improved their financial management systems in 2016. According to the tax office, almost 40 percent of registered CSOs submit financial reports to the tax office. CSOs increasingly undergo audits of their activities and publish annual reports with financial statements.

ADVOCACY: 2.1



CSO advocacy did not change significantly in 2016. CSOs have become highly effective at influencing public authorities at all levels and continued to advocate to influence reform processes during the year.

Cooperation between government and CSOs markedly improved in 2016. The prime minister held meetings with leading CSOs about the government's agenda and the draft budget and instructed other Cabinet members to set up similar meetings. The government also continued to work with CSOs to improve mechanisms for their participation in policy making. A forum under the Ministry of Justice that included CSOs developed a draft Law on Public Consultations to regulate citizen participation in national and local decision making; the draft will be presented to parliament for consideration in 2017.

The Reanimation Package of Reforms (RPR) is a collection of civic activists, experts, and journalists that has been deeply engaged in the reform process in Ukraine since the Euromaidan Revolution in 2014. After two years of work, RPR still needs to focus on the implementation of legislation by working with the executive branch at all levels, but particularly at the regional and local levels. In addition, RPR still needs to improve the analytic basis for the laws produced by its experts. Cooperation between the RPR and the parliament and presidential administration declined somewhat in 2016, and the National Reform Council suspended its activities. At the same time, the RPR improved its cooperation with the Cabinet of Ministers thanks to the prime minister's intention to prepare and solicit public feedback on key documents, particularly the reform agenda and budget.

In 2016, CSOs concentrated on the implementation of reforms they proposed. For example, according to the 2015 Law on Civil Service, which came into effect in May 2016, a twelve-member selection committee with four civil society representatives now appoints all senior public officials. Between August and December 2016, the committee appointed 109 senior public officials.

CSOs continued to lobby for anti-corruption measures in 2016. For example, CSOs initiated a policy on whistleblowing and the approval of the Law on Custodial Care for Orphans, an area plagued by corruption. The Chesno Coalition organized the Filter Court Campaign aimed at removing corrupt judges. CSOs also successfully lobbied for the adoption of new provisions to the Law on Corruption Prevention. The law, which was adopted in August 2016 and came into force shortly thereafter, newly requires public officials and members of the parliament to submit e-declarations of their assets.

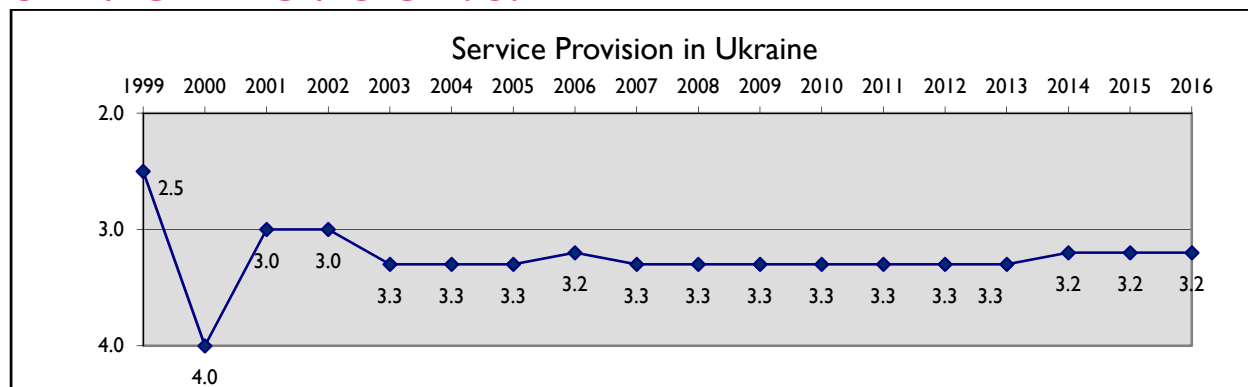
In 2016, a network of CSOs lobbied the state to improve the effectiveness of public administration services, such as passport issuance, at the national and local levels. As a result, standards for administrative services were introduced and more unified administrative service centers were established. Local authorities learned how to improve the quality of and better utilize limited funds for administrative services.

The 2015 Law on Introduction of Changes to the Law of Ukraine on Public Appeals allows individuals and groups to submit e-petitions through official websites to the president, the parliament, the Cabinet of Ministers, and local self-governments. The Law was implemented at the regional level in 2016, including in oblast centers such as Ternopil and Lviv and towns such as Kramatorsk, Mariupil, Bakhmut, and Dopropillya. Individuals and groups also continued to use the e-petition system at the national level.

At the local level, CSO advocacy efforts are weak and not well-organized. Advocacy efforts on decentralization remain ad hoc and are hampered by a lack of knowledge and skills needed for wider promotion.

CSOs worked on a number of initiatives in 2016 to further improve the enabling environment for civil society. Cooperation between charity organizations and the parliamentary committee for humanitarian policy resulted in the adoption of a law that provides tax exemptions for charitable contributions made via SMS. CSOs and the committee also advocated for the return of funds lost by charity organizations to the banks that went bankrupt, although this process just started at the end of the year and results are thus yet to be seen. Also in 2016, experts developed recommendations to establish a national foundation for civil society development and discussed them with CSOs at eight regional meetings. Based on CSOs' comments and recommendations, the final document on establishing a national foundation was prepared and submitted to the government and presidential administration.

SERVICE PROVISION: 3.2



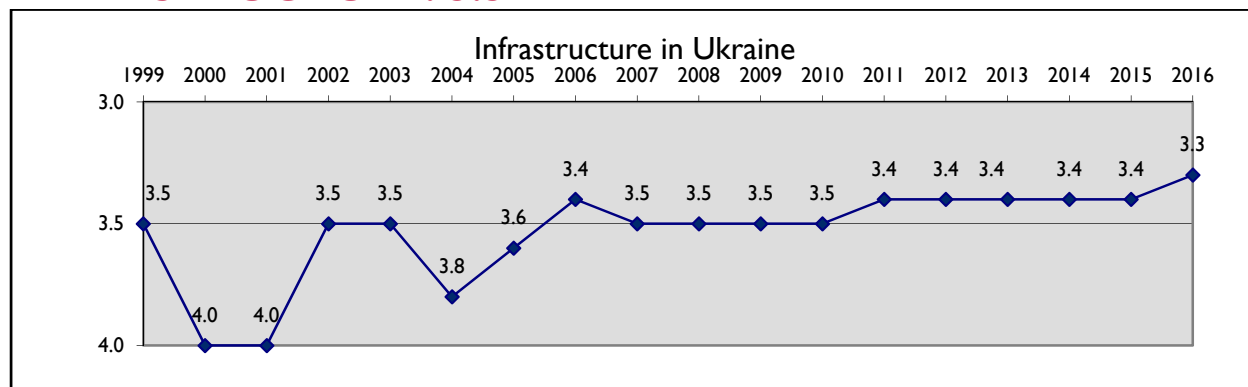
Service provision did not change significantly in 2016. CSOs continue to provide training, consulting, and information services to youth and senior citizens, among other beneficiaries. CSOs also provide services such as civic education and legal aid to a broad range of constituents. In response to the conflict in eastern Ukraine and the occupation of Crimea, many new CSOs emerged to serve the needs and interests of groups such as veterans of the ATO and their families, IDPs, and people living in government-controlled areas in the Donbass region. Such CSOs provide information, advocacy, psychological support, humanitarian services, anti-violence promotion, and other support to vulnerable groups. However, many services initiated in 2014 by CSOs and civic initiatives to support the Ukrainian Army and IDPs in eastern Ukraine were suspended in 2016 due to decreased international funding for service provision.

According to ISAR-Ednannia, nearly 100 CSOs received small grants from the Marketplace in 2016 to improve their interaction with customers, advance their skills in identifying the needs of their target groups, develop new services, and improve the quality of existing services. For example, a small grant helped the Gay Alliance to develop a business plan for a cafe for the LGBT community that is being realized and the CSO Act Together trained trainers to design courses for high school students on civil society development. However, most goods and services provided by CSOs do not fully meet the needs and priorities of their target groups, as many CSOs fail to recognize the importance of assessing the needs of their beneficiaries before designing services. CSO publications and analyses produced with the support of international donors are generally of good quality and in great demand, but their supply is usually limited as donors do not want to support printed products.

According to state data sources, in 2016 CSOs received contracts worth \$19 million from all sources to provide services to beneficiaries. However, international donors remain the primary funders of CSO services. CSOs continue to provide most services to beneficiaries for free.

Public authorities recognize the capacity of CSOs to deliver services to the public. However, in 2016, the state once again reduced the amount of funding allocated to social services, affecting vulnerable groups such as senior citizens and people with disabilities. Local budgets do not include funds to engage CSOs in service provision.

INFRASTRUCTURE: 3.3



The infrastructure supporting the CSO sector improved in 2016. Eight regional intermediary support organizations (ISOs) established in 2015 with UNDP and EU funds continued to support local CSOs with small grants as well as legal, information, consulting, and training services. In addition, these ISOs strengthened their democratic governance procedures, financial stability, membership and volunteer management, as well as advocacy practices. In two years, these ISOs have managed to increase their staff by 30 percent; maintain an average of twenty volunteers each; and increase their budgets two to four times. However, the sustainability of ISOs remains a challenge, as up to 85 to 95 percent of their budgets depend on international donor funding.

In 2016, forty local organizations provided grants of up to €10,000 to CSOs through EU-funded projects. There are twenty-three community foundations in Ukraine and approximately half of them provide grants to address pressing local issues, while the rest implement their own projects. In 2016, community foundations raised \$1.5 million and allocated \$1 million for grant support to local initiatives. Only a few local CSOs have the capacity to disburse large amounts of funding. For instance, in 2016 the CCC Creative Center disbursed around \$3.1 million to over 500 IDPs from eight oblasts after evaluating nearly 4,000 applications.

CSO coalitions, in particular the Ukrainian Regional Platform of Public Initiatives Partnership, the Coalition for Children's Rights, the Coalition for Transparent Local Budgets Partnership, the Public Initiatives of Ukraine Network, the Coalition for Election Rights of Internally Displaced Persons, and RPR, were very active in 2016. For example, the Coalition for Children's Rights prepared a report on how Ukraine met its obligations under the UN Convention on the Rights of the Child between 2012 and 2016. The Coalition for Transparent Local Budgets Partnership continued to update and promote its website with data about expenditures from local public budgets. New coalitions at both national and regional levels concentrate on issues such as the judicial system, economic development, and EU visa policy towards Ukraine.

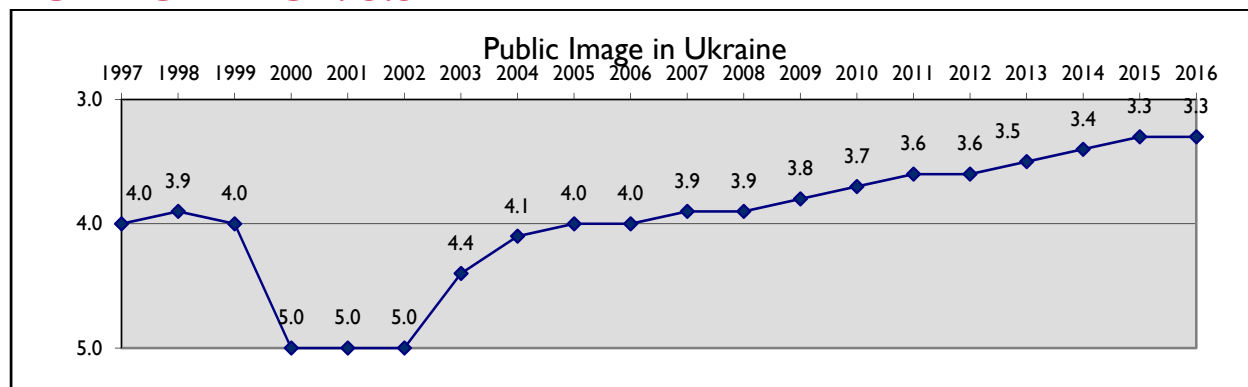
CSOs have access to institutional capacity development workshops and trainings through the online capacity building Marketplace portal administered by the ISAR-Ednannia. In 2016, ISAR-Ednannia granted a total of 220 vouchers to CSOs for all types of capacity building projects. Although the number of vouchers remained at the 2015 level, the amount of funding decreased from \$500,000 in 2015 to \$200,000 in 2016. Around 1,000 service providers are registered at the Marketplace website, but the quality of these services varies significantly.

In 2016, the master's program for CSO managers under the Ukrainian Catholic University of Lviv received a license from the Ministry of Education. The Dragomanov National Pedagogical University of Kyiv continued to offer bachelor's and master's programs in CSO management.

Intersectoral cooperation among CSOs, businesses, and public authorities is on the rise. For instance, at the beginning of 2016, CSOs initiated cooperation with the Ministry of Information Policy to prepare and con-

duct the “Crimea is Ukraine” public awareness campaign. Also during the year, the Center of Corporate Social Responsibility Development initiated the Pact for Youth, which is aimed at solving youth education and employment issues through the establishment of 100 partnerships between businesses and educational institutions and the creation of 10,000 places for youth fellowships or first employment by 2020. The Pact was signed by forty-three businesses by the end of 2016.

PUBLIC IMAGE: 3.3



The sector’s public image did not change significantly in 2016.

Media attention in 2016 was focused on the government crisis, continued military conflict in the east, and the worsening economic situation, which somewhat reduced coverage of CSO activities. Nevertheless, civil society experts have become an integral part of media programs, and national and regional mass media continued to highlight the efforts of CSOs and volunteers to support the families of the bereaved, combatants from the ATO, and IDPs from Crimea and the Donbass region, although to a lesser extent. In general, coverage of CSO activities is positive and there were no major scandals in 2016, though there were reports of CSOs misappropriating funds, producing poor quality products, and other missteps. In 2016, there were also instances of regional media soliciting money from CSOs for publications that are usually free and considered public service announcements.

In 2016, CSOs continued to benefit from the public’s positive perception of the sector. According to a public opinion poll conducted in December 2016 by the Kyiv International Institute of Sociology, the level of trust in CSOs did not change, with 37 percent of respondents reporting that they trust CSOs and 24.5 percent indicating that they do not trust CSOs. The same poll found that volunteers, churches, and the army are the most trusted entities in Ukraine. However, trust in volunteers decreased from 44.1 percent in 2015 to 33.9 percent in 2016. A poll conducted by the Democratic Initiatives Foundation in 2016 found that 50 percent of the population thinks people are now more willing to start CSOs, 8 percent believe that people are now less willing, and 27 percent think that there was no change.

Public authorities’ perception of civil society continued to improve at both the national and regional levels in 2016. National public authorities often rely on CSO expertise and participation in decision-making processes. Public authorities at the local level perceive CSOs as an instrument to attract financial resources and expertise, and to demonstrate support for their policies.

Businesses improved their attitudes towards CSOs in 2016. Since the EU-Ukraine Association Agreement, which includes provisions for a Deep and Comprehensive Free Trade Area, was signed in 2014, an increasing number of CSOs have become involved in advocating for better conditions for business development in Ukraine. As a result, CSOs, including analytical centers and think tanks, increasingly play an intermediary role between government and business in promoting certain legislation through the establishment of intersectoral

expert groups. As a result of the increasing role and influence of CSOs, companies are more willing to cooperate and create partnerships with CSOs.

Most CSOs use social networks such as Facebook to keep their supporters informed about their activities; engage new supporters, partners, and constituents; and assess the needs and opinions of their target groups. CSOs have also improved their communication with journalists, in part by providing media with expert opinions and important information.

CSOs continue to try to exercise more transparency. When reviewing their strategies, CSOs include transparency and preparation of annual reports among their priorities and objectives. Some donors, such as the IRF, now require CSOs to publish reports about their work. In addition, CSOs increasingly use modern visualization methods such as infographics when preparing their activity and financial reports in order to make the information more accessible.

ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

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 scores each 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.

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.

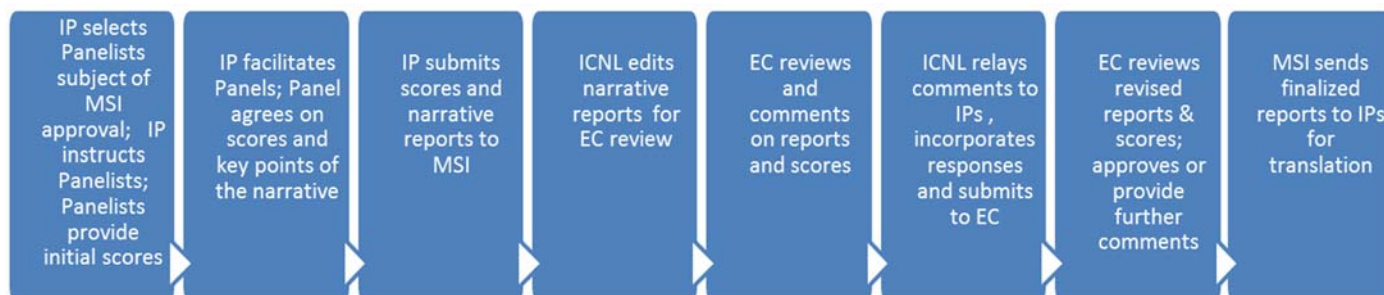
Public Image

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.

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.



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 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.

Definition of CSO:

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

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

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 mean¹⁴ of these scores for a preliminary score for the dimension. Be sure to take careful notes during the discussion of each

¹⁴ Arithmetic mean is the sum of all scores divided by the total number of scores.

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 2016 (January 1, 2016, through December 31, 2016). 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 information and data, please consider the following when feasible:

- CIVICUS - <http://civicus.org/index.php/en/>
- Media Sustainability Index - <https://www.irex.org/projects/media-sustainability-index-msi>
- Nations in Transit - <https://freedomhouse.org/report-types/nations-transit#.VdugbqSFOh1>
- 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
- Freedom of the Press - <https://freedomhouse.org/report/freedom-press/freedom-press-2015#.VduhWKSFOh0>

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.

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.

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.

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, lo-

cal 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*¹⁵. Do CSOs clearly identify and actively seek to build local constituencies for their initiatives? Are they successful in these endeavors?
- *STRATEGIC PLANNING*. Do CSOs have clearly defined missions to which they adhere? Do CSOs have clearly defined strategic plans and incorporate strategic planning techniques in their decision-making processes?
- *INTERNAL MANAGEMENT STRUCTURE*. Is there a clearly defined management structure within CSOs, including a recognized division of responsibilities between the Board of Directors and staff members? Do Boards actively engage in the governance of CSOs? Do Boards operate in an open and transparent manner, allowing contributors and supporters to verify appropriate use of funds?
- *CSO STAFFING*. Are CSOs able to maintain permanent, paid staff? Do CSOs have adequate human resources practices for staff, including contracts, job descriptions, payroll and personnel policies? Are potential volunteers sufficiently recruited and engaged? Do CSOs utilize professional services such as accountants, IT managers or lawyers?
- *TECHNICAL ADVANCEMENT*. Do CSOs' resources generally allow for modernized basic office equipment (relatively new computers and software, cell phones, scanners, Internet access, etc.)? Are CSOs effective in using modern technology and information communication technologies (ICT) to advance their mission?

III. FINANCIAL VIABILITY _____

- *LOCAL SUPPORT*. Do CSOs raise a significant percentage of their funding from local sources? Are CSOs able to draw upon a core of volunteer and non-monetary support from their communities and constituencies? Are there local sources of philanthropy?
- *DIVERSIFICATION*. Do CSOs typically have multiple/diverse sources of funding? Do most CSOs have enough resources to remain viable for the short-term future?
- *FUNDRAISING*. Have many CSOs cultivated a loyal core of financial supporters? Do CSOs engage in any sort of membership outreach and philanthropy development programs? Do CSOs use new information communication technologies to raise funds?
- *EARNED INCOME*. Do revenues from services, products, or rent from assets supplement the income of CSOs? Do government and/or local business contract with CSOs for services? Do membership-based organizations collect dues?
- *FINANCIAL MANAGEMENT SYSTEMS*. Do CSOs typically have sound financial management systems in place? Do CSOs typically operate in a transparent manner, including independent financial audits and the publication of annual reports with financial statements?

¹⁵ 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.

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 advocacy¹⁶ 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.)
- *LOBBYING¹⁷ EFFORTS.* Are there effective mechanisms and relationships for CSOs to participate in the various levels of government decision-making processes? Are CSOs comfortable with the concept of lobbying? Have there been any lobbying successes at the local or national level that led to the enactment or amendment of legislation? (Please provide examples, if relevant.)
- *LOCAL ADVOCACY FOR LEGAL REFORM.* Is there awareness in the wider CSO community of how a favorable legal and regulatory framework can enhance CSO effectiveness and sustainability? Is there a local CSO advocacy effort to promote legal reforms that will benefit CSOs, local philanthropy, etc.?

V. **SERVICE PROVISION** _____

- *RANGE OF GOODS AND SERVICES.* Do CSOs provide services in a variety of fields, including basic social services (such as health, education, relief, housing, water or energy) and other areas (such as economic development, environmental protection, or governance and empowerment)? Overall, is the sector's "product line" diversified?
- *COMMUNITY RESPONSIVENESS.* Do the goods and services that CSOs provide reflect the needs and priorities of their constituents and communities?
- *CONSTITUENCIES AND CLIENTELE.* Are those goods and services that go beyond basic social needs provided to a constituency broader than CSOs' own memberships? Are some products, such as publications, workshops or expert analysis, marketed to other CSOs, academia, churches or government?
- *COST RECOVERY.* When CSOs provide goods and services, do they recover any of their costs by charging fees, etc.? Do they have knowledge of the market demand -- and the ability of distinct constituencies to pay -- for those products?
- *GOVERNMENT RECOGNITION AND SUPPORT.* Does the government, at the national and/or local level, recognize the value that CSOs can add in the provision and monitoring of basic social services? Do they provide grants or contracts to CSOs broadly to enable them to provide such services?

VI. **INFRASTRUCTURE** _____

- *INTERMEDIARY SUPPORT ORGANIZATIONS (ISOs) AND CSO RESOURCE CENTERS¹⁸.* 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

¹⁶ Advocacy: Attempts by CSOs to shape the public agenda, public opinion and/or legislation.

¹⁷ Lobbying: Attempts by CSOs to directly influence the legislative process.

¹⁸ 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.

areas such as strategic management, accounting, financial management, fundraising, volunteer management, and board development? Do trainings meet the needs of local CSOs? Are training materials available in local languages?

- *INTERSECTORAL PARTNERSHIPS.* Are there examples of CSOs working in partnership, either formally or informally, with local business, government, and the media to achieve common objectives? Is there awareness among the various sectors of the possibilities for and advantages of such partnerships?

VII. PUBLIC IMAGE _____

- *MEDIA COVERAGE.* Do CSOs—both those engaged in advocacy and service provision—enjoy positive media coverage at the local and national levels? Do the media make a distinction between public service announcements and corporate advertising? Do the media provide positive analysis of the role CSOs play in civil society?
- *PUBLIC PERCEPTION OF CSOS.* Does the general public have a positive perception of CSOs—both those engaged in advocacy and service provision? Does the public understand the concept of a CSO? Is the public supportive of CSO activity overall?
- *GOVERNMENT/BUSINESS PERCEPTION OF CSOS.* Do the business sector and local and central government officials have a positive perception of CSOs—both those engaged in advocacy and service provision? Do they rely on CSOs as a community resource, or as a source of expertise and credible information?
- *PUBLIC RELATIONS.* Do CSOs publicize their activities or promote their public image? Have CSOs developed relationships with journalists to encourage positive coverage? Do CSOs effectively use social media for public outreach?
- *SELF-REGULATION.* Have CSOs adopted a code of ethics or tried to demonstrate transparency in their operations? Do leading CSOs publish annual reports?

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 1997-2016

| NORTHERN TIER | | | | | | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 2.1 |
| 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 | 3.6 |
| 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 | 2.5 |
| 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 | 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 | 2.2 |
| Slovakia | 2.8 | 2.8 | 2.1 | 1.9 | 1.9 | 2.1 | 2.2 | 2.5 | 2.6 | 2.5 | 2.5 | 2.6 | 2.7 | 2.7 | 2.7 | 2.7 | 2.8 | 2.9 | 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 | 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 | 2.8 |
| SOUTHERN TIER | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | 3.3 |
| 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 | 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 | 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 | 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 | 3.5 |
| Serbia | 4.8 | 5.4 | 5.4 | 4.5 | 4.1 | 4.1 | 4.0 | 4.4 | 4.4 | 4.5 | 4.5 | 4.4 | 4.3 | 4.3 | 4.3 | 4.2 | 4.1 | 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 | 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 | 2016 |
| 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 | 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 | 5.9 |
| 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 | 5.5 |
| 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 | 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 | 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 | 4.8 |
| 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 | 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 | 4.5 |
| CENTRAL ASIA | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | 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 | 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 | N/R |
| Eurasia & Central Asia | 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 |
| Average | | | | | | | | | | | | | | | | | | | | |

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

COUNTRIES RANKED BY SCORES

| LEGAL ENVIRONMENT | ORGANIZATIONAL CAPACITY | FINANCIAL VIABILITY |
|--------------------------------|--------------------------------|--------------------------------|
| SUSTAINABILITY ENHANCED | SUSTAINABILITY ENHANCED | SUSTAINABILITY ENHANCED |
| Estonia 1.9 | Estonia 2.5 | Estonia 2.4 |
| Poland 2.1 | Poland 2.6 | Poland 2.9 |
| Lithuania 2.2 | Lithuania 2.7 | SUSTAINABILITY EVOLVING |
| Latvia 2.3 | Czech Republic 2.8 | Czech Republic 3.1 |
| Bulgaria 2.5 | Latvia 3.0 | Latvia 3.2 |
| Czech Republic 2.7 | SUSTAINABILITY EVOLVING | Lithuania 3.3 |
| Slovakia 3.0 | Slovakia 3.1 | Slovakia 3.7 |
| SUSTAINABILITY EVOLVING | Croatia 3.3 | Hungary 4.2 |
| Croatia 3.1 | Ukraine 3.3 | Romania 4.2 |
| Slovenia 3.1 | BiH 3.5 | Ukraine 4.2 |
| Georgia 3.3 | Hungary 3.5 | Bulgaria 4.4 |
| Hungary 3.3 | Romania 3.5 | Macedonia 4.4 |
| BiH 3.4 | Albania 3.7 | Slovenia 4.4 |
| Ukraine 3.4 | Armenia 3.7 | Albania 4.5 |
| Montenegro 3.5 | Macedonia 3.7 | Croatia 4.5 |
| Kosovo 3.6 | Moldova 3.7 | Kosovo 4.7 |
| Romania 3.6 | Slovenia 3.7 | Moldova 4.7 |
| Albania 3.7 | Kosovo 3.8 | Serbia 4.7 |
| Armenia 3.8 | Serbia 4.0 | BiH 4.9 |
| Macedonia 3.8 | Bulgaria 4.1 | Georgia 5.0 |
| Moldova 4.1 | Montenegro 4.2 | Montenegro 5.0 |
| Serbia 4.1 | Georgia 4.3 | Russia 5.0 |
| SUSTAINABILITY IMPEDED | Russia 4.6 | SUSTAINABILITY IMPEDED |
| Russia 5.7 | Belarus 4.7 | Armenia 5.1 |
| Azerbaijan 6.4 | SUSTAINABILITY IMPEDED | Belarus 6.3 |
| Belarus 6.7 | Azerbaijan 5.9 | Azerbaijan 6.5 |

COUNTRIES RANKED BY SCORES

| ADVOCACY | SERVICE PROVISION | INFRASTRUCTURE |
|--------------------------------|--------------------------------|--------------------------------|
| SUSTAINABILITY ENHANCED | SUSTAINABILITY ENHANCED | SUSTAINABILITY ENHANCED |
| Poland 1.6 | Poland 2.2 | Poland 1.4 |
| Czech Republic 1.8 | Estonia 2.3 | Estonia 1.6 |
| Estonia 1.8 | Czech Republic 2.4 | Latvia 2.1 |
| Latvia 1.9 | Latvia 2.4 | Czech Republic 2.7 |
| Lithuania 2.0 | Slovakia 2.6 | Croatia 2.8 |
| Ukraine 2.1 | SUSTAINABILITY EVOLVING | Slovakia 2.9 |
| Bulgaria 2.6 | Bulgaria 3.1 | Hungary 3.0 |
| Slovakia 2.6 | Croatia 3.1 | Lithuania 3.0 |
| SUSTAINABILITY EVOLVING | Romania 3.2 | SUSTAINABILITY EVOLVING |
| Armenia 3.1 | Ukraine 3.2 | Bulgaria 3.1 |
| BiH 3.2 | Hungary 3.3 | Romania 3.1 |
| Croatia 3.2 | Lithuania 3.3 | Armenia 3.2 |
| Moldova 3.2 | Slovenia 3.3 | Macedonia 3.3 |
| Slovenia 3.2 | Albania 3.7 | Moldova 3.3 |
| Albania 3.3 | Armenia 3.8 | Serbia 3.3 |
| Montenegro 3.5 | Kosovo 3.8 | Ukraine 3.3 |
| Romania 3.5 | Macedonia 3.8 | Slovenia 3.4 |
| Serbia 3.6 | BiH 3.9 | Kosovo 3.7 |
| Kosovo 3.7 | Montenegro 3.9 | Montenegro 3.7 |
| Macedonia 3.7 | Georgia 4.1 | Albania 3.8 |
| Georgia 3.8 | Moldova 4.2 | BiH 3.8 |
| Hungary 4.1 | Russia 4.2 | Russia 4.1 |
| Russia 4.7 | Serbia 4.2 | Georgia 4.3 |
| SUSTAINABILITY IMPEDED | SUSTAINABILITY IMPEDED | SUSTAINABILITY IMPEDED |
| Belarus 5.3 | Belarus 5.1 | Belarus 5.1 |
| Azerbaijan 5.8 | Azerbaijan 5.2 | Azerbaijan 5.6 |

COUNTRIES RANKED BY SCORE

PUBLIC IMAGE

| SUSTAINABILITY ENHANCED | |
|-------------------------|-----|
| Estonia | 1.9 |
| Lithuania | 2.3 |
| Czech Republic | 2.4 |
| Poland | 2.4 |
| Latvia | 2.7 |
| Slovakia | 2.7 |
| SUSTAINABILITY EVOLVING | |
| Slovenia | 3.1 |
| Croatia | 3.2 |
| Ukraine | 3.3 |
| Bulgaria | 3.4 |
| BiH | 3.5 |
| Kosovo | 3.5 |
| Albania | 3.7 |
| Romania | 3.7 |
| Georgia | 3.8 |
| Hungary | 3.8 |
| Moldova | 3.8 |
| Armenia | 3.9 |
| Montenegro | 4.2 |
| Macedonia | 4.5 |
| Serbia | 4.6 |
| SUSTAINABILITY IMPEDED | |
| Russia | 5.2 |
| Belarus | 5.6 |
| Azerbaijan | 5.8 |

CSO SUSTAINABILITY- COUNTRY RANKINGS

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------|------|------|------|------|------|------|------|------|------|
| SUSTAINABILITY ENHANCED | | | | | | | | | |
| Estonia | 2.1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Poland | 2.2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Latvia | 2.5 | 3 | 3 | 3 | 4 | 3 | 3 | 3 | 4 |
| Czech Republic | 2.6 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Lithuania | 2.7 | 5 | 5 | 5 | 4 | 6 | 3 | 6 | 4 |
| Slovakia | 2.9 | 6 | 6 | 6 | 4 | 3 | 3 | 3 | 3 |
| SUSTAINABILITY EVOLVING | | | | | | | | | |
| Bulgaria | 3.3 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 8 |
| Croatia | 3.3 | 7 | 7 | 7 | 8 | 8 | 8 | 8 | 8 |
| Ukraine | 3.3 | 8 | 8 | 10 | 10 | 10 | 10 | 10 | 11 |
| Romania | 3.5 | 12 | 11 | 11 | 11 | 10 | 10 | 10 | 10 |
| Slovenia | 3.5 | 11 | 11 | 11 | 12 | 12 | 12 | 14 | 15 |
| Hungary | 3.6 | 10 | 10 | 7 | 7 | N/A | 7 | 6 | 4 |
| BiH | 3.7 | 13 | 13 | 13 | 12 | 12 | 12 | 12 | 13 |
| Albania | 3.8 | 13 | 14 | 15 | 15 | 15 | 16 | 15 | 15 |
| Armenia | 3.8 | 15 | 17 | 15 | 15 | 17 | 17 | 17 | 17 |
| Kosovo | 3.8 | 15 | 14 | 15 | 15 | 15 | 15 | 15 | 14 |
| Macedonia | 3.9 | 17 | 14 | 14 | 12 | 12 | 12 | 13 | 11 |
| Moldova | 3.9 | 17 | 17 | 18 | 20 | 18 | 21 | 21 | 21 |
| Montenegro | 4.0 | 19 | 19 | 18 | 18 | 18 | 19 | 19 | 19 |
| Kazakhstan | N/R | N/R | 20 | 21 | 20 | 18 | 17 | 17 | 17 |
| Kyrgyzstan | N/R | N/R | 20 | 18 | 18 | 18 | 19 | 19 | 19 |
| Georgia | 4.1 | 20 | 20 | 21 | 22 | 22 | 21 | 22 | 21 |
| Serbia | 4.1 | 20 | 20 | 21 | 22 | 23 | 23 | 22 | 23 |
| Russia | 4.8 | 22 | 24 | 24 | 24 | 24 | 23 | 24 | 23 |
| Tajikistan | N/R | N/R | 25 | 26 | 26 | 25 | 26 | 26 | 26 |
| SUSTAINABILITY IMPEDED | | | | | | | | | |
| Belarus | 5.5 | 23 | 27 | 27 | 28 | 29 | 29 | 29 | 29 |
| Azerbaijan | 5.9 | 24 | 26 | 25 | 25 | 25 | 25 | 25 | 25 |
| Uzbekistan | N/R | N/R | N/A | 28 | 27 | 28 | 28 | 27 | 27 |
| Turkmenistan | N/T | N/R | N/A | 29 | 29 | 27 | 27 | 27 | 27 |

DIMENSION SCORES 1997-2016

LEGAL ENVIRONMENT

| NORTHERN TIER | | | | | | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 3.3 |
| 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 | 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 | 2.2 |
| Poland | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.1 | 2.0 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.1 | 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 | 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 | 3.1 |
| <i>Average</i> | 3.5 | 2.9 | 2.6 | 2.4 | 2.2 | 2.2 | 2.3 | 2.3 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.5 | 2.4 | 2.5 | 2.5 | 2.6 | 2.6 |
| SOUTHERN TIER | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 3.7 |
| 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 | 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 | 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 | 3.1 |
| 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 | 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 | 3.8 |
| 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 | 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 | 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 | 4.1 |
| <i>Average</i> | 4.5 | 4.4 | 4.3 | 3.7 | 3.7 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.4 | 3.4 | 3.3 | 3.4 | 3.4 | 3.4 | 3.4 | 3.5 | 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 | 2016 |
| 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 | 3.8 |
| 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 | 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 | 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 | 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 | 4.1 |
| Russia | 3.0 | 3.0 | 4.0 | 4.0 | 4.2 | 4.0 | 4.3 | 4.3 | 4.5 | 4.7 | 4.9 | 5.0 | 4.8 | 4.6 | 4.5 | 4.7 | 4.8 | 5.1 | 5.6 | 5.7 |
| Ukraine | 4.0 | 4.6 | 5.0 | 5.0 | 5.0 | 4.5 | 4.0 | 3.6 | 3.7 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.5 | 3.5 | 3.4 | 3.4 | 3.4 | 3.4 |
| <i>Average</i> | 3.5 | 4.5 | 4.5 | 4.4 | 4.6 | 4.4 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.4 | 4.4 | 4.5 | 4.6 | 4.8 | 4.8 |
| Central Asia | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | 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 | N/R |
| <i>Average</i> | 5.0 | 5.2 | 5.5 | 5.1 | 5.1 | 4.7 | 4.6 | 4.8 | 4.9 | 5.0 | 4.9 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.1 | 4.5 | N/R | N/R |
| <i>Eurasia & Central Asia Average</i> | 4.3 | 4.8 | 5.0 | 4.7 | 4.8 | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 4.6 | N/R | N/R |

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997-2016
ORGANIZATIONAL CAPACITY

| NORTHERN TIER | | | | | | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 2.8 |
| 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 | 2.4 | 2.4 | 2.5 | |
| 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 | 3.5 |
| 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 | 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 | 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 | 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 | 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 | 3.7 |
| <i>Average</i> | 2.5 | 2.8 | 2.1 | 2.4 | 2.6 | 2.5 | 2.7 | 2.9 | 3.0 | 3.0 | 3.0 | 2.9 | 3.0 | 2.9 | 2.9 | 3.0 | 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 | 2016 |
| 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 | 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 | 3.5 |
| 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 | 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 | 3.3 |
| 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 | 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 | 3.7 |
| Montenegro | N/R | N/R | 5.0 | 5.0 | 5.0 | 4.8 | 4.8 | 4.7 | 4.7 | 4.7 | 4.6 | 4.4 | 4.4 | 4.4 | 4.3 | 4.3 | 4.3 | 4.2 | 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 | 3.5 | 3.5 | 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 | 4.0 |
| <i>Average</i> | 3.5 | 3.9 | 4.4 | 4.6 | 4.4 | 4.2 | 4.1 | 4.0 | 3.9 | 3.9 | 3.9 | 3.8 | 3.8 | 3.8 | 3.8 | 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 | 2016 |
| 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 | 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 | 5.9 |
| 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 | 4.7 |
| 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 | 4.3 |
| Moldova | N/R | N/R | N/R | 4.5 | 4.5 | 4.5 | 4.2 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.0 | 3.9 | 3.8 | 3.7 | 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 | 4.6 |
| 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 | 3.3 |
| <i>Average</i> | 3.5 | 4.3 | 4.3 | 4.5 | 4.4 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 | 4.3 | 4.3 |
| CENTRAL ASIA | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | 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 | N/R |
| <i>Average</i> | 4.0 | 4.5 | 5.2 | 5.1 | 4.7 | 4.5 | 4.5 | 4.6 | 4.8 | 4.7 | 4.7 | 4.7 | 5.0 | 4.7 | 4.8 | 5.0 | 5.0 | 4.4 | N/R | N/R |
| <i>Eurasia & Central Asia Average</i> | 3.8 | 4.4 | 4.7 | 4.8 | 4.5 | 4.3 | 4.3 | 4.4 | 4.4 | 4.4 | 4.4 | 4.5 | 4.5 | 4.4 | 4.4 | 4.4 | 4.4 | 4.5 | N/R | N/R |

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997-2016
FINANCIAL VIABILITY

| NORTHERN TIER | | | | | | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 3.1 |
| 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 | 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 | 4.2 |
| 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 | 3.2 |
| 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 | 3.3 |
| 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 | 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 | 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 | 4.4 |
| <i>Average</i> | 2.8 | 3.2 | 2.9 | 3.0 | 2.8 | 2.8 | 2.9 | 3.2 | 3.2 | 3.1 | 3.1 | 3.1 | 3.3 | 3.2 | 3.2 | 3.3 | 3.4 | 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 | 2016 |
| 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 | 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 | 4.9 |
| 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 | 4.4 |
| 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 | 4.5 |
| 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 | 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 | 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 | 5.0 |
| Romania | 4.0 | 4.5 | 5.0 | 5.5 | 4.5 | 4.5 | 4.3 | 4.3 | 4.2 | 4.1 | 4.1 | 4.2 | 4.2 | 4.2 | 4.3 | 4.3 | 4.3 | 4.2 | 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 | 4.7 |
| <i>Average</i> | 4.7 | 5.2 | 5.6 | 5.6 | 5.1 | 5.0 | 4.8 | 4.8 | 4.7 | 4.7 | 4.6 | 4.6 | 4.6 | 4.6 | 4.7 | 4.7 | 4.7 | 4.6 | 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 | 2016 |
| 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 | 5.1 |
| 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 | 6.5 |
| Belarus | N/R | N/R | N/R | 6.0 | 6.0 | 5.7 | 6.2 | 6.2 | 6.4 | 6.5 | 6.6 | 6.6 | 6.6 | 6.6 | 6.5 | 6.5 | 6.4 | 6.4 | 6.4 | 6.3 |
| 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 | 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 | 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 | 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 | 4.2 |
| <i>Average</i> | 4.0 | 4.9 | 5.3 | 5.6 | 5.4 | 5.3 | 5.3 | 5.2 | 5.3 | 5.3 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.3 | 5.3 |
| CENTRAL ASIA | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | 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 | N/R |
| <i>Average</i> | 4.5 | 5.0 | 6.1 | 5.7 | 5.4 | 5.2 | 5.4 | 5.4 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.1 | N/R | N/R |
| <i>Eurasia & Central Asia Average</i> | 4.3 | 5.0 | 5.7 | 5.7 | 5.4 | 5.2 | 5.3 | 5.3 | 5.4 | 5.4 | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 | 5.2 | N/R | N/R |

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997-2016
ADVOCACY

| NORTHERN TIER | | | | | | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 1.8 |
| 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 | 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 | 4.1 |
| 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 | 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 | 2.0 |
| Poland | 2.0 | 2.0 | 2.5 | 2.0 | 2.0 | 2.2 | 1.9 | 1.9 | 1.8 | 1.8 | 2.0 | 1.9 | 1.8 | 1.8 | 1.7 | 1.6 | 1.6 | 1.6 | 1.5 | 1.6 |
| Slovakia | 2.0 | 2.0 | 1.5 | 1.5 | 1.5 | 1.6 | 1.6 | 2.2 | 2.3 | 2.4 | 2.5 | 2.6 | 2.6 | 2.5 | 2.5 | 2.4 | 2.5 | 2.6 | 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 | 3.2 |
| <i>Average</i> | 3.0 | 2.2 | 1.8 | 2.2 | 2.1 | 2.1 | 2.2 | 2.4 | 2.4 | 2.5 | 2.5 | 2.5 | 2.5 | 2.4 | 2.2 | 2.4 | 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 | 2016 |
| 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 | 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 | 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 | 2.6 |
| Croatia | 5.0 | 4.0 | 4.0 | 2.5 | 3.0 | 3.0 | 3.0 | 3.4 | 3.5 | 3.4 | 3.2 | 3.2 | 3.2 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.2 |
| 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 | 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 | 3.7 |
| 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 | 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 | 3.5 |
| 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 | 3.6 |
| <i>Average</i> | 4.5 | 4.5 | 4.4 | 3.8 | 3.9 | 3.7 | 3.5 | 3.4 | 3.3 | 3.3 | 3.3 | 3.4 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.4 | 3.4 |
| EURASIA: Russia, West NIS, and Caucasus | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 3.1 |
| 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 | 5.8 |
| 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 | 5.3 |
| 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 | 3.8 |
| 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 | 3.2 |
| 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 | 4.7 |
| 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 | 2.1 |
| <i>Average</i> | 3.5 | 4.8 | 4.6 | 4.6 | 4.5 | 4.4 | 4.3 | 4.2 | 4.3 | 4.3 | 4.2 | 4.2 | 4.1 | 4.1 | 4.0 | 4.0 | 3.9 | 4.0 | 4.1 | 4.0 |
| CENTRAL ASIA | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | 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 | N/R |
| <i>Average</i> | 5.0 | 4.8 | 5.2 | 5.0 | 4.7 | 4.6 | 4.6 | 4.8 | 4.8 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.8 | 4.8 | 4.8 | 4.7 | 4.0 | N/R |
| <i>Eurasia & Central Asia Average</i> | 4.3 | 4.8 | 4.9 | 4.8 | 4.6 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.4 | 4.3 | 4.3 | 4.3 | 4.0 | N/R | N/R |

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1999*-2016
SERVICE PROVISION*

| NORTHERN TIER | | | | | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| 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 | 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 | 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 | 3.3 | |
| 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 | 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 | 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 | 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 | 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 | 3.3 | |
| <i>Average</i> | 2.5 | 2.4 | 2.4 | 2.5 | 2.5 | 2.6 | 2.7 | 2.6 | 2.6 | 2.6 | 2.7 | 2.7 | 2.7 | 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 | 2016 | |
| 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 | 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 | 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 | 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 | 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 | 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 | 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 | 3.9 | |
| 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 | 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 | 4.2 | |
| <i>Average</i> | 4.6 | 4.4 | 4.1 | 4.0 | 3.9 | 3.8 | 3.8 | 3.8 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.6 | 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 | 2016 | |
| 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 | 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 | 5.2 | |
| 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 | 5.1 | |
| 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 | 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 | 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 | 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 | 3.2 | |
| <i>Average</i> | 4.1 | 4.6 | 4.3 | 4.2 | 4.3 | 4.2 | 4.2 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 | 4.2 | 4.2 | 4.2 | 4.3 | |
| CENTRAL ASIA | | | | | | | | | | | | | | | | | | | |
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| 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 | 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 | 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 | 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 | 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 | N/R | |
| <i>Average</i> | 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 | 4.6 | 4.8 | 4.8 | 4.1 | N/R | N/R |
| <i>Eurasia & Central Asia Average</i> | 4.5 | 4.7 | 4.3 | 4.3 | 4.3 | 4.3 | 4.4 | 4.4 | 4.4 | 4.4 | 4.5 | 4.4 | 4.4 | 4.5 | 4.5 | 4.2 | N/R | 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

DIMENSION SCORES 1999*-2016
INFRASTRUCTURE*

| NORTHERN TIER | | | | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 3.0 |
| 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 | 2.1 |
| 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 | 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 | 1.4 |
| 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 | 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 | 3.4 |
| 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 | 2.5 |
| SOUTHERN TIER | | | | | | | | | | | | | | | | | | |
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Albania | 5.5 | 5.0 | 5.0 | 4.6 | 4.4 | 4.2 | 4.1 | 3.9 | 3.9 | 3.9 | 4.0 | 4.0 | 4.0 | 4.0 | 3.9 | 3.8 | 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 | 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 | 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 | 2.8 |
| 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 | 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 | 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 | 3.7 |
| 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 | 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 | 3.3 |
| 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 | 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 | 2016 |
| 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 | 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 | 5.6 |
| Belarus | N/R | 5.0 | 4.5 | 4.5 | 4.8 | 5.0 | 5.3 | 5.5 | 5.6 | 5.5 | 5.3 | 5.4 | 5.4 | 5.3 | 5.2 | 5.2 | 5.2 | 5.1 |
| 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 | 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 | 3.3 |
| 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 | 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 | 3.3 |
| 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 | 4.1 |
| CENTRAL ASIA | | | | | | | | | | | | | | | | | | |
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | N/R |
| Uzbekistan | 5.0 | 5.0 | 4.6 | 4.7 | 4.5 | 4.8 | 5.5 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.7 | N/R | 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 | N/R |
| <i>Eurasia & Central Asia Average</i> | 4.9 | 4.5 | 4.1 | 4.1 | 4.1 | 4.1 | 4.2 | 4.2 | 4.3 | 4.3 | 4.4 | 4.3 | 4.3 | 4.4 | 4.4 | 4.0 | N/R | 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

DIMENSION SCORES 1997-2016

PUBLIC IMAGE

| NORTHERN TIER | | | | | | | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 2.4 |
| Estonia | N/R | N/R | N/R | 2.5 | 2.0 | 2.0 | 2.2 | 2.1 | 2.1 | 2.1 | 2.0 | 2.0 | 1.9 | 1.9 | 1.9 | 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 | 3.8 |
| 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 | 2.7 |
| 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 | 2.3 |
| 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 | 2.4 |
| 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 | 2.7 |
| 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 | 3.1 |
| <i>Average</i> | 2.7 | 2.5 | 1.9 | 2.3 | 2.5 | 2.6 | 2.7 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.6 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 |
| SOUTHERN TIER | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | 3.2 |
| 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 | 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 | 4.5 |
| 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 | 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 | 3.7 |
| 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 | 4.6 |
| <i>Average</i> | 4.3 | 4.4 | 4.6 | 4.3 | 4.3 | 4.0 | 3.9 | 3.9 | 3.8 | 3.8 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 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 | 2016 |
| 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 | 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 | 5.8 |
| Belarus | N/R | N/R | N/R | 6.0 | 5.5 | 5.2 | 5.6 | 5.6 | 5.8 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.9 | 5.9 | 5.9 | 5.8 | 5.7 | 5.6 |
| 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 | 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 | 3.8 |
| 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 | 5.2 |
| 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 | 3.3 |
| <i>Average</i> | 4.0 | 4.4 | 4.8 | 5.0 | 4.6 | 4.7 | 4.6 | 4.4 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.4 | 4.4 | 4.4 | 4.4 | 4.5 | 4.5 |
| CENTRAL ASIA | | | | | | | | | | | | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 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 | 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 | 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 | 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 | 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 | N/R |
| <i>Average</i> | 4.5 | 4.9 | 5.3 | 5.0 | 4.8 | 4.6 | 4.5 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 5.0 | 4.8 | 4.8 | 5.0 | 5.0 | 4.4 | N/R | N/R |
| <i>Eurasia & Central Asia Average</i> | 4.3 | 4.6 | 5.1 | 5.0 | 4.7 | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 4.7 | 4.6 | 4.6 | 4.7 | 4.6 | 4.4 | N/R | 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



U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov