



# 2019 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

CENTRAL AND EASTERN EUROPE AND EURASIA  
23rd EDITION – OCTOBER 2020



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## Developed by:

United States Agency for International Development  
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Cover Photo: Members of the Beresan Youth Bank present their achievements at the 2018 Annual Civil Society Development Forum, an event organized by Ednannia with support from USAID. The Forum is the largest national platform for learning, communication, and experience sharing among nonprofit organizations in Ukraine, typically bringing together approximately 2,500 participants from the non-profit and private sectors, donor community, media, governmental bodies, and local authorities.

Photo Credit: Ednannia, Ukraine

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# INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the twenty-third edition of the *CSO Sustainability Index (CSOSI) for Central and Eastern Europe and Eurasia*, covering developments in 2019.

This year's Index reports on the state of CSO sectors in twenty-four countries in the region, from the Baltics in the north to the Caucasus in the south, and the Visegrad countries in the west to Russia, which stretches east to the Pacific Ocean. 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, sectoral infrastructure, and public image. The Index is intended to be 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 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 ranges from 1 (the most enhanced level of sustainability) to 7 (the most impeded). The dimension scores are then averaged to produce an overall sustainability score for the CSO sector of a given country. A DC-based 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 in order to facilitate cross-country comparisons. Further details about the methodology used to produce narrative reports and determine scores, including the process of recalibrating scores, which is noted with dotted lines in the graphs in the respective country reports, are provided in Annex A.

The *CSO Sustainability Index for Central and Eastern Europe and Eurasia* complements similar publications covering other regions. The various regional editions of the *2019 CSO Sustainability Index* assess the civil society sectors in seventy-five countries, including thirty-two in Sub-Saharan Africa; eight in the Middle East and North Africa; ten in Asia; and Mexico.

A publication of this type would not be possible without the contributions of many individuals and organizations. We are especially grateful to our local implementing partners, who play 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 participate in the expert panels in each country. Their knowledge, perceptions, ideas, observations, and contributions are the foundation upon which this Index is based.

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Happy reading,



Michael Kott

Civil Society and Peace Building Department, FHI 360

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<b>ALBANIA</b>	Evelina Azizaj and Romario Shehu, Institute for Democracy and Mediation	<b>LATVIA</b>	Rasma Pīpiķe and Kristīne Zonberga, Civic Alliance – Latvia
<b>ARMENIA</b>	Gagik Vardanyan and Sonya Msryan, Civic Development and Partnership Foundation (CDPF)	<b>LITHUANIA</b>	Jolanta Blažaitė and Birutė Jatautaitė, Community Change Center
<b>AZERBAIJAN</b>	Mahammad Guluzade, MG Consulting LLC	<b>MOLDOVA</b>	Nicolai Loghin and Tudor Lazăr, Center for Organizational Consultancy and Training (CICO); Angela Vacaru, Internews
<b>BELARUS</b>	Vladimir Korzh and Maryia Lando, International Educational NGO "ACT"	<b>MONTENEGRO</b>	Milena Gvozdenović, Center for Democratic Transition (CDT)
<b>BOSNIA</b>	Omir Tufo, Center for Civil Society Promotion (CCSP)	<b>NORTH MACEDONIA</b>	Kristina Naunova and Biljana Spasovska, Balkan Civil Society Development Network (BCSDN); Emina Nuredinoska, Macedonian Center for International Cooperation (MCIC)
<b>BULGARIA</b>	Luben Panov, Bulgarian Center for Not-for-Profit Law (BCNL)	<b>POLAND</b>	Filip Pazderski, Institute of Public Affairs (IPA)
<b>CROATIA</b>	Iva Mrdeža Bajs and Petra Bratoš, Center for Development of Non-Profit Organizations (CERANEO)	<b>ROMANIA</b>	Andrei Pop, Stefania Andersen, Simona Constantinescu and Marian Bojincă, Civil Society Development Foundation (CSDF)
<b>CZECH REPUBLIC</b>	Marek Šedivý, Aleš Mrázek, and Zuzana Zděnková, Association of Public Benefit Organizations (AVPO CR)	<b>RUSSIA</b>	Viacheslav Bakhmin, Moscow Helsinki Group
<b>ESTONIA</b>	Kai Klandorf, Network of Estonian Non-profit Organizations (NENO)	<b>SERBIA</b>	Mladen Jovanović, National Coalition for Decentralization; Aleksandra Vesić-Antić, Catalyst Balkans; Dragan Srečković, Civil Society Expert
<b>GEORGIA</b>	Otar Kantaria and Otar Kobakhidze, United Nations Association of Georgia (UNAG)	<b>SLOVAKIA</b>	Kristína Marušová and Norbert Maur, Pontis Foundation (Nadácia Pontis)
<b>HUNGARY</b>	Veronika Móra, Zsuzsa Foltányi, and Ágnes Oravecz, Ökotárs - Hungarian Environmental Partnership Foundation	<b>SLOVENIA</b>	Centre for Information Service, Co-operation and Development of NGOs (CNVOS)
<b>KOSOVO</b>	Kushtrim Shaipe, IQ Consulting	<b>UKRAINE</b>	Valeriia Skvortsova, Ukrainian Center for Independent Political Research (UCIPR)



# PROJECT MANAGERS

## FHI 360

Michael Kott

Eka Imerlishvili

Alex Nejadian

## INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW (ICNL)

Catherine Shea

Jennifer Stuart

Marilyn Wyatt

# EDITORIAL COMMITTEE

Erin McCarthy, Asta Zinbo, Michael Kott, Jennifer Stuart, Natalia Shapovalova, Tamás Scsaurszki, and Kristie Evenson



# EXECUTIVE SUMMARY

The *2019 CSO Sustainability Index for Central and Eastern Europe and Eurasia* reports on developments in 2019 across seven key dimensions affecting the sustainability of the CSO sectors in twenty-four countries. In 2019, CSOs across Central and Eastern Europe and Eurasia continued to be impacted by and respond to major political developments, including elections and changes in governments, political paralysis, and protests. Despite these often turbulent political contexts, CSO sectors in a number of countries made notable advances in advocacy, service provision, and financial viability. At the same time, CSOs in many countries continued to be subject to negative rhetoric by government officials, politicians, and media outlets, often harming their public image.

These developments are largely in line with trends affecting CSO sustainability in the region over the past few years. However, the world has changed dramatically since the end of 2019 with the global spread of the novel coronavirus, creating a sense of cognitive dissonance between the situations described in the country reports and current realities. The 2020 editions of the *Index* will describe vastly different landscapes for CSOs. Given the widespread economic impact of the pandemic, dramatic declines in financial viability are anticipated that could also have a devastating impact on other dimensions of sustainability, including organizational capacity as CSOs have less funding to retain staff, pursue their missions, and reach out to their constituencies. Meanwhile, advocacy efforts have been complicated throughout 2020 by public health orders that prevent the organization of large-scale gatherings, and by legislative bodies that have been focused on pandemic-related priorities, while demand for CSOs' services—both in terms of the health and social and economic impacts of the pandemic—have likely increased.

In 2019, however, no one was yet thinking about a global pandemic. The following highlights some of the trends observed in this pre-pandemic world.

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## DRAMATIC POLITICAL DEVELOPMENTS

Several countries experienced dramatic political developments in 2019, with CSOs often at the center of these events.

Ukraine underwent significant political changes in 2019, when Volodymyr Zelenskyy, an actor without any political background, was elected president. A few months before the presidential elections, Zelenskyy formed a new political party that then went on to win a majority in early parliamentary elections held in July 2019. The government was formed by people whom for the most part had no practical experience in elected office or governing, including some who had been civil activists. The government and the new President of Ukraine pursued pro-European policies and democratic reforms. CSOs actively monitored the elections and advocated for electoral reform during the year. In November, more than 400 leaders of national and regional CSOs, think tanks, and coalitions from around the country met with the authorities in Kyiv at PlatForum, a two-day conference focused on accelerating pro-European reforms in Ukraine.

The election calendar was busy in the Northern Tier countries. In addition to various national and local elections, elections for the European Parliament took place in all member countries of the European Union (EU) in late May. In Slovakia, Zuzana Čaputová, a civil activist and lawyer with the non-parliamentary Progressive Slovakia party, was elected in March as the country's first female president. National parliamentary elections were held in Estonia in March. Although the ruling Reform Party again won the most seats, it proved unable to form a government. Parliament eventually approved a coalition government formed by the Center Party, conservative Isamaa Party, and far-right Conservative People's Party of Estonia (EKRE). The new government was less friendly to CSOs and was openly critical of CSOs working on minority issues and women's rights. National elections were also held in Poland. While pursuing a populist strategy during the election campaigns, the ruling Law and Justice (PiS) party blamed the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community and the judiciary for various problems in the country, which had a negative impact on CSOs working in these areas. Lithuania held three elections during the year, including local elections in March and presidential and European elections in May. The election results indicate that to date Lithuania has largely avoided the wave of populism and Euroscepticism observed in much of Europe. In Hungary, while the governing party Fidesz prevailed in the European elections as

expected, local elections in October brought surprising results. Joint opposition candidates won not only in Budapest and the majority of its twenty-three districts, but also in about half of the biggest towns around the country, as well as a number of smaller settlements. CSOs and community groups engaged actively around the municipal elections and these new governments proved more open to working with CSOs.

Meanwhile, several countries in the Balkans were paralyzed by political disputes. In Montenegro, a prolonged parliamentary boycott continued throughout much of 2019. CSOs were involved in EU-backed efforts to restore political dialogue and to reform the electoral and other legislation in preparation for the parliamentary elections, which were scheduled to occur on August 30, 2020. However, these efforts failed to achieve any concrete results during the year. Similarly, in Serbia fifty-five of the eighty-eight members of parliament (MPs) from opposition parties boycotted the parliament throughout the year due to the ruling party's obstruction of parliamentary debates. After key opposition parties announced that they planned to boycott the 2020 elections, CSOs and the European Parliament organized a series of dialogues between the opposition and ruling parties aimed at adopting and implementing changes that would enable a free and fair vote. Despite some initially positive signs, however, the negotiations failed to produce the expected outcomes. General elections were held in Bosnia in October 2018, but governments at many levels were still not formed in 2019 because of political stalemates. As a result, CSOs struggled to get their initiatives and proposals on the relevant agendas for action. In Albania, after months of violent anti-government protests and extreme political polarization, the opposition boycotted local elections in June, leaving the majority Socialist Party to run unopposed in many areas of the country.

Snap elections were organized in Kosovo and Romania in 2019. In Kosovo, the ruling coalition was strained throughout the year by tensions between coalition partners. In July, Prime Minister Haradinaj resigned after the Specialized Chamber for War Crimes in The Hague summoned him for questioning as a suspect. In August, parliament voted to dissolve, and snap elections were held in October. While elections generally were carried out smoothly, final results were not certified for three months, with the former opposition comprised of Vetevendosje! and Democratic League of Kosovo eventually forming a governing coalition. Due to political polarization and the switch of ruling parties after the election, it was difficult for CSOs to advocate for their issues and policies through parliamentary committees, parties, and caucuses during the year. The political context in Romania was turbulent, with two rounds of elections, a national referendum concerning corruption and the judiciary, and two motions to impeach the government, one of which was successful. After the government was impeached, a cabinet led by the Liberal Party was installed. For much of the year, CSO cooperation with the government was generally tarred by the lack of trust that has dominated the post-2017 period. However, after the new government was formed in October, transparency and CSO involvement in policy-making cycles increased.

Several countries in Eurasia also experienced dramatic political developments in 2019. Moldova had three different governments during the year. The parliamentary elections in February were the first organized on the basis of a mixed electoral system in which fifty MPs were elected on party tickets, while the other fifty-one were elected by first-past-the-post voting. The elections were followed by a three-month period of negotiations to form a governing coalition. The Democratic Party of Moldova (PDM), which ruled the country while negotiations were underway, initially refused to recognize the new government, but eventually accepted it, allowing the coalition government to assume office. However, the new coalition government was subsequently dismissed after losing a no-confidence vote in parliament in November. Another new government was then set up with the support of the Socialist Party and PDM that ruled until the end of the year. CSOs actively monitored the elections and the activity of the three governments. Parliamentary elections were also held in Belarus, but opposition candidates and representatives of democratic CSOs failed to win any seats.

In Georgia, anti-government protesters blocked the capital city's main thoroughfare for several months after a visiting Russian MP sat in the Georgian parliament speaker's chair to address the guests of the Interparliamentary Assembly on Orthodoxy. Many people viewed this as an insult to Georgian sovereignty, particularly in light of the fact that Russia maintains a military presence in the country's two breakaway territories, and thousands took to the streets to demand the resignation of key officials. Georgia's speaker of parliament eventually resigned, but this did little to defuse the situation and protests resumed later in the year. These events triggered unprecedented civic activism in the form of civic movements, informal organizations, and civic-minded individuals.

Meanwhile, tense elections took place for the Moscow City Duma in September. After the authorities failed to register independent opposition candidates for the elections, numerous protest rallies were organized. The protests were violently dispersed by the police, and thousands of protesters were arrested. Ironically, after the

protests, rather than looking into the violence by police, the Russian Investigative Committee began to look into violence against police officers, convicting eighteen as of January 2020.

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## CSO ADVOCACY STRENGTHENS

CSO advocacy was a bright spot among the countries covered in the *2019 CSO Sustainability Index for Central and Eastern Europe and Eurasia*, with ten countries— three in the Northern Tier (Hungary, Lithuania, and Slovenia), four in the Southern Tier (Croatia, Kosovo, North Macedonia, and Romania), and three in Eurasia (Armenia, Azerbaijan, and Georgia)—reporting improvements in their advocacy scores.

Several countries with already high levels of advocacy capacity reported further improvements in this dimension in 2019. In Lithuania, the sector engaged in proactive advocacy focused on CSO law reform and gained new representation in decision-making bodies, including delegated representatives on Regional Development Councils. With its improved score, Lithuania now has the highest advocacy score of any country covered by the various regional editions of the *CSO Sustainability Index*. CSOs in Slovenia also demonstrate strong advocacy capacity and noted further improvements in 2019. During the year, Slovenian CSOs formed many large advocacy coalitions and implemented several successful advocacy campaigns that demonstrated their ability to respond quickly to emerging issues. In a notable example, a coalition of seventy CSOs opposed a proposal by the Ministry of Labor that would have eliminated a social transfer for people who are employed, but do not earn a certain minimum income. Their effort was successful, and the proposal was ultimately withdrawn. In Armenia, which has had an advocacy score falling within the Sustainability Enhanced category—the highest tier of sustainability—for the last few years, advocacy was boosted further in 2019 as CSOs had more opportunities to engage with state officials and several successful CSO policy advocacy initiatives helped shape legislation and the public agenda.

Hungary reported an improvement in advocacy in 2019 after nearly a decade of backsliding in this and other dimensions as a result of the government’s repressive policies and efforts to restrict civic space. While the government continued to have a generally hostile attitude towards CSO advocacy in 2019, there was an increase in civic activism, including around the municipal elections. The report notes that the successes of activism around the election “brought some hope and optimism in an otherwise very depressed atmosphere, which can be the basis for future mobilization.”

In Romania, Armenia, and North Macedonia, improvements in advocacy in 2019 were linked to changes in the government, either in 2019 or in recent years. In Romania, advocacy improved in 2019 as transparency and CSO involvement in policy-making cycles increased after the new government was installed in October, making it the first dimension of CSO sustainability to register an improvement in score since 2016. As noted above, Armenian CSOs improved their capacity in 2019, in part because they had more opportunities to engage with the new state officials that came to power through the Velvet Revolution in April and May 2018. In North Macedonia, where a transformative change in government occurred in mid-2017, advocacy improved in 2019 as the government was more responsive towards the activities and opinions of civil society and CSOs were able to engage more in decision-making processes both in local municipalities and central government bodies.

Azerbaijan continues to have the weakest level of advocacy in the region but did note a slight improvement in this dimension in 2019 as CSOs had more opportunities to interact with the government on policy issues, including through new CSO-government cooperation channels. For example, a new unit on work with CSOs and the media was set up in the President’s Office, which CSOs view as a potentially effective mechanism to raise their concerns at the highest level. Despite this slight improvement, CSOs viewed by the government as affiliated with the opposition or that focus on issues such as political prisoners and government corruption are still largely unable to engage in advocacy.

Advocacy also improved in Croatia, Kosovo, and Georgia during the year, with CSOs in all three countries engaging in significant advocacy efforts during the year and playing an active role in shaping nationwide discussions on pressing issues, including domestic violence, teacher salaries, media freedom, judicial appointments, human rights, and discrimination against minorities.

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## MODEST GAINS IN SERVICE PROVISION

CSO service provision also improved in 2019, with seven countries, including two in the Northern Tier (Latvia and Lithuania), three in the Southern Tier (Albania, Kosovo, and North Macedonia), and two in Eurasia (Moldova and Russia), reporting better scores in this dimension. In Lithuania, North Macedonia, and Moldova, the improvements were at least partly attributed to the fact that CSOs broadened the services that they provide to their clientele. In Lithuania, CSOs started providing personal assistants to people with disabilities. In North Macedonia, changes to the Law on Social Protection that were adopted in May 2019 now allow citizens' associations to provide community services, and civil society engaged in more initiatives that respond to public interests, especially in the areas of environmental and social protection. In Moldova, a growing number of CSOs, particularly mutual benefit associations, diversified their services during the year. For example, the Beekeepers Association from Moldova received accreditation to provide trainings for beekeepers and issue training certificates that are recognized by public institutions.

The improvement in service provision in Albania was driven by CSOs' effective response to the earthquake in November. CSOs quickly mobilized to provide food and non-food items, psychosocial assistance, and other relief activities to those affected by the earthquake.

Government support plays a key role in service provision and contributed to improvements in this dimension in several countries. In Lithuania, data from 2018, the latest year for which information is available, indicated that CSOs received 6.7 percent of the total municipal funding for public services, an increase of 1.5 percent compared to the previous year. In Kosovo, the fact that the Ministry of Labor and Social Welfare licensed two non-majority CSOs to offer social and family services for the first time contributed to its improved service provision score. In Russia, the government expanded the list of services eligible for longer-term government support, increasing the stability of these services. This, combined with incremental changes over the past several years, led to an improvement in service provision.

The growth in social enterprises was a factor in improved service provision in both Latvia and Lithuania. In Latvia, ninety-four social enterprises were created in 2019 in areas such as education, health care, and information technology. In Lithuania, the number of social businesses in the country more than doubled in 2019, reaching sixty-five, mainly as a result of funding for social businesses from the EU LEADER program. Social entrepreneurship is also a growing phenomenon in other countries around the region, including Albania, Armenia, the Czech Republic, Kosovo, Moldova, Romania, Montenegro, Poland, Romania, Russia, and Serbia.

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## CONTINUED PROGRESS IN FINANCIAL VIABILITY

Financial viability has long been the weakest dimension of CSO sustainability in the region. While 2019 was no exception in this regard, some important progress has been made in this area over the past few years. In 2018, half of the countries covered in this edition of the CSO Sustainability Index reported advances in financial viability. This positive progress continued in 2019, with nine countries reporting improvements, the majority of which had also reported improvements the previous year. Improvements were recorded in all sub-regions, including by three countries in the Northern Tier (Lithuania, Slovakia, and Slovenia), two in the Southern Tier (Kosovo and North Macedonia), and four in Eurasia (Azerbaijan, Moldova, Russia, and Ukraine).

Government funding is a critical source of domestic funding in many countries across Central and Eastern Europe and Eurasia and increases in public funding levels contributed to the improved financial viability in 2019 in countries as diverse as Slovenia, Azerbaijan, Russia, and Ukraine. The Slovenia and Russia reports both note that public funding is the most significant source of financial support for CSOs. In Slovenia, public funding accounts for approximately 36 percent of total CSO income and in 2018, the most recent year for which data is available, public funding amounted to EUR 333 million, an increase of 6.7 percent over the previous year. In Russia, a notable increase in budget support for CSO social projects at the regional level fueled the improvement in the sector's financial viability. According to the Ministry of Economic Development, authorities in eighty-three regions allocated more than 31.3 billion rubles (\$489 million) to 4,400 socially-oriented non-commercial organizations in 2018, the most recent year for which data is available; this was a dramatic increase from 2017, when these organizations received a total of 11.6 billion rubles (\$184 million). However, while state financing is abundant, the most active and visible human rights CSOs and foreign agents very rarely receive government support. In Ukraine, the

government allocated nearly UAH 887 million (approximately \$32.7 million) to CSOs in 2019, more than twice as much as in 2018; much of this increased funding went to cultural organizations and CSOs that provide social services. In Azerbaijan, a total of eighteen government bodies awarded grants to CSOs in 2019, up from twelve in 2018.

The amount of money flowing to the sector through mechanisms that allow individuals to assign a portion of their taxes to eligible CSOs also increased in 2019. In Slovakia, where the Income Tax Act allows companies and individual taxpayers to assign between 0.5 and 2 percent of their owed taxes to eligible CSOs, tax assignments reached a new high in 2019, exceeding EUR 73 million, an increase from EUR 68 million in 2018. In Lithuania, individuals can assign 2 percent of their income tax obligations to CSOs; such allocations increased from EUR 11.2 million in 2018 to EUR 13 million in 2019. Individual taxpayers in Slovenia can designate 0.5 percent of their income tax to eligible CSOs, including political parties, unions, religious communities, and NGOs. The amount of such tax designations increased slightly from EUR 4.6 million in 2017 to EUR 5 million in 2018, while the number of individuals donating a share of their income tax to CSOs increased by about 1.3 percent. This type of mechanism is newer in Moldova: 2019 was just the third year in which individual taxpayers had the right to redirect 2 percent of their income tax to an accredited CSO. Revenue collected through this mechanism reached MDL 7.6 million (approximately \$434,000) in 2019, a 37 percent increase over 2018, contributing significantly to Moldovan CSOs' improved financial viability during the year. Individual taxpayers also have the right to assign funds to CSOs in Poland, Romania, and Slovenia.

While domestic funding accounted for most of the improvements in financial viability during the year, foreign funding also played a role in several countries. Of particular note in 2019 was the launch of grant opportunities under the Active Citizens Fund (ACF), a program funded by the European Economic Area (EEA) and Norway Grants. Lithuania, Slovakia, and Slovenia all noted the launch of the ACF as a contributing factor in their improved financial viability. In Slovakia, the ACF awarded EUR 2.65 million to forty-nine projects in 2019; the first grants were not awarded in Lithuania and Slovenia until 2020. The ACF was also mentioned as an important source of funding for CSOs in 2019 in Bulgaria (where EUR 6.1 million was awarded during the year) and Estonia (where EUR 1.1 million was awarded during the year), although they did not result in overall improvements in financial viability. The reports for the Czech Republic, Hungary, Latvia, Poland, Romania, and Slovenia also mention the launch or anticipated launch of new grant opportunities under the ACF.

Other foreign sources of funding were cited as contributing factors to increased financial viability in Kosovo and Moldova. Kosovo attributed some of its increased financial viability to increased funding programs at the regional level, including from the Regional Youth Cooperation Office (RYCO), Regional Cooperation Council (RCC), and the German federal government, in addition to the newly acquired access for Kosovo's CSOs to the Creative Europe Program. Moldova also credited an increase in foreign funding, particularly from the EU, for part of its increased financial viability.

While these positive developments put CSOs in these countries in a better position at the start of the pandemic, shrinking tax bases and income are likely to take a heavy toll on individual, corporate, and government funding of CSOs in 2020.

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## ONGOING SMEAR CAMPAIGNS TARGET CSOS

While there were positive advances in CSOs' advocacy, service provision, and financial viability, CSOs across the region continued to be subject to smear campaigns by government officials, politicians, and the media. While the situation did not worsen as much as it did in 2018, when eleven countries reported deterioration in the sector's public image, often because of such campaigns, five countries reported worsening public image in 2019. Smear campaigns and derogatory comments by government officials or politicians were mentioned as contributing factors in all five countries. In many cases, these campaigns were tied to the extreme polarization in society and specifically targeted CSOs focused on issues such as human rights, women's rights, and good governance.

The situation was particularly concerning in Bulgaria, which recorded a significant decline in its public image score in 2019. Attacks on organizations working on gender issues and with the LGBTI population were common in 2018. In early 2019, children's organizations also began to be targeted. By the end of the year, the entire sector was being attacked, including through questions about CSOs' role in society and claims that foreign-funded CSOs promote foreign interests.



In Georgia, CSOs were also subject to orchestrated campaigns by pro-government media and ruling party representatives. For example, the ruling party accused well-known CSO leaders of a bias in favor of the main opposition party; party officials also slammed the U.S.-based National Democratic Institute and International Republican Institute for similar bias in their public opinion surveys. Meanwhile, far-right groups often reiterated propaganda narratives blaming “western CSOs” for undermining Georgian traditional values. The sector’s public image also deteriorated in Serbia and Poland, both of which have governments that routinely denigrate civil society.

CSOs in Latvia also reported a deterioration in their public image because of derogatory comments about CSOs by government officials and politicians and negative media coverage. However, the negative statements and coverage in Latvia were more targeted than in other countries. Most notably, the media provided broad coverage of the State Audit Office’s findings that two foundations had engaged in dubious donation schemes, incomprehensible trademark dealings, potentially fictitious hiring, unprincipled grantmaking, and unreasonable spending. Some publications routinely referred to such problems as if they were intrinsic to the sector as a whole, damaging the sector’s overall public image.

While only five countries reported a change in their public image scores as a result of such smears, a number of other countries also reported widespread attacks on the sector in 2019. CSOs in Hungary and Romania have both been subject to smear campaigns for several years and 2019 was no exception. In Hungary, while the smear campaigns orchestrated by the dominant pro-government media and leading politicians over the past few years eased somewhat, specific organizations and those focused on certain issues continued to be subject to harassment. In Romania, high-ranking state officials and politicians frequently used the term #Rezist to vilify all civic protesters during the year.

In other countries, such attacks were a newer phenomenon. In Estonia, for example, the far-right member party of the governing coalition was openly critical of CSOs working on minority issues and women’s rights and threatened to cut funding for some prominent organizations working in these areas. In the Czech Republic, in a worrying development, representatives of “traditional” political parties began to adopt rhetoric critical of CSOs similar to that used by politicians and parties on the margins of the political spectrum. Reports in Albania, Slovakia, Kosovo, and Moldova also mention smear campaigns to discredit or stigmatize the work of CSOs in 2019.

The situation in Armenia demonstrates the role that political polarization plays in attacks on CSOs. Armenian society was highly polarized in 2019 between those with liberal views who largely support the new authorities against representatives and supporters of the old regime. During the year, anti-revolutionary forces depicted CSOs as “grant eaters” and accused them of destroying national values and promoting foreign agendas.

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## REGIONAL TRENDS IN CSO SUSTAINABILITY

The twenty-four countries covered by this edition of the CSO Sustainability Index continue to vary widely in terms of their overall levels of CSO sustainability. As in past years, Estonia has the highest level of sectoral sustainability, not only in the *CSO Sustainability Index for Central and Eastern Europe and Eurasia*, but in any of the other regional editions of the *CSO Sustainability Index*. CSOs in Estonia, as well as most other Baltic and Visegrad countries, operate within supportive legal environments, have strong organizational capacities, and are strong advocates and service providers. While financial viability continues to be one of the weakest dimensions of sustainability, CSOs in these countries have access to more diverse sources of funding, including government grants and contracts, individual and corporate philanthropy, and tax designations.

On the other end of the spectrum are Belarus and Azerbaijan. CSOs in these two countries operate in highly restrictive legal environments that limit their access to funding—particularly foreign funding—with virtually no space for independent advocacy. They also have weak organizational capacities and little public support.

Overall CSO sustainability in Central and Eastern Europe and Eurasia was largely stable in 2019, with fifteen countries reporting no changes in their overall CSO sustainability scores. Five countries—Kosovo, Lithuania, North Macedonia, Slovakia, and Ukraine—reported improvements in overall CSO sustainability, while four countries—Belarus, Bulgaria, Poland, and Serbia—reported deteriorating levels of overall CSO sustainability.

As in past years, average CSO sustainability levels largely followed sub-regional divisions in 2019. In general, the Northern Tier countries (the Baltic and Visegrad countries) generally continue to boast the highest overall levels of CSO sustainability, while those in Eurasia have the lowest levels of sustainability. Overall CSO sustainability in



the Southern Tier falls somewhere in between the other two regions. Exceptions to these sub-regional trends include Hungary, which is geographically in the Northern Tier but has a score more in line with countries in the Southern Tier (Southeastern Europe), and Ukraine, which is in Eurasia, but has a score in the range of those reported by most Northern Tier countries. A brief discussion of key developments in each sub-region follows.

## Northern Tier



With the exception of Hungary, all countries in the Northern Tier continue to have overall CSO sustainability scores in the Sustainability Enhanced range, the highest tier of sustainability. As described above, Estonia continues to report the highest level of CSO sustainability in the region; Estonia’s score did not change in 2019. Hungary, on the other hand, continues to have the lowest level of sustainability among the Northern Tier countries. For the first time in five years, however, Hungary’s overall CSO sustainability score remained stable. While civic space remains restricted, the report noted some positive developments in 2019. Most importantly, in local elections held in October, joint opposition candidates won in Budapest, many of the biggest towns around the country, and several smaller settlements. At the same time, pressure on civil society—including the smear campaigns orchestrated by the dominant pro-government media and leading politicians over the past few years—eased somewhat. Although the national government continued to have a generally hostile attitude towards CSO advocacy, advocacy improved slightly in 2019 as civic activism, including around the municipal elections, increased.

CSO sustainability improved in Lithuania and Slovakia in 2019. Lithuania’s overall CSO sustainability score improved for the second year in a row, driven by positive developments in the legal environment, financial viability, advocacy, and service provision dimensions. A highlight of the year was the passage of the new Law on the Development of Non-governmental Organizations (NGOs), which clarifies the concept of an NGO and establishes the National NGO Fund. Beginning in 2020, the government will make budget allocations to the National NGO Fund equivalent to 20 percent or more of the total income tax allocated to nonprofit entities by individual taxpayers in the previous year. In addition, CSOs defended their legal interests and advocated with more confidence, there was some progress in the transfer of public services to the CSO sector, and CSOs diversified their funding sources. Slovakia reversed the backsliding it experienced in overall CSO sustainability in 2018 with advances in the legal environment, including the enactment of the long-awaited Act on the Register of Non-Governmental Nonprofit Organizations, and financial viability.

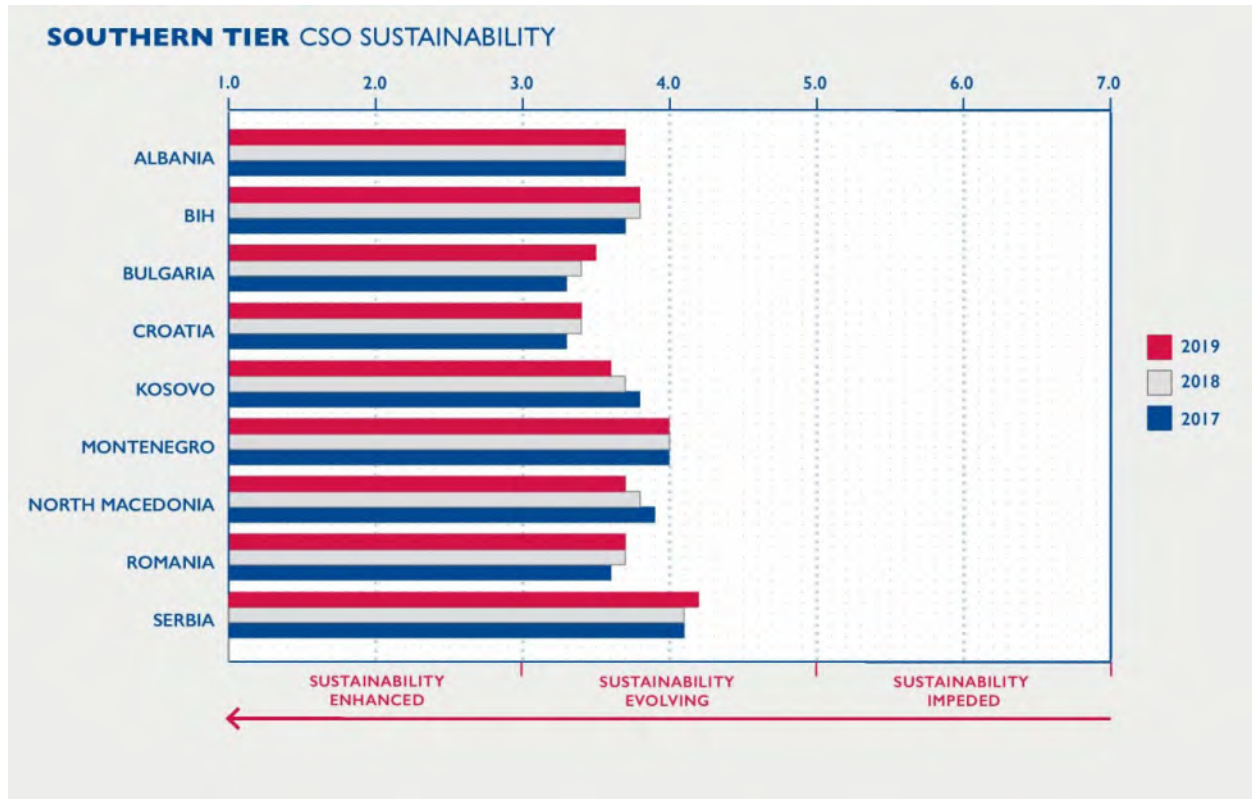
Although they were insufficient to lead to an improvement in overall sustainability, Slovenia also noted advances in a few dimensions of CSO sustainability. The overall income of the sector increased, leading to growth in financial

viability, while CSO coalitions implemented a number of advocacy campaigns, new consultative bodies were established, and cooperation between CSOs and the government grew at the local level. CSO sustainability in the Czech Republic was largely stable, although organizational capacity improved slightly as CSOs worked increasingly well with their constituencies.

CSO sustainability in Poland deteriorated in 2019 for the fourth consecutive year. In the run-up to national and European elections, government harassment of CSOs, particularly those dealing with LGBTI issues and the judiciary, increased, contributing to a decline in the legal environment. Advocacy deteriorated as the quality of civic dialogue and the level of CSOs' involvement in the law-making process declined further, while ongoing smear campaigns against certain CSOs further tarnished the sector's public image. These negative developments were offset somewhat by a slight improvement in CSOs' service provision, fueled by an increase in the number of social enterprises in the country.

While its overall CSO sustainability score did not change, Latvia noted negative developments affecting the legal environment, sectoral infrastructure, and public image dimensions. CSOs were subject to a growing number of legal regulations that restrict their operations, the work of support centers was constrained by their limited access to flexible funding, and government officials and politicians made derogatory comments about CSOs.

## Southern Tier



Overall CSO sustainability scores among the Southern Tier countries continue to fall within a fairly narrow range of scores within the Sustainability Evolving Category, the middle tier of sustainability. With Bulgaria reporting a deterioration in its overall CSO sustainability score in 2019, Croatia now has the highest level of CSO sustainability in the sub-region, while neighboring Serbia has the lowest level of overall CSO sustainability and reported further deterioration in 2019, as described further below.

Two countries—Kosovo and North Macedonia—reported improvements in their overall CSO sustainability scores in 2019. Kosovo reported slight improvements in every single dimension of sustainability. Of particular note was the adoption of a new law on CSOs, leading to an improvement in the legal environment. CSO sustainability improved in North Macedonia in 2019 for the second year in a row, with improvements noted in six out of seven

dimensions. The largest improvement was in advocacy, as CSOs engaged successfully in policy-making processes, and many of their initiatives were accepted by the authorities. Only organizational capacity remained stable.

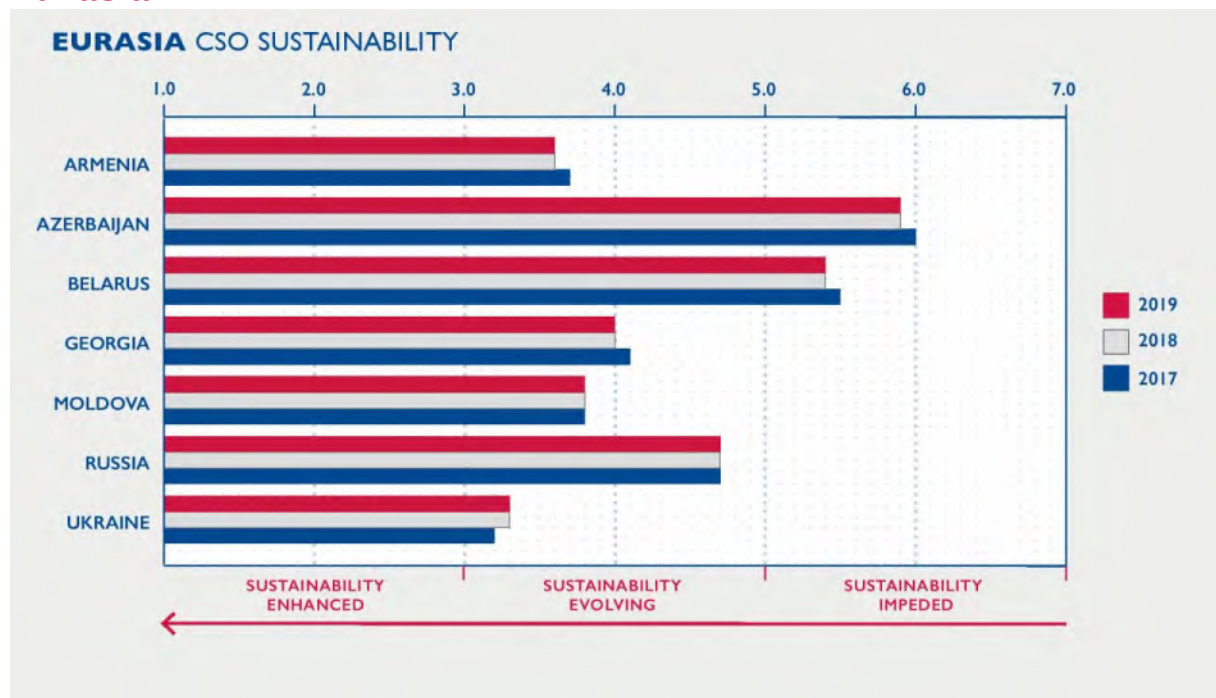
The overall sustainability of the Albanian civil society sector did not change in 2019, although improvements were noted in several dimensions. CSOs demonstrated stronger organizational capacity as they benefited from donor support programs, while the launch of the National Resource Center for Civil Society in Albania boosted the infrastructure supporting the sector. In addition, service provision improved as CSOs took part in the immediate response to communities affected by a devastating earthquake that shook the country in November. Similar to the situation in Hungary in the Northern Tier, CSO sustainability in Romania stabilized in 2019 after several years of decline, and positive developments were noted in advocacy after a new government was installed.

Bulgaria and Serbia—which began the year with the highest and lowest scores in the region, respectively—both reported weakening CSO sustainability in 2019. In Bulgaria, attacks against CSOs peaked in 2019, leading to a decline in trust in the sector and a deterioration in the sector’s public image. The attacks also affected organizational capacity, as they hindered CSOs’ ability to attract constituents and promote their missions, and advocacy. At the same time, several legislative proposals questioned basic standards of freedom of association, such as access to funding and the right of judges and prosecutors to associate freely, while financial viability decreased as available sources of funding declined, despite the fact that the ACF began to award grants in Bulgaria in 2019.

Civic space in Serbia further shrunk in 2019, with increased restrictions on civic freedoms and civil society. Five out of seven dimensions—legal environment, organizational capacity, advocacy, and public image—deteriorated, most of which worsened due to the hostile environment in which civil society activists operated. The infrastructure supporting the CSO sector, on the other hand, strengthened slightly with the start of a few new programs.

CSO sustainability in Croatia remained stable, with both positive and negative developments recorded. Long delays in funding programs led to declines in both the financial viability and service provision dimensions. At the same time, the public mobilized around a number of civil initiatives addressing issues of concern, resulting in an improvement in advocacy, and the positive public response to these efforts contributed to an improvement in public image. CSO sustainability in Bosnia and Herzegovina and Montenegro was stagnant, with no score changes reported in any dimension of sustainability in either country.

## Eurasia



While on average, CSO sustainability scores in Eurasia are the lowest among Central and Eastern Europe and Eurasia, individual CSO sustainability scores in the sub-region cover a wide range, with the score in Ukraine approaching Sustainability Evolving, and those for Azerbaijan and Belarus well within Sustainability Impeded.

CSO sustainability in Ukraine improved further in 2019, driven by positive developments in the legal environment, organizational capacity, and financial viability dimensions. On the other end of the spectrum, while overall CSO sustainability in Azerbaijan did not change in 2019, the government's relationship with CSOs improved somewhat, contributing to positive developments in the financial viability and advocacy dimensions. CSOs had more access to public funding and the government continued to register grants, donations, and foreign service contracts. In addition, some government entities demonstrated increased willingness to collaborate with CSOs, enabling a broader range of CSOs to participate in decision-making processes.

CSOs in Belarus also operate in a difficult environment, and overall CSO sustainability in the country deteriorated in 2019, reversing the gains achieved in 2018. The deterioration was driven by a decline in organizational capacity. While this remains the sector's strongest dimension, in recent years internal capacity development has become less of a priority for both CSOs and donors: donor funding for organizational development has become scarcer, and most CSOs now ignore capacity development as they lack their own resources to invest in such efforts.

Overall sustainability did not change in Armenia, Georgia, Moldova, or Russia, although some notable changes were recorded at the dimension levels in all four countries. In Armenia, improvements were noted in both the organizational capacity and advocacy dimensions. With the support of donor-funded projects over the last several years, a number of CSOs have built their organizational capacities, and CSO advocacy improved as CSO coalitions had increased influence on the development of public policies.

Moldovan CSOs recorded advances in three dimensions of sustainability—financial viability, service provision, and sectoral infrastructure. Foreign donor funding increased, while the portfolio of CSO services diversified and the infrastructure supporting the sector strengthened with the growth of local grantmaking capacity.

The reports for Georgia and Russia noted both positive and negative developments. In Georgia, advocacy improved, with CSO representatives serving as important advocates and opinion leaders, often influencing the national narrative and sharing their expertise through various media channels. Meanwhile, the sector's public image deteriorated as the government's negative rhetoric continued to damage public trust in CSOs. In Russia, CSOs' organizational capacity, financial viability, and service provision all improved. The organizational capacity of CSOs increased slightly due to the greater use of digital technologies by CSOs and the growing involvement of citizens in charitable and social volunteer campaigns organized by CSOs. The improvement in the sector's financial viability was fueled by growth in regional government funding for CSOs and charitable giving. Service provision improved both due to some minor changes in 2019, as well as incremental changes over the past several years that were insufficient to justify a change from one year to the next but have led to a cumulative improvement in service provision. These improvements, however, were offset by a moderate deterioration in the legal environment for activist groups, independent organizations defending the rights of citizens, and independent journalists and the media, leaving overall CSO sustainability unchanged.

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## CONCLUSION

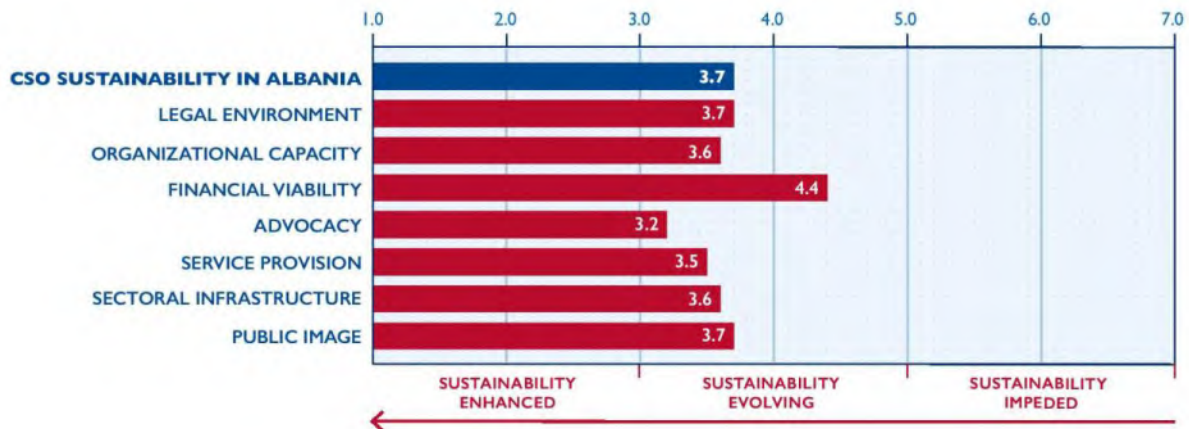
The country reports that follow provide an in-depth look at the state of CSO sectors in twenty-four countries across Central and Eastern Europe and Eurasia in 2019. Although the 2020 reports are likely to describe dramatically different situations, we hope that this annual survey continues to capture useful trends for CSOs, governments, donors, and researchers.



# ALBANIA

\*Capital: Tirana  
 Population: 3,074,579  
 GDP per capita (PPP): \$12,500  
 Human Development Index: High (0.791)  
 Freedom in the World: Partly Free (67/100)

## OVERALL CSO SUSTAINABILITY: 3.7



Albania experienced several important political and socio-economic developments in 2019. After months of violent anti-government protests and extreme political polarization, the opposition boycotted local elections in June, resulting in the majority party, the Socialist Party, running unopposed in many areas of the country. Voter turnout was low (22.96 percent), since Albanian voters were faced with the lack of “meaningful choice between political options,” according to the Organization for Security and Cooperation in Europe (OSCE). The deep divisions between the main political parties continued throughout 2019.

Despite considerable efforts over the last few years to meet membership criteria for the European Union (EU), the European Council failed for the second time to open accession talks with Albania in 2019. The postponement caused widespread public disappointment.

Freedom of expression deteriorated in 2019. Prime Minister Edi Rama and other politicians repeatedly used hostile or denigrating rhetoric about the media, and two television talk shows were shut down because of government pressure. Journalists were threatened and injured during anti-government demonstrations. In December, the parliament approved controversial amendments to the Laws on Audio-Visual Media and Electronic Communications, together known as the Anti-Defamation Package. The laws sought to allow the government’s Audio-Visual Media Authority to regulate content published by online media, thereby threatening to curtail freedom of speech, transparency, inclusive consultation, and respect for the constitution and the European Convention on Human Rights. The European Federation of Journalists, Reporters Without Borders, Council of Europe, EU, OSCE, and other international groups and journalists, as well as Albanian CSOs, repeatedly urged the president not to enact the new laws because of concerns that the package would deteriorate press freedoms in Albania. In the middle of January 2020, the president vetoed the laws, stating that they “could place Albania on the brink of authoritarianism and endanger its [EU] integration and the very existence of democracy in the country.” Nevertheless, on February 3, 2020, the government published one of the two amended laws in the Official Gazette and it went into force on February 18.

An earthquake hit Albania on November 26, 2019, killing about fifty people, injuring 1,000, and destroying the

\*Capital, population, and GDP for all country reports are drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/the-worldfactbook/>. Human Development Index data available at <http://hdr.undp.org/en/composite/HDI>. Freedom in the World data available at <https://freedomhouse.org/report-types/freedom-world>.

homes of up to 17,000 people. The World Bank estimated the total economic damage at \$820 million. CSOs and other activists provided immediate assistance to affected communities. Individuals and organizations, both domestic and international, as well as the Albanian diaspora, contributed to the recovery of affected communities by donating through the state portal e-Albania and other crowdfunding platforms.

The overall sustainability of the Albanian civil society sector did not change in 2019, although improvements were noted in several dimensions. CSOs demonstrated stronger organizational capacity as they benefited from donor support programs. The launch of the National Resource Center for Civil Society in Albania (NRCS) boosted the sectoral infrastructure. Albanian CSOs took part in the immediate response to communities affected by the earthquake, improving their service provision. CSOs continued to exhibit strong advocacy as they actively engaged in important initiatives and demonstrated persistence in the pursuit of their missions. Financial viability continues to be the weakest dimension of sustainability.

According to the Tirana First Court of Instance, 11,739 CSOs were registered as of the end of 2019. This number included 313 newly registered organizations (193 associations, 79 centers, and 41 foundations). The number of organizations registered with the tax authorities, which provides a better estimate of the number of active CSOs, was 4,767 CSOs at the end of 2019, including 238 organizations newly registered in 2019. During the year, six CSOs submitted requests to the tax authorities to deregister, and 192 CSOs changed their status from active to passive.

CSOs are concentrated in Tirana and the main regional centers and are relatively scarce in small and medium-sized municipalities and rural and remote areas. According to a 2019 report by Partners Albania for Change and Development (PA) entitled “Capacity and Needs Assessment for CSOs in Albania,” 61 percent of organizations operate at the national level and 42 percent work at the local level.

## LEGAL ENVIRONMENT: 3.7



The legal environment for CSOs in Albania did not change in 2019. While legislation clearly addresses CSOs’ registration and operations, the processes for CSOs to register, amend their statutes, and de-register are centralized, bureaucratic, long, and costly, especially for CSOs outside of Tirana. The law provides clear limits on government oversight of CSOs, and CSOs have the right to appeal administrative decisions. No cases of abuse or state harassment were reported in 2019.

The government approved its revised Road Map for the Government Policy towards a More Enabling Environment for Civil Society Development (2019-23) in July 2019. With support from the Delegation of the EU in Albania, the Road Map was prepared through an open and participatory process involving CSOs and other key

stakeholders. The plan includes forty-two actions for the government to undertake, such as improving the Law on Volunteering and introducing state funding schemes for volunteer programs run by CSOs. Given the poor implementation of the 2015 Road Map, which finished with nearly 80 percent of planned actions reported as unimplemented, CSOs have low expectations for the realization of the revised Road Map.

Law No. 25/2018 on Accounting and Financial Statements entered into force on January 1, 2019. The law requires additional reporting by non-for-profit entities. CSOs were not involved in the drafting of the law and feel that it poses a high risk for state intervention in their operations. In May, CSOs submitted an open letter to the relevant institutions requesting a meeting to discuss their concerns but received no reply.

Law No. 45/2016 on Volunteerism and Law No. 65/2016 on Social Enterprises were finally operationalized in 2019. Bylaws for the Law on Volunteerism were adopted in 2019 to regulate the relationship between volunteers and CSOs, including the requirements for contracts and a code of ethics for volunteer work. However, the law needs further development, for instance to enable CSOs to rely on volunteers to operate when they lack funding. The

Law on Social Enterprise remains problematic in that CSOs awarded the status of social enterprise have limited ability to generate income from their economic activity because of constraints imposed by the 2001 Law No. 8788 on Nonprofit Organizations, which still needs amendment.

The government's fiscal treatment of CSOs was largely unchanged in 2019. CSOs are treated similarly to other taxable bodies, which constrains the sector's development and sustainability. During the year, CSOs continued to express concern about their undifferentiated fiscal treatment and the challenging reimbursement process for value-added tax (VAT). In a positive step, a new VAT reimbursement procedure entered into force in December 2019, which is expected to ease CSOs' VAT reimbursement process. Individuals and corporations continue to lack tax incentives to donate to CSOs. CSOs are subject to operational audit inspections and anti-money laundering and financing of terrorism inspections by tax authorities.

A CSO may engage in economic activities to generate income, provided revenues do not account for more than 20 percent of its overall annual budget. In December 2019, a new draft law on public procurement was offered for public consultation. Under this draft law, social and other services are subject to a simplified procurement process, which is expected to have a positive impact on service-providing CSOs.

Few legal resources are available to CSOs, especially those based outside of Tirana. Some CSOs offer legal advice and expertise, and CSOs have improved access to pro bono legal assistance through the network of law clinics supported by the Open Society Foundation for Albania (OSFA). In 2019, five legal clinics and law centers offered free legal aid in Tirana, Durrës, Shkoder, and Vlora. In 2019, the Center for Rights at Work launched the Labor Academy, which provides legal aid to Albanian labor unions.

## ORGANIZATIONAL CAPACITY: 3.6

CSOs' organizational capacity improved slightly in 2019 as a result of donor programs focused on capacity building over the past few years. For example, under the EUR 5.4 million IPA Civil Society Facility and Media Program 2016-2017, the EU supported CSO capacity building including constituency building. With support from this program, in 2019, the Albanian Network for Rural Development (ANRD) organized twenty-six gatherings with its constituents at the local, regional, and national levels. The Swedish International Development Cooperation Agency (Sida) has provided institutional support to seventy-four CSOs, mainly environmental organizations. The USAID-funded project Accelerated Civic Development and Cooperation (2017-2020), implemented by the Albanian National Training and Technical Assistance Resource Center (ANTTARC), supports the organizational capacities of CSOs working in the democracy and governance sector. Since 2017, ANTTARC has provided sixty organizations with tailor-made support focused on organizational capacity, including training and technical assistance addressing issues such as organizational development, financial management, strategic planning, program design and management, and networking and fundraising.



During 2019, other donors and international organizations, including the National Democratic Institute, Roma Initiative Office in Berlin, and We Effect, supported strategic planning by CSOs. As a result, an increasing number of CSOs now have strategic plans based on their visions and constituencies' needs rather than donor priorities. According to the PA "Capacity and Needs Assessment for CSOs in Albania," 58 percent of interviewed CSOs have strategic plans. In 93 percent of cases, strategic plans were based on the organization's mission and statute, while in 73 percent of cases, strategic plans reflected constituencies' needs.

CSOs at the local level have stronger connections to their communities and constituencies than national organizations, but their resources and capacities are limited. Many CSOs are project-based, with the bulk of their funding coming from the EU, which requires detailed planning and administrative documentation. Consequently, CSOs invest more of their time in administrative tasks than building strong constituencies.

Most CSOs have formal management structures and processes in place, although they do not always function effectively. CSOs' internal management is varied. CSOs such as World Vision, the Balkan Investigative Reporting Network (BIRN) Albania, OSFA, Helsinki Committee, and Civil Rights Defenders have active boards that engage in the governance of their organizations. In other organizations, boards of directors exist to comply with legal requirements but do not exercise oversight to ensure the accountability of executives. There are no known cases in which a board of directors has dismissed an executive director. According to the PA study, 65 percent of CSOs have internal organizational policies and procedures.

Albanian CSOs find it challenging to maintain permanent and full-time staff, mainly because they are constrained by project-based funding. The 2019 PA report finds that 20 percent of CSOs had no full-time employees in 2018, and that 3 percent of CSOs had neither full-time nor part-time employees and relied exclusively on volunteers. Eighty percent of organizations had some full-time staff, while 76 percent of organizations had part-time staff and 85 percent work with volunteers. CSOs in rural and remote areas face difficulties in attracting qualified human resources due to migration and depopulation in these areas. CSOs increasingly contract with experts on a short-term basis for the duration of funded projects. Volunteer engagement in Albania remains low. According to the Charities Aid Foundation's 2019 World Giving Index, an average of just 9 percent of Albanian respondents reported volunteering over the past ten years.

CSOs increasingly use modern technologies, including social media, such as Facebook, WhatsApp, and LinkedIn. CSOs have been able to increase their access to office equipment in recent years with support from donor programs.

## FINANCIAL VIABILITY: 4.4



CSOs' financial viability did not change in 2019. Funding from international donors continued to be available, while government support remained low. Overall, there continued to be a worrying lack of funding, especially for smaller CSOs, and a lack of diversity in funding modalities.

The Agency for Support of Civil Society (ASCS) remained the primary source of government funding for CSOs in 2019. ASCS awarded fifty-two grants during the year, seven more than in 2018, with grants ranging in size from ALL 700,000 (about \$6,300) to ALL 3,400,000 (about \$30,500). Priority areas for funding included youth activism, civil society in the European integration process, social services, and environment, tourism, and integrated development. The Ministry of Culture

financed 151 projects in 2019—twenty-three more than in 2018—with grants ranging from \$4,500 for projects implemented by individuals to \$18,000 for CSO projects. The Good Causes Board of the National Lottery posted eight winning project proposals on its website but did not indicate the amount of financial support awarded.

An incomplete legal framework prevents local governments from developing mechanisms to make local funds available to CSOs. The Regional Program for Local Democracy (ReLOaD), a regional initiative financed by the EU and implemented by the United Nations Development Programme (UNDP), seeks to develop a transparent model of project-based funding for CSOs by local governments.

Larger CSOs continued to rely primarily on grants from international donors in 2019, with the bulk of funding coming from the EU. Foreign grants often include sub-granting components that make funds available to smaller organizations. For example, Terre des Hommes Albanian (Tdh), in partnership with ANTTARC, provided EUR 98,000 (approximately \$120,000) in sub-grants to local CSOs through the EU-funded project Strengthening Civil Society to Prevent and Protect Children from Abuse and Violence. Through the USAID-funded project Accelerated Civic Development and Cooperation, ANTTARC provided \$75,000 in sub-grants to youth CSOs for projects focused on local democracy, good governance, and anti-corruption. OSFA, Co-PLAN, and PA awarded sub-grants to local CSOs with funding from the EU and the Swiss Agency for Development and Cooperation



(SDC). Sida continues to be one of the main CSO donors; in 2019, it provided twenty-eight grants to CSOs that are members of four different networks, as well as fifteen operational grants. The GIZ-funded program ProSEED provided advisory and financial support to CSOs that implement projects targeting marginalized youth, allocating up to EUR 50,000 per project.

In general, Albanian CSOs lack the organizational capacities and resources needed to raise donations through fundraising activities. According to the World Giving Index, an average of 21 percent of people in Albania have donated to a CSO over the past ten years. However, PA's monitoring of philanthropic activity over the last five years shows a steady increase in the total value of private donations, with individual donors consistently giving more than businesses.

Philanthropy in the country increased significantly in the aftermath of the earthquake in November, with more than 90,000 donors (both individuals and institutional donors) giving more than \$6.5 million to help meet emergency needs stemming from the earthquake. While public institutions were the main recipients of international support for earthquake relief, most individual donors channeled their donations through CSOs. For example, the Firdeus Foundation, Fundjave Ndryshe, and Albanian Roots each raised about \$2 million in less than one week. The Albanian diaspora provided immense support, initiating nearly 90 percent of all donation campaigns. A few well-established organizations also donated funds to earthquake-affected communities. For example, World Vision US allocated \$140,000 through World Vision Albania, and World Vision Germany and World Vision UK launched domestic donation campaigns for Albania. In addition, many businesses provided support to those affected by the earthquake. The banking and telecommunication sectors offered free services, while private hospitals, Tirana Business Park, AVON Albania, Media Print, and Tirana International Airport made contributions to address the most pressing needs of affected families. Several fundraising campaigns responding to the earthquake made use of social networks and crowdfunding platforms. For example, e-Albania was the government's main platform for fundraising, while CSOs initiated fundraising campaigns through GoFundMe and Facebook.

Some CSOs engage in service provision as an alternative form of revenue generation. Their services include vocational training and agricultural expertise, which are usually offered at below-market prices. Starting in 2019, CSOs were able to apply for the status of social enterprises. CSOs have high expectations about the future of social entrepreneurship, fueled by the implementation of the Law on Social Enterprises and the government's allocation of \$2.2 million to finance social enterprises over the next three years.

CSOs are increasingly concerned about their treatment by tax authorities, local governments, and banks, which do not differentiate between nonprofit and for-profit entities. In recent years, bank procedures have imposed a heavy reporting burden on CSOs. This situation worsened in 2019 as commercial banks began to ask CSOs for more detailed information related to, for instance, statute amendments and minutes of board meetings. While most CSOs were able to collect and submit the required information, CSOs feel that these demands interfere in their operations and place them under increased control.

CSOs are subject to the National Accounting Standards for Nonprofit Organizations, which call for mandatory independent audits of CSOs, with the exception of small CSOs. The extent of CSOs' compliance with these standards is unknown. The new Law on Accounting and Financial Statements requires all CSOs with assets or income of ALL 30 million (approximately \$270,000) or greater to prepare performance reports on the efficiency and effectiveness of their activities. In addition, this law imposes additional costs on CSOs, as it obliges CSOs, regardless of their location, to submit their reports in person to the Tirana District Court.

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## **ADVOCACY: 3.2**

CSO advocacy continued to be strong in 2019. Despite persistent challenges, CSOs actively engage in decision-making and policy-making processes at the local and national levels. Some policy advocacy initiatives in 2019 demonstrated CSOs' persistence in articulating and advancing the interests and priorities of various communities and the sector itself. In general, CSOs at the national level continue to have stronger advocacy and lobbying capacities than CSOs at the local level. At the same time, CSO advocacy was hindered in 2019 by the highly polarized political situation in the country. In several cases, political actors hijacked civil society protests to further their political agendas and they manipulated the conversation to weaken public support and dissolve movements.

Law No. 146/2014 on Notification and Public Consultation seeks to ensure that citizens have a say in decision-making processes related to bylaws, draft laws, national and local strategic documents, and policies of high public interest. Consultations are obligatory during three phases: pre-consultations on decisions, open consultation meetings, and announcements or public displays of decisions and other related acts. The law allows interested stakeholders to initiate complaints when they are not consulted properly. Although the law is considered progressive, its implementation is problematic mainly due to the lack of an oversight body and sanctions. For example, notifications of public consultations are poorly advertised, and consultations are not always organized. Even when consultations are conducted, CSOs' recommendations and comments are usually not taken into consideration, and the government rarely explains why CSOs' suggestions are not included.



Law No. 119/2014 on the Right to Information regulates citizens' right to access public information. According to the law, each public authority is obliged to designate a Coordinator for the Right to Information; to publish on its website a register showing all the requests for information and the information contained in the responses; and to proactively disclose information of public interest through institutional Transparency Programs. However, a culture of secrecy still prevails among public institutions. Despite the increasing number of public authorities that have adopted Transparency Programs, institutions generally do not disclose information related to accountability mechanisms, such as audit reports, public procurements, and contracts. The commissioner for freedom of information and personal data protection oversees and reviews implementation of the law by public institutions. According to a recent study by ResPublika, the number of decisions taken by the commissioner has declined by 2 percent, while the number of complaints has increased. An increasing number of watchdog CSOs and media outlets monitor the transparency and accountability of public institutions, especially local authorities. In 2019, CSOs carried out awareness raising initiatives on the right to information.

Advocacy by the Center for Legal Civic Initiatives (CLCL) contributed to the adoption in July of Law No. 54/2019 on the legislative initiative of voters. This law establishes procedures for voters to participate in decision-making processes by allowing a minimum of 20,000 voters to propose draft laws. CLCL led the drafting process in close cooperation with OSFA, other CSOs, and the Universities of Tirana, Shkodra, and Vlora.

CSOs engaged in several important policy advocacy initiatives in 2019. The Alliance for the Protection of the National Theater has organized daily protests to preserve the historical national theater building since the government decided to demolish it and further develop the area through a public-private partnership. National public figures, academics, journalists, architects, and historians joined this long-lasting protest. Due to the Alliance's efforts, in December 2019, Europa Nostra included the National Theater on a list of the fourteen most endangered heritage sites in Europe. The government had not changed its plans for the National Theater as of the time of writing this report.

CSOs also protested two proposed governmental packages known as the Anti-Defamation Package and Anti-KÇK (Anti-Seize Whatever You Can)<sup>1</sup> package. The Anti-Defamation Package includes amendments to thirty articles of the Law on Audiovisual Media and four articles on the Law on Electronic Communications. The changes introduce mandatory registration requirements for online media and create an administrative body with the power to fine and shut down online media and block foreign online media without a court order, as well as additional state regulations of online media. CSOs, journalists, and activists criticized the Anti-Defamation Package for violating the freedom of speech and increasing government control over the media and organized protests outside of parliament. Parliament passed the Anti-Defamation Package on December 18, 2019. Although the president vetoed

<sup>1</sup> Prime Minister Edi Rama coined this term to describe prosecutors and judges who before being dismissed by the vetting commission abuse their power to "seize what they can."

the package in January 2020, the government published one of the two amended laws in the Official Gazette on February 2020.

CSOs also opposed the controversial Anti-KÇK Package, which gives the government power to restrict citizens' movement, and surveil, initiate searches, and arrest citizens without warrants. This package of legislation includes changes to the Anti-Mafia Law, the State Police Law, the Law on the Administration of Seized and Confiscated Assets, and the Criminal Code. A coalition of twenty-two CSOs, including the Helsinki Committee, BIRN Albania, Institute of Political Studies, and Civil Rights Defenders, sent an open letter to the government calling for transparency, consultation, and respect for the constitution and the European Convention of Human Rights in regards to the Anti-KÇK packages of laws. Nevertheless, the government adopted the Anti- KÇK package in January 2020.

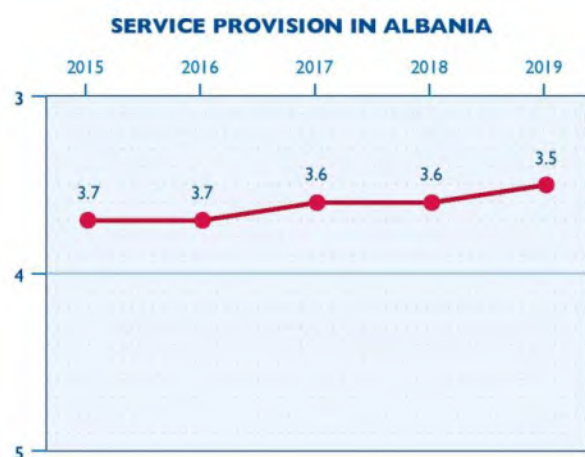
Environmental CSOs under the leadership of Eco-Albania were at the core of a coalition working to prevent the construction of hydropower plants and protect the Vjosa River. In September, nearly 150 national and international CSOs sent an open letter to the prime minister urging him to suspend all ongoing hydropower developments in the Vjosa catchment. The open letter was sent following a protest by affected residents who opposed the construction of hydropower plants. At the end of 2019, the Bern Convention, a binding international legal instrument in the field of nature conservation, required the Albanian government to implement its 2018 recommendations, according to which the government should have suspended all hydropower plants on the Vjosa River.

A newly formed coalition of fourteen Roma and Egyptian CSOs, which advocates on behalf of Roma and Egyptian communities under the leadership of the Institute of Romani Culture in Albania (IRCA), succeeded in persuading the municipality of Tirana to eliminate registration fees for Roma and Egyptian children attending public pre-schools. The Albanian Helsinki Committee advocated for the construction of a prison for people with mental health problems. The Syndicate of Unified Miners of Bulqiza (SMBB), founded in 2019 by a group of miners from Bulqiza, worked to increase workers' representation in the mining industry, one of the deadliest sectors of the Albanian economy. CSOs also advocated for the rights of people with disabilities in 2019. Their advocacy contributed to the adoption of Law No.15/2019 on Employment Promotion, which is expected to create employment opportunities for disabled people.

The National Council for Civil Society (NCCS) selected new members in 2019 but was otherwise largely inactive. According to the PA study, among the 47 percent of CSOs that are aware of the structures set up to promote cooperation between CSOs and government, only 16 percent identify the NCCS, while 67 percent identify ASCS. However, CSOs describe both structures as non-functional and not supportive of the sector, and note that cooperation with both structures is lacking.

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## SERVICE PROVISION: 3.5



CSO service provision improved slightly in 2019, as CSOs mobilized quickly to meet the needs of populations affected by the earthquake in November. For example, within hours of the earthquake, World Vision Albania launched programs to provide food and non-food items and psychosocial assistance. The relatively new Alliance for the Protection of the National Theater, with the support of approximately 200 volunteers, collected and distributed over forty tons of food and non-food items donated by over 9,000 people. Moreover, it announced that it would use money it collected to build container homes for those who lost their homes in the earthquake. Caritas Albania immediately initiated relief activities with funding from other projects. Also, the Ministry of Interior officially requested Caritas Albania to distribute food and non-food items to displaced people in the

accommodation camps established by the government.

There were some disagreements regarding the allocation and management of funds at the first meeting of the National Reconstruction Committee, with the government insisting on having the sole responsibility of monitoring the funds, while CSOs insisted that they too should be part of the monitoring process. At the end, however, consensus was reached after the prime minister proposed that all funds from the state and private institutions become a single national fund, with each party able to monitor its own funds. CSOs agreed to this plan in order to increase coordination and harmonization of reconstruction activities.

CSOs also continue to provide services in a range of other areas. CSOs' support is of immense importance in areas in which public services are inadequate or lacking. CSOs provide many social services to vulnerable groups, including Roma and Egyptian communities, children, women, the disabled, and elderly people. For example, women's organizations that are members of the Albanian Women Empowering Network (AWEN) increasingly offer services to support women survivors of domestic violence. Protecting the Rights of Persons with Disabilities (MEDPAK) offers services for persons with disabilities. Through its family care program, Emanuel Mission Foundation provides nearly 250 families with clothing, food, and medication. The Foundation also provides services for the elderly, especially those abandoned or at high risk of abandonment. Given that many of the beneficiaries of CSO services are members of the most vulnerable groups in Albanian society, they are generally unable to pay for services. Therefore, CSO service provision remains highly dependent on donors, with CSOs often struggling to obtain adequate funding.

CSOs, especially community-based ones, continuously strive to offer services tailored to the needs of their constituencies. They increasingly develop their in-house capacities related to needs assessments, communication, and advocacy by contracting short-term experts to provide interactive training courses. CSOs that have a strong presence in local communities, either through their local offices or local coordinators, have a good understanding of the needs of their constituencies.

CSOs provide a range of paid services including training courses, consulting, coffee bar and catering services, and social services. A growing number of CSOs lease their premises out as a source of income. However, only a small percentage of CSOs provide paid services. Most CSOs have still not embraced entrepreneurship as an alternative source of income, either because they lack interest in the development of paid services or lack the capacity to plan and manage such services.

While central and local governments increasingly value civil society's role in providing services, little progress was made in 2019 to ensure their sustained financial support. For example, fourteen municipalities receive social care funds from the central government to deliver services at the local level. Even though the municipalities prepared their applications jointly with local CSOs based on the service models CSOs have established over the years, the funds are administered solely by the municipalities. CSO representatives further report that the overall application process lacked clarity and there were considerable delays in the allocation of funds. In addition, CSOs continued to compete against private entities for government tenders. However, the new public procurement law is expected to increase the engagement of CSOs in service provision.

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## **SECTORAL INFRASTRUCTURE: 3.6**

The infrastructure supporting the CSO sector improved slightly in 2019 as new sub-grants and technical assistance programs offered opportunities for Albanian CSOs, especially smaller organizations, to develop their resources and capacities.

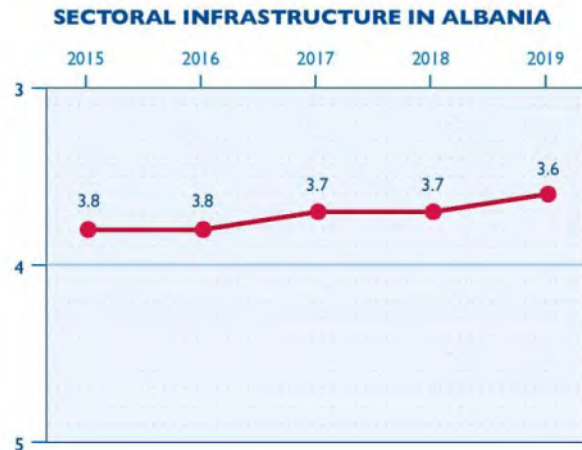
Several initiatives were undertaken in 2019 to assess and meet the needs of local CSOs. With funding from the EU, and in partnership with the Albanian Center for Population and Development (ACPD) and the European Movement in Albania (EMA), PA launched the National Resource Center for Civil Society (NRCS) to help develop the CSO sector in Albania. The NRCS has two regional centers, ensuring wide territorial coverage. Since its establishment, the NRCS has provided regular training and other support, such as information on funding opportunities, initiatives, and studies. The NRCS also organized the NPO Academy 2019, an annual initiative focused on enhancing the skills of CSO executives. NRCS provides its services for free.

In 2019, PA conducted research to map CSO networks, and the Institute for Democracy and Mediation (IDM) concluded a study on the participation of CSOs in governmental decision-making processes and their interactions with state and independent institutions. Both studies raise awareness on various issues related to the sector's development and will serve as useful advocacy tools for CSOs going forward.

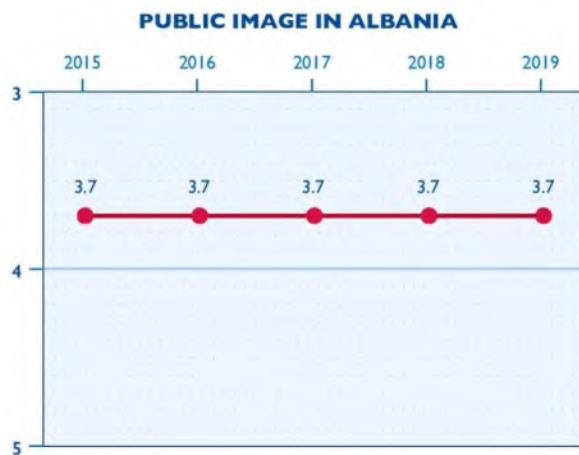
As described above, CSOs managed many foreign-funded sub-granting projects in 2019. Sub-granting schemes usually include some capacity building for smaller CSOs with limited capacity in project management and program-specific themes. Under the EU-funded Empowering CSOs for Roma Integration (ECSORI) program, for example, ANTTARC has built the organizational management, project cycle management, and advocacy and lobbying capacities of CSOs engaged in the social inclusion of Roma and Egyptian communities. With a budget of approximately \$820,000, the SDC-funded project LevizAlbania, implemented by a consortium including OSFA, PA, and Co-Plan, provides support to a considerable number of grassroots CSOs and individuals. The program also organizes training courses for its beneficiaries on activism, community mobilization, citizen participation, local democracy, and good governance.

During the year, CSOs increasingly engaged in formal and informal networks and coalitions, as well as networking beyond the sector. The 2019 PA study "Mapping and Assessment of Civil Society Organizations' Networks in Albania" identifies twenty-seven networks, of which 33 percent are formally registered and 67 percent operate informally. Their domains are youth, good governance, human rights, environment, cultural heritage, and women's rights. As noted earlier, the Alliance for the Protection of the National Theater continued its efforts to protect the historical National Theater building throughout 2019.

Cooperation between CSOs and businesses is still underdeveloped. Media and CSOs are increasingly interested in cooperating to address the shrinking of civic space. Media also play an important role in promoting CSOs' visibility. There is limited cooperation between CSOs and government institutions because of the limited transparency of public institutions and low level of trust in government institutions by CSOs.



## PUBLIC IMAGE: 3.7



CSOs' public image did not change notably in 2019.

CSOs struggle to attract media coverage. CSOs find national media outlets to be nearly impossible to access, since media are interested mostly in political events and the activities of senior government officials. Local media, in contrast, are relatively accessible. Many media outlets—both local and national—require payments to cover CSOs' activities, which discourages CSOs from seeking media coverage. The public media, however, does not require payments from CSOs and has a dedicated space for minorities that provides some coverage of CSOs working on minority issues. The media continues to express critical views of CSOs.

The public demonstrated its trust in CSOs in 2019 by making donations for earthquake relief to CSOs rather than state institutions. According to a national poll conducted by IDM from November 18 to December 6, 2019, 56.3 percent of respondents indicated that they trust CSOs, a slight decrease compared to 2018. Nevertheless, respondents ranked CSOs as the fourth most trusted domestic institutions in the country, an improvement over



their ranking in 2018. The institutions with greater levels of trust included religious institutions (65.6 percent), the armed forces (59.4 percent), and educational institutions (57.3 percent).

State institutions tend to have positive perceptions of organizations involved in service provision and negative perceptions of organizations engaged in advocacy and watchdog activities. Senior government officials engaged in smears against media-related CSOs in 2019. However, after the November 26 earthquake, the prime minister included representatives of three CSOs and the media in the National Reconstruction Committee.

Cooperation between the private sector and CSOs is underdeveloped, and business support for CSOs remains low, in part because the business community continues to have limited understanding of CSOs' role in society.

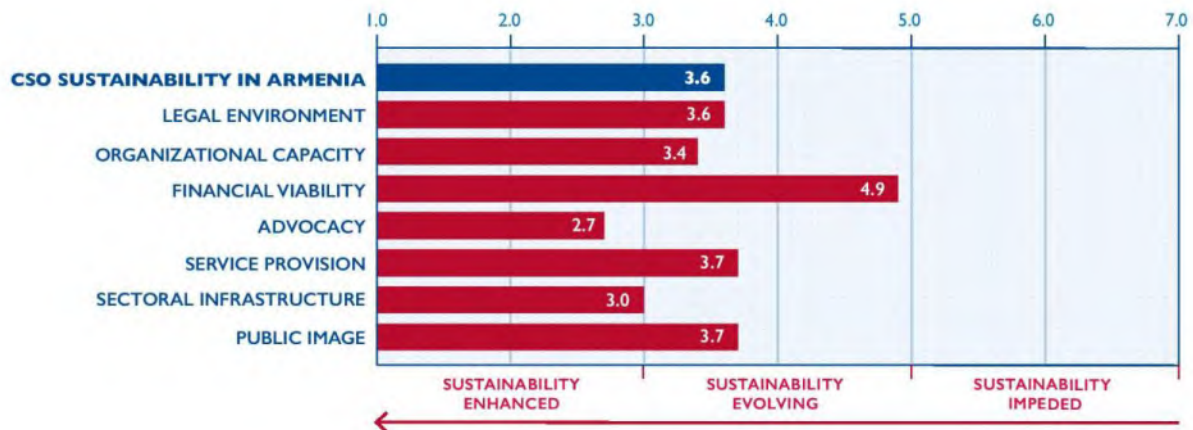
Most CSOs do not communicate effectively. Only a small number of CSOs have dedicated staff for communications and public relations. The 2019 PA study "Capacity and Needs Assessment for CSOs in Albania" indicates that the three most used communication channels by organizations to inform and interact with the public are: social media, specifically Facebook (90 percent); organizational websites (56.5 percent); and local audiovisual media (55 percent).

Although a significant number of CSOs advocate for transparency and good governance, the sector exhibits little progress in this regard. According to the 2019 PA study, nearly 80 percent of interviewed organizations reported that they produce annual reports, but only 58 percent publish their reports or share them with the sector, stakeholders, and others. A considerable percentage of CSOs (66 percent) reported that they have codes of ethics, but these are rarely implemented in practice.

# ARMENIA

Capital: Yerevan  
Population: 3,021,324  
GDP per capita (PPP): \$9,500  
Human Development Index: High (0.760)  
Freedom in the World: Partly Free (53/100)

## OVERALL CSO SUSTAINABILITY: 3.6



After coming to power through the 2018 Velvet Revolution, the new government and political authorities in Armenia announced that they would introduce a more supportive environment for CSOs marked by greater cooperation between the state and the CSO sector. Meanwhile, supporters of the previous regime initiated a media campaign targeting both the new government and the CSO sector, particularly CSOs engaged in the areas of human rights and democracy. As a result, virtual space and news media became more polarized and replete with disinformation.

In 2019, the new government introduced measures to combat corruption and also began implementing reforms to the judicial, tax, and social systems. Investigations and court procedures were initiated against former government officials and law enforcement authorities, some of which focused on corruption. Most notably, in September, the trial of former President Robert Kocharyan began for his role in the violent breakup of protests in 2008, which led to the deaths of eight civilians and two police officers. Meanwhile, current government officials declared the judiciary to be the last “fortress” of the past authorities and announced that they would take steps to remove entrenched and corrupt judges. These efforts were eventually replaced with gradual reforms to the judiciary, including the establishment of new monitoring commissions and improvement of recruitment processes for judges.

After the Velvet Revolution, Armenia’s position on the Reporters Without Borders World Press Freedom Index improved. In 2019, however, there were several disturbing trends affecting freedom of the press, including increased pressure on the media and violations of the right to receive and disseminate information.

The CSO sector’s overall sustainability did not change significantly in 2019, although improvements were noted in both the organizational capacity and advocacy dimensions. Over the past several years, a number of donor-funded projects have focused on building the organizational capacity of CSOs, including the development of missions, management structures, policies and procedures, transparency and accountability, and human resource procedures. CSO advocacy improved as CSO coalitions had increased influence on the development of public policies.

According to the State Register of the Ministry of Justice (MoJ), there were 4,794 public organizations (compared to 4,222 in 2018), 1,212 foundations (compared to 1,120 in 2018), and 228 legal entity unions (compared to 244 in 2018) registered in Armenia as of the end of 2019. Following the implementation of legislative changes in 2017, legal entity unions are no longer considered legal bodies. Existing legal entity unions were required to modify their charters and re-register as foundations or public organizations by February 2019. The 228 legal entity unions remaining on the State Register at the end of the year did not voluntarily dissolve or re-register by the deadline.

While the Law stipulates that these organizations should be dissolved, no regulation has been issued to guide this process, therefore these organizations remain on the books but cannot act legally.

## LEGAL ENVIRONMENT: 3.6



The legal and regulatory environment governing the CSO sector did not experience any significant changes during 2019.

Legal procedures and regulations regarding CSO registration are generally favorable. Two types of CSOs can be formally registered in Armenia: membership-based public organizations regulated by the Law on Public Organizations, and non-membership foundations regulated by the Law on Foundations. Registration of a public organization takes up to ten working days, while the registration process for a foundation should be completed within fifteen working days. There is still no online registration system for CSOs. CSOs can operate without registration as long as they adhere to general legal regulations and do not engage in financial

transactions. Non-registered civil society groups have access to some sources of funding, such as crowdfunding and local philanthropy.

The process to close or liquidate a CSO continues to be complicated. As a result, the official number of registered CSOs continues to rise as defunct organizations remain on the books. MoJ dissolves CSOs that fail to submit tax reports on time based on lists provided by the State Revenue Committee (SRC). However, MoJ does not make any statistics available regarding the number of CSOs dissolved.

The Law on Public Organizations and the Law on Foundations clearly define the roles and responsibilities of boards, supervising committees, executives, and members. The legal framework places no limitations on the scope of permissible CSO activities. A CSO can represent its constituencies in court, although this requires it to obtain a notarized power of attorney, which imposes additional costs. CSOs can only initiate public interest cases in the courts in the area of environmental protection.

The legal framework protects CSOs against government abuse and interference in their internal affairs by third party actors. CSOs have the right to assemble and participate in peaceful public protests. During 2019, CSOs and their members did not report any violations of these legal rights or any abuse by state institutions or groups acting on behalf of the state.

The constitution guarantees the freedom of expression, and CSOs are able to freely address matters of public debate and express criticism without significant censorship. However, CSOs working in sensitive areas such as domestic violence, women's rights, and issues affecting the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community are more cautious in their communications. Furthermore, post-revolutionary self-censorship has become an issue with some CSOs that support the new government avoiding criticizing it in order to uphold its reputation.

According to the Law on Public Organizations, a public organization that receives funding from public sources in excess of AMD 5 million (about \$10,000) is required to disclose an independent auditor's report. Due to the successful advocacy efforts of CSOs, an amendment to the law was adopted in 2019 that doubled the mandatory auditing threshold to AMD 10 million (about \$20,000). However, many CSOs do not have the resources to pay for professional financial audits. Because of this, when participating in the bidding process for government procurements, many public organizations include the cost of audits in their budgets, which increases their costs and reduces their competitiveness against private businesses.

CSOs are allowed to conduct fundraising activities, organize crowdfunding campaigns, and receive foreign donations. CSOs also may earn income through the provision of goods and services and through the establishment



of social enterprises, but profits must be used towards accomplishing the goals stipulated in their organizational charters.

According to the Tax Code, CSOs are subject to a 20 percent value-added tax (VAT) on their income if their total annual income exceeds AMD 58.35 million (about \$117,000). CSOs are eligible for exemptions from VAT for purchases under certain projects and procurements when there is an inter-governmental agreement between Armenia and the donor country and when the projects are deemed charitable by the government. To access these exemptions, eligible CSOs must apply to the State Humanitarian Commission. Commercial organizations and corporate donors can deduct donations to eligible CSOs from their taxable income up to 0.25 percent of their gross annual income; individual donors do not receive any tax deductions.

Although the tax regulations governing the CSO sector have improved over the past several years, CSO taxation issues are still marked by uncertainty and complexity. Some CSO representatives have noted that the SRC treats CSOs like businesses as it lacks an understanding of the specific characteristics and needs of the CSO sector.

CSOs directly engaged in entrepreneurial activities receive no special fiscal benefits. The procedures and regulations governing entrepreneurial activities are vague and susceptible to different interpretations. For instance, although the Law on Public Organizations states that CSOs directly engaged in entrepreneurial activities could be subject to simple form taxation, the new Tax Code, which entered into effect on January 1, 2020, does not provide any information on this matter. CSOs engaged in entrepreneurial activity must maintain separate accounting records of their operations, which imposes an administrative burden on them.

Taxation of social enterprises did not change during 2019, although the new Tax Code proposed an improved taxation system for small enterprises (micro-businesses). CSOs can benefit from a significantly lower tax burden under the new tax regime if they also manage social enterprises established as limited liability companies that could also be classified as micro-businesses.

Several organizations provide CSOs with legal assistance related to CSO laws and regulations. These include the Armenian Lawyers' Association (ALA), Transparency International's Anticorruption Center (TIAC), the A.D. Sakharov Armenian Human Rights Protection Center, the NGO Center (NGOC), the Eurasian Partnership Foundation (EPF), and the Civic Development and Partnership Foundation (CDPF). During 2019, for example, ALA provided legal advice to 207 public organizations on topics such as re-registration and drafting charters. However, few lawyers in the country specialize in CSO law due to the lack of demand for such services.

## ORGANIZATIONAL CAPACITY: 3.4

Organizational capacity within the CSO sector improved slightly in 2019. Over the past several years, several donor-funded projects have supported the development of CSOs' organizational capacity, including mission development, management structures, policies and procedures, transparency and accountability, and human resource procedures. These projects include the European Union (EU)-funded STRONG CSOs for Stronger Armenia (2015–2018), the USAID-funded CSO Development Program (CSO DePo, 2014–2019) and Engaged Citizenry for Responsible Governance (2014–2021), and the EU-funded Bridge for CSOs (2016–2019). Among the impact of these projects are an increased ability among CSOs to identify and build relationships with potential constituents and beneficiaries. Generally, regional CSOs are more aware of the needs of their constituencies than national organizations based in the capital of Yerevan.



Partly as a result of these donor-funded capacity-building projects, CSOs increasingly formulate goals, missions, and action plans and a growing number of CSO leaders have acknowledged the need to utilize strategic plans and strategic planning techniques. Additionally, more methodological guidance and experts have become available to

assist in strategic plan development. According to the endline study of the USAID-funded CSO DePo, which was conducted by the Caucasus Research Resource Center-Armenia (CRRCA-Armenia), nearly 50 percent of surveyed CSOs reported that they developed annual strategic plans in 2019, up from just 30 percent in 2015. Furthermore, the CSO DePo study found that CSOs have become more “democratic” in their strategic development activities, with a greater number of CSOs reporting that board members, CSO staff, CSO members, and beneficiaries are involved in these processes. However, many CSOs still determine the scope of programs to be implemented based on available grant resources rather than the content of their strategic plans.

CSOs increasingly acknowledge the importance of policies, procedures, and systems of internal governance. According to the CSO DePo endline study, nearly 70 percent of surveyed CSOs have adopted internal regulations and procedures (approximately the same percentage as in 2015) and 90 percent of these CSOs follow and uphold these regulations (a notable increase from 62 percent in 2015). The CSO DePo program developed several guidelines that CSOs can use to improve their internal management. The CSO DePo online portal also provides a capacity enhancement tool, which has become popular among CSOs.

The internal management of CSOs has become more efficient due to the availability of several administrative templates and guidelines created within the framework of donor-funded programs. Although some CSOs have experienced conflicts of interest, CSOs generally acknowledge the need to take appropriate steps in order to minimize such instances.

In most cases, CSOs employ staff on short-term contracts when funding is available. Retention of permanent and qualified staff is an issue since few CSOs receive longer-term funding. Although the country lacks specific policies to stimulate volunteering, CSOs sufficiently recruit and engage volunteers. According to the CSO DePo endline survey, nearly 80 percent of surveyed CSOs engaged at least one volunteer during the previous year, approximately the same percentage as in 2015. CSOs increasingly use accounting services, public relations experts, and other related support services.

Rental rates for office space are relatively high and currently increasing, especially in Yerevan. Because of this, some CSOs struggle to maintain permanent offices. Some CSOs operating in local communities, especially youth CSOs, have access to office facilities in communal buildings free of charge.

CSOs are able to upgrade their equipment when funding is available. Relatively inexpensive internet services are available throughout the country. Most CSOs maintain websites and are active on social media, especially Facebook. Other social media platforms are less popular.

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## FINANCIAL VIABILITY: 4.9



The financial viability of CSOs did not change significantly in 2019 and continues to be the weakest dimension of CSO sustainability. While several large-scale, long-term donor-funded projects came to an end in 2019, CSOs increasingly sought to diversify their sources of funding, including through the use of crowdfunding, the creation of social enterprises, and the provision of services.

Various CSO-related studies confirm that the lack of financial resources is the most prominent issue faced by Armenian CSOs. According to the 2019 CSO DePo endline study, the current and prospective financial resources of nearly half of surveyed CSOs enable them to operate for less than a year. Only 20 percent of surveyed CSOs have sufficient financial resources to operate for two years or more. The vast majority of

surveyed CSOs noted that available financial resources only cover maintenance costs with no resources for organizational development.

CSOs generally recognize the importance of accessing multiple sources of funding to increase their financial viability and have made ongoing attempts to diversify their sources of funding. However, international development

organizations are still CSOs' main source of funding. Nearly 40 percent of the CSOs surveyed in the CSO DePo endline study reported that they rely on grants from international donors as a primary source of income, compared to 43 percent in 2015.

Key foreign donors include the EU, USAID, and bilateral donors including the Swedish, Dutch, and German governments. In 2019, CSOs were affected by shifts in the funding levels and priorities of donors, as most donors worked with the new government to determine needs. In 2018 and 2019, four large-scale, long-term donor-funded projects concluded operations in the country: the EU-funded STRONG CSOs for Stronger Armenia (2015–2018), the USAID-funded CSO DePo (2014–2019), the EU-funded Bridge for CSOs (2016–2019), and the EU-funded Commitment to Constructive Dialogue (CCD) project (2017–2019). As a result of the conclusion of these projects, local CSOs faced significant financial challenges in 2019. Local CSOs also had fewer opportunities to participate in other EU-funded grant competitions in 2019 because programs required the participation of coalitions led by established European CSOs, the scope of programs was narrowed, and Armenia was not among the beneficiary countries for most grant offers. In addition, some donor organizations were in the process of revising their country support strategies in light of the Velvet Revolution, which resulted in a temporary halting of grant programs. On the other hand, some donors continued to provide small grants on a rolling basis. These include the United Nations Development Programme (UNDP), Open Society Foundation, the Robert Bosch Stiftung, the Black Sea Trust for Regional Cooperation, the European Endowment for Democracy, the Prague Civil Society Center, and grants programs from the US, Lithuanian, and Japanese embassies.

Tax benefits are generally insufficient to stimulate individual and corporate philanthropy. Some CSO representatives, especially those engaged in charity and child protection, noted the difficulties of raising funds from private businesses particularly as a result of two newly established foundations headed by the prime minister's wife—My Step and City of Smiles—that attracted the majority of private donations during the year. Private businesses believe that donating to these “government-associated” CSOs is more in line with their business interests than donating to other well-known charity organizations.

CSOs increasingly use new fundraising methods including crowdfunding through online platforms and other electronic tools and instruments. For example, City of Smiles initiated a crowdfunding campaign using phone donation tools accompanied by a social advertising campaign on TV. However, information and communications technologies (ICTs) are still mainly only effective for individual charitable activities and most CSOs still lack the technical capacity needed to design and manage crowdfunding campaigns. Most membership-based organizations collect membership fees, but membership fees are often low.

Central and local governments provide a small amount of grants to CSOs, and both central and local governments outsource some social services to CSOs. In 2019, the total budgeted amount for nonprofit grants and subsidies directed to non-governmental and non-commercial (public) organizations totaled about 11.1 billion AMD (about \$22 million), while in 2018 the total was about 10.8 billion AMD.

Following the 2018 political transition, government officials announced that the process for allocating state grants would become more open and transparent. According to the CSO Meter, a tool developed to assess the civil society environment in the Eastern Partnership countries, however, CSOs reported that financial support continued to be distributed primarily through non-competitive processes to CSOs on a “list of recipient CSOs” defined in the state budget. Overall, government funding lacks strategic direction.

Many social enterprises successfully generate income to support CSO operations or provide assistance to vulnerable groups or social causes. For example, in 2019 the Partnership and Teaching NGO produced agricultural goods in several consolidated communities in Syunik Marz, using the proceeds to renovate the central park of Tatev Community. Partnership and Teaching NGO also provided agricultural products to the community's school and kindergarten. Other examples of successful social enterprises include Aregak, the first inclusive and barrier-free bakery and coffee shop in Gyumri; Sareri Bariq, specializing in the production of tea and herbs; and “Bohem,” an art-teahouse in Sevan.

CSOs are improving their financial management systems in order to meet the increasing requirements of the government and donors. Donor-funded capacity-building projects often address financial management and financial sustainability issues. However, CSOs rarely audit their accounts and operations unless required by donors or the state and generally publish annual reports with financial statements only if required by law or requested by donors.

## ADVOCACY: 2.7

CSO advocacy improved slightly in 2019. CSOs had more opportunities to engage with state officials, and several successful CSO policy advocacy initiatives helped shape legislation and the public agenda.

After the political changes following the events of April-May 2018, the new government officials became more accessible to the public on social media platforms, which they used to communicate with their constituents and civil society. Several previously implemented donor-funded projects also improved the capacity of CSOs to engage with national and local authorities, increasing CSO oversight over government efforts to improve transparency and accountability.

All ministries have public councils that include CSOs. CSO representatives were also invited to participate in parliamentary hearings regarding political reforms and other topics during 2019. CSOs can access information regarding proposed legal acts on [www.e-draft.am](http://www.e-draft.am) and can also submit their comments and recommendations on proposed legislation on this site. However, some CSO representatives think this platform has limited effectiveness due to the lack of meaningful discussion and communication with state authorities. In addition, some CSOs think that government officials are often not willing to accept proposed recommendations or that their recommendations are accepted only for the sake of appearances rather than a genuine desire to act upon them. In addition, some CSOs expressed concerns that state bodies do not have a firm commitment to addressing and solving complex public issues. Moreover, CSOs reported that the effectiveness of their advocacy efforts in 2019 was often hindered by turnover among national and regional government representatives as a result of the 2018 political transition.

In 2019, local governments were more cooperative and transparent and supported CSO initiatives. For example, Partnership and Teaching NGO reported that the local municipalities in Tatev, Tegh, Goris, and Sisan were very collaborative during the implementation of the EU-funded Public Oversight to Promote Communal Development project. The local municipalities provided all necessary data for the research, hosted events to present the results, and were willing to implement some changes in their future activities based on the recommendations provided.

Advocacy by CSOs and CSO coalitions successfully impacted the development of several public policies and legal regulations in 2019. Within the framework of the CCD project, 156 CSOs had the opportunity to directly engage in dialogue with policy makers. In total, CSOs participated in 187 working meetings/policy discussions with the central government and local governments, most of which took place in 2019. The government approved the Judicial and Legal Reform Strategy in October 2019 following a series of constructive dialogues and other similar efforts between state officials and CSOs.

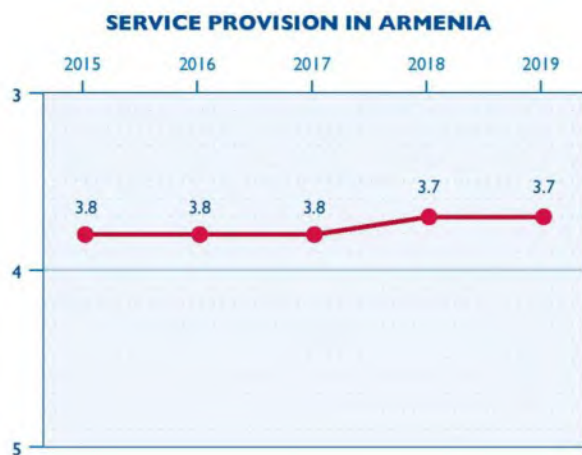
CSOs have also become more active advocates at local levels. Several local CSOs and CSO coalitions participated in the development of five-year Community Development Plans (CDP) in local communities. For example, NGO Agape World successfully pushed for the inclusion of youth-related provisions in the CDP for Tchambarak, while the NGO Community Pulse advocated for the inclusion of rural tourism development activities in the CDP for Vardenik. Other CSOs advocated for the preservation of historical buildings, the cessation of mining activities, and other related environmental efforts. A coalition of environmental CSOs and individual activists led a successful campaign that resulted in planned mining activities in Amulsar being ceased.

CSOs were also involved in several successful lobbying efforts during the year. For instance, in October 2019, following extensive cooperation between MoJ and the Anti-Corruption Coalition, the government developed and adopted a national Anti-Corruption Strategy and an Implementation Action Plan for 2019-2022; 101 of the coalition's 133 recommendations were fully and/or partially included in the final strategy. In 2019, as a result of the lobbying efforts of the secretariat of the Constructive Dialogue Network of Armenian CSOs coalition, ALA organized more than two dozen public consultations with state bodies during the government's mid-term expenditure planning process, and many CSO comments were accepted.



The CSO community regularly engages with various state agencies and institutions to promote a more favorable legal and regulatory framework for the sector. In December 2019, the government approved amendments to the Law on Public Organizations that were developed by the SRC and the Issues of Transparency and Accountability Provision of NGOs and Foundations working group, which includes more than 100 CSOs. As a result, the threshold for required audits of organizations implementing projects using public funds was increased from AMD 5 million to AMD 10 million. TIAC worked with the SRC on several occasions to prevent increased and unnecessary reporting and accountability restrictions for CSOs. Furthermore, several CSOs, including the Association of Social Enterprises of Armenia (ASEA), continuously worked to improve the government’s understanding of social entrepreneurship. In 2019, CSOs and the government held discussions on the Concept Paper on Development of Social Entrepreneurship, resulting in the concept paper’s finalization and submission for publication on the e-draft electronic platform.

## SERVICE PROVISION: 3.7



CSO service provision did not change significantly in 2019.

The CSO sector continues to provide a diverse range of goods and services, with the most common being in the areas of human rights, youth, education, democracy, community development, civil society development, and social issues. An increasing number of CSOs utilize market research and needs assessment tools to identify the most pressing needs of their communities and constituencies.

CSOs can participate in government procurements at both the national and local levels, and both the central and regional governments outsource services to CSOs. For example, the government outsourced electoral oversight in Nagorno-Karabakh to the Union of Informed

Citizens NGO and TIAC.

CSOs generally do not discriminate on the basis of race, gender, ethnicity, or sexual orientation when providing services, in accordance with provisions in the constitution and the Laws on Public Organizations and Foundations.

CSOs continuously identify new ways to generate revenue through service provision, including through social enterprises. Previously implemented donor-funded capacity-building projects funded by the EU, the Near East Foundation UK, Women’s Development Resource Center Foundation (WDRC), and World Vision Armenia provided CSOs with skills to promote their services and generate income. However, CSOs still need to improve their abilities to market their services and identify clients.

The government expressed growing appreciation for CSO services in 2019. The government’s trust and confidence in CSOs has increased, especially for social services, oversight of electoral processes, and public monitoring of state and local governments. Government representatives—many of whom come from the CSO community—recognized the value of CSO service provision in their public statements. While the government increasingly outsources services to CSOs, this is usually in the form of short-term grant support rather than longer-term partnerships. Limited long-term funding is available to CSOs that have social partnership contracts with the government, mainly to provide social services.



## SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector did not change significantly in 2019.

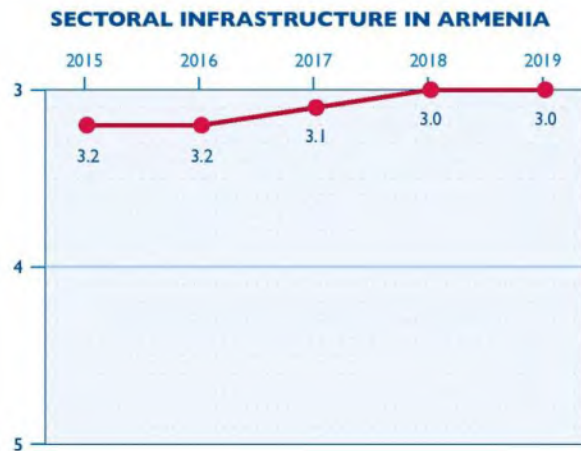
As in previous years, in 2019, CSOs had access to assistance, training, and informational resources from intermediary support organizations (ISOs) and resource centers such as EPF, NGOC, Partnership and Teaching NGO, TIAC, and the Infotun (information house) network. A portal developed under the CSO DePo Project in 2016 continues to host CSO-related information, announcements, and resources in a single location. CSOs in both Yerevan and other regions have access to capacity-building activities and training opportunities. ISOs and resource centers provide some paid services to CSOs, while other services are provided for free with support from donor-funded projects.

There were not any significant re-granting programs in 2019. A major re-granting program—the EU-funded CCD program implemented by ALA—came to an end in 2019.

Fifteen CSO coalitions comprising a total of 260 member organizations were created within the framework of the EU-funded CCD project. These coalitions signed memorandums of understanding and agreements with relevant governmental entities outlining future areas of cooperation. In 2019, CCD awarded nine sub-grants worth approximately AMD 8.5 million (approximately \$17,800) each to the newly created coalitions to strengthen and develop their technical and institutional capacities. Anecdotal evidence suggests that as of 2019, all fifteen coalitions were still active. For example, the Armenian Business Coalition participated in the creation of Business Platform, the Armenian National Health Council is implementing a new project with funding from the US embassy, and the Agricultural Alliance of Armenia continues to conduct advocacy efforts to improve the legislative framework for cooperatives. Ten of these coalitions established the Constructive Dialogue Network of Armenian CSOs in February 2019. The CSO DePo endline survey confirms that CSOs are more willing to participate in coalitions, networks, or groups: in 2019, 80 percent of surveyed CSOs expressed a willingness to join such bodies, compared with only 50 percent in 2015. The study also reported that 67 percent of surveyed CSOs state that they are members of a coalition, network, or group.

Available capacity-building and training programs cover diverse aspects of organizational management, including strategic management, financial management, fundraising, social entrepreneurship, research methods and need assessments, constituency building, and advocacy. In November 2018, the American University of Armenia (AUA) launched a certificate program in nonprofit management within the framework of the Bridge for CSOs program. By the end of 2019, representatives of nearly sixty CSOs from Yerevan and other regions had participated in this program. CRRC-Armenia organized two summer schools in 2019 aimed at building the research capacities of actors involved in the promotion of a stronger civil society and evidence-based policy development. The Faculty of International Relations at Yerevan State University hosts a six month-long intensive academic course on CSO management. Private entities also provide training opportunities on non-governmental management. For instance, in 2019, Profmind organized ten training sessions on grant proposal development and social entrepreneurship, with twelve CSO representatives participating in each session.

CSOs have collaborated extensively with the government since the recent political reforms. For example, the Varodi Ynker Public Organization and several informal groups actively collaborate with the government and police to implement new traffic safety regulations; the media also actively participate in these efforts. The government started working with World Vision Armenia and the My Step Foundation to help vulnerable and underprivileged families overcome extreme poverty. The media actively covered this initiative to increase public awareness of the issue. CSOs also form some partnerships with the business sector. For example, Pahapan Development Foundation sells agricultural products from the Tavush region to restaurants and cafes in Yerevan, and then uses the income generated to create safer places for about 10,000 children living in border villages in the Tavush region.



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## PUBLIC IMAGE: 3.7



The public image of CSOs did not change significantly in 2019. While CSOs were increasingly visible after the 2018 political transition, they were also the subject of widely disseminated negative publications and disinformation campaigns often led by supporters of the previous regime.

Positive media coverage of CSOs has increased at the national level, especially on traditional TV channels. In addition, CSO representatives are more frequently invited to participate in media discussions on television. Several media platforms, such as Article 3 Club (run by For Equal Rights), Media Center (managed by the Public Journalism Club), Azatutyun Radio Station/US, Civilnet Armenian online newspaper, Factor TV, and the Infocom information committee, provide the public with

information on the important role that CSOs play in the country. Several USAID-funded initiatives, including CSO DePo and the Media for Informed Civic Engagement (MICE) project, have also promoted cooperation between the media and civil society and increased media interest in the social impact of civil society.

Armenian society was polarized in 2019 between those with liberal views who largely support the new authorities (known as the “whites”) against representatives and supporters of the old regime (known as the “blacks”), who generally support traditional values. After the revolution, anti-revolutionary forces depicted the current government as anti-family values or anti-Christian. CSOs were subject to negative characterizations such as “grant eaters” or “grant-chasing,” and were accused of “destroying national values” and “promoting foreign agendas.” Notably, groups and media supporting the previous regime widely used the term “Sorosian” to profile and accuse several CSOs of promoting foreign agendas aimed at destroying national values and infringing on traditional family values. These efforts have impacted the perception of the CSO sector among the larger public, even though there were several investigative publications explaining the origins of the campaign against CSOs and the government.

According to the Public Opinion Survey: Residents of Armenia, conducted in September-October 2019 for the International Republican Institute (IRI), 52 percent of respondents had favorable opinions of CSOs, while 32 percent had unfavorable opinions. This represents an improvement over the past year: in the same poll conducted in the fall of 2018, 46 percent of respondents considered the work of NGOs and CSOs favorable, while 38 percent considered it unfavorable.

Following the Velvet Revolution, the state authorities’ perception of CSOs improved significantly. Many CSO representatives and former civic activists took positions in the post-revolutionary government and parliament, which positively impacted the government’s perception of CSOs both as service providers and advocates. The business sector’s perception of CSOs has not significantly changed since pre-revolutionary times. Most businesses still only have a limited understanding of the CSO sector and have set up their own charity and social initiatives, thereby bypassing CSOs.

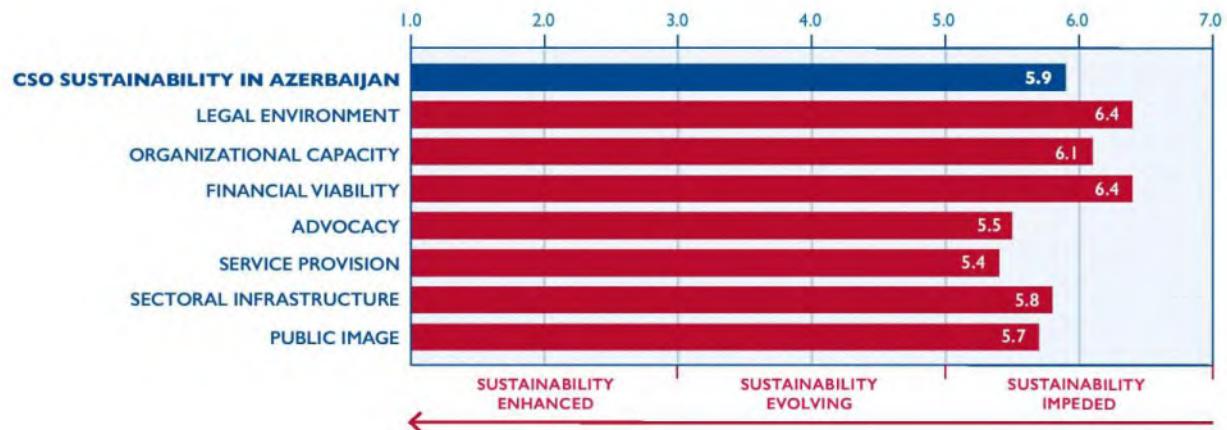
A growing number of CSOs promote the results and impact of their work. CSOs increasingly use social media, especially Facebook and Instagram, as well as live streams and data visualization tools in order to raise public awareness of their activities. However, most CSOs still lack systematic approaches on how to use social media.

Only a few relatively large CSOs have adopted codes of ethics or try to demonstrate transparency in their operations by publishing annual reports or other relevant information. Foundations are required to publish annual reports on state-administered websites, while public organizations are required to publish reports only when receiving public funds. When published, these reports tend to be generic and lack details regarding CSOs’ operations or financing.

# AZERBAIJAN<sup>1</sup>

Capital: Baku  
Population: 10,205,810  
GDP per capita (PPP): \$17,500  
Human Development Index: High (0.754)  
Freedom in the World: Not Free (10/100)

## OVERALL CSO SUSTAINABILITY: 5.9



Civic freedoms continued to be highly restricted in Azerbaijan in 2019. According to Amnesty International, “The rights to freedom of expression and peaceful assembly remained suppressed [in Azerbaijan] as dissenting voices were silenced and imprisoned, and peaceful protests were violently dispersed by police.” Human Rights Watch notes that, “The space for independent activism, critical journalism, and opposition political activity [in Azerbaijan] has been virtually extinguished as so many activists, human rights defenders, and journalists have been arrested and jailed, and laws and regulations restricting the activities of independent groups and their ability to secure funding adopted.”

At the same time, several positive developments took place in 2019. In March, for example, President Ilham Aliyev pardoned more than 400 people convicted of crimes, including more than fifty members of the opposition, human rights defenders, journalists, and others considered by international rights organizations to be political prisoners. However, according to Human Rights Watch, at least thirty others remained wrongfully imprisoned, while authorities regularly targeted its critics and other dissenting voices. Also in March, the Supreme Court lifted the probation conditions and travel ban imposed on Ilgar Mammadov, a political activist. President Aliyev also initiated several changes in the government aimed at economic and political modernization, including replacing the prime minister and the minister of economy.

Overall CSO sustainability in Azerbaijan did not change significantly in 2019 and remains highly impeded. However, the government’s relationship with CSOs improved somewhat, contributing to positive developments in the financial viability and advocacy dimensions. CSOs had more access to public funding and the government continued to register grants, donations, and foreign service contracts, which had a positive impact on the sector’s financial viability. While still limited, CSO advocacy improved, with some government entities demonstrating increased willingness to collaborate with CSOs, enabling a broader range of CSOs to participate in decision-making processes. In addition, CSO leaders were registered as candidates for the parliamentary elections in February 2020. Meanwhile, CSOs continued to operate in a restrictive environment in which they find it difficult to obtain legal status and register foreign grants and are required to receive permission from the authorities to organize public events in the regions.

<sup>1</sup> Parts of the introduction and legal environment section were not authored by the implementing partner and contain text inserted by other contributors during the editing process.



According to official information, in 2019 the Ministry of Justice (MoJ) registered one branch of a foreign NGO and 109 local CSOs (compared to 169 in 2018), bringing the total number of registered non-commercial entities to more than 4,500. There are also several hundred unregistered groups in the country. During the year, five CSOs voluntarily suspended their activity and seven, including one branch of a foreign NGO, voluntarily terminated their legal status.

## LEGAL ENVIRONMENT: 6.4



The legal environment governing CSOs in Azerbaijan did not change significantly in 2019. CSOs continue to operate under a restrictive environment in which they face many obstacles to their operations. Key legal acts regulating CSOs in Azerbaijan include the Civil Code, Law on Non-Governmental Organizations (NGOs), Law on State Registration of Legal Entities and State Registry, the Tax Code, and various decisions of the Cabinet of Ministers.

The registration of CSOs, including foreign CSOs, continues to be difficult. The process is lengthy, sometimes taking months, and MoJ often takes a subjective approach based on the mission of an organization or its founders. While an online government services portal created in 2018 contains detailed

information on how to register a CSO with MoJ, it did not result in any measurable improvements to the registration process in 2019.

Rules adopted in 2015 require CSOs to register foreign grants, domestic and foreign donations, and foreign service contracts with MoJ. CSOs continue to register grants through the one-stop shop system introduced in 2017. According to official statistics from MoJ, 1,177 grants, 86 service contracts, and 692 donations were registered during 2019, a decrease from a total of 2,289 grants, service contracts, and donations registered in 2018. No data is available on the precise sources of this funding or amounts of these awards. The registration of foreign service contracts continues to be much easier and faster than the registration of foreign grants. The registration of grants from the state budget is a straightforward process and CSOs have no problems with it. Some CSOs register independent businesses in order to avoid grant registration requirements.

In 2019, MoJ opened a new CSO service center in Baku in which CSOs can receive consultations on legal matters, submit applications for funding approvals and changes in the organization using e-templates, and meet with ministry officials. In 2019, the USAID-funded Empowering Civil Society Organizations for Transparency (ECISOFT) project and MoJ organized information sessions for CSOs in the regions of Ganja, Guba, Gabala, Shirvan, and Baku on the obligations of CSOs stemming from legislation on money laundering. These events marked the first time that MoJ's chief of unit on work with CSOs personally travelled to the regions to meet with CSOs and answer their questions related to the legislation and its enforcement.

The NGO Support Council created a new online platform for CSOs called SELIS in 2019. Through this platform, CSOs have access to twenty e-services, including online submission of projects, online evaluation, and online reporting. It also enables citizens to provide feedback on project proposals submitted by CSOs to the NGO Support Council for financing.

According to official data that CSOs confirmed, there were no cases of MoJ involuntarily dissolving a CSO during the year. The so-called NGO Case of 2014, in which several foreign and local CSOs were charged with violations of the criminal code, was closed for many organizations, although it remained open for others, such as the American Bar Association. In addition, the number of inspections conducted by MoJ decreased from eight in 2018 to five in 2019, and there were no instances of local or foreign CSOs being fined by MoJ during the year. However, MoJ issued thirty-four warnings to CSOs in 2019, up from just two in 2018 and thirty-three in 2017. Unwritten rules to obtain approval from the local executive authorities prior to organizing any public events in the regions continue to have a chilling effect on CSOs.

Freedom of expression and assembly continued to be restricted in Azerbaijan in 2019. According to Human Rights Watch, “Azerbaijan effectively imposes a blanket ban on protests in the central areas of Baku and instead offers demonstrators a remote location on the outskirts of the city for rallies.” In October, police violently broke up three unsanctioned, peaceful protests in central Baku, and arrested and beat protesters who called for the release of political prisoners and for free and fair elections and protested growing unemployment and economic injustice in the country. According to a report of the Council of Europe Commissioner for Human Rights, “no progress has been made regarding the protection of freedom of expression,” and “journalists and social media activists who express dissent or criticism of the authorities are continuously deprived of their liberty on a variety of charges” that defy credibility.

There were no known cases in 2019 in which a CSO won a case against the government in a local court. However, in July 2019, the European Court of Human Rights issued a decision in the case Jafarov and others v. Azerbaijan, which centered around the denial of CSO registration. The European Court found that Moj had violated the right to freedom of association and had not complied with the domestic laws’ requirements on registration. In particular, instead of notifying the applicant of all the omissions in its application after the first review, as required by law, Moj found a new omission with each successive request.

In 2019, simplified legal proceeding were introduced for civil cases in which the cost of claims is less than AZN 2,000 (approximately \$1,200), and the cost of claims for economic disputes is less than AZN 10,000 (approximately \$5,800). This may save CSOs involved in such disputes both money and time. In addition, the Law on Mediation, adopted in March 2019, allows CSOs to become mediator organizations and civil society representatives to become individual mediators. This may help CSOs to improve their public image and resolve legal disputes in a shorter time and at a lower cost without going to court.

CSOs are exempt from income tax on income from grants, donations, and membership fees. In December 2018, changes were made to the Tax Code that introduce a 10 percent income tax deduction for commercial companies making donations to CSOs specialized in science, education, health, sports, or culture. However, the government did not adopt a mechanism to implement this benefit in 2019. These changes also simplified the reports that CSOs must submit to the Tax and Social Protection Fund. A Decision of the Cabinet of Ministers of Azerbaijan in 2019 annulled the exemption that CSO staff received from paying taxes on their salaries if financed through grants received from the state budget; the exemption continues to be valid in relation to foreign grants. Also, beginning January 1, 2019, humanitarian organizations are no longer exempt from paying 15 percent of their local staff salaries to the pension fund.

New accounting rules for CSOs came into effect in 2019. The Ministry of Finance (MoF) and the Young Accountants’ Union, a local CSO, organized pro bono training sessions for CSO accountants to familiarize them with the new accounting rules. CSOs did not raise any major concerns in regard to their enforcement.

CSOs are allowed to earn income through the provision of goods and services, including by charging fees or establishing social enterprises. CSOs can compete for government procurements and engage in fundraising campaigns as long as they follow the rules on donations.

CSOs have various opportunities to receive legal assistance, including through NGO Azerbaijan, a mobile app covering issues related to CSO legislation such as registration, regulation of income, taxation, and reporting; a Facebook page called NGO Legislation (QHT Qanunvericiliyi); [www.e-qanun.az](http://www.e-qanun.az), an online portal that includes all legal acts in Azerbaijan; and Moj’s service center in Baku. In addition, a leading specialist in CSO legislation continues to teach a course called NGOs and Human Rights at the Law Faculty of Baku State University. Every year, five to ten students complete this course before continuing their careers with CSOs or government. There continued to be reported cases of independent advocates facing intimidation and arbitrary disbarment in 2019.

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## **ORGANIZATIONAL CAPACITY: 6.1**

CSOs’ organizational capacity did not change in 2019. With the exception of regional NGO resource centers, the organizational capacity of regional CSOs continues to be significantly weaker than that of organizations in the capital because of their more limited access to funding (both foreign and domestic), legal and administrative barriers, and weak human capital.

CSOs find it extremely difficult to establish direct contact with constituencies in the regions due to the need to receive permission from authorities in order to organize public events. CSOs make broad use of social media, which provides an opportunity to communicate with their constituents freely.

Active CSOs in Baku, as well as some larger CSOs in the regions, adhere to their missions to the extent that funding allows. Smaller organizations pay less attention to their missions. As CSOs have few long-term funding prospects, strategic planning is almost impossible. As a result, very few CSOs develop strategic plans.

While the majority of CSOs have some written policies to guide their work, these are rarely implemented in practice. As such, few CSOs have a true separation of powers. The roles of boards or councils of trustees are often limited to satisfying reporting requirements.

Because they have limited funding, most CSOs operate without full-time staff and have limited access to lawyers, accountants, IT managers, and other key personnel. Instead, CSO leaders often perform several of these functions. The number of volunteers continuously increases. According to the Charities Aid Foundation’s 2019 World Giving Index, which aggregates data over the past ten years, an average of 20 percent of respondents in Azerbaijan reported volunteering. A growing number of state bodies involve volunteers in their work. In 2019, the Youth Fund organized more than 100 events with the participation of 15,000 volunteers, many of which were mobilized through youth CSOs, throughout the country. Subsequently, 2020 was announced as a “year of volunteerism” in Azerbaijan.

CSO leaders often use their private residences as their offices, particularly in the regions. Possession of vehicles is a luxury that only a few CSOs can afford. Organizations operating in towns with functioning and reasonably equipped NGO Resource Centers can use their facilities for events and their day-to-day work free of charge. Although CSOs’ equipment is generally outdated, they make broad use of the internet, which is available in Baku and the regions, to learn about legislative changes, new funding opportunities, and other important information affecting their work.

**ORGANIZATIONAL CAPACITY IN AZERBAIJAN**



## FINANCIAL VIABILITY: 6.4

**FINANCIAL VIABILITY IN AZERBAIJAN**



CSO financial viability improved slightly in 2019 as public funding opportunities increased and the government continued to register foreign funding.

MoJ continued to register foreign grants, service contracts, and donations in 2019. While no official data is available on the source of these funds, according to CSOs, MoJ registered grants from the Embassy of Japan valued at \$1.7 million, seven grants from the United Nations worth a total of \$1 million, six grants from the European Union (EU), and two from USAID. Grants from the Black Sea Trust, the Embassy of Canada, and the Eurasia Foundation were also registered. Some of these grants involve sub-grants to other CSOs.

Over the past few years, many CSOs have started to receive foreign funding through affiliated commercial

entities and individual service contracts. Some CSOs note that their grant history has suffered as a result of this practice, making them ineligible for large donor grants.

Funding from the NGO Support Council and Youth Fund continue to be the key funding sources for most active organizations. In 2019, the NGO Support Council financed 568 projects valued at nearly AZN 4 million (approximately \$2.3 million), approximately the same amount it awarded in 2018. The Youth Fund did not provide statistics about its funding of CSOs in 2019. Other significant government donors include the State Fund for Support to the Development of Mass Media (which ran four funding competitions for journalists on its own, as well as six joint competitions with other state authorities in 2019) and the Science Development Fund. In 2019, a total of eighteen government bodies awarded grants to CSOs, compared to twelve in 2018. New agencies included the Baku Transportation Agency and Baku International Multiculturalism Center. In 2019, grant competitions were held in areas including civil society strengthening, cultural diversity, human rights, human trafficking, women's rights, rights of internally displaced people (IDPs) and refugees, rights of the disabled, environmental protection, education, culture, and history.

In general, the government advertises calls for funding online and shares them in the media. The NGO Support Council has the most transparent grant procedures. In 2019, it continued to implement a number of electronic novelties in its grant application and administration procedures, including an e-system to schedule contract signing; e-submission of project reports; and e-communication between the project team and the NGO Support Council's staff. In addition, the NGO Support Council often organizes public discussions with CSOs in order to collect ideas for grant topics. It also involves three independent experts to review the project proposals submitted by CSOs. In practice, funding from the NGO Support Council is available to all CSOs, with the exception of unregistered groups that are not eligible to apply as they do not have bank accounts. However, large CSOs are generally not interested in the small grants offered by the NGO Support Council.

The government continues to introduce the use of social contracting—outsourcing of social services—to CSOs. The Ministry of Labor and Social Protection of the Population (MLSP) is still the only ministry awarding social contracts. In 2018, it awarded eighteen social contracts to CSOs; it did not disclose how many social contracts it awarded to CSOs in 2019.

CSOs' income from membership fees, local donations, commercial tenders, and local and international business continues to be low. There is no legal regulation of cash boxes, which discourages many CSOs from using them. However, some CSOs still do so at their own risk.

The majority of CSOs, particularly regional CSOs, do not have strong financial management systems. Few CSOs publish annual financial reports with financial statements, despite the fact that they must submit this information to MoF.

In 2019, some CSOs continued to have issues with banks. For example, some banks requested copies of contracts for all wires received and proof of funding registration from MoJ and refused to issue debit and credit cards to CSOs.

Under ECSOFT, an international workshop on Financial Action Task Force (FATF) standards related to CSOs' obligations stemming from money laundering and financing of terrorism was held in 2019 with the participation of dozens of CSOs. MoJ and ECSOFT also published a special publication explaining this legislation to CSOs and providing sample documents for compliance.

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## ADVOCACY: 5.5

CSO advocacy improved slightly in 2019 as CSOs had more opportunities to interact with the government on policy issues. However, CSOs that the government views as affiliated with the opposition or that focus on issues such as political prisoners and government corruption are still largely unable to engage in advocacy.

CSO-government cooperation channels widened during the year, with CSOs providing more policy recommendations and participating in public councils, discussions, and working groups. For example, a new unit on work with CSOs and the media was set up in the President's Office in 2019. CSOs view this office as a potentially effective mechanism to raise their concerns at the highest level. Some government entities also demonstrated increased willingness to collaborate with CSOs, enabling a broader range of CSOs to participate in decision-making processes. For example, for the first time ever, representatives of MoJ traveled to the regions to meet with CSOs and increase their awareness of the legislation regarding money laundering and grant registration; they also consulted with CSOs on several occasions.

The 2014 Law on Public Participation provides a legal basis for citizens to participate in governance through various mechanisms, including public councils, which serve as consultative bodies to the government. In 2019, more than twelve state bodies—including Azerbaijan Service and Assessment Network (ASAN), MLSPP, MoJ, State Migration Service, and the Committee on Women, Children and Family Affairs—had public councils with CSO members. The process for setting up the public council in the Ministry of Health was completed in 2019. These councils operate with various degrees of efficiency, but in general their capacity continues to increase. In July, the USAID-funded ECSOFT Project organized an international conference on public councils that brought together representatives of fourteen state bodies and all existing public councils to discuss the challenges they face and to formulate recommendations for increasing the effectiveness of public councils in Azerbaijan. President Aliyev noted the importance of public control over activities of state bodies several times in his speeches during the year.



The practice of organizing public discussions of draft laws with the participation of independent experts and CSOs improved to some degree in 2019. For example, the Tax Ministry invited CSOs engaged in the economic field to participate in two events to discuss draft changes to tax legislation; their recommendations were taken into account in the final draft. However, consultations with CSOs regarding draft legislation are still not organized consistently. In particular, the Cabinet of Ministers never holds public discussions with CSOs, even on issues that directly affect them. For example, CSOs were not consulted about the decision to annul the exemption that humanitarian organizations previously received from contributing to the pension fund. However, MG Consulting, a local law company and local implementing partner for the *CSO Sustainability Index*, organized a discussion with relevant stakeholders on this issue and submitted recommendations to the government. The NGO Forum organized two public discussions on CSO issues, including registration of CSOs and grants, and sent a letter to President Aliyev asking for improvements to the legal environment governing CSOs.

Two other advocacy instruments—the possibility for 40,000 citizens to initiate a law and mahalla committees (voluntary unions of local residents under the Law on the Status of Municipalities)—remain underutilized due to the lack of relevant mechanisms and practices.

In 2019, the government of Azerbaijan demonstrated its willingness to re-activate its status in the Open Government Partnership (OGP), which was suspended in 2016 due to unresolved constraints on civil society and actively cooperated with civil society to this end. In 2019, CSOs provided public feedback on government bodies' services and performance, participated in public councils, raised public awareness, and organized public discussions. Azerbaijan's status in OGP had still not been reactivated by the end of 2019.

At the end of 2019, more than twenty CSO leaders submitted their candidacy for the February 2020 parliamentary elections, all of which were registered by the Central Election Commission. This demonstrated the government's greater openness towards CSOs compared to previous elections.

Despite these improvements, CSO advocacy continues to be limited, especially in the regions. Existing CSO advocacy platforms include the National NGO Forum, Anticorruption Coalition, South Caucasus Women Congress, National Platform of the Eastern Partnership Civil Society Forum (EaP CSF), and OGP Platform. Advocacy capacity is limited mostly to Baku-based CSOs. In the regions, CSOs' capacity to advocate is also limited by the de facto requirement to obtain approval from the local executive authorities prior to organizing any public events.

Social media usage is increasing in Azerbaijan, and social networks present great potential as an advocacy tool. However, regional CSOs are not well-versed in the use of social media and even Baku-based CSOs do not make full use of this medium.

While CSOs continue to engage in advocacy on the international arena, including by contributing to various country reports, statements, and articles, a lack of funding continued to limit these efforts in 2019.



On several occasions, largely within the OGP Platform, CSOs discussed and proposed legislative changes aimed at loosening the restrictive environment in which they operate, with an emphasis on increasing access to foreign funding.

## SERVICE PROVISION: 5.4



CSO service provision did not change significantly in 2019.

CSOs receive significant support from the government to provide services in the areas of social care, health, education, and legal aid. In addition, CSOs provide services in a diverse range of areas including research, assessment, monitoring, and training services for other CSOs, international and foreign CSOs, businesses, and academia. According to official statistics, CSOs organized a total of 459 trainings on topics such as human rights, awareness raising, and women's leadership under projects implemented with funding from the NGO Support Council in 2019. These events were attended by 12,281 persons. CSOs did not offer any new types of services in 2019.

CSOs prefer to register their funding as service contracts rather than grants due to the relative ease of the registration process for service contracts. Some CSOs also provide services by concluding service contracts with donors or other customers through affiliated commercial organizations or individuals. The number of such contracts was said to increase in 2019 despite the fact that the legislative framework for the registration of service contracts did not change.

Some CSOs are able to offer fee-based services, usually focused on the provision of consultations and technical assistance. The clients for such services are usually academia, international organizations, business agencies, and the government; local communities generally are not financially able to pay for services.

The 2012 Law on Social Services provides a framework for the state to engage in social contracting with CSOs, although it is still not widely used. State orders for the provision of social services are easier than grants in terms of their legalization and registration.

## SECTORAL INFRASTRUCTURE: 5.8

The infrastructure supporting the CSO sector did not change significantly in 2019.

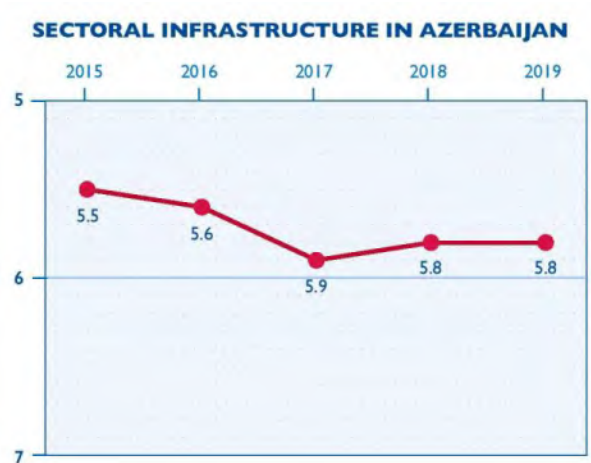
NGO Resource Centers in Baku, Guba, Gabala, Mingachevir, Shamkir, and Shirvan continue to provide technical and infrastructure support and arrange training programs for local CSOs. Regional NGO Resource Centers provide fee-based services to Baku-based organizations related to the organization of events and contacts with regional CSOs. The government has noted the efficacy of these centers and in 2019 the NGO Support Council awarded grants of up to AZN 30,000 (approximately \$17,500) for Baku-based resource centers and AZN 20,000 (approximately \$11,500) for region-based centers.

CSOs confirmed that in 2019, a variety of venues, including the International Press Center in Baku, Olympic Complexes, H. Aliyev Centers, Youth Centers, and Baku Congress Center, continued to offer space for CSO events, both in the capital city and the regions. CSOs use these venues either for free or at discounted rates, although the use of these spaces may still be selectively denied to critical voices. The Women Resource Centers (WRC) and Baku NGO Resource Center also offer pro bono meeting facilities for CSO activities.

There are several national CSO platforms, including the National CSO Forum, which was established in 1999 with 675 CSOs, and the independent Azerbaijan National Platform of the EaP CSF, which was established in 2009 and

unites sixty-three CSOs. Thematic coalitions also bring together CSOs focused on issues such as children's rights and the rights of disabled persons.

The NGO Support Council, Azerbaijan Anti-Corruption Academy, Bank Training Center, and MG Consulting all offer local training opportunities and materials in the Azerbaijani language on such topics as proposal writing, report writing, and project management. The NGO Council held twenty-two trainings for CSOs in 2019, mostly on its e-services, with the attendance of more than 600 CSO representatives. The ECSOFT project conducted a survey among the CSO members of the public councils that currently operate under twelve state bodies in order to identify training needs that will be addressed in 2020.



CSOs were able to form some intersectoral partnerships with the government in 2019. Most notably, the OGP Platform unites ten public agencies and forty-four CSOs. In 2019, the Platform organized several discussions between CSOs and state bodies and participated closely in shaping the National Action Plan which was approved by President Aliyev in February 2020. No partnerships between CSOs and businesses or media are known to exist.

## PUBLIC IMAGE: 5.7



The CSO sector's public image did not change significantly in 2019.

In general, civil society activities are not covered on TV, with the exception of one program on civil society that airs on Public TV. Online media, on the other hand, covered many CSO activities in 2019, including awareness raising, training, and publications. In addition, regional newspapers publish a number of articles about CSO activities in the region. Understanding of the concept of social advertising continues to increase, but as a rule, CSOs must pay commercial rates to promote their issues on TV.

Many CSOs still are associated only with the names of their leaders. Media often interview CSO leaders as individual experts rather than as CSO representatives,

furthering the sector's personality-driven image.

In 2019, specialized CSO media, such as the Civil Society Journal, [www.qht.az](http://www.qht.az), and [www.qhtxeber.az](http://www.qhtxeber.az), received support from the NGO Support Council to cover CSO activities. The NGO Support Council also gave nine awards to journalists for articles related to the e-services available through SELIS. Also with funding from the NGO Support Council, CSOs created a total of fifty-five TV programs, sixty-two social videos, thirty-eight films, and eighteen webpages.

In general, government perception of CSOs continues to be mixed, depending significantly both on the CSO leader, the issue, and the individual state official. In 2019, however, the government displayed a somewhat warmer relationship towards CSOs. In addition to the government's increasing collaboration with CSOs, described above, at the instruction of the First Lady of Azerbaijan, a private jet was allocated to transport pro-opposition CSO leader Oqtay Gulaliyev for urgent treatment in Turkey after he was hit by a taxi in Baku. The government also covered all expenses related to his treatment in Turkey. These actions were viewed as a strong message to officials to be more tolerant and open to CSOs. In addition, one of the first things the newly appointed Ombudsperson did was to meet with CSOs.

According to an online survey of twenty-two respondents conducted by MG Consulting to collect information for the CSO Sustainability Index, 52 percent of respondents noted that CSO relations with the business sector did not change in 2019. Two-thirds (67 percent) of respondents noted that the public perception of CSOs improved.

As CSOs cannot afford to hire dedicated public relations (PR) staff, they rely on volunteers or leaders to develop and implement PR strategies. CSOs use social media, such as Facebook, Twitter, and YouTube, more than TV or print media to share information about their work. Online NGO TV ([www.qhttv.az](http://www.qhttv.az)) regularly posts videos and news related to CSOs; more than 2,400 people subscribe to this portal. In addition, there is a webpage, [www.qhtfilm.az](http://www.qhtfilm.az), that posts films developed by CSOs on topics such as youth, social issues, IDPs, and the disabled. Online OGP TV had several programs devoted to CSO issues in 2019. In one of them, the CSO Sustainability Index was discussed.

Many CSOs still lack webpages and fail to publish annual reports. To address these problems, two online portals enable CSOs to post information about their activities pro bono. One of these portals ([www.qht.az](http://www.qht.az)) has an online database of CSOs and CSO leaders. CSOs do not broadly adopt or adhere to codes of ethics.

# BELARUS

Capital: Minsk  
Population: 9,477,918  
GDP per capita (PPP): \$18,900  
Human Development Index: Very High (0.817)  
Freedom in the World: Not Free (19/100)

## OVERALL CSO SUSTAINABILITY: 5.5



CSOs in Belarus continued to operate in a difficult environment in 2019. In parliamentary elections held in November, opposition candidates and representatives of democratic CSOs failed to win any seats. The authorities continued to harass CSO activists, journalists, bloggers, and opposition figures through the use of fines, preventive detentions, and administrative arrests, especially in the run-up to the parliamentary elections and during December protests against the country's "deeper integration" with Russia.

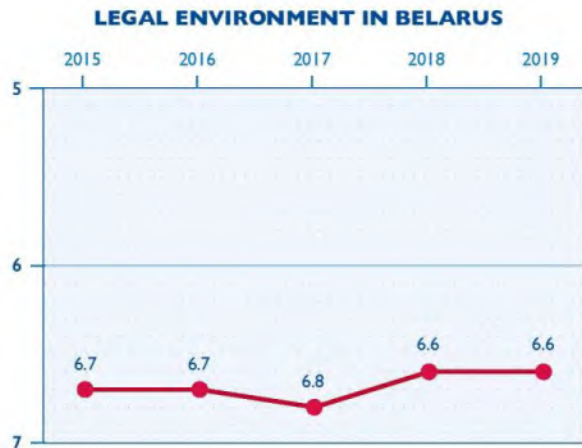
CSO sustainability deteriorated slightly in 2019, driven by a decline in organizational capacity. While this remains the sector's strongest dimension, in recent years internal capacity development has become less of a priority for CSOs. CSOs continue to operate in an unfavorable legal environment, depend largely on international grants, and have very limited opportunities to influence the decision-making process. Nevertheless, many CSOs undertook efforts to increase their visibility in 2019, and authorities showed some openness to the demands of active civic groups. CSOs were threatened by growing Russian propaganda both online and on TV in 2019.

As of January 1, 2020, there were 2,995 registered public associations, including 227 international, 785 national, and 1,983 local associations, as well as 43,545 registered branches of public associations in Belarus. Other registered entities included 25 trade unions, 40 unions (associations) of public associations, 217 foundations, and 7 national governmental public associations. During 2019, 98 new public associations, one union of public associations, and 9 new foundations were registered. A growing number of CSOs register as nonprofit establishments, which are subject to a much simpler registration process than that for other types of organizations. However, no data is available about the number of such organizations.

## LEGAL ENVIRONMENT: 6.6

The legal environment for CSOs did not change significantly in 2019 and continues to be highly restrictive. According to the CSO Meter survey conducted by the Assembly of NGOs and Legal Transformation Center Lawtrend, the majority of organizations (79 percent) consider it difficult to operate in Belarus and 73 percent of CSOs face obstacles in their activities imposed by the authorities. A number of legal initiatives were considered during the year, only some of which were adopted.

In December 2018, parliament abolished Article 193.1 of the Criminal Code, which criminalized the activity of unregistered CSOs. This change went into effect in July 2019. However, the ban on the activity of unregistered CSOs remained in force, and violations are subject to fines under Article 23.88 of the Code of Administrative



Offences. According to the law, such fines do not require court hearings. There were no reports of unregistered CSOs being fined in 2019.

Highly restrictive draft amendments were proposed to the Law on Public Associations in 2019. The amendments would ban a CSO from using a private house as its official address for registration, require CSOs to publish financial statements, and obligate national-level associations to have registered branches in most oblasts. The amendments would also introduce a few positive changes, including broader possibilities to communicate with state bodies online and a reduction in the minimum number of founders for a republican public association from fifty to forty. The government organized a public discussion on the amendments and the Ministry of Justice

created a special working group comprising representatives of a broad range of CSOs, though the group did not include all interested CSOs. Nevertheless, the draft law introduced in the parliament in December still had all the norms criticized by CSOs.

The draft law also failed to change the existing procedure for registering public associations, which allows the government to refuse registration to any organization with which it is “uncomfortable.” The government uses this provision to refuse registration to unwanted CSOs. In 2019, the government refused to register the public associations Ecobrest and Immortal Regiment. In April, the Supreme Court upheld the Ministry of Justice’s decision not to register Dzeja Research and Enlightenment Public Association, even though the court found that two of the three grounds for refusing registration were baseless. This situation demonstrates that that judicial appeal is not an effective way to protect the rights of CSOs.

Many new CSOs are formed as nonprofit establishments. This type of organization is also subject to arbitrary restrictions. For example, the government often uses the process of approving an establishment’s name to impede the registration of unwanted organizations.

Under current legislation, a CSO must receive a government permit for each foreign donation. A separate permit is required to exempt the assistance from taxes. The government maintains an exhaustive list of acceptable purposes for foreign and domestic support; the list does not include human rights activities, gender equality, or many other CSO goals. According to the law, in some cases violations of the complicated procedure of obtaining approval for foreign assistance are punishable by imprisonment for a term of up to two years.

CSOs do not always make information public about instances in which their applications to register foreign funding are rejected for fear of cultivating a negative image with the government and increasing the likelihood that future projects will be refused registration. During the year, however, at least two CSOs announced that they would return funds received from foreign donors because the Department for Humanitarian Activities refused to register their projects. One of them was the Center for Promotion of Women’s Rights – Her Rights, which returned funding to USAID for a project focused on the empowerment of women and girls.

In 2019, the government considered draft presidential acts regulating international assistance and assistance from domestic business sources. While the public does not have access to the most recent versions of these acts, the legislation allegedly retains the existing procedures for registering foreign assistance.

CSOs face restrictions to the freedom of peaceful assembly, dissemination of opinions, and access to information about the activity of state agencies. In some cases, CSOs are subject to arbitrary arrests, searches of their offices, and other forms of harassment. The Law on Mass Events, which was adopted in July 2018, came into force on January 26, 2019. The law allows mass events to be organized through a simple notification process, rather than requiring advance permission, as long as they are held in venues designated for that purpose by local authorities, which are often remote or inaccessible. The concept of a “mass event” specified in the law is overly broad and now includes cultural and entertainment events, thus CSOs also need to obtain permits to organize tourist rallies, summer camps, and other events. Moreover, the government issued a decree at the beginning of 2019 that introduced a mandatory fee—which was quite high—for services to maintain public order during such events. As a result of these new legal provisions, the number of meetings, rallies, and demonstrations organized by CSOs



declined dramatically in 2019. The authorities banned a demonstration and rally by the BPF Party and Amaroka CSO on Freedom Day, March 24, at Dynamo Stadium. Organizers of the Chernobyl Way rally chose not to organize this annual event in 2019 because of the high rates for the services of militia. During the year, the authorities repeatedly banned events proposed by the March, Babe! initiative opposing domestic violence, even though some of these were to be organized in venues designated by the government for such events.

According to Viasna Human Rights Center, during 2019, the government imposed administrative sanctions 571 times in cases that involved political grounds or when citizens were exercising their civil and political rights. For example, the authorities imposed fines and arrested participants in the December protests against the “deeper integration” of Belarus and Russia.

As in previous years, CSO activists were frequently arrested and searched, especially when entering or leaving the country. Authorities often confiscate data storage devices under the pretext of “checking for extremist materials.” In May, local Sinti and Roma organizations were subject to intense pressure based on ethnic profiling after the death of a road safety officer in Mahileu, allegedly at the hands of three Roma men. Over 100 Roma in the region were detained. As part of this effort, the head of Romano Drom CSO, Volha Niachayeva, was arrested and her house was searched.

Public associations may not engage in business activities. CSOs have the right to participate in some tenders for social services announced by local authorities.

CSOs have limited access to qualified legal aid, including from the Assembly of NGOs and Lawtrend. However, because of a general shift in donor priorities, these organizations have had to reduce the scope of free legal consultations.

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## ORGANIZATIONAL CAPACITY: 4.8

In 2019, the organizational capacity of CSOs weakened slightly. While major CSOs have maintained their level of capacity and new CSOs have been established in both large urban areas and other parts of the country, internal capacity development has become less of a priority among both CSOs and donors. Since donor funding for organizational development has become scarcer, CSOs have to invest their own resources in order to build their capacities. As they lack such resources, many ignore capacity development altogether.

Leading CSOs clearly identify their beneficiaries and potential constituents and involve them in their events where possible. This includes most environmental and membership-based organizations, like ZBS Association of Belarusian students, BirdLife Belarus, and Minsk Bicycle Association. Informal CSOs rely on their constituents to maintain their activities. In 2019, however, some CSOs struggled to secure the resources needed to develop their constituencies, while others reduced or ceased their work with constituencies altogether because of the lack of resources.

Most CSOs follow their missions but often shift between different priorities because of their dependence on donors and the availability of funding. Larger and more experienced CSOs engage in strategic planning, but generally use outdated approaches and techniques. Unregistered initiative groups do not see much point in strategic planning. The majority of CSOs do not develop tools to evaluate the implementation of their strategies but do strive to assess the effectiveness of specific activities. A few CSOs including the Office for European Expertise and Communications (OEEC) measure the success of their work in a systematic manner.

Except for nonprofit establishments, all CSOs are legally required to have boards and to define their roles and responsibilities in their statutes. Many organizations, however, fail to distinguish between the roles and responsibilities of board and staff members. As a result, in many CSOs top staff members serve on boards. Larger CSOs continue to develop policies and procedures for their internal management. In 2019, YMCA Belarus adopted



gender and inclusion policies and Association of Life-Long Education adopted a membership policy. Many CSOs, however, do not have such policies, which require time, professional skills, and commitment to develop and implement.

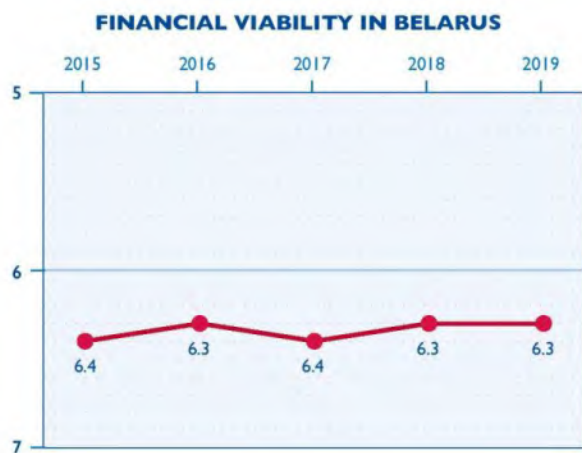
Most CSOs are not able to maintain permanent staff or hire new people because they lack the necessary resources. Most staff is hired on a project basis. Many donors have reduced the share of budgets that can be used for salaries, which forces project teams to do more work for less pay. This has demotivated staff members and increased CSOs' difficulties in hiring staff. Human resource practices regarding job descriptions, vacations, and maternity leave continue to be inadequate. Employees need to develop their skills in project management, monitoring and evaluation, teamwork, and advocacy, but CSOs can rarely afford to pay for their employees to participate in local training or take educational trips. There are few opportunities for leadership training. Some CSO leaders have been in their positions for decades. Leaders in youth organizations change, but these changes often happen so fast that newcomers have no time to learn from their predecessors.

CSOs understand the importance of recruiting and engaging volunteers. Volunteerism is an integral component of the activities of some CSOs, including SOS-Children's Villages and Viasna Human Rights Center. Human Constanta CSO organizes monthly meetings for its volunteers to broaden their expertise and keep them engaged. In summer 2019, the Belarusian National Youth Council RADA organized the annual Volunteer Fest in Minsk with the participation of over 100 volunteers. According to the Charities Aid Foundation's 2019 World Giving Index, the average percentage of Belarusian respondents who reported volunteering in the last ten years is 25 percent.

Many CSOs outsource the professional services of accountants, IT managers, and lawyers, as they are unable to afford to employ them as staff members. There are few qualified accountants who understand the specifics of CSOs, so experienced specialists often work for several CSOs.

CSOs actively use social media and the internet. Staff and volunteers often use personal computers and other equipment because many donors do not allow CSOs to use project funds to buy or upgrade their equipment. CSOs continue to use modern information and communications technology (ICT) including Facebook, Signal, Snapchat, Slack, and Telegram. VKontakte and Odnoklassniki remain the most popular social media platforms in Belarus. While youth CSOs and small local communities widely use VKontakte, only a few CSOs are present on Odnoklassniki. A few CSOs use TikTok as a channel for engaging teenagers and young people. While the use of ICT has brought positive changes to CSO operations, many CSOs do not have the technical abilities to fully utilize all the opportunities.

## FINANCIAL VIABILITY: 6.3



Financial viability of CSOs did not change in 2019 and continues to be very fragile. CSOs continue to be highly dependent on international donors, while support from domestic donors is almost non-existent and few organizations are able to conduct income-generating activities.

Legal restrictions limit CSOs' opportunities to receive both foreign and local funding. CSOs must register all grants and donations from abroad, and presidential decrees and edicts specify the allowable goals for which CSOs can receive foreign and corporate funding. Public associations are not allowed to engage in entrepreneurial activities.

There is no accurate data available on the amount of international donor assistance to Belarusian civil society

in 2019. However, local CSOs feel that international assistance has decreased and note that donors increasingly distribute funds to local authorities and government-organized NGOs (GONGOs). Donors' policies are changing and now increasingly require CSOs to officially register projects and provide co-funding, which makes it more difficult for CSOs to access this funding.

A growing number of organizations use their websites to raise funds from individuals and some have started to receive regular subscription-based donations. In 2018, Falanster NGO developed an open source tool called Doika, which CSOs can install on their websites to collect donations and membership dues without intermediaries or commission fees. In 2019, only fifteen CSOs used this tool.

CSOs increasingly use crowdfunding mechanisms to engage citizens and collect financial support, but this is still a rare practice. In 2019, 218 new projects were launched on Ulej.by, the biggest crowdfunding platform; 98 of them successfully raised the target amount of money, collecting a total of \$250,000. Ulej launched MolaMola, a new crowdfunding mechanism for individuals, in 2019. At the end of 2019 and beginning of 2020, the BY\_help campaign raised more than \$12,000 via MolaMola to help Belarusians fined and arrested after the December protests; this money was mainly used to pay administrative fines. At the same time, in May, MolaMola blocked the collection of money to pay the criminal fine imposed on blogger Siarhei Petrukhin, explaining that this may be regarded as an attempt by the perpetrator to evade the assigned punishment. The oldest Belarusian crowdfunding platform, Talaka.by, ceased operating in 2019.

Governmental financial support to CSOs is mainly limited to direct and non-transparent funding of state-controlled organizations. Local authorities subsidize CSO social services through the state social contracting mechanism, using funding allocated from the central government. In 2019, the state budget allocated approximately \$440,000 to contract CSO services in social protection and HIV prevention; a total of 123 contracts were signed. While the number of contracts and financial support from the state budget is increasing, this funding remains inaccessible to the majority of Belarusian CSOs.

Some CSOs with established relationships with the government are able to attract in-kind support from the state, mainly in the form of free premises provided by local administrations. Some CSOs are able to generate revenue from the sale of services, including by selling tickets for public events, renting out their premises, and receiving contracts. However, earning income from the sale of goods and services is still a rare practice among CSOs and the funds collected are insufficient to ensure CSO sustainability. For instance, OEEC collected donations through its website and fees for educational events in 2019 but estimates that the resources received from these activities covered less than 5 percent of the organization's total operational costs.

The concept of social entrepreneurship was actively promoted in 2019, mostly through the ongoing efforts of ODB Brussels NGO. The group released a forty-minute film on the state of affairs in the sector; published a manual containing an overview of Belarusian good practices in social entrepreneurship; and, together with Dobra fund, organized a Social Business Forum. The inclusive coffeehouse More than Coffee and bakery Dobrae Pechyva (Good Cookies), both of which employ and train people with mental disabilities, were among the new social enterprises launched in 2019.

Major membership-based organizations collect membership fees. As a rule, the fees are minimal, but occasionally allow CSOs to cover some basic expenses such as office rent.

Several initiatives continue to promote corporate social responsibility and corporate philanthropy in Belarus. The social fund Dobra started the Index of Good, which measures social responsibility among Belarusian companies. Local businesses invested over \$70,000 into social and public benefit projects as part of the Social Weekend contest.

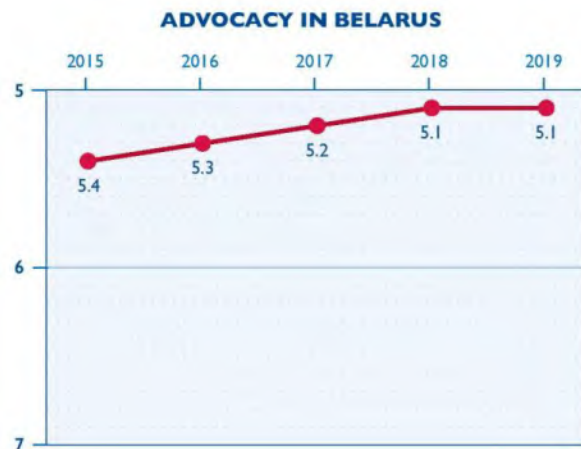
CSOs' financial management systems remain largely unstudied due to the lack of financial transparency and accountability among most Belarusian CSOs. Only a few organizations and public campaigns that rely on crowdfunding share financial reports. For example, Petitions.by platform issues quarterly reports on collected donations. CSOs provide full financial plans and reports to donors.

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## ADVOCACY: 5.1

In 2019, CSO advocacy did not change significantly. While some advocacy efforts were successful, others were ineffective.

The Mothers 328 movement successfully fought against unfair sentences under the anti-narcotics law in 2019. It met with the minister of the interior and the head of the Presidential Administration, ultimately leading to parliament amending Article 328 of the Criminal Code to mitigate the sentences. In addition, President Alexander Lukashenko publicly promised to pardon those already convicted. In Brest, citizens successfully protested to shut down the IPower battery factory because of the harm it posed to the environment and people's health. According to the annual review Belarus in Focus, due to cooperation between the government and experts of the non-governmental Kastryčnicki Economic Forum (KEF), most of the population now agrees on the need for reforms to move Belarus towards a market economy.



The March, Babe! initiative advocated for the law against domestic violence by organizing public campaigns and appearing on international platforms. These efforts attracted significant media attention. As a result of these efforts, March, Babe! was able to meet officially with the foreign minister and deputy minister of internal affairs in 2019, and one of the new members of parliament expressed his support for such a law. Another civic initiative, the Youth Bloc, which was founded by CSOs in the fall of 2019, actively advocated around issues related to education, military service, and the mitigation of anti-drug legislation in the elections. Despite their activism, however, neither March, Babe! nor the Youth Bloc achieved any concrete results.

In December 2019, several thousand people participated in a series of demonstrations in Minsk to protest deeper integration with Russia. The protests were organized by the Fresh Wind campaign and opposition politicians in response to meetings between Alexander Lukashenko and Vladimir Putin at which issues of integration and energy were discussed. The two presidents failed to reach agreement on any of these issues, and in the following months, street protests ceased. During the December 2019 protests, the authorities largely refrained from harassment, but in 2020 many of the participants in the protests were punished with heavy fines and administrative arrests.

There are no effective mechanisms for lobbying and advocacy in Belarus. The Law on Normative Legal Acts came into force in 2019. The law establishes minimum time limits for conducting public discussions, obliges state bodies to publish the results of public discussions, and regulates mechanisms of online discussions. In practice, however, it has not increased CSOs' opportunities to participate in decision-making processes. Ministries continued to organize public discussions on their websites, although these did not produce any significant impact on important issues in 2019. The authorities occasionally invite individual experts to meetings and working groups. For example, the Coalition for Dignified Longevity and the Ministry of Labor and Social Protection work together on the National Strategy for Active Longevity. However, this practice is very selective.

Almost every government agency has a public council with the participation of CSOs. However, these councils do not operate according to uniform standards or regulatory principles, the selection criteria for CSOs are unclear and biased, and selection procedures are not transparent. The mandates of public councils are generally extremely limited, and discussions may not affect future decisions. The CSO Meter 2019 survey finds that 30 percent of CSOs participate in public councils, while the rest do not even attempt to become members of such councils.

In the parliamentary elections of 2019, some civic activists were not registered as candidates, while others were allowed to run for office, but were not elected.

In 2019, the Coordinating Council of Public Family Forces of Belarus, an ultra-conservative coalition of seven CSOs, actively advocated against the rights of lesbian, gay, bisexual, transgender, and intersex (LGBTI) individuals, abortion, in vitro fertilization (IVF), and programs for the prevention of sexually transmitted infections, especially

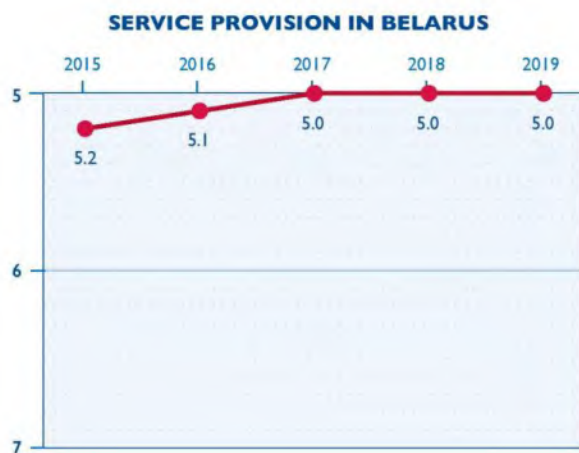
among Christian communities. By the end of the year, they had collected 30,000 signatures calling for the criminalization of information about LGBTI people. At the same time, the illiberal initiative Immortal Regiment was less active in 2019 and was denied registration as a formal public association.

Online activism is increasingly popular among Belarusians, in part because other opportunities and mechanisms are ineffective and hard to use. According to a survey by Human Constanta and Baltic Internet Policy Initiative, 48 percent of Belarusian internet users have used the internet to participate in a community with similar interests, 35 percent have participated in online discussions, and 20 percent have signed online petitions. According to the 2019 study “Public Organizations and Citizens’ Initiatives: Potential for Participation,” prepared by the Baltic Internet Policy Initiative and OEEC, more than 60 percent of respondents were willing to help solve urgent problems in their local communities by signing petitions. In 2019, 709 petitions were organized on the Petitions.by platform. The popularity of the Petitions.by platform allowed it to finance its operations in 2019 through users’ donations.

Belarusian CSOs are not widely engaged in advocacy efforts aimed at promoting a more favorable legal and regulatory framework for the sector. Only a few CSOs including Lawtrend, Assembly of NGOs, and ACT International Educational NGO took part in public discussions of the Law on Public Associations, which the Council of Ministers sent to parliament at the end of 2019. In June, twenty-five CSOs sent a collective appeal to the Council of Ministers protesting the unjustified collection of contributions to the Social Protection Fund.

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## SERVICE PROVISION: 5.0



CSO service provision did not change in 2019. The CSO sector continues to provide a diverse range of services including social services, civic education, environmental protection, regional development, legal aid, and capacity building of the sector. However, the scope, outreach, and effectiveness of CSO services are not sustainable because most organizations rely on funding from international donors and generally cannot provide services to all who need them.

CSOs, especially those that provide educational and informational services, have successfully broadened the range of activities they provide for different target groups. For example, in 2019 the Republican Association of Wheelchair Users launched a special website [Mamapapa.by](http://Mamapapa.by) where people with spinal cord injuries can

find information and get consultations on issues such as sexuality, fertility, and reproductive health. Human Constanta and Legal Initiative CSOs offered city quests and pub quizzes on human rights. During the year, several organizations and groups of activists launched podcasts, including FemFM, Dzigital, and We Haven’t Finished. A growing number of CSOs provided online and blended training courses. For example, the School of Young Managers of Public Administration (SYMPA) offered an online course called Modern Theories and Practices of Public Administration and Public Policy and OEEC launched an online course on building local communities.

Many CSOs strive to determine the needs of their clients and target groups so they can develop appropriate services or refocus their services to make them more effective. However, needs assessments are generally done in an informal and non-systematic manner. As most CSOs lack competencies in data collection and evaluation, few are able to demonstrate their contributions to local needs.

Belarusian CSOs provide services to a much wider audience than their members. In January, Press Club Belarus launched Media IQ, which monitors media compliance with journalistic standards and the availability of propaganda. Center for Environmental Solutions provides consultations to businesses to help them shape their environmental policies. Academics and government officials use the expertise of think tanks. Specialists from government agencies regularly participate in the trainings of socially oriented CSOs.

As a rule, CSOs do not intentionally discriminate when providing their goods and services, but there are instances of unconscious discrimination. For example, many CSOs have offices in buildings or organize events in spaces that



are not fully accessible, and information about CSO services is not always accessible to all groups of society. During 2019, CSOs increasingly discussed nondiscriminatory approaches, inclusive practices, and the promotion of cross-cutting values.

A growing number of CSOs try to recover the costs of service provision by charging fees and signing contracts, but the amounts received do not cover the majority of costs. Such CSOs are mostly registered as establishments; public associations are legally prohibited from engaging in business activity.

The demand by state bodies for CSO expertise and services, such as analysis from independent think tanks and environmental CSOs or training for social workers, is growing, but government recognition and appreciation of the contribution of CSOs is still very limited. In December, the Third Sector Center received a commendation from the Ministry of Labor and Social Protection for its work on the development of volunteerism and implementation of socially important projects.

## SECTORAL INFRASTRUCTURE: 5.0

The infrastructure supporting the CSO sector did not change significantly in 2019. While CSOs have access to various support services, there are still no long-term, comprehensive programs that support different types of CSOs.

Several active and experienced intermediary support organizations (ISOs), networks, and umbrella organizations provide training, consultations, and informational and technical support to Belarusian CSOs. Among them are the Assembly of NGOs, New Eurasia Foundation, ODB Brussels, OEEC, and the Belarusian National Youth Council RADA. Organizations such as the Agency of Regional Development Dzedzich in Brest, the Third Sector Center in Grodno, and Kola Center in Mogilev, serve as resource centers for CSOs and activists in their regions.

CSO infrastructure organizations continue to depend on foreign funding; have limited capacities, scope of services, and outreach; and are located mainly in big cities. As a rule, ISOs provide services for free, although a few collect small fees (\$5 to \$10) from the participants of training programs.

A new public space called Territory of Rights opened in Minsk at the end of 2018 and hosted more than 170 events organized by pro-democratic CSOs free of charge in 2019. This has catalyzed the emergence of some new CSO initiatives. For example, every Monday, the Volunteer Service of Viasna Human Rights Center organized meetings of its English-speaking club on human rights issues there.

Belarusian CSOs re-grant funds to local organizations and initiatives under some large foreign-funded projects. In 2019, Belarusian Human Rights House awarded many small, large, and research grants focused on the promotion of human rights and democratic values with funding from the EU. DVV International re-granted funds from the German Ministry of Foreign Affairs to support projects that helped to expand access to education in the penitentiary system. The Office for the Rights of Persons with Disabilities awarded mini-projects focused on independent living for people with disabilities with funding from the EU. Belarusian businesspeople and companies awarded \$50,000 through the fourteenth Social Weekend contest for social initiatives.

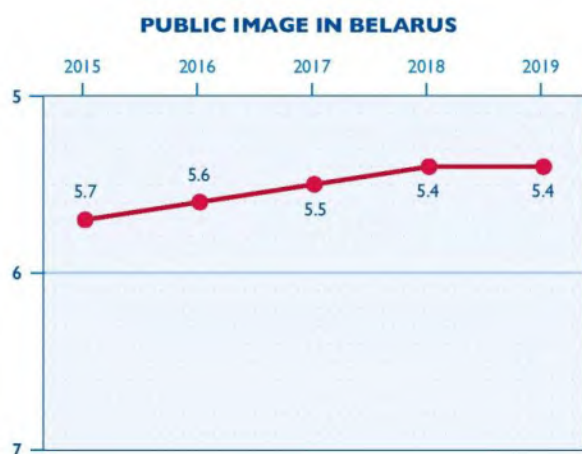
CSOs have access to a pool of professional experts, consultants, and trainers in management and fundraising. In April, twenty-seven CSO representatives completed a six-month advanced education course in NGO Management organized by the New Eurasia Foundation and School of Business of the Belarusian State University. In 2019, there were also several trainings in specialized areas of CSO activities, like storytelling or nonprofit law. However, existing training programs do not address all of the sector's needs. CSOs, especially new ones, lack basic training on management, accounting, financial management, and monitoring and evaluation. There is also limited advanced specialized trainings for experienced CSO managers in areas such as modern management approaches, communications, advocacy, and using ICT for the development of civic activism and fundraising.



Cooperation and partnership in the CSO sector continue to increase. In 2019, CSOs created coalitions for specific events like Idea Generation Camp or Zero Discrimination Day; shared information and plans via chats, groups in social networks, special meetings, and networking events; implemented joint projects; and worked together on advocacy initiatives. Six CSOs addressing LGBTI issues formed an as yet unnamed coalition to coordinate strategies and promote a shared agenda.

In 2019, CSOs formed a number of intersectoral partnerships, mainly with the private sector and media. In summer, the Assembly of NGOs worked with organizers of the Viva Braslav open air music festival to offer a space where eleven CSOs could present their work to attendees of the festival. Within the IdeaLab event, media experts helped CSOs design and plan creative media campaigns to increase their visibility. The CSO Center of Urban Initiatives, the local Executive Committee, and Alivaria brewery company conducted the Big City Picnic in Mogilev. As in previous years, top government officials regularly participated in civil society events. CSOs and local authorities implemented joint projects, mostly aimed at infrastructure and regional development. CSOs' interaction with businesses and state bodies continues to depend primarily on personal contacts.

## PUBLIC IMAGE: 5.4



The CSO sector's public image did not change significantly in 2019.

During the year, independent media covered a wide range of CSO-related topics, including the participation of activists in advocacy campaigns and public protests. TUT.by, a major online platform, published a series of articles about the achievements of Belarusian CSOs. CityDog, an online magazine, continued to publish its Grass Roots rubric about CSO initiatives and opportunities for the public to participate in them. Government-controlled media primarily covered local activism focused on neighborhood improvements. State-owned ONT TV channel produced stories about local activists and their initiatives in small towns as part of a special project.

Russian propagandistic media published a growing number of fake news stories and materials discrediting Belarusian civil society. Moreover, some Belarusian Telegram channels and bloggers made negative posts about CSO activists.

Public awareness of CSOs and participation in their activities is still quite low. According to the annual national survey commissioned by Pact, only 3 percent of Belarusians participated in CSO activities in 2019, the same percentage as in 2018. Awareness about CSOs has grown slightly and reached 32 percent, up from 26 percent in 2018, with the best known organizations being charities, youth, environmental, and animal protection groups. Comparable figures are higher among internet users. According to a survey by Baltic Internet Policy Initiative and OEEC, 20 percent of respondents participated in the activity of CSOs and 71 percent are aware of their activity.

While actual participation levels are still low, Belarusians are theoretically willing to take part in CSO activities and other forms of civic participation. According to the above survey by Pact, 28 percent of respondents are ready to participate in CSO activities, 46 percent in socially beneficial civic activities, and 52 percent in activities that address issues of concern in their local communities. In response to a similar question in Pact's 2018 survey, 53.5 percent of respondents indicated their readiness to participate in activities addressing issues of concern in local communities. The key reasons for the low levels of civic activity include insufficient information on opportunities for engagement and the belief that change is not possible.

In 2019, CSOs organized a great number of mass festivals and conferences to engage Belarusians in civic activism and promote it as a "fashionable concept." For example, the Minsk Cycling Society organized Viva Rovar!, a bike carnival; the Assembly of NGOs organized a Kilometer of Civic Activism, a public festival at which CSOs could

present their activities to the public; and the initiative Edcamp Belarus organized the 3rd Edcamp Unconference for school teachers.

The government's perception of the CSO sector did not change in 2019. As before, in most cases, any collaboration is initiated by CSOs, rather than the authorities. Officials at various levels continued to participate in events conducted by CSOs. For the second consecutive year, President Alexander Lukashenko participated in the European Security Forum organized by the Minsk Dialogue Council on International Relations.

As in previous years, businesses trust certain CSOs but do not consider the sector as a whole as a partner for joint events, advocacy, or access to vulnerable groups. According to a survey of the Belarusian corporate social responsibility (CSR) market by Civitta/SATIO and the Dobra fund, businesses still give priority to charity, i.e. direct assistance to vulnerable populations, instead of supporting CSOs. Businesses do not support activities involving politics or potential conflict with the authorities and sometimes get involved in conflicts with CSOs, especially environmental activists.

In 2019, CSOs further increased their presence in the media, including traditional media, social networks, Telegram and YouTube channels, and podcasts, in order to highlight their activities and convey socially important messages. CSOs attracted media and public attention through a number of creative events and tools during the year. In December 2019, organizers of the March, Babe! initiative placed dozens of orange shoes and boots in the central square of Minsk to represent victims of domestic violence. The first inclusive on-line series *Who, If Not Us* presented persons with disabilities as the main characters who tackled everyday problems on their own; the series was created by an activist with disabilities with support from USAID. Independent bloggers play an increasingly important role in highlighting the civic agenda.

To improve the visibility of the civil sector, every year CSOs organize awards ceremonies to celebrate the best organizations and initiatives. These include Civil Society Champions, Zrabili (We've Done It) grassroots award, Rada Awards, and awards for regional activists in Vitebsk and Brest.

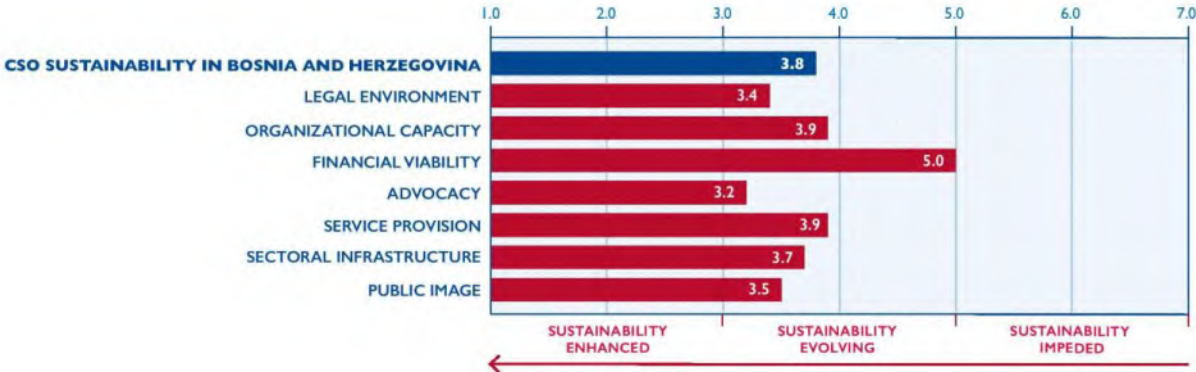
Nevertheless, CSOs still lack a systematic approach to promoting their image and few engage professionals to manage their public relations activities. Most CSOs do not have sufficient capacity to create newsworthy events, interact with subscribers on social media, or respond to conflicts that become public.

CSOs increasingly understand the importance of transparency; however, very few organizations publish annual reports and hardly any organizations publish financial statements. Despite growing discussion about CSO values, there is still no common code of ethics for CSOs, and there were no attempts to draft one in 2019.

# BOSNIA AND HERZEGOVINA

**Capital:** Sarajevo  
**Population:** 3,835,586  
**GDP per capita (PPP):** \$12,800  
**Human Development Index:** High (0.769)  
**Freedom in the World:** Partly Free (53/100)

## OVERALL CSO SUSTAINABILITY: 3.8



General elections were held in Bosnia and Herzegovina (BiH) in October 2018. However, because of an ongoing political dispute among the members of the tripartite presidency over the country’s future in the North Atlantic Treaty Organization (NATO), a new state government had still not been formed by the end of 2019. The political stalemate had a significant impact on the ability of registered CSOs to carry out planned and budgeted activities and projects during the year, as the ministries were not operating fully. Similarly, the Federation of Bosnia and Herzegovina (FBiH) was still governed by those elected in 2014 because of a political stalemate, while the government in the Republika Srpska (RS) continued to deal with the fallout of the case of David Dragičević, who was found dead in March 2018. While the police ruled the death an accident, his parents claim that their son was brutally murdered and that the police and prosecutor’s office are trying to cover up the case. The case provoked a major public uproar, with mass protests organized to demand truth and justice.

In Canton Sarajevo, a new government was formed in December 2018 that does not include any representatives of nationalist parties, a first in BiH. The government worked hard throughout 2019 to articulate a clear vision of how it would improve citizens’ lives and showed a readiness to work with a variety of actors to improve the political and social climate. A concrete result of the government’s new approach was the organization of the first Pride March in BiH in September. However, lesbian, gay, bisexual, transgender, and intersex (LGBTI) people continue to face discrimination and violence in the country.

Journalists continued to face interference, political pressure, and intimidation, including physical and verbal attacks, throughout 2019. As of August 2019, BH Novinari, the BiH journalists’ association, recorded forty-one violations of journalists’ rights, including three verbal threats, eight instances of political pressure, six physical assaults, and five death threats. In January, for example, the owner of the portal Visoko.co.ba was threatened after publishing articles about nepotism. In March, a politician attacked photojournalist Adi Kebo and damaged his camera. Most of the incidents were reported to the police and fifteen cases were at the relevant prosecutor’s office at the time of writing this report. By August 2019, there had been four court convictions for attacks on journalists, including a four-year sentence for Marko Čolić for the attempted murder of journalist Vladimir Kovačević in 2018. Although few cases have been resolved, BH Novinari reported that police were more engaged and proactive on cases than in the past, and that other relevant state institutions communicated better with the public regarding attacks on journalists. The USAID-funded Independent Media Empowerment Project (IMEP) provides support for media organizations and journalists targeted by politically motivated defamation lawsuits to obtain legal representation.

Ethnic divisions remain pronounced in the country and the pace of war crimes prosecutions has been slow. December 2019 marked the ten-year anniversary since the Sejić-Finci ruling by the European Court of Human

Rights (ECHR), which found that the Bosnian electoral system discriminates against ethnic and religious minorities by not allowing them to run for the BiH Presidency. However, the law has still not been changed.

The numbers of asylum seekers and migrants coming to BiH has increased significantly. Between January and August 2019, the state Service for Foreigners' Affairs registered 18,071 new asylum seekers, 5,000 more than during the same period in 2018. The most common country of origin was Pakistan, followed by Afghanistan, Bangladesh, Iraq, and Syria. Migrants and asylum seekers are concentrated in Sarajevo, Mostar, Tuzla, and Bihać. In the first half of 2019, 17,165 people indicated an intention to seek asylum, but only 426 actually applied for asylum. According to the UN Refugee Agency (UNHCR), short application deadlines and limited state capacity to process claims hinder access to asylum procedures. In September 2019, there was just one state-managed asylum center and six temporary accommodation centers with a total capacity of around 4,000 people. While this represents an improvement over the situation in 2018, it still leaves thousands unable to access shelter and basic services. Local CSOs play an important role in overcoming the unacceptable treatment of migrants and asylum seekers.

Overall CSO sustainability did not change in 2019, with the scores for all dimensions remaining stable. Advocacy continued to be the strongest dimension of CSO sustainability. In 2019, CSOs engaged in several successful advocacy campaigns and there were several positive examples of government-CSO cooperation. Financial viability, on the other hand, continues to be the weakest dimension of sustainability, with CSOs having limited access to diverse sources of funding.

In December 2019, the collective register of CSOs maintained by the BiH Ministry of Justice listed 27,195 legal entities, including both associations and foundations. The register still records only organizations' names, registration numbers, addresses, and authorized persons, lacking any other contact information that would allow others to communicate easily with CSOs.

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## LEGAL ENVIRONMENT: 3.4

LEGAL ENVIRONMENT IN BOSNIA AND HERZEGOVINA



The legal environment governing CSOs in BiH did not change in 2019. Three laws continue to govern associations and foundations in BiH: the Law on Associations and Foundations of BiH and separate laws within each of BiH's constituent entities, the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS).

Associations and foundations can still register at any of eighteen administrative offices: the Ministry of Justice of BiH, the Ministry of Justice of FBiH, the five Basic Courts in RS, Brcko District of BiH, and ten cantonal ministries of justice. Registration fees are BAM 200 (\$120), changes and corrections are BAM 50 (\$30), the registry statement is BAM 20 (\$12), and deletion from the registry costs BAM 10 (\$6). In 2019, the BiH Ministry of

Justice prepared a rulebook to implement the 2017 Law on Associations and Foundations, including by adding information to the database regarding CSOs' areas of work. The BiH Ministry of Justice also created a web-platform in mid-2019 on which applicants can submit all documents for registration, thereby expediting the registration process. However, the platform was still not fully functional at the end of 2019. Online registration is not yet available at other levels.

Under BiH's Law on Associations and Foundations, the authorities may close a CSO that fails to comply with the provisions governing its work. During 2019, 623 CSOs were dissolved or suspended (compared to 534 in 2018), 385 of which were dissolved by official request (up from 316 in 2018) and 238 by decisions of the CSOs' executive bodies (an increase from 218 in 2018).

The laws governing associations and foundations in FBiH and RS still have not been harmonized with the requirements and recommendations of the Committee of Experts on the Evaluation of Anti-Money Laundering



Measures and the Financing of Terrorism (MONEYVAL) and the Financial Action Task Force (FATF). The amendments, which require CSOs to provide more detailed financial reporting, are expected to increase the transparency of CSOs.

The freedom of assembly was further limited in 2019, primarily in RS. Authorities in Banja Luka have practically banned any gatherings in the Central Square, going so far as to arrest a performer putting on a puppet show. Violent treatment of participants in the Banja Luka protests after the death of David Dragičević in December 2018 dissuaded people from participating in similar public gatherings throughout 2019.

The current Law on Public Order and Peace in RS is also problematic. The competent institutions struggle to understand nuances in the law, including the difference between the announcement and registration of a public gathering and the distinction between public gatherings and public events. In March 2019, the RS government adopted and sent to the parliament a draft law that would amend the Law on Public Order and Peace. However, the proposed changes were very restrictive and included provisions that would have prohibited persons from recording and taking photos of police on the penalty of fines ranging from BAM 500 to 1,500 (\$300 to 1,000) or sixty days of jail time. After pressure from CSOs, journalists, and the international community, the draft was withdrawn in April 2019.

Associations and foundations are free to carry out economic activities that are related to their statutory activities. Associations and foundations may undertake economic activities that are not directly related to the achievement of their goals only by establishing separate commercial legal entities; in such cases, the total profit from unrelated activities must not exceed one-third of the organization's total annual budget or 10,000 BAM (approximately EUR 5,000), whichever amount is higher.

Laws governing the tax treatment of CSOs at the state and entity levels are not harmonized. In RS, legal entities can deduct up to 3 percent of their annual income for donations to organizations providing humanitarian, cultural, sports, and social services and up to 2 percent for sponsorship expenses. In FBiH, legal entities can deduct up to 3 percent of their total income for donations for humanitarian, cultural, educational, scientific, and sporting purposes that are given to legal entities or individuals with no other income, and up to 3 percent for sponsorship expenses. Individual donors in FBiH can deduct the value of in-kind, material, and financial donations for cultural, educational, scientific, health, humanitarian, sports, and religious purposes up to 0.5 percent of income earned in the previous year. In the RS, individual taxpayers can deduct expenditures for sponsorships and donations up to 2 percent of total income in that tax year. In both the RS and FBiH, only self-employed persons can access these deductions. Donations above the prescribed amounts can also be fully deducted based on decisions of the competent ministries.

CSOs in both entities are exempt from income tax on donations from the budget or other public funds, sponsorships, or donations in cash and in tangible assets, but revenues from economic activities related to the organization's goals are subject to profit tax. CSOs are exempt from charging value-added tax (VAT, payable at the standard rate of 17 percent) on goods and services offered to their members that are directly related to the achievement of their statutory objectives, as long as the exemption does not cause unfair advantage within the wider market. CSOs pay VAT on the goods and services that they receive. The threshold for registering in the VAT system is an annual turnover of over EUR 25,000. As the majority of CSOs have revenues below this amount, they are not in the VAT system and are therefore not able to claim VAT refunds. CSOs that implement projects financed by international funding sources including the US government and the European Union (EU) may be exempt from paying VAT on the basis of agreements between the donors and the government of BiH.

There is still a dearth of free legal advice and nonprofit attorneys in the country. CSOs can obtain some free advice regarding registration from the Smart Resource Center of the Center for Civil Society Promotion (CCSP) and legal support from Vaša prava – Legal Aid Network. However, the availability of such legal services is insufficient to meet the sector's needs.

## ORGANIZATIONAL CAPACITY: 3.9

Organizational capacity remained unchanged in 2019.

CSO constituency building is weak. Few associations have formal members or broad community support. In part, this is because CSOs adjust their strategies and programs based on the availability of donor funding rather than the actual needs of the local communities in which they operate. For example, in line with donor funding priorities, more CSOs are focused on democracy promotion and training programs than building local water supplies, despite the obvious need for the latter. On the other hand, a large number of local organizations have close ties with the leading local political parties and engage in their political campaigns, thereby decreasing their credibility.

Many CSOs have clearly defined missions and target groups, such as people with disabilities, war veterans, or marginalized groups, in their statutes. However, only a limited number of CSOs engage in strategic planning. Most small CSOs lack the capacity or motivation to plan and implement activities on the basis of strategic plans, as their reliance on donor funding means that donors' priorities drive most of their work. Most CSOs lack the functional structures and procedures needed to make their operations more transparent and accountable. For example, few CSOs have rulebooks governing their internal procedures. In addition, few CSOs have boards of directors. When boards do exist, they focus on approving reports for the CSOs' annual assemblies instead of playing an active role in organizational operations.

According to the entity-level Institutes for Statistics, CSOs employed 2,064 people in FBiH (an increase from 1,895 in 2018) and 1,050 in RS in 2019 (compared to 1,044 in 2018). CSOs experience significant fluctuations in staffing levels because of their reliance on project-based funding. In addition, CSOs generally have limited abilities to train new staff, as scarce resources mostly go to project implementation.

Increasing gender equality in CSOs is a priority in the sector. The majority of employees in CSOs (58 percent in FBiH and 54 percent in RS) are women, although there is no data available regarding how many of them are in leadership and governance positions. At the end of October 2019, the Atlantic Initiative – Center for Security and Justice Research organized an international conference titled “International Perspectives on Gender and Justice: Theory and Practice” in Sarajevo. This interdisciplinary conference explored the intersection of justice and gender in various contexts and provided space for participants to share challenges and progress, as well as research and good practices, in this area.

Many CSOs engage volunteers, either to carry out organizational activities or to bolster staff on specific projects. According to the Charities Aid Foundation’s 2019 World Giving Index, which reports on trends over the past ten years, BiH is among the ten most improved countries over the last decade. However, only an average of 6 percent of respondents from BiH reported that they volunteered in the past decade, putting it in 120th place among the 126 countries covered in this report. In 2019, the Ministry of Justice in FBiH registered thirty-five long-term volunteering contracts, which provide volunteers with official work experience, while twenty-nine long-term contracts were notified in the Voluntary Service of RS. While laws on volunteering exist in both FBiH and RS, there is no legal framework defining the rights and responsibilities of volunteers and volunteer-involving organizations at the state level. The BiH Ministry of Justice has proposed a Law on Volunteering with expert assistance and consultations from relevant CSOs three times over the past several years, but it has still not been adopted, mainly because of a lack of political will.

CSOs generally lack the means to purchase new equipment, because most donors do not allow funds for this purpose. Almost all CSOs have internet access, and a smaller number of CSOs have their own websites.



## FINANCIAL VIABILITY: 5.0

FINANCIAL VIABILITY IN BOSNIA AND HERZEGOVINA



The financial viability of CSOs did not change significantly in 2019.

Budgetary support is still largely targeted to sports organizations and associations of war veterans, persons with disabilities, and families of fallen soldiers. Distribution of state funding continues to be non-transparent, with funds often going to CSOs with close ties to local political leaders, often with informal arrangements to return a percentage of the funds to individuals in power. Discretionary public funds at all levels are often spent on projects that are not in accordance with the strategic objectives or annual work plans of the relevant authorities. In a recent example from Canton Sarajevo, the Chair of the Assembly distributed BAM 600,000 (approximately \$360,000)

without the use of proper procedures, which became one of the key arguments for dismissing his government.

Only a few CSOs have the capacity to respond to calls for proposals, especially from international donors, or to offer services that generate direct revenue and thus help fund activities. Large international organizations, such as the Organization for Security and Cooperation in Europe (OSCE) and various United Nations (UN) agencies still receive funds directly from donors and then disburse them to local CSOs. Their fees consume a large portion of the total funding, and their involvement reduces the sense of ownership among local CSOs. At the same time, these organizations offer better financial conditions for domestic staff, resulting in many skilled and trained people leaving CSOs for these jobs. USAID, the EU, and the Swedish International Development Cooperation Agency (Sida) continue to engage domestic CSOs to manage projects that include sub-grant schemes. Various international donors and several embassies continue to provide direct financial support to CSOs in BiH for programs in areas such as democratization, gender equality, the rights of LGBTI people, organizational capacity building, anti-corruption efforts, and environmental protection.

Philanthropy is underdeveloped and would benefit from a more conducive legal framework and more favorable tax policies. The same large companies, including Telekom BiH, Elektrodistribucija, M:tel, Coca-Cola, ASA Prevent, Microsoft BiH, and Philip Morris, continue to award grants to CSOs. Some state companies also provide funds to CSOs, but they generally limit their support to organizations with close connections to governing structures. According to the Catalyst Balkans report, the total number of donations in 2019 has grown to 2,555, compared to 2,128 in 2018 and 1,645 in 2017.

Some CSOs request money from individuals or ask them to sponsor discrete activities. CSOs like Pomozi.ba and Open Network continue to collect donations through humanitarian phone lines, particularly for the medical treatment of ill children. In response to the current influx of migrants, many individuals donated food and clothing or volunteered with organizations focused on this population in 2019.

A few CSOs supplement their income by selling products, providing services, or renting their property, but the level of income received from such endeavors is usually minimal. There were examples in 2019 of the authorities strictly inspecting CSOs that produce and sell products. For example, the small women's association Probudi se from Istocno Sarajevo was fined for selling hand-made products without adequate documentation, even though the revenue that it generates in this way is insignificant. Membership fees are generally token amounts and are not always collected, therefore their contribution to CSOs' budgets is also minor.

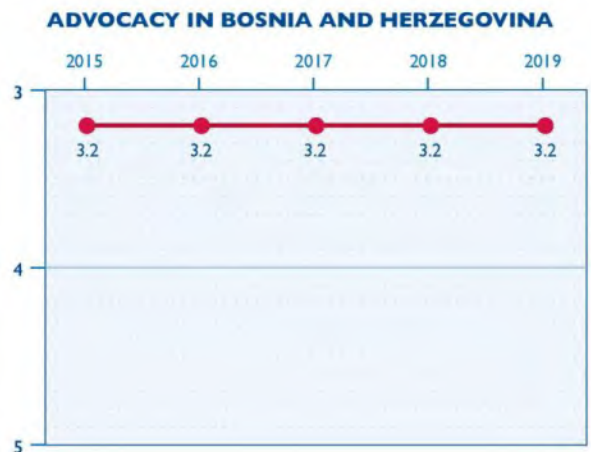
Social entrepreneurship is starting to develop, but there are still not adequate incentives or support from the state. Association Nešto Više from Mostar owns a socially responsible company that provides environmentally friendly landscaping services, sells organically grown food, and organizes events and conducts promotional campaigns related to agriculture and rural development. Nešto Više also receives income from international donors and local governments.

Most CSOs do not have sound financial management systems or operate in a transparent manner. The law requires all CSOs to submit annual financial statements to the Agency for Intermediary, IT and Financial Services (APIF) in RS and the Financial and IT Agency (FIA) in FBiH. However, many CSOs do not meet these requirements. In 2019, 14,876 organizations, including 8,948 in FBiH (compared to 9,210 in 2018) and 5,928 in RS (compared to 5,710 in 2018), submitted such statements, which is 55 percent of the registered organizations in the country (compared to 59 percent in 2018). Most CSOs do not have funds to conduct independent financial audits, although some funded projects allocate resources for this purpose. CSOs that fail to submit these statements may be forced to close if they lack the capacity to produce the statements and the money to pay the fines imposed.

## ADVOCACY: 3.2

CSO advocacy did not change significantly in 2019.

All state-level draft laws must be posted on the e-consultation platform, allowing any interested member of the public to provide input. By the end of 2019, 63 state institutions on the level of the Council of Ministers of BiH had registered on the platform (up from 51 in 2018 and 38 in 2017), 539 public consultations had been held (up from 191 in 2018), and 445 reports had been published (up from 151 in 2018). More than 200 individuals and organizations actively used the platform for the first time during 2019, while the total number of users was over 1,000. A similar platform has been under development in FBiH for some time but was still not functional by the end of 2019. In RS, draft laws are posted in the official gazette and people can submit their comments in writing. Canton Sarajevo and Zenica – Doboј undertook initiatives and signed preliminary agreements in 2019 to utilize the same e-consultation system used by the Council of Ministers.



There were positive examples of government-CSO cooperation in 2019. For the first time ever, the government of the Canton of Sarajevo invited the Network for Building Peace and CCSP to organize a presentation of the first 100 days of its work in April 2019. This collaboration opened the door for mutual support and cooperation and indicated that the government sees civil society as a relevant actor. A member of the CSO Cure became a member of the FBiH governmental commission focused on implementing the 2018 Law on Assisted Reproduction. The new EU-funded Capacity Building of Government Institutions (CBGI) project will start at the beginning of 2020 and is expected to further stimulate cooperation between the government and CSOs.

In April 2019, the Council of Ministers submitted an application to reactive BiH’s membership in the Open Government Partnership (OGP), a multilateral initiative that promotes open government, empowers citizens, fights corruption, and harnesses new technologies to strengthen governance. The entities will each also have the option to decide on their own status in the OGP accordingly, but currently are both inactive. Four CSO representatives were selected through an open call to serve on the Advisory Council for the OGP, which is tasked with monitoring the openness of government institutions to the public.

In 2019, the Directorate for EU Integration encouraged CSOs to express their interest in participating in the consultation processes for EU integration so they can be directly informed of and invited to participate in specific consultations. In order to increase the CSO response to consultations, in December 2019, CSOs recommended that the Directorate for EU Integration in the Ministry announce the consultations, while CSO networks, the National Resource Center, and the EU-funded Technical Assistance to CSOs (TACSO) project disseminate the information to CSOs.

CSOs engaged in several advocacy campaigns in 2019. The Network for Elimination of Violence against Children (NEVAC), supported by the Human Rights Office Tuzla (HRO Tuzla) and CCSP, continued to lead a campaign to amend and supplement the Family Laws in FBiH and RS by prohibiting corporal punishment of children and imposing stricter actions against people who physically abuse children. The process is expected to be finalized in 2020. The Sarajevo Open Center (SOC) continues to campaign to uphold the Law on Gender Equality in BiH and

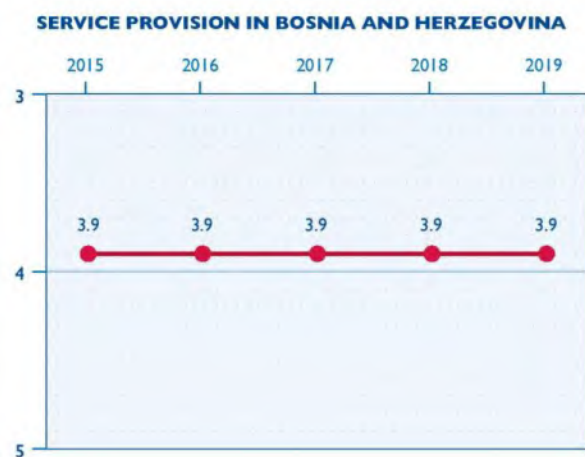
promote adequate representation of women in governmental offices. The Network for Building Peace successfully advocated to close an internet portal that promoted xenophobic attitudes towards migrants. The CSO Initiative and Civil Action (ICVA, Inicijativa i civilna akcija) initiated amendments to the Law on Health Insurance during the year.

In 2018, influential informal movements arose in Sarajevo and Banja Luka following the murders of Dženan Memić in Sarajevo in 2016 and David Dragičević in Banja Luka in 2018. While street actions were no longer organized in 2019, these movements continued to be active through traditional and social media. During the year, several demonstrations were organized to protest the closing of solid waste locations, like the Uborak landfill and the Main Hospital in Mostar. Protests were also organized against the construction of small hydro-electric plants, like at Buna, with enormous citizen support. Although agricultural issues are the responsibility of the entities, in 2019 farmers from both entities formed a joint association at the state level in order to improve their efficiency and access to EU funds, illustrating that some needs and civic activism extend beyond the limitations of state structures.

Lobbying in BiH is weak, mostly because politicians show little interest in CSOs' opinions. In addition, CSOs were unable to get their initiatives and proposals on the relevant agendas for action because of the political stalemate that prevented the formation of a government.

The advisory body of the Council of Ministers of BiH for civil society was restructured in 2019 to add two members to increase geographic and ethnic representation. This body, formed in accordance with the Agreement on Cooperation with Civil Society in BiH, now consists of seven CSO representatives. The body will be involved in all of the Council of Ministers' activities related to civil society. A group of CSOs continues to ask parliamentarians for changes in the Tax Laws in order to promote philanthropy.

## SERVICE PROVISION: 3.9



The level of CSO service provision did not change in 2019.

CSOs were the main providers of direct humanitarian assistance to migrants and refugees in 2019. CSOs were engaged both in reception centers in major cities and in areas with high numbers of migrants like Una-Sana Canton. Between them, IFS Emmaus, Vaša Prava, and Red Cross had more than twenty-five dedicated professionals working with migrants and refugees. Pomozi.ba also had more than fifty volunteers in Bihać and Tuzla, two of the areas with the most migrants. Many CSOs assisting migrants and refugees do not have action plans in place, operating instead on an ad hoc basis. In addition, CSOs faced significant challenges related to a lack of funding (particularly long-term funding) as well as poor

coordination with other organizations, whether governmental, non-governmental, national, or international organizations. CSOs also continuously reported human rights violations to relevant institutions such as the Ombudsman and the police.

CSOs also continue to provide other social services including safe houses, daycare centers for persons with mental disabilities and abandoned children, and training for youth and the elderly. CSO services are driven by the limited funding available, which is often focused on areas determined by government strategies and decisions rather than local needs and priorities. CSOs provide donor-funded services to beneficiaries for free. CSOs also offer services on the market in an effort to ensure their sustainability. For example, KULT earns revenue by operating a hostel.

The government generally does not appreciate CSOs' contributions in service provision. Although municipal and cantonal governments occasionally contract with CSOs, support is often distributed based on political connections. The Ministry of Security has a contract with the CSO Cure to research gender issues and perspectives during emergency and natural disasters.

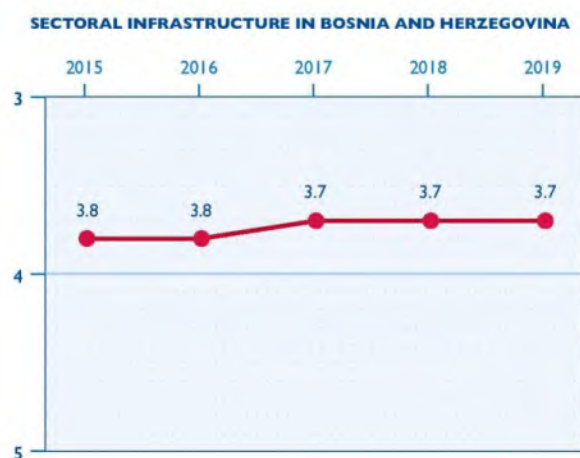


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## SECTORAL INFRASTRUCTURE: 3.7

The infrastructure supporting the CSO sector did not change during 2019.

CCSP's Smart Resource Center supports CSOs by sharing information and providing trainings, free legal advice, and event management services. Its website continued to have a high number of visits in 2019 and more than 6,000 followers contacted it through different social networks. The EU National Resource Center in Banja Luka, which was established in late 2019, will provide training, conduct analyses, organize conferences, and publish educational materials in order to help CSOs become competent, independent, and recognized actors in the process of EU integration. The Network for Building Peace's website is also a useful source of information for CSOs on funding opportunities and other important civil society topics and had more than 650,000 visits and 10,000 requests for information during the year. As in 2018, there were no funds available from local grantmaking organizations to help CSOs meet local needs in 2019.



Most CSO in BiH occasionally participate in networks, although cooperation between organizations working in the same field is generally limited to sharing information on activities. Networks such as the Network for Building Peace, NEVAC, Justice Network, Women BiH - The Safe Network, KOMA, and Stronger Voice for Children regularly react to emerging public issues. In 2019, the USAID-financed coalition Under a Magnifying Glass, which has six CSO members, actively engaged in preparations for the local elections in October 2020, with a focus on the situation in Mostar, irregularities in the election process, as well as proposals for improvements. Networks in BiH struggle to obtain continuous support for their activities. In practice, this means that in most cases networks are active only when they receive funding, which is generally project-based. The scope of a network's activities is also generally limited by the leader's capacities. Many informal or ad hoc networks have been created by people to solve immediate problems. These include networks to address environmental issues, such as the illegal building of mini hydropower stations or inappropriate management of solid waste.

Most trainings for CSOs are offered in major cities. The Ministry of Education, Science and Youth of Canton Sarajevo approved CCSP to provide informal education of adults, allowing it to restart its Academy for EU project. The academy is intended for employees of local self-government units, ministries, cantonal public companies, institutes, CSOs, business entities, as well as individuals who wish to improve their knowledge and skills in writing EU projects and other fields.

The relationship between CSOs and the for-profit sector remained weak in 2019 due to CSOs' limited capacities and the poor economic situation in the for-profit sector. Although there is an agreement of cooperation between the Council of Ministers of BiH and CSOs, partnerships between CSOs and the government are practically non-existent.

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## PUBLIC IMAGE: 3.5

The public image of CSOs remained unchanged in 2019.

CSOs' activities received extensive coverage in public and private electronic and print media and media regularly requested comments and opinions from CSO representatives. For example, activists from the CSO Futura highlighted many problems in Mostar, including corruption, environmental protection, and consumers' rights. The first Pride March gathered not only LGBTI individuals, but also others who support the protection of all marginalized groups in BiH society. These activities received significant and generally positive media coverage. CSOs working with migrants and refugees and environmental CSOs also received significant media attention during the year.

### PUBLIC IMAGE IN BOSNIA AND HERZEGOVINA



The public still questions the role of civil society, as well as CSOs' strategies, skills, and impact. CSOs are often criticized for receiving a lot of money in a manner that is not transparent and for having questionable results.

Governments at various levels view cooperation with CSOs as unavoidable due to the pressure of the international community and funding conditions. Businesses view CSOs as having inadequate skills. One of the rare instances when CSOs and businesses cooperate is when a CSO is the founder of a social enterprise.

Larger CSOs have better public relations skills, and therefore their work has wider outreach and gains more public attention. Only a few CSOs employ public relations professionals to promote their media presence and public image. CSOs actively use social networks,

mostly Facebook and Twitter, to promote their work. However, CSOs often do not have the skills to make high-quality presentations of their work, which partly explains why the public does not always have a clear understanding of the role civil society plays.

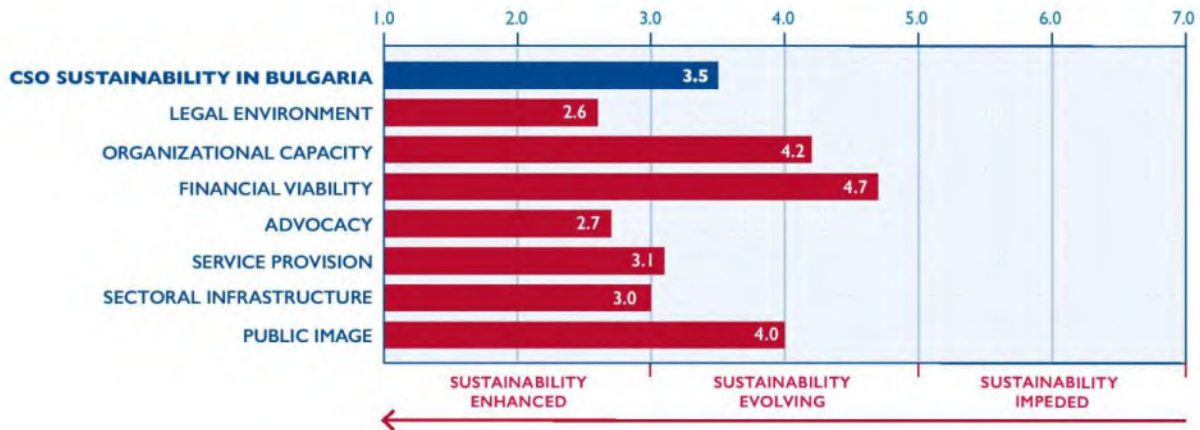
With USAID funding, IMEP supported efforts to create a positive image and raise public awareness of the importance of civil society and civil activism as important elements of a democratic society. In 2019, its website had more than 150,000 visits and its Facebook page had more than 5,000 followers. In addition, citizens created over 300 media pieces as part of IMEP's New Voices initiative and IMEP organized a theater presentation called Mission Possible, which was seen by several thousand individuals around the country.

Self-regulation is a developing area for CSOs in BiH. A growing number of CSOs subscribe to the Code of Ethics for CSOs in BiH, which was developed in 2017. By the end of 2019, there were approximately 145 subscribers, up from 115 in 2018. Only a few CSOs publish annual program and financial reports in order to build public trust and a more positive image of CSOs.

# BULGARIA

Capital: Sofia  
 Population: 6,966,899  
 GDP per capita (PPP): \$21,800  
 Human Development Index: Very High (0.816)  
 Freedom in the World: Free (80/100)

## OVERALL CSO SUSTAINABILITY: 3.5



Bulgaria continues to be the poorest country in the European Union (EU). According to Eurostat, nearly a third of the population (32.8 percent) is at risk of poverty or social exclusion. Bulgaria also has the greatest percentage of people (20.9 percent) who are seriously materially deprived (i.e., their living conditions are severely constrained by a lack of resources to the extent that they cannot, for example, afford to pay their bills or keep their homes adequately warm). The high level of poverty has an impact on the extent to which people are active citizens, are willing to volunteer, and have the capacity to donate.

The political situation in Bulgaria in 2019 was marked by polarization, populism, and political struggles. Two elections were held during the year: EU Parliament elections in May and local municipal elections in October. The elections affected CSOs in several ways. The introduction of major policy changes slowed down in the periods before and after the elections. At the same time, parties actively looked for ways to attract new supporters. In some cases, these efforts involved attacks on CSOs. For example, one of the parties in the ruling coalition proposed to terminate the Bulgarian Helsinki Committee, one of the country’s oldest human rights organizations.

Attacks against liberal values peaked in 2019. As discussed in last year’s *CSO Sustainability Index* report, the ratification of the Council of Europe Convention on preventing and combating violence against women and domestic violence (known as the Istanbul Convention) was blocked in 2018. In 2019, similar attacks led to the withdrawal of the National Strategy for Children 2019–2030, which the government had prepared in collaboration with CSOs, and the postponed entering into force of the new Law on Social Services. In addition, anti-CSO rhetoric has grown. In 2018, such attacks were focused specifically on organizations working on gender issues and the lesbian, gay, bisexual, transgender, and intersex (LGBTI) population. In early 2019, children’s organizations began to be attacked. By the end of the year, the attacks targeted the entire sector, questioning CSOs’ role as protectors of people’s rights and service providers and claiming that the sources of their funding may affect their work.

CSO sustainability deteriorated during the year. Several legislative proposals questioned basic standards of freedom of association, such as access to funding and the right of judges and prosecutors to associate freely. CSOs’ public image deteriorated significantly as trust in CSOs declined and officials continued to make negative statements about CSOs. There was also a decrease in organizational capacity as the attacks hindered CSOs’ ability to attract constituents and promote their missions. Advocacy was also affected by the anti-CSO campaign, while financial viability decreased because the available sources of funding declined. CSO service provision and sectoral infrastructure remained unchanged.

According to amendments to the Law on Non-Profit Legal Entities (hereinafter the CSO Law) that went into force at the beginning of 2018, CSOs have three years to transfer their registration from the courts to the Registry Agency; 2019 was therefore the second year in which CSOs could undertake this process. More than 4,800 CSOs transferred their registration from the courts in 2019. In addition, 1,564 new CSOs were registered with the Agency during the year. With the almost 9,400 CSOs that registered or transferred their registration in 2018, the total number of CSOs registered with the Agency as of the end of 2019 was nearly 16,000. According to the National Statistical Institute, 13,870 CSOs submitted annual reports for 2018.

## LEGAL ENVIRONMENT: 2.6



The legal environment governing CSOs in Bulgaria deteriorated slightly in 2019. While no new legislation was passed, several restrictive proposals were introduced that were still pending at the end of the year.

In theory, amendments to the CSO Law that came into force at the beginning of 2018 simplified the registration process. According to these amendments, all new associations and foundations seeking legal entity status now register with the Registry Agency, instead of the district courts as they did previously. Registration processes should be completed in three days. Documents can now be submitted electronically. In practice, however, there continue to be problems with registration under the amended law. Based on data from the Registry Agency, more than 1,650 applications for

registration or re-registration were rejected in 2019, while 6,383 applications for registration or re-registration were approved. Registration officials need to analyze why this process has been so difficult for CSOs.

The amendments to the CSO Law also allow CSOs to obtain status as public benefit organizations through the Registry Agency, instead of through a separate procedure with the Ministry of Justice, as was the case previously. All associations and foundations that work in one of the public benefit areas listed in the law can obtain this status. Public benefit organizations have to comply with additional requirements, such as making their narrative reports public. In exchange for the increased transparency, they receive additional benefits, including tax deductions for their donors.

There was also some confusion with the implementation of the Law on Prevention of Money Laundering (hereinafter the AML Law), which was adopted in March 2018. Even though CSOs have special treatment under the law, they still have to submit plans to train their employees/officers on fighting money laundering, which they view as an unnecessary administrative burden.

In addition, the AML Law requires all CSOs to declare their beneficial owners, which has created a lot of confusion as to who CSOs' beneficial owners are. In response to this lack of clarity, the State Agency for National Security issued a guidance document. In addition, a group of more than 200 CSOs proposed changes to the law to define the term beneficial ownership in the law itself. While their attempt was unsuccessful, after another CSO initiative, the AML law eventually was changed in May 2019 to clarify that if an organization's official representative is considered to be the beneficial owner, the organization does not need to file a separate application to confirm this fact to the Registry Agency.

There were several attempts in 2019 to question some of the basic principles of freedom of association. In October 2019, members of parliament (MPs) from the ruling coalition introduced two proposals to the Judicial Systems Act. The first proposal would limit the sources of income of associations of magistrates (the professional associations of judges, prosecutors, and other legal professionals) to membership fees, donations from members, and funding from the EU and the European Economic Area, thus prohibiting donations from other individuals (other than members), donations from private foundations or corporations, economic activities, and other sources of foreign funding. The second proposal would directly prohibit judges, prosecutors, and investigators from

forming professional organizations or becoming members of any association. Both proposals were rejected during final voting on the amendments to the Judicial Systems Act in January 2020.

Another disturbing event in 2019 was the politically motivated attempt to terminate one of the oldest human rights organizations in the country, the Bulgarian Helsinki Committee (BHC). One of the parties in the ruling coalition (VMRO) asked the prosecutor general to terminate BHC for trying to influence magistrates and carrying out unconstitutional activity. While the prosecutor general refused to take any action on this request, civil society viewed this as a worrying sign. Eventually, the prime minister publicly announced that he has worked well with BHC and stated that “the NGO sector is an extremely important corrective of any government.”

Additional amendments to the CSO Law that were adopted in late 2018 clarified the deadlines for CSO reporting and confirmed that CSOs should submit their financial reports to the Registry Agency only after they transfer their registration. CSO financial reports, as well as the narrative reports of public benefit organizations, are publicly available.

The taxation of CSOs did not change in 2019. CSOs are exempt from taxes on their income from donations, grants, and membership fees, but pay a 10 percent tax on profit from economic activities. Individuals and corporations are eligible for tax deductions for donations to public benefit CSOs, equivalent to 5 percent of their annual income and 10 percent of their net profit, respectively. CSOs face no limits to their access to sources of income, either national or international. They can participate in public procurements for goods and services and can fundraise publicly from both companies and individuals. The only limitation to their engagement in economic activities is that they must be additional and related to their mission.

In principle, CSOs have access to legal assistance, including from the Bulgarian Center for Not-for-Profit Law (BCNL) and the legal network of the National Network for Children. At the regional and local levels, however, access to legal assistance is more limited.

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## ORGANIZATIONAL CAPACITY: 4.2

The CSO sector’s organizational capacity declined in 2019, largely as a result of the anti-CSO campaign and the growing polarization in society, in which informal groups, conservative organizations, and even the Orthodox Church questioned the legitimacy of CSOs fighting for the rights of children, minorities, and others. Such attacks had a negative effect on CSOs’ ability to attract constituents and promote their missions.

Most registered CSOs had limited capacity to engage in intense communication campaigns to counter the anti-CSO attacks or to engage in broader outreach efforts in 2019. As a result, many CSOs were unable to convince broader segments of the population of the importance of supporting their work. A sociological study carried out in September 2019 by Alpha Research at the request of WWF Bulgaria confirmed the fact that few people engage with formal CSOs. According to the survey, 61 percent of respondents have not supported CSOs and do not plan to support them in the future, while only 10 to 11 percent of respondents engage with CSOs by donating money, volunteering, or doing both.

On the other hand, informal groups increased their outreach efforts, especially on social media, which helped them attract new supporters. The group opposing the enactment of the Law on Social Services and CSO engagement in social services delivery, for example, attracted tens of thousands of online supporters, which is very difficult for traditional CSOs to do.

Formal CSOs face serious problems sustaining themselves, and the number of active organizations has decreased. The Active Citizens Fund (the European Economic Area (EEA) Grants in Bulgaria), for instance, noted that it received approximately 25 percent fewer applications in 2019 than in previous calls for proposals.





Few CSOs focus on strategic planning. For example, only 4 out of the 140 member organizations of the National Network for Children expressed interest in the network's initiative to provide strategic planning support in 2019. In the environmental area, generally only organizations that are part of international networks have strategic plans. Informal groups have clear but short-term objectives as these are more likely to engage the public.

CSOs are becoming less professional both in terms of internal management and the way they organize their work. Many CSOs increasingly lack the administrative capacity to develop and implement internal policies and have fewer full-time employees, relying more on part-time consultants instead. Still, most established organizations have clear policies and try to be transparent, especially if they engage in fundraising from individuals and corporations.

Because of the difficult financial situation CSOs faced in 2019 and previous years, many CSOs have problems attracting and retaining full-time employees. CSOs are becoming less competitive as employers compared to both the state and the business sector. According to the Charities Aid Foundation's 2019 World Giving Index, an average of just 5 percent of Bulgarian respondents reported volunteering in CSOs in the last ten years, placing Bulgaria at 124th place out of 125 countries.

CSOs in Bulgaria have cheap and easy access to the internet and technical equipment, although the availability of technical equipment is generally project-based. The social networks most widely used by CSOs are Facebook and Instagram.

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## FINANCIAL VIABILITY: 4.7



CSOs in Bulgaria increasingly struggle to secure funding for their operations as available sources of funding are decreasing.

Traditional donors have largely stopped funding CSOs in Bulgaria. The Charles Stewart Mott Foundation awarded its last grants in Bulgaria in 2018. Oak Foundation closed its office in Bulgaria although it will continue its engagement with the country. On the other hand, the Active Citizens Fund provided its first grants in 2019, valued at slightly more than EUR 6.1 million, although projects only began to be implemented in the fall.

Local sources of funding continue to be limited. The 2019 State Budget Law allocated approximately BGN 70 million (approximately \$40 million) to CSOs. Out of this amount, almost BGN 50 million was provided to the

Ministry of Youth and Sports, which primarily benefits sports organizations, while approximately BGN 12 million was provided in the form of direct subsidies to organizations listed in the budget law. Some ministries issue competition-based grants. The Ministry of Youth and Sports provided BGN 2 million (approximately \$1.2 million) in 2019 from the fees collected from gambling operators, the same amount as in 2018. However, the funding was only for short-term projects (up to six months) so its impact is unclear. The Civil Society Development Council was still not set up in 2019, so the BGN 1 million (approximately \$575,000) budgeted for CSO projects was lost.

Funding at the local level is insufficient, although there were some encouraging developments. For example, the new Social Innovation Program in Sofia was launched in 2019 with a budget of BGN 100,000 (approximately \$58,000).

Some of the biggest and most important funding programs, including the America for Bulgaria Foundation (ABF) and the Active Citizens Fund, continue to be foreign. ABF continued to be the biggest foundation donor for CSOs in 2019. However, the overall amount provided to CSOs by ABF decreased from \$10.6 million in 2018 to approximately \$9 million in 2019.

CSOs had limited possibilities to receive funding under the EU Operational Programs in 2019. There were no new calls under the EU Operational Program for Good Governance, although around EUR 5 million in grants that were signed in December 2018 and early 2019 began to be implemented. The Operational Program for Human

Resource Development financed some CSO projects focused mostly on social service provision. There were no CSO beneficiaries under the Operational Programs for Environment or Science, Education and Intelligent Growth.

According to the Bulgarian Donors' Forum, both corporate and individual giving decreased in 2018, the most recent year for which data is available. Corporate donations fell by 4 percent to BGN 36.6 million (approximately \$21 million), while individual donations declined by 7 percent to BGN 8.3 million (approximately \$4.8 million). What is more worrying is the fact that only 0.8 percent of the companies that submitted tax declarations and 0.3 percent of individual taxpayers declared any donations in 2018. The most used donation mechanisms are donation boxes and charitable SMS while only around 8 percent of people use bank transfers. According to aggregate data for the last ten years in the World Giving Index, only 16 percent of people in Bulgaria have donated to a CSO.

While these numbers are not promising, there were some positive examples in 2019 worth highlighting. A number of local online giving platforms and groups were active. For example, the Give/Donate Facebook group had 10,000 members and Help Karma has helped a number of causes. At the end of 2019, there were thirty-two active campaigns by twenty-four Bulgarian CSOs on the Global Giving platform. A group of twelve leading CSOs combined their efforts in the Bulgaria Gives campaign with the aim of promoting giving to CSOs. The campaign brought together more than 120 causes and collected BGN 50,000 (approximately \$29,000) in just ten days in March. Some CSOs have significant fundraising capacity. At its annual gala called the Evening of Virtues, for example, For Our Children Foundation collected more than BGN 180,000 (approximately \$103,000). On the other hand, membership fees continue to be a small source of income.

CSOs invest in efforts to sell goods and services, but their capacity in this regard is still limited. For example, Kaufland, a big retail chain, approached NAVA to purchase goods produced by its social enterprise but NAVA did not have the capacity to fill such a big order. One of the EU Operational Programs provides funding to social enterprises, but CSOs have to compete with municipalities for this funding. In a positive development, BCNL launched [darpazar.bg](http://darpazar.bg), an online shop for products produced by social enterprises, in 2019.

CSOs are legally obligated to publish their financial reports and active organizations adhere to these requirements. These are publicly available on the website of the National Registry Agency although there are often delays with the publication of the information. According to the law, audits are mandatory only for organizations with a very high turnover; despite this, some CSOs carry out voluntary audits.

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## ADVOCACY: 2.7

CSO advocacy deteriorated in 2019 as the backlash against CSOs affected their advocacy efforts.

CSOs have access to formal channels of communication with the government. CSOs participate in several public councils, including the Public Council with the Parliamentary Committee for Interaction with CSOs and Citizen Complaints. In September 2019, the Council for Administrative Reform (which is part of the government) approved updated Standards for Public Consultations and issued new Rules, Procedures, and Criteria for Determining CSO Representatives in Consultative Bodies. While these documents are a sign that the government recognizes the importance of participation, there are questions about the effectiveness of formal consultation mechanisms, as shown by the situation with both the Law on Social Services and draft National Strategy for Children.



The Law on Social Services was adopted in February 2019 after a broad consultation process that lasted for two years. The law was supposed to come into force on January 1, 2020. However, a public campaign on social media was launched against the already adopted law claiming that CSOs were supporting the law in order to access state social contracts and benefit from significant state funds. Despite the written appeal of fifty-six leading CSOs

engaged in the social area arguing for the law to enter into force as planned, the law's effective date was postponed until July 2020.

The draft National Strategy for Children 2019-2030 was published for discussion in January 2019, which is when the anti-CSO campaign and rhetoric started. Several organizations and online social groups reacted negatively to the draft. Objections to the draft included claims that it would allow children to be taken away from their parents easily. These groups also opposed provisions of the strategy that encouraged sexual education in schools and discouraged the use of corporal punishment, including by parents. The public criticism led the prime minister to order the withdrawal of the strategy in April. The lack of a clear position by the state institutions that initiated the draft strategy and their failure to defend it publicly increased mistrust against both state institutions and CSOs. Even after the strategy was withdrawn, the campaign remained active and false information continued to spread. For example, on October 7, 2019, two schools in Sliven stopped work when parents came to get their children based on rumors that the state social services would come and take away their children as part of the "Children Strategy." The negative campaign has grown slowly from an effort opposing a state policy document into a broader campaign questioning CSOs' legitimacy and even basic liberal values and the EU policies in Bulgaria.

In the current environment, some CSOs worry that if they advocate for progressive reforms, their efforts may have negative results. While CSOs still engaged in several advocacy campaigns during the year, including in the environmental area, the majority of those were focused on preventing negative developments rather than proactively pushing for specific agendas. In January, the High Administrative Court supported the arguments of environmentalists that changes to the development plan for the national park Pirin can take place only after public consultations and an environmental assessment. This decision came only after all other avenues (letters, petitions, protests, etc.) proved ineffective. The Ministry of Environment and Waters tried to introduce amendments to the Law on Biodiversity that would, among other things, provide new and unclear requirements on how and which CSOs can take part in committees for the EU program Natura 2000. After more than 120 organizations issued a statement opposing the proposed amendments, the amendments were withdrawn in April.

Several CSOs including the Bulgarian Pediatric Association and the Parents Association, with support from the National Network for Children, initiated a campaign to create a National Children's Hospital. Eventually, the government announced a tender for construction of the hospital which is an important achievement even though there are debates as to the best approach for the construction.

On August 21, 2019, the government finally adopted the Regulation for the Civil Society Development Council, almost one and a half years after the working group prepared the initial draft of the regulation. However, the call for election of CSO members of the Council was announced only in February 2020. There was also no development with the Law on Volunteerism, which was introduced in parliament in 2017 but continued to await its first reading at the end of 2019.

## SERVICE PROVISION: 3.1



CSO service provision did not change in 2019. CSOs continue to provide a diverse range of services in areas ranging from education and social services to support to migrants, youth, and minorities.

CSO services generally respond to the needs of people. CSOs increasingly track the results of their activities and the services they provide and use this information to show their impact to donors and the public.

CSOs are learning how to reach beyond their traditional constituencies. They use social media to promote their services or ask their corporate partners for help in reaching out to their employees or partners, for example, by providing products around traditional holidays such as Easter or Christmas. These efforts, however, are still in the early stages of development.

Some CSO products and services are financed through grant funding; these are usually provided to beneficiaries for free. But many CSOs also try to engage in income-generating activities and social entrepreneurship to generate additional funding. Income-generating activities traditionally include trainings, publications, analyses, or expert advice or working with people in vulnerable situations to produce various products. An increasing number of organizations engage strategically in the development of new products and services that they can sell to increase their financial independence. These include branded products, educational games, experiences (such as preparing bread), and catering/food. As noted previously, the majority of CSOs have limited production capacity, but there is significant interest among CSOs in developing these skills.

The government appreciates CSO services, as evidenced by the newly adopted Law on Social Services, which expands the possibilities for the government to engage CSOs by creating new forms of public-private partnerships. Most municipalities at the local level are also satisfied with CSO-provided services. But the current environment and negative rhetoric has made cooperation with both national and local authorities more difficult, and there have been cases when municipalities have not been willing to publicly express their support for CSOs. There are also areas such as healthcare and education in which the authorities do not contract with CSOs sufficiently even though they may have the experience.

## SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector did not change significantly in 2019, although the attacks against CSOs have pushed them to look for opportunities for joint interaction.

Traditionally, CSOs get most of their support from existing networks and a few specialized CSOs, such as the NGO Information Portal ([ngobg.info](http://ngobg.info)). In 2019, the Active Citizens Fund also started providing assistance to CSOs and organized a number of trainings related to the program's thematic priorities, including empowerment of various groups; democratic culture; human rights; climate change and environmental protection; and financial management.

A number of experienced local grantmaking organizations re-grant either international or corporate funds. These include the Bulgarian Fund for Women, the Trust for Social Achievement, Tulip Foundation, and Workshop for Civic Initiatives Foundation. The corporate programs of Lidl (a retail chain) and Vivacom (a telecommunication company), as well as Telus International (an outsourcing company), also continue to support CSOs.

As CSOs were under attack in 2019, the value of CSO coalitions was more apparent, especially among bigger CSOs. With the help of donors such as Civitates, the Citizen Participation Forum and the Bulgarian Fund for Women attempted to create overarching coalitions covering a wide spectrum of organizations or thematic areas in order to respond to the attacks on CSOs and liberal values. There is also an ongoing effort to establish a coalition of social service providers. Other existing networks, including the National Network for Children, For the Nature Coalition, the Bulgarian Donors' Forum, and the Bulgarian Platform for International Development, also continued to be active in 2019.

CSOs can access quality training that is available on both a paid and free basis. In general, CSOs are more interested in training on practical topics such as legal requirements and accounting. A number of trainings focused on communication, marketing, and presentation skills were also offered in 2019.

A number of good examples of intersectoral partnerships show that companies continue to value CSOs and see them as partners. For example, Avon and Animus Association cooperate on a hotline for domestic violence and AI (a mobile phone operator) and the National Association for Foster Care work together to support various foster care initiatives. Customers of the Fantastico supermarkets can donate to Olemale.bg, which supports



families of children with disabilities, when paying at the cash register. In 2019, Accenture worked with BCNL to develop [darpazar.bg](http://darpazar.bg), an online shop for products produced by social enterprises.

Bulgaria Gives, which aims to promote giving to CSOs, is a good example of cooperation between CSOs and media. The campaign also benefited from the support of actors and musicians who challenged their colleagues and friends to donate.

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## PUBLIC IMAGE: 4.0



The sector's public image deteriorated significantly in 2019 as a result of the increased anti-CSO rhetoric during the year.

In 2019, national media coverage of CSOs was focused largely on the negative campaign against the sector. Media also provided critics of CSOs with the opportunity to present their opinions, further spreading disinformation about the role of CSOs. Social media now influences traditional media, with newspapers and TV stations often covering Facebook posts that present false information or unsubstantiated claims about CSOs. In doing so, these false claims have been given legitimacy and spread farther. At the local level, media provides sufficient space for CSOs to promote positive stories, although CSOs note that local media is often less

interested in publishing stories about problems or conflicts. Large media outlets continue to support the campaigns of specific CSOs. For example, Nova TV continues its partnership with Reach for Change to support social entrepreneurship.

According to a report published by Gallup International and the Wellcome Global Monitor in June 2019, Bulgaria ranks last of all countries surveyed in terms of trust in CSOs, with just 24 percent of people trusting CSOs. Bulgaria also has one of the highest percentages of people who do not know whether or not to trust CSOs (26 percent). This demonstrates the serious impact of the anti-CSO rhetoric. One example of the negative effect of the campaigns in the last two years is the fact that an established CSO changed its name so it no longer includes the word "gender," a term that now has very negative connotations in Bulgaria as a result of the campaign against the Istanbul Convention in 2018.

While the business sector's attitude towards CSOs did not change in 2019, the government's attitude changed somewhat, with both national and local level institutions expressing support for CSOs in person, but unwilling to be publicly associated with CSOs. There are examples of the government choosing to not publicly announce the fact that CSOs are engaged in decision-making processes for fear of a negative reaction. At the same time, high-level state officials continue to express negative attitudes towards CSOs. For example, the Minister of Defense has criticized the fact that institutions take into consideration CSO opinions and has called CSOs "structures that call themselves civil society who no one has elected for anything." Various public statements claim that foreign funding of CSOs leads to the promotion of foreign interests. Even the Orthodox Church published an official statement against the new Law on Social Services, in which it stated that the new regulation gives the leading role to private providers that are mainly CSOs that "may be an instrument of foreign interests that are harmful for our society." A member of parliament from the ruling coalition spoke openly against CSOs, stating in one interview that, "Bulgaria is a country with a governmental, not with a non-governmental rule. But CSOs, often paid from abroad, are trying to govern. They stopped the second ski lift in Bansko, they may stop the metro as well."

The experience in 2019 demonstrates that CSOs' capacity to organize themselves and use social media is quite limited and that CSOs do not work sufficiently with their members. Few CSOs have dedicated staff members to manage their public relations. When CSOs have to respond to a coordinated attack, they still have to continue doing their regular work, while anti-CSO groups are able to focus primarily on the campaign. CSOs do not have time to train their staff on public relations; they need experienced people to help them immediately.

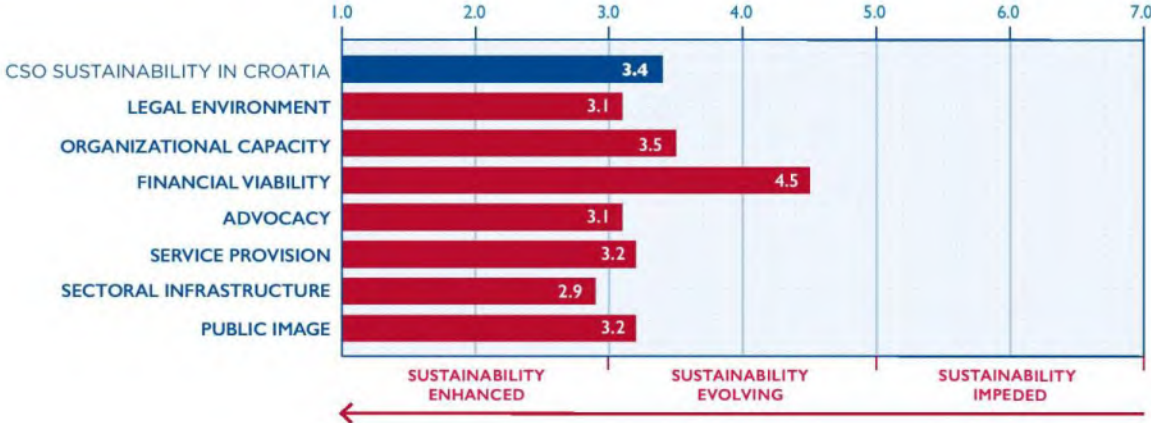


There is no joint CSO code of ethics, but CSOs are required by law to publish their financial reports. Public benefit organizations also are required to make their activity reports publicly available.

# CROATIA

**Capital:** Zagreb  
**Population:** 4,227,746  
**GDP per capita (PPP):** \$24,700  
**Human Development Index:** Very High (0.837)  
**Freedom in the World:** Free (85/100)

## OVERALL CSO SUSTAINABILITY: 3.4



After years of decline followed by stagnation, the Croatian economy finally recorded growth in 2019. According to data for the third quarter of the year, annual gross domestic product (GDP) increased by 2.9 percent. Nevertheless, 2019 was a turbulent year from an economic point of view. The country’s shipyards and the Djuro Djaković group, one of the largest metal processors in the region, both faced serious financial crises, while Agrokor, the country’s largest company, transformed into the Fortenova group after a liquidity crisis in 2018. With co-financing from the European Union (EU), the country continued to spend hundreds of millions of Euro to build the Pelješac Bridge to establish a unified transportation network in the country. Meanwhile, tax reform was underway. In this context, there were numerous strikes and protests during the year.

On the political front, Croatia held elections for the European Parliament and a new president in 2019. The first round of presidential elections was held on December 22, 2019. As no candidate received an absolute majority of votes, a second round was held on January 5, 2020, in which Zoran Milanović, candidate from the center-left Social Democratic Party (SDP), defeated incumbent president Kolinda Grabar-Kitarović. In the European elections, the two leading parties in the country, SDP and the Croatian Democratic Union (HDZ), each won four of the twelve seats.

During 2019, Croatia was accused of illegally returning migrants to Bosnia and Herzegovina (BiH). In May, Swiss television broadcast a video allegedly showing Croatian police officers forcibly returning migrants to BiH. In an open letter in July, Human Rights Watch asked President Grabar-Kitarović to stop Croatia from returning migrants. Grabar-Kitarović admitted in an interview with Swiss television that there is a practice of “pushing back” migrants across the border. There were also numerous crimes and hate speech against the Serbian minority in 2019. Although no statistics are available on the overall number of such incidents, several serious attacks were reported. For example, brutal attacks on Serbian citizens took place near the cities of Rijeka and Knin. In February, three players on the Red Star Belgrade water polo team were verbally and physically attacked in Split.

CSO sustainability did not change significantly in 2019. The financial viability and service provision dimensions recorded declines as long delays experienced in funding programs affected both dimensions. At the same time, the public mobilized around a number of civil initiatives addressing issues of concern, resulting in an improvement in advocacy, and the positive public response to these efforts contributed to an improvement in public image.

According to the Register of Associations, at the end of 2019, there were 50,318 active registered associations, a slight reduction compared to 2018. During the year, 1,365 associations were terminated and 11,425 associations were removed from the Register because they no longer exist. CSOs must register with the Ministry of Finance in order to be eligible for state funds at the national or local level. As of December 31, 2019, there were 38,211

associations registered with the Ministry of Finance, an increase from 37,319 in 2018. A total of 38,165 associations submitted financial reports to the Ministry of Finance during the year.

## LEGAL ENVIRONMENT: 3.1



The legal environment did not change significantly in 2019.

CSOs in Croatia continue to be governed primarily by the Law on Associations, Law on Foundations and Funds, the Regulation on the Criteria, Standards and Procedures for Financing and Contracting Programs and Projects of Common Interest Implemented by Associations, the Law on Financial Operation and Accounting of Nonprofit Organizations, and the Law on Volunteering. The legal framework clearly defines the rules for internal management, the scope of allowed activities, financial reporting requirements, and the procedures for terminating associations. The law is enforced in accordance with its stipulations. CSOs still consider the legal framework and administrative obligations imposed

by it to be too normative.

There continued to be delays in adopting the new National Strategy for Creating an Enabling Environment for Civil Society Development 2017-2021 in 2019. At the end of the year, it was in its final phase of development, in which state administration bodies can comment on it, after which it will proceed to public consultations. It was expected to be adopted in the first quarter of 2020, although this did not happen. Because of the delay, the strategy will now encompass a much longer period, through 2027. In November, the National Foundation for Civil Society Development (NFCSD) organized the conference Civil Society 2030: HR-EU\_Euro-Mediterranean in Šibenik. During the conference, consultations were held with CSO representatives about the new strategy. However, broader consultations are still necessary as not all CSOs were able to participate in this event. CSOs have expressed concern with the fact that the new strategy will cover a much longer strategic period, which in turn opens other strategic questions.

CSO registration procedures did not change during 2019. Smaller CSOs and those from rural areas still complain about the fact that they are required to use double-entry accounting for the first three years of their existence. CSOs find this requirement burdensome, noting that smaller CSOs often do not have the human and financial resources to satisfy the requirements. Furthermore, some smaller CSOs that work on a volunteer basis to enrich local community life struggle to develop statutes that meet the requirements of the Law on Associations.

The legal environment for foundations in Croatia is still highly unfavorable. The new Law on Foundations was adopted at the end of 2018 and came into force in March 2019. While the new law attempted to simplify the procedure for establishing and registering foundations, there continued to be problems with registration. Amendments to the Law on Foundations also failed to regulate family foundations or private foundations focused on social welfare. Donors, including state bodies, still have limited understanding of foundations, and tenders generally still exclude foundations as possible applicants or partners.

CSOs are protected from the possibility of being closed down by the state for political or arbitrary reasons. In 2019, however, the Ministry of Interior again directly harassed CSOs that criticized the government for engaging in violence when forcing refugees and migrants back over the border, generally immediately after they crossed it, without consideration of their individual circumstances or providing them with the possibility of applying for asylum. Volunteers were taken into custody and organizations were prevented from speaking out against these actions. In some cases, these organizations and the involved volunteers also were defamed and funding agreements were terminated. At the end of 2018, for example, the Ministry of the Interior denied the Center for Peace Studies (CMS) entry into asylum-seekers' shelters by refusing to extend its cooperation agreement, despite the fact that CMS has supported refugees for fifteen years.

CSOs continued to face administrative harassment in the form of administrative burdens and the inefficiency of both public administration bodies and the system of EU fund management. Officials in the tax administrations and state and town offices are frequently not trained adequately and often interpret rules and laws, including the EU regulations that apply to tax treatment of CSOs, differently.

CSOs can generate revenue through the provision of services and can enter into contracts with government bodies. They can also organize fundraising campaigns, although there is still not a clear legislative framework in this area. CSOs can also receive donations from foreign donors without legal restrictions.

All CSO income, including income from economic activity, is exempt from taxation under the Law on Financial Operation and Accounting of Nonprofit Organizations. Additionally, humanitarian organizations are exempt from paying value-added tax (VAT) on purchases made for humanitarian purposes, and all CSOs are exempt from VAT while using income from EU sources, regardless of their area of activity. Individual and corporate taxpayers have the right to income tax deductions up to 2 percent for charitable donations to CSOs.

CSOs have limited access to quality legal services. Most lawyers still do not show an interest in the legal regulations that regulate CSOs' activity. Quality legal advice is almost exclusively available through other CSOs that employ legal professionals, such as the Croatian Legal Center and Information Legal Center Slavonski Brod. Most of these organizations are based in larger towns, which means that CSOs in rural areas frequently do not have anyone to turn to for legal information and advice.

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## ORGANIZATIONAL CAPACITY: 3.5

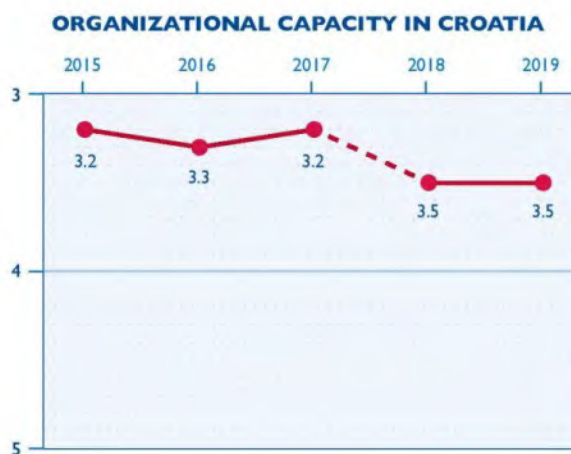
Organizational capacity did not change in 2019.

CSOs continue to struggle to develop public support for their work due to a shortage of staff coupled with increasing administrative demands. Despite these problems, certain initiatives, such as #saveme (#spasime), which opposes domestic violence and all other forms of violence, benefited from strong public support during the year.

CSOs' ability to adhere to their missions continues to be threatened by their reliance on project-based funding, which results in them focusing on areas in which funding is available. CSOs' strategic planning abilities did not change in 2019. CSOs are legally required to adopt strategic documents, but generally only CSOs with greater organizational capacities and diverse funding sources engage in serious strategic planning. Smaller, local CSOs formally undergo strategic planning, but they frequently change their activities without reflecting these changes in their strategic documents. Some CSOs list areas of work unrelated to their activities in their statutes due to uncertain financial circumstances, thus leaving themselves flexibility to apply for tenders that are not focused on their primary areas of activity. Few CSOs monitor their impact.

CSOs' internal management structures and practices did not change notably in 2019. CSOs with greater organizational and financial capacities and diverse funding sources have structured internal management systems, including qualified staff with specialized tasks. In smaller CSOs, individuals often perform multiple roles.

Staffing continues to be an issue in the sector. CSOs—even larger organizations that receive significant funds from the EU or other public sources—struggle to retain staff due to gaps in their funding. Furthermore, many funds impose great administrative burdens, which require CSO staff specialized in financial and administrative management. When CSOs lose such staff, they struggle to recruit qualified new employees. In addition, emigration is an issue, particularly outside of Zagreb, making it very difficult to find quality staff in these areas. CSOs in rural areas claim that people do not want to work for CSOs, although they might volunteer or get involved occasionally. Low salaries and uncertain working conditions also cause problems. In addition, CSOs are generally unable to pay severance when employment contracts are terminated.



According to the last Report on Services Performed or Activities of Volunteer Work Organizers available on the website of the Ministry of Demographics, Family, Youth, and Social Policy, the number of reports about organized volunteer work submitted in 2018 increased by 28 percent, the number of registered volunteers increased by 32 percent, and the number of volunteer hours increased by 25 percent compared to 2017. In total, 62,699 volunteers worked for approximately 3.2 million volunteer hours in 2018, and their contributions were valued at approximately HRK 15 million (approximately \$2.25 million).

CSOs increasingly use information and communications technology (ICT), social networks, collaborative platforms, and web portals. Smaller CSOs from rural areas still lack the knowledge and capacities to use new technologies.

## FINANCIAL VIABILITY: 4.5



Financial viability deteriorated in 2019, primarily because of the long delays experienced in the announcement, decision-making, and award of funding programs, and in paying funds for contracted projects. For example, members of the Croatian Network for the Homeless, which includes the Red Cross Zagreb, Charity Association Karlovac, and Oaza Association in Rijeka, among others, completed the implementation of three-year projects and programs financed by the Ministry for Demographics, Family, Youth and Social Policy in October 2019. However, the new tender for the continuation of these activities was announced only towards the end of 2019, with results expected in April 2020. This left a six-month gap during which members of the network had to cease their activities, including the provision of housing for young homeless persons, fire

their employees, and leave the rented premises. Another problem is that ministries increasingly use the practice of retrograde contracting, in which they offer CSOs contracts with starting dates a month in the past, thereby reducing project implementation periods.

CSOs rely largely on public funds. Generally, only large organizations have the capacity to apply for foreign funding. Private philanthropy is still underdeveloped in Croatia, and earned income is not yet a well-developed funding model among Croatian CSOs.

According to the last available data from the draft Report on Financing CSO Projects and Programs from Public Funds, in 2017 HRK 1.930 billion (approximately \$289 million) in public funds was spent on CSO projects and programs, an increase of almost 10 percent compared to 2016. Out of the total amount, 43 percent came from the national level, 53 percent came from local and regional self-governments, and the remaining 4 percent came from public companies, tourist associations, and other providers. Almost 3,000 projects were financed. Public bodies awarding CSOs financing generally comply with the standards of financing. The Office for Cooperation with NGOs continues to conduct training for government bodies about the implementation of the Regulation on the Criteria, Standards and Procedures for Financing and Contracting Programs and Projects of Common Interest Implemented by Associations.

Local self-government units usually attempt to use their limited budgets to fund as many local CSOs as possible; therefore, the amounts are usually symbolic and insufficient to have much impact.

NFCSD is a public foundation focused on promoting and developing civil society in Croatia that receives state budget funds, in part from the income from games of chance. According to NFCSD's 2018 annual report, during the fifteen years of its existence, NFCSD has awarded 5,209 grants worth approximately HRK 501 million (approximately \$75 million) through eighty-one calls for proposals and sixty-three calls for expression of interest.

The development of philanthropy in Croatia is still impeded by the tax system, which does not stimulate such giving, the low standard of living in the country, and CSOs' limited capacities to engage in fundraising. Nonetheless, there were several significant philanthropic initiatives in 2019. The initiative #saveme and the Foundation for



Human Rights and Solidarity Solidarna established the fund #saveme to support victims of violence through the provision of economic, legal, psychological, medical, and housing assistance. During the first two months of its fundraising campaign, #saveme raised almost HRK 400,000 (approximately \$60,000) in donations from 36,963 citizens and ten private companies.

According to Catalyst Balkans, which has been researching and analyzing the state of philanthropy in the Western Balkans since 2013, In 2018, there were a total of 2,865 donations to CSOs valued at approximately EUR 6.7 million, while in 2019, there were 3,011 donations valued at more than EUR 15.3 million. While the number of individual donations increased dramatically, the number of corporate sector donations decreased significantly in 2019. There were several notable examples of corporate donations during the year. The Bagatin Clinic donated a vehicle worth EUR 23,000 to the SOS Children's Village Ladimirevci. The Internet Marketing and Advertising Agency Escape d.o.o, donated all the registration fees (more than EUR 6,000) from an Internet marketing convention to the Red Nose Association by the Clown Doctors from Zagreb, which promotes humor and cheerfulness, mainly among children in the hospital.

In a unique fundraising initiative, the Association of Women Suffering from and Treated for Cancer raised funds to provide taxi services to women suffering from cancer by organizing a Humanitarian Flea Market with celebrities in 2019. With the exception of the #saveme campaign, CSOs did not engage in any significant crowdfunding campaigns in 2019.

In 2019, CSOs continued to receive funds from the EU, foreign foundations, embassies, and other international organizations. There was a noticeable decrease in the number of EU-funded tenders, while the level of funding from other donors remained stable. Public authorities that act as intermediary bodies and issue tenders financed by the EU continue to lack capacity, as demonstrated by their delays or failures to announce tenders. In addition, public bodies lack the capacity to evaluate funded programs. At the same time, the bureaucratic burdens involved with implementing EU programs and projects places increasing pressure on the daily operation of CSOs.

CSOs still do not generate significant revenue through the sale of their products or services. The community continues to expect the services offered by CSOs to be free of charge. There were no significant developments in terms of social entrepreneurship in 2019. As there is still no legal regulation of social entrepreneurship, few CSOs launch social enterprises.

CSOs are obliged to submit financial statements and make them public through the Register of Associations kept by the Ministry of Finance. CSOs generally only conduct financial audits at the request of donors, mostly for larger projects. Some CSOs, mainly those based in larger towns, use the services of specialized accounting companies.

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## ADVOCACY: 3.1

CSOs were more actively engaged in advocacy in 2019 compared to 2018. A number of civil initiatives mobilized the public around issues of concern. For example, in March, the initiative #saveme, which was started by the actress Jelena Veljača, organized a protest against domestic violence and all other forms of violence in which an estimated 10,000 people participated. In addition, several thousand people gathered in Zagreb in October for the protest “Justice for Girls” in order to show their support for victims of sexual violence who do not receive adequate protection from the system. The protest’s message was that failure to punish a crime is a crime.

Furthermore, a large protest of teachers called “Croatia Must Do Better” was held in Zagreb in November to protest low wages in the sector. Approximately 200 buses with teachers from across Croatia came to Zagreb for the protest. According to estimates made by trade unions, more than 40,000 people participated in the demonstration, which was preceded by several months of strikes by education workers throughout Croatia. The



youth initiative Fridays for Future Croatia supported global climate protests, holding a series of demonstrations in Zagreb, Rijeka, Split, and Osijek.

Finally, the association of parents of children suffering from spinal muscular atrophy Hummingbirds organized a protest called “Spinraza for All,” demanding that the medication Spinraza be approved for everyone with this disease. This would require the Croatian Health Insurance Fund to overturn a previous decision that barred the provision of this medication to patients over the age of eighteen and those on respirators.

The e-Consultation system, the central portal for consultations with the interested public, has been active for four years. According to the latest data available by the Office for Cooperation with NGOs, in 2018 state administration bodies, including the Croatian National Bank, organized 1,033 consultation sessions, an increase of 46 percent compared to 2017 when 706 consultation sessions were held. During 2018, a total of 4,712 legal and natural persons participated in these consultations, down from 5,821 in 2017. In July 2019, the Office for Legislation assumed responsibility from the Office for Cooperation with NGOs for providing administrative support to the work of the e-Consultation portal and the coordination of state administration bodies with regard to the implementation of consultations with the interested public. It is unknown if the Office for Legislation is interested in bringing the e-Consultation system to the local level.

In 2019, six sessions of the Council for Civil Society were held, compared to four sessions held in 2018. Areas of the Council’s special concern in the strategic plan and planned activities in 2019 included: increasing the transparency and visibility of the Council and topics addressed at the Council’s sessions, informing the government about the work of the Council, and forming work groups and ensuring their efficient work.

## SERVICE PROVISION: 3.2



CSO service provision deteriorated slightly in 2019 because of delays in issuing tenders and ongoing uncertainty in the availability of funding for services.

In 2019, CSOs continued to provide a wide range of products and services. Social services are particularly prominent, while other popular services focus on quality of life issues, cultural activities, psychosocial assistance, professional training, and lifelong learning. CSOs often provide “unpopular” social services, such as the provision of home help services for the sick, elderly, or disabled, in order to meet existing needs for such services in local communities.

CSOs continue to assess the needs of their local communities, primarily through regular communication and interaction with local community stakeholders. CSOs

do not openly or visibly discriminate in the provision of their services.

In 2018, the Swiss-Croatian Cooperation Programme launched a call for proposals aimed at increasing the contribution of CSOs to economic and social cohesion and the sustainable development of local communities. Fifteen projects received a total of more than HRK 21 million (approximately \$3.1 million) through this call. The projects, which began to be implemented in 2019, focused on raising awareness about sustainable development and developing the skills of children and youth on sustainable development issues. The projects are implemented by CSOs in cooperation with schools and local communities.

There were significant delays in 2019 in announcing tenders from the European Social Fund and a reduction in the number of tenders to which CSOs could apply. Additionally, there were huge delays in publishing the results of tenders announced in 2018. These delays reduced the ability of CSOs to provide services and resulted in the termination of some services, including services for homeless people, as described above.

Some associations are created specifically to provide services that are lacking in local communities, such as the care of vulnerable groups. For example, local governments are obliged to support housing programs for the

homeless. Often, the local government will “push” an existing CSO to provide such a service or support the establishment of a completely new association to provide such a service.

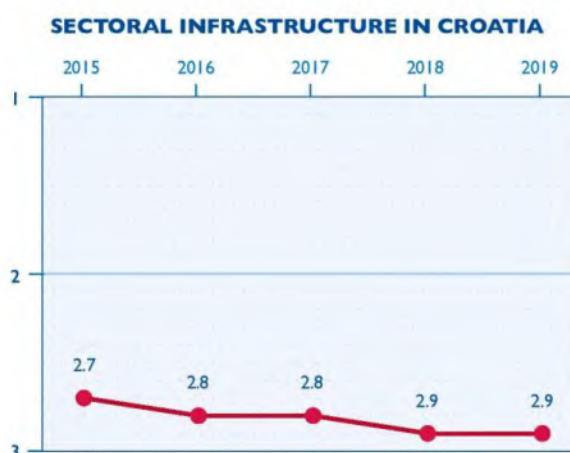
Associations still rely primarily on project-based funding, which hinders the sustainable provision of services. This is particularly a problem in the sphere of social services, including those that facilitate access to rights guaranteed by the constitution. For example, the constitution states that education should be accessible to everyone on equal terms. CSOs provide teaching assistants to persons with disabilities to help them participate in the educational process. However, the availability of teaching assistants depends on project-based funding, which makes its sustainability unreliable. CSOs continue to advocate for the development of systematic and continuous financing of such services through social contracting models. The state’s lack of stable funding indicates a lack of appreciation for CSO services.

Although most CSOs lack knowledge about market processes, a growing number of CSOs provide services such as workshops and training at market prices in order to enhance their financial viability. For example, association Forum for Freedom of Education offers paid seminars and workshops to improve the quality of teaching.

## SECTORAL INFRASTRUCTURE: 2.9

The infrastructure supporting civil society did not change significantly in 2019 and continued to be centralized. NFCSD stopped supporting regional support centers at the end of 2017. As a result, CSO representatives, particularly those from smaller areas, report that they no longer have ready access to professional support. The decision to abolish the regional support centers was not foreseen by the National Strategy for Creating an Enabling Environment for the Civil Society Development.

In 2019, NFCSD opened regional branch offices in Split, Rijeka and Osijek. These branch offices are supposed to support the beneficiaries of the European Social Fund in order to increase the impact of funded projects. However, no public information is available about the accomplishments of these offices in 2019.



Several local foundations provide grants to CSOs. In cooperation with NFCSD, the four organizations that used to serve as regional support centers provide small grants to CSOs. The Foundation for Human Rights and Solidarity Solidarna currently implements four funds with funding from more than 600 individuals and legal entities. Hitno&Bitno (Urgent&Important) supports ad hoc civil initiatives that react to violations of human rights and principles of democratic governance, and which cannot be funded by other donors in a timely manner; Inkubator (Incubator) supports new local and experimental initiatives for the protection of human rights, particularly those which address vulnerable local communities; Culture in the Community supports smaller cultural projects with a broad scope in the community aimed at raising awareness about human rights and solidarity; and the Desa and Jerko Baković fund supports the education of poor children and youth. Solidarna intends to collect additional donor funds to become a permanent source of support for children and youth whose education is hampered by socio-economic deprivation.

CSOs increasingly exchange information, promote joint interests, and advocate for changes in society through different networks, platforms, initiatives, and associations. For example, the Women's Network Croatia has forty member organizations that promote feminist principles. Several organizations serve as centers to promote sectoral interests and activities. For example, on its website, Odras regularly shares news and information that promotes civil society’s interests.

CSOs have access to training on CSO management, but these opportunities are not equally accessible throughout the country and there is a shortage of specialized trainings and educational opportunities related to strategic financial and project management. NFCSD continued to cooperate with some of the organizations that used to serve as regional support centers to provide training to strengthen the capacities of CSO staff in 2019. NFCSD

also offers workshops itself, but these are poorly attended, possibly because they focus on basic knowledge and skills related to CSO management. Training materials are mostly available in the Croatian language.

One of the most prominent CSOs providing CSO management training is ACT Group from Čakovec, which organized the Academy of Business Skills once again in 2019. This program, which provides managers of social enterprises and nonprofit organizations with the opportunity to acquire business skills, is unique because it was founded through cooperation between the civil and private sectors, which is still rare in Croatia. Participants in the Academy of Business Skills have the opportunity to gain knowledge in the areas of management, leadership, marketing, and finances, and the chance to network with top managers of social enterprises. However, the reach of this program is limited, only accommodating approximately twenty participants each year. In addition, the program is organized in Zagreb, which makes it more difficult for people from remote parts of the country to participate in it.

The Office for Cooperation with NGOs continues to encourage cooperation and partnership between the government and CSOs. Cooperation between CSOs and state administration bodies in the process of programming EU-funded grants is still inadequate, which results in a discrepancy between funding program and real needs.

In May 2018, a call for proposals was launched entitled Thematic Networks within the Operational Program Efficient Human Potential of the European Social Fund. The aim of the call was to strengthen the capacities of CSOs to engage in efficient dialogue with public administration, social partners, and higher education institutions in shaping and implementing reforms, as well as strengthening social dialogue to form better working conditions with a focus on seasonal jobs. The results of this call have not been announced yet, again demonstrating the problems of delays in announcing and publicizing the results of EU-funded calls.

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## PUBLIC IMAGE: 3.2



CSOs' public image improved in 2019 due to the positive reception of large CSO initiatives focused on issues such as the protection of women and children victims of violence. In addition, several large newspapers reported positively on CSOs during the year. For example, widely recognized portals reported on the activities of The Women's Room and interviewed experts from this association about the problems faced by victims of violence, as well as the organizations that are involved in these issues. As a result of such coverage, some public figures got involved in these issues, which further increased public awareness.

This media attention and public pressure reduced the marginalization of CSO representatives by the authorities and increased government interest in addressing the

issue of domestic violence. Thus, in April 2019, representatives of homes and associations for the victims of domestic violence met with Prime Minister Andrej Plenković, the Minister of Demographics, Family, Youth and Social Policy, the Minister of Interior, and the General Police Director. The prime minister pointed out that they had an opportunity to hear the ideas, suggestions, and proposals from representatives of associations that have been dealing with the issue of violence for many years, and that this contribution will help the government to improve the legal and institutional framework, financial means, and aspects of educating and raising public awareness. This initiated the inclusion of CSO representatives in various working groups and the work of the Ministry of Demographics, Family, Youth and Social Policy, Ministry of Justice, and Ministry of the Interior. Representatives of the associations for victims of domestic violence involved in the meeting indicated that this was the first time there was political will to initiate concrete changes in this area and that for the first time the government perceived organizations that work on these problems as partners in this process.

In some cases, however, media coverage did not raise public awareness of CSOs' work. For example, while the issue of migrants in the country receive a lot of media coverage, CSO representatives have not noted any significant developments in the level of public support they receive for their work in this area.

The business sector still does not view CSOs as partners, and there is limited cooperation between the two sectors.

The Office for Cooperation with NGOs continues to organize NGOs' Open Days, an annual event held throughout Croatia with the aim of informing the public about the work of CSOs. On NGOs' Open Days, individuals can participate in numerous creative workshops, lectures, plays, and other actions that give them the opportunity to get acquainted with different community projects and programs; volunteer opportunities are also organized. In 2019, the Office for Cooperation with NGOs, in cooperation with the Croatian Association for Public Relations, invited associations that participated in NGOs' Open Days and that conduct activities that promote sustainable development through social services in local communities to apply to a public call entitled "Communication support to social service programs of associations." Twenty applications were received, and the Croatian Association for Early Intervention in Childhood (HURID) and the association Ozana were selected to receive professional communications support and funds to prepare promotional materials and advertise their social services.

CSOs continue to use social networks and various communication channels as a tool to communicate with other CSOs and with the public.

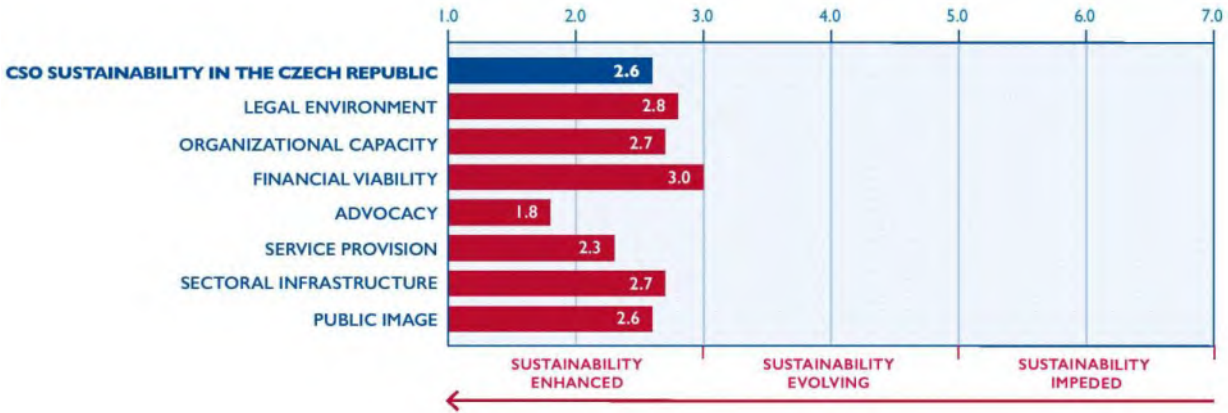
CSOs strive to be transparent in their work by preparing annual reports and making them available on their websites. In addition, a growing number of CSOs submit annual financial statements to the Ministry of Finance, which are available in the Register of Associations. Submission of these financial statements is a mandatory criterion for associations to apply to state-funded tenders. Most CSOs still do not have formally adopted codes of ethics, but many of them adhere to principles of ethical conduct in their work.



# CZECH REPUBLIC<sup>1</sup>

**Capital:** Prague  
**Population:** 10,702,498  
**GDP per capita (PPP):** \$35,500  
**Human Development Index:** Very High (0.891)  
**Freedom in the World:** Free (91/100)

## OVERALL CSO SUSTAINABILITY: 2.6



In 2019, civil society in the Czech Republic was affected by several contradictory developments that reflected the polarization of Czech society as well as national economic and political trends. The country’s economic boom continued throughout the year, enabling the government to provide record levels of financial support to CSOs. This increased state funding helped improve both the quality and scope of CSOs’ services. At the same time, with an unemployment rate that dipped to only 2.2 percent in October 2019, according to the Czech Statistical Office, coupled with an inability to pay suitable wages, the sector faced a chronic lack of qualified employees.

Political pressure on CSOs intensified in 2019. In a worrying development, representatives of so-called traditional parties began to adopt rhetoric critical of CSOs similar to that used by President Miloš Zeman, Prime Minister Andrej Babiš, and parties on the margins of the political spectrum. Their unflattering views of civil society received prominent exposure in various “disinformation” media, whose influence remained strong in 2019. Negative statements about “political nonprofit organizations,” a term applied to CSOs ranging from anti-corruption and human rights organizations to environmental, humanitarian, and migrant CSOs, were increasingly common in public discourse. In autumn 2019, the chairman of the new political party Trikolora, which holds no seats in parliament, promised to “take money away from political nonprofits.”

Despite this pressure, civil society mobilized effectively in 2019. The Million Moments for Democracy (Milion chvilek pro demokracii) movement organized two demonstrations during the year that were the largest in the Czech Republic since the 1989 Velvet Revolution ending the communist regime. The movement began in 2017 as an informal initiative seeking to expose the prime minister’s conflicts of interest and involvement in European Union (EU) subsidy fraud and has expanded to support democratic culture and public engagement more broadly. CSOs also worked on a number of environmental issues, including climate change, water use, and deteriorating forest conditions.

Overall CSO sustainability did not change in 2019. The only dimensions of sustainability recording a score change was organizational capacity, which improved slightly as CSOs worked increasingly well with their constituencies.

<sup>1</sup>Thank you to the Department of Public and Social Policy at Charles University in Prague for their review and contributions to the 2019 CSOSI report for the Czech Republic.

According to the Czech Statistical Office, in January 2020, there were more than 130,000 CSOs in the Czech Republic, including 99,292 associations, 25,319 branch associations, 2,591 public benefit corporations, 1,952 endowment funds, 1,179 institutes, and 522 foundations. The terms CSOs, public benefit organizations, and NGOs are used interchangeably in the Czech Republic.

## LEGAL ENVIRONMENT: 2.8

LEGAL ENVIRONMENT IN THE CZECH REPUBLIC



The legal environment for CSOs did not change in 2019. CSOs must register if they want to acquire legal personality. Clear requirements for registration are stipulated for each legal form of CSO. The registration process is easy and can be completed in a reasonable amount of time. Registration is free of charge, and CSOs are exempt from most other associated administrative charges. Most forms of CSOs register with the courts, which sometimes interpret the law inconsistently. However, the Ministry of Justice and the courts are working to iron out inconsistencies through ongoing communication with CSOs. Informal movements and initiatives may operate freely without registration but are unable to enter into contracts, apply for subsidies, or organize public collections.

CSOs are required to submit financial statements annually. If they do not do so for a number of years, they are considered inactive. The public registry continues to include many inactive and non-existent organizations, but the Ministry of Justice hopes to correct this with modifications to an online app that are expected to be introduced by the end of 2021.

The law does not unduly restrict CSOs' activities. The rules governing CSOs' internal structures and management vary according to legal form but in general are balanced and proportionate. Although the authorities do not usually target individual organizations, the administrative burden on CSOs is generally high. CSOs receiving state subsidies are subject to especially complicated administrative processes, such as providing an excessive number of copies of documents to receive reimbursement for their expenses. For example, Diecévní Charita Brno, a large social services provider, reported that in 2019 it was required to submit about thirty copies of many documents. Operating conditions worsened in 2019 for CSOs offering social services, as regional governments and the Ministry of Health imposed burdensome administrative and reporting requirements. CSOs may appeal to the courts in disputes with governmental authorities.

Several changes to the legal framework affecting CSOs were proposed or enacted in 2019. Amendments to the Act on Electronic Sales Registration and Value-Added Tax Act entered into force in November 2019. The amendment requires CSOs providing catering and accommodation services to buy equipment that provides electronic evidence of their sales. Other CSOs were waiting to hear whether provisions of the new amendment would apply to them as well. During the process of revising the Accounting Bill, the Association of Public Benefit Organizations (AVPO ČR) called for accounting requirements for CSOs to be simplified, as they are currently more complicated than those that apply to commercial entities. AVPO ČR also sought to ensure that a draft amendment to the Public Collections Act streamlines the process of registering and controlling public collections. In the meantime, the Ministry of Interior prepared new instructions to ensure that regional authorities consistently implement the existing law on public collections.

Politicians often criticize CSOs that comment on government activities, including watchdog and environmental organizations, by referring to them pejoratively as "political nonprofits" or "eco-terrorists" and arguing, misleadingly, that they should not be financed by handouts of public funds. Such statements lead some CSOs that depend on public financing to engage in self-censorship.

In 2019, the Constitutional Court reviewed a lawsuit brought by an employee of In Iustitia, an organization that provides social services to victims of hate crimes, who had been threatened on social media. The Constitutional

Court rejected the suit, finding that the threat was not a crime and that In Iustitia should get used to being threatened in this way.

Tax exemptions for CSOs did not change in 2019. Gifts, subsidies, and grants to CSOs are not subject to taxation. Individual donors may claim deductions of up to 15 percent from their tax base and corporate donors up to 10 percent.

CSOs may earn income from their own activities, membership fees, fundraising, and public procurements. CSOs do not face any legal obstacles to receiving funds from foreign sources, although in autumn 2019, the right-wing Freedom and Direct Democracy (Svoboda a přímá demokracie) party submitted a bill requiring CSOs to establish transparent bank accounts that would allow anyone to see all of their income and expenditures for the purpose of accepting all foreign support. The proposal, which was viewed by many as a populist gesture, had no chance of success. Social entrepreneurship is still not clearly defined by legislation.

Qualified legal counsel is available mostly in the capital, Prague, and major regional cities. However, even in these locations, legal resources for CSOs are inadequate. Few lawyers in the Czech Republic specialize in CSO-related law, and, as a result, law firms often provide CSOs with inaccurate advice about registration and other topics. Large law firms, especially in Prague, sometimes provide pro bono services to CSOs. Umbrella CSOs such as AVPO ČR and the Association of Non-Governmental Organizations in the Czech Republic (ANNO ČR) also provide legal advice. Many CSOs do not seek legal counsel because they lack the funding to pay for it and instead try to solve legal issues on their own.

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## ORGANIZATIONAL CAPACITY: 2.7

CSOs' organizational capacity improved slightly in 2019 as CSOs worked increasingly well with their constituencies. This development was especially evident in the huge demonstrations and petitions organized by Million Moments for Democracy.

CSOs have realized that public support is crucial, especially as their formal membership declines. In 2019, the Million Moments for Democracy initiative did a good job of harnessing public support. Although run by a small association, its ideas are supported by a large segment of society. Two of its demonstrations in 2019 calling for the resignation of the prime minister were the largest such gatherings since 1989, with estimated participation ranging from 150,000 to 300,000 people. The movement's statement of commitment to democratic values had garnered more than 210,000 signatures by early 2020. Other CSOs worked intensively with their supporters by setting up clubs of regular donors and other support communities and improving external communications. For example, For the Climate (Za klima) drafted sample e-mails that supporters could send to politicians to promote environmental issues. CSOs providing social services more actively educated their constituencies about the professional nature of their work and their funding structures in response to criticism that they accept government handouts for services that they should provide for free.

Most professional CSOs, such as the humanitarian organizations Adventist Development and Relief Agency–Czech Republic (ADRA) and People In Need (Člověk v tísni), foundations such as the Via Foundation and Civil Society Development Foundation (Nadace rozvoje občanské společnosti, NROS), and social service providers, have permanent, full-time employees, specialized professional staff, and hierarchical structures. These organizations also engage in strategic planning, although their plans are not always of good quality. Smaller and volunteer-based CSOs usually plan their activities and finances on an annual basis. Corporate donors and foundations often urge CSOs to undertake strategic planning. Some CSOs lack well-defined missions.

The law stipulates the mandatory management structures that various legal forms of CSOs must have. Foundations and non-membership service-providing organizations usually have pre-determined organizational structures with

ORGANIZATIONAL CAPACITY IN THE CZECH REPUBLIC



clearly defined hierarchies. As membership-based organizations, associations have more freedom to introduce internal structures that are more democratic in nature. In many CSOs, the administrative and supervisory bodies operate on a formal basis only, while the executive staff controls all operations.

According to the latest data from the Czech Statistical Office, the civil society sector had 105,292 full-time employees in 2017, a slight increase over 2016. However, in 2019, CSOs continued to face a lack of qualified employees because of the country's low unemployment rate and the sector's low wages. It is still common for CSOs to employ staff only for the duration of specific projects.

The Czech Statistical Office reports that in 2017, 26,964 volunteers (converted to full-time equivalents) worked 47.2 million hours. Most volunteer work, however, continues to happen outside of the parameters of the Volunteer Service Act and therefore is not captured in these statistics. According to the Charities Aid Foundation 2019 World Giving Index, which reports on giving trends over the past decade, an average of 15 percent of respondents in the Czech Republic have taken part in volunteer activities over the past ten years.

Technical equipment is available to the vast majority of CSOs. The program TechSoup offers office software to CSOs almost free of charge. Many organizations reported that the Google Grants program, which allows them to use Google Ads free of charge up to a certain amount, was less efficient and user-friendly than in previous years because of changes in its terms and conditions. Although CSOs commonly have websites and use social networks, especially Facebook, they often lack the know-how and money needed to work effectively with online tools. During its demonstrations in 2019, as in 2017, Million Moments for Democracy worked with the telephone company T-Mobile to independently track the number of protesters.

## FINANCIAL VIABILITY: 3.0

FINANCIAL VIABILITY IN THE CZECH REPUBLIC



CSOs' financial viability did not change in 2019. According to the latest information from the Czech Donors Forum (Fórum Dárců), public benefit organizations received nearly CZK 8.45 billion (approximately \$390 million) in 2018. Of this amount, CZK 2 billion (\$93 million) was from individual donors, CZK 1.8 billion (\$83.7 million) was from foundations and endowment funds, and CZK 650 million (\$30.2 million) was gathered through public collections.

Funding diversification continues to be weak, especially among service providers. CSOs continue to be strongly dependent on domestic resources, especially public funding. The largest proportion of state money continues to go to sports, which became an independent area in 2019 with the establishment of the National Sports

Agency. Although comprehensive data on public funding of CSOs are not readily available, the Center for Nonprofit Sector Research reports that CSOs received slightly more funding from municipalities in 2019 than in the previous year, whereas private donations grew more slowly. Declines in state funding were apparent only in certain sub-sectors, such as foreign development cooperation.

In 2019, the prime minister and minister of finance made sharp statements about limiting funding to the CSO sector. The minister of finance stated without explanation or details that she wanted to eliminate CZK 3 billion (approximately \$130 million) of funding earmarked for civil society. Meanwhile, the minister of finance proposed canceling advance disbursements of subsidies for EU-funded social projects and requiring CSOs instead to apply for reimbursement at the end of the projects. This change would be untenable for the vast majority of CSOs as well as many municipalities and companies, which do not have sufficient financial reserves to pay for these projects in advance.

Foreign financial support is marginal, although organizations dealing with certain topics, such as culture and humanitarian aid, have begun to attract more resources from abroad. The Community Programs of the European Commission support education, culture, and the environment, but Czech CSOs receive minimal resources through

these programs. New grant periods for funds from the European Economic Area and Norway began in 2019. One of these programs, the Active Citizen Fund, is newly managed by a consortium of the Open Society Fund, Committee of Good Will—Olga Havel Foundation (Výbor dobré vůle—Nadace Olgy Havlové), and Skautský Institut. The program will redistribute nearly EUR 13 million (approximately \$14.6 million) for projects to strengthen civil society and empower disadvantaged groups; the first calls for proposals were issued in the fall of 2019.

A number of CSOs participate in or organize social, cultural, and sporting events, but these events mainly build brand recognition or awareness and rarely generate significant revenue.

CSOs increasingly use digital approaches to raise funds, such as crowdfunding and GIVT, a platform for donating while shopping online. According to the Czech Donors Forum, in 2018, the number of donations made by text message increased 17 percent over 2017, with 381,000 messages bringing in CZK 18.6 million (approximately \$865,000). After pilot testing, the bank ČSOB provided CSOs with terminals for cashless payments in 2019, regardless of whether they had accounts with the institution; CSOs can use these terminals to accept donations via credit cards.

According to the World Giving Index 2019, the Czech Republic is one of the countries in which giving has fallen the most over the past decade. An average of 22 percent of respondents reporting making donations to CSOs over the past ten years.

Charitable activities by the state broadcasting company Czech Television raised CZK 72 million (nearly \$3.1 million) for CSOs in 2019. For example, in its second most profitable edition in twenty-nine years, the show *Advent Concerts* helped raise more than CZK 10.3 million (approximately \$448,000) for four organizations working with autistic, elderly, disabled, and mentally ill populations. . Asociace společenské odpovědnosti (Association of Social Responsibility) organized the fourth annual Giving Tuesday in 2019. The initiative raised nearly CZK 71 million (approximately \$3.1 million), a record amount going mainly to projects for children, the disabled, and the elderly.

Corporate donations to CSOs seem to have stagnated, since many corporations now carry out corporate social responsibility (CSR) activities through their own foundations and endowment funds.

The marketing of services and products such as organic food is a significant source of funding for certain CSOs. However, income-generating activities by CSOs are often complicated by the restrictions on CSOs' business activities imposed by subsidy rules.

Although still a marginal source of income, CSOs increasingly win public procurements. For example, in 2019 the organizations Pohoda, Etincelle, Tamtamy, and Fokus received procurements for small-scale projects in areas such as catering, cleaning, and gardening. In general, however, instead of concluding conventional supplier-customer contracts with CSOs, public administrations overuse the subsidies system, which results in below-market payment for CSOs' services.

The European Commission estimated that there were between 400 and 600 social enterprises in the Czech Republic in 2019. Their sustainability is questionable, since the vast majority were established with subsidies. Social enterprises often do not have the capacity to handle public procurements, and municipalities do not want to take risks with them.

CSOs' financial management is generally more complicated than for other entities, especially if they receive subsidies as well as other sources of funding. Experienced financial managers are in short supply and unaffordable for most CSOs, so other staff members often manage the finances along with their other duties. CSOs' financial transparency is growing, and organizations increasingly comply with legal obligations to publish financial and other information on the public registry. However, the financial sections of annual reports are often unclear. Large CSOs are legally obligated to conduct audits, but other organizations usually do not.



## ADVOCACY: 1.8

There was no significant change in CSO advocacy in 2019. The Government Council for Non-Governmental Non-Profit Organizations (RVNNO), an advisory body chaired by the prime minister, continues to be the main body for communication between the government and CSOs. In 2019, on the recommendation of the Supreme Audit Office, the government adopted a new statute for RVNNO, under which CSOs no longer have majority representation on the council. Nevertheless, RVNNO raised several important issues during the year, including the possibility of concluding long-term contracts and new rules for state subsidies of CSOs.

CSOs are able to participate in government advisory and planning entities at all levels, although they lack the experts and motivation to take part in all bodies. CSOs are regularly involved in local planning efforts. For example, in various districts of Prague, CSOs such as the Prague Ecology Center Toulcův dvůr, AutoMat, and Rainbow Movement (Hnutí Duha) helped design the city plan. CSOs also belong to a number of regional planning bodies and working groups that exist on a formal level but often produce work that is irrelevant or ignored. At the end of 2019, a new human rights commissioner was appointed with instructions to focus on human rights, cyberbullying, and domestic violence. The appointment was controversial since the commissioner had been an active communist.

CSOs commonly form coalitions to influence policies and public opinion on various topics. In 2019, coalitions engaged in topics such as building philanthropy, foster care, social housing, poverty, and corruption. These initiatives are usually more successful on the local level, since on the national level, CSOs often struggle with the complexity and duration of the legislative process, as well as conflicts of interests.

CSOs actively advocated around environmental issues in 2019. The Rainbow Movement launched its campaign Czech Forests, which sought to improve the management of forests to facilitate their natural regeneration. Environmental CSOs circulated petitions such as “Let’s Return Life to the Landscape” and “For the Climate,” which gathered a large number of signatures. Secondary school students in Brno advocated for the climate through the program Fridays for the Future. Another dynamic initiative in 2019 was We Are Fair (Jsme fér), which conducted a public campaign and survey aimed at legalizing same-sex marriage.

Informal initiatives and movements often formalize over time, especially if they encounter practical difficulties because of their lack of bank accounts or inability to enter into contracts, both of which require legal personality. For example, the powerful Million Moments for Democracy initiative acquired legal personality as an association in early 2018.

Few CSOs engage in lobbying since they usually lack the needed capacity and skills. In 2019, CSOs opposed the proposed Public Prosecution Act, which states that only lawyers with special mandates may bring collective action on behalf of consumers. CSOs saw this provision as excluding CSOs and contrary to the intent of the European Commission, which emphasizes the work of consumer associations. At the end of 2019, CSOs’ recommendation to increase state contributions to the employment of people with disabilities was approved. This should help compensate for an increase in the minimum wage. CSOs continued to lobby in such areas as ecology and patient rights, often without visible impact.

CSOs successfully demanded the exemption of institutes from administrative fees in 2019, which, unlike other legal forms, had been required to pay such fees.



## SERVICE PROVISION: 2.3



CSO service provision did not change in 2019. CSOs remained a dominant provider of social services, accounting for more than 95 percent of many types of services, including social rehabilitation, emergency assistance, and personal assistants. As in 2018, available financial and human resources limited CSOs' ability to provide more services.

In general, CSOs are close to their target groups and respond more flexibly to their needs than public institutions. Grant applications from CSOs often describe original, small-scale solutions that respond to the concrete needs of specific clients. CSO employees tend to be enthusiastic and care deeply for the people they work with. They identify the needs of target groups in a variety of ways, ranging from direct feedback to

comprehensive surveys.

Under the law, CSOs must offer services and products in a non-discriminatory manner. CSOs commonly provide services to groups beyond their membership. Service-providing CSOs are typically not membership-based. CSO experts in areas such as corruption, climate change, and the environment are often consulted by public administrations and other entities. Cooperation with the academic sector is still uncommon.

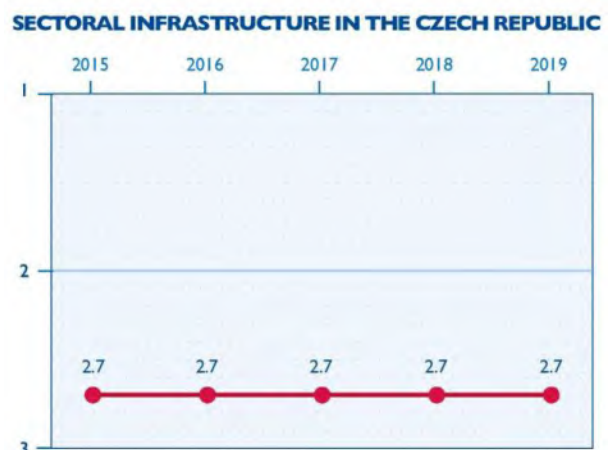
CSOs usually provide products and services below cost or free of charge, both because many clients cannot afford to pay and because organizations lack awareness of the market environment.

Overall, the government is pragmatic in its dealings with CSOs. Although the central government criticizes CSOs, it partially finances their activities, because it is unable to solve the needs that CSOs address. Governments at the regional and local levels tend to be more appreciative of CSOs since they are more directly affected when CSOs' services are not available.

## SECTORAL INFRASTRUCTURE: 2.7

No significant change was evident in the infrastructure supporting the CSO sector in 2019. Several associations and foundations, including AVPO ČR, NROS, and ANNO ČR, serve as support and information centers. These centers rely primarily on grants from public authorities and corporate donors. They also sell some services, mostly workshops and other courses, to other CSOs, but such activities generate limited income as CSOs are generally unable or unwilling to pay for consultations and other services. Programs such as Impact Hub, Google Academy for Nonprofits, TechSoup, and Vodafone Foundation Laboratory help enterprises with social impact develop quickly, but few CSOs have sufficient capacity to participate in these programs.

Numerous foundations and endowment funds, both corporate and non-corporate, operate in the Czech Republic and distribute funds according to their missions and focus. According to the Czech Donors Forum, 2,443 foundations and endowment funds operated in the Czech Republic in 2019, a slight increase over 2018. In 2018, corporate foundations and endowment funds distributed more than CZK 704 million (approximately \$32.7 million), CZK 27 million more than in the previous year. The largest corporate donor is the ČEZ Foundation, which distributed almost CZK 175 million (approximately \$8.1



million). Non-corporate foundations and endowment funds distributed more than CZK 1,070 billion in 2018 (approximately \$49 billion, compared to CZK 1,005 billion in 2017). In 2018, the most generous non-corporate foundation was again the Good Angel Foundation (Nadace Dobrý anděl), which distributed CZK 232 million (approximately \$10.8 million). The areas most frequently targeted for support were education and research (receiving 24 percent of all corporate and private funds); culture (15 percent); children, youth, and family (12 percent); and assistance to the sick and disabled (12 percent). Community foundations are not well developed in the Czech Republic, and only a few exist.

RVNNO officially promotes the interests of the CSO sector. However, since its members include representatives of government ministries and other agencies, it is not united in its approach to the sector and does not speak with one voice. Overall, the CSO sector is fragmented and struggles to define sector-wide interests. Several dozen associations bring together groups of CSOs based on mission, geography, or other factors. For example, in 2019, a newly established association of CSOs active in prisoner care focused on systemic change in penitentiaries. Only a few of these associations are multi-sectoral. Their work is limited by insufficient human and financial resources, especially as CSOs are not used to contributing large amounts of money to support them.

The quality and range of training for CSOs is varied. Training opportunities are generally sufficient, especially in large cities, and in fact often exceed demand, since CSOs sometimes fail to see the need for coursework on specific topics. In 2019, organizations such as AVPO ČR, NROS, ANNO ČR, and Spiralís offered training on a wide range of topics, from annual reports, accounting, and strategic planning to media, social networks, and fundraising. Some businesses such as KPMG offered workshops as part of their CSR activities. Programs such as the Academy of Patient Organizations offered training on project management, leadership, fundraising, communications, online campaigns, and other topics, and the new Social Impact Academy of Ashoka provided training in the new area of social-impact measurement. Training materials are easily accessible.

Intersectoral partnerships continued to emerge in 2019. These partnerships work best at the regional level, where so-called local action groups are formed. CSOs are also becoming part of bodies that include businesses as members, such as the Association of Social Responsibility and the Association of Social Services Providers, although high membership fees can limit their participation to “associate member” status with limited rights. CSOs and businesses cooperate on an emergency rescue smartphone app, which expanded its work abroad in 2019, and events such as European Sustainable Development Week and European Mobility Week. The Philanthropy Exchange (Burza filantropie), which connects businesses to CSOs working on important social and environmental issues, now operates in four regions. Acceleration programs sponsored by businesses that support the development of start-ups, companies, and nonprofits offer CSOs training, expertise, mentoring, and, occasionally, prizes for projects and introductions to angel investors. The newest acceleration program introduced by the Impact Hub focuses on climate challenge.

## PUBLIC IMAGE: 2.6



CSOs’ public image was unchanged in 2019. Czech society remained highly polarized in its opinion of CSOs, mainly because of political leaders who reject their work and the lack of knowledge about the sector among politicians, media, and the public.

The media convey contradictory information about CSOs, reflecting Czech society’s overall polarization. The media tend to be most interested in CSOs with activities that relate to current affairs. In 2019, media coverage was more positive than in previous years. CSOs’ activities are mentioned mainly on public media, such as the television shows *I 68 Hodin*, *Reportéři*, and *Sama doma*. Conservative media, media connected to extremist political parties, and media supporting authoritarian regimes often spread fake news about

CSOs. In 2019, *Reflex* magazine, which is not typically a source of misinformation, claimed that the state is “giving

away money to nonprofits and doesn't know why or who they are." Journalists and politicians use terms such as "political nonprofit" and "activist" in a pejorative manner. CSOs are often unable to present the results of their work in the media, in part because print media, with a few exceptions, do not offer them favorable rates for article placement. *Blesk* includes a story each month about the work of a different CSO.

The public's perception of CSOs is divided. Since only a portion of CSOs are actively involved in community life, most people do not understand the concept of CSOs and may even view their work negatively. For example, in 2019, after representatives of Doctors Without Borders spoke to pupils in an elementary school in Brno, some parents complained that they did not want their children receiving CSO "propaganda." Public trust in CSOs remains low. According to the Public Opinion Research Center (Centrum pro výzkum veřejného mínění), in autumn 2019, 33 percent of respondents (5 percent fewer than in spring 2019) said that they trusted nonprofit organizations, and 58 percent (6 percent more than in the spring) said they did not.

Many politicians and government officials are aware of the need for CSOs but seem to take them for granted as cheap providers of services. Others adopt a condescending attitude until confronted with their absence. In general, public authorities do not want CSOs to promote or articulate their own views, especially in the political field, and often criticize organizations working in areas such as migration, the environment, and gender, sexual, and human rights. The president has described himself as an "enemy of some nonprofits." The prime minister distinguished between "good" CSOs and "corrupt" CSOs (or "political" CSOs), although he later denied making this statement. Politicians often make use of CSOs for their own public relations purposes.

The business sector's views of CSOs are similar to those of the public. Some companies are willing to support CSOs, but their representatives often misunderstand the way in which CSOs function and do not perceive them as professional partners.

In 2019, CSOs focused on promoting their activities more than in previous years, especially on the regional and local levels. For example, People in Need, Diakonie, Health Clown (Zdravotní klaun), Elpida, and the Salvation Army arranged for television spots on their campaigns. Such efforts resulted in increased media interest, both positive and negative. Most CSOs have profiles on Facebook and sometimes Twitter, but, since they usually lack specialists in public relations or online marketing and do not know how to take full advantage of internet algorithms, their profiles serve more as notice boards than impactful tools. Misinformation websites providing fake news are often run by groups that register as associations.

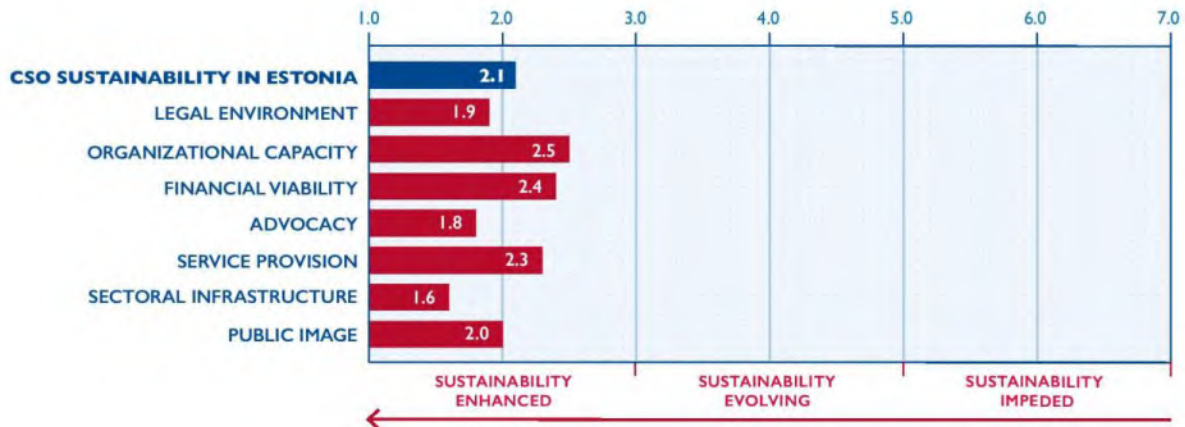
Only a small number of CSOs have their own codes of ethics. More organizations subscribe to general codes, such as those of Caritas Czech Republic, Czech Fundraising Center (České centrum fundraisingu), or Czech Forum for Development Cooperation (České fórum pro rozvojovou spolupráci). Donor portals such as Daruj správně and Darujme.cz have requirements for ethics and transparency, and membership in associations such as AVPO ČR entails an obligation to comply with certain rules. The Reliable Public Benefit Organization (Asociace veřejně prospěšných organizací), which has twenty-two CSO members, continues to promote transparency and efficiency. However, its seal is out of reach for some CSOs, since they have to pay for an initial analysis and monitoring. Other self-regulatory efforts in 2019 included the Nonprofit of the Year award.

CSOs' efforts to be transparent have steadily improved in recent years, as seen in their willingness to submit information and documents to the public registry, even though the state does not monitor their compliance. However, many CSOs still do not understand the need for transparency, do not know about their legal obligation to be transparent, or are afraid to be fully transparent, especially about operational costs, since many people believe that CSO employees should work for free. While more organizations seem to publish annual reports, many still do not, despite a legal obligation to do so. Annual reports need improvement, particularly in terms of financial reporting, which may comply with the law but is often unclear.

# ESTONIA

Capital: Tallinn  
Population: 1,228,624  
GDP per capita (PPP): \$31,700  
Human Development Index: Very High (0.882)  
Freedom in the World: Free (94/100)

## OVERALL CSO SUSTAINABILITY: 2.1



The year 2019 was an election year for Estonia, with national parliamentary elections taking place in March and European parliamentary elections in May. The Reform Party placed first in tense national elections but proved unable to form a government. In April, parliament approved a coalition government formed by the Center Party, conservative Isamaa Party, and far-right Conservative People's Party of Estonia (EKRE), whereupon the Reform Party and Social Democratic Party became the opposition.

EKRE was openly critical of CSOs working on minority issues, diversity issues, and women's rights. During the coalition talks and after taking office, it threatened to cut funding for the Estonian LGBT Association, Estonian Human Rights Center, and women's organizations. The debate about whether to fund these organizations continued throughout the year. Members of far-right parties in local municipalities also harassed the Estonian LGBT Association. After the elections, the Kõigi Eesti (My Estonia, Too) movement was formed to promote a caring, respectful, and inclusive country offering opportunities for all. The movement organized a concert in April that was attended by more than 60,000 participants.

A significant change for civil society was the new government's creation of a new ministerial position, the minister of population, which was filled by a member of the Isamaa Party. The minister of population works within the Ministry of the Interior and oversees civil society development, including cooperation with the National Civil Society Foundation (NCSF) and Family Endowment Foundation. These areas had previously fallen under the minister of the interior. Other areas of responsibility include family and population policy, the integration of new immigrants, engagement with exile communities, and religious issues.

Despite increased political polarization and a less friendly new government, overall CSO sustainability did not change in 2019, with no score changes noted in any dimension of CSO sustainability. Civic space in Estonia is still ranked as open, the highest level, in the 2019 CIVICUS Monitor. The Freedom House Freedom in the World 2019 report assessed Estonia as free with no significant changes. However, the 2019 Global Rights Index published by the International Trade Union Confederation mentioned Estonia's repeated violations of workers' rights, noting that companies often bypass collective bargaining with unions to push for individual agreements directly with workers.

The size of the civil society sector has been stable in recent years. According to the 2019 National Civil Society Strategy Impact Evaluation, the report of a five-year assessment conducted by Tallinn University and the Institute of Baltic Studies on behalf of the Ministry of Interior, of Estonia's roughly 22,551 CSOs, 82 percent operate at the local level and 55 percent operate both locally and nationwide. In 2019, about 2,530 organizations had public benefit status, which makes them eligible for income tax breaks. The most common focus areas for CSOs are



recreational activities (17 percent of CSOs), sports (16 percent), and culture (14 percent). According to the 2019 Report on the State of Civil Society in the EU [European Union] and Russia published by the EU-Russia Civil Society Forum, 93 percent of social enterprises are registered as nonprofit associations. Estonian is a working language for 91 percent of CSOs, while 18 percent of CSOs consider Russian a working language and 10 percent count English among their working languages.

## LEGAL ENVIRONMENT: 1.9



The legal environment for CSOs did not change in 2019. Estonia's laws on CSO registration are generally favorable. For all legal forms and focus areas, registration is a fast and simple process that can be accomplished online through the e-Business Register operated by the government's Center of Registers and Information Systems. CSOs must register to obtain legal status, which is a condition for funding and other benefits. Informal groups may operate without restriction.

The Nonprofit Associations Act regulates the responsibilities and procedures of CSOs' internal bodies, such as the membership and managing boards. CSOs' reporting obligations are clearly set forth in the laws. CSOs must file annual reports, unless they had neither equity nor turnover for a period of at least one year.

Annual reports may be filed online.

The laws do not limit the scope of permissible activities. CSOs and their representatives may operate freely, openly express criticism, and address all matters of public debate. CSOs have the right to assemble and participate in public protests, and they exercise this right regularly. CSOs are protected from arbitrary dissolution by the government. CSOs have a legal right to contest governmental decisions in court.

CSOs are generally free from harassment by the central government, local governments, and the tax agency. However, attacks on minority organizations have increased in recent years. On limited occasions, municipalities try to limit CSOs' activities by introducing restrictive procedures or reducing funding. For example, in 2019 several municipalities tried to prevent the election of village elders who would represent local interests by setting minimum levels of voter participation for elections to be valid. Such measures hinder the work of grassroots CSOs, which are active mainly at the village level. In 2018 and 2019, the municipality of Rakvere reduced funding for the lesbian, gay, bisexual, transgender, and intersex (LGBTI) film festival Festheart. The festival organizers appealed the decision twice in court; in the second hearing, the court ruled that the municipality did not have the right to reduce funding, and the funding was reinstated.

CSOs may earn income by charging fees for goods and services, establishing social enterprises, engaging in fundraising campaigns, and accepting funds from foreign donors. CSOs are allowed to compete for government contracts and procurements at the central and local levels.

In 2018, the parliament approved changes to the Gambling Tax Act to reduce political influence in funding decisions. Responsibility for distributing funds was transferred from a committee of politicians to government ministries, which have more transparent decision-making processes and can use the funds to establish long-term strategic partnerships with CSOs. In 2019, the ministries of social affairs, education, and culture distributed funds from the tax directly to organizations in their respective areas. However, the ministries' approach to distributing funds varied, and CSOs complained that there was a lack of transparency and information about the ministries' plans.

CSOs that engage in charitable work may apply for status as public benefit associations and foundations, which makes them eligible for income tax breaks. Political parties, professional organizations, and business associations are not eligible for this status. Individuals may deduct donations to public benefit organizations of up to EUR 1,200

(approximately \$1,340), and legal entities may make tax-free donations to public benefit organizations of up to 10 percent of the previous year's profit or up to 3 percent of personnel costs during the current year.

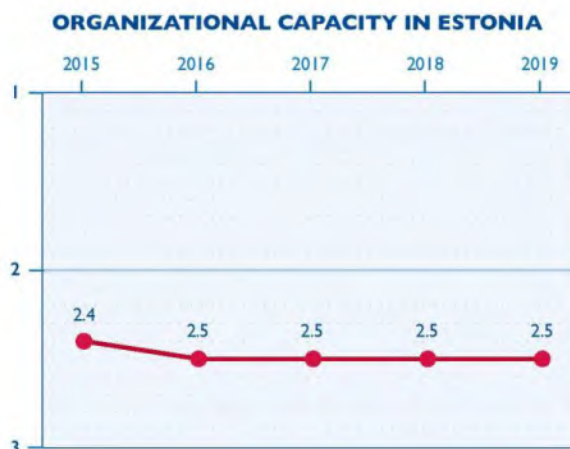
Organizations often lack sufficient resources to pursue court proceedings. The government provides free legal aid to individuals who cannot afford it, but there is no such service for CSOs. Lawyers sometimes work pro bono or at reduced costs with CSOs. For example, a law firm assists the Estonian Human Rights Center with strategic litigation at discounted rates. Very few lawyers are trained in or familiar with CSO-related laws, but in most cases in which CSOs utilize the services of lawyers, such as appealing funding decisions in court, expertise in CSO law is not necessary.

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## ORGANIZATIONAL CAPACITY: 2.5

CSOs' organizational capacity was generally stable in 2019. According to the 2019 Report on the State of Civil Society in the EU and Russia, a growing divide exists between Estonian CSOs with the capacities to involve volunteers, create partnerships, and raise funds and less established organizations that do not have these capacities.

Most CSOs clearly identify their potential constituents and beneficiaries and actively seek to develop relationships with them. CSOs often involve their constituencies in their activities or ensure that their activities represent constituents' needs and interests. For example, the Estonian Youth Council, which is well-established throughout the country, organizes numerous events throughout the year through which it strategically involves its members and local representatives. As the 2019 Report on the State of Civil Society notes, it is not necessary to be a member to become involved in a CSO's work. As a result, an increasing number of CSOs do not actively recruit new members. According to the 2019 National Civil Society Strategy Impact Evaluation, which often cites data from 2018, many CSOs have reported a slight decrease in the number of members in recent years. About 50 percent of CSO members are actively involved in their organizations.



Larger CSOs generally have clearly defined management structures, including an explicit division of responsibilities between the board of directors and staff, which is stipulated in the law. All CSOs must specify policies and procedures in their bylaws when they are formed. CSOs' bylaws often define additional rules, such as the number of people on management boards. Most CSOs operate in an open and transparent manner and allow contributors and supporters to verify their appropriate use of funds through their annual reports.

Every CSO has a defined objective, which is needed for legal registration, and most also have a mission statement. According to the 2019 National Civil Society Strategy Impact Evaluation, about 20 percent of CSOs have written strategy documents. However, smaller CSOs often lack the capacity to incorporate strategic planning techniques into their decision-making processes.

CSOs have shown a slow but steady trend towards professionalization in recent years. The number of paid staff has increased slightly. According to the 2019 National Civil Society Strategy Impact Evaluation, about 23 percent of CSOs maintained permanent staff, compared to 21 percent as reported in the 2014 edition of this evaluation. Staff is usually hired on contracts lasting for at least six months. Some CSOs have adequate human resources practices for staff, including contracts, job descriptions, payrolls, and personnel policies. CSOs recruit and engage volunteers actively, although the number of CSOs engaging volunteers is decreasing. Roughly 53 percent of CSOs involved volunteers in their work in 2018, a decrease from the 60 percent reported in the earlier study. Since Estonian CSOs tend to be small, they usually lack the capacity to coordinate the large groups of volunteers sometimes offered by corporations and government offices.

Larger CSOs utilize the professional services of accountants, information technology managers, and lawyers. These services are often outsourced rather than provided by staff, although the cost is a burden for most CSOs.

CSOs' resources generally allow for modern office equipment and internet access. According to the 2019 National Civil Society Strategy Impact Evaluation, about 49 percent of CSOs stated that they did not feel that they lacked equipment. At the same time, 25 percent of CSOs felt that they lacked the transportation services they needed. For example, local service providers and grassroots initiatives felt that access to their stakeholders was hindered because of limited public transportation. CSOs effectively use modern technology, including social media, to facilitate their operations. However, they are often unable to develop innovative digital solutions, such as data visualization and open data applications, to improve their access to information, reduce their costs, or increase their impact.

## FINANCIAL VIABILITY: 2.4



CSOs' financial viability was unchanged in 2019 and continues to be generally solid. According to the 2019 Report on the State of Civil Society, public funding is available to CSOs working in almost every field, and donations and earned income continue to increase. In addition, funding guidelines are generally more flexible than previously, and the burden of financial reporting continues to ease, which allows CSOs to focus more on impact and less on the details on specific expenses. However, the gap between stronger and weaker CSO continues to grow as smaller organizations struggle to access resources. In addition, the 2019 report concludes that there has been a decrease in the overall number of funding sources for CSOs.

Some CSOs have access to diversified sources of income.

According to data presented in the 2019 National Civil Society Strategy Impact Evaluation, 29 percent of associations received funding from a single source of funding, 23 percent from two sources, and 33 percent from three or more sources, while 16 percent of associations did not receive any funding. When respondents were asked to name their three most important sources of funding, membership fees continued to be the most common source of funding and was named by 52 percent of organizations, a decrease from 58 percent in 2013 and 63 percent in 2009. The second most common source of funding was local government grants (35 percent of organizations) and the third most common was economic activity (30 percent), figures that were largely unchanged from previous years.

Both central and local governments usually provide funding to CSOs in an open and transparent manner. According to the 2019 National Civil Society Strategy Impact Evaluation, about 18 percent of CSOs received funding from the central government, compared to 23 percent in the 2014 evaluation. Ministries usually fund larger CSOs through strategic partnerships, grants with open calls for proposals, and small projects. Some ministries are not considered reliable funders. For example, the Ministry of Education assigns funds to service-providing CSOs without consulting them first and varies the amount of funding available from year to year without explanation. NCSF, a subsidiary association of the Ministry of the Interior, provides funding to CSOs for organizational development, participation in international events, and cost sharing for international funds. However, at slightly over EUR 1 million (approximately \$1.14 million), NCSF's grant budget is small and has not changed in years.

Estonia's first venture philanthropy fund, the Impact Fund, was established in 2018 with funding from entrepreneurs and is managed by the Good Deed Foundation. In 2019, the fund provided funding to five CSOs to develop or expand their services. The Education Fund, also funded by entrepreneurs and managed by the Good Deed Foundation, was launched in 2018 and supported five educational initiatives in 2019. Funded projects included an internship program to allow headmasters of schools to develop their leadership skills through cooperation with CSOs, businesses, and municipalities.

The CSO sector's reliance on foreign funding is very limited, with only about 4 percent of CSOs receiving funding from European sources and 1 percent from other international sources. The Active Citizens Fund sponsored by the European Economic Area and Norwegian Financial Mechanisms was launched in 2019 and issued its first call

for proposals in September. The Fund will distribute approximately EUR 3 million to CSOs over the next four years. Seventeen projects had been notified that they had been selected to receive grants by December. The reporting requirements for CSOs receiving this funding are very bureaucratic and difficult for CSOs to meet.

Many CSOs earn income through the provision of services. According to the National Civil Society Strategy Impact Evaluation, the proportion of associations earning income increased to 57 percent in 2017 from 49 percent in 2013. Nearly two-thirds of Estonian municipalities outsource public services to CSOs.

CSOs also raise funds from their communities and constituencies. According to the Estonian Tax and Customs Board, donations to Estonian CSOs have continuously increased in recent years, with donations by individuals and legal entities amounting to EUR 23.3 million (approximately \$26 million) in 2018, up from EUR 21.9 million in 2017. Together with anonymous and foreign donations, total donations to CSOs reach EUR 40.2 million (approximately \$44.8 million) in 2018, up from EUR 36 million in 2017 and EUR 31.3 million in 2016. The Charities Aid Foundation's 2019 World Giving Index, which provides aggregate data from the last ten years, reports that an average of 20 percent of respondents in Estonia have donated to a CSO over the past decade.

CSOs use digital technologies such as web pages, portable card readers, and online platforms to gather donations. The Network of Estonian Nonprofit Organizations (NENO) coordinates the Network of Organizations that Collect Donations. In 2019, a meeting of the network focused on donation-collection technology. For the first time in 2019, the network cooperated with NENO and the office of the president to organize Estonia's first Giving Tuesday, through which EUR 128,000 (approximately \$143,000) was raised.

CSOs typically have sound financial management systems. Audits are not obligatory, although some larger funders require project audits, and some organizations voluntarily conduct audits to demonstrate their transparency. The majority of organizations state they do not need additional financial management training.

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## ADVOCACY: 1.8

CSO advocacy was stable in 2019. Various direct avenues of communication and collaboration connect CSOs and policy makers at the central and local levels, and the law and government policy require public access to government decision-making processes through working groups, public hearings, and other means. CSOs' capacity to formulate and implement effective advocacy strategies varies. While well-established organizations such as the Estonian Fund for Nature conduct visible, effective campaigns, CSOs' capacity to advocate on the local level is low.

Cooperation between the government and CSOs is guided by the Estonian Civil Society Development Concept (EKAK), which is coordinated by a twenty-two-member committee of government and CSO representatives and chaired by the minister of population (previously, the minister of the interior). Every other year, parliament organizes a debate to discuss the implementation of EKAK and the development of civil society. CSOs and public officials also work together in a vast number of committees as well as networks and coalitions. For example, the coordinating committee of the Open Government Partnership advances cooperation between CSOs and the government and includes a civil society roundtable. CSOs also serve on the government's Sustainable Development committee. In addition, CSOs participate in government decision-making through informal means, such as the citizen initiative portal, [Rahvaalgatus.ee](http://Rahvaalgatus.ee), which allows petitions with at least 1,000 signatures to be submitted to the parliament. The two petitions receiving the most signatures in 2019 both related to climate change. Government ministers and members of parliament often attend public events, which offer CSOs opportunities to approach them directly to arrange meetings.

One of the most notable instances of cooperation between the government and CSOs in 2019 was the development of the Estonia 2035 strategy, which is expected to be approved by the end of 2020. A large number





of CSOs contributed to the strategy through meetings, public discussions, and online stakeholder participation on both the national and local levels. Parallel to Estonia 2035, civil society developed its own strategy under the leadership of the Ministry of the Interior and its strategic partners NENO, the Estonian Social Enterprise Network, and other partners. The strategy's main areas are likely to include knowledgeable and active citizens; capable and caring communities; capable CSOs and social enterprises; transparent and inclusive policy making; and religious freedom; it is expected to be approved in August 2020.

The Estonian Chamber of Environmental Associations, an eleven-member network created in 2002, continued to work on Estonia's forest policy and a national strategy to abandon coal. Its petition for a climate-neutral Estonia by 2035 gathered more than 2,000 signatures and was submitted to the parliament. Fridays for Future, an international movement of students protesting the lack of action on climate change, was active in Tallinn and smaller towns in 2019, although many students struggled to get permission from their teachers to leave school to participate in the protests. A local initiative on the small island of Saaremaa advocated for a plastic-free environment in cooperation with partners from various sectors, such as small businesses. An element of the campaign's effort to raise awareness among local populations was a song festival called the I Land Sound, which used non-disposable dishes borrowed from a local caterer and was one the largest events in Saaremaa in 2019.

Several CSO efforts led to the proposal, enactment, or amendment of legislation in 2019. For example, Invisible Animals, an organization advocating for the wellbeing of animals, furthered its national campaign to abolish fur farms by collecting more than 6,000 signatures on a petition. Legislation to ban fur farms was pending before parliament at the time of writing this report.

CSO capacity to engage in advocacy related to digital issues is low. For example, CSOs have low awareness and capacity to act on the Open Government Data and Public Sector Information Directive, which entered in force in 2019 and addresses open data and the re-use of public sector information. CSOs engaged in minimal discussion about the directive and would benefit from support and training to better understand the concept of open data and its use in their work.

NENO and the Network of Organizations that Collect Donations sought to promote reforms to the tax code by increasing the tax deductions available to donors in order to foster the development of philanthropy.

## SERVICE PROVISION: 2.3



CSOs' service provision was largely unchanged in 2019. CSOs provide services in a variety of fields. According to the 2019 National Civil Society Strategy Impact Evaluation, the most common areas for CSO services are recreational activities (provided by 46 percent of CSOs), training (31 percent), community cohesion (23 percent), counseling (23 percent), and programs for youth (19 percent). The most common target groups for service-providing CSOs are youth, children, communities, and the elderly. Families and people with disabilities are less frequent target groups.

NCSF and the Good Deed Foundation implement the Nula program, which incubates new social initiatives. In 2019, three participating initiatives received EUR 25,000 (approximately \$27,900) each in funding: Jututaja, which

builds bridges between young people and the elderly; Andmekool, which provides literacy training and data consultations to strategists from the public, civic, and private sectors; and GTL Lab, which advances project-based learning in schools.

According to the 2019 National Civil Society Strategy Impact Evaluation, the goods and services that CSOs provide often reflect the needs and priorities of their communities. The report states that CSOs believe they have improved their inclusion of target groups in service provision in recent years. At the same time, municipalities and public institutions often lack the means to pay for their services, even though demand is high. In 2019, three



municipalities outsourced services to CSOs with the support of a development program funded by the Ministry of Finance. The program, which was implemented by the Social Innovation Lab, used co-creation methods and other innovative approaches to facilitate the municipalities' work with CSOs. Afterwards, the program put together a manual for other municipalities to use.

CSOs also work with academia. According to the 2019 National Civil Society Strategy Impact Evaluation, about 14 percent of CSOs mention that they have cooperated with universities, usually on initiatives such as development programs, training, and evaluations. CSOs provide goods and services to the public, private, and civil society sectors.

The government at both the national and local levels recognize the value of CSOs' services through public statements, policies, and practices.

## SECTORAL INFRASTRUCTURE: 1.6

The infrastructure supporting CSOs in Estonia is well established and did not change in 2019. According to the 2019 Report on the State of Civil Society, Estonian CSOs have successfully advocated for and built a reliable infrastructure.

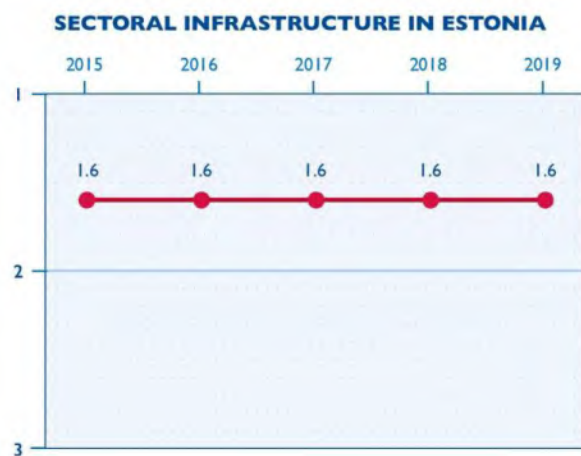
CSO resource centers operate in every Estonian county. They offer CSOs access to information, training, and other support. The support centers have developed the MAKIS web portal, recently renamed MTYabi, which offers practical information about the full lifecycle of CSOs. In addition to providing funding to CSOs, NCSF coordinates the activities of CSO consultants at the CSO resource centers and provides other forms of support for CSOs.

The Local Initiative Program provides grassroots initiatives with small grants. Funded by the government and coordinated by the Ministry of Public Administration, the program's main aim is to build and sustain strong communities. The Open Estonia Foundation distributes funds from the Active Citizens Fund. Through the first call for projects in 2019, seventeen projects received funding valued at more than EUR 1.1 million (approximately \$1.23 million) for a period of eighteen to twenty-four months. Among the grant recipients were the Green Tiger project, which aims to develop an economic model in Estonia that respects natural resources and the circular economy; the Opinion Festival, which educates young democracy trainers; and the Peaasi project, which offers mental health services to Russian-speaking communities.

Several networks and development programs support CSOs. For example, NENO manages networks of donation-collecting and advocacy organizations. In recent years, umbrella organizations and informal networks have been established to represent common interests in almost every field. However, the 2019 National Civil Society Strategy Impact Evaluation concluded that membership in umbrella organizations and cooperation within the sector has declined. The quality of cooperation is also uneven, and unhealthy rivalries between CSOs increased in 2019, especially between more traditional, conservative CSOs and more liberal organizations. Several conservative organizations wrote to the government requesting a reduction in funding for organizations focused on minority rights, especially among LGBTI populations.

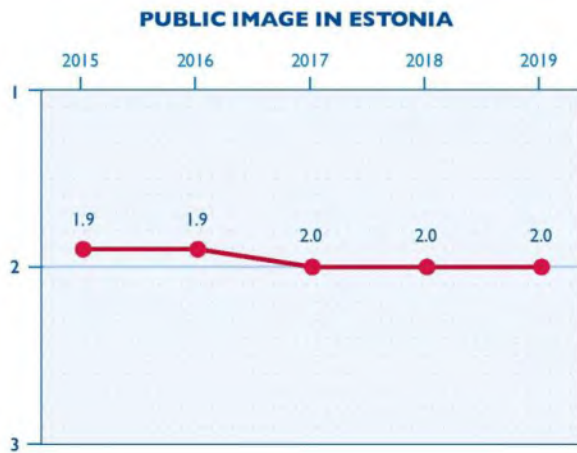
Umbrella organizations, the network of community development centers, various CSO development programs, and freelance consultants offer capacity building to CSOs on financial management, fundraising, volunteer management, constituency relationships, and other topics specific to civil society. Advanced specialized training is also available in areas such as strategic management and advocacy.

CSOs sometimes work in formal and informal partnerships with the private sector, government, and the media. For example, the Opinion Festival, a cooperative effort of all three sectors to improve debate and civic education and tackle issues of common concern, took place for the seventh time in 2019. The festival brings together all layers of society to share their worldviews and take part in discussions organized by media, political parties, and



other groups. The festival is free of charge and open to everyone in Estonia. The SPIN program, based on the popular British program Kicks, is jointly funded by municipalities, businesses, and the Good Deed Foundations Impact Fund. SPIN offers young people sessions that combine football training with the development of life skills and was offered in nine municipalities in 2019. As a result of the SPIN program, 10 percent of participants have improved their scholastic achievement and 21 percent have better school attendance. Partnerships between civil society and private corporations are not widespread. Limited support systems and trainings encourage such partnerships, which will be a focus of Giving Tuesday in 2020.

## PUBLIC IMAGE: 2.0



CSOs' public image was stable in 2019. CSOs engaged in both advocacy and service provision benefit from media coverage at the local and national levels, in both public and private media, and in traditional and online media. The media provide analysis of the role of CSOs and are often willing to work with CSOs to discuss current events or publicize their impact. CSO representatives are often invited to participate in television shows. For example, the national broadcasting company invites CSO activists to take part in its morning shows and other talk shows fairly often. In 2019, the Good Deed Foundation noted that coverage of its Impact Fund was fairly positive, and journalists sometimes even contacted the fund on their own. While interesting local initiatives, such as the construction of a "parade" of over 1,500 snowmen in Järva County, can garner countrywide coverage in

national dailies, smaller organizations can find it difficult to attract coverage if they do not have connections to journalists. In addition, local newspapers often fail to distinguish between public service announcements and corporate advertising and require smaller organizations to pay for announcements of trainings and other community events. Although media coverage is mostly positive, the number of negative stories about organizations focused on minority rights increased in 2019.

The public has a positive perception of both advocacy and service-providing CSOs, understands the concept of CSOs, and is fairly supportive of CSOs' activities. Some people with more conservative views tend to be unsupportive of minorities and the organizations representing them, but so far this tendency has not had a major impact on general opinions about CSOs. Businesspeople and local and central government officials also have fairly positive perceptions of CSOs, although people who do not know the sector tend to be skeptical about their work.

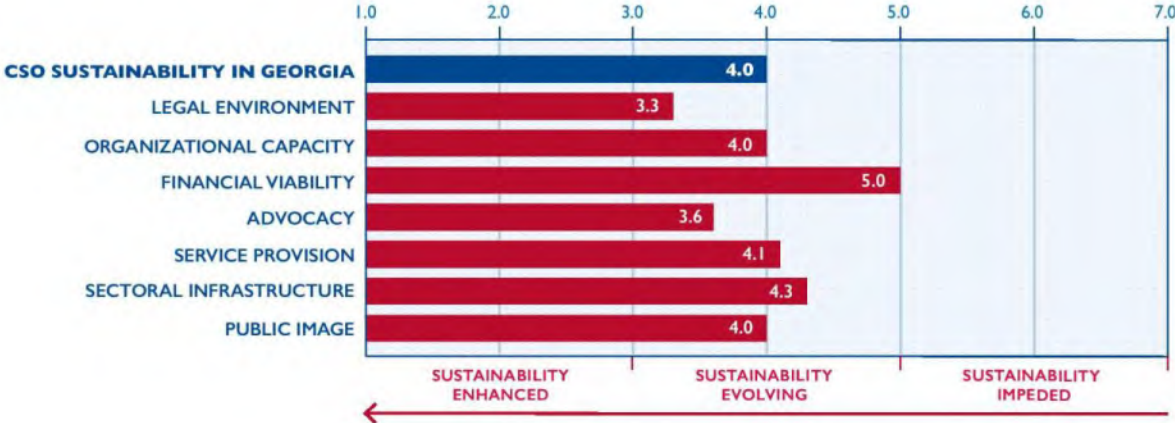
CSOs often use social media to build communities, raise awareness, and promote their activities. In 2019, several campaigns, including Giving Tuesday, Fridays for Future Estonia, and other climate change initiatives and campaigns reached large audiences on social media. For years, the Open Estonia Foundation has had its own radio show, Open Estonia Foundation Minutes, and NENO publishes a magazine, Good Citizen, whose articles are often distributed by other news media. CSOs have found that having ongoing relationships with journalists is important for positive coverage and influencing public opinion. While larger CSOs are able to develop such relationships, smaller organizations find it challenging to decide what is newsworthy and to attract media attention.

All CSOs in Estonia are required to submit annual reports. These are posted on the register and can be easily accessed for a small fee. In 2002, CSOs agreed upon a code of ethics. All members of NENO, which currently number over 100, must subscribe to the code, while other organizations are urged to subscribe to it in order to ensure transparent, open, inclusive, and legitimate operations.

# GEORGIA

**Capital:** Tbilisi  
**Population:** 3,997,000  
**GDP per capita (PPP):** \$10,700  
**Human Development Index:** High (0.786)  
**Freedom in the World:** Partly Free (61/100)

## OVERALL CSO SUSTAINABILITY: 4.0



2019 was a politically charged year in Georgia, with anti-government protesters blocking the capital city’s main thoroughfare for several months. In June, a Russian delegation of the Interparliamentary Assembly on Orthodoxy visited Tbilisi. During the visit, a Russian member of parliament (MP) sat in the Georgian parliament speaker’s chair to address the guests as the President of the General Assembly. Many people viewed this as an insult to Georgian sovereignty, and thousands took to the streets to demand the resignation of key officials. When members of a largely nonviolent crowd tried to rush the parliament building, riot police used tear gas, rubber bullets, and water cannons to deter them, injuring 240 people, including journalists. CSOs expressed “grave concern” about the events and noted that the “disproportionate use of force” by the police “went beyond the boundaries of the law.” These events triggered unprecedented civic activism in the form of civic movements, informal organizations, and civic-minded individuals. Movements such as Shame (Sircxvilia), Change (Shecvale), and Dare (Gabede) benefited from strong citizen mobilization and volunteer support and generally operate in parallel to the more formalized CSO sector, without much collaboration with them.

On June 21, the Georgian parliament speaker resigned, but this did little to defuse the crisis. The protesters repeated CSOs’ long-standing demand for a fully proportional electoral system in place of the current mixed system, which, among other setbacks, is known to give advantage to the ruling parties. To calm them, the founder and head of the ruling Georgian Dream party, Bidzina Ivanishvili, agreed to introduce a fully proportional system starting with the October 2020 parliamentary polls, instead of 2024, as envisaged in the latest constitutional amendments. Protests resumed in mid-November when the ruling party backtracked on this promise and voted down an electoral reform bill that would have delivered the proportional election system. CSOs that supported the bill laid the responsibility for its demise squarely on Ivanishvili, who, they felt, sought to cling to power. CSOs asked international actors, such as the European Parliament and the Party of European Socialists (the sister party of the ruling Georgian Dream party), to pressure Georgia’s leadership into adopting the promised reforms.

Other confrontations between CSOs and the government further escalated international concerns over Georgia’s “democratic backsliding” in 2019. The ruling party spared no effort to discredit CSOs. For example, it accused well-known CSO leaders of a bias in favor of the United National Movement (UNM), the opposition party that ruled the country from 2004 to 2012. Party officials also slammed two U.S. government-supported organizations, the National Democratic Institute (NDI) and the International Republican Institute (IRI), for similar bias in their public opinion surveys. According to an NDI survey from November 2019, 59 percent of respondents, the highest number of respondents in a decade, believe that Georgia is not a democracy.

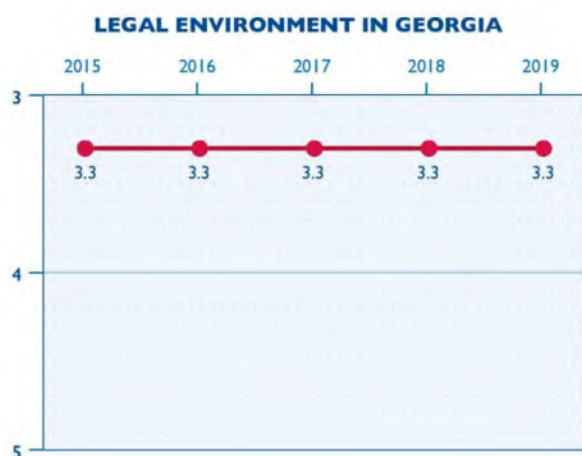
Overall CSO sustainability did not change in 2019. Advocacy improved as CSO representatives were important advocates and opinion leaders, often influencing the national narrative and sharing their expertise through various media channels. Meanwhile, the sector’s public image deteriorated as the government’s negative rhetoric continued to damage public trust in CSOs. Legally, CSOs continued to operate freely, but harassment of outspoken CSOs and their leaders was common. Weak financial viability continues to be the main problem facing the civil society sector in Georgia.

The number of registered CSOs reached 27,878 by the end of the year, an increase of approximately 3 percent since 2018. Many registered organizations are assumed to be defunct, as many inactive CSOs never officially close down given the complicated and time-consuming nature of the procedures for liquidating organizations. According to the National Statistics Office of Georgia, as of January 1, 2020, only 3,761 CSOs were active.

Very little information is available about civil society in Georgia’s breakaway regions of Abkhazia and South Ossetia, both of which are under the control of Moscow-backed authorities. However, it is clear that CSOs in these regions operate in a radically different environment and are subject to substantially more political pressure than those in the rest of Georgia. According to Freedom House’s 2019 Freedom in the World report, CSOs working on conflict transformation and resolution in South Ossetia have been subject to smear campaigns by the authorities and accused of being “collaborators” with Georgian and western intelligence services. A 2019 report issued by the Center for Humanitarian Program, a CSO based in Abkhazia, reports that Abkhaz authorities often ignore civil society programs and the opinions of CSO leaders. The report also noted that CSO criticism is often met with attempts by the authorities and media to discredit them.

While there are several developed and viable organizations present in both South Ossetia and Abkhazia, organizational capacity tends to be a little stronger in Abkhazia. CSOs in both regions have very limited access to funding opportunities, and recent reports indicate that CSOs are increasingly criticized for accepting foreign funding. Collaboration between CSOs across the occupation lines has been practically non-existent since the 2008 military conflict, although international organizations continue to operate in conflict regions. USAID, for example, implements at least four ongoing projects in Abkhazia in partnership with the United Nations Development Programme (UNDP), Eurasia Partnership Foundation, Chemonics International, and International Alert.

## LEGAL ENVIRONMENT: 3.3



The legal environment governing CSOs in Georgia did not change in 2019. CSOs, which register as non-commercial legal entities, continue to have access to quick and efficient registration procedures at the public service halls operated by the Ministry of Justice. The fee for registration, which is usually completed in one business day, is GEL 100 (approximately \$35) for both profit and nonprofit organizations. Same-day registration is possible for a fee of GEL 200 (approximately \$70).

CSOs generally operate freely under the law in Georgia and there are no legal or administrative barriers to the freedoms of association, assembly, or expression. However, some civil society groups—notably groups of lesbian, gay, bisexual, transgender, and intersex (LGBTI) activists—find it difficult to access these rights, as the

government fails or refuses to contain violent far-right groups. In addition, government officials often attempt to delegitimize or demonize CSOs in traditional and online media by publicly questioning their agendas, alleging political bias, or employing other tactics of misdirection and misinformation. Furthermore, CSOs viewed the increase in 2019 of government-organized non-governmental organizations (GONGOs) and government funding for them as part of the government’s effort to neutralize the voices of critical CSOs.

A 2017 tax reform, commonly referred to as the “Estonian tax model,” levies taxes on distributed profits rather than net gains. This rule was applied in 2019 to CSOs’ non-grant income, which previously was subject to profit



tax if not spent during the fiscal year in which it was received, and was largely welcomed by the CSO sector, although its impact is not yet clear.

The Georgian Tax Code enables CSOs to request refunds of value-added tax (VAT) on grant expenditures. Georgia's bilateral agreements with some donors, notably the European Union (EU) and United States, exempt most grants from VAT. Donors' rules vary on the use of VAT refunds, but some allow CSOs to retain refunds for their own use.

Businesses may deduct the value of their donations to charities from their taxable income up to 10 percent of their net profits from the previous calendar year. To be eligible to receive such donations, CSOs must register separately as charitable organizations and provide annual activity reports to the government, which many organizations try to avoid. Individual donors do not receive deductions for charitable donations.

CSOs can engage in economic activities and apply for state funding. However, as there are no unified standards for the acquisition, management, and evaluation of government grants, CSOs, especially advocacy and watchdog organizations, voice concerns about transparency and fairness in the distribution of state funds and generally abstain from applying for these funds. Local municipalities are still not allowed to award grant funding to CSOs, despite the decades long CSO advocacy for increased decentralization.

Overall, the legal capacity of the CSO sector remains limited. A number of CSOs provide free legal services to both individuals and organizations, relying largely on donor support. Organizations in Tbilisi continue to have significantly better resources at their disposal than those in the regions

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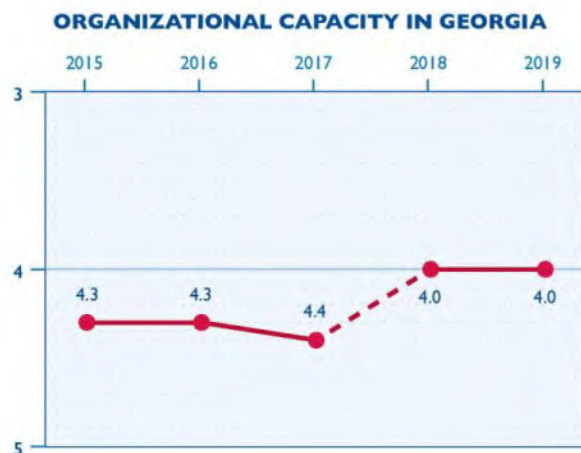
## ORGANIZATIONAL CAPACITY: 4.0

CSOs' organizational capacity did not change in 2019. While some Tbilisi-based CSOs, including several advocacy organizations, reported that their organizational capacities had improved in 2019, the wider sector's capacity remains underdeveloped, especially in the regions.

Donors regularly invest in CSO capacity building. For example, the USAID-funded Advancing CSO Capacity and Engaging Society for Sustainability (ACCESS) project, implemented by the East-West Management Institute (EWMI) in partnership with local CSOs, helps CSOs improve their financial sustainability, organizational management, policy influence, and civil engagement. The European Commission, Open Society Georgia Foundation (OSGF), and several other donors also invest in initiatives to build CSO capacity, yet the overall impact of these interventions remains limited. While direct capacity building efforts produce some immediate effects, the availability of funding ultimately determines organizational capacities and sustainability.

Constituency building remains a challenge for CSOs, especially at the grassroots level. CSOs lack close and long-lasting bonds with their beneficiaries, mainly because of their reliance on foreign funding, which keeps them accountable to their financial donors and open to changing the focus of their work depending on the availability of donor funding and shifts in donors' priorities. Many CSOs do not engage in strategic planning and lack properly functioning internal management structures. The majority of CSOs, especially in the regions, remain one-person organizations in which institutional viability is linked directly to their founders. According to Georgian law, CSOs are not legally required to have boards. When they exist, with few exceptions, boards of directors are created simply to meet donor requirements and are not functional.

While larger CSOs attract some of the country's most highly qualified staff, many organizations struggle to retain employees. Project-based funding makes it difficult for small and medium-sized CSOs to offer long-term employment, and CSOs lag behind the private sector in terms of both wages and cost-of-living adjustments. Larger grantmaking CSOs based in Tbilisi find that the staff of regional CSOs often lack requisite skills, knowledge, and





experience. For example, the Center for Training and Consultancy (CTC), a partner in the consortium managing USAID’s Human and Institutional Capacity Development (HICD) project, reports that it must dedicate extra staff to managing its sub-grants because its regional grantees have underdeveloped project writing, management, and reporting skills.

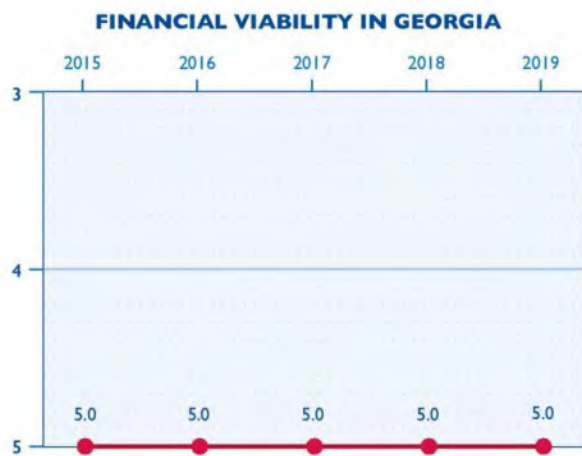
In 2019, Georgia amended the law on labor safety to require all employers with more than twenty employees, including CSOs, to introduce a full-time labor safety specialist position. Organizations with fewer than twenty employees must assign the duties to an existing employee. However, few CSOs are aware of this new rule, which went into effect in late 2019. Those that are express concern that the new requirement will entail higher upfront and ongoing personnel costs, since the specialists, whether full-time or not, must undertake government-certified training before assuming their roles.

Data on volunteering in Georgia is inconsistent. According to the 2019 Caucasus Barometer Georgia, 21 percent of respondents volunteered in the preceding six months, down from 23 percent in 2017. Young people between the ages of eighteen and thirty-five are more likely to volunteer (26 percent) than people between the ages of thirty-six and fifty-five (22 percent) and over fifty-six (15 percent). According to an IRI poll conducted in November 2019, on the other hand, only 3 percent of respondents said they had volunteered during the past six months.

CSOs generally have access to adequate technological equipment and software, but do not always have licensed copies. CSOs are rarely able to afford expensive software such as Quickbooks. While discounted subscriptions and free downloads are available via Techsoup, Microsoft, and other programs, CSOs rarely use them because of their limited administrative budgets and the general lack of consistency in their funding.

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## FINANCIAL VIABILITY: 5.0



CSOs’ financial viability did not change in 2019 and remains the sector’s biggest problem. The majority of CSOs operate with a sense of financial instability, fueled by a lack of diversification in their funding sources.

Foreign donor funds are virtually the only source of income for local CSOs. Many CSOs fear that if foreign donors were to withdraw their financing, they would not be able to continue offering services, at least not at the same scope or quality. Large CSOs, especially major watchdog organizations working on governance and democracy issues, are particularly reliant on foreign funding. USAID and the EU remain the most important donors in the country. In 2019, USAID launched the Elections and Political Processes (EPPs) project, a four-year, \$14-million initiative to prepare for the 2020 and

2021 election cycles. By the end of the year, project funding had been awarded to the International Society for Fair Elections and Democracy (ISFED), the Georgian Young Lawyers Association (GYLA), Transparency International (TI) Georgia, Public Movement for Multi-National Georgia, Eastern European Center for Multiparty Democracy, and Georgian Institute of Politics. The projects focus on bolstering civic participation in political processes and oversight activities throughout the electoral process. The EU-funded Georgian Civil Society Sustainability Initiative, implemented by a consortium comprising the Konrad-Adenauer-Stiftung, CTC, Civil Society Institute (CSI), Center for Strategic Research and Development (CSRDG), and Education Development and Employment Center, strives to increase CSOs’ financial sustainability; enhance the capacity, accountability and credibility of CSOs; strengthen regional civic participation through better cooperation of CSOs with local media, businesses, and authorities; and support joint approaches of CSOs in policy dialogue towards sustainable development on the local and national levels. By the end of 2020, the consortium will have spent more than EUR 5.07 million to support more than 110 activities involving 2,500 civil society representatives from around the country.

While larger CSOs are relatively successful in raising sufficient funds from foreign donors, only a few donors provide CSOs with “core” funding for the implementation of their organizational mandates instead of specific

project activities. The lack of access to unrestricted, non-project funding hinders the organizational and financial viability of the sector. In addition, most donors only accept applications in response to specific calls for proposals and their pre-defined funding agendas only allow for limited experimentation. CSOs also complain that the lack of a rapid response funding mechanism prevents them from developing timely, innovative initiatives.

The government offers several funding opportunities for CSOs, but the scope and scale of these programs are insufficient to impact the sector's financial stability. For example, the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs awards funding to CSOs to provide social services, including administering small group houses, day care centers, and shelters for people with disabilities and victims of domestic violence. In general, however, CSOs remain skeptical about accepting state funding.

Philanthropy and community fundraising remain underdeveloped. According to the Charities Aid Foundation's 2019 World Giving Index, which aggregates data from the past ten years, only 6 percent of Georgians donated money, placing Georgia in last place among the 124 nations included in the study. CSOs' fundraising and project-writing skills are weak. According to an IRI poll conducted in November 2019, less than 1 percent of respondents had donated money to a CSO or political party during the last six months. Instances of collaboration between businesses and CSOs are increasing, mostly in charity, education, environment, and some other non-controversial sectors, but for the most part, businesses remain skeptical of financial collaboration with CSOs. Membership-based organizations are scarce, and even at the most successful organizations, such as GYLA, membership fees generate insignificant income. Some CSOs earn income by offering various training, research, consultancy, and other services to their clientele in public and private sectors, but such transactions still remain limited and income generated through such activities generally contributes little to the financial viability of the sector.

Tbilisi-based organizations have significantly improved their financial management capacities, as a direct result of better and more sustainable access to funding, which has enabled them to engage qualified personnel. Regional organizations continue to struggle to ensure quality and consistency in their accounting, financial management, and reporting standards.

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## ADVOCACY: 3.6

CSO advocacy improved in 2019. CSOs played an active role in shaping nationwide discussions on a number of pressing issues throughout the year, including judicial appointments, media freedom, and human rights in the Russian-occupied territories of South Ossetia and Abkhazia.

The ACCESS project issued the Georgian Civil Society Assessment in 2019, which looked at CSOs' performance in four key areas—public trust and legitimacy, influence over policies, sustainability and viability, and inter-sectoral cooperation—between 2012 to 2018. According to the study, while CSOs play an important role in terms of policy impact, particularly in elections, human rights, gender equality, and minority rights, their work is affected by low public trust, participation and support, as well as limited openness of the sitting government to collaborate.



According to the 2019 CSO Meter, a report published by CSI that monitors and assesses the environment in which CSOs operate, although there is a growing practice of CSO participation in consultative bodies at different governmental agencies, such bodies usually exist pro forma. The CSO Meter reports that 63 percent of surveyed CSOs participated “in the work of a consultative body in the past two years,” but only 47 percent thought that authorities take the decisions of consultative bodies into consideration when preparing state policies.

The government is generally willing to cooperate with donors and CSOs on non-controversial issues, such as rural development, education, health care, environment, and waste management. CSOs take part in many advisory bodies and government working groups, although their participation is often ceremonial. CSOs' advocacy on

democracy and governance-related issues, on the other hand, is largely ignored or actively disparaged by the authorities. In 2019, the ruling party seemed less willing to accept criticism from CSOs, and government decision makers increasingly sought to discredit advocacy CSOs and their staff. Clashes between human rights activists and the Parliamentary Human Rights Committee on the draft Code of the Rights of the Child were particularly sharp, and ad hominem attacks on several activists prompted CSOs to demand the resignation of the committee's chairperson. Similarly, TI Georgia's recommendation that the government abstain from raising the pensions and salaries of public employees shortly before the October 2020 parliamentary election was met by a disinformation campaign against TI Georgia's executive director.

CSOs typically respond to major developments by organizing protest actions or issuing statements endorsing or disapproving of steps taken by the government. For example, in September, TI Georgia, ISFED, OSGF, and Georgian Democracy Initiative (GDI) called on the international community to pay attention to the "quality of democracy, media, and political freedoms, corruption and eventual state capture that we are facing today." In November, seventeen CSOs, including major human rights and election watchdog organizations, held the head of the ruling party responsible for parliament's rejection of electoral reforms. About the same time, twenty-nine CSOs called on the Party of European Socialists, the sister party of the ruling Georgian Dream party, to "take immediate and adequate actions" in response to the "grave challenges to pluralistic and participatory democracy" in Georgia. These statements, however, have limited impact.

CSOs' advocacy efforts often shape the public agenda. For example, women's rights organizations have strongly pushed for a gender quota in parliament. According to an NDI poll conducted in July 2019, 65 percent of the population now supports the introduction of such a quota. The Media Development Foundation, a local watchdog that monitors anti-Western propaganda in partnership with several USAID projects, has played an outsized role in raising awareness about foreign influence in the country's media.

Several coalitions worked proactively in 2019. The USAID-supported Coalition for an Independent and Transparent Judiciary, which brings together more than thirty CSOs, including GYLA, ISFED, GDI, UN Association of Georgia (UNAG), and Institute for Development of Freedom of Information, was particularly vocal as the Georgian parliament made lifetime appointments of Supreme Court justices through a highly controversial process in September. The coalition slammed the selection process for its "ceremonial nature" and criticized parliament's legal committee for excluding CSOs from a working group. The Media Advocacy Coalition, which unites ten media freedom watchdog organizations, issued several statements on topics such as the controversies regarding the ownership of Rustavi 2, one of the largest and most critical TV channels, as well as alleged attempts to change the editorial independence of Adjara TV, a publicly-funded regional broadcaster, by its new management.

CSOs made important contributions to defending the rights of LGBTI people in 2019. Despite the threats of far-right groups and the failure of the police to issue guarantees of safety, forty CSO activists held a small pride rally outside of the Ministry of Interior building in July.

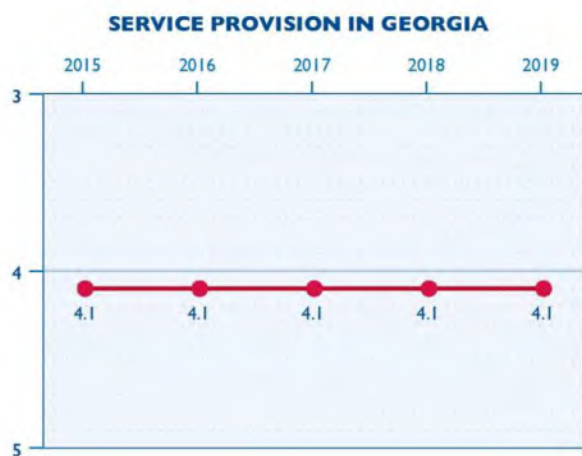
After CSOs promoted the issue for years, the State Inspector's Office was finally created as an independent agency to investigate crimes committed by law enforcement officers and public officials in 2019. After being postponed twice, the Office finally was given an investigative function in November 2019.

Local watchdogs and media advocates, including Charter of Journalistic Ethics, MDF, GYLA, and TI Georgia, posted a joint statement that criticized the Georgian National Communication Commission's drafting and adoption of the National Media Literacy Strategy and Action Plan as not inclusive of all interested parties.

CSO lobbying efforts achieve various levels of success. In 2019, the parliament unanimously endorsed amendments to the Labor Code and a number of other laws supported by CSOs that defined sexual harassment and specified administrative penalties for offenses. In February, regulations and amendments that had been advocated by CSOs were adopted to bring the Organic Law of Georgia in line with international standards governing occupational health and safety. While CSOs often successfully push for important legal reforms in the parliament, implementation of these laws can be a challenge. The anti-discrimination law, for example, which was adopted in May 2014 after years of advocacy by CSOs, is hardly implemented in practice. Similarly, parliament adopted the Law on Volunteering in 2015, but never followed-up with necessary modifications to the tax code to make it usable by CSOs.

A relatively small group of CSOs is engaged in advocacy to improve CSOs' legal environment in 2019, but with limited success.

## SERVICE PROVISION: 4.1



CSO service provision was unchanged in 2019.

CSOs provide a diverse range of high-quality services, including social services in the healthcare and education sectors, as well as a broader range of services, including promoting good governance, fair elections, human rights, economic development, and environmental protection. TI Georgia provided free legal aid to more than 2,000 people in Tbilisi, Kutaisi, Batumi, and Zugdidi in 2019, and GYLA, another watchdog organization, offered legal advice to 37,291 persons in 2019. CSOs rely largely on grants from foreign donors to provide services.

CSOs offer services to local communities, government offices, and other CSOs. CSOs are increasingly aware of the need to engage more effectively with their beneficiaries, both to better align their services to their

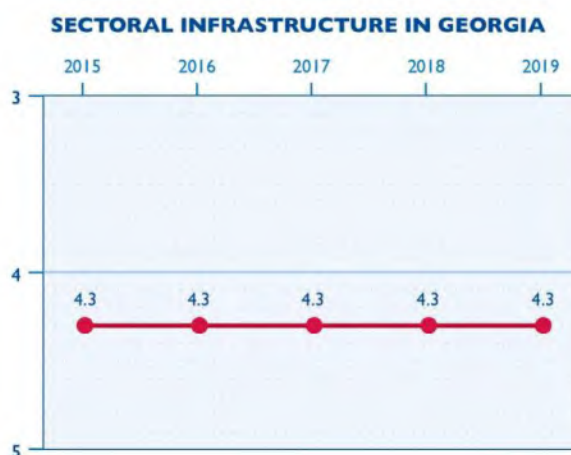
needs and to increase public support of their work. The majority of CSOs rely on focus group discussions, interviews, baseline surveys, and other sources of hard data to develop and target their services appropriately. In 2019, the USAID-funded ACCESS project prioritized CSO-community engagement under its Citizen Outreach Grant program, which targeted the problems faced by local communities and sought to directly engage citizens in resolving these issues. However, CSOs generally lack the resources to invest in the marketing, sales, and continual improvement of their services.

The services that CSOs provide to the government are generally provided within the framework of foreign donor-funded projects. However, government and commercial clients increasingly launch in-house training facilities and teams, thereby reducing the demand for these types of CSO services. In addition, the government increasingly duplicates CSO services. For example, Media Academy and the Media Literacy Project of the Georgian National Communications Commission, which launched in 2018, duplicate the very successful work of dozens of local CSOs.

## SECTORAL INFRASTRUCTURE: 4.3

In 2019, the infrastructure supporting the CSO sector did not change, and remains quite limited.

Thematic networks, regional hubs and centers, and large, intermediary organizations provide CSOs in almost all regions of the country with services, training, consultations, legal aid, and small grants for various initiatives. USAID-supported civic engagement centers (CECs) offer CSOs important resources, such as meeting rooms, conference facilities, libraries, and computer access. These resources are free of charge for CSOs based in the regions, but Tbilisi-based organizations must pay for the same services. The CECs are well used. For example, in Batumi, Georgia's third largest city, the CEC hosts an average of 8,000 people a year. The USAID-funded Promoting Integration Tolerance and Awareness (PITA) youth centers, run by UNAG, offer free space for young people to learn and practice civic activism in thirteen towns. Within the framework of the EU-funded Civil Society Development Initiative, ten CSO hubs offer support services to organizations in the regions.





A handful of local organizations, including OSGF, Europe Foundation, and the Women’s Fund in Georgia, have grantmaking capacity. These organizations make important and strategic investments in Georgian civil society, providing a lifeline for many CSOs both in Tbilisi and the regions.

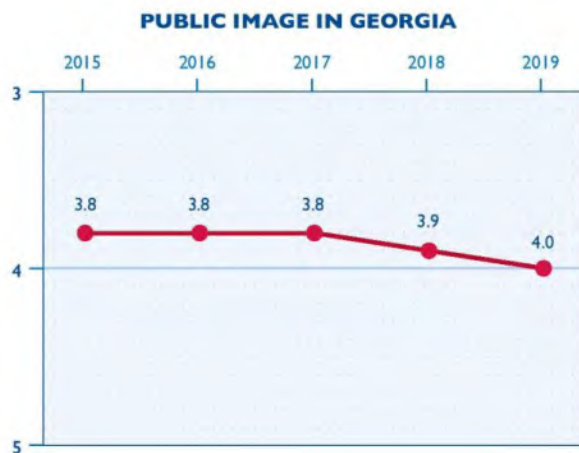
CSOs continued to cooperate through established and ad hoc platforms and coalitions in 2019. For example, the Equality Coalition, an informal movement of seven CSOs, including the Human Rights Education and Monitoring Center (EMC), Union Sapari, and Women’s Initiatives Supporting Group (WISG), fights against discrimination. The civil platform No to Phobia!, composed of fourteen CSOs and funded by USAID, aims to eliminate all forms of discrimination and hate speech in Georgian politics and media.

In recent years, several initiatives, including the ACCESS and HICD projects, have invested significant resources into strengthening CSO capacity. Local CSOs have access to plentiful training opportunities in areas such as advocacy, project management, monitoring, fundraising, and other technical areas. Fewer trainings cover financial and regulatory aspects of CSO work, such as accounting, financial management, taxation, and procedural and regulatory compliance. Trainings are more often offered in Tbilisi, and are therefore less accessible to regional CSOs, which must incur added expenses to access these opportunities. In 2019, USAID launched a new, experimental approach to build local capacity to respond to growing restrictions on democratic freedoms of association, assembly, and expression under the global INSPIRES project, led by Internews. Georgia was selected as a pilot country for the project, and three Georgian CSOs will participate in the pilot phase of the program that will begin in 2020.

Intersectoral cooperation is common. The Municipal Development Fund of Georgia, for example, collaborated with CTC in the framework of the Improved Fiscal Discipline and Accounting System. Local governments often collaborate with CSOs on service provision. For example, the Caucasus Research Resource Center (CRRC) and NDI, working with 150 volunteers, helped the office of the mayor of Marneuli survey more than 2,000 local citizens about their priority issues.

Cooperation between CSOs and businesses appears to be increasing but remains largely unexplored. The Civil Development Agency’s (CiDA) Corporate Social Responsibility Survey 2019, the first of its kind, indicates that only 25 percent of 1,053 businesses surveyed would consider working with CSOs on joint initiatives, while 53 percent responded they did not know or refused to answer whether they would do so, and 22 percent said they were not interested in cooperation. Businesses are most likely to engage in apolitical charitable activities but are wary of forming links with vocal watchdogs. Advocacy CSOs similarly view cooperation with large businesses as a potential risk to their reputations.

## PUBLIC IMAGE: 4.0



CSOs’ public image deteriorated in 2019 as a result of ongoing orchestrated campaigns by pro-government media and ruling party representatives.

For example, in what was apparently a coordinated broadside, several pro-ruling party experts appeared on TV Imedi’s talk show Arena to accuse CSOs of deep ties with UNM, the main opposition party in Georgia. The following day, Ivanishvili publicly claimed that NDI and IRI manipulate public opinion surveys in favor of UNM. Far-right groups often reiterate smear campaigns against CSOs with propaganda narratives that seek to blame “western CSOs” for undermining Georgian traditional values.

The deterioration of the relationship between Georgian civil society and the government was particularly

noticeable during the selection of judicial candidates for the Supreme Court, when CSO and their leaders were the victims of verbal attacks by high-level government officials attempting to discredit their work. Correspondingly, widespread disinformation campaigns were launched against these organizations and leaders on social media.



In December, Facebook removed more than 400 Georgian government-linked Facebook pages, groups, and accounts for “inauthentic, coordinated behavior,” some of which actively sought to discredit CSOs and their leaders. Facebook noted that the removed pages posed as news organizations and impersonated activist groups and media entities. While these pages’ impact on the image of CSOs is not yet clear, their combined reach was substantial. According to Facebook, “about 442,300 accounts followed one or more of these pages, [and] about 52,000 accounts joined at least one of these groups.”

In 2019, the media increasingly asked CSO leaders to comment on a broad range of issues, including judicial and electoral reform, human rights, media freedom, and government decisions. The national media actively covered CSOs’ statements and conferences. Online news websites such as Radio Free Europe/Radio Liberty, Netgazeti.ge, Publika.ge, and Civil.ge gave positive accounts of CSO advocacy efforts. On the opposite end of the political spectrum, media coverage of CSOs was less positive.

An IRI-commissioned poll carried out in October 2019 asked residents about their perceptions of CSOs’ influence in Georgia. Fifteen percent of respondents said CSOs have a great impact on government policy (a 4 percent increase over 2017), 35 percent said they have some impact, 22 percent said they have minor impact, and 10 percent said CSOs have no impact. According to the Caucasus Barometer 2019, published by CRRC, only 3 percent of respondents fully trust CSOs and 17 percent somewhat trust them. This indicates a slight decrease in trust from the Caucasus Barometer 2017, in which 4 percent expressed full trust in CSOs and 19 percent somewhat trusted them.

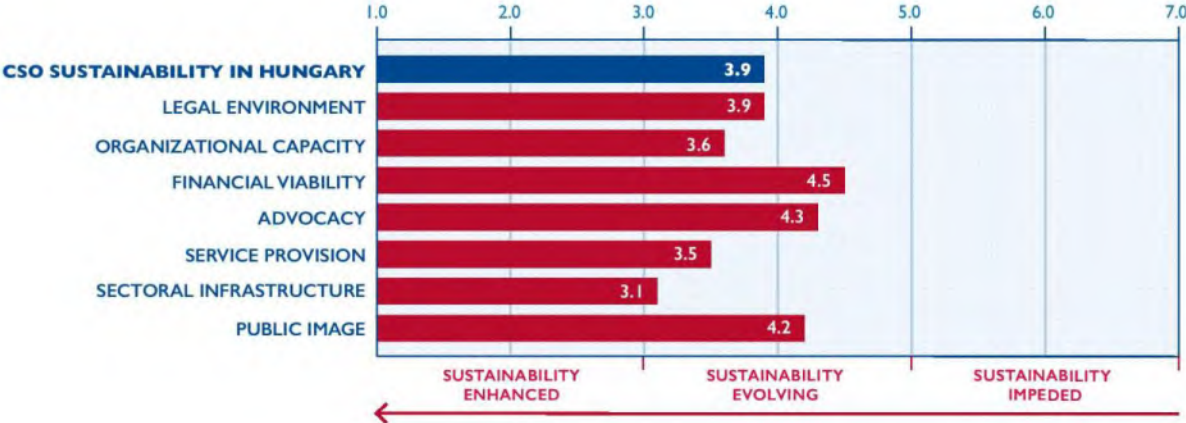
Many CSOs underestimate the need for good communication strategies, but rarely have designated communications staff. Tbilisi-based organizations are more successful than local organizations at telling their stories in appealing ways, both online and offline and continue to improve their skills in this area. The social media reach of Georgia’s largest CSOs, including watchdogs, nonprofit media, and other civil society groups, is growing, with many of these groups having 20,000 to 30,000 followers. However, these numbers are still limited compared to the social media reach of groups on the opposite end of the value spectrum. Financial constraints challenge CSOs’ ability to develop and deploy successful communication campaigns and practices, and even the largest CSOs can rarely afford communications staff. CSOs increasingly voice the need for joint communications efforts to counteract the government-fueled smear campaigns and to raise public awareness about CSOs and their work.

Several projects have attempted to increase the transparency of CSOs over the years, including by creating online repositories of information about CSOs, their projects, and finances. However, these databases are no longer actively updated. Only a few CSOs see the need to conduct annual audits or can afford to do so, and only a handful of them publish the reports. Most CSOs have internal policies and guidelines that regulate professional ethics, anti-corruption, and other important aspects of organizational life. Over 200 CSOs have signed the Declaration of Key Principles of Civil Society Organizations in Georgia, spearheaded by CSI in 2017, but it is difficult to estimate adherence to these principles.

# HUNGARY

**Capital:** Budapest  
**Population:** 9,771,827  
**GDP per capita (PPP):** \$29,600  
**Human Development Index:** Very High (0.845)  
**Freedom in the World:** Partly Free (70/100)

## OVERALL CSO SUSTAINABILITY: 3.9



Two elections dominated public life in Hungary in 2019. In May, as elsewhere in the European Union (EU), European elections were held, while in October citizens voted for mayors and local assemblies. As predicted, the governing party Fidesz won the former with 52 percent of the vote. However, new forces within the opposition, including Democratic Coalition, a leftist party led by ex-Prime Minister Ferenc Gyurcsány, and Momentum, a new political group formed by young liberal intellectuals, gained traction, while the “traditional” Socialist Party as well as right-wing Jobbik lagged behind. In contrast, the local elections brought surprising results. Joint opposition candidates won not only in Budapest and the majority of its twenty-three districts, but also in about half of the biggest countryside towns (including Pécs, Szeged, and Miskolc) and a number of smaller settlements, especially in the Budapest metropolitan area. In most such cases, the opposition now holds the post of mayor, as well as a majority in the local assemblies for the next five years.

A key factor in this victory was that the otherwise very fragmented opposition was able to agree on consensus candidates in most places, turning the election into a one-to-one competition between Fidesz and its opponents. In several places (including the 8th and 9th districts in Budapest and Pécs), the successful opposition candidates were independent people with civil society backgrounds rather than party functionaries, and their campaigns were based on direct people-to-people organizing tools and methods. Candidates from local CSOs achieved similar successes in smaller settlements. Civil society also played an active role in monitoring the elections.

The new local governments mostly started their terms in a promising manner, indicating an openness to dialogue with and participation of civil society. In November 2019, for example, the mayor of Budapest convened CSOs working in areas such as housing and climate change to discuss possible areas of future cooperation. However, over the past several years, the government has seriously curtailed the responsibilities and autonomy of municipalities, so the new assemblies have limited room to maneuver.

Mass demonstrations that started towards the end of 2018 to oppose new overtime rules in the labor law dissipated after January without any tangible results, although many employers have chosen not to apply the new overtime options. Later in the year, numerous protests were organized to oppose government plans to increase direct state control over universities and the Academy of Sciences, but these had no results. In early autumn, the network of research institutes under the academy’s umbrella was reorganized under a new state body chaired by loyal functionaries and with restructured public funding mechanisms. In the area of public education, professionals and teachers objected to the new draft national curriculum, which was produced in a secretive manner. Towards the end of the year, more protests and demonstrations were organized to oppose unexpected plans to increase

direct government control by re-organizing the governance structure of the National Cultural Fund and the appointment of theatre directors. This time the government partially backtracked, amending the legislation slightly.

Notwithstanding the above, 2019 was a relatively peaceful year for civil society, especially compared to the turbulence of the previous two years. The only dimension recording a change in score in 2019 was advocacy, which improved slightly as civic activism, including around the municipal elections, increased. However, the government continued to have a generally hostile attitude towards CSO advocacy.

The size and composition of the sector did not change in 2019. According to the latest data published by the Central Statistical Office, in 2018 there were approximately 61,000 nonprofit organizations. Approximately 54,000 of these are associations (34,000) and foundations (approximately 20,000), while the other 7,000 comprise nonprofit companies, chambers, and similar entities that are considered to be nonprofits. CSOs pursuing cultural, sports, and leisure activities are the most prominent, each accounting for 16 percent of the total, while 13 percent of CSOs focus on education. The percentage of CSOs with public benefit status increased slightly from 20 to 22 percent.

## LEGAL ENVIRONMENT: 3.9



In general, the legal environment in which civil society operated in 2019 remained unchanged compared to the previous year.

The registration of CSOs has become somewhat smoother now that the online system is fully functional. However, different regions, and even individual registering judges, continue to use different practices, which causes delays or complications in some cases. Dissolving an organization continues to be a cumbersome process.

Restrictive legislation passed in the previous two years remains in effect, and existing rules regulate the operations of CSOs down to minuscule details. The 2017 act on foreign-funded organizations obligates CSOs receiving more than HUF 7.2 million (approximately

\$25,500) from non-Hungarian sources to register and include the words “foreign funded” on their websites and publications. Religious and sports organizations are exempt from this act. The Stop Soros package, passed in mid-2018, criminalizes support to immigration (which includes providing legal aid to asylum seekers, as well as “propaganda” depicting immigration in a positive light), with the possibility of jail time for persons engaging in such activities. While neither of these laws have been implemented in practice and no CSOs have suffered any direct consequences for violating their provisions, they continue to pose a threat to civil society. Legal processes challenging these laws at the European Court of Justice (Luxembourg) and the European Court of Human Rights (Strasbourg) initiated in previous years are still pending, with progress expected in the former in 2020.

Generally speaking, pressure on civil society—including the smear campaigns orchestrated by the dominant pro-government media and leading politicians over the past few years—eased somewhat in 2019. However, specific organizations and those focused on certain issues continued to be subject to harassment. Aurora, a community center in the 8th district of Budapest that houses a number of CSOs and provides space for events on topics ranging from housing to drug use to issues affecting the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community, was especially targeted. The previous mayor repeatedly tried to close it down using a variety of tools and tactics, including imposing limits on its opening hours and attempting to buy the building that the center leases. With the Power of Humanity Foundation in Pécs experienced similar problems. Fortunately, the opposition won the local elections in both places, bringing great relief to the organizations concerned. In 2019, LGBTI organizations were targeted not only by government-orchestrated smear campaigns, but—in a new development—extremist, right-wing groups physically interrupted some of their events. Independent theatre troupes, which often criticize or mock the government, suffered from reduced financing after some of the tax benefits they received were abolished (see Financial Viability section for more information), and recently proposed

changes further threaten their existence. Continuing centralization of the public education system allows less deviation from the compulsory national curriculum, thereby threatening to curb the work of alternative schools, which often operate as foundations, including those that teach marginalized children and those with special needs.

A new Act on the Freedom of Assembly was passed in autumn 2018. According to watchdog groups, implementation of the new law during the many demonstrations organized in 2019 was mixed. The law provides more room for interpretation to the police, and there were examples in which they imposed unjustified restrictions on assemblies, which were later overturned by court rulings.

Taxation of CSOs remained largely unchanged in 2019. Taxpayers continue to have the option of assigning 1 percent of their income tax to a CSO. From 2020 onwards, only public benefit organizations will enjoy exemption from local taxes, as opposed to all CSOs as is the case now. In mid-2018, a legislative package was enacted that introduced a 25 percent tax on the income of organizations supporting immigration. Early in the year, the tax authority engaged a few CSOs working on these issues in consultative processes about this tax, but this did not lead to any further actions.

CSOs' access to financial resources did not change either. CSOs are still allowed to raise funds freely, earn income, and enter into contracts. CSOs can accept funds from foreign donors, but this may lead to stigmatization according to the "foreign-funded" legislation. This has led some CSOs to not seek funding from international donors to avoid potential problems.

The availability of legal aid varies significantly between the capital and the countryside. While an increasing number of pro bono services are available, these are often concentrated in Budapest, and there is still a shortage of lawyers with expertise in CSO law. Hungarian Civil Liberties Union (HCLU) and Global Network for Public Interest Law (PILnet) are the most active organizations in this field.

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## ORGANIZATIONAL CAPACITY: 3.6

The CSO sector's organizational capacity did not change significantly in 2019. There continue to be large discrepancies in capacity between bigger, more institutionalized CSOs in urban areas and smaller, rural CSOs. Most CSOs lack the resources and often fail to prioritize efforts to increase their capacities.

In general, CSOs' constituency building efforts continue to be quite weak. While informal movements of teachers and students organized several large demonstrations in 2019, they were unable to transform this support into more stable constituencies. During the year, a number of CSOs were able to mobilize constituencies successfully, especially prior to the local elections in October. Primarily through the use of tools and tactics of off- and online organizing, they managed to build both volunteer activist groups and broader bases, with their efforts paying off in the election results. This level of civic activism in election campaigns was unprecedented in Hungary and can serve as an important lesson for future efforts to strengthen Hungarian civil society.

The CSO sector faces ongoing staffing problems that stem from its lack of stable funding and a broader labor shortage affecting all sectors in the country. Only stronger organizations are able to retain professional staff, while others employ one or two people at most. The success of CSO-backed candidates in the municipal elections exacerbated the staffing problems as experienced staff and activists left CSOs both for elected positions and to become civil servants in local governments. At the same time, as experienced professionals leave (or are laid off from) the central state administration, they often go to work for CSOs in the same field, thereby raising the prestige of employment in civil society. CSOs increasingly recruit volunteers and corporate volunteering programs are becoming more common. According to the latest official statistics, in 2018 Hungarian civil society employed



54,000 staff (43,000 full-time equivalent), approximately the same number as in 2018, and engaged approximately 380,000 volunteers who provided 45 million working hours.

Most organizations understand the importance and the basics of strategic planning and management, at least in theory. Only the strongest organizations, however, are able to implement professional strategic operations in practice. Few organizations undertake efforts to measure their success and impact, as most simply lack the capacity or resources to carry out the necessary research. This is illustrated by the experience of the Impact Academy, a joint initiative of Civil Support and Ashoka. While ten selected organizations went through the Impact Academy's learning process for a year, just one or two were able to integrate impact measurement techniques in their operations.

As most organizations have very small core staffs (either paid or voluntary), they lack internal structures. Only the largest organizations, especially those routinely harassed by the government, have written internal policies or rules. At the same time, legislation demands a relatively high level of transparency from all CSOs, including the publication of annual reports.

In the age of ubiquitous smartphones and tablets, all active organizations use online tools and social media. Facebook continues to be the dominant social media platform in Hungary, although Instagram is becoming increasingly popular, especially among young people. CSOs use these tools with various levels of professionalism. Most organizations utilize basic technical equipment, which is often outdated and lags behind what is available in other sectors. New community spaces in Budapest (such as Civil Tech Hub) and major rural centers (as part of the Open Spaces network, see Sectoral Infrastructure section) support CSOs' digital development as well.

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## FINANCIAL VIABILITY: 4.5



CSOs' financial viability did not change significantly in 2019. According to the latest official statistics, the total income of Hungarian civil society grew to HUF 860 billion (approximately \$2.86 billion) in 2018, from HUF 700 billion (approximately \$2.5 billion) in 2017. This improvement, however, was offset by biases and inequalities in the access to funding sources. Sport and culture organizations receive the largest share of total income (13 and 16 percent, respectively), followed by urban/rural and economic development (13 and 9 percent), but most of the activities funded through the latter two are not truly civic activities, but nonprofit businesses. More than a third (37 percent) of all organizations continue to operate with budgets of less than HUF 500,000 (approximately \$1,667). CSOs in Budapest receive about half of the sector's total income,

CSOs in countryside towns receive another one-third, and CSOs working in smaller locations have the remaining 12 percent.

While 45 percent of the sector's overall income comes from public sources, including EU Structural Funds, critical, independent organizations disfavored by the government continue to be excluded from these. Independent cultural organizations were especially hard hit in 2019. The system of corporate tax benefits, an important source of income for these organizations, was abolished at the end of the previous year. A new grant system was introduced in 2019 to take its place, but it demonstrated a strong bias towards loyal, government-friendly organizations. In late 2019, the government announced a plan to re-organize the governance and distribution system of the National Cultural Fund, which has operated effectively for more than two decades. The proposed changes would have strengthened direct state control over the award of grants. After protests, the government dropped this plan, at least for the time being.

The budget of the National Cooperation Fund, the central state instrument supporting CSOs' operational costs, increased from HUF 5 to 5.5 billion (approximately \$16.7 to \$18.3 million) in 2019. While larger grants continue to be available, the fund introduced a new grant type involving simplified application procedures aimed at local



organizations. However, organizations that apply to this call may receive only one grant of HUF 100,000 to 200,000 (approximately \$333 to 667) per year. The introduction of this new type of grant resulted in an increase in the overall number of grantees from approximately 8,000 to 12,000 CSOs.

The EU's Community-Led Local Development (CLLD) funding program became operational in 2019. Under this program, public funding—managed and distributed by municipalities—is available for CSOs and community development. By the end of the year, 360 grants had been awarded nationwide within this framework. However, while the available grant amounts are fairly small— HUF 1 to 8 million (approximately \$3,333 to \$26,667)—the administrative demands are similar to other EU grants. Many local CSOs cannot meet these demands and therefore do not even try. Towards the end of 2019, the government announced plans to introduce a Rural Civil Fund in 2020, although no details about what this fund would entail were shared. CSOs continue to be fairly dependent on municipal funding and are optimistic that the changes after the elections will increase transparency and impartiality in the distribution of this funding.

Organizations disfavored by the government are increasingly left to rely on crowdsourcing and micro-donations. A growing number of CSOs successfully raised funds in 2019 through mechanisms such as Giving Tuesday, charity runs, and online collections through crowdfunding portals such as adjukossze.hu. However, only professionally managed, visible organizations can collect significant and sustainable income from these sources. In a new development, remaining independent media outlets have started competing with CSOs for private donations: most of them have set up foundations and started to collect 1 percent income tax designations, as well.

The number of people who assigned 1 percent of their income tax to a CSO decreased from 1.7 million in 2018 to 1.6 million in 2019. However, the total amount received through this tool grew from HUF 8.225 billion (approximately \$27.5 million) to HUF 8.773 billion (approximately \$29.25 million), as salaries increased. At the same time, larger-scale domestic philanthropy is practically non-existent, despite the considerable private wealth accumulated over the past decade.

Most membership-based organizations collect fees, but these continue to be a marginal component of their overall income. Very few organizations, including social enterprises, have been able to develop a sustainable portfolio of marketable goods or services. Most social enterprises continue to need external funding either in the form of grants or investments to operate. Some investors and foundations push CSOs towards entrepreneurship, but experience shows that this may be counterproductive, as it drains capacities away from the organizations' core missions.

While there are no statistics about the magnitude of corporate funding, it seems to be growing, with grant programs being better adapted to the needs and circumstances of CSOs. Yet, companies still tend to avoid controversial themes and organizations, and support from local businesses strongly depends on personal relations.

While foreign funding accounts for a small proportion of the sector's overall income, it continues to be an important source of funding for watchdog and advocacy organizations, which are largely unable to receive public funds. Several international philanthropic donors, such as the Sigrid Rausing Trust, have recently increased their grant portfolios in Hungary. In 2019, Summa Artium launched a new cultural sponsorship program funded by Open Society Foundations to compensate for the corporate tax donations abolished in late 2018. With funding from a larger international family foundation, in 2019 Non-profit Information and Training Center (NIOK) initiated a grant program aimed at constituency building called Stronger Roots. The "foreign funded" act had a less chilling effect on the sector in 2019 than in 2018, though both donors and beneficiaries continued to exhibit some caution or reluctance. Due to unresolved disputes over how funding to civil society should be governed, the third financial period of the European Economic Area (EEA)/Norway Grants had still not been launched in Hungary by the end of the year, making it the only beneficiary country in this situation.

The most harassed CSOs probably have the most accurate and transparent financial management systems. Some of them have even started to use Customer Relationship Management (CRM) systems. While all organizations are legally obligated to publish their annual reports, these are often deficient or of low quality in the absence of professional staff and oversight.

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## ADVOCACY: 4.3

CSO advocacy improved slightly in 2019 as civic activism, including around the municipal elections, increased. However, the government continued to have a generally hostile attitude towards CSO advocacy.

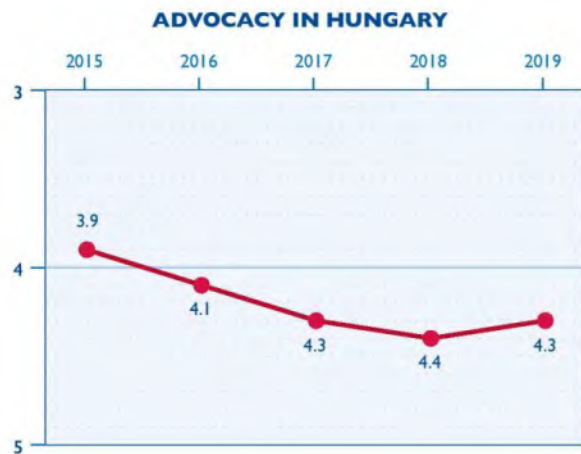
Civic organizing around the municipal elections represented a new type of activism and engagement with stronger political involvement by CSOs and community groups. The successes achieved brought some hope and optimism in an otherwise very depressed atmosphere, which can be the basis for future mobilization. The new local governments demonstrated more openness towards civil society. For example, 184 elected representatives in 60 settlements signed the This is the Minimum! pledge of transparency and anti-corruption initiated by Transparency International-Hungary, K-Monitor Association, and the [atlatzo.hu](http://atlatzo.hu) investigative news portal.

At the same time, CSOs were still largely unable to cooperate with the central government in 2019. While channels of participation are legally guaranteed, in practice they are routinely neglected. Consultations, if organized at all, are token, with all stakeholders knowing that they will have little or no impact on policy outcomes, or only engage loyal, government-friendly organizations. A case in point was the online consultation on the national climate strategy in late November, which consisted of a very basic questionnaire published on the government's website without any promotion and with a short deadline. After a news portal found out about it, almost 200,000 people completed the survey in a few days. When asked about the shortcomings, government officials effectively admitted that they were not interested in the results but had only conducted the survey because it was compulsory under EU law.

Under such circumstances, lobbying is rarely effective, with some rare exceptions related to fields such as the environment. Even if CSOs have good cooperation with lower levels of the state bureaucracy, the higher ranks often nullify any results. Also, the lower administrative levels often lack the capacity needed for meaningful engagement. Human rights and advocacy CSOs often have to go to court to enforce their rights, for example, through freedom of information cases.

While there were no spectacular advocacy successes in 2019, there were several smaller victories. These included initiatives to protect green areas in Budapest from construction, against the discrimination of Roma, and opposing the restructuring of the National Cultural Fund, discussed above. The [ahang.hu](http://ahang.hu) digital campaign and petition platform played a role in most of these efforts. In the capital, informal movements of teachers and students organized several demonstrations around issues in public and higher education, as well as in defense of academic freedom. A large number of young people mobilized on climate change: in 2019, the Fridays for Future movement took off in Hungary, bringing thousands of teenagers to the streets. While the government initially tried to downplay the importance of the issue and the concerns of young people, towards the end of the year, it was forced to change its stance and started talking about climate measures more seriously.

Issue-based cooperation among CSOs remains rare. The network of green organizations remains operational but is not very visible in public discourse. Civilization is the only cross-cutting civil society coalition. Established three years ago, it brings more than thirty major CSOs together to defend the sector and exchange know-how. In 2019, it occasionally raised the need for CSO law reform, but did not take any concrete steps in this direction.



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## SERVICE PROVISION: 3.5

CSO service provision did not change significantly in 2019. Traditionally, service provision has been a strength of Hungarian civil society. However, there is little analysis or data covering this field. CSOs provide a range of services, especially in the social, cultural, education, health, and youth fields, often filling in gaps in the services provided by state institutions or structures. Social and economic inequalities continue to prevail in the country: one-fifth of the population lives in deep poverty and the poorest 30 percent raises half of all children with little or no help from the state. In this context, the services of CSOs remain crucial, especially in disadvantaged rural areas.



Over the past years, government contracting of services has strongly favored churches, church-based charities, and loyal organizations, thereby effectively excluding “traditional” CSOs from the service market. One example of this is a new complex Roma integration program launched in 2019 in thirty villages. The program, with HUF 10 billion (approximately \$33 million) in funding, is effectively monopolized by five main church aid organizations led by the Hungarian Charity Service of the Order of Malta. Local officials, including mayors, have also created their own nonprofits with the sole purpose of obtaining grants to provide services or implement other local development activities through calls for proposals that require a CSO partner, further distorting the picture.

Under such circumstances, it is difficult to discuss community responsiveness. CSOs working locally probably have a fairly clear picture of their constituents’ needs, simply because of their proximity, although they generally lack the interest or capacity to conduct systematic research. The exchange of know-how between Budapest-based national and local organizations is becoming more widespread in this respect. For example, HCLU consults local CSOs and surveys their clients before engaging in activities in the countryside. At the same time, available funding influences not only the range, but also the targets and clientele of services. Most CSOs do not discriminate between their members and other target groups but make their services available to all who need them to the extent that their capacity allows. At the same time, cost recovery is rare, as most clients are not in a position to pay for services. There is little to no interest from state institutions or businesses to buy the expertise or research of CSOs.

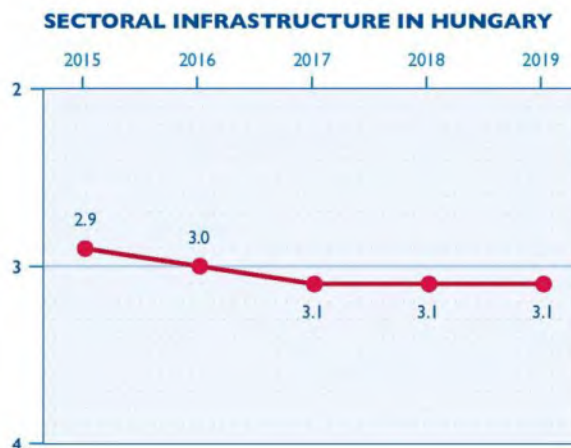
In general, the government does not recognize or support service-providing CSOs working independently from the state.

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## SECTORAL INFRASTRUCTURE: 3.1

The infrastructure supporting the CSO sector did not change in 2019.

The network of state-supported county Civil Information Centers (CIC) continues to operate with varying levels of effectiveness. In 2019, Ökotárs conducted an online survey among CSOs to collect feedback on these centers. Based on 141 responses, slightly more than half of respondents were satisfied (4 or 5 points on a 1 to 5 scale), while one-third were dissatisfied (1 or 2 points) with the services provided by their local CIC. About two-thirds of respondents reported receiving information from and/or participating in events organized by the CIC, mainly focused on information on available grant applications and applicable administrative rules. Respondents were least satisfied



with the help of the CIC in terms of developing links to the for-profit and public sectors, and almost half of them expressed the opinion that the centers should better adapt their services to the needs of local CSOs.

Besides the state-operated system, long-standing support organizations such as NIOK, Ökotárs, and Civil College Foundation continue to offer local capacity-building programs. However, NESsT, one of the key support centers for social enterprises, closed down in 2019. The two regional centers in Pécs (Southwest) and Debrecen (Northeast Hungary) supported and nurtured by Open Society Foundations and operated by the With the Power of Humanity Foundation and the Association of Alternative Communities, respectively, have become increasingly significant as local grantmakers, community spaces, and capacity building centers. Both of them announced their third calls for proposals in 2019 with a budget of HUF 100 million (about \$333,333) in each region. There are still only a few community foundations—in the 9th district of Budapest, Pécs, and Miskolc—but these have become more developed, with greater budgets, established circles of local donors, and regular activities.

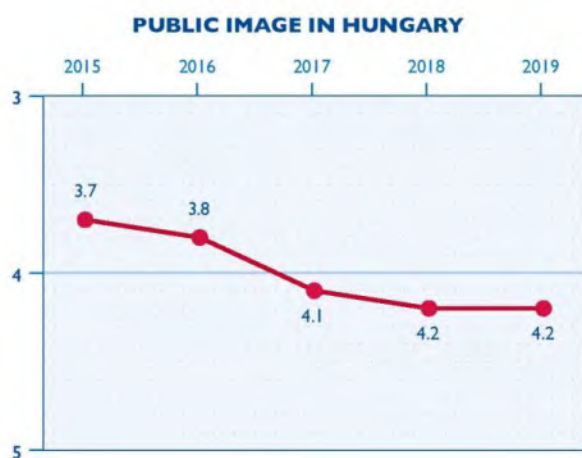
CSOs still have access to training opportunities, but generally only short (one or two days) events in basic areas such as project management or fundraising. Few organizations are able to afford longer term, more complex development programs. Available trainings are concentrated in Budapest, making them less accessible to smaller local organizations. The lack of human resources among smaller local organizations also hinders their participation in training. Experience indicates that shorter events held after working hours in rural regional centers attract the most participants. However, small groups need longer term, individually tailored mentoring, rather than one-off training events.

Cooperation within the sector remains weak. As organizations develop their own individual survival strategies, competition for resources has increased secrecy and jealousy instead of exchange. While there are several informal movements of teachers and students, these have not been able to develop into stable, sustainable networks or platforms. As mentioned above, Civilization is still the only significant civil society coalition in the country, but in 2019 it was primarily on standby mode as there were few notable developments affecting civil society during the year in comparison to the situation over the past few years. Other promising new initiatives include Open Spaces, a project supported by Civitates and implemented by the Aurora community center. Open Spaces involves local organizations in Pécs, Szeged, Debrecen, and to a lesser extent Szombathely, and aims to develop a network of independent community, cultural, and CSO centers.

The remaining independent media outlets provide visibility to various civic initiatives and campaigns, such as the Roma Heroes Award, which honors and promotes outstanding Roma individuals from all walks of life who are chosen through a popular vote. Some businesses partner with CSOs through pro bono programs, though these tend to be restricted to non-controversial issues, such as animal protection or people with disabilities. In contrast, the government continues to divide the sector into “good” and “bad” organizations, maintaining a hostile attitude to those it puts in the latter category.

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## PUBLIC IMAGE: 4.2



The CSO sector’s public image did not change significantly in 2019.

According to Freedom House’s 2019 Freedom in the World report, Hungary’s media received a score of 2 on a scale of 0 to 4. The government’s overwhelming dominance of the media continues to be the decisive factor in CSOs’ media coverage. This government-controlled conglomerate is the main instrument of smear campaigns against the “Soros-network,” i.e. any independent or critical CSOs, although the intensity and frequency of such harassment eased somewhat in 2019. In October, the media authority failed to renew the frequency license of the longest-standing Hungarian community radio, Civil Radio, for breaches of relevant legislation. While the station did commit some smaller

irregularities (such as not strictly adhering to the proscribed ratio between Hungarian and international music), the sanction was clearly disproportionate and politically motivated.

The effects of the media concentration are felt especially on the local and regional levels. As regional newspapers and radio are managed and edited centrally, there is limited room for local news. Local media owned by municipalities tend to be strongly biased, rarely covering any criticism, though there is hope that this may change in light of the local election results. Remaining independent media continue to report about CSOs in a balanced manner, and indeed is an ally at times. However, independent media outlets now also compete with CSOs for funding, since advertising is directed mainly at government-friendly media.

Despite the largely negative media coverage, public perception of the CSO sector is still generally positive. According to the Public Trust Survey conducted by the Association of Community Developers in the first half of the year, civil society enjoys an average level of trust of 5.9 points on a 1 to 10 scale, making it the second most trusted institution after the justice system (and followed by the police in third place). However, one-third of respondents reported that their trust in CSOs has decreased over the years.

In November, Civilization commissioned a representative survey to look into public attitudes towards CSOs in more detail. This survey showed that while there is a certain level of confusion about what a CSO really is, 30 percent of respondents were able to name a national organization without prompting. When asked about the desired roles of CSOs, respondents—even those supporting the government—listed charitable activities, as well as more political work, such as formulating recommendations for decision makers. Approximately one in ten respondents (11 percent) reported that in the previous year they or someone they personally know received some kind of help from a CSO. More than one-third (36 percent) supported an organization in one way or another, most often through the 1 percent personal income tax assignation or a micro-donation.

The business sector's perception of the sector is still positive. However, with the exception of a few outspoken oppositional Hungarian businessmen, companies do not stand up for harassed organizations and tend to keep a low profile in their support.

With limited opportunities in the mainstream media, CSOs are paying more attention to their public relations, especially online. Larger organizations are using social media more professionally. For example, Greenpeace has almost 200,000 followers on Facebook, while HCLU and the Helsinki Committee have more than 50,000 and 30,000 followers, respectively. Civil Compass Foundation and NIOK award the Civil Society Award in eight categories, including best advocacy initiatives, best fundraising campaigns, and most promising newly established organizations. The prize, which was awarded for the fourth consecutive year in 2019, increases the sector's credibility by raising awareness about unique and innovative CSO initiatives and programs. At the same time, most CSOs still struggle to break out of the "opinion bubble" amidst all the information noise and fake news.

The sector did not make progress towards self-regulation in 2019. While CSOs publish annual reports—as they are obligated to do by law—there are no broadly accepted written codes of conduct. Membership in the Body of Ethical Fundraising Organizations remained stable during the year.



# KOSOVO

Capital: Pristina  
Population: 1,932,774  
GDP per capita (PPP): \$10,900  
Human Development Index: N/A  
Freedom in the World: Partly Free (56/100)

## OVERALL CSO SUSTAINABILITY: 3.6



The political situation in Kosovo was tense during 2019. In November 2018, the government imposed a 100 percent tax on Serbian and Bosnian products. The European Union (EU) and the US pressured the government to remove the tax. Throughout the year, the ruling coalition was strained by divisions between coalition partners regarding negotiations with Serbia, as well as internal matters. In July 2019, Prime Minister Haradinaj resigned after the Specialized Chamber for War Crimes in The Hague summoned him for questioning as a suspect, stating that he stepped down so he could attend court as an ordinary citizen, rather than as prime minister. In August, parliament voted to dissolve, and snap elections were held in October.

The members of the outgoing governing coalition competed in the elections individually. Although a few isolated incidents were recorded during the voting process, the elections generally were carried out smoothly. The final certification of results came almost three months after the elections due to appeals and re-counts. The elections ultimately resulted in a change in government, with the former opposition comprised of Vetevendosje! and Democratic League of Kosovo forming a governing coalition. Serbian political parties competing against the Belgrade-backed Srpska Lista reported threats during the election process and failed to win any seats in parliament.

The country's Euro-Atlantic integration stalled in 2019. With the Brexit process further dividing EU member states and internal political processes in Kosovo, Kosovo's EU accession process did not progress. Kosovo is still not part of the visa-free Schengen area.

CSO sustainability in Kosovo improved in 2019, with positive changes recorded in all dimensions. The legal environment advanced with the adoption of a new law on CSOs. Financial viability improved with an increase in the number of local grantmaking entities, increased funding sources at the regional level, and the newly acquired access for Kosovo's CSOs to the Creative Europe program. Transparency, competition, and award processes for public funds to CSOs also improved. While few topics outside those noted above made it into the public domain, public advocacy campaigns focused on, for instance, the protection of water and other natural resources, had significant impact. The infrastructure supporting the sector also improved due to the increased number of re-granting organizations, which generally provide technical assistance and support to their grantees. In addition, NGO Houses were constructed in Gracanica and Zubin Potok that will provide CSOs with free office space. Service provision improved slightly, with the Ministry of Labor and Social Welfare licensing two Serbian organizations to provide social and family services for the first time. CSOs' public image also improved slightly.

As of December 2019, there were 10,110 local NGOs—a term used in Kosovo to describe both associations and foundations—registered with the Department of NGOs (DNGO) in the Ministry of Public Administration. This

represents an increase of 468 over the past year, a figure in line with growth in previous years. Many organizations, however, are not active, but remain registered due to the lack of clarity in the deregistration process.

## LEGAL ENVIRONMENT: 3.4



The legal environment improved in 2019 with the promulgation in April of the Law on Freedom of Association in NGOs (hereinafter the NGO Law), which governs the registration, operation, and de-registration of CSOs in Kosovo. One of the major changes introduced by the new law is the creation of a third category of NGOs—institutes—that is more suitable for many democracy and governance CSOs, as well as CSOs engaging in research or educational work. The introduction of the legal form of institutes could also empower local research and academic initiatives by giving them access to public funding for academic research, but this remains to be seen. According to the new law, institutes and foundations can be established by just one person, while associations still require three founders to register. Previously, three persons were required to

establish both associations and foundations.<sup>1</sup> The new law also requires foundations to have initial capital of at least EUR 1,000, whereas previously there was no capital requirement for foundations, further differentiating different types of CSOs. The new law expedites the registration procedures from a maximum of sixty days to a maximum of thirty days. Other than these more notable changes, most of the content of the former law was preserved, although the wording in most of the articles was modified to address issues identified as problematic by authorities and civil society. As a result of CSO advocacy, the approved law did not include problematic provisions included in initial working drafts that would allow CSOs to transform into private companies.

The NGO Law, alongside the 2018 Law on Social Enterprises and the 2017 Law on Sponsorship in the Field of Culture, Youth and Sports, is expected to increase the variety of CSOs and initiatives and to have a positive impact on their funding diversification. However, these laws still lack the sub-legal acts that will detail their implementation in practice. Although the working groups for both the NGO Law and the Law on Social Enterprises were almost done with their work at the time of writing, the processes were stalled for most of 2019 because of the election process and changes in the government. Their work is expected to be completed during 2020.

Other than expediting the timeframe for registration, the new NGO Law did not change the registration process for CSOs. Registration can be completed easily through the use of templates and forms available in the official local languages. The process is fast and can be completed online. While digitalization is a positive development (particularly for CSOs outside the capital), CSOs note that it is sometimes difficult to make changes to their organizational information via online requests because of the rigidity of DNGO staff. CSOs report that in some cases it is better to handle these matters in person so they can more clearly explain the changes, hence, they stress the importance of maintaining the option of in-person processes to register or make amendments or changes to their registration. CSOs are required to submit financial reports to the tax administration and narrative reports about their activities to DNGO on an annual basis.

The Kosovo Central Bank has introduced some practices to implement anti-money laundering and anti-terrorism financing regulations that complicate the operations of CSOs. For example, as part of the biannual verification of accounts, commercial banks continue to ask CSOs to provide signed statements from their founders, who may no longer be alive or living in Kosovo. In some cases, this has led to temporary suspension of CSOs' bank accounts. In addition, some commercial banks have made it difficult for CSOs to open or maintain bank accounts, particularly

<sup>1</sup> While the wording in the old NGO law stated that foundations “may be established by one or more persons, at least one of whom has a residence or seat in Kosovo,” in practice, DNGO required three founders.

sub-accounts. There have also been cases in which banks have requested planned finances for the upcoming year, which most CSOs cannot forecast.

There were no reported cases of state harassment in 2019, although CSOs are subject to subtle forms of pressure. This is most often manifested in the form of preferential treatment in procurement processes and the award of public funding for loyal CSOs over those that are openly critical of the government. As the most respected organizations in the country are often critical of the government, they rarely receive public funding. Other such discriminatory practices include the exclusion of critical CSOs from policy processes either by sending out notices late or not sending invitations at all. Loyal CSOs are also more likely to receive support from public institutions in the form of memorandums of understandings or letters of support, which enable them to access funding from the donor community more easily. In Serbian communities, any criticism of the Belgrade-backed Srpska Lista is considered treason to the joint cause; this has led to a significant degree of self-censorship in the sector.

CSOs may earn income from the rent or lease of assets and sale of products or services, but they must pay taxes on the income earned. CSOs may bid for public contracts and compete for grants from the public budget. CSOs can also engage in fundraising campaigns and accept donations from local and international individuals and corporate donors. CSOs are exempt from value-added tax (VAT) and income tax on funding received from international bilateral and multilateral organizations.

Tax deductions are available for both individual and corporate donors in Kosovo. However, private companies report that they face difficulties when trying to deduct taxes. The 2017 Law on Sponsorship in the Field of Culture, Youth and Sport increased the threshold of tax-deductible sponsorship of sports and cultural activities, but there is no official data indicating the extent to which this has impacted sponsorship levels to date.

CSOs continue to be exempt from paying customs and VAT on imports but struggle to register vehicles donated by international organizations because Kosovo Customs refuses to acknowledge these benefits.

There are lawyers and law firms that are familiar with CSO law and provide services to CSOs. However, there are no lawyers who specialize in CSO law, most likely because of the limited demand for such services, which is driven by CSOs' inability to pay for such services. Legal resources in general, including those pertaining to CSOs specifically, are scarcer outside of Prishtina.

## ORGANIZATIONAL CAPACITY: 3.7

Organizational capacity in the sector improved slightly during 2019, as a growing number of CSOs sought grassroots support for their causes. In particular, the informal network of environmental organizations successfully mobilized and channeled citizen support to address issues at appropriate institutional levels. As a result of such efforts, CSOs have strengthened the linkages they have with the constituents they represent.

The vast majority of CSOs do not have clearly defined missions or strategic plans that they adhere to and use to measure their achievement. Most CSOs do not have plans—activity or strategic—for periods longer than six months, as their short-term grant-based funding prevents them from planning ahead. Only a handful of larger organizations have clearly defined management structures with delineated duties and responsibilities. CSOs rarely have internal systems of checks and balances.

Most CSOs in Kosovo cannot afford to engage paid staff on permanent contracts in accordance with the Kosovo Labor Law, as they depend on short-term grant funding. More developed CSOs have detailed human resources policies, but in practice often resort to closed hiring procedures such as head-hunting instead of open announcements. CSOs rarely utilize professional information technology, legal, or accounting services, because they cannot afford them.



The culture of volunteerism is underdeveloped in Kosovo. In 2019, environmental activities, such as Let's Clean Kosovo, engaged many volunteers. Volunteers also contributed towards mentoring and coaching of disadvantaged groups. Organizations in other fields have significant difficulties mobilizing volunteers. Even community-based CSOs generally fail to meaningfully engage volunteers in their work.

The majority of CSOs have basic communications technology and office equipment, but equipment is often outdated. CSOs acquire most of their technology through project-based grants, and only in rare instances through core funding. Several donors, particularly those offering micro-grants of up to EUR 10,000, do not allow their funding to be used to purchase equipment, making it difficult for their grantees to update their technological infrastructure.

## FINANCIAL VIABILITY: 4.3



The CSO sector's financial viability improved in 2019 with an increase in the number of local grantmaking entities, increased funding sources at the regional level, and the newly acquired access for Kosovo's CSOs to the Creative Europe program. In addition, the process of awarding public funds, which continue to be a significant source of funding for the sector, became more transparent.

According to the Kosovar Civil Society Index produced by the Kosovo Civil Society Foundation (KCSF) for 2018, 45.5 percent of surveyed CSOs do not have any financial revenues, while another 22.8 percent have less than EUR 10,000 in annual income. The survey also found that in 2017, 33.6 percent of surveyed organizations reported receiving grants from central state institutions, 22.8

percent received international donor funding, 12.9 percent received donations from local private companies, 4 percent received funding from individuals, and 4 percent received revenue from the sale of goods and services.

The financial solvency of most CSOs ranges between six months and one year, with only a handful of organizations able to secure funding for longer periods of time. The majority of CSOs rely on support from a single major donor, with funds from other donors providing complementary support. Many organizations, particularly those focusing on democracy and governance topics, fund their activities almost exclusively through the support of international donors, while service providers and small local organizations often rely exclusively on funding from local government sources or line ministries.

Some CSOs successfully raise funds for their activities from both individual and corporate sources, although few organizations have successfully built long-term relations with constituencies to ensure continuous giving. Charity organizations receive most of their funding from individuals, either through door-to-door solicitations or by organizing gala dinners and events. Donations from businesses and individuals in the diaspora are mainly focused on visible charity actions, culture, and sports events. The Kosovo CSR Network is the only major initiative channeling corporate social responsibility (CSR) efforts in Kosovo. In 2019, Forum for Citizen Initiatives (FIQ) awarded the FIDES award for local philanthropy to Calen Jones and his family for their contribution in the field of education through their organization Kids for Kosovo. FIQ's Corporate Contribution award for 2019 was presented to AI Trade Center for its contributions to society.

CSOs continue to receive a significant amount of public funding. According to the 2018 Report on Public Financing for NGOs, published by the Office for Good Governance within the Office of Prime Minister in April 2019, approximately EUR 14 million in public funding was provided to CSOs in 2018. Central and local government bodies increasingly apply the Ministry of Finance's Regulation No. 04/2017 on Criteria, Standards and Procedures on Public Funding of NGOs, which requires the introduction of public competitive processes, external members on evaluation committees, transparent evaluation criteria, and monitoring and accountability measures. However, most institutions still do not implement these rules. The 2018 Report on Public Financing for NGOs notes the need to improve "institutional capacities to comply with the new requirements," particularly noting that "some

ministries and municipalities are still not ready to comply with the regulation's obligations." For instance, Let's Clean Up Kosovo received EUR 806,838 from the Office of the Prime Minister without going through a formal process.

Local foundations increasingly re-grant donor funds, assuming the role that used to be played by international intermediaries. Funding levels from the major donors have remained largely the same, but donors now award larger grants to a decreasing number of beneficiaries, which then re-grant the funding to smaller organizations. The biggest donors, including the European Commission, continue to require co-funding for their grants, which CSOs struggle to secure. CSOs continue to advocate for a public fund such as the one in North Macedonia to cover co-funding requirements for CSOs that successfully receive funding through donor-funded programs.

In 2019, CSOs in Kosovo started to benefit from the Creative Europe program, which in Kosovo is jointly funded by the EU and the Ministry of Culture, significantly increasing the availability of funding for CSOs in the field of culture and further increasing their ability to network with other organizations and implement activities across borders. There is, however, no data available on the extent that Kosovar CSOs have benefited from this program to date, either as primary recipients or as partners. There were also several regional announcements for small and medium-sized grants during 2019, including those from the Regional Youth Cooperation Office (RYCO), Regional Cooperation Council (RCC), EU, and the German federal government.

True member-based organizations, including professional, business, and sectoral associations, collect dues from members effectively, but other organizations rarely do so, even if they are member-based on paper. CSOs implement both online and physical fundraising campaigns, but such efforts usually account for an insignificant part of their funding. For example, the Let's Dance for Mothers and Children initiative organized its fifth annual Let's Dance fundraising event in 2019. Some CSOs also organize activities like cultural or sporting events, generating income from sponsors or tickets' sales. Companies like IQ Consulting, Think B, Recura, and GLEAM Consulting offer fundraising services to CSOs both in the capital and in the major centers.

Income from products or services or rental of assets only accounts for a significant share of income for a handful of organizations. For example, training and education providers recover a significant part of their funding by providing services. In addition, twenty-four organizations are licensed by and receive funding from the former Ministry of Labor and Social Welfare (MLSW) to provide social and family services. The total public budget allocated for social and family services in 2019 was EUR 4.3 million. The provision of other services to the government, such as assistance in developing strategies, represents an insignificant source of CSO income in Kosovo. While CSOs still cannot establish social enterprises due to the lack of administrative instructions to implement the law, numerous CSOs have developed social enterprise activities like incubators, trade, education, and even production.

According to grantmaking foundations that receive hundreds of applications in response to their calls for proposals, most CSOs do not have adequate financial management systems in place. The vast majority of CSOs maintain their finances on simple Excel sheets, while a limited number of organizations utilize more advanced financial and accounting software such as QuickBooks, which offers customizable versions based on local taxes and regulations. According to the local certified vendor for QuickBooks, around 250 CSOs have purchased the product. Financial management services are available, but few organizations can afford them. CSOs with annual turnover of EUR 50,000 or more are obliged by law to undergo external financial audits. Organizations applying for larger grants from donor organizations undergo external audits to meet donor requirements. While an increasing number of organizations publish annual activity reports on their websites or social media pages, very few publish audited statements or financial reports online.

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## **ADVOCACY: 3.6**

CSOs engaged in significant advocacy efforts in 2019. Although it was an electoral year, many CSO initiatives were able to use grassroots action and public pressure effectively. Some advocacy initiatives resulted in changes in laws or policies. For example, the Constitutional Court issued a ruling confirming citizens' right to officially change their name and sex marker in their identification documents. Organizations representing lesbian, gay, bisexual, transgender, and intersex (LGBTI) persons mobilized in support of the initiative and the individual that filed the plea. In another example, at the request of a few trade unions, the Ombudsperson sent the Law on Salaries for Public Sector to the Constitutional Court to review, even though both the government and all other unions





Grassroots initiatives and movements—particularly those focused on the environment—and volunteerism increasingly emerged throughout the country. During the year, there were three massive citizen actions focused on protecting water resources from human-caused degradation. In Peja and Biti village in Shterpce, for example, mass citizen protests were organized against micro hydro-plants. In the protests in Biti—the first in Kosovo in which members of the Albanian and Serbian communities demonstrated alongside each other—several persons were injured in clashes with police. Another noteworthy citizen initiative opposed a planned residential construction project tens of meters away from Badovc reservoir, one of the two major sources of drinkable water for the capital. Over 30,000 people joined the Facebook group opposing the project. Even after the new minister of environment issued a decision to stop the project, the group continued to be active and still had over 27,000 members at the time of writing.

Direct lines of communication and other avenues for collaboration with policy makers exist at the local and central levels. Every draft piece of legislation is uploaded to a Public Consultation Platform. In 2019, the public consultation platform was expanded to include municipal regulations, thus fully encompassing the legal framework in Kosovo. However, public use of this platform continues to be very limited. An increasing number of municipalities have e-governance platforms, but the extent to which they update these varies. Mayors and government officials increasingly use social media to communicate with the public. Community members, CSOs, and activists advocate for their priority issues at public hearings, particularly on the budget and zoning/planning issues, which are mandatory. A civic initiative opposing a development project near one of Kosovo’s two water reservoirs mobilized public pressure aimed at the municipal assembly and the ministry to halt this environmentally concerning project. CSOs are also often invited to participate in working groups that are drafting laws, but these invitations are seldom issued in a timely manner. As a consequence, few organizations, particularly those from outside Prishtina, are able to participate in these forums.

Generally, the initial phases of the policy process are closed and only involve the ministries sponsoring them. While small groups of stakeholders may be involved at later stages, this usually happens when draft policies and laws are already at an advanced stage and little can be changed.

The Law on Access to Public Documents was amended in July 2019. The most notable change in this already favorable legislation includes the creation of the Commissioner as an independent body focused on more effective monitoring of data protection and access to public data. No effective government processes took place in the second half of the year, so there have been few opportunities to test the amendments’ real impact to date. The previous Law on Access to Public Documents was implemented effectively and institutions were forced to disclose public information, in some cases under court order.

CSOs monitor the work of the judiciary, as most court proceedings are open. The decision of one judge to forbid journalists from publishing information on one of the most high-profile cases—the so-called “Land Case”—until all testimony was completed provoked a significant response from civil society and media. Despite the declarative protest by civil society and media, the decision remained in place.

CSOs regularly implement awareness-raising campaigns on the rights of women, environment, energy efficiency, and other topics. Environmental initiatives, such as those for the protection of natural resources, are often citizen-led, but CSOs provided crucial institutional and logistical support.

In 2019, CSOs had little room to advocate on legislation, as the policy agenda was almost completely stalled. Due to political polarization and the switch of ruling parties after the election, it was difficult for CSOs to advocate for their issues and policies through parliamentary committees, parties, and caucuses.

In practice, DNGO does not allow CSOs to list lobbying as a registered activity. Despite this, CSOs are generally very comfortable with the concepts of lobbying and advocacy, although the terms are generally used interchangeably. The examples above represent mixed cases of lobbying and public advocacy.

During 2019, the new NGO Law was adopted, but no administrative instructions were issued for its implementation. CSOs like CIVIKOS and KCSF were quite vocal throughout the drafting and revision process and their engagement resulted in the removal of some negative provisions from the final draft. In 2019, CSOs also advocated for the development of administrative instructions for the 2018 Law on Social Enterprises.

## SERVICE PROVISION: 3.6



CSO service provision improved slightly in 2019, particularly in non-majority communities. MLSW licensed two non-majority CSOs—Center for Peace and Tolerance and Nas Dom—to offer social and family services for the first time. In addition, the first safe house for victims of trafficking and domestic violence in the municipality of Zubin Potok was opened, which will be managed by a CSO. The municipality donated the land for the safe house, and the United Nations Mission in Kosovo (UNMIK) provided financing. In other parts of Kosovo, CSOs continue to offer basic social services, education and training services, healthcare, and other types of services. CSOs are the only provider of many types of family and social services, such as those for children without parental care and shelter services for victims of abuse. In a major development, three

municipalities in majority areas received support through donor-funded projects to develop local action plans for social services. This could potentially strengthen the system and quality of social services. Some cultural CSOs produce cultural content such as concerts, plays, and exhibitions. For example, the municipality of Prizren entrusted management of the Lumbardhi Cinema to a CSO.

In general, CSOs work with donors, line ministries, and constituencies and communities to determine the needs for services. The thoroughness, inclusiveness, and professionalism of these processes varies and is often reflected in the implementation and output of those projects.

Member-based organizations generally extend their services to non-members, usually for higher fees. Most organizations target individuals or sub-groups in society without discrimination, and usually promote their services broadly. A few CSOs develop media products like TV shows, which are broadcast on national or cable stations. Some CSOs publish reports and multimedia content regularly in both local languages and in English. CSOs occasionally provide expertise to local and central institutions in strategy and policy development, research and analyses, and training.

Some organizations engage in income-generating activity in the form of social businesses, renting space, providing grants management services for donors, and providing training. CSOs generally lack the business acumen to generate sustainable income through services that would cover their core operating costs. Consequently, the majority of services is still subsidized by donor funding and the government, and the sustainability of such services is questionable.

Generally, the government recognizes the value of CSO services. The Law on Social and Family Services regulates the role of CSOs in the provision of basic family and social services and MLSW licenses organizations fulfilling the criteria for the delivery of those services.

## SECTORAL INFRASTRUCTURE: 3.5

Several positive developments affected the sectoral infrastructure in 2019. Minority-populated areas were at the forefront of the improvements in this dimension, with two permanent CSO resource centers constructed in Gracanica and Zubin Potok, both Serbian-majority municipalities. Through these centers, CSOs will receive office space and other types of support free of charge. The Municipality of Gracanica funded the center there, while Kosovo Foundation for Open Society (KFOS) funded the center in Zubin Potok.

In the capital, Advocacy Training and Resource Center (ATRC), KCSF, and FIQ continue to operate resource centers and provide services to CSOs. These centers provide most of their training and support free of charge to CSOs, with a limited number of programs requiring co-financing. As in previous years, there are fewer support and intermediary services in other parts of the country. In most municipalities, however, local authorities provide rent-free space for CSOs, usually within youth or culture centers.



An increasing number of organizations administer re-granting schemes on behalf of major donors. In addition to the more experienced and larger organizations like ATRC, KCSF, KFOS, and Community Development Fund (CDF), other organizations also re-grant donor funds—primarily EU funding—to different segments of civil society. Balkan Investigative Reporting Network (BIRN) provides investigative journalism grants and fellowships, Kosovo Stability Initiative (IKS) supports grassroots organizations, Institute for Development Policy (INDEP) and Balkan Green Foundation award grants for sustainable development projects, FIQ supports volunteerism and social enterprises, and Kosovo 2.0 awards grants to human rights organizations. During 2019, Democracy 4 Development (D4D) also administered a round of small grants on volunteerism, and Kosovo Women 4 Women offered a grant scheme for women entrepreneurs and women organizations.

Local training resources generally meet local needs. Several of the abovementioned re-granting programs include some type of capacity development for their grantees. A considerable number of management consulting professionals have the skills and knowledge to deliver management trainings to CSOs. Management training is available in all major cities. More specialized trainings can also be acquired locally. Most CSOs are still largely dependent on grant funding and can only attend trainings that are free of charge. Trainings materials and references are generally available in local languages.

Networks and coalitions are active in Kosovo only when supported through donor funding. Even long-term platforms and coalitions decrease their activity when donor funding is exhausted and reinstate their efforts when new funding is available. CIVIKOS, an umbrella organization, has not been very effective in promoting civil society's interests, in part because of leadership changes in the organization. Its networking role has been almost non-existent, and its activity consists largely of distributing information to CSOs. Other umbrella organizations such as Kosovo Women's Network have also been largely ineffective in exercising coordination functions within the sector.

Cross-sectoral partnerships are almost non-existent. The campaign supporting the tax on Serbian and Bosnian products, which has been in place since the end of 2018, represents one of the few occasions in which the government, private sector, and segments of civil society all aligned in support of a measure. While civil society representatives may be aware of the benefits of creating partnerships and coalitions across sectors, they seldom act to implement such initiatives. CSOs generally see themselves as adversaries with the private sector instead of allies.

## PUBLIC IMAGE: 3.3



The CSO sector's public image improved slightly in 2019 because of the positive public perception of grassroots initiatives, especially on environmental topics, that were supported by formal CSOs

CSOs continue to enjoy significant media coverage, at both the local and central levels. Most coverage is given to CSOs that present media-friendly content or are engaged in policy debates. Media is most likely to cover CSO events—either formal events such as conferences and roundtables or social, sports, and cultural events. There is a clear distinction between public service announcements (PSAs) and corporate advertising. While the former are aired for free, corporate advertisements require paid air-time. CSO representatives frequently get invited to discuss issues and current events alongside

political and institutional leaders in prime-time TV debates. However, often CSO invitees are not qualified to comment on the topics they are invited to discuss. In addition, media reports tend to generalize the views of a single CSO representative as civil society's perspective in general. While events and activities in the capital receive significant media attention, in other centers, national media visibility is quite difficult to obtain. During the election campaign in 2019, many CSOs advocated for their agendas by publicly calling on candidates and parties to commit to their causes; these calls received significant media coverage and had a positive impact on CSOs' image and visibility.

The public continues to perceive CSOs positively. The sector enjoys one of the highest levels of citizen trust recorded in UNDP's semi-annual Public Pulse, at levels similar to those of the Kosovo Security Forces and Kosovo Police and much higher than other public sector institutions, including the judiciary. The 2019 edition of this publication, which was focused on Reconciliation, confirmed the positive citizen perceptions of CSOs. When asked, "How do you view the role of the following mechanisms/programs with regard to the promotion of reconciliation in Kosovo?," 28 percent of respondents considered the role of CSOs as very important, with an additional 43 percent considering them somewhat important. While most people not affiliated with the sector do not know exactly what CSOs do, they are familiar with the general concept and are supportive of their work. The broad scope of activities and the number of beneficiaries of CSOs' projects have helped create the positive image that CSOs enjoy among the population.

The public sector generally acknowledges the role of civil society in public processes, and there were many instances in 2019 of successful cooperation between CSOs and the public sector, either in facilitating processes, implementing activities, or engaging in strategic planning or training. However, when not in line with government policies, politicians and institutional leaders label and stigmatize CSOs. In the polarized environment in Kosovo in 2019, CSOs had very little room to operate without being labeled as either representing the interests of the government or opposition. The business sector generally has a positive view of civil society.

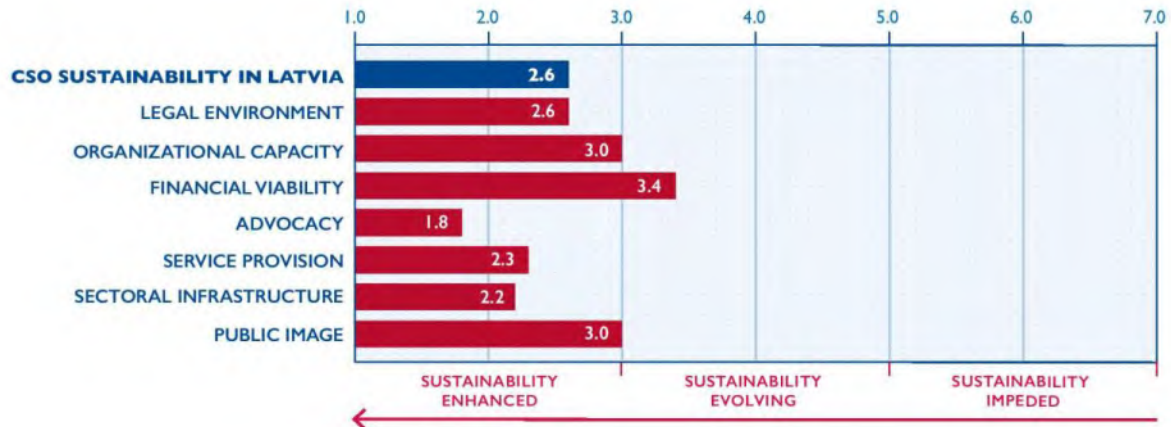
CSOs promote their work extensively both through traditional and online media platforms. Larger and more experienced CSOs have established working relations with journalists and often participate in TV shows to provide expert opinions. CSOs frequently use paid advertising in the media. While in most cases, donor funding is broadly advertised when used to fund media content, sometimes CSOs use paid "product placement" strategies to promote their work and results. The technological infrastructure available has reduced promotion costs for CSOs significantly and helped make CSO activities more visible. Organizations around the country utilize online and social media platforms to promote their work effectively.

CSOs in Kosovo do not yet adhere to a code of ethics or a high standard of self-regulation and there were no new attempts to implement such a code during 2019. While established CSOs that act as re-granting institutions regularly publish their financial and narrative reports on their websites, other CSOs seldom, if ever, publish financial information on their websites.

# LATVIA

Capital: Riga  
Population: 1,881,232  
GDP per capita (PPP): \$27,700  
Human Development Index: Very High (0.854)  
Freedom in the World: Free (89/100)

## OVERALL CSO SUSTAINABILITY: 2.6



Latvia held elections for the European Parliament and president in 2019. Both elections triggered high public interest. Egils Levits, a former judge of the Court of Justice of the European Union (EU), ran for president for the third time. The parliament voted Levits in as president, and he was inaugurated in July. In a positive gesture, both President Levits and Prime Minister Kariņš created cabinet positions to oversee public cooperation and communications. It is too early to say how much these positions will help improve democratic processes in Latvia.

Civil society expressed concern about claims made in 2019 are at high risk of money laundering. During a meeting of the Council of the Memorandum of Understanding between Non-Governmental Organizations (NGOs) and the Cabinet of Ministers, a body that includes both government and CSO representatives, the head of the Financial Intelligence Unit (FIU) claimed that the unit's monitoring showed that the expenditures of CSOs working in culture and sports were three times larger than their incomes. She said that the FIU questioned the aim of certain donations to CSOs and expressed suspicions that they might be connected to illegal activities. The FIU head later repeated these claims to the media. Fearing that vague announcements of this sort would harm the reputation of the sector and make banks unwilling to cooperate with them, CSOs appealed to the FIU to provide concrete information about these claims. Their request was not answered.

The overall sustainability of Latvia's CSO sector did not change in 2019. While the sector's legal environment, sectoral infrastructure, and public image deteriorated slightly, service provision improved. CSOs' organizational capacity, financial viability, and advocacy remained stable.

According to the database of Lursoft Ltd., there were 22,466 associations and 1,671 foundations registered in Latvia in 2019. Approximately 230 organizations were liquidated in 2019, a significant decrease over the previous year.

## LEGAL ENVIRONMENT: 2.6

The legal environment for CSOs in Latvia deteriorated slightly in 2019 as CSOs were subject to a growing number of regulations that restrict their operations.

CSOs continued to be governed primarily by the Law on Associations and Foundations and the Public Benefit Organizations Law. The registration process is easy and accessible, and all documentation may be submitted electronically. The fee for registering a new CSO is about EUR 12 (approximately \$14). Organizations whose members have disabilities or large families or intend to organize sports activities for children are exempt from the





registration fee. By 2023, all legal entities included in the registers, including associations and foundations, must activate e-mail accounts to facilitate cooperation with the public administration. The CSO sector has expressed concern that part of the public will not be able to fulfill such obligations.

In 2019, banks sometimes refused to open accounts for new organizations or announced that they would discontinue cooperation with individual organizations without offering clear explanations. According to a 2018 report by Moneyval, a Council of Europe body focused on money laundering and anti-terrorism, Latvia is at high risk of money laundering, and government supervisory authorities have advised banks to avoid working with unknown clients. Bank representatives indicate that it is

too costly for them to check the origins of funds flowing through CSOs if they lack clear statements about the “real beneficiaries” or target audiences, and so they sometimes simply choose not to work with certain organizations.

Two other legal issues involving CSO financing came to the forefront in 2019. First, the Ministry of Finance established a working group to address contradictions and ambiguities in the laws and regulations on public benefit organizations that impose unreasonable limitations and result in misunderstandings. For example, the Charity Fund of the Children’s Hospital (Bērnu slimnīcas fonds) is legally forbidden from using donations to buy technical equipment for the hospital. To avoid this restriction, the hospital rents equipment from the foundation in a somewhat awkward arrangement. The legal framework proposed by the working group would solve this problem by distinguishing between public benefit organizations that solicit donations and those that do not.

Second, the Ministry of Finance continued to insist that community foundations should not be allowed to collect and distribute funds unless they have public benefit status. Some ministry officials referred pejoratively to community foundations as “čaulas” or “shell” organizations and expressed suspicions that they are misused by individuals who seek financial gain while avoiding personal income tax.

CSOs expressed confidence that the Ministry of Finance was seeking solutions to these two challenges, but these efforts proceeded slowly, thereby putting many organizations in the position of not knowing whether they were managing their finances correctly or were subject to fines by the State Revenue Service. At the end of the year, CSOs were still waiting for the service to issue explanatory guidelines. In another development in 2019, the State Revenue Service requested CSOs to provide some sort of volunteer contract between CSOs and their board members. CSOs viewed this requirement as unnecessary and a misinterpretation of the nature of voluntary work.

The Ministry of Interior prepared new guidelines for organizers of public events in 2019, which emphasize risk analysis and the preparation of security plans for public assemblies and increase penalties for non-compliance. The new regulations, which were still with the Cabinet of Ministers at the end of the year, are widely viewed as difficult and expensive to fulfill, thereby putting event organizers at risk. In addition, municipalities began to ask organizers of regional and local events to conclude agreements with medical staff and security institutions and show certificates of insurance. Although these requirements had existed under previous regulations, municipalities had not insisted on their implementation. Many CSOs believe that municipalities are now trying to shift the administrative costs of public events onto organizers’ shoulders.

The Ministry of Culture is directly responsible for overseeing civil society. In 2019, CSOs criticized the Ministry of Culture for being passive in its response to the sector’s needs, reluctant to issue clear guidance, and slow to the point of negligent in addressing important issues in the sector’s development. In contrast, other ministries, such as the ministries of finance and Justice, seemed more interested in clarifying sector-related issues and less likely to challenge CSOs’ operations.

Organizations with budgets exceeding EUR 40,000 must register with the value-added tax (VAT) system. Individual and corporate donors receive tax exemptions for donations to public benefit organizations. Changes in the Enterprise Income Tax Law in 2018 freed enterprises of income taxes if they reinvest their profits into the

development of their businesses; this had a negative effect on corporate giving to the CSO sector in 2019. Tax policy, including the rules governing donations, will be reviewed in 2020.

CSOs may engage in economic activity and compete for government contracts. According to the 2017 Law on Social Enterprise, social enterprises must register as separate entities, are prohibited from paying dividends to their owners, and must engage members of their target groups in the management of the enterprise.

There are no lawyers in Latvia specifically trained in CSO law. Some lawyers and non-lawyers are knowledgeable about the legal issues facing CSOs and able to offer legal advice.

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## ORGANIZATIONAL CAPACITY: 3.0

The organizational capacity of Latvia's CSOs did not change in 2019. While organizational capacity varies in the sector, CSOs find that they generally have sufficient capacity and that there is no need for fundamental improvements.

CSOs working in social fields communicate clearly and consistently with their existing and potential supporters. Passionate and well-qualified staff and volunteers provide valuable services in fields in which businesses and the government lack competency or resources. For example, in summer 2019, the Latvian Rural Forum organized the Rural Parliament, a major event for local communities that brought together several hundred representatives from across the country to discuss important issues of rural development. Unregistered movements also continued to mobilize constituencies on specific issues. In 2019, after realizing that no one was watering the plants in public spaces in Riga during the hot summer months, residents organized themselves through social media and began to take care of the plants themselves.

Well-developed organizations design and implement strategic plans. However, many organizations continue to determine their approaches and activities based on the availability of donor funding.

CSOs' statutes define their internal management and decision-making structures. Most organizations organize meetings of members and strive to find new ways to engage them. For example, Civic Alliance-Latvia (CAL) has created information bulletins to describe the work of their members and publicize members' activities.

Although the number of CSOs grows annually, the number of active staff in the sector has remained steady. Many CSOs, especially those that engage in social services, animal care, and clean-up campaigns, rely on volunteers in their operations.

CSOs rent or own their own offices. Most organizations have sufficient technical equipment to support their daily operations, although few programs specifically target this need. CSOs rely heavily on information and communications technologies and are innovative in their use of technology to develop their organizations. For example, CSOs rely on social media to foster interest in their areas of competence, publicize their events and approaches, and organize fundraising campaigns.



## FINANCIAL VIABILITY: 3.4



CSOs' financial viability remained largely stable in 2019. While public funding for CSO initiatives increased, corporate support to the sector declined dramatically.

In a significant positive development, the government doubled its allotment to the National NGO Fund to EUR 1 million (approximately \$1.14 million). The fund is the primary source of grants for CSOs and democracy building in Latvia. In 2019, it issued grants on lobbying, capacity building, citizen engagement, and CSO cooperation. Funding is distributed through a transparent and competitive process. Several ministries also organized new funding initiatives.

During the year, the State Audit Office published a report stating that a few CSOs working in agriculture received large subsidies for participating in consultations

with the Ministry of Agriculture. CSOs participating in consultative processes with other state institutions viewed this as unfair, since they were not remunerated for their work. In addition, several organizations working in rural development that sought to join the Ministry of Agriculture's consultative body were rejected and therefore excluded from this financial support. These events led to a heated public debate about the definition of an agricultural organization and the ministry's transparency and effectiveness in spending government money. New regulations were prepared that detail eligibility requirements and the kinds of financial support that CSOs may receive from the Ministry of Agriculture. The regulations will be implemented in 2020.

In at least two cases in 2019, CSOs had difficulties with double standards of funding imposed by Latvian and EU sources. One case involved a CSO that was ordered to pay larger fees than allowable locally to experts in projects supported by the European Commission, and the other case concerned VAT recovery. In addition, government agencies do not interpret regulations consistently. These issues complicate CSOs' operations and can harm organizations' cash flows.

Several embassies and diplomatic missions, including the British Council and the Nordic Council of Ministers, provide vital support for local initiatives in areas such as education, social enterprises, citizen engagement, and cultural exchange. The initial distribution of funds through the Active Citizens Fund, which is supported by the European Economic Area and Norway Grants, was postponed from 2019 to spring 2020.

Several companies continued their corporate social responsibility (CSR) programs in 2019. However, because of the changes to the Enterprise Income Tax Law introduced in 2018, which freed enterprises of income taxes if they reinvest their profits into the development of their businesses, giving to the CSO sector declined dramatically in 2019. According to the State Revenue Service, donations to CSOs decreased by 38 percent or EUR 23 million (approximately \$26.2 million).

CSOs organized several successful fundraising campaigns in 2019. One of the most popular campaigns was organized by Radio 5 and the charity fundraising website Ziedot.lv, a cooperative effort of the commercial bank Swedbank and the foundation Ziedot (Donate). Three radio personalities were locked for one week in a glass studio in the center of Riga, where they broadcast songs if requesters made donations to a cause selected by the organizers. The campaign received a boost in visibility when the three Baltic presidents visited the glass studio during their meeting in Riga. The campaign raised nearly EUR 500,000 for liquid food for patients in palliative care, which is not covered by state medical programs.

CSOs conducted other effective fundraising campaigns in 2019. For example, the resource center Marta, which supports victims of domestic violence, human trafficking, and sexual abuse, invested heavily in developing personal relationships with its supporters. As a result, the amounts donated by individuals increased significantly in 2019, with a single individual donating more than EUR 10,000 (approximately \$11,000). Other CSOs are developing their own donating mechanisms, such as Projektu banka (Project Bank), a crowdfunding platform.

Almost all municipalities have some sort of grants system to support local CSOs, usually for cultural and sporting events or the renovation of towns and villages. At the end of 2019, the Latvian Rural Forum issued a study on CSOs' access to regional resources. The study found that 82 percent of municipalities provided grants to local organizations, communities, and even individuals. The main source of funding for local communities is still the EU LEADER program, which is administrated by local action groups consisting of CSO, municipal, and business representatives. These funds are distributed according to previously designed development strategies for the district.

There is still little understanding among CSOs about the need to diversify funding sources. Some CSOs rely on membership fees, and several CSOs receive procurements from state institutions to provide services, such as support programs for refugees.

CSOs usually have financial management systems and can access workshops on bookkeeping and financial management from CSO support organizations.

## ADVOCACY: 1.8

CSO advocacy did not change in 2019 in 2019.

CSOs are well informed and participate in the work of various parliamentary commissions and consultative bodies. In a new initiative in 2019, a member of the parliament initiated cross-sectoral discussions with youth organizations, activists, researchers, and civil servants about the situation of Latvian youth. The group discussed issues ranging from a proposal to give sixteen-year-olds voting rights to the high number of youth suicides. The discussions resulted in changes to make it easier for youth organizations to apply for state funding, among other things.

One of the most productive instances of cooperation between CSOs and state institutions in 2019 was their work on the National Development Plan 2021–2027.

The plan is the highest public policy document in the country and serves as a guideline for the state budget and the distribution of EU Structural Funds. CSOs contributed to the plan's sixth priority, which aims to create a "united, safe, and open society." Public consultations on the plan included local focus groups and public comments on a web portal.

During the year, the Ministry of Environmental Protection and Regional Development proposed an initiative to encourage participatory budgeting on the municipal level. The proposal was part of a plan to improve regional development by reducing the number of municipalities from 119 to thirty-nine. CSOs and citizens participated in public hearings and other activities both for and against the reform. To gain visibility, opponents of the reform joined protests against shortages in medical personnel organized by the Latvian Junior Doctors Association, Association of Latvian Nurses, and other organizations.

The portal manabalss.lv continued to serve as an effective platform for citizens' policy initiatives in 2019. The portal was heavily used: thirteen initiatives gathered more than 10,000 signatures during the year; the number of new users on the platform increased to 42,570 from 28,327 in 2018; and individual signatures increased dramatically to nearly 248,000 from 21,800 in the previous year. Manabalss.lv is also developing projects on digital literacy and the fight against fake news and has received funding from the Ministry of Foreign Affairs to improve the quality of Ukrainian digital democracy platforms.

In 2019, Transparency International Latvia (TIL) continued its efforts to expand the availability of open data—that is, cost-free data in machine-readable format without legal restrictions on its reuse. To help activists and the media use open data effectively, TIL sponsored its first anti-corruption hackathon in 2019. Public officials, digital gurus, journalists, and CSO experts analyzed datasets to shed light on the link between business and politics. Their efforts



resulted in several valuable innovations, including three prototypes for open data tools, thereby highlighting CSOs' capacity to provide creative solutions to complex issues.

In other advocacy activity in 2019, the Latvian Rural Forum, which consists of thirty-six regional organizations, organized the Rural Parliament, a major event that brought together representatives from around the country to discuss rural development, depopulation, accessibility to services, and related topics. The network of Regional Resource Centers, which fosters public engagement in government policy, organized community meetings to discuss a new policy blueprint for social integration and civil society development, which was still under development at the end of the year. The "City for People" movement, an initiative self-organized by local residents, successfully pushed for the closure of a main street in Riga to cars one day a month.

One of the most visible lobbying efforts during the year was the campaign of the Latvian Ornithology Association against a regulation that would allow the harvesting of much thinner trees. After twenty years of debate and intense lobbying by environmental CSOs, the parliament finally approved a deposit system for beverage packaging in 2019. The Whistleblowing Law, one of CSOs' main lobbying successes in 2018, was inconsistently implemented in 2019.

CSOs agree that a law on lobbying is needed but disagree among themselves about the distinction between lobbying for business purposes and for the public good. Public benefit organizations are concerned that any regulation of lobbying should not deprive them of access to policy makers. Discussions on this topic did not move forward in 2019.

CSOs continue to discuss legal reforms that would benefit the sector, in areas such as taxation, transparency, and public benefit, but no concrete improvements were made in this area in 2019.

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## SERVICE PROVISION: 2.3



CSOs' service provision improved slightly in 2019, fueled by an increase in the number of social enterprises.

CSOs provide a wide variety of services in fields ranging from education and social services to the training of judges, integration of migrants, prevention of human trafficking, and tourism. In 2019, a foundation named High Technology Park in Ventspils offered training on diversity management to more than 200 top-level managers and staff from state institutions, businesses, and CSOs. The training focused on areas such as gender equality and anti-discrimination measures.

All CSO services are developed to respond to the needs of communities and specific target groups. Organizations typically collect and analyze data when designing their programs. For example, after determining the need for

such a program, the oncological patient support association Tree of Life (Dzīvības koks) created a special room for cancer patients in one of Latvia's largest hospitals, where it employs at least ten specialists to provide psycho-social services. Several organizations have developed quality services that the government has recognized and started to support.

Several organizations offer services that benefit broad constituencies. The Baltic Center for Investigative Journalism Re: Baltica publishes articles online about sensitive matters, such as fake news and the unfulfilled promises of politicians. Some reports are issued with the generous support of readers. The public petition portal Manabalss.lv has gained popularity by providing outstanding, comprehensive information about voting initiatives. In cooperation with a local commercial television station, Manabalss.lv also produces a weekly television show on the same topic.

Some CSOs engage in income-generating activities to help cover the costs of the services they provide. An outstanding project in 2019 was that of the Latvian Movement for Independent Living, which supports disabled



youth. The organization plans to sell 1 million candles to individuals and businesses, using the money for new programs to enable young people with severe disabilities to live in group apartments.

The number of social enterprises is growing. In 2019, one year after the Law on Social Enterprises came into force, there were already ninety-four social enterprises offering services in areas such as education, health care, and information technology. Many receive subsidies from the Structural Funds program through the state agency Altum in the framework of a pilot project that will last until 2022.

In cooperation with the Ministry of Defense, CAL and other organizations conducted training in schools about citizenship and security. The schools have requested additional training.

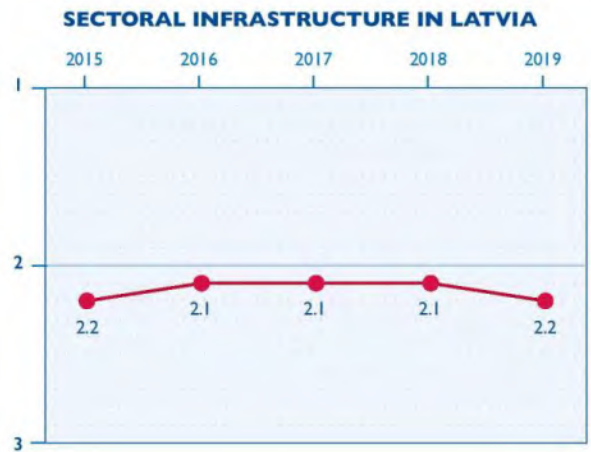
The government, at both the state and municipal levels, generally recognizes the value of CSO services, particularly social services. The government acknowledges CSOs' commitment to providing services and recognizes the close relationships that they have with their users.

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## SECTORAL INFRASTRUCTURE: 2.2

The sectoral infrastructure for CSOs declined slightly in 2019 as support centers have limited access to flexible funding.

An active network of CSO support centers provides advice, training, and other services to local CSOs and individual activists. Most of the five regional support centers provide timely information through informational bulletins, websites, and Facebook. They also offer networking opportunities and organize forums to promote social interactions. The NGO Support Center in Zemgale offers language courses and foreign volunteer exchange programs and in 2019 organized a leadership training program for youth leaders from five countries. All regional NGO support centers coordinate and implement activities with the Ministry of Culture, with a special focus on the integration of minority groups. But as the ministry staff controls funding, support center staff have little control over expenditures and programming. The municipality of Riga continues to support the Riga NGO House, which acts as a hub or collective workplace for organizations lacking office space, coordinates events such as seminars and lectures, and provides advice on CSO development.



International organizations with representative offices in Latvia issue informational bulletins. For example, the International Political Analysis Unit of the Friedrich-Ebert-Stiftung distributes a bulletin on international politics and society to CSOs, among others.

Some communities have strong traditions of collecting funding from community members. For example, the Latgale Community Fund successfully raises funds from the local community for initiatives such as scholarships for doctors moving to Latgale to work and talented young musician and support to families in need. In a notable achievement, a consortium of six CSOs was selected to implement the Active Citizens Fund, and will begin distributing grants to other CSOs in 2020.

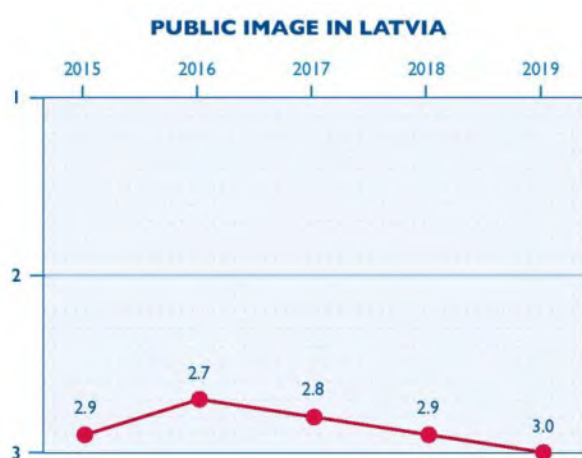
CAL is a respected partner of state and municipal institutions and for almost ten years has hosted one of the largest regional meetings of Baltic CSOs, which also includes CSOs from Russia. In cooperation with experts from other countries, and in the framework of the ERASMUS+ program funded by the European Commission, CAL has helped create digital tools on CSO development. Another major event that continues to foster CSO cooperation, citizen engagement, and democratic development is the annual LAMPA festival. In 2019, the festival attracted more than 20,000 people and nearly 1,500 speakers, who offered a total of about 800 hours of lectures on different topics in the course of two days.

CSOs have the possibility to participate in various trainings offered by CSOs and commercial institutions. Training is available also in the scope of EU programs. For example, the ERASMUS+ program provides training to youth, CSO professionals, and others.

An outstanding example of intersectoral cooperation in 2019 was the work of the environmental CSO Green Liberty, which helped the country prepare to implement an EU directive requiring the separate collection of textile waste starting in 2025. Green Liberty worked with stakeholders ranging from waste management companies, second-hand clothing collectors, and wholesalers to policy makers, academics, and charities. Businesses engage in vibrant cooperation with CSOs in the framework of their CSR programs. In 2019, several new partnerships were launched by businesses interested, for example, in the implementation of the United Nations' Sustainable Development Goals. Commercial television companies cooperate with foundations to organize annual charitable campaigns.

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## PUBLIC IMAGE: 3.0



The public image of CSOs deteriorated slightly in 2019 because of derogatory comments about CSOs by government officials and politicians and media coverage of controversial results of the state audit.

Most media coverage of CSOs occurs in the context of scandals. For example, during its May 2019 audit, the State Audit Office found that two foundations established by the municipality of Riga—Riga Tourism Development Bureau and Riga.lv—had received EUR 20.9 million (approximately \$23.8 million) of the EUR 26.5 million (\$30.2 million) included in the scope of the audit. These organizations were found to have engaged in dubious donation schemes, incomprehensible trademark dealings, potentially fictitious hiring, unprincipled grantmaking, and unreasonable spending. The scandal was covered

intensively by the media. Although some organizations do have ties to Latvia's so-called oligarchs, some publications routinely refer to such CSOs as if the problems are intrinsic to the sector as a whole. Such coverage had a damaging effect on CSOs' overall public image.

At the same time, some CSOs, especially those working in fields such as social issues, the environment, and health care, benefited from positive media coverage in 2019. Commercial television stations' charitable drives highlighted cooperation with some foundations, although the foundations were perceived mainly as secondary partners.

The public has mixed views of CSOs. Some service organizations have created strong, vibrant, and trustworthy brands. In 2019, organizations representing medical personnel helped reinforce a positive public image for the CSO sector when they gained high visibility during public protests in which they presented well-articulated positions and calls for action. But for much of the public, the term "CSO" has negative connotations. Many people do not associate the activities of CSOs with the work of specific associations and foundations that they know.

Most government officials use negative rhetoric when referring to advocacy CSOs and their activities that seek to involve citizens in politically sensitive matters. Nevertheless, in 2019, there was a common feeling among CSOs that the understanding of higher government officials of CSOs' role in democratic processes had improved, particularly in terms of basic consultation processes.

The business sector understands the meaning of corporate social responsibility (CSR) and a growing number of corporations work with CSOs to organize activities for the public good.

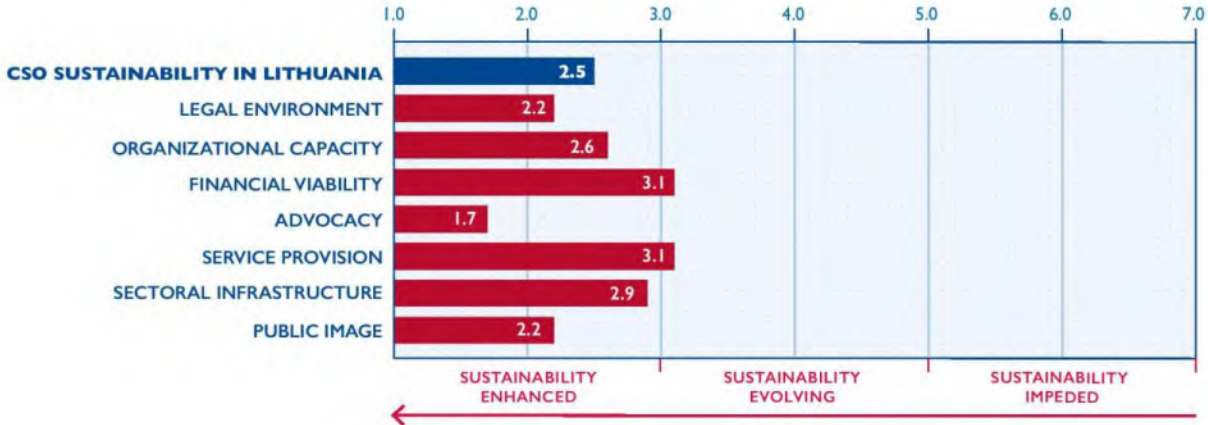
CSOs publish reports and articles and organize publicity campaigns about socially sensitive issues. They also use social media to distribute information about developments in the sector.

The largest CSOs are transparent in their actions and finances and seek to inform the public about their initiatives by, for example, publishing annual reports, distributing them to members, and posting them on their websites. A code of ethics for the CSO sector has been drafted but is not yet operational.

# LITHUANIA

Capital: Vilnius  
Population: 2,731,464  
GDP per capita (PPP): \$32,400  
Human Development Index: Very High (0.869)  
Freedom in the World: Free (91/100)

## OVERALL CSO SUSTAINABILITY: 2.5



Three elections were held in Lithuania in 2019. Local elections were organized in March and presidential and European elections were held in May. The results indicate that to date Lithuania has largely avoided the wave of populism and Euroscepticism observed in much of Europe. In both the European and local elections, traditional parties—both conservative and social democrat—received the most votes, while populist candidates failed to gain much traction. In the presidential elections, the two candidates who made it to the final round both based their campaigns on rational arguments rather than populist ideas. Youth organizations and civil society in general actively engaged in pre-electoral debates and monitored the elections. In addition, a constitutional referendum on the legalization of dual citizenship was held in May, with wide engagement of the Lithuanian population and the diaspora. While 71.8 percent of those who voted approved of the referendum, this was equivalent to just 38 percent of eligible voters, falling short of the requirement that 50 percent of eligible voters in the country approve a constitutional amendment.

Overall CSO sustainability improved slightly in 2019, with improvements recorded in the legal environment, financial viability, advocacy, and service provision dimensions. A highlight of the year was the passage of the new Law on the Development of Non-governmental Organizations (NGOs), which clarifies the concept of an NGO and establishes the National NGO Fund. CSOs defended their legal interests and advocated with more confidence. There was some progress in the transfer of public services to the CSO sector, and CSOs diversified their funding sources.

There are approximately 35,000 registered nonprofits in Lithuania, including public institutions established by the government. About half of registered organizations are estimated to be active.

## LEGAL ENVIRONMENT: 2.2

The legal environment governing CSOs in Lithuania improved in 2019, with important developments in the legislation regulating Lithuania’s third sector.

CSOs continue to register and operate under the Laws on Associations, Charitable Foundations, and Private Nonprofit Entities. In December, the Seimas (parliament) approved a new version of the Law on the Development of NGOs, which will come into force in March 2020. This long-awaited law clarifies the concept of an NGO as a public legal entity that acts on a voluntary basis and is independent of the state or municipal authorities and bodies.



An NGO acts for the benefit of the public or a group and does not pursue political ends or purely religious objectives. Not all associations or private nonprofit entities will qualify as NGOs under the new law.

The law also establishes the first dedicated NGO financing mechanism from the state and municipal budgets in Lithuania. Instead of ministries channeling government funds to NGOs through various thematic programs, beginning in 2020, the government will make budget allocations to the National NGO Fund equivalent to 20 percent or more of the total income tax allocated to nonprofit entities by individual taxpayers in the previous year. Based on tax designations in 2018, it is estimated that the initial size of the National NGO Fund will be over EUR 4 million. The law also clarifies the

principles for the formation and functioning of NGO councils at the municipal level, which were initially established in 2014. Municipal NGO councils will consist of both representatives of municipal institutions and representatives of NGOs operating in the municipality, with NGO representatives comprising at least half of the council.

Although the law's passage is significant, CSOs objected to amendments introduced at the last minute in response to lobbying by the Conference of Lithuanian Bishops that replace obligatory CSO financial reporting with voluntary declarations to the Center of Registers. CSOs felt that this change undermines the sector's long-term efforts to increase transparency.

The Law on the Development of Community Organizations came into force in March 2019. This law provides for the establishment of a National Council of Community Organizations and for municipal level Councils of Community Organizations composed of representatives of the government and community organizations on a parity basis. The main activity of the newly established Councils is to submit proposals to state or municipal institutions, something that was possible even before the law was passed. In addition, all municipalities already have NGO councils that include community representatives. Although the new law does not give community organizations any specific rights or functions or additional funding, CSOs still hope that in time the law's by-laws and amendments will benefit the sector.

The draft Law on Social Business Development, which had been stalled since 2017, was submitted for consideration by the Seimas in May 2019. The National NGO Coalition and several other organizations are advocating for changes to the current version of the law, which was developed by the Ministry of Economy and Innovation. CSOs have voiced concerns about several aspects of the law, including the provisions governing accreditation and reporting and the requirement that 50 percent of the income of social enterprises comes from commercial activities.

CSOs continue to register with the Center of Registers. Since 2017, CSOs have been able to register online, which has made the process faster and easier. Deregistration, on the other hand, remains complicated and takes between two to three years.

Individuals can assign 2 percent of their income tax obligations 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.

CSOs are able to earn income from the provision of goods and services. According to tax reforms adopted in 2018, however, the profit tax exemption that CSOs previously received will gradually be abolished beginning in 2019. As of 2020, CSOs will pay the same profit tax rates as businesses—5 percent for small CSOs on all goods and services sold and 15 percent for large CSOs. In addition, the period during which CSOs may save profits before they must use them in the pursuit of public interests will be reduced from five years to two years. The reduced time for pooling funds will affect the long-term planning capacity of CSOs, as well as their investment in infrastructure.

In December 2018, the Ministry of Finance supplemented the two original CSO financial reporting forms with seven appendices requesting detailed data on financial supporters and voluntary work contributions; reports



covering 2019 are due in mid-2020. CSOs believe that these additional reporting requirements make nonprofit accounting more complex than business accounting. In addition, gray areas exist in the legislation, including the lack of a clear definition of public interest which has made it possible for the Tax Inspectorate to create rules prohibiting CSOs from acquiring fixed assets.

Although the Public Procurement Office has agreed that CSOs are not contracting authorities, the lack of legal provisions to support this statement puts CSOs at risk of being considered contracting bodies, which would subject them to more complicated procurement procedures and reporting requirements. In one case, for example, the Lithuanian Business Support Agency doubted the Youth Association Tau Penki's contracting status and refused to sign a funding agreement with it.

Several instruments allow the government to impose fines on CSOs, and smaller and less professional CSOs often find out about legislative changes only when they are notified of such fines. In several locations, including Širvintos, Kaunas, Druskininkai, and Šalčininkai, local authorities have harassed CSOs with inconvenient inspections that disrupt CSOs' work.

Legal assistance to CSOs varies from region to region. Local authorities in Tauragė, Kėdainiai, and Gargždai make efforts to provide legal assistance to CSOs. CSOs are likely to get better access to legal resources if their heads belong to or support the political force which governs the municipality. Umbrella organizations and the NGO Law Institute occasionally provide training and consultations on legal aspects of CSO work. For example, the Lithuanian Anti-Poverty Network assisted its members in setting up data protection systems.

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## ORGANIZATIONAL CAPACITY: 2.6

Organizational capacity in the CSO sector remained unchanged in 2019.

CSOs that competently address hot topics such as children's issues, poverty, education, and the environment continued to build their constituencies and engage bigger and more committed audiences, both locally and nationally. In 2019, community organizations mobilized residents of Vilnius around the use of public spaces. The Rytas community of Lazdynai district, for example, facilitated discussions among its residents, resulting in a comprehensive plan to reconstruct the neighborhood's three squares. Umbrella organizations organize consultations to gauge public interest in their thematic areas and to identify specific needs. For example, in 2019, the National Network of Education NGOs organized events focused on the quality of education in Lithuania and the Lithuanian Anti-Poverty Network spurred public discussions on the welfare system.

Youth engagement in CSOs grew in 2019. Through the Žinau ką renku (Learn Before You Vote) campaign, which aims to increase political accountability and youth involvement in politics, young people organized eighty-four debates with mayoral candidates in February and March. Over 12,000 people participated in the events and 260,000 people watched the debates online. The network also maintained an online public platform ([www.zinaukarenku.lt](http://www.zinaukarenku.lt)) that allows citizens to communicate directly with politicians. The platform had 20,000 unique visitors and politicians were asked 1,400 questions. Also, young volunteers conducted sixty interactive youth educational activities to raise civic awareness about the importance of voting.

Most CSOs have a clear thematic focus and a clearly defined range of activities. Those without these guiding principles struggle to survive. In 2019, umbrella organizations promoted and held trainings for their members on strategic planning, although organizations were not always eager to engage in planning processes. Some boards of directors undertook efforts to strategically reform their organizations with varied results. In the case of the Red Cross Society, internal disagreements resulted in the collapse of the board, with only two members remaining from the original nine.



Boards of directors play an important role in umbrella organizations, while smaller CSOs have varying views regarding the necessity and usefulness of separate management structures. Some organizations struggle to get rid of their disruptive and often no longer relevant founders. In 2019, one well-known animal charity paid off its founder to denounce his governance rights after failing to resolve the situation through legal instruments.

According to employment statistics from 2019, private nonprofit entities, which includes CSOs and other nonprofits in the public sector, employed about 102,000 people; associations employed 5,300 people; and charitable foundations 700 workers. While these numbers increased between 2018 and 2019, they are still slightly lower than in 2017, with the changes likely explained by the EU funding cycle. CSOs continue to struggle with exhaustion and high dropout rates among their staff and find it difficult to replace staff. Permanent staffing remains a major challenge for CSOs due to a lack of dedicated funding. Only big national organizations can afford full-time staff. Practically all CSO workers in the regions work part-time or are volunteers who earn their living in other sectors.

There are no official statistics on volunteering in Lithuania. According to data from individual organizations, CSOs providing social care and humanitarian assistance, like children’s day care centers and animal charities, continue to rely mainly on volunteers in their daily work. National volunteering campaigns reported stable levels of volunteer engagement. For example, the World Clean-up Day organized by Akcija Darom recruits at least 100,000 volunteers each year, and 8,000 volunteers collect donations at supermarkets all over the country twice a year for the Food Bank. Poorly staffed organizations are not capable of expanding their pool of volunteers, especially in small communities. Animal charities and big organizations alleviating poverty successfully recruit volunteers, especially for certain well-designed campaigns. For example, Penkta koja had an overabundance of volunteers interesting in taking dogs for walks during its shelter clean-up in the fall but struggled to recruit volunteers to help with the shelter’s daily operations. Many corporate volunteers helped out at the Food Bank in Vilnius during the final months of the year.

CSOs have good access to information and communications technologies (ICT) and there is good internet coverage throughout the country. CSOs’ equipment, however, is often outdated and donors seldom invest in its renewal. CSOs’ technological competencies continue to grow with the gradual transition to paperless reporting and centralized databases. For example, CSOs implementing projects under the Operational Program for Investments of the EU Funds 2014-2020 are required to exchange data on a special website. CSOs generally utilize social media effectively, but seldom develop specialized software to aid or facilitate their day-to-day work because of a lack of resources. In 2019, CSOs were not eligible for dedicated funding for innovations from the Science, Innovation and Technology Agency (MITA), which is available to businesses.

## FINANCIAL VIABILITY: 3.1



The CSO sector’s financial viability improved moderately in 2019, with the emergence of some new funding sources and increases in individual giving, individual tax allocations, and revenue generated from the sale of services.

The Active Citizens Fund (ACF) was launched in Lithuania in October 2019. ACF, which is funded by the European Economic Area Financial Mechanism, will distribute EUR 9 million in grants to CSOs between 2020 and 2024. Grants will support projects focused on citizen participation, advocacy, human rights, empowerment of vulnerable groups, CSO capacity building, and sustainability of civil society. The first grants are expected to be awarded in spring 2020.

The government funds CSOs primarily through thematic programs supervised by various ministries. Children’s day care centers and umbrella and youth organizations are among the few areas that benefit from significant government funding. There is no centralized data on the government’s funding for the sector, but there seemed to be an increase in 2019 as the government provided co-

funding for ESF programs. Also, the Program for Sustainable Cultural Development allocated over EUR 1 million to cultural organizations working on 187 national initiatives. Responding to requests from CSOs, the Ministry of Social Security and Labor opened calls for proposals for 2020 funding a couple of months earlier than in previous years. As a result, children's day care centers, organizations providing services to vulnerable groups, umbrella organizations, and other CSOs will start receiving funds earlier in the year, which will make their financial situations more stable. On the other hand, more than EUR 117 million in unused social benefit money remained untapped as municipalities did not exercise their right to redirect the unused funds to CSOs.

The Charities Aid Foundation's 2019 World Giving Index, which provides aggregated data for the past ten years, placed Lithuania among the ten least giving countries in the world. However, according to the latest data from Lithuania's Department of Statistics, individual and anonymous donations grew from EUR 21 million in 2017 to EUR 24 million in 2018, while local business support remained stable at EUR 89 million. Businesses primarily support the country's biggest charities, children's day care centers, and organizations working with children and ill people. The online fundraising platform Aukok.lt, which celebrated its tenth anniversary in 2019, raised EUR 353,000 in 2019, an increase of EUR 40,000 compared to 2018.

Overall individual tax allocations to all nonprofits (including government-funded nonprofits such as schools and hospitals, political parties, and artists) grew from EUR 17.8 million in 2018 to EUR 20.7 million in 2019, while allocations for CSOs specifically grew from EUR 11.2 million to EUR 13 million. While the overall number of individual tax contributors to all types of nonprofits dropped by 12,000 to 519,000, the number of people supporting CSOs through individual tax contributions increased by 4,000 to approximately 335,000.

Organizations that demonstrate competent and innovative fundraising attract generous public support. The Children's Cancer Foundation Mothers' Union met an ambitious EUR 2.5 million fundraising goal within a year to establish a rehabilitation and information center for children with oncological diseases and their families. The Food Bank's annual charity concert raised EUR 207,000 in 2019, compared to EUR 161,000 in 2018 and EUR 146,000 in 2017. Although the success of Lithuania's big charities is inspiring, there are fears that these efforts might deplete limited resources and further weaken smaller CSOs that are struggling.

Revenue generated from the sale of services grew slightly in 2019. In the area of education, over 50 schools and 130 kindergartens established by CSOs successfully charge for their services. Social service organizations had more opportunities to diversify their funding by partnering with municipalities in programs funded by the European Social Fund (ESF). For example, in 2019 EUR 5.8 million was allocated nationally to cover the costs of personal assistants provided by 322 CSOs to people with disabilities. This funding was provided as part of a bigger Program of Complex Assistance to Families, which has funding of EUR 36 million, with 75 percent of funding earmarked to purchase services from CSOs. Most of these funds will be distributed in 2020.

Bigger CSOs hire bookkeeping firms to do their accounting and financial reporting to the government, while small organizations cannot afford professional accountants. The 2018 tax reform introduced changes to CSO accounting that came into effect in 2019. Experts complain about the complexity of the new reporting requirements, which will be especially hard for small CSOs to meet. Independent financial audits continue to be expensive and CSOs seldom undertake them unless required by donors. CSOs rarely commission performance audits and auditors lack skills in performing such audits.

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## **ADVOCACY: 1.7**

CSOs actively engaged in advocacy in 2019. Confidence grew within the sector as advocacy approaches progressed from constant defense to proactive advocacy focused on CSO law reform. The sector gained new representation, with delegated representatives on Regional Development Councils. In addition, the government assigned the National NGO Council the right to endorse national candidates for Diversity Europe – Group III of the European Social and Economic Committee.

Lithuania's laws provide for several dedicated channels of CSO-government collaboration. The Law on the Development of NGOs established national and local NGO councils in 2014. After a period of inactivity between 2015-2017, the National NGO Council now holds regular meetings and plays a constructive role in the law-making process. The Council met eight times during 2019 and contributed to the adoption of the new Law on the Development of NGOs and the retraction of recurrent attempts to require CSOs to register as lobbyists.

However, municipal NGO councils have not yet become vehicles for advocacy on the local level as CSOs based in the regions often lack the skills, courage, and resources to engage in advocacy work.

The Law on the Development of Community Organizations, which was passed in 2019, established councils of community organizations. These councils largely mirror the NGO councils: both consist of government representatives and CSOs and address issues relevant to civil society. The CSO community, including the National Association of Urban and Rural Communities, met the new councils with reservation, partially because CSOs are overwhelmed with opportunities to participate in various councils and commissions. In smaller communities, the sector is too

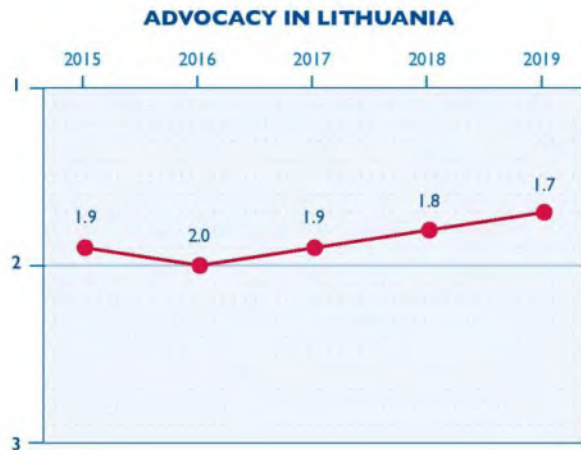
sparse and weak to engage fully in all the representative bodies, including the municipal NGO Council, the Child Welfare Council, the Family Commission, and the Commission on the Affairs of People with Disabilities.

Organizations working in the areas of poverty alleviation, consumer rights, and the environment complain that legislators organize meetings at short notice and fail to update their agendas in a timely manner. Meetings are also hard to follow due to the abundant use of legal and technical language. Since the General Data Protection Regulation (GDPR) was enacted in May 2018, various government agencies have restricted access to data. For example, in June the Seimas passed amendments to the Law on Reconciliation of Public and Private Interests; among other changes, the amendments allow politicians to declare less information on their private transactions. Transparency International Lithuania effectively persuaded the Seimas that the GDPR should not apply to information about politicians participating in elections, and that those involved in politics should adhere to the highest standards of transparency.

Some lawmakers expect CSOs to accept their propositions and are not willing to carefully consider recommendations made by CSOs. However, umbrella organizations and coalitions increasingly push the Seimas and government, as well as their various councils, to engage with the CSO sector in shaping Lithuania's legislation and public agenda. In 2019, CSOs came together to advocate for improvements to the Lithuanian National Progress Strategy (NPS) 2030 and its supporting National Progress Program. In the opinion of CSOs, the National Progress Council, which is responsible for the two undertakings, set unambitious goals that are unlikely to improve various areas of social life.

The NGO Coalition for the Rights of the Child, the Lithuanian Human Rights Center, and children's rights experts criticized the head of the governing party for introducing an amendment to the draft Law on the Fundamental Rights of a Child that would allow families to use mild corporal punishment to discipline their children. The amendment was subsequently withdrawn. In the presidential and municipal elections, CSOs actively organized debates and noted the candidates' positions on various sensitive issues in order to help citizens formulate well-founded opinions on candidates.

The Law on the Development of NGOs originated within the NGO sector. The NGO Information and Support Center (NISC) and Lithuania's largest umbrella organizations lobbied the government and the Seimas to define the status of an NGO and introduce other legal provisions that would support the sustainable development of the sector. In contrast, the Law on the Development of Community Organizations was initiated by politicians; NGOs did not actively lobby for this law and generally found it excessive as it duplicates provisions of the Law on the Development of NGOs.



## SERVICE PROVISION: 3.1



CSO service provision improved in 2019, as CSOs provided more services and broadened the variety and clientele of their services.

In 2019, services delivered by CSOs continued to concentrate in the areas of social work, education, culture, sports, animal welfare, and health promotion. A new service that provides personal assistants to people with disabilities was launched in 2019, with joint funding from national and local budgets. CSOs provide limited services in areas such as economic development, urban development, and governance. CSOs also provide consultations and expertise in government-funded projects and occasionally to businesses.

A survey conducted by Enterprise Lithuania in July 2018 found that municipal authorities seek CSO assistance to

assess the need for services. The survey found that CSOs are responsive to the community and are more flexible and provide better quality services than the municipalities' own establishments. CSOs seldom evaluate the quality of their services. The Lithuanian Anti-Poverty Network urged its members to evaluate their performance and offered a self-assessment methodology, which at least twenty organizations used. CSOs typically determine the need for services through their own observations and suggestions by members of their communities.

CSOs' ability to recover costs for their services did not change in 2019. CSOs largely serve clients who are not able to pay for services. The government provides CSOs with some funds through grants and contracts for service provision, but funding is often provided at rates that barely allow CSOs to cover the costs of services and financial loss is common. CSOs do not have the ability to conduct market research but are generally aware of their constituencies' ability to pay.

The NPS 2030 states that the government's own establishments should provide public services only if these services cannot be outsourced to CSOs or businesses. The Plan of Action for implementing the NPS set a goal of outsourcing at least 15 percent of all public services by 2020. Data from NISC indicates that in 2018, CSOs received 6.7 percent of the total municipal funding for public services, an increase of 1.5 percent compared to the previous year. Although data for 2019 is not yet available, it is predicted that CSO engagement in public service provision continued to grow. In 2019, municipal authorities sought additional funding for CSO services by submitting proposals for EU and other programs.

CSO engagement in service provision varies from municipality to municipality. Data presented by NISC shows that public services have been transferred to CSOs faster in bigger cities, where the CSO community is larger and stronger. In 2018, CSOs delivered up to 9 percent of public services in Kaunas, 12 percent in the capital city of Vilnius, and 17 percent in Klaipėda. In contrast, eighteen out of sixty regional municipalities reported not contracting CSOs at all. Some smaller municipalities, however, have also demonstrated the viability of CSO services. For example, the municipality of Kėdainiai organized CSO forums and trainings on service provision and designated awards for services benefitting communities. The municipality of Kazlų Rūda, which in 2019 outsourced all social services to CSOs, was the first to apply reserved procurement, a system established by law in July 2018 that allows the government to simplify the procedures for outsourcing services to CSOs.

In 2019, the municipalities of Kaunas City and Kaišiadorys Region implemented pilot projects to test the outsourcing guide prepared by the Ministry of Economy and Innovation. Participating CSOs experienced financial loss, and the pilots exposed the fact that municipal authorities' procurement conditions typically establish low rates, set excessive administrative requirements, and require CSOs to contribute their own resources.

The government agency Enterprise Lithuania identified sixty-five social businesses in the country in 2018. This number at least doubled in 2019, mainly as a result of funding for social businesses from the EU LEADER program, which helped establish sixty-four new social businesses in 2019. Environmental ideas were the driver for many



social businesses. For example, the Urban Laboratory community center in Vilnius offered environmentally-friendly catering and environmental and civic education services.

## SECTORAL INFRASTRUCTURE: 2.9

The infrastructure supporting the CSO sector remained stable in 2019.

NISC further established itself as the main source of sector-related data. NISC continued to host the National NGO Coalition, the main representative body through which the sector promotes its legislative interests. NISC held a successful National NGO Forum in November which was attended by the country's top-level officials.

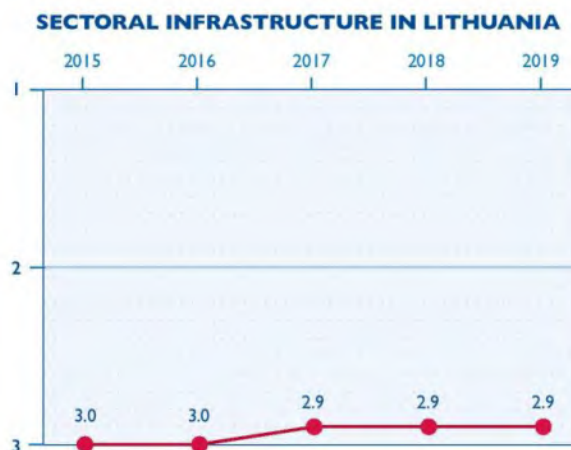
CSOs belong to numerous umbrella organizations. These include the Council of Lithuanian Youth Organizations (LijOT), Lithuanian Union of Local Community Organizations, the Lithuanian Anti-Poverty Network, the Lithuanian Disability Organizations Forum (LNF), the Coalition of Human Rights Organizations, and the National Network of Education NGOs. In 2019, umbrella organizations built closer relationships with their members, actively advocated towards common aims, and supported efforts to build the organizational capacity of their members. Umbrella organizations disseminated information and methodologies and carried out research to benefit their members and the sector. For example, the Social Business Association commissioned a study on the challenges and prospects of social business in Lithuania, and the Confederation of Children's NGOs held a national forum on the children's welfare system.

Umbrella organizations offered the majority of trainings for CSOs in 2019. CSOs were most interested in training on the transfer of public services. Umbrella organizations held numerous seminars, forums, and workshops on the topic with most trainings open to non-member CSOs and partners from other sectors. Local government representatives appreciated methodological support from CSOs in preparing for the forthcoming reform and willingly took part in training events. The municipality of Kaunas provided consultations on CSO accounting.

Although turnover in the sectors' workforce is high, CSOs' core staff, including the heads of organizations and other key experts, generally stay with their organizations for years and have participated in numerous specialized trainings. However, people in youth organizations change fast and they lack CSO sector specific knowledge and skills. Umbrella organizations help to address this gap by providing assistance with strategy development and self-assessment. CSO workers are less interested in training than in the past; to be of interest, training must be well customized and have attractive content and an original delivery format.

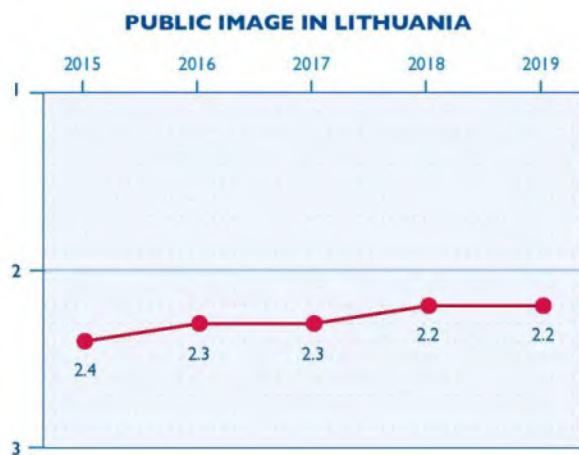
The Ministry of Social Security and Labor has administered dedicated funding for umbrella organizations since 2017, and this funding will be available through 2021. This enables umbrella organization to engage in longer-term planning and engage in more ambitious projects and campaigns. However, some of the weaker umbrella organizations failed to receive any funding from the program. Ten umbrella organizations were recruited to monitor the usage of EU funds under the Structural Investment Oversight Committee.

Very few local grantmaking organizations were active in 2019. Former professional basketball player Rimantas Kaukėnas's Charity Group was an exception. The charity, which was among the top five recipients of individual income tax allocations in 2019, provides funds to healthcare organizations to buy medical equipment for the treatment and rehabilitation of children diagnosed with cancer. For the second year in a row, the municipality of Alytus piloted an innovative participatory budget initiative. It put part of its budget for culture and landscaping into a special fund and allowed citizens to select projects for funding by popular vote, which was conducted electronically. Over 1,300 people—more than 4 percent of the city's total inhabitants—cast votes. By the end of the year, the municipalities of Panevėžys, Šiauliai, and Kretinga were replicating the Alytus initiative.



Various intersectoral partnerships established during previous years continued and consolidated in 2019. For example, the White Gloves anti-corruption movement partnered with the Central Electoral Commission to monitor the presidential and municipal elections. The Social Employment Agency Sopa cooperated with the Lithuanian Employment Agency to provide job opportunities for people with disabilities. Businesses and public institutions continued to sign on to the EU Diversity Charter, which promotes equal opportunities in the workplace. Some new intersectoral initiatives also emerged during the year. For example, the Lithuanian Association of the Blind and Visually Impaired worked with the transportation services company in Vilnius to develop a free public transportation mobile app for blind and visually impaired people in the capital. The same association worked with the national parks to develop special maps and information in braille.

## PUBLIC IMAGE: 2.2



Despite media coverage of several cases of fraud within the CSO sector in 2019, the sector’s public image remained stable and was generally positive.

In 2019, Lithuania’s leading media—Lithuanian National Radio and Television (LRT), the internet portal Delfi, and newspaper 15 min—provided comprehensive reports on the sector with coverage of CSO fundraising events, thematic campaigns, discussions on CSO legislation, and numerous interviews with CSO experts. While CSO coverage was generally positive, the media openly criticized charitable foundations established by politicians, viewing these as vehicles to self-promote and bribe voters. The media also exposed schemes by businesses that used charitable foundations to evade taxes and bribe politicians and reported financial mismanagement at a

well-known charity supporting children with disabilities. Media coverage of these scandals helped to educate Lithuanian society on the legal forms of the nonprofit sector, CSO governance, and limitations in the use of funds. As a result, negative opinions of individual organizations no longer taint the image of the entire sector. Some negative portrayals in the media did have a ripple effect, however. For example, an animal charity reported a drop in donations and was subject to public accusations for months after an investigative article was published on an unrelated cat shelter at the end of 2018. Scandals surfacing in the media propelled some self-regulation efforts within the sector, led by umbrella organizations. For example, all members of the Confederation of Children’s NGOs signed the confederation’s code of ethics. Also, the government required CSOs to publicize their donors and beneficiaries as part of reporting requirements.

Data on the 2 percent individual income tax allocations indicates that CSOs remain more trusted by society than political parties. Over 464,000 people supported CSOs through their tax allocations, compared to 55,000 who supported political parties. The growth of corporate volunteering with the Food Bank in 2019 is a sign that businesses recognize the value of CSO services in the community.

Lithuanian society is increasingly polarized. Some organizations, such as the Lithuanian Human Rights Center, have witnessed the emergence of “dedicated haters” who publicly disparage them. Organizations must have strong public relations skills to defend their positions and win new supporters for their causes. Professional CSOs use various tactics to promote themselves, including organizing innovative campaigns and engaging celebrities. For example, the Free Society Institute’s annual anti-abortion campaign was more visible in 2019 due to the participation of Lithuania’s First Lady. However, most Lithuanian CSOs cannot afford publicity; they have neither the skills to prepare publicity material, nor specialized staff in this area.

The government demonstrated a positive perception of CSOs in 2019 by inviting third sector representatives to participate in various committees, commissions, and interagency meetings. For example, the Public Procurement Office discussed public procurement issues with CSOs alongside representatives of the ESF Agency and the National Paying Agency under the Ministry of Agriculture. In December, the Seimas approved the candidacy of the Director of NISC to the Chief Official Ethics Commission. The Commission consists of five members and is

responsible for the supervision of persons employed in the civil service and persons carrying out lobbying activities as well as the prevention of personal corruption. Nevertheless, not all CSO dealings with government agencies were constructive. For example, the Lithuanian Disability Organizations Forum complained that the government was not sufficiently open to criticism and suggestions from CSOs.

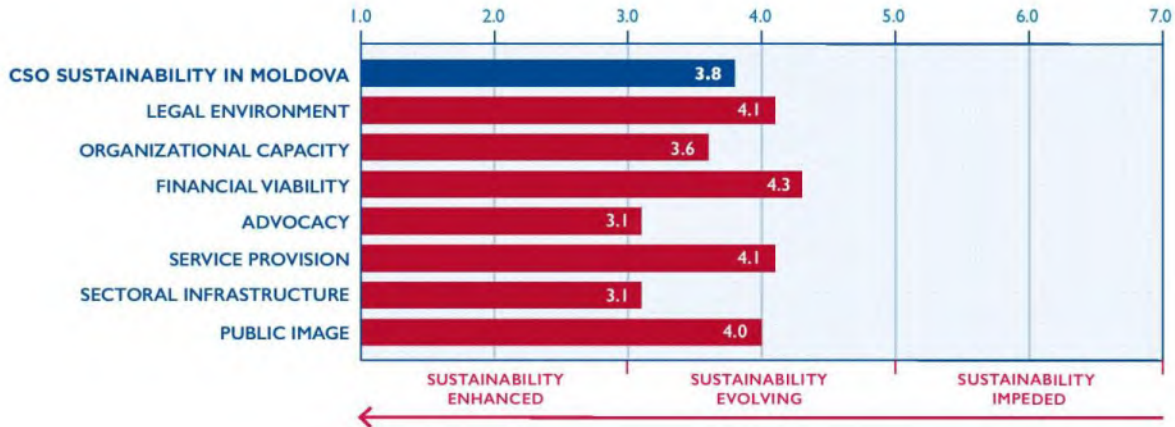
In 2019, Transparency International Lithuania received international recognition through the anti-corruption award Amalia for the impact of its Transparency School, which was organized in cooperation with Mykolas Romeris University. Over the last decade, this school has brought together over 1,200 young professionals from more than 120 countries.

CSOs advocated for the incorporation of legal measures ensuring transparency and accountability in the Law on the Development of NGOs. The leading CSOs publish reports, and all CSOs submit financial and activity reports to the authorities.

# MOLDOVA

**Capital:** Chişinău  
**Population:** 3,364,496  
**GDP per capita (PPP):** \$6,700  
**Human Development Index:** High (0.711)  
**Freedom in the World:** Partly Free (60/100)

## OVERALL CSO SUSTAINABILITY: 3.8



Parliamentary elections were held in Moldova on February 24, 2019. For the first time, elections were organized on the basis of a mixed electoral system in which fifty members of parliament (MPs) were elected on party tickets, while the other fifty-one were elected by first-past-the-post voting. The elections were followed by a three-month period of negotiations to form a governing coalition. Negotiations ended on June 8, 2019, when the Socialist Party and the pro-European political bloc ACUM agreed to form a new government. The Democratic Party of Moldova (DPM), which ruled the country while negotiations were underway, initially refused to recognize the new government, a move supported by the Constitutional Court. Following a period of instability and uncertainty, on June 14, the DPM accepted the new government and the Constitutional Court overturned its decision. The coalition government then assumed office until November 12, when it was dismissed by a censure motion. A new government was set up with the support of the Socialist Party and DPM that ruled until the end of the year. Throughout the year, CSOs actively monitored the elections and the activity of the three governments.

Despite this turbulent context, overall CSO sustainability remained unchanged in 2019. Three dimensions of sustainability—financial viability, service provision, and sectoral infrastructure—registered improvements. Foreign donors increased funding, which was largely concentrated outside of the capital, while the portfolio of CSO services diversified. The infrastructure supporting the sector strengthened with the growth of local grantmaking capacity. The legal environment, organizational capacity, advocacy, and public image of the sector did not change notably in 2019.

The exact number of CSOs registered in Moldova is not known. According to the State Register of Non-Commercial Legal Entities published by the Public Services Agency (PSA), there were 13,518 non-commercial organizations registered in December 2019. Of these, 12,404 can be considered CSOs, as defined by the CSO Sustainability Index. The majority of these (9,655) are public associations. The remainder includes religious groups, foundations, private institutions, patronage associations, unions of legal entities, non-commercial newspapers and magazines, trade unions, and entities registered under other forms, including local representatives of international non-profits, associations of water users, and others. During 2019, 477 new CSOs were registered. According to PSA representatives, the State Register of Non-Commercial Legal Entities is not very accurate because of inaccuracies in the information transferred from local public authorities (LPAs), which were responsible for registering local CSOs before PSA assumed this responsibility in 2018. The National Bureau of Statistics indicated that in 2019, only 26 percent of registered CSOs submitted financial statements or statements that they had no income in 2018. As all CSOs are required to submit annual financial statements, this may be considered an indicator of active CSOs.

CSOs in the Transnistrian region, a separatist territorial unit in the east of Moldova, continue to operate in a hostile environment. The Law on Non-Governmental Organizations (NGOs), which entered into force in May 2018, places the work of CSOs under significant control and prohibits CSOs that receive foreign funding from engaging in so-called political activity, which is defined broadly and includes protests, interpretation of laws, and criticism of the government's actions. Amendments adopted in November 2018 require CSOs to report to the tax structures in Tiraspol information on the volume of funding they receive, as well as information about the programs and actions that they plan to implement in the region. Violations of these legal provisions can result in sanctions or even the dissolution of an organization. CSOs in the Transnistrian region are also subject to other forms of pressure, including travel bans on human rights defenders, intimidation by local Security Service (MGB) representatives, and the initiation of criminal cases. CSOs in the region also are still subject to negative rhetoric that damages their public image. During 2019, the "official" media channels of the de facto administration in Tiraspol broadcast and published several articles and reports denigrating CSOs. According to data submitted by the self-proclaimed Ministry of Justice in the Transnistrian region, there were 2,479 CSOs registered as of December 2019, of which 10 were political parties and 15 were territorial representatives of these parties; only about 100 CSOs are thought to be active. In the Autonomous Territorial Unit Gagauzia (ATU Gagauzia), about 500 CSOs are registered of which only a few dozen are estimated to be active.

## LEGAL ENVIRONMENT: 4.1



The legal framework governing CSOs did not change substantially during 2019. Parliament did not take action during the year on the Law on Non-Commercial Organizations, which passed the first reading in May 2018. The law, which has been under development for several years with substantial input from CSOs, would limit arbitrary interference by authorities in the activity of nonprofit organizations, clarify the terms and conditions for the registration of CSOs, abolish arbitrary foreign funding restrictions, and clarify the ways in which CSOs can be involved in political activities. The new law is expected to regulate public associations, private institutions, and foundations. Until its adoption, public associations are still regulated by the 1996 Law on Public Associations, foundations are regulated by the 1999 Law on Foundations, and private institutions are regulated by

the Civil Code.

The new Civil Code entered into force in March 2019, thereby creating some legislative gaps that affected CSOs. The updated version of the Civil Code does not mention unions of legal entities, a common form of associations of for-profit corporations. As a result, unions of legal entities can no longer register, forcing them to register instead as patronage associations until the new Law on Non-Commercial Entities is adopted. Legal entity unions registered before March 2019 can continue to operate legally.

CSO registration did not change in 2019. Public associations continue to register easily at the PSA's territorial offices, also known as multifunctional centers. To register other forms of CSOs, such as foundations or private institutions, however, applicants must submit documents to one of the multifunctional centers in Chisinau or wait for representatives of the territorial offices to send the documents to the office in Chisinau and then make changes if needed. While registration should be completed within fifteen days, this inefficient communication system can lengthen the registration process.

At the end of 2019, the Ministry of Agriculture, Regional Development, and Environment (MARDE) set up a working group to help draft a special law to regulate the activity of Local Action Groups (LAGs), partnerships between CSOs, enterprises, and LPAs that develop local development strategies for their local communities and then apply for grants to implement them. This would allow the official registration of LAGs in accordance with the practice in the European Union (EU).



Some CSO representatives were harassed by the authorities in 2019. In June, RISE Moldova released a report indicating that more than fifty people, including civil society representatives, had their phones tapped and were followed by authorities over the last two years. In some cases, the information collected was leaked by unknown people and used by various political groups to accuse civil society representatives of acting in coordination with other political groups. Another example of harassment took place in February, when Orhei police arrested and fined three members of the Occupy Guguta community after they displayed a banner critical of Mayor Ilan Sor on the Orhei Town Hall building.

The tax treatment of CSOs did not change in 2019. CSOs may be exempted from income tax if they meet requirements specified in the Tax Code. In addition, some CSO projects are exempt from value-added tax (VAT). In April, the Platform for the Development and Promotion of Philanthropy in the Republic of Moldova submitted a set of proposals to the authorities to amend legislation in the field of philanthropy and sponsorship. The proposals would simplify the existing mechanism through which the tax authorities confirm corporate donations and make other changes to stimulate corporate donations to CSOs. The proposals are expected to be discussed and approved in 2020.

According to Article 30 of the Law on Public Associations, a CSO can obtain public benefit status if it has been registered as a public association and operated for more than one year; its statutory purposes are public benefit activities; and there are no conflicts of interest between the CSOs and the beneficiaries of the public benefit activities. As this status does not offer many benefits, only a few CSOs obtain it. In 2019, for example, only sixteen CSOs newly obtained public benefit status.

Individuals can direct 2 percent of their income tax to an accredited CSO. Due to fiscal reforms in October 2018 that introduced a flat income tax, the funds accumulated through this mechanism are expected to decrease as individuals' income tax will decrease.

The existing legal framework allows CSOs to seek financial resources from both public and private sources. CSOs can earn money through statutory economic activity, social entrepreneurship, and the provision of social services to central and local public authorities. As a result of a study presented in 2018 by the Institutum Virtutes Civis Association regarding the direct financing of CSOs by the state, a joint meeting was organized in December 2019 between representatives of the State Chancellery and civil society. At the meeting, participants discussed the possibility of developing a regulation to standardize conditions and procedures for funding CSO projects from the public budget.

Outside of Chisinau, CSOs can receive legal advice from the University Legal Clinic in Balti, Caroma Nord, Contact Cahul, and other organizations. Legal capacity in the regions continues to be lower than in the capital. However, as foreign funding for CSOs increased in 2019, the capacity of CSOs to provide primary legal advice to CSOs in the regions also increased.

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## ORGANIZATIONAL CAPACITY: 3.6

The organizational capacity of CSOs did not change substantially in 2019.

The vast majority of CSOs in Moldova still struggle to identify and develop relationships with their constituents. Because of CSOs' high dependence on donor funding, CSOs are largely focused on writing proposals and reports and allocate much less time to communicating with the people, communities, and groups of which they are part. Over the last two years, however, CSOs have focused on strengthening their relationships with their constituents to persuade people to direct 2 percent of their owed income tax to them. In 2019, 34,066 taxpayers supported CSOs through the 2 percent mechanism, an increase of 20 percent over the past year.

Many residents in rural areas have either created new



initiative groups or become more actively involved in existing CSO activities in order to raise funding for community projects. As part of the Incubator program implemented by the United Nations Development Programme (UNDP) Moldova and the government of Switzerland, for example, initiative groups were created in twenty-eight localities to identify and solve problems faced by their communities. Also, informal online groups with close connections with their members, such as Parinti Solidari (Solidarity Parents), Ask a Mom, and Save Chisinau, are increasingly developing.

Officially registered CSOs are required to indicate their statutory purposes in their founding documents. Generally, CSOs try to pursue their statutory missions and goals, but in many cases, the availability of donor funding drives their scope of work. For example, over the last two years the increase in funding for media literacy has led many CSOs to focus on this area even if they had other priorities previously.

Strategic planning practices did not change substantially in 2019. Some CSOs continue to develop strategic plans with financial support from donors, although funding instability continues to discourage other CSOs from undertaking strategic planning processes. In many cases, informal initiatives are far more consistent in adhering to their strategic goals than formal CSOs.

The Law on Public Associations does not prohibit members of a CSO's board from also being employees, except in organizations with public benefit status. While this provides CSOs with greater flexibility to determine their internal management structures, it also allows internal conflicts of interest to emerge. This is especially a problem in small organizations, which frequently employ members of their governing bodies. A growing number of CSOs develop policies and procedures to guide their internal operations, but these documents are rarely followed.

Although Moldova is experiencing a mass exodus of the population that affects employers in all sectors, large CSOs are able to attract professionals because they can often offer salaries that are more competitive than those in the public or private sectors. On the other hand, small CSOs, especially those in rural areas, are unable to offer high salaries and therefore lack qualified personnel. Often, staff involved in local CSOs have other primary jobs, with their CSO involvement providing them with supplementary income.

Many CSOs rely on volunteers to carry out activities. In 2019, a total of 173 entities had status as host institutions for volunteering activity, which allows them to issue volunteer cards, nationally-recognized documents that confirm work experience. In total, 353 volunteer cards were issued in 2019, slightly more than the 312 issued in 2018. According to the Charities Aid Foundation's 2019 World Giving Index, during the last ten years, an average of 16 percent of Moldovan people have volunteered, which places the country in 72nd place out of 126 countries. Volunteering in Moldova is still primarily associated with young people, although an increasing number of programs and platforms are being created to involve the elderly in volunteer work. In December 2019, the Ministry of Health, Labor, and Social Protection launched the Grandparents Volunteer Program to increase the participation of elderly people in social and economic life. In June, the International Conference on Civic Engagement through Intergenerational Volunteering was held in Tiraspol with representatives from Belarus, Ukraine, Romania, and Moldova, including the Transnistrian region.

Most CSOs in rural areas cannot afford to pay for their own offices and instead operate in available spaces in town halls, schools, and other local public institutions. In the capital and other larger cities, CSOs have better technical conditions due to the existence of resource centers, as well as CSOs' ability to raise more funds. Money collected through the 2 percent mechanism serves as an important source of funding for the technical endowment of CSOs, as some of these funds can be used for organizational needs. The Family and Child Protection and Support Association, for example, partially financed the purchase of a physical space with the resources collected through this mechanism.

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## **FINANCIAL VIABILITY: 4.3**

CSOs' financial viability improved slightly in 2019, largely due to the increase in funding from foreign funders. At the same time, social entrepreneurship and crowdfunding continue to develop. According to data from the National Bureau of Statistics, the 2,223 CSOs that submitted financial statements in 2019 reported total revenues of approximately \$175 million in 2018, about \$16 million more than in 2017.

The vast majority of the sector's revenue continues to come from foreign donors. According to the CSO Meter presented in 2019 by the Promo LEX Association, in 2017-2018 75 percent of surveyed organizations reported



that they received foreign funding. Other sources of income reported by the CSOs participating in this study were donations from individuals (36 percent), percentage designation mechanism (41 percent), membership fees (30 percent), state funding (20 percent), corporate support (20 percent), and economic activities (21 percent).

CSOs can receive funds directly from the public budget through grants, subsidies, and service contracts. The Ministry of Culture, Education, and Research is the central public authority offering the most grants to CSOs. In 2019, it awarded a total of \$395,000 in grants to twenty-six youth CSOs for projects targeting youth participation, services, and economic opportunities, and strengthening the youth sector, an increase of about

\$50,000 over 2018. In 2019, the same ministry provided \$204,500 in grants to eighty-one cultural CSOs, approximately \$32,000 less than in 2018. Other central public authorities that provide funding for CSOs are MARDE, the Ministry of Health, Labor, and Social Protection, and the Diaspora Relations Bureau in the State Chancellery.

For the third year, individual taxpayers had the right to redirect 2 percent of their income tax to an accredited CSO in 2019. Revenue collected through this mechanism in 2019 reached MDL 7.6 million (approximately \$434,000), a 37 percent increase over 2018. A total of 732 CSOs were accredited to receive funding through this mechanism in 2019, an increase of 138 compared to 2018. However, 23 percent of the total amount directed to CSOs in 2019 went to the Association of Veterans and Pensioners of the Ministry of Internal Affairs of the Republic of Moldova, which has been the largest beneficiary for the last three years. Both this organization and others at the top of the list have direct connections to state authorities or commercial companies, which have many employees. This may indicate that employers have been able to influence their employees to direct 2 percent of their taxes to their affiliated CSOs, which could discredit the 2 percent mechanism.

CSOs continue to collect money through crowdfunding mechanisms, especially for community projects. The main national platforms are Sprijina.md and Caritate.md (which is mostly focused on collecting money for health-related causes). UNDP Moldova actively used national crowdfunding platforms such as Sprijina.md and Guvern24 within its projects. Between 2015 and 2018, UNDP helped its beneficiaries develop fifty-five crowdfunding campaigns, through which more than 10,000 people donated about \$166,500.

Corporate philanthropy continues to be limited. In 2019, Contact Center organized four regional meetings between CSOs and local companies to promote the concept of corporate philanthropy.

The EU and USAID continue to be the primary foreign donors to CSOs in Moldova. The EU significantly increased its funding for CSOs in 2019. During the year, four EU-supported projects that benefit CSOs with total budgets of about EUR 11 million began to be implemented, compared with just one project with a budget of EUR 2.1 million in 2018. USAID disbursed \$15 million in funding for projects in the field of governance and civil society in 2019, up from \$12 million in 2018. Another major donor is the Swedish International Development Cooperation Agency (Sida), which provided \$3.2 million in support to nineteen CSOs in 2019.

CSOs increasingly generate their own resources, both through statutory economic activities and social enterprises. The nine social enterprises selected in 2018 by the East Europe Foundation have already started to generate results. The Deaf Children Association of Moldova, for example, began to sell honey from the fifty bee families it purchased under the project.

A limited number of CSOs have strong financial management systems. The financial capacities of regional CSOs are especially limited. Donor-funded capacity-building projects often address financial management and financial sustainability. The USAID-funded Media Enabling Democracy, Inclusion and Accountability (MEDIA-M) project implemented by Internews, for example, has a special focus on developing financial policies and procedures for its beneficiaries.

## ADVOCACY: 3.1

In 2019, CSOs were unable to achieve any major advocacy results as a result of the rapidly changing governments during the year. Rather than promoting their own initiatives, CSOs focused most of their attention on the government's proposed programs. For example, the program of the government of Ion Chicu, which assumed power in November, called for "strengthening the watchdog role of civil society organizations and forbidding them to engage in political activities." CSOs reacted to this with great concern, especially given previous governments' attempts to limit CSO participation in public policy activities.

According to the CSO Meter, 68 percent of respondents have participated in national decision-making processes and 59 percent have participated in local decision-making processes. Three-quarters (75 percent) of those who participated in these processes found them to be difficult or very difficult. Furthermore, 63 percent of respondents noted that public authorities did not provide feedback on their proposals and 47 percent said that their contributions were not reflected in final policy documents.

Formal mechanisms to ensure CSO participation in decision making continue to develop. A subdivision was created within the State Chancellery in 2018 to ensure cooperation with civil society. In 2019, a person was hired within this subdivision to promote cooperation with civil society. In December, a consultative platform of civil society representatives was set up in the parliament that will contribute to the drafting, adoption, monitoring, and evaluation of all laws and decisions.

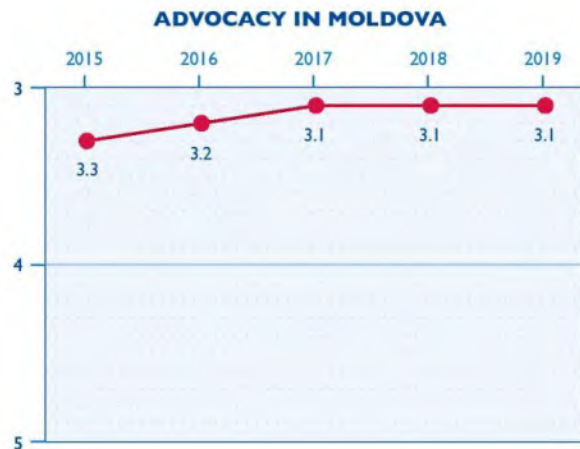
The NGO Council remains the main representative structure of CSOs in Moldova. Among its main objectives are monitoring laws that impact CSOs, facilitating collaboration between CSOs and authorities, and increasing the degree of transparency and visibility of the non-governmental sector. While the NGO Council only holds general meetings every two years, an elected board meets almost every month.

The National Participation Council (NPC) is tasked with promoting the participation of CSOs in decision making. In April, all members of the NPC completed their mandates; however, elections for new members were not held during the year. The State Chancellery developed a set of proposals to increase the effectiveness of this structure, including the exclusion of representatives of the private sector, the inclusion of additional tasks such as the development of alternative reports on the implementation of government programs, and giving the NPC President the right to attend meetings of state secretaries. However, no formal steps were taken to adopt this initiative due to the change in governments.

Some CSOs do not believe the NPC should exist at all, as they fear that the government will treat the NPC as the only participatory body in public policies and will therefore exclude individual CSOs with expertise in various areas. In addition, as the NPC lacks the capacity to react to every public policy and decision, some CSOs feel that it is more important for individual CSOs to take the initiative to advocate in their areas of expertise.

As a result of an advocacy effort that started in 2017, the Solidarity Fund in Moldova together with other CSOs successfully introduced the LEADER concept—an EU method for supporting rural development at the local level in order to revitalize rural areas and job creation—on the public agenda. At the end of 2019, parliament voted in the first reading on a series of amendments that would allow the official registration of LAGs and the allocation of up to 5 percent of the Agriculture Subsidies Fund to these structures.

CSOs such as Promo Lex, ADEPT, and the Independent Press Association actively monitored the candidates and media coverage of the campaigns during both the parliamentary elections in February and the local elections held in March. The Coalition for Free and Fair Elections, a platform of thirty-five CSOs, also played a key role in monitoring the electoral process and media behavior and developing advocacy efforts for inclusive elections. Some minor irregularities were identified during the parliamentary elections, but these did not have a significant effect on



the overall results of the elections. In February, RISE Moldova launched a platform with profiles of political figures, including political candidates, with information about their connections, assets, and other relevant information.

Mechanisms for the participation of CSOs in local decision-making processes continue to develop. Since 2018, LPAs have been required to include in the State Register of local acts all decisions of local and district councils, the orders of the mayor and the district president, the acts of the praetor, and other acts. In this way, all citizens, including CSOs, have the opportunity to monitor the activity of local authorities. By the end of 2019, about 295,338 documents had been published.

CSOs were unable to advocate around the Law on Non-Commercial Organizations during the year, which passed its first reading in May 2018. Some CSOs expressed concerns that negative amendments may be inserted to the law at the last minute without consultations.

## SERVICE PROVISION: 4.1



CSO service provision improved slightly in 2019. A growing number of CSOs, particularly mutual benefit associations, diversified their services during the year. For example, the Beekeepers Association from Moldova received accreditation from MARDE to provide trainings for beekeepers and issue training certificates that are recognized by public institutions. By offering such services to its members, these organizations were able to more than double their revenues.

CSOs continue to provide services in areas such as education, entrepreneurship, legal assistance, institutional development, assistance for people with disabilities, and home health services. Services provided by CSOs largely address the needs of beneficiaries and are offered without discrimination. In order to determine

beneficiaries' needs, CSOs generally either address their beneficiaries directly, or carry out surveys, analyses, or other types of studies in the field. In addition, CSOs have access to other studies that assess community needs. For example, the "Baseline study on social services for people with intellectual and psycho-social disabilities and children from vulnerable groups," which was published in April 2019 with funding from the EU and Soros-Moldova, documented and identified the needs of vulnerable people and the regions of Moldova where social services are needed. In November, the Contact Center published the document "Study on social contracting," which contains useful information about challenges in the social contracting process and the legislation that regulates these aspects.

Several CSOs, including CasMed, Keystone, Eco-Razeni, and Dorinta, provide services for a fee or conduct economic activities through social enterprises. There are currently more than twenty social enterprises and a growing number of initiatives and programs support both existing and new social enterprises. In September 2019, the fifth edition of the National Conference for Social Entrepreneurship was organized, which was dedicated to assessing the impact of social enterprises and promoting good practices.

As in previous years, foreign donors finance the majority of the costs of CSO service provision. In addition, there are examples of social contracting by the state at both local and national levels through procurement or tender procedures. During 2019, for example, the Ministry of Health, Labor, and Social Protection provided the International Center La Strada with a contract of approximately \$51,500 to manage the telephone hotline for victims of violence. However, there were also instances when the authorities cancelled contracts that had been awarded to CSOs. In the autumn of 2019, the State Chancellery cancelled three of the eight contracts that had been awarded by the previous government in February and decreased the budgets of the other five contracts. For example, the Resource Center for Human Rights (CReDO) received only about 60 percent of the initially awarded sum of MDL 1.2 million (approximately \$68,500). The State Chancellery stated that the reason for these decisions was that the procedures to award the contracts were not transparent.



The use of contracts by central and local authorities is limited by various factors. First, according to official estimates, more than 80 percent of LPAs are not financially viable and therefore have limited capacity to set up or procure new services. At the same time, current regulations regarding public procurement procedures and public-private partnerships are not adapted to the field of social service contracting or the specificities of nonprofit providers. Despite this fact, CSOs make efforts to provide these services. For example, in 2019 CasMed, one of the most active service providing organizations in the north of Moldova, provided over 108,000 visits to provide medical and social care at home, serving over 2,000 beneficiaries. The National Health Insurance Company fully covered the costs of 1,252 of these visits, while the rest were covered partially by LPAs (about 30 percent of remaining costs), patients (10 percent), and various local and international donors (60 percent).

## SECTORAL INFRASTRUCTURE: 3.1

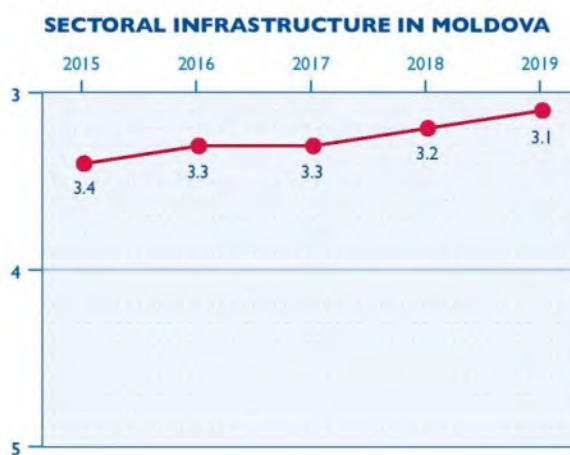
The infrastructure supporting the CSO sector improved slightly in 2019 as local grantmaking capacity has improved, which has increased the amount of funding that reaches local CSOs.

Organizations that provide institutional support and respond to the basic needs of CSOs and active citizens operate in Chisinau municipality and regions outside the capital. Among the main support organizations are ProCoRE and CasMed, which operate in the northern region of the country, Contact Cahul for the southern region, and the Pro-Europe association and Pilgrim-Demo Center for ATU Gagauzia. National support organizations include the Contact Center and the Center for Organizational Consultancy and Training (CICO). These organizations provide small grants to local CSOs, organize thematic events and trainings, and provide support and advice focused on capacity building, policy and procedure development, and legal advice on how to create or reorganize CSOs.

Support programs for CSOs in specific areas also continued to operate throughout the year. Producers and farmers associations continued to receive institutional support and grants through the USAID-funded Moldova High Value Agriculture Activity (HVAA), implemented by Chemonics International, while media CSOs received institutional support and training through the MEDIA-M project.

Local grantmaking capacity continues to grow. At the beginning of the year, the Citizens' Empowerment in the Republic of Moldova project, funded by the EU and implemented by the German Federal Ministry for Economic Cooperation and Development (GIZ), was launched. The EUR 4.9 million project aims to empower citizens by increasing CSO participation in decision-making processes at the local, regional, and national levels. Local CSOs will sub-grant funds under this program. For example, CasMed and ProCoRe will provide financial and technical support to at least twenty-five local CSOs in the northern part of the country to support innovative ideas for sustainable socio-economic development of local communities in four priority areas: water and sewerage infrastructure, waste management, energy efficiency, and environment and climate change. The same approach will be applied in the center and south of Moldova. In April 2019, the project Development of Local Civil Society in the Republic of Moldova was launched. The project is funded by the EU and implemented by the Konrad Adenauer Foundation (KAS) in partnership with four local CSOs. More than 80 percent of the project's EUR 3.7 million budget will be distributed as grants to smaller CSOs based outside of the capital for projects that stimulate the involvement of citizens in solving community problems.

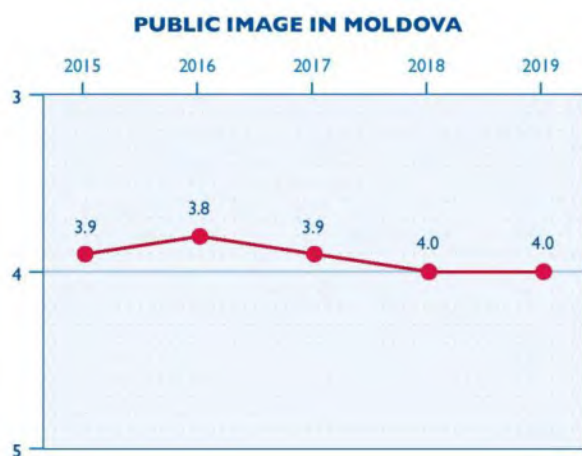
Over ten local and national platforms and coalitions including the National Platform of the Eastern Partnership Civil Society Forum, Platform for Gender Equality, and Platform for Social Entrepreneurship, continued to be active in 2019. In addition, some new networks were created. In July, the Platform for the Development and Promotion of Philanthropy in the Republic of Moldova was founded by over twenty-five CSOs. The platform will promote the development of philanthropy and advocate to improve the normative framework in the field.



CSOs have access to training opportunities, but there is still a lack of training and experts in some fields, such as financial management and media relations. At the same time, donors do not usually finance trainings in areas such as foreign languages and computer classes from which CSOs would benefit.

Several events took place during the year that encouraged collaboration between CSOs and other sectors. In April, the LEADER National Network and Solidarity Fund PL organized the EU-Moldova LEADER Conference, which brought together about 500 representatives of different institutions and organizations interested in the LEADER approach. In addition, in April, the LEADER National Network, which brings together LAGs from Moldova, joined the European LEADER Association for Rural Development (ELARD), which brings together over 2,500 LAGs from twenty-six countries. This is expected to contribute to the implementation of the LEADER methodology in Moldova and increase cooperation between business actors, LPAs, and CSOs at the local level.

## PUBLIC IMAGE: 4.0



The CSO sector's public image did not change significantly in 2019.

CSOs were quite visible in the media throughout the year. Changes made to the media legislation and the Audiovisual Code that require media channels to broadcast at least eight hours of local media products a day spurred the creation of new programs and talk shows that frequently included CSO representatives as guests.

During the year, the number of verbal attacks against civil society decreased. However, specific organizations that opposed certain legislative changes or government initiatives were targeted during certain events, such as the parliamentary and local elections.

The population's confidence in CSOs is improving. According to the Institute for Public Policy's Barometer of Public Opinion (BPO) from December 2019, 24 percent of the population expressed confidence in NGOs, an increase from 19 percent in 2018. In 2019, the BPO introduced a chapter on civil society aimed at increasing understanding on how NGOs are perceived. According to the information collected through these new questions, the public's knowledge of civil society is quite low: less than 20 percent of surveyed people have good knowledge about civil society, while 34.3 percent do not know what civil society means. Only 12.5 percent know to some extent about the activities of different NGOs and only 11.6 percent of the total have interacted with an NGO during the last three years.

None of the three governments that held office during 2019 demonstrated an openness to civil society. Except for the attempts to revitalize the NPC, there was no other visible progress in the relationship between government and civil society. However, businesses increasingly perceive CSOs as platforms that can help solve their problems and useful resources for developing their own businesses. During 2019, some new associative structures, such as the Honey Exporters Association of Moldova, were registered. Representatives of CSOs and businesses came together for the Corporate Social Responsibility Workshop, which was organized in November by Diaconia Social Mission, to learn more about corporate social responsibility.

CSOs increasingly promote their work and image on social media, with Facebook being the most used platform. In 2019, however, amendments were adopted to the fiscal legislation that will require international companies providing electronic services in Moldova, such as Facebook and Google, to register in Moldova and pay taxes. This is expected to increase the prices for promoting services on these platforms, which could decrease the amount of online promotion CSOs can afford. CSOs also promote their activity by organizing public events. In 2019, the Mass-Media Forum brought together representatives of media organizations and CSOs. In 2019, TV8 launched an online platform to encourage, promote, and informally support the initiatives of active organizations and citizens.

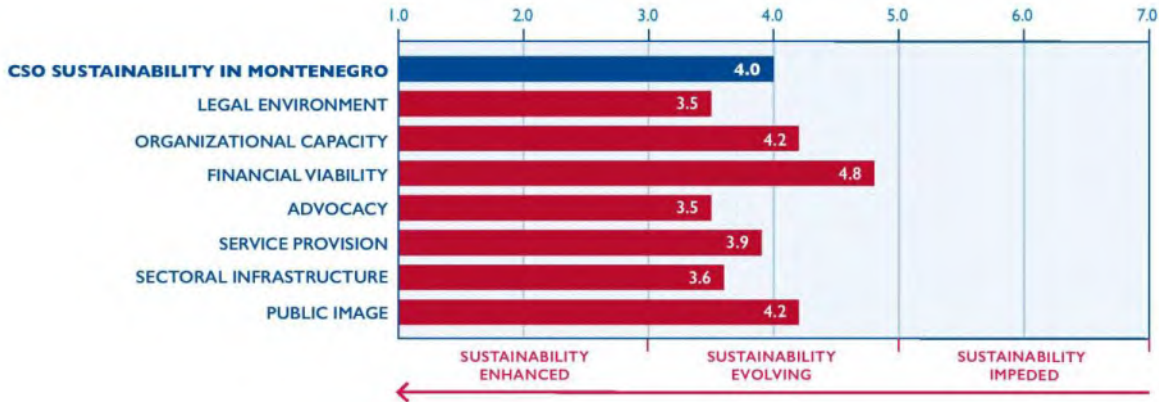
Most organizations still do not understand the need or importance of implementing and adhering to ethical standards and norms in their work. The majority of CSOs do not publish annual financial reports with financial

statements, as this is only legally required of CSOs with public benefit status. Generally, only large organizations publish financial statements and activity reports, often in order to meet donor requirements.

# MONTENEGRO

**Capital:** Podgorica  
**Population:** 609,859  
**GDP per capita (PPP):** \$17,800  
**Human Development Index:** Very High (0.816)  
**Freedom in the World:** Partly Free (62/100)

## OVERALL CSO SUSTAINABILITY: 4.0



Montenegro continued to undergo a political crisis in 2019, marked by a prolonged parliamentary boycott and a lack of public trust in elections. Despite plans, no changes were made during the year to the electoral legislation to address its many shortcomings in preparation for the parliamentary elections, which are scheduled to occur on August 30, 2020.

In January 2019, the country was roiled by a scandal related to the financing of the ruling party, the Democratic Party of Socialists (DPS). A controversial businessman under investigation for financial crimes by the Supreme State Prosecutor fled to London, where he publicly claimed that he had been channeling significant amounts of money to DPS for years. He also made a number of accusations against the DPS leader, who is also the president of Montenegro. After the release of a video in which he hands money over to a high DPS official and former mayor of Podgorica, citizens began organizing weekly protests in Podgorica. The last protest was organized in September 2019.

In late 2018, with the backing of the European Union (EU), an effort was made to restore political dialogue through the establishment of the Parliamentary Committee on Further Reform of Electoral and Other Legislation. The Committee was formed in November 2018, with members from all parties that were not boycotting the parliament, as well as five adjunct members from the CSO sector and academia. Due to the opposition boycott, however, the committee was not fully functional until October 2019, when Democratic Montenegro, the second largest opposition party in the country, joined it, thus enabling a potential two-thirds majority for the adoption of legislation. Democratic Montenegro then left the committee in December after the politically sensitive Law on the Freedom of Religion or Belief and the Legal Status of Religious Communities was submitted to the parliament. Parliament adopted the law, which the Serbian Orthodox Church opposed, at the very end of 2019. The law's passage exacerbated political tensions, led to violent incidents in parliament, and caused the Serbian Orthodox Church to organize protests around the country.

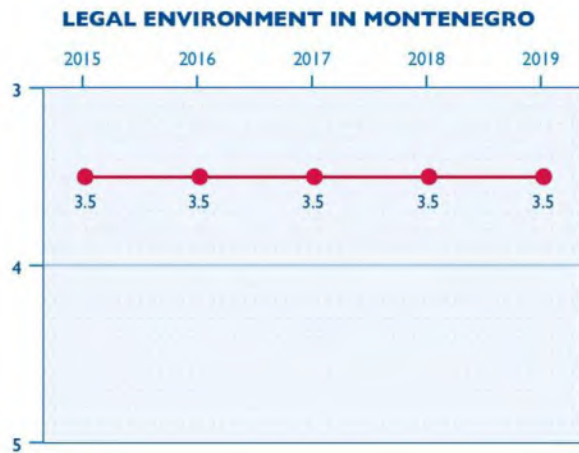
By the end of 2019, Montenegro had opened thirty-two of thirty-three chapters in its negotiations with the EU. Chapter 27 - Environment and Climate Change was opened in December 2018, leaving only Chapter 8, which is focused on competition, to be opened.

The overall sustainability of CSOs did not change in 2019, with the scores for all seven dimensions of sustainability remaining stable.

The Ministry of Public Administration administers the Registry of NGOs, a term used in Montenegro to describe both associations and foundations. The Registry contains information about each registered NGO's name, activity, seat of office, authorized persons, and founders. According to information obtained from the Ministry of Public

Administration, in January 2020, there were 5,389 associations, 208 foundations, and 119 foreign NGOs registered in Montenegro. According to the Strategy for Enhancing Conducive Environment for Activities of NGOs, the majority of NGOs are engaged in the areas of culture, protection of human and minority rights, art, institutional and non-institutional education, agriculture and rural development, and social and health care.

## LEGAL ENVIRONMENT: 3.5



The legal environment governing CSOs did not change significantly in 2019.

The Law on Non-Governmental Organizations (hereinafter Law on NGOs), as amended in 2017, regulates the establishment, status, financing, and other aspects of NGO operations. The law distinguishes between two forms of NGOs—non-governmental associations and non-governmental foundations—and does not apply to political parties, religious communities, trade unions, sports organizations, business associations, and other foundations and organizations founded by the state.

The Strategy for Enhancing Conducive Environment for Activities of NGOs 2018-2020, which was adopted in January 2018, provides the strategic framework for the

development of NGOs in Montenegro. According to the Report of the Implementation of the Strategy in 2018, there have been delays in the strategy’s implementation in the areas of philanthropy, social entrepreneurship, and volunteerism. A new strategy with an accompanying action plan is expected to be adopted by the end of 2020.

In practice, the process of establishing an NGO is fairly simple. An organization acquires status as a legal entity by entering into the Registry of NGOs. A non-governmental association may be established by at least three persons, one of whom must have a domicile, residence, or seat of office in Montenegro. With the consent of a legal guardian, a minor who is at least fourteen years old can also be a founder. A non-governmental foundation may be established by one or more persons, regardless of their domicile, residence, or seat. A foundation can also be established according to a testament. A foreign NGO may operate in Montenegro after registering its branch office. An application for the registration of an NGO may be rejected if its statute sets out goals that are unconstitutional or unlawful. Such a decision may be challenged before the court. It is still not possible to register an NGO online; this process eventually will be facilitated by the new electronic Registry of NGOs, but its development is behind schedule.

The Ministry of Public Administration maintains a database of Montenegrin organizations at [www.nvoinfo.me](http://www.nvoinfo.me). Although the database includes information on 4,366 organizations, only 183 organizations have active profiles on this site. The strategy recognizes the database’s potential for increasing the transparency of NGO operations, which is a criterion for NGO projects and programs to qualify for state budget allocations.

On paper, CSOs enjoy freedom to carry out their activities and the state makes rhetorical commitments to cooperating with civil society. Despite this, confrontations tend to arise whenever NGOs criticize government policies. In 2019, for example, the president claimed that the media and NGOs have been promoting the idea of a violent change of government for years. He also claimed that independent opposition media and part of the NGO sector are at the heart of opposition politics.

CSOs that are established to carry out nonprofit activity are exempt from profit tax. Pursuant to the Law on Tax on Profit of Legal Entities, legal entities can deduct donations to registered NGOs up to 3.5 percent of total revenue for the year; only donations that support issues defined by the law are eligible for these benefits. The Law on Personal Income Tax stipulates that donations for health, education, sport, and cultural purposes, as well as environmental protection, are recognized as deductible expenses, up to 3.5 percent of the donors’ total income. For projects funded by the EU, all expenditures above EUR 50 are exempt from value-added tax (VAT).



CSOs may engage in economic activities if they are entered into the Registry of Business Entities. According to the law, revenues from economic activity must not exceed EUR 4,000 in the current year or 20 percent of the total annual revenue in the previous year, whichever is greater.

CSOs submit the same financial statements as companies. A by-law specifying the content and form of financial statements to be submitted by CSOs has not been adopted yet.

CSOs have limited access to legal services. No organization is focused on providing legal assistance to CSOs, although in certain cases, Humans Right Action provides legal assistance to CSO activists.

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## ORGANIZATIONAL CAPACITY: 4.2

There were no significant changes to the organizational capacity of CSOs in 2019. Most CSOs in Montenegro are small organizations that operate locally and have limited capacities. Major CSOs operate at the national level, with rule of law and human rights as the main areas of their work. CSOs are mostly project-funded and are sometimes forced to tailor their activities to the priorities of potential donors.

Constituency building is still not a major focus for most CSOs. CSOs that provide services regularly communicate with their constituencies. CSOs engaged in environmental protection generate significant levels of support from their local communities. During 2019, for example, individuals and CSO representatives protested against a military facility on Sinjajevina mountain, a hydropower plant on the Bukovica River, and the removal of a park in Bar.

Most CSOs have developed internal structures in accordance with legal requirements. A non-governmental association must have an assembly and an authorized representative. A non-governmental foundation must set up a managing board and have an authorized representative. NGOs can also define additional governing bodies in their statutes.

Only well-established CSOs plan their operations strategically, while other CSOs only engage in project-based planning. CSOs conduct project evaluation and monitoring at the request of donors.

There is no official data on the number of people employed by Montenegrin CSOs or their average salaries. The Labor Law treats CSOs like other employers, which is problematic given that CSOs are mainly funded on a project basis and therefore cannot provide long-term employment. CSOs can apply to bring interns on board for a period of nine months through a government-endorsed professional training program for higher education graduates.

The government adopted the proposed Law on Volunteering in November 2019; the law was pending before parliament at the end of the year. The law establishes a new concept of volunteering, defining it as a voluntary and free investment of time, knowledge, and skills to carry out activities for the benefit of others and for the general welfare of the community. The proposed law stipulates that volunteering agreements are not necessary in cases in which volunteers work less than ten hours a week.

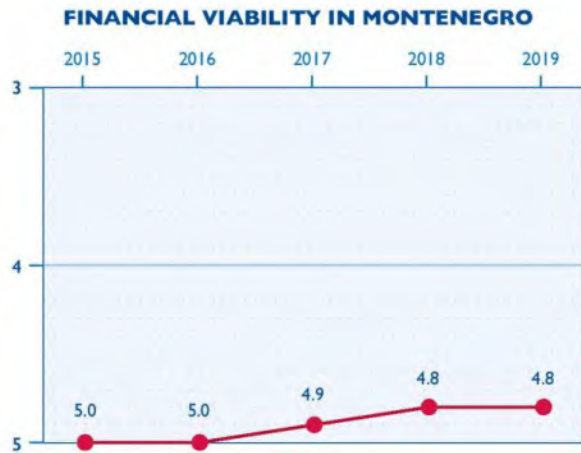
According to SIGN network's Comparative Analysis of Public Opinion on Philanthropy in the Western Balkans, published in October 2019, personal involvement in actions aimed at the common good has increased notably in Montenegro over the last six years. In 2018, 12 percent of respondents indicated that they participated in such actions once a month, a dramatic increase from 2.8 percent in 2012. Similarly, the share of those who participated in actions aimed at the common good several times a year increased from 15.3 percent to 50 percent. In addition, there was a significant increase—from almost 50 percent to 64 percent—of those stating that they would participate in giving activities for the common good in the future.

Most CSOs are equipped with basic information and communications technology (ICT), including computers, telephones, and internet access. However, a significant number of CSOs still do not have their own websites.



Some CSOs compensate for this deficiency through the use of social media accounts. Well-established CSOs seek to ensure greater visibility of their activities and products by developing a visual identity and content that they share through social media, including Facebook, Twitter, and Instagram. Some CSOs have communications officers that manage ICT product development; other CSOs manage communications as part of their project tasks.

## FINANCIAL VIABILITY: 4.8



CSOs financial viability did not change significantly in 2019.

The 2017 amendments to the Law on NGOs introduced a new mechanism for public funding of NGOs, in which the government identifies priority funding areas on the basis of proposals submitted by the ministries, and then the line ministries allocate and distribute funds.

According to the law, at least 0.3 percent of the current budget is to be provided to finance NGO projects and programs in areas of public interest, and 0.1 percent in the area of protection of persons with disabilities. In addition, at least 0.1 percent of the current budget should be allocated for the co-financing of NGO projects and programs financed by the EU.

In 2019, the second year the system was implemented, fifteen out of seventeen ministries proposed and distributed funds for NGO projects and programs of public interest. Around 300 projects received more than EUR 3.5 million in funding, a slight increase from the 260 projects that received nearly EUR 3.4 million in funding in 2018. In addition, twenty-three EU-funded projects received co-funding of up to EUR 378,790, compared to forty-eight co-financed projects that received EUR 852,273 in 2018. Ministries have the right to request refunds in case of irregularities in the implementation of funded projects; by the end of 2019, there had only been one such case.

The project financing procedure lagged behind schedule again in 2019. Having failed to comply with the legally prescribed deadline, three ministries were urged to launch open calls for proposals to allocate funds, which they eventually did in August. The law does not specify a deadline for the issuance of decisions on the allocation of funds. As late as September, eight ministries had not yet announced funding decisions in as many as eighteen open calls.

Organizations involved in the protection of persons with disabilities have criticized the Ministry of Labor and Social Welfare for launching an open call that was only open to organizations with licenses to provide such services. After advocacy efforts by NGOs in 2019, the Ministry of Labor and Social Welfare opened up funding to non-licensed projects and activities as well.

Only eleven out of seventeen ministries and a single administration authority proposed priority funding areas for NGO projects and programs in 2020. The Ministries of Economy, Public Administration, Science, and Justice failed to suggest priority funding areas for NGO projects in 2020, despite having done so in 2019. For the third year in a row, the Ministries of Finance and Foreign Affairs expressed no interest in funding projects within their respective scopes of work. The Ministry for Human and Minority Rights, Ministry of Labor and Social Welfare, and Ministry of Transport and Maritime Affairs envisaged funds for projects in the area of protection of persons with disabilities. According to the Ministry of Public Administration, administrative authorities are making missteps in the programming of priority areas. The Decision on Identification of Priority Areas for 2020 did not include a single proposal in the area of environmental protection, since the relevant sectoral analysis was not adequately drafted.

While the new financing model is more transparent than the previous one, there are still some shortcomings. NGOs believe that administrative authorities need to improve project monitoring mechanisms by making regular field visits. NGOs also question whether, in some cases, personal relations and ties with members of the commissions allocating funds take precedence over the quality of proposed projects.

CSOs still rely significantly on foreign funding sources. EU funds play an important role but are only accessible to a limited number of organizations that have demonstrated the capacity to meet the arduous funding requirements. CSOs can access EU funding through the Instrument for Pre-Accession Assistance (IPA) funds, as well as programs such as Europe for Citizens, Creative Europe, Erasmus +, and the European Instrument for Democracy and Human Rights (EIDHR). Within the three-year project Regional Program on Local Democracy in the Western Balkans (ReLOaD), implemented by the United Nations Development Programme (UNDP) and funded by the EU, grant schemes are made available to five municipalities (Kotor, Nikšić, Pljevlja, Podgorica, and Tivat) and NGOs. In 2019, the Fund for Active Citizenship (fAKT) distributed grants, primarily to small grassroots organizations, with funding from the EU, Rockefeller Brothers Fund, and US Embassy.

CSOs still receive relatively little funding from local governments. In addition, the manner in which local budget funds are allocated is not sufficiently transparent. For example, scoring sheets of the submitted project proposals are generally not available. Personal ties are also thought to play a crucial role in the awarding of projects at the local level.

Individual philanthropy, in-kind support, and volunteerism are still underdeveloped in Montenegro. According to SIGN network's *Comparative Analysis of Public Opinion on Philanthropy in the Western Balkans*, 55 percent of Montenegrin respondents believe that philanthropy is either a little or not at all developed in the country. However, the analysis also indicates that Montenegro has witnessed the most sustained and steady growth of philanthropy in the Western Balkans over the past few years. In addition, this report finds that the Montenegrin public was the most open to the idea that investing in certain areas, such as environment, education, and health, is philanthropic. According to Catalyst Balkans's data on donations in Western Balkans countries, the total number of donations in Montenegro increased from 697 in 2018 to 923 in 2019, while the overall value of donations remained largely the same, at approximately EUR 3.7 million.

Several philanthropic actions are carried out in Montenegro, including the telethon "Support, Win," the action "Our little thing means a lot to someone," and the Christmas bazaar "Humanity connects worlds." In 2019, the action "Share because we can do more together" was held in order to help socially-disadvantaged children prepare for the new school year. According to the 2018 public poll commissioned by fAKT and conducted by ISPOS, respondents recognize individuals, families, TV Vijesti (TV show "Dnevica"), the humanitarian foundation Be Human, the Red Cross, and UNICEF as concrete drivers of humanitarian actions.

In cooperation with the Directorate for Diaspora and the Chamber of Commerce of Montenegro, fAKT awards the annual Iskra philanthropy award to companies, associations, and individuals who have selflessly contributed to the general good and development of civil society. In 2019, fAKT awarded three main prizes and seven special recognitions. The National Contribution Award went to MTEL in recognition of its support of culture, science, health, sports, and other activities relevant to the development of Montenegrin society. The Local Community Contribution Award went to Savana Commercial Retail, which in 2019 allocated around EUR 370,000 through its corporate social responsibility efforts for initiatives focused on education, culture, sports, programs promoting healthy lifestyles, and green policies.

Well-established CSOs have their own finance staff, and may also hire accounting firms. Other CSOs cannot afford to hire financial managers on a full-time basis. CSOs may conduct voluntary audits of annual financial statements but are not required to do so by law. EU-funded projects in excess of EUR 60,000 are subject to audit.

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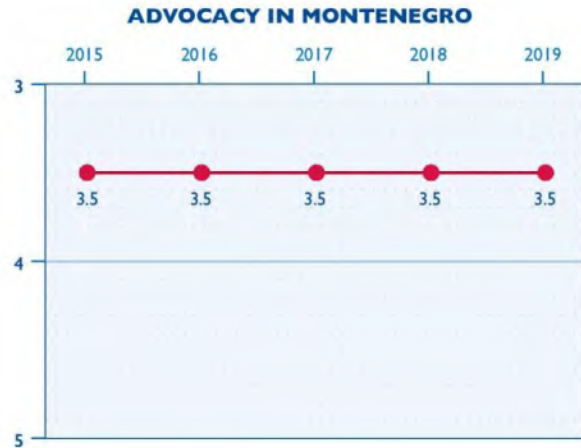
## ADVOCACY: 3.5

CSO advocacy did not change significantly in 2019.

The Law on State Administration stipulates that state administration bodies shall cooperate with NGOs during the process of conducting public hearings, preparing laws and strategies, and the work of working groups and other bodies. However, the Law stipulates that public consultations are not mandatory when regulating defense and security issues, the annual budget, in emergency, urgent, or unforeseeable circumstances, or in situations where the law does not regulate an issue in a substantially different manner. Although there is no data on the extent to which the government used these exceptions in 2019, this provision provides the government with great discretion and presents a risk that major issues will be presented as minor and insignificant, thus allowing their adoption without consulting the public.

In accordance with the law, civil sector representatives formally participate in public hearings and working groups and other bodies. However, institutions tend to ignore the proposals and suggestions coming from CSOs. According to the Ministry of Public Administration, in 2018, as many as 1,523 comments were submitted at public consultations on 99 draft laws and strategies, and just over half of them got accepted.

In its latest report, the European Commission emphasized the need to ensure that CSOs are genuinely involved in the policy-making process, stating that CSOs that participate in working groups are often not provided with sufficient information or notice to be able to contribute meaningfully to the process or that their contributions are ignored.



The 2018 Report on the Implementation of the Decree on the Election of NGO Representatives into Working Bodies of the State Administration and Conducting Public Consultations in Drafting Laws and Strategies was not adopted until mid-2019. Almost one-quarter of state authorities did not submit the requested information to the Ministry of Public Administration for the purpose of drafting the report. According to the report, almost 60 percent of ministries did not publish lists of laws to be discussed in public consultations.

According to the 2018 Report on the Implementation of the Decree on the Election of NGO Representatives into Working Bodies of the State Administration and Conducting Public Consultations in Drafting Laws and Strategies, twenty-three NGO representatives were involved in working groups during 2018. The quality of CSO inclusion varies from one working group to another. As they are often dissatisfied with the government’s attitude towards their initiatives, many of the most relevant CSOs have stepped back from working groups and other bodies set up by the government. This has opened up space for lesser known CSOs to step in and back government policies.

The Ministry of Public Administration administers the eParticipation and ePetition platforms, but these tools have not yet had substantial impact on public participation in the policy-making process as citizens have not shown much interest in these tools so far. For example, although the Ministry of Public Administration set a goal of receiving at least 100 comments from the interested public through the eParticipation service in 2019, it only received a single comment.

Over the course of 2019, the prime minister met with NGO representatives twice to discuss cooperation in the EU accession process. Participants in the first meeting noted the major lack of trust between the government and NGOs. At the second meeting, the prime minister criticized the absence of representatives of those NGOs “that are the leading critics of government policies and results achieved in the negotiation process” despite the fact that they were invited to the meeting.

In 2019, draft amendments to the Law on Free Access to Information were developed that would introduce new restrictions on the exercise of this right in violation of international standards. Among other things, the draft law narrows the definition of information, introduces the concept of “abuse of rights” as grounds for denying access to information, and excludes political parties from the scope of the law’s application. Over eighty representatives of the non-governmental sector and Montenegrin media sent an open letter to representatives of the international community in Montenegro in October expressing their opposition to the draft. Adoption of the proposed amendments would significantly limit the ability of CSOs and the media to perform watchdog functions. In another concerning development, the European Commission’s latest report notes that authorities often declare information to be classified.

In 2019, CSOs were also engaged in advocacy focused on the protection and promotion of human rights, in particular those of the Roma, Ashkali, and Egyptian (RAE) and lesbian, gay, bisexual, transgender, and intersex (LGBTI) populations. In September, the NGO Queer Montenegro organized the seventh Pride Parade, which took place without incident. During the year, Queer Montenegro also urged the authorities to adopt the Law on Life Partnership of Same-Sex Persons. After parliament failed to pass the law in July, the government proposed a new law in late 2019 that is similar in content. In response to examples of hate speech during the parliamentary debate

on the law, the organizing committee of the Pride Parade announced that it would seek the abolition of the live broadcast of the parliamentary session.

In 2019, the civic movement Resist was formed as an informal association of citizens leading protests in Montenegro seeking the change of the government and the resignation of representatives of the authorities and the Montenegrin prosecution. The protests began after the release of a video of a controversial businessman giving money to the former mayor of Podgorica and ended in September 2019.

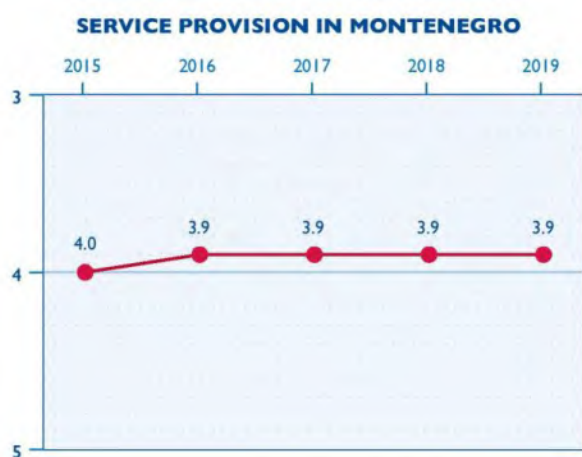
Following public pressure, in 2019 the authorities published a list of officials who received apartments or housing loans on preferential terms during the present government's mandate. Ten NGOs tried to launch a petition proposing that the government remove the secrecy classification from the Housing Commission acts and appropriations from the budget reserve, but this proposal was dismissed.

The Law on Local Self-Government, which regulates cooperation between CSOs and local authorities, is still not implemented consistently. CSO participation in decision making at the local level is limited. During 2019, Podgorica drafted several decisions on cooperation and partnership with NGOs. One of these decisions stipulates that an NGO representative in the Council for Cooperation between the Capital City and NGOs needs to be backed by at least three NGOs. The non-governmental sector criticized this proposal, as it sets out a more rigid condition than the Decree on the Election of NGO Representatives into Working Bodies of the State Administration and Conducting Public Consultations in Drafting Laws and Strategies, which finds it sufficient for a proposed candidate to have the support of their respective organization only.

The Council for Cooperation between the Government and NGOs was elected in September 2018. The Council is chaired by the Minister of Public Administration and consists of six representatives of the state administration and six NGO representatives. The Council is tasked with monitoring the implementation of the Strategy for Enhancing Conducive Environment for Activities of NGOs. The Council also provides opinions on draft regulations and documents related to the work and development of NGOs and the application of regulations, strategies, and other documents related to the activities and development of NGOs. The Council had held a total of seven sessions by the end of 2019.

The Ministry of Public Administration established a Directorate for Good Public Administration and Activities of NGOs in September 2018. Two of the Directorate's departments—the Department for Registration and Records of NGOs and Political Parties and the Department for Cooperation with NGOs—are focused specifically on NGO-related issues.

## SERVICE PROVISION: 3.9



CSO service provision did not change significantly in 2019.

CSO services include social services, legal aid, trainings, and consultancy services on project planning and management. CSO services are generally offered free of charge, with the support of foreign donors. CSOs' reliance on project-based funding to provide services threatens the stability of service delivery and can lead to the loss of staff.

CSOs generally offer their services to constituencies beyond their members, without discrimination. Some organizations conduct surveys and other forms of research to identify beneficiary needs.

Social services continue to be an important area of CSO service provision. Licensing and accreditation procedures in this area are complicated and involve very demanding requirements. Few international donors allocate funds for social services, as they consider these to be the state's responsibility.



Social entrepreneurship is underdeveloped in Montenegro. According to media reports, roughly twenty NGOs act as social enterprises in Montenegro. They mainly produce souvenirs, toys, garments, and decorative and household items. Social enterprises still rely on external financial support, from both public funds and EU IPA funds.

The Strategy for Enhancing Conducive Environment for Activities of NGOs contains a declaratory commitment to improving the legal framework and boosting the capacity of public administration to ensure greater involvement of CSOs in socio-economic development. However, those activities have not been implemented in practice. The National Strategy for Employment and Human Resources Development 2016-2020 also recognizes social entrepreneurship as a strategic priority, but the accompanying action plans still have not defined specific activities in this area. The Institute for Entrepreneurship and Economic Development implemented the Smart Start project, which involved a training program for fifteen organizations, as well as business grants for ten of the best-ranked ideas pitched by entrepreneurs. The website [proizvodise.me](http://proizvodise.me) was launched in 2017 to promote the products of social enterprises but is not very popular.

The Law on Professional Rehabilitation and Employment of Persons with Disabilities regulates the establishment of work centers and protective workshops for persons with disabilities, which are considered to be a form of social enterprise. The law provides tax incentives for employers hiring people with disabilities.

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## SECTORAL INFRASTRUCTURE: 3.6

The infrastructure supporting the CSO sector did not change significantly in 2019.

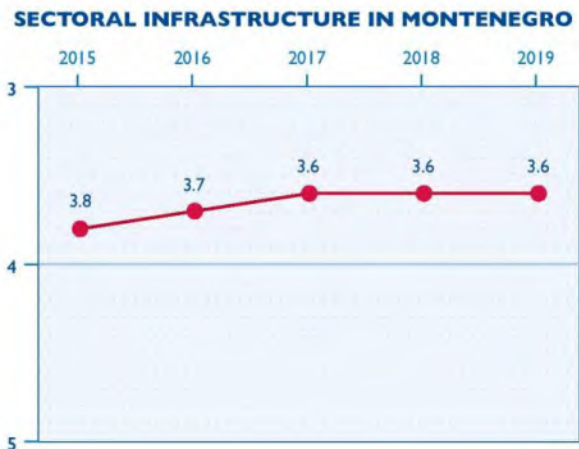
The Center for Development of NGOs (CRNVO) operates a Resource Center that provides daily support to CSOs as well as individual activists through capacity building programs, help-desk services, research, and public events, fairs, and conferences. With funding from the EU, CRNVO also supports four local resource centers: NGO Bonum from Pljevlja, NGO Nada from Herceg Novi, Novi Horizont from Ulcinj, and the Democratic Center of Bijelo Polje.

fAKT continues to act as the only non-governmental and nonprofit grantmaking foundation in Montenegro. In 2019, fAKT awarded grants to CSOs worth roughly EUR 183,000. The funds were provided by the EU, the Rockefeller Brothers Fund, and the US Embassy.

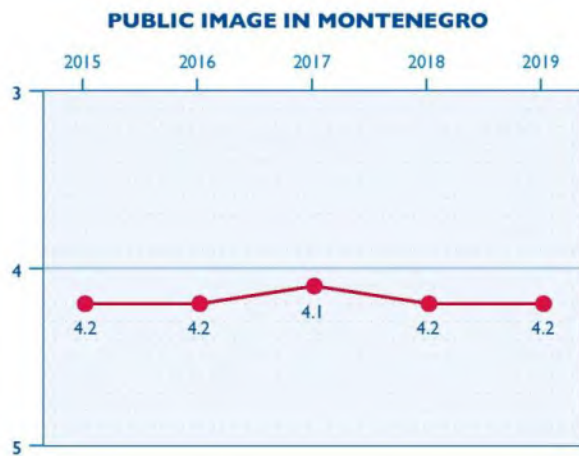
There are two major CSO coalitions in Montenegro. Together towards the Goal has almost 100 members and Open Platform has around thirty member organizations. Neither of these coalitions engaged in any major activities in 2019. In addition, there are examples of CSO coalitions focused on particular topics, such as the Roma and Egyptian Integration Coalition and Coalition 27 for environmental protection. Smaller and larger NGO groups also come together informally to respond to important topics, such as amendments to the Law on Free Access to Information.

In 2019, the CRNVO Resource Center organized seven trainings for small and medium-sized CSOs and CSO networks. fAKT also offers trainings and other activities aimed at building the capacities of its beneficiaries. CSOs can also receive training, sub-grants, and capacity building services through numerous EU-funded projects.

The most common cross-sectoral partnerships are those between CSOs and media. The EU finances a Media Professionalization Program that supports joint NGO and media projects aimed at enhancing freedom of expression and strengthening investigative journalism. CSO cooperation with the business sector is still limited. fAKT encourages the development of corporate philanthropy through a series of trainings and the annual Iskra Award in partnership with the Montenegrin Chamber of Commerce.



## PUBLIC IMAGE: 4.2



The CSO sector's public image did not change significantly in 2019. According to an annual survey conducted by the Center for Democracy and Human Rights (CEDEM), 39.3 percent of respondents indicated that they trust NGOs in December 2019, a slight decrease from 41.2 percent in December 2018. Leaders of major CSOs are well known by the public.

Certain media outlets continued to tarnish the public image of CSOs in 2019. In an attempt to discredit the civil sector, a series of articles cited the millions of Euros that the state and EU had invested in CSO projects, presenting these amounts as net profits by CSOs. The media also reported negatively on NGO activists who had contractual relationships with the government and attended protests, deeming such behavior unethical. The

European Commission's report states that media campaigns aimed at discrediting NGO representatives are not conducive to creating a trustful and enabling environment for civil society.

At the same time, interlocutors from the NGO sector are regularly invited to participate in TV talk shows to discuss important social topics. In addition, the media often cite surveys and other NGO products as relevant sources of information.

The government perceives cooperation with NGOs as an unpleasant requirement. As a result, the influence of CSOs in decision-making processes is more formal than substantial, and cooperation, understanding, and dialogue between them and the government is substandard for the most part.

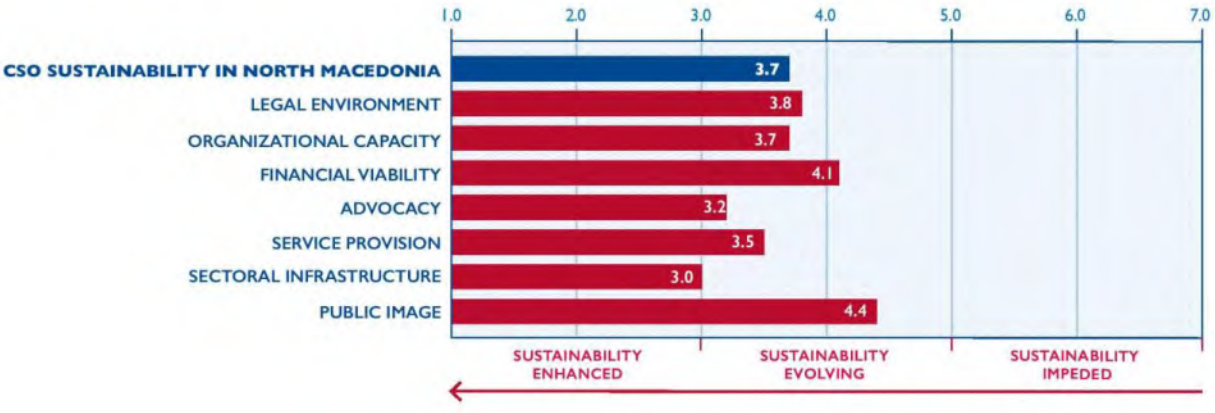
A growing number of organizations are developing public relations (PR) strategies and are striving to present their surveys and analyses to the public through the media in a manner that is easy to understand. A growing number of organizations invest in video production to promote and popularize their activities. Social media outlets are the most common promotional channels. Well-established CSOs have PR officers who communicate with the media.

The Law on NGOs stipulates that NGOs shall determine in their statutes the manner of publicizing their work. Organizations are required to submit annual reports and reports on projects implemented with funding awarded through calls for proposals launched by the government. An increasing number of organizations publish annual reports that include information on implemented projects, activities, budgets, and donors on their web pages.

# NORTH MACEDONIA

**Capital:** Skopje  
**Population:** 2,125,971  
**GDP per capita (PPP):** \$14,900  
**Human Development Index:** High (0.759)  
**Freedom in the World:** Partly Free (63/100)

## OVERALL CSO SUSTAINABILITY: 3.7



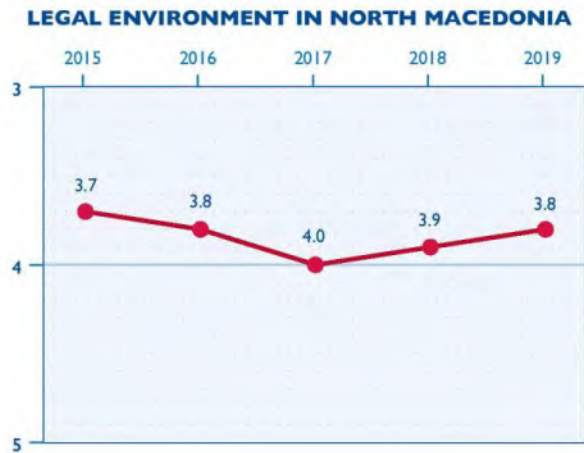
According to the Prespa Agreement, which was signed in June 2018, the Republic of Macedonia would change its name to the Republic of North Macedonia, thereby resolving a long-standing dispute with Greece. Consequently, in January 2019, the parliament approved a constitutional amendment that officially changed the country’s name. The new name took effect in February 2019.

The Prespa Agreement paved the way for processes to join the North Atlantic Treaty Organization (NATO) and negotiations to enter the European Union (EU) to begin. In February 2019, the twenty-nine member states of NATO signed an accession protocol with North Macedonia that will lead to the country becoming the thirtieth member of the alliance. In October 2019, however, France demanded that the European Council introduce a new process for EU enlargement, and thus vetoed the commencement of formal EU membership talks with North Macedonia and Albania. This caused disappointment in the country and uncertainty regarding the country’s future with the EU.

Overall CSO sustainability improved in 2019, with slight improvements noted in nearly all dimensions of sustainability. Improvements in the legal environment were attributed mainly to the implementation of fiscal benefits and policies introduced by the Ministry of Finance in December 2018. Financial viability improved with a modest improvement in the availability of different domestic sources of funding. However, CSOs continue to face major challenges to their financial sustainability, including their high level of dependence on foreign funds. CSOs engaged successfully in policy-making processes, and many of their initiatives were accepted by the authorities, contributing to an improvement in advocacy. CSOs had increased scope and capabilities to provide services, and the infrastructure supporting the sector was strengthened with growth in CSO coalitions and some intersectoral partnerships. The public image of the civil society sector also improved slightly, although there were a few cases of negative reporting on CSOs in the media. Organizational capacity remained stable.

The number of registered CSOs increased in 2019, with data from the Central Registry of North Macedonia (CRNM) indicating that there were a total of 15,476 registered CSOs as of June 2019, up from 14,291 CSOs in 2018. However, challenges related to the precision, usefulness, and timeliness of the data regarding the civil sector available from CRNM persist.

## LEGAL ENVIRONMENT: 3.8



The legal environment governing CSOs in North Macedonia improved slightly in 2019, mainly due to the implementation of laws and policies enacted in late 2018. In addition, some minor positive changes were introduced to the legislation affecting CSOs in 2019.

Under the 2010 Law on Associations and Foundations (LAF), the registration and operation of associations and foundations remains widely accessible, quick (completed within a maximum of five days), and cost efficient (less than EUR 50). The LAF continues to provide a clear framework regarding organizational governance, reporting obligations, and other aspects of CSOs' work. Companies are exempted from paying registration fees to CRNM, and some CSO representatives filed a request to the authorities in 2019 to exempt CSOs as well. The

authorities had not yet decided on this matter at the time of writing. In contrast to previous years, there were no noted cases of state harassment against CSOs in 2019.

In 2019, several positive changes were made to the legal framework that affect CSOs. In May, the new Law on Free Access to Information from Public Character was passed. The law will enable CSOs to undertake their activities more efficiently by enabling them to access relevant public information in a timely manner for free. The Law on Prevention and Protection Against Discrimination, also adopted in May, improved the legal framework and instruments to promote and improve equality and prevent discrimination in the country. This is especially beneficial for CSOs working in the field of human rights and equality.

The only negative legal development in 2019 was proposed amendments to the Law on Freedom of Assembly, which would have restricted public gatherings by requiring a higher number of people (fifty instead of twenty) in order to have a protest and limiting the places where protests could take place, as well as the times when protests are allowed (from 6 AM to 11 PM). After a strong reaction from CSOs, the draft law was withdrawn.

In December 2018, amendments to the Law on Profit Tax were adopted, according to which CSO income (with the exception of profits earned through economic activities) is no longer subject to profit tax. These changes began to be implemented in 2019.

CSOs' access to funding did not change in 2019. CSOs face no legal restrictions to their ability to access various resources, including through income generation and economic activities. As legal entities, CSOs may compete for government procurements. They are also free to organize fundraising campaigns and allowed to accept funds from foreign donors.

The Law on Money Laundering and Financing Terrorism, which was adopted in 2018, includes all CSOs in the high-risk category of legal entities, especially in terms of donations from high-risk countries. According to the law, all legal entities, including CSOs, need to declare their "real owners" and keep data about these "owners" in a certain manner, which has created problems for CSOs' operations. CSOs report that they have experienced long processes to open bank accounts, and some organizations have been denied bank services because some of their transactions have been flagged as suspicious.

CSOs can access legal assistance from local experts, such as the Macedonian Young Lawyers Association (MYLA). Through the EU-funded program Legal, Advocacy and Sustainability Support to Local CSOs, for instance, MYLA provided legal assistance to approximately twenty CSOs regarding amendments to their statutes and other similar legal actions in 2019. The National Resource Center, which has offices in Skopje, Stip, and Gostivar, also provides legal assistance to CSOs in the country.

## ORGANIZATIONAL CAPACITY: 3.7

Organizational capacity did not change significantly in 2019, although there were some positive developments in terms of constituency building as CSOs increasingly represent the needs and interests of their beneficiaries and citizens. As a result, individuals increasingly recognize CSOs as mechanisms through which they can achieve their rights. This was demonstrated, for example, by the increase in membership of CSOs focused on environmental issues and the rights of the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community in 2019.

CSOs have limited access to institutional support, although there was some improvement in this regard in 2019. The Civica Mobilitas program, funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by the Macedonian Center for International Cooperation (MCIC), has provided institutional grants to CSOs since 2014, awarding forty-eight institutional grants during the period 2014-2018, and fifteen in 2019. In 2019, the Delegation of the EU (DEU) awarded nine operational grants to CSOs for the first time.

Strategic planning practices in the civil society sector did not change in 2019. According to *Report on Transparency and Accountability of CSOs*, issued by MCIC in 2019, two-thirds of CSOs have strategic plans. The development of strategic plans is largely driven by donor priorities and expectations.

CSOs' internal management structures did not change in 2019. According to the *TACSO Report on the State of the Enabling Environment and Capacities of Civil Society 2019*, CSOs' internal management practices are inadequate, with many organizations lacking a clear division of roles for their constitutive bodies.

The CSO staffing situation worsened slightly in 2019. According to data acquired from CRNM, the number of people employed in the sector decreased from 1,900 in 2018 to 1,645 employees in 2019, representing just 0.29 percent of total employment in the country. Ongoing emigration from the country and a lack of qualified people are seen as some of the factors contributing to this decrease.

CSOs still face administrative barriers to developing volunteer programs, and even more challenges when it comes to accepting and working with foreign volunteers. In addition, individuals and state institutions still view volunteering as a path towards permanent employment, rather than an altruistic activity. According to the *Youth Study North Macedonia 2018/2019*, published by the Friedrich Ebert Stiftung Office in Skopje, 80 percent of young people (ages 14 to 29) have never volunteered. Only 4.1 percent of those who had volunteered did so with an NGO, while 3.3 percent volunteered at a youth organization. According to the Charities Aid Foundation's 2019 World Giving Index, which aggregates data for the past ten years, an average of only 8 percent of respondents in North Macedonia reported that they have engaged in volunteer activity over the past decade.

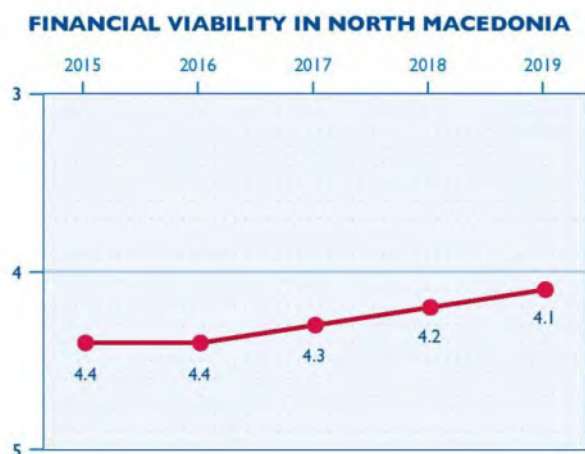
The state of technical advancement within CSOs remained largely the same as in 2018, with most CSOs having access to the internet, as well as state-of-the-art technical office equipment. Although a growing number of CSOs have webpages, social media remains the primary method for reaching wider audiences.

ORGANIZATIONAL CAPACITY IN N. MACEDONIA





## FINANCIAL VIABILITY: 4.1



The financial viability of the CSO sector improved slightly in 2019 due to a modest improvement in the availability of different domestic sources of funding. However, the sector still faces some long-term financial challenges.

In general, larger CSOs have access to longer-term funding from a few donors, while the majority of CSOs depend on one or two donors for short-term funding. CSOs continue to rely heavily on foreign donors for funding. According to the *Monitoring Matrix on Enabling Environment for Civil Society Development - Country Report for North Macedonia 2019*, 68.1 percent of surveyed CSOs receive funding from foreign donors. Meanwhile, domestic funding levels—although growing—are still insufficient.

The level of foreign funding did not change notably in 2019, although several programs were initiated or expanded during the year. A new phase of the Civica Mobilitas program began in 2019; the program will award CHF 3.5 million (approximately \$3.6 million) in grants over a four-year period. At the end of 2019, DEU awarded operational grants to nine organizations that work in the areas of anti-discrimination, environment, justice and rule of law, anti-corruption, education, and counter-violent extremism. In order to address key priority reforms, in 2019, USAID refocused the Civic Engagement Project to support CSOs and institutions in three key areas: rule of law, anti-corruption, and transparency. Other donors, such as the British Embassy, the Embassy of the Kingdom of the Netherlands, and some smaller bilateral donors, are also still present in the country.

According to the government-issued *Analysis of the financial support for associations and foundations from the Budget of the Republic of North Macedonia 2019*, the total amount of central government funding budgeted for all nonprofit organizations in 2019 was approximately EUR 12 million, approximately EUR 1 million less than in 2018. The Ministry of Labor and Social Policy and the Agency for Youth and Sport distribute the largest amount of funding to CSOs. The Ministry of Labor and Social Policy budgeted over MKD 151 million (approximately \$2.6 million) for the financial support of associations and foundations in 2019. Furthermore, the government enacted a Decision on Distribution of Revenue from Games of Chance and Entertainment Games in 2019 to fund the national organization for disabilities and its associations, associations fighting against family violence, and the Red Cross of North Macedonia. With this decision, MKD 70 million (approximately \$1.2 million) was allocated. In addition, the Agency for Youth and Sport adopted a Rulebook on Procedures and Criteria for Awards, which it developed in consultation with CSOs.

CSOs' fundraising capacity continues to be limited. The Law on Donations and Sponsorship in Public Activities provides tax incentives for individuals and companies that make donations or engage in sponsorships; however, as procedures to claim these benefits are incredibly burdensome, they have had little effect on individual and corporate donations. According to the Charities Aid Foundation's 2019 World Giving Index, which provides aggregate data from the last ten years, an average of 29 percent of respondents in North Macedonia have donated money to charity.

There are some positive signs in terms of philanthropy development. For example, an increased number of companies sought partnerships with CSOs through the matching services of Association Konekt in 2019. In addition, under the project Changes for Sustainability, implemented by Association Konekt from 2017 to 2019, CSO grant recipients successfully obtained additional local support and further developed some partnerships with other sectors (including businesses, public institutions, and media) as well as initial models for local fundraising.

The extent to which CSOs engage in income-generating activities did not change significantly in 2019. CSOs generate some income by providing trainings, conducting surveys, offering specialized knowledge or expertise, or selling products. According to the *Monitoring Matrix*, 41.1 percent of surveyed CSOs are engaged in economic activity.

CSOs' financial management improved slightly in 2019. As a result of strict donor requirements for audits and donor financial policies, CSOs have improved their financial management practices and increased their transparency. According to MCIC's *Report on Transparency and Accountability of CSOs*, 78 percent of CSOs prepare financial plans and 60 percent have financial and administrative manuals.

## ADVOCACY: 3.2

CSO advocacy improved in 2019 as a result of the government's enhanced responsiveness towards the activities and opinions of civil society.

The Council for Cooperation with and Development of Civil Society, which was established in 2018, continued to promote cooperation and dialogue with the government and to encourage the further development of the civil sector in the country. The Council consists of thirty-one members, including sixteen CSO representatives and fifteen civil servants. It was very active in 2019, with ten sessions focused on policies relevant for CSOs, such as public funding and CSO involvement in EU negotiation processes.

In 2019, CSOs noted a higher level of engagement in decision-making processes and collaboration both with local municipalities and central government bodies. On the local level, CSOs contributed to the creation and adoption of several initiatives and policies, including the Tourism Development Strategy in Prilep; Youth Strategy in Kriva Palanka; establishment of a system for evaluation of municipal officials in Sveti Nikole; and Strategy for Sustainable Economic Development of the Municipality of Shtip.

On the national level, CSO representatives contributed their expertise and knowledge as members of working groups that prepared various laws and policies, including the Law on Prevention of Corruption and Conflict of Interest, Law on Prevention and Protection Against Discrimination. There are also more examples of municipal governments delegating responsibility for services to CSOs. For example, Bitola Municipality delegated responsibility for Bitola Culture Summer to Youth Cultural Center, and legal clinics that collaborate with CSOs have been delegated to provide legal aid under the Law on Free Legal Aid.

CSOs were also at the forefront of advocacy around issues like environmental protection, anti-discrimination, and the rights of the LGBTI community. For example, environmental CSOs initiated several protests calling on the government to take measures to reduce air pollution. After the parliament unjustifiably delayed the adoption of the Law on Prevention and Protection against Discrimination for eight months, approximately 100 associations, unions, foundations, and networks of CSOs joined together to publicly request the urgent adoption of the law. These efforts ultimately resulted in the adoption of the law in May 2019. The National Network Against Homophobia and Transphobia organized the first-ever Pride Parade in North Macedonia in June 2019. More than a thousand LGBTI activists from the country and the region, as well as representatives from the government and embassies, members of parliament, and public figures, took part in this event.

The improved lobbying efforts of CSOs contributed to changes in the Law on Termination of Pregnancy and the Law on Public Procurement (in which the government accepted forty recommendations from CSOs). In addition, the proposed Law on Lobbying was withdrawn after CSOs expressed their opposition to it. The proposed law would have required CSOs and civic movements to register as lobbying organizations or lobbyists, which would have prevented them from communicating directly with decision makers, except at public meetings. In addition, the proposal would have imposed financial burdens on CSOs that would have to hire lobbyists to represent them if they did not have the capacity to register as lobbying organizations themselves. In addition, CSOs that registered as lobbyists would likely lose a large number of donors, many of which explicitly ban funding for lobbyists.

In 2019, CSOs continued to advocate for a better legal and fiscal environment to promote their sustainability. In May, MCIC organized a national conference focused on the public funding system for CSOs. The prime minister

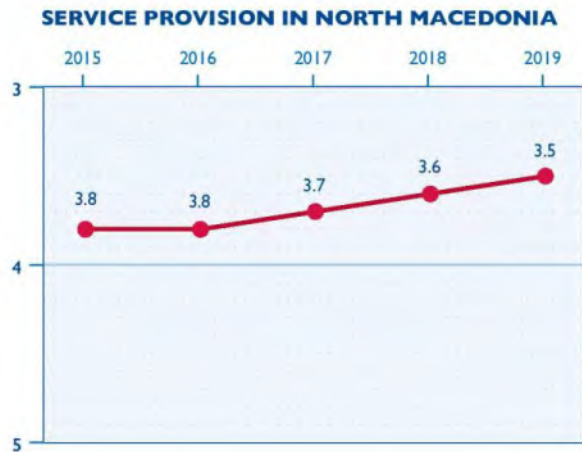


and the minister of justice attended the conference and committed to improving the system of public funding for CSOs. Foundation Open Society Macedonia (FOSM) signed a memorandum of cooperation with the government on this matter and prepared a new analysis. The process of reforming the public funding system for CSOs is expected to continue in 2020.

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## SERVICE PROVISION: 3.5

CSO service provision improved slightly in 2019 due to the increased scope and abilities of CSOs to actively provide services in a variety of fields. Social services still account for the greatest percentage of CSO services.



Under changes to the Law on Social Protection that were adopted in May 2019, citizens' associations can now provide community services. As a result, many CSOs have increased their provision of services. The Ministry of Labor and Social Policy, for example, supported new CSO projects in the field of social protection in 2019. These projects include services to homeless children; psychosocial support for children at social risk; and access to safe shelter for victims of gender-based violence based on sexual orientation and gender identity. There are also more examples of municipal governments delegating responsibility for services to CSOs. For example, Bitola Municipality delegated responsibility for Bitola Culture Summer to Youth Cultural Center, and legal clinics that collaborate with CSOs have been delegated to provide legal aid under the Law on Free

Legal Aid.

Civil society was slightly more responsive to the community in 2019, engaging in more initiatives that respond to public interests, especially in the areas of environmental and social protection. For example, the citizen initiative Don't be Garbage (Ne bidi gjubre) organized several events throughout the country to pick up garbage and clean up public spaces. CSOs distribute and offer their publications to other organizations, relevant government institutions, and academia free of charge. CSOs generally provide their services without discrimination.

The government does not sufficiently recognize and respect the role of CSO, even though many CSOs deliver services that are the responsibility of the state. CSOs also provide free expertise to the government and institutions in areas such as public procurement and anti-corruption. Apart from the Ministry of Labor and Social Policy and the Ministry of Health, which have long traditions of contracting with CSOs to provide services, government institutions generally do not engage in this practice.

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## SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector improved slightly in 2019, primarily due to growth in CSO networks and coalitions and CSOs' partnerships with other societal actors, as well as increased availability of training.

With EU funding, MCIC manages three resource centers in Skopje, Shtip, and Gostivar, while FOSM supports two centers in Struga and Strumica. In 2019, these centers provided more trainings, capacity building, information sharing, and logistical support. Several local organizations and programs provide financial support to CSOs.

According to the *Network Identification Survey Report* issued by the Civil Society Resource Center, there are sixty-nine active CSO networks in North Macedonia. The USAID-funded Civic Engagement Project supported three networks that involve a total of thirty-four CSO members: the CSO Anti-Corruption Platform, the Coalition for Fair Trials, and the Fiscal Accountability, Sustainability, and Transparency (FISCAST) Network. New grants from Civica Mobilas are expected to stimulate the development of additional platforms.

## SECTORAL INFRASTRUCTURE IN N. MACEDONIA



CSOs are increasingly willing to cooperate, communicate, and coordinate with each other in order to achieve results and avoid duplication of activities. Positive examples of cooperation in 2019 include the announced establishment of the Register of Online Media Sites, which was created through the joint efforts of CSOs, and the support that Network 23 provided to the network for anti-discrimination during its protest in front of the Assembly of North Macedonia regarding the adoption of the new Law on Prevention and Protection Against Discrimination. The CSO Anti-Corruption Platform, in cooperation with the Ministry of Justice and members of the government and parliament, prepared the new Law on Prevention of Corruption and Conflict of Interest, which was adopted in January 2019. However, there is still a lack of coordination between donors, which results in the duplication of the work of some CSOs. There is also still not a mechanism to systematically transfer knowledge from bigger and more experienced CSOs to newer CSOs. There is also room to address the relative levels of power between CSOs within networks to avoid certain CSOs dominating networks.

In 2019, the availability of training increased. National and local CSOs had access to numerous, cost-free trainings around the country, with participants selected through open and transparent processes. With support from foreign donors, several larger organizations such as MCIC, FOSM, MYLA, Konekt, Institute for Democracy Societas Civilis (IDSCS), and CCC provided training on a variety of topics relevant to CSOs' work, including good governance, institutional development and organizational strengthening, public relations, fundraising, transparency and accountability, networking, anti-corruption, anti-discrimination, and EU accession.

The level of intersectoral partnerships also improved somewhat during the year, with civil society proactively engaging the business sector. For example, Association Konekt continued to enhance cooperation within the Club of Responsible Businesses, which brings CSOs and companies together to conduct activities of common interest. In a positive example of collaboration with academia, FOSM piloted a new program focused on rule of law with a newly founded research center and other organizations.

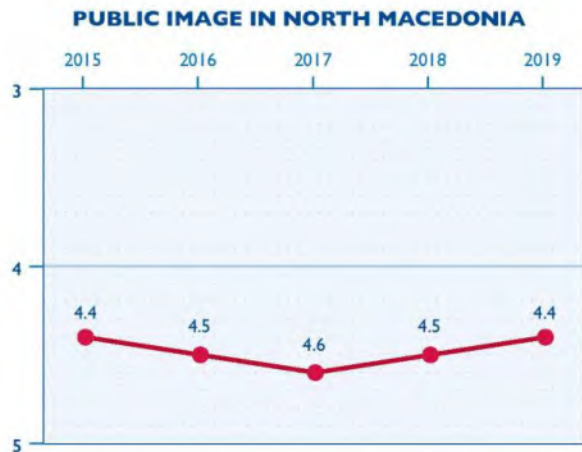
A multi-stakeholder Advisory Group on anti-corruption was formed as part of the project Enhance Integrity and Reduce Corruption in State and Private Business Sector, implemented by CCC in partnership with Association Konekt and the Association of Tax Advisers of the Republic of North Macedonia. The Advisory Group consists of twenty members, including representatives of the Chamber of Commerce and other business associations, international organizations, government officials, and CSOs. In general, however, CSO partnerships with the government are still limited.

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## PUBLIC IMAGE: 4.4

The CSO sector's public image improved slightly in 2019, although there were still a few cases of negative media reporting towards CSOs.

Media coverage of CSOs has improved compared to previous years and is now generally positive or neutral. CSOs now recognize media as a mechanism through which they can react to developments in the country and be heard by institutions. Media recognizes the expertise of CSOs, as indicated by the increased number of civil society representatives invited to take part in informative programs and political TV debates. However, the emergence of a criminal case in which the head of the Special Public Prosecution, a public TV figure, and two businessmen are the main suspects negatively affected the public image of CSOs because one of the suspects allegedly created a humanitarian CSO in order to conduct criminal activities. This scandal resulted in some negative media coverage, both national and international, about CSOs' work in general, but especially regarding the potential criminal misuse of humanitarian CSOs.



The public perception of CSOs improved slightly in 2019. According to MCIC's publications, in 2019, 45.8 percent of respondents indicated that they trust non-governmental (civil society) organizations, especially those working on social care, environment, human rights, and women's and gender issues, an increase from 43.4 percent in 2018.

The government's perception of the sector has also improved moderately from previous years and the government increasingly views the civil sector as a partner and supporter of its policies. The business sector is still rather indifferent towards CSOs, but businesses increasingly indicate that they are ready to collaborate and form partnerships with CSOs.

CSOs generally inform the public about their activities through their social media pages. In 2019, CSOs' collaboration with journalists improved due to the generally positive environment and narrative, reduced antagonism towards CSOs, and increased trust from citizens.

Self-regulation within the sector did not change notably in 2019. In 2018, the EU supported a project to promote CSO accountability. In 2019, the project, which is implemented by MCIC and the Balkan Civil Society Development Network (BCSDN), provided support to seven organizations and networks to improve their policies, procedures, and resources for transparent, accountable, fair, and non-discriminatory financial support to CSOs; strengthen the organizational capacity, transparency, and accountability of CSOs; and raise awareness of good governance and self-regulation of the civil sector. According to MCIC's *Report on Transparency and Accountability of CSOs*, a vast majority (89 percent) of CSOs prepare financial reports and 83 percent develop narrative reports. However, almost one-third of the CSOs that prepare these reports do not share them with the wider public, despite the fact that this is a legal obligation under the LAF.



# POLAND

Capital: Warsaw  
Population: 38,282,325  
GDP per capita (PPP): \$29,600  
Human Development Index: Very High (0.872)  
Freedom in the World: Free (84/100)

## OVERALL CSO SUSTAINABILITY: 2.7



Elections for both the Polish and European parliament were held in Poland in 2019. While pursuing its populist strategy during the election campaigns, the ruling Law and Justice (PiS) party blamed two groups for various problems facing the country: the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community and the judiciary. Attacking the LGBTI community enabled PiS to rally its constituents around traditionalist and national principles, as well as threats from abroad. In the meantime, the attacks on the judiciary were in line with the government's historical policy of fomenting antipathy towards the former communist system, in which, according to the ruling party's false interpretation, a significant number of judges are rooted. During the year, new reforms were adopted that increased executive authorities' control over the judiciary and centralized the country's constitutional system. These changes were made through the passage of ordinary laws, which require a simple majority of votes in parliament, as opposed to constitutional amendments, which require the support of two-thirds of parliamentary members.

In this context, CSO sustainability deteriorated slightly. Government harassment of CSOs, particularly those dealing with LGBTI issues and the judiciary, increased, contributing to a decline in the legal environment. Advocacy deteriorated as the quality of civic dialogue and the level of CSOs' involvement in the law-making process declined further. Ongoing smear campaigns against certain CSOs further tarnished the sector's public image. No score changes were recorded in the other dimensions of sustainability.

According to the Polish Statistical Office, approximately 26,000 foundations and 117,000 associations (including 17,000 voluntary fire brigades) were registered in Poland as of the beginning of 2019. However, it is estimated that only about 65 percent of registered organizations, or about 95,000 associations and foundations, are active. There are also about 50,000 other entities in Poland that can be considered part of the broadly defined non-governmental sector. These include, among others, hunting clubs, trade unions, social cooperatives, employers' organizations, rural housewives' circles, farm circles, craft guilds, church institutions, and, under certain conditions, political parties. However, this report will focus primarily on officially registered associations and foundations.

## LEGAL ENVIRONMENT: 2.9

The legal environment governing CSO operations in Poland worsened in 2019 for the third year in a row. While the legal framework itself did not change, CSOs and activists were increasingly attacked and intimidated.

An act on rural housewives' circles, a traditional form of self-organization in rural areas, entered into force in 2019. On the one hand, the law provides these organizations the right to register and obtain benefits, including



use the tool, which was not very user-friendly. No data is available regarding the number of CSOs that were unable to adhere to this requirement.

In a related change, according to an amendment of the Corporate Income Tax Act that came into force at the beginning of January 2019, all CSOs, irrespective of their size and scope of activity, are now required to sign their annual statements on income tax paid (the so-called CIT-8 form) with qualified electronic signatures. Obtaining and using these qualified signatures, which are different and more complex than the simple electronic signatures required on annual financial reports, entails excessive expenses, thereby creating even more problems for smaller CSOs. At the last moment, the deadline for submitting these reports was extended from the end of March until the end of October for smaller CSOs that did not have any employees in the reporting year. However, the central problem remained unchanged: only forms with an electronic signature were accepted. This requirement was finally lifted at the end of October. Thus, only CSOs that waited until the very last moment to submit their reports benefited from this change, while others had to bear the costs or assume the risk of not complying with legal requirements.

In 2019, many CSOs and civic groups faced obstacles and harassment from public institutions and groups close to the ruling party. Before the European elections in May, a smear campaign was launched against the LGBTI community, including CSOs promoting these groups' interests. Ruling party politicians, with support from the government-controlled public media and those close to the ruling party, presented so-called "LGBT ideology" as a primary threat to Polish society and its traditional values. The campaign alleged that there is a connection between LGBTI people and pedophilia. In addition, the LGBTI community was said to represent the fall of western civilization and the rise of secular values and to be contrary to Polish traditions. Many Catholic Church representatives actively promoted these ideas. This campaign continued beyond the October parliamentary elections.

Specific CSOs and individuals were targeted as part of this campaign. At the end of August, for example, an attempt was made to infiltrate the Campaign Against Homophobia (Kampania Przeciw Homofobii, KPH), which has supported the LGBTI community in Poland for eighteen years. A volunteer equipped with glasses with a built-in spy camera recorded internal meetings of KPH. This incident was later revealed to be a journalistic provocation of Polish public TV. Additionally, a civic activist was charged with offending the religious feelings of others when she hung posters with the image of the Virgin Mary with a rainbow flag halo; police arrested her at home early in the morning, which a court later determined to be an unlawful arrest.

The number of violent attacks against people supporting the LGBTI community also increased during the year. In July, a large counterdemonstration was organized against the Equality Parade in Białystok, a city in Eastern Poland. Participants aggressively attacked, both verbally and physically, people marching in the parade, as well as bystanders. These attacks were incited by local politicians connected to the ruling party and the local leadership of the Catholic Church. The police failed to react to these attacks adequately.

By the beginning of 2020, local governments covering around 30 percent of the territory of the country had either adopted resolutions establishing themselves as LGBT-free zones or adopted the Local Government Charter on Family Rights, which conveys a similar message. In July, the conservative daily newspaper *Gazeta Polska*, which is

access to public subsidies. At the same time, however, the constitutionality of these provisions has been questioned, as the law limits the right to register to just one circle in each commune. The system of informing newly established housewives' circles of the requirements as well as the formal and legal consequences of their operations was ineffective during the year.

Registration continues to be generally easy and affordable for most CSOs. In 2019, CSOs were required to electronically sign the annual financial reports that they must submit to the tax office. This caused significant confusion, especially among smaller CSOs, some of which had difficulties adhering to the new requirement. Even those with high levels of computer literacy struggled to

allied with the ruling party, issued stickers saying “LGBT Free Zone” to its readers. Civil activists, diplomats (including the U.S. Ambassador to Poland), and opposition politicians criticized these actions, and a complaint was filed with the District Court in Warsaw regarding the infringement of the personal rights of LGBTI persons. The court ordered *Gazeta Polska* to suspend the distribution of stickers while it considered the case. However, the newspaper’s editor in-chief disagreed with the ruling and stated that distribution would continue.

In December, the Deputy Minister of Justice published a slide show, in which he claimed that the Warsaw magistrate had been financing LGBTI CSOs and promoting drugs and risky sexual behavior under the guise of the fight against HIV. Public media widely shared these allegations. In October, two conservative organizations—the Mom and Dad Foundation (*Fundacja Mamy i Taty*) and *Ordo Iuris* Institute—issued reports with similar attacks on the credibility of LGBTI organizations. The Mom and Dad Foundation suggested that the homosexual community is primarily associated with the main political opposition parties. According to both documents, a significant part of the funding received by LGBTI groups came from abroad, with subsidies from Warsaw City Hall also serving as an important source of funding, especially after the last local elections, in which the opposition candidate beat the ruling party nominee.

One night in March 2019, “unknown perpetrators” left hate inscriptions and death wishes on the buildings housing several CSOs with a liberal-leftist profile in Wrocław. A radical right group appeared to be responsible for the slogans. The attack was thought to have been revenge for the municipality’s decision to dissolve a demonstration on Cursed Soldiers Day (March 1st) due to the appearance of slogans insulting people of Jewish nationality. In April, a local court found the dissolution of the demonstration lawful.

There are signs that CSOs that openly criticize government policies are subject to extraordinary tax audits or deprived of access to public funds at the central, regional, and local levels. Some local self-governments, including the magistrate in Białystok, also seem to avoid cooperating with CSOs engaged in anti-discrimination education.

Media supporting the ruling party and government officials have also harassed and attacked members of judges’ associations, including *Themis* and *Justitia*. At the end of August, an investigation by a private media outlet revealed the existence of a group producing defamatory materials on judges opposing the ruling party’s attacks on the justice system. There are strong indications that this group is connected with the Minister of Justice.

During the year, the right of assembly continued to be threatened. Several local authorities—including those in Rzeszów, Kielce, and Lublin— attempted to ban marches for equality over the summer, allegedly for safety reasons. Local courts rejected these decisions, thereby defending the constitutional freedom of assembly. Meanwhile, law enforcement authorities failed to react adequately to attacks on peaceful assemblies, including the equality march in Białystok in July 2019.

Tax policies governing CSOs did not change in 2019. Individual donors can still deduct eligible donations up to 6 percent of their incomes, and corporate donors can deduct up to 10 percent of their incomes. However, these exemptions are little known and rarely used. The 1 percent tax mechanism allows taxpayers to designate a portion of their income taxes to CSOs with public benefit status. However, under a newly introduced automatic system, the designated CSO is copied automatically from the previous year, so a taxpayer must take additional actions to choose another CSO. This may make it more difficult for CSOs that just obtained this status to benefit from this system.

As in previous years, CSOs may earn income by charging for goods and services. In principle, all CSOs can legally apply for contracts, participate in public procurements at the local and central levels, and engage in fundraising efforts. There were no discussions in 2019 related to limiting CSOs’ access to funds from foreign donors.

CSOs’ access to high-quality legal knowledge improved slightly in larger cities in 2019, as lawyers and CSOs developed closer cooperation after both found themselves the subjects of attacks by the ruling party. In smaller cities and especially in villages in the peripheral areas of the country, however, CSOs have limited access to legal support. Access to legal consultations has also been limited as less funding was available for CSOs that provide such assistance. Deloitte developed a guidebook on legal and tax aspects of cooperation between companies and CSOs in 2019. As part of its dissemination, training and webinars for advisors were conducted. Despite the large number of trainings available, CSOs continued to struggle to implement the European Union’s General Data Protection Regulation (GDPR).

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## ORGANIZATIONAL CAPACITY: 2.9

In 2019, CSOs more actively identified potential constituents and beneficiaries and worked to establish relationships with them. This change was driven by external factors. CSOs that were cut off from public funds were forced to turn to “ordinary people” for support. Despite this advance in constituency building, CSOs’ overall organizational capacity did not change. CSOs still rely on project-based work, which causes their operations to be unstable and forces them to concentrate much of their efforts on fundraising. CSOs also have small teams and membership bases, as well as weak cooperation networks.

Civic activism expanded during 2019. The number of equality marches grew, spread to smaller towns, and attracted more participants. Pro-climate activities, including the Youth Strike for Climate, intensified and attracted more young people. On the other hand, the activity and visibility of other social movements, including the Women’s Strike, declined. Due to the attacks on them, there was an outflow of people from feminist CSOs, and some of these organizations closed. Some CSOs working with refugee populations, such as Refugee.pl Foundation, also closed during the year.

Research conducted by the Public Opinion Research Center (CBOS) in February 2020 confirms that the level of social engagement in CSOs has increased, with 43 percent of survey respondents confirming that they had engaged in CSOs in some way, up from 40 percent two years ago. The biggest increases were noted in CSOs working with children in need (from 11 percent in 2018 to 15 percent in 2020) and CSOs working with other people in need (from 9.6 percent to 11.2 percent). There was also an increase in engagement in women’s organizations, including rural housewives’ circles (from 3.3 percent to 5 percent).

There was no major change in CSOs’ strategic planning. Thanks to institutional grants awarded in 2019 for the first time by the National Freedom Institute, some CSOs now have the resources to engage in such processes. On the other hand, some CSOs that used to carry out strategic planning regularly ceased these activities due to increased uncertainty and the lack of financial stability. Many small CSOs, especially those located outside large cities, do not plan their activities or develop strategies, mainly due to their lack of knowledge and competence in this area, as well as funding uncertainties.

Most CSOs still do not have internal management structures or they are very rudimentary. Small CSOs, especially in the peripheral areas, continue to lack modern equipment as they do not have money for such purchases.

Due to the very low unemployment rate in the country and an increase in salaries in the national economy, CSOs find it difficult to provide competitive remuneration and job stability, and have therefore lost many of their most experienced staff members, while struggling to recruit new employees. Small organizations usually do not employ permanent staff and often do not even have rented offices.

ORGANIZATIONAL CAPACITY IN POLAND



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## FINANCIAL VIABILITY: 3.1

CSOs’ financial viability did not change noticeably in 2019. On the one hand, support from the state and local governments governed by the ruling party was increasingly directed to specific areas of support, including family, patriotism, and national traditions, and to specific organizations associated with the ruling camp to varying degrees. At the same time, some CSOs with extensive achievements and experience in certain thematic areas were denied funding. For example, We Give Children Strength Foundation was not granted funding for a telephone helpline for children and youth through the Ministry of Education’s competition for mental health prevention, despite the fact that it has been running this kind of helpline for almost a decade. As a result of such practices, CSOs that do not support the current authorities or that operate in areas that the ruling party perceives negatively, such as equal opportunities, domestic violence, and the environment, must seek other sources of funding.



Some CSOs have raised funds from individuals successfully. We Give Children Strength Foundation, for example, finally received funding for the abovementioned helpline through a public collection organized by a celebrity. After the turbulent course of the Equality March in Białystok, both the local initiative Rainbow Białystok and the Campaign Against Homophobia received significant financial support from private donors. However, the scale of the increase in private donations is limited and it is unclear whether it will be sustained. Businesses still mostly support noncontroversial activities, such as those targeted at people with disabilities or children.

Public funding at the national level increased in 2019. The National Freedom Institute finally launched new funding

programs for CSOs during the year. According to official plans, the Civic Organizations Development Program (PROO) was expected to distribute around PLN 40 million (approximately \$10.5 million) in 2019. Altogether, 219 grants, each valued at several hundred thousand Polish zlotys, were awarded, with the same CSOs sometimes receiving more than one grant. In addition, around 100 CSOs received smaller grants of between PLN 5,000 and 10,000 for their ad hoc needs. Aggregate data is not available about the total amount of funding awarded through PROO. Funding areas included CSOs' institutional development, contributions to other projects, local watchdog organizations and civic media, and so-called civic think tanks. No funds were allocated for the establishment of CSOs' endowments in 2019. The National Freedom Institute also launched the Solidarity Corps, a program that supports long-term volunteering, during the year.

Thanks to some changes to the rules for funding competitions introduced in 2018, support from the government-funded Civic Initiatives Fund (FIO) reached a wider group of CSOs in 2019, particularly smaller groups that had not received funding from the program before. The FIO's budget was about \$15 million in 2019, approximately the same level as in 2018. According to an analysis by Klon/Jawor Association, the number of applications submitted for this program was cut almost in half between 2016 and 2017, while the number of grants remained largely the same. This may indicate that many CSOs have decided that it is not worth applying for these funds under the current conditions.

With the adoption of the act on rural housewives' circles, such groups could apply for public subsidies for the first time without needing to register as associations. The Accessibility Plus Program launched by the Ministry of Investment and Development (now known as the Ministry of Funds and Regional Policy) offered new funding opportunities for CSOs, primarily those focused on supporting elderly people and people with disabilities. In October, the Minister of Justice used the Justice Fund to support entities providing assistance to victims of traffic accidents, including several Volunteer Fire Brigades, even though this was not fully consistent with the main purpose of the Fund. In July, however, the Supreme Audit Office (NIK) identified further irregularities in the operation of the Justice Fund.

The distribution of public funds dedicated to civil society development was controversial in some cases. Although most funds allocated through these programs went to ideologically neutral entities, some funding went to CSOs supporting the government's ideological orientation. In the competition for institutional grants announced under PROO in August, 16 percent of awarded grants went to organizational units of the Catholic Church, and 12 percent went to organizations that openly propagate far-right views and sometimes utilize violent tactics. For example, the Podlasie Institute of the Sovereign Republic received one of the largest possible public subsidies in this competition. The Podlasie Institute organizes the annual Independence March in Białystok on Polish Independence Day, a gathering of people with nationalist views, and was responsible for the counter-demonstrations against the Equality Parade in Białystok in 2019. Meanwhile, CSOs that criticize government activities or work in areas incompatible with the government's agenda were often excluded from such support. There were also examples of public institutions granting funds to CSOs supporting the government in violation of applicable regulations. For example, the Polish Non-Governmental Initiatives Confederacy (KIPR), a new federation of conservative organizations, was commissioned to evaluate one of the components of the FIO's program, despite the fact that it had received funding through the same component.



There were increasing signs that local governments have started cutting their funding for CSOs. The authorities of Ruda Śląska cut funding for CSOs in its budget for 2020 by 50 percent. In localities such as Radom and Olsztyn, there were examples of CSOs closing down or suspending their activities due to the lack of contracts from the local authorities. If the ruling party further centralizes the state management system, thereby limiting the scope of local governments' responsibilities further, the resources available for CSOs at the local level may continue to shrink. In the meantime, many local CSOs continue to be dependent on local government subsidies, which limits their ability to express critical opinions regarding local government activities.

The level of foreign funding did not change significantly in 2019 and continued to be limited. The process of selecting operators for the two strands of the grantmaking program for civic organizations financed through the European Economic Area (EEA) and Norway Grants was finally completed in 2019. Despite the government's objections, CSOs independent of the authorities were selected as operators. At the very beginning of 2020, the operators of the national strand announced the first grant competitions, which will include institutional support. Unfortunately, due to the government's obstruction in the selection of the regional strand operators, the first regional call for proposals will not be issued until late 2020. Both the national and regional strands will finance activities in areas that Polish state authorities are against, including defending civil rights, equal opportunities, and the environment.

The number of taxpayers and the amount of money transferred to selected CSOs under the 1 percent income tax mechanism increased again. In 2019, nearly 14.5 million people designated a portion of their 2018 taxes to a CSO with public benefit status, an increase of 367,000 over 2018. In total, almost PLN 875 million (approximately \$230 million) was allocated.

There was no major change in terms of the revenues that CSOs obtain from services, products, or rental of assets. According to experts, there was a slight increase in local self-governments' use of social clauses in public procurement, as a result of an amendment to the public procurement law adopted in 2016 that introduced public orders for CSOs and social enterprises for revitalization processes. The Act on Social Service Centers, adopted in mid-2019, led to a similar improvement in some local governments' attitudes to commissioning services. However, the level of use of social clauses in public procurement varies significantly between regions and in some places does not occur at all.

The European Social Fund (ESF) still makes funding available for the creation and development of social enterprises. In 2019, over 600 entities newly acquired the status of social enterprises granted by the central administration, entitling them to benefit from ESF support. In many parts of the country, however, social enterprises struggle to survive after subsidies end. There is a lack of awareness among local administrations of the value of supporting local social enterprises.

Most CSOs still lack procedures and tools to manage their financial resources and operations. Only the largest CSOs undergo independent audits and have clear financial procedures. Small CSOs generally rely on the services of accounting firms that do not necessarily specialize in working with CSOs.

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## **ADVOCACY: 2.9**

CSOs' access to public decision-making processes decreased further in 2019. The legislative process has become less transparent and CSOs increasingly feel that it was a waste of their resources to participate in public consultations.

In December, the Stefan Batory Foundation's Citizens' Legislation Forum issued its thirteenth report, which concludes that legislative standards deteriorated between 2015 and 2019. The report notes that there were frequent violations or circumventions of the regulations of the Council of Ministers, the Sejm (the lower chamber of the Polish parliament), and the Senate (the upper chamber). In 2019, the Sejm spent less than fifteen days working on fifty-six bills. This means that the Sejm Rules of Procedure, which require that legislative work that is not in urgent mode should take a minimum of fifteen days, were ignored for almost one-quarter of new laws passed during the year. Amendments of the laws regulating the functioning of the most important constitutional state institutions, including the Supreme Court and National Council of Judiciary, were adopted in just a couple of days. In breach of the Regulations of the Council of Ministers' work, in 2019 the government organized public

consultations on less than two-thirds of the bills it worked on, with the average consultation taking less than twelve days.

In 2019, the newly created Committee for Public Benefit, chaired by the deputy prime minister, developed several regulations that directly affect CSOs that were also subject to inadequate consultations. In late June, for example, an amendment to the Law on Public Benefit and Volunteer Work was presented for consultation to a limited number of CSOs and local administration bodies. This amendment would establish a new consultation body, the Council of Dialogue with the Young Generation. However, the deadline for filing replies was again very short (just fourteen days) and only three entities submitted comments. The Council was nevertheless created in autumn 2019.

The Public Benefit Dialogue Council, a separate body, was once the main body for civil dialogue between the government and CSO representatives. In 2019, however, most decisions were made without the involvement of this entity.

While local governments increasingly declare their commitment to public participation, these declarations are often hollow. CSOs, media, and others increasingly criticize participatory budgets for being insufficiently civic and not transparent, despite the fact that they have been obligatory in large cities since late 2018. Civil dialogue bodies at the local level, such as senior councils and public benefit councils, are also less relevant. In addition, recruitment for these advisory bodies is sometimes politicized.

One of the few positive developments related to advocacy in 2019 was the election to the new parliament of a large group of people with experience in civil society, who are expected to increase cooperation with CSOs. Another positive sign is the fact that CSOs had significant impact on the decisions and strategic directions of the Accessibility Council at the Ministry of Funds and Regional Policy, which addresses issues confronting people with disabilities.

While the ability of independent CSOs to shape public opinion or legislation in 2019 was limited, some openly conservative organizations were able to influence legislation. In October 2019, for example, the Sejm voted to refer a civic draft act amending the penal code that would penalize groups providing sex education to the parliamentary commission for further work. The author of the proposal was the PRO-Right to Life Foundation. Conservative organizations also advocated directly with schools and parents against so-called LGBT ideology. For example, Ordo Iuris issued guides called “Parents’ rights at school” and “Teachers’ right to act in accordance with their conscience.” These activities were promoted by local politicians from the ruling party, public media, and other media outlets close to the ruling party.

The strong political polarization in Poland has had a negative impact on the effectiveness of most advocacy initiatives. The growing profile of anti-democratic and highly conservative movements, such as the Mom and Dad Foundation and Ordo Iuris Institute, discouraged other coalitions, including those focused on anti-discrimination, education, and equal opportunities, from continuing their work. These coalitions were further disincentivized from working by the fact that central institutions generally ignored their actions and demands.

There were a few successful examples of advocacy in 2019, however, including a campaign focused on raising awareness of road safety for pedestrians called It’s a Matter of Life, advocacy for a landscape resolution in Warsaw, and the series of Civic Deliberations/Councils on Education organized by CSOs in different parts of the country. The two former examples led to the adoption of legislation, while the latter enabled the integration of various stakeholders and the development of alternatives to the government’s position but has not yet resulted in any changes in the government position on education reform. LGBTI organizations successfully encouraged the mayors of some cities to oppose the resolutions of LGBT Free Zones adopted in other municipalities. In Warsaw, the mayor, CSOs, and activists signed a special declaration securing the rights of the LGBTI community. Moreover, lawyers’ organizations were increasingly active in highlighting the increasing violations of the rule of law in Poland. These efforts were primarily successful at the European level, where they contributed to debates on the threats to



democracy in Poland in the European Parliament and the proceedings against Poland in the Court of Justice of the European Union. Also in 2019, CSOs launched a new information and analytical platform on transparent lobbying (<https://jawnylobbying.pl/>) and had a great impact on the law establishing the Accessibility Plus program. CSOs intervened on this act while it was under review by parliamentary and senate committees, thereby ensuring full political consensus when parliament voted on the act.

At the same time, individuals increasingly engaged in informal protest movements as a means of expressing their views and protecting their interests. In particular, the intensity and popularity of equality marches as well as pro-climate activities grew in 2019. In addition, in response to the growing antipathy towards the LGBTI community, the number of equality parades around the country increased, and a growing number of individuals took part in them to show their support.

CSOs are increasingly aware of the need for a more favorable legal framework and regulations for the sector. This was visible in the process of developing new templates for application forms for public subsidies and reports on the implementation of public tasks. Due to the involvement of CSOs in processes run by the government, the worst versions of proposed regulations for these documents, including their new formats, were not adopted. CSOs also opposed the introduction of the obligation for electronic signatures on tax reports. Thanks to their advocacy, the government eventually softened its position on this matter.

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## SERVICE PROVISION: 2.3



There were no meaningful changes in the variety of goods and services offered by CSOs in 2019. CSOs continue to provide services in a diverse range of areas, with sport, culture, and social services being the most common. However, some social groups received less support as the CSOs serving them were cut off from public funding. For example, there were fewer services for migrants because some organizations have ceased operations due to a lack of resources. At the same time, conservative organizations had increased access to funding for public tasks, which increased their ability to serve their beneficiaries. CSOs also created new services for people with disabilities and the elderly with support from the Accessibility Plus program.

Most CSOs continue to develop services in response to available funding rather than perceived needs. Smaller CSOs lack the knowledge to gather and use data to demonstrate their contributions to meeting local needs. CSO services are generally available to the broader public, without discrimination. CSOs generally offer publications, workshops, and expert analyses free of charge.

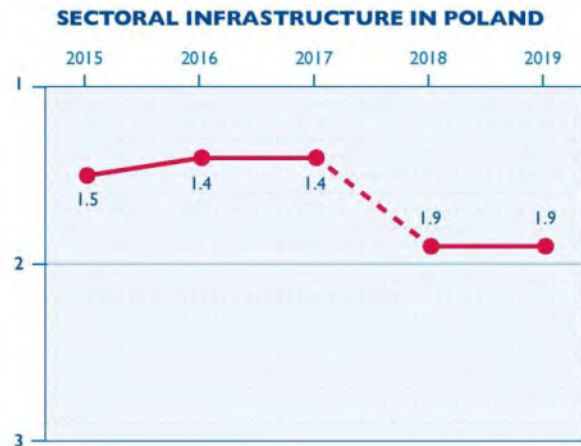
CSOs struggle to recover their costs as there continues to be a broad public belief that CSO services should be free of charge, even if the same services provided by other types of entities are normally provided on a fee basis. According to research published by Klon/Jawor Association at the beginning of 2019, the level of revenues collected by CSOs through economic activity (selling products or services as regular companies) remained unchanged. However, revenues from the sale of goods and services carried out to support CSOs' statutory activities are growing. According to experts, CSOs' participation in public procurements has also increased in some areas. However, the use of public procurement depends largely on the attitudes of individual decision makers. CSOs working with people with disabilities have been able to sell services to businesses as the business community is becoming increasingly aware that they need to adapt their workplaces to meet the needs of people with disabilities.

The authorities' recognition of the role and services provided by CSOs did not change in 2019. The administration understands the role CSOs play in delivering social services and appreciates CSOs' contributions as it allows the government to reduce costs or get rid of problems, but still divides the sector into "good" and "bad" organizations. The former are praised and supported, while the latter are stigmatized. In its policies on the civic

sector, the government focuses on transferring funds to small local CSOs, while withholding funding from institutionalized entities with experience in delivering services in specific areas.

## SECTORAL INFRASTRUCTURE: 1.9

The range of trainings and other types of support services available to Polish CSOs remained unchanged in 2019. CSOs continue to have access to support centers in many municipalities and to intermediary support centers that primarily provide information on obtaining various EU funds. These centers, however, rarely offer the more complex knowledge and skills that CSOs require for their daily work. More online educational opportunities, including webinars and recorded lectures, were available in 2019, generally for free. The National Freedom Institute initiated the so-called Academy, which provides educational services to CSOs. Starting in mid-2019, Academy offered two webinars a month. The NGO.pl portal also provides various online resources, including live shows, webinars, and published materials.



The main local entities providing financial resources to CSOs are the seventy-seven Act Locally centers of the Polish-American Freedom Foundation and twenty-seven community foundations that conduct philanthropic activities and distribute collected money to address local communities' needs. The federation of community foundations was less active in 2019 due to financial constraints.

Internal cooperation within the civic sector, which had increased in recent years, slowed down in 2019. Some coalitions, such as the Equal Opportunities Coalition, stopped meeting due to a lack of resources and lack of faith in the success of their operations. On the other hand, limited access to public funding and other external conditions forced other CSOs to consolidate. For example, relevant CSOs established the Consortium of Social Organizations working for Refugees and Migrants.

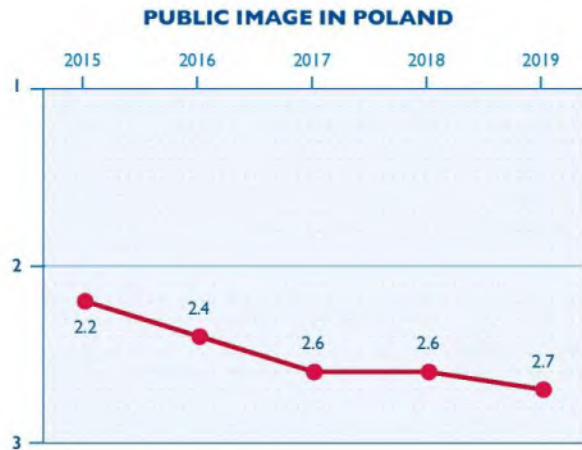
The situation of regional CSO federations in different parts of the country varies. Some, such as the federation in the Kuyavian-Pomeranian Voivodship, continued to develop and several received grants from the PROO program. Others, however, are stagnating. CSOs still struggle to develop local networks due to the lack of mutual trust and competition for increasingly limited local public funds. Federations of CSOs at the local level are active only as long as they have funding. Local and regional public benefit councils rarely fulfill their advocacy roles as representatives of local CSOs.

In 2019, CSOs built cross-sectoral partnerships with local governments, including to organize celebrations of the thirtieth anniversary of the regime change in 1989. The Sixth Congress of Local Cooperation was organized in Słupsk as a forum for debate between local governments and civic activists on important social challenges. But these instances of cooperation have not yet turned into permanent processes or new tools and models of cooperation. Awareness of the benefits of cooperation between businesses and CSOs is still limited, although employers and trade unions are interested in cooperating with CSOs in the area of disability, particularly to access available EU funds.

## PUBLIC IMAGE: 2.7

CSOs' public image deteriorated slightly in 2019 as a result of ongoing smear campaigns against CSOs.

Certain CSOs—primarily those addressing LGBTI issues, sex education, environmental protection, or human rights, or representing various legal professions—continued to be defamed in the public media. The Great Orchestra of Christmas Charity was also attacked again during the year with groundless accusations that it had used money from a public collection for the private purposes of its founders. At the end of the year, new materials



appeared in the main news program on public television aimed at exposing the links of environmental CSOs and activists (including Greta Thunberg) in Poland and abroad with large businesses. Many now associate the word “foundation” with a lack of financial transparency and shady activities. The situation is a bit better in the local media, which are more interested in specific CSO activities.

At the same time, the public perception of most CSOs has improved to some extent. According to various research projects, including one by the Institute of Public Affairs, CSOs enjoy more trust than most public institutions, with only firemen and the police scoring higher. A coalition of twenty-seven organizations continue to implement the campaign “Social

Organizations - It works!,” which is aimed at strengthening the image of CSOs. Through its social media presence, media interviews, and commercials aired in cinemas, it has already reached several million recipients. In 2019, it established cooperation with new partners, including Warsaw municipality and various media outlets.

The strong social polarization in the country, however, continues to influence the image of CSOs. Protests against the laws restricting the freedom of the judiciary seem to indicate that the segment of society supporting the political opposition has begun to pay more attention to judicial organizations. Experience in CSOs also helped many candidates to win parliamentary mandates in the October parliamentary elections.

The perception of CSOs by the authorities and the business sector did not change in 2019. Authorities recognize CSOs’ role in service provision but are less likely to recognize CSOs’ knowledge and role as experts in other areas, including during the decision-making process. Statements by officials indicate that the government considers large entities that are institutionalized and have been operating for years as the sector’s oligarchy. Ruling party politicians and media outlets that they control describe some of the larger and more established CSOs that are critical of government policy as politicized and allied with the opposition parties. Some local governments share such attitudes, sometimes viewing CSO representatives as “professional social activists” using their positions as a springboard for political careers. The business sector remains passive in terms of its recognition of CSOs’ role, in part because of its reluctance to engage in activities that are perceived as political.

Numerous CSOs have improved their public relations capacity over the past few years, although the extent to which a CSO engages in public relations activities depends largely on its size and funding. According to research published by Klon/Jawor Association in March 2019, almost all associations and foundations (95 percent) communicate in some manner with their constituencies and communities and promote their activities. Nearly three-quarters (72 percent) use a website or social media profile to do so. The percentage of CSOs active on social media has increased 2.5 times since 2012. A majority of CSOs have their own websites (64 percent) and social media profiles (63 percent).

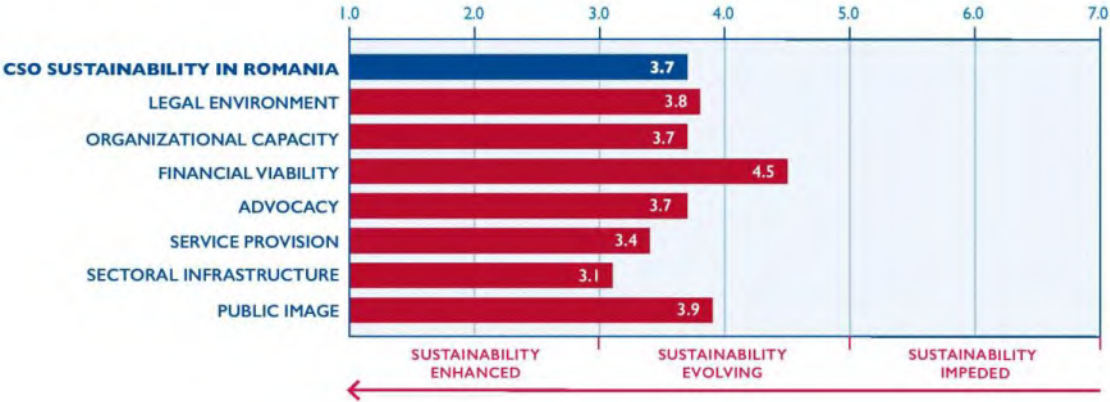
Large CSOs are generally aware of transparency requirements and the need to publish their financial and activity reports. However, events in 2019 demonstrated that transparency is still not fully understood in the sector. For example, in July, a conservative organization requested access to public information from seventy CSOs working on equal rights, especially for LGBTI persons. The CSOs involved initially attempted to find excuses to not share this information. However, public access to this information is required by law and, after consideration, appropriate responses were provided. Moreover, according to a report issued by the Central Statistical Office, the percentage of CSOs sharing their reports fell between 2013 and 2017, the last date for which data is available. In a new trend, some CSOs have started to adopt internal policies setting out their standards for accessibility by various social groups and anti-discrimination measures.



# ROMANIA

**Capital:** Bucharest  
**Population:** 21,302,893  
**GDP per capita (PPP):** \$24,600  
**Human Development Index:** Very High (0.816)  
**Freedom in the World:** Free (83/100)

## OVERALL CSO SUSTAINABILITY: 3.7



Public attention in Romania in 2019 was focused on two rounds of elections, a national referendum concerning corruption and the judiciary, and two motions to impeach the government, one of which was successful. In this context, politicians paid less attention to civil society. While this meant that there was less vilification of CSOs and fewer attempts to regulate the sector, it also prevented any sustainable improvement in CSOs’ relationships with public authorities.

In the European Parliament elections held in Romania in May, the two main opposition parties surprisingly received close to a combined 50 percent of the vote, while the governing Social Democrats barely obtained 23 percent of the votes cast. On the same day as the European elections, a consultative referendum took place about whether to prohibit any further amnesties and pardons for corruption-related offenses, as well as any further emergency ordinances related to the judiciary. The referendum passed by a wide margin. On the day following the elections, Liviu Dragnea, the Social Democrat party leader, received a sentence of three and half years in jail for using his office to fictitiously employ two party members in a public child protection agency. This created tensions inside the party and the governing coalition and resulted in the eventual impeachment of the government in October and its replacement by a Liberal Party cabinet. In November, the incumbent Klaus Iohannis won the election for Romania’s presidency in a landslide, defeating the recently impeached Social Democratic Prime Minister Viorica Dancila.

Despite the turbulent political context, overall CSO sustainability remained stable. The only dimension recording a change in score during the year was advocacy, which improved slightly as a result of the less controversial environment.

The National Non-Governmental Organization Register included 114,548 registered CSOs at the start of 2020, an increase of 6,774 in the past year. However, organizations that registered in 2019 might not be represented on the Register until later in 2020, as courts are not subject to a deadline for updating the registry. Most registered CSOs are associations (93,128) and foundations (19,270). It is estimated that only half of registered CSOs are active.

## LEGAL ENVIRONMENT: 3.8



The legal environment governing CSO operations did not change in 2019. The intensity of new initiatives aimed at regulating the sector eased and attention was focused instead on revising some existing laws and finalizing the adoption of initiatives proposed in 2018. The lack of clarity and predictability of some legal terms and administrative procedures continues to be a challenge, as they allow for discretionary decisions in verification and control processes. In addition, CSOs lack the capacity to ensure full compliance with the norms.

Parliament did not vote in 2019 on one of the most drastic proposals to revise Government Ordinance (GO) 26/2000, which regulates the establishment and functioning of CSOs. The proposal, which was initiated in 2017, would impose extremely harsh reporting

requirements on CSOs under the threat of dissolution for non-compliance. Despite the strong objections to this regulation by CSOs and international organizations, including the Venice Commission and the Organization for Security and Cooperation in Europe (OSCE)/Office for Democratic Initiatives and Human Rights (ODIHR), the proposal remained on parliament's agenda, meaning that it could be voted on at any time without notice, fostering insecurity within the CSO sector.

After a long and disputed process, in July 2019 the parliament adopted a law to implement the 4th EU Anti-Money Laundering Directive. The version of the law that was adopted only addressed some of CSOs' grievances and still included unclear reporting obligations. While CSOs are no longer categorized as obliged entities, both associations and foundations are required to report on their beneficial owners to the Ministry of Justice with penalties for non-compliance ranging from fines to dissolution. Any changes in the list of beneficial owners that occur in between annual reporting deadlines must be reported within thirty days. The law is still not clear as to who CSOs' beneficial owners are, leading to a variety of different interpretations. Moreover, the law requires the declaration on beneficial owners to be notarized, which imposes additional costs and time. As a general rule, the declaration can be made in front of a notary only by the representative nominated in the bylaws; if a CSOs' decision-making body mandates another person to assume this role, this mandate must also be notarized.

The CSO registration process, which was already quite lengthy and complex, became more complicated in 2019 as founders must now declare their beneficial owners during the initial court procedure. CSOs can only be dissolved through a judicial procedure. Although this procedure is lengthy and complex, it protects CSOs against arbitrary dissolution by third parties, including the state.

CSOs can freely express criticism of the state, but state authorities rarely adjust their behavior or view such criticism as an opportunity for constructive dialogue. CSOs continued to be subject to some vilification in 2019, although the discourse was much more moderate than it was in 2018.

Tax policies that entered into force at the beginning of 2018 negatively affected CSOs. However, some positive changes were made to these measures in 2019 that minimized their impact. Corporate donors are now eligible for deductions for sponsorships<sup>1</sup> up to 20 percent of their owed income tax, or up to 0.75 percent of their annual turnover (instead of the previous limit of 0.5 percent), whichever is lower.

Individual taxpayers have long had the option of directing up to 2 percent of their owed income tax towards a CSO or church or individual scholarship. In 2018, the government raised the percentage of owed income taxes that can be redirected to 3.5 percent but only for CSOs that are authorized social service providers with at least one licensed service. Although the law was eventually amended in December 2018 to allow the increased benefit

<sup>1</sup> In Romanian law, the term "sponsorship" refers to any financial flow from a legal person to a CSO, while a "donation" refers to a financial flow from an individual to a CSO.

to be directed towards any CSO, this change will become effective only in 2020 when taxpayers file their tax returns for 2019.

Beginning in 2019, all recipients of sponsorships and individual income tax allocations must be registered with the Registry of Entities Benefiting from Fiscal Deductions. Although the measure was introduced in a law adopted in 2018, the details regarding its functionality, related forms, and information to be provided by the CSOs were only published very close to the deadline for CSO registration. Although the registration process can be completed online, the delay in announcing the needed documents caused some difficulties for CSOs and their relations with corporate donors.

CSOs are legally able to fundraise and earn income, as well as to compete for public funds. CSOs, trade unions, and business associations remain exempt from income tax up to EUR 15,000 on 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.

Few CSOs have the capacity or resources to comply with all the requirements of the European Union (EU) General Data Protection Regulation (GDPR), which came into effect in 2018. In 2019, the Association for Technology and Internet published a list of answers to the most frequently asked questions related to GDPR compliance, while Expert Forum Association mediated meetings throughout the country between the relevant national agency and CSOs.

CSOs require professional legal advice to comply with both GDPR and the Anti-Money Laundering legislation. However, the availability of such advice is limited compared to the needs of the sector. Although interest in providing pro bono legal services has grown over the last couple of years, legal professionals have limited experience related to CSO specificities, as law schools and professional bodies provide very little information on these issues.

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## ORGANIZATIONAL CAPACITY: 3.7

The CSO sector's organizational capacity did not change in 2019. While many CSOs understand the importance of engaging citizens in their activities and projects, in practice they find this difficult to do due to the lack of funding to organize meetings, awareness campaigns, or communication activities.

Although the Law on Volunteering, enacted in 2014, provides volunteers with a wide range of benefits, volunteering is not yet common in Romania. According to the Charities Aid Foundation's 2019 World Giving Index, which aggregates data from the past decade, Romania is among the bottom ten countries in terms of participation in volunteering activities. On average, in the past ten years, only 7 percent of respondents in Romania reported that they had volunteered. Furthermore, CSOs struggle to engage long-term volunteers as volunteers prefer short-term activities. The development of a volunteer culture is also hampered by the fact that most employers do not recognize volunteering as relevant work experience, which may encourage volunteering among young people looking for jobs.

CSOs continue to find it difficult to retain permanent paid staff. The public sector has become much more attractive to employees as it offers greater job security and higher salaries. According to the PayWell study conducted by PricewaterhouseCoopers, since 2017 wages in the public sector have grown by approximately 50 percent. CSO leaders indicate that the highest staff turnover rates in CSOs are among social workers and psychologists. Some CSOs try to attract more student volunteers or employ staff only on a project basis in order to compensate for reductions in staff. CSOs do not have efficient human resource management systems, and employees have limited opportunities to develop their skills through training, career development programs, or coaching.



Few CSOs engage in long-term planning. Most CSOs have missions and visions and recognize the need to implement strategic approaches to their work, but only well-established CSOs develop strategic plans. Smaller CSOs develop their activities based on available financing opportunities.

The internal management structure of CSOs did not change noticeably in 2019. Some CSOs have functional boards, while in other CSOs, the roles of board members are not clearly distinguished from those of staff. In some CSOs, staff members also serve as board members.

In general, CSOs have the equipment needed for their day-to-day work. In 2019, however, there were very limited opportunities for acquiring high quality equipment. Some small CSOs received donations of second-hand equipment, but this was not a common practice.

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## FINANCIAL VIABILITY: 4.5



CSO financial viability did not change significantly in 2019. While there were several positive developments that could improve the situation in 2020 and beyond, they were unable to counterbalance the ongoing problems with public funding, the insufficient support for smaller and rural CSOs, and the limited capacity in the sector to earn revenue from the sale of products and services.

Although CSOs have access to diverse sources of income, only a few are able to diversify their funding successfully. Smaller CSOs generally sustain their operations on a short-term basis, usually through donations and volunteer work. These CSOs occasionally receive funding through the tax redirection mechanism, access public funds (local or national) to a very limited extent, and rarely benefit from European structural and

cohesion funds, which are managed by Romanian public authorities. CSOs engaged in some fields of activity, such as the environment, issues facing the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community, human rights, and even social service provision, struggle to diversify their incomes as they have access to fewer sources of funding.

According to the report *The dynamics and perspective of the CSR domain in Romania*, issued in 2019 by CSR Media and Valoria Business Solutions, 88 percent of respondents reported that their corporate budgets for corporate social responsibility (CSR) programs have either stagnated or increased slightly. Education, social issues, and the environment continue to be the areas most commonly supported by companies, and interest in the field of health has grown significantly. Although most surveyed companies state that they implement their programs at the national level, CSR programs increasingly reach out to rural areas as well. Long-standing funding programs for CSOs by corporations such as Kaufland, OMV Petrom, LIDL, Raiffeisen Bank, MOL, IKEA, Vodafone, Orange, ING Bank, and Telus International Romania continued in 2019. In addition, a few new programs were launched, including some that address less popular thematic areas. For example, IKEA provided three-year strategic support to CSOs focused on gender equality, education and development, and disaster preparation; Kaufland supported small CSOs working in the areas of environment, education, and health, and supported the establishment of urban gardens and farms in Gradinescu; and LIDL initiated a new program titled *With Clean Waters*.

Beginning in April 2019, CSOs are required to register as potential beneficiaries of sponsorships in the new National Register of Nonprofit Entities administered by the National Fiscal Administration. This caused slight delays in the signing of new support agreements between businesses and CSOs, but overall sponsorship amounts are not expected to be affected significantly given the more favorable legal provisions that entered into force.

As in previous years, the central government continues to provide funding to the sector. There were slight variations in the budgets allocated for different types of CSOs or specific fields of activities in 2019. For example, while there was an increase in funding for national minority organizations, sports federations, and projects focused on combating intolerance, there was less funding for culture and youth projects. Given the limited resources

available in local communities, CSOs receive little support from local governments. Local government funding is more common in municipalities and larger towns.

European Structural Funds 2014-2020 and the European Economic Area (EEA) Financial Mechanism 2014-2021 were the primary sources of foreign funding in 2019, in particular for larger and more experienced CSOs. Using EU funds, in 2019 CSOs implemented projects primarily in education, entrepreneurship, employment, local development, advocacy and public policy formulation, social entrepreneurship, and social inclusion. New funding for social entrepreneurship is particularly appreciated, given the lack of support for social enterprises in the past few years. However, this funding is available primarily for start-ups as opposed to existing enterprises that strive to compete on the open market.

Under the EEA Financial Mechanism, several calls were issued for grants in the areas of culture, inclusive education, poverty reduction, energy efficiency, and education. Funding decisions had not yet been announced by the end of 2019, with the exception of a few projects addressing Roma education. Calls under the Active Citizens Fund, a EUR 46 million EEA program exclusively focused on CSOs working on democracy and human rights, social justice, environment and climate change, gender equality, and gender-based violence, were launched near the end of the year.

The Romanian-American Foundation is one of the few other foreign donors active in the country; it provides annual support of up to \$3.6 million in the areas of rural economy, technology and innovation, civic engagement, and development of philanthropic infrastructure.

As in previous years, the Civic Innovation Fund, a private mechanism funded by the business sector, and the Fund for Democracy, which collects recurrent monthly contributions from individuals, financed small CSO projects.

Support from individual donors and constituencies has become more consistent and CSOs have become more creative in their fundraising approaches, which include the use of SMS campaigns, crowdfunding, and local and national fundraising events, such as marathons, swimathons, and galas. The use of information and communications technologies (ICT) to facilitate donations or crowdfunding strengthened significantly in 2019. The platform [www.donatie.ro](http://www.donatie.ro), which facilitates SMS campaigns and direct debits, reported a 50 percent increase in recurrent donations and a 20 percent increase in the number of SMS donations between 2018 and 2019, and the peer-to-peer platform [www.galantom.ro](http://www.galantom.ro) reported a more than 50 percent increase in annual donations in 2019. In addition, [www.bursabinelui.ro](http://www.bursabinelui.ro), which facilitates non-commissioned donations, has become an attractive platform for making small donations. Other apps, such as [doneaza.pago.ro](http://doneaza.pago.ro) and MobilPay Wallet, allow users to make recurrent donations to preselected CSOs. Several independent media outlets, including Recorder, Rise Project, Să fie Lumină, and G4Media, successfully attracted donations from individuals to cover significant portions of their operating costs. The online journalism platform Inclusiv raised EUR 104,000 from 1,650 recurrent donors. The tax redirection mechanism remains a relevant source of income for small CSOs and those that are most visible to the public.

CSOs' capacity and ability to earn revenue from the provision of products or services remains limited.

CSOs submit annual financial statements to the national authorities, which are published on the Ministry of Finance's website. However, less than half of legally registered CSOs report their incomes; the rest are either inactive or do not have any income. Most CSOs publish annual reports with minimum financial information online or make them available only upon request. Independent financial audits are not a common practice among CSOs and are generally conducted only at the request of institutional donors.

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## ADVOCACY: 3.7

CSO advocacy improved slightly in 2019. From the beginning of the year through early fall, CSO cooperation with the government was generally tarred by the lack of trust that has dominated the entire post-2017 period, with public consultations generally being organized only to meet procedural requirements. However, after the new Liberal Party government was installed in October, transparency and CSO involvement in policy-making cycles increased. For instance, the new prime minister consulted with civil society before appointing his new cabinet. However, the sustainability of this new level of cooperation, as well as that of the newly installed government itself, is uncertain given the frail parliamentary majority it holds and the local and legislative elections scheduled for 2020. The Romanian President Iohannis, a former member of the same Liberal Party, engaged civil society in March



before calling for the referendum on the judiciary. However, this positive evolution was in part cancelled out by the president's subsequent refusal to engage in any electoral debates with his political competitors before his re-election in November.

A governmental emergency ordinance issued in February introduced new legislative changes related to the judiciary system and the promotion of magistrates and judicial staff. This ordinance would have resulted in the immediate change of the prosecutors leading two departments in the anti-corruption directorate and was perceived as introducing new forms of political control over magistrates, and thus sparked the most significant protests of the year. Hundreds of magistrates protested in silence on the doorsteps of their institutions while also suspending their official duties for several days. An estimated ten thousand citizens took to the streets in Bucharest and major cities before some of the changes were alleviated through a new emergency ordinance passed in early March. The street rallies were organized informally but were supported by formal CSOs.



While Romania held the Presidency of the Council of the EU during the first half of the year, CSOs grouped in the informal RO2019 coalition tried to increase CSO input in the official processes related to the presidency, including the preparation of Romania's official positions. While some civil society proposals were included in Romania's official priorities, cooperation with CSOs throughout the process was limited. In June, CSOs presented their positions at the Bucharest International Civil Society Forum, a civil society-organized event, which culminated with a comprehensive open letter addressed to EU decision makers asking for stronger support measures in order for civil society to maintain its role in ensuring fundamental rights for all.

At the local level, transparency still lagged, as evidenced in Bucharest municipality. In June, ActiveWatch and the Resource Center for Public Participation (CeRe) obtained a final court decision stating that the rules of procedure used by the mayor's office regarding citizen participation at county council meetings were illegal. The rules stated that citizens had the right to request to take part in the meetings, and not the right to actually take part in the meetings, and failed to specify criteria by which the mayor's office would approve citizen requests. Nevertheless, the actual practice did not change substantially, and critical watchdog organizations still had difficulties participating in council meetings.

In November 2019, parliament adopted legislation severely reducing the role of CSOs in the management of environmentally-protected areas. The initiative was adopted despite strong opposition by local organizations since 2018 and the previous invalidation by the constitutional court of similar changes that had initially been passed as emergency governmental decrees.

Dozens of EU-funded projects focused on improving CSOs' capacity to participate in public policy processes, including the Administrative Capacity Operational Program, were completed during the year. With the support of these programs, beneficiary organizations formulated many policy proposals focused on, for example, improving education for sustainable development in the public school system, improving air quality in urban settlements, supporting the perpetuation of traditional crafts, developing professional standards for early preschool educators, and improving the access to public information legislation. However, it is still uncertain whether any of them will be adopted as legislation.

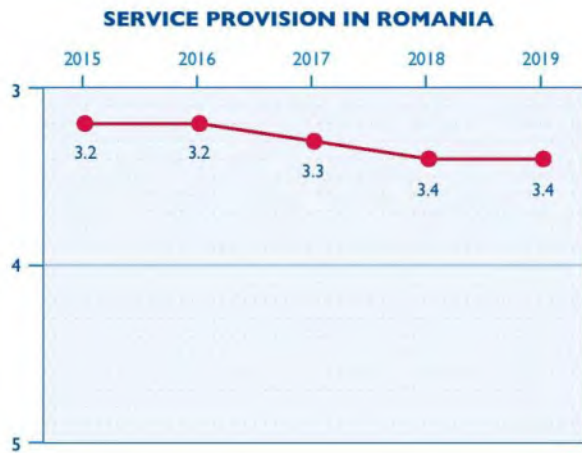
In June 2019, the government passed an emergency ordinance eliminating student reimbursements for long-distance school commutes. Although Save the Children Romania and some of the major student organizations nationwide harshly criticized this decision, their objections had not had any effect by the end of the year.

On a positive note, advocacy by PACT Foundation and MKBT: Make Better contributed to the adoption in July of legislation alleviating the situation of the more than 64,000 families who live in informal settlements in structures built without any legal approval.

In 2019, CSOs advocated, both individually and through informal coalitions, for a more enabling operating environment for the civil sector. While successful in overturning the negative changes made to fiscal provisions,

these efforts were only partly successful in modifying the anti-money laundering legislation before its adoption, as described above. The state's lack of interest in genuine cooperation with CSOs was demonstrated by the failed process of reinstating the Prime Minister's Consultative Committee for Associations and Foundations. In August 2019, each ministry was supposed to conduct a CSO selection procedure and make a recommendation to the prime minister's office. However, not all line ministries launched procedures and those that did made the process burdensome and failed to design criteria to help them make meaningful decisions. As a result, the procedure failed and the Committee remained inactive.

## SERVICE PROVISION: 3.4



CSO service provision did not change noticeably in 2019. CSOs continue to provide a wide variety of services in areas such as education, basic social assistance, health, environmental protection, civic activism, culture, and youth education. The quantity and quality of services provided by CSOs are affected by the lack of staff and continuous funding. In 2019, some CSOs lost their licenses to provide social services as they had insufficient staff. Due to limited resources, CSOs do not identify community needs through needs assessments, consultations with beneficiaries, and analysis as much as they used to. However, CSOs still offer relevant services to their beneficiaries that respond to constituents' needs.

CSOs' capacity to generate revenue through service provision did not change in 2019. The central

government's subsidies for social service providers increased marginally but are still significantly below what is needed to cover the real costs of service provision. CSOs charge fees for a variety of products and services, including home care services, addiction treatment, and informal or alternative education for children. However, the fees that CSOs charge for their services do not fully cover the costs of their interventions, necessitating them to seek supplementary sources of funding. Some CSOs have started to develop small social enterprises producing goods such as bakery products and handicrafts made by people with different disabilities. Other CSOs are investing in the development of small livestock farms. For instance, in order to help people with disabilities, Betania Association took over a goat farm from Găgești, Vaslui County; it employs people with disabilities on the farm and uses the profits for its activities serving people with disabilities. However, most CSOs struggle to develop social enterprises as they lack business expertise.

CSOs offer their expertise to stakeholders beyond their constituents, including governmental and local institutions, private companies, hospitals, and international institutions. Large, experienced CSOs have partnered with companies to develop CSR programs. For example, MOL Romania developed its CSR Program Green Spaces, which offers grants to CSOs working in collaboration with public institutions to create or rehabilitate green spaces, in collaboration with the Environmental Partnership Foundation.

While both positive and negative examples of cooperation exist, public authorities at the local level generally recognize the role of CSOs in service provision and rely on them to address the needs of different vulnerable groups. Cooperation between the national government and CSOs did not change in 2019. The government still does not seem to recognize the value that CSOs bring in service provision or other fields.

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## SECTORAL INFRASTRUCTURE: 3.1

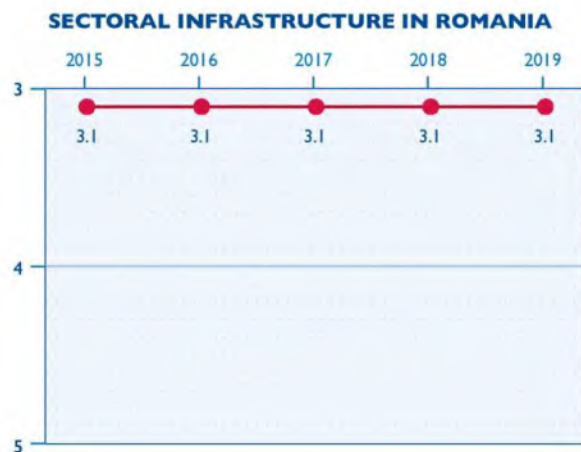
The infrastructure supporting the CSO sector did not change significantly in 2019. Dozens of CSOs act as CSO resource centers and provide advice and support to other organizations. For example, CeRe continues to support civic groups across the country, and the Association for Community Relations provides a variety of support measures to help CSOs diversify their fundraising techniques. Support services generally are focused on CSOs in urban areas. In 2019, such activities were reduced somewhat due to the insufficient funding dedicated to capacity building or watchdog initiatives.

While existing coalitions maintained their activities, similar funding problems also limited their actions. Because of insufficient staff, the NGOs for Structural Funds Coalition was unable to respond to all of the issues raised with the increasing number of CSO projects funded through the EU structural programs. Similarly, the Environmental NGO Coalition was largely inactive during the year but began to restructure at the end of the year.

Local grantmaking organizations continued to raise funds and inspire and support community actions. The network of community foundations grew to a total of nineteen with three new entities established in 2019 in underserved regions. In addition, approximately twenty organizations are involved in managing various CSO funding programs.

At the end of 2019, the EEA's Active Citizens Fund was launched. According to the program's rules, grantees can allocate up to 20 percent of their total project budgets for organizational development activities, which will provide CSOs the opportunity to develop their long-term sustainability and capacity. CSOs can also build their organizational capacities through CSR-funded capacity-building programs. In 2019, Kaufland Romania's "In stare de bine" funding program offered CSOs the opportunity to engage in organizational evaluations, planning, and other concrete measures to improve their capacity to manage existing challenges and effectively address future challenges and trends. Approximately thirty CSOs from all over the country participated in this organizational transformation process.

CSOs continue to consolidate their partnerships with independent and investigative media. IREX's 2019 Media Sustainability Index acknowledges "the efforts of civil society organizations such as freedom of expression NGOs that protested aggression against journalists, politicians labeling media professionals with defamatory language, and attempts at passing restrictive legislation." Partnerships with the government are still limited, although prospects improved at the end of the year with the installation of a government more receptive towards civil society input. The business sector has strengthened its relationship with civil society. For example, the Code for Romania initiative mobilized individual information technology (IT) experts to use their skills to develop IT solutions for community problems. Local businessman Stefan Mandachi initiated a visible campaign to support the demands of Together for A8, a civic group, for the construction of a highway connecting the impoverished North East region to the rest of the country.

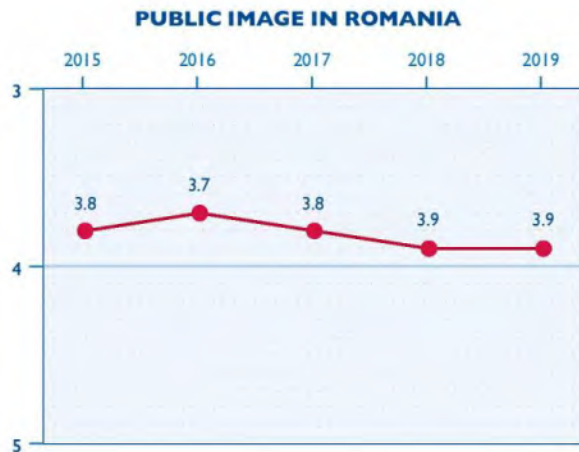


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## PUBLIC IMAGE: 3.9

The CSO sector's public image did not change significantly in 2019. While CSOs made advances in self-promotion, these were counterbalanced by poor cooperation with the government and the rise of alternative civil society, an increasingly visible section of civil society which is less preoccupied with human rights, transparency, and rule of law and often includes opportunists and actors who have nothing to do with the values lying at the origin of traditional civil society.

While the political and media rhetoric accusing CSOs of being Soros foreign agents lost much of its traction in 2019, it was replaced to a significant extent with the vilification of #Rezist, a general term used to refer to all civic



protesters. A significant number of high-ranking state officials and politicians, including the ombudsperson, minister of finance, and various members of parliament (MPs) from the Social Democrats, the main governing party at the time, all used the term pejoratively during the year.

CSOs still enjoy fairly wide media coverage, even on mainstream TV outlets. Coverage is mostly positive, although some prime time talk shows spread the negative political rhetoric. Organizations that address major social problems enjoy the most visibility. One of the most successful such examples is the Daruieste Viața Association, which has made significant progress in constructing a hospital to serve children with oncological afflictions, using mostly private funds. While benefitting

from a lot of positive coverage, the association also garnered a lot of criticism, including public insults by Bucharest's general mayor, despite the fact that it is planning to turn over management of the hospital to the public health system.

Alternative civil society became more visible during the year, negatively changing the public understanding of CSOs and the benefits they bring. The candidacy for presidency of Alexandru Cumpănașu, a self-proclaimed civil society figure, had a particularly negative impact on the public image of CSOs. During his unsuccessful campaign, he attracted attention because of his significant wealth, obtained mostly from public contracts, a track record of select organizational cooperation with public institutions, as well as inconsistencies in the higher education he claimed on his official CV. Divisions in civil society were also demonstrated when a group of well-established watchdog organizations harshly criticized the official civil society representatives in the Supreme Council of Magistracy (SCM). After discouraging the protests of Romanian magistrates, the latter were accused of only representing the political interests of the MPs that voted them into the SCM.

There is no polling information available about the level of public trust in CSOs. However, according to the April 2019 Special Eurobarometer 489, 76 percent of Romanians consider it important that CSOs and activists can operate freely and criticize the government or major economic interests without adverse consequences, below the 87 percent average for the entire EU.

While the government's perception of CSOs improved slightly at the end of the year with the installation of a new government, this did not compensate for the continuous deterioration in CSO-government relations since 2017. The business sector, on the other hand, has a largely positive perception of CSOs based on their shared interests in the rule of law, the independence of the judiciary, and access to education for all.

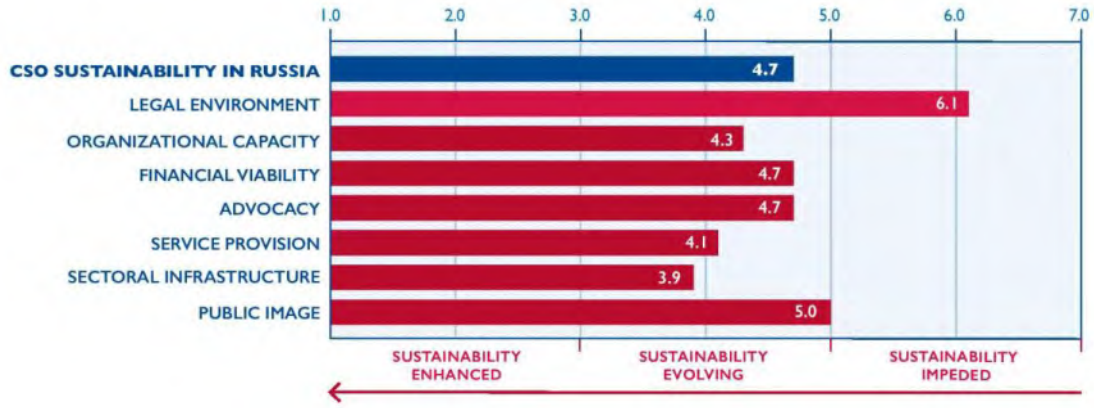
CSOs continue to use social media, as well as their traditional public events, awards, and galas, to promote their work. Some CSOs experimented with new innovative approaches during the year. Capitalizing on the energy of civic protests over the past few years, the Declic platform organized a major concert in front of the main government building to celebrate Europe ahead of the European Parliament elections, with well-known bands and actors taking the stage on the site of major anti-corruption protests over the past few years. The No Day Without Us Campaign, part of a Europe wide initiative by the European Civic Forum, gained even more traction in Romania and, on December 10th engaged NGOs and activists to communicate more about their achievements by imagining what their communities would look like in the absence of CSO action.

While there are no legal requirements to do so, many, but not all, CSOs draft annual activity reports to satisfy donor requirements. Various attempts have been made to draft a code of ethics or conduct for the CSO sector over the years, but these efforts have not benefitted from significant support or acceptance among CSOs.

# RUSSIA

**Capital:** Moscow  
**Population:** 141,722,205  
**GDP per capita (PPP):** \$27,900  
**Human Development Index:** Very High (0.824)  
**Freedom in the World:** Not Free (20/100)

## OVERALL CSO SUSTAINABILITY: 4.7



In 2019, public discontent with the situation in Russia grew. According to a joint study by the Carnegie Moscow Center and the Levada-Center, 59 percent of Russians were in favor of “decisive changes” in Russia in 2019, an increase of 17 percent over the past two years. According to a different study by Levada-Center, 53 percent of Russians aged eighteen to twenty-four would like to emigrate from Russia, the highest level since 2009. Willingness to participate in political actions has also grown: 30 percent of the population say that political protests are appropriate, and 20 percent are ready to participate in them.

Several incidents catalyzed public discontent during the year, including the detention, arrest, and sentencing of journalists and activists during protest rallies. According to official data from the Ministry of Internal Affairs, 155 unauthorized political actions took place in Moscow in 2019, in which more than 3,000 people were detained. The head of the Moscow police noted that the number of social and political events in the capital increased in 2019 by more than 60 percent compared to 2018. Mass actions also took place in the Arkhangelsk and Moscow regions, Komi, and Tatarstan, mainly to oppose the construction of incineration plants and landfills to deal with the large amount of waste produced by large cities.

Civil society in Russia is diverse, consisting of organizations with different agendas, resources, and operational contexts. The state encourages active participation in public life through charity, volunteer events, public chambers, festivals, and forums. CSOs engaged in the protection of human rights, environmental protection, and the fight against corruption, on the other hand, operate in a much less favorable context. Specific areas of work pose a similar dichotomy. For example, the authorities consider protecting the rights of persons with disabilities and children to be good activities, while efforts to promote the rights of prisoners or lesbian, gay, bisexual, transgender, and intersex (LGBTI) people are not welcome. These fundamentally different conditions and opportunities lead to economic stratification within the sector, as well as self-censorship and caution in dealing with potentially political topics.

Overall CSO sustainability did not change in 2019. The legal environment for activist groups, independent organizations defending the rights of citizens, and independent journalists and the media deteriorated. Several well-known organizations were liquidated, while others were subject to searches and large fines. The practice of recognizing CSOs as “foreign agents” continued, but now individuals can also be given the status of “foreign agents” and the number of “undesirable organizations” increased. On the other hand, CSOs’ organizational capacity, financial viability, and service provision all improved. The organizational capacity of CSOs increased slightly due to the greater use of digital technologies by CSOs and the growing involvement of citizens in charitable and social volunteer campaigns organized by CSOs. The improvement in the sector’s financial viability was fueled by growth in regional government funding for CSOs and charitable giving. The improvement in the service



provision dimensions reflects incremental changes over the past several years that were insufficient to justify a change from one year to the next but have led to a cumulative improvement in service provision, as well as some minor changes in 2019. Other dimensions of CSO sustainability remained largely stable.

Official statistics on registered nonprofit organizations are fragmented and contradictory, even though these organizations are required to report extensively to various departments. The Ministry of Justice database includes more than 214,000 non-commercial organizations (NCOs). This figure, however, includes state nonprofit structures, state corporations, law firms, municipal institutions, thousands of political parties, and cooperatives. According to estimates from Rostat, the number of socially-oriented NCOs (SO NCOs), which more closely matches the definition of CSOs used in *the CSO Sustainability Index*, is about 145,000, although experts believe that only 15 to 35 percent of them are operational.

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## LEGAL ENVIRONMENT: 6.1



In 2019, the legal environment for human rights, environmental, and public interest CSOs deteriorated moderately, while the situation faced by charitable, sports, youth, cultural, educational, and other organizations remained largely the same.

The freedom of assembly was restricted in 2019. The Moscow authorities failed to register independent opposition candidates for the elections to the Moscow City Duma, invalidating many of the signatures supporting them. Although twelve complaints were filed with the Central Election Commission of the Russian Federation, none of the decisions were overturned. In response, unauthorized protests were organized in Moscow with the support of activists in other cities in Russia. The police violently dispersed the protests and arrested

organizers and rally participants. According to OVD-info, 2,374 people were detained in opposition rallies held on July 27 and August 3 in the center of Moscow. Following these protests, the Russian Investigative Committee opened the so-called “Moscow case” to look into violence against police officers. As of January 2020, eighteen people had been convicted, eleven of whom were given prison sentences; five more remained under investigation. The Tver court in Moscow sentenced 34-year-old programmer Konstantin Kotov to four years in a labor camp for repeated violations of the rules for participation in public events. Lawyers objected to this sentence, since it contradicted a 2017 Constitutional Court decision in a similar case.

The Investigative Committee also opened a criminal case into the alleged laundering of illegally obtained funds by the Anti-Corruption Foundation, led by opposition politician Alexei Navalny. On September 12, thousands of law enforcement officers conducted around 150 searches at Navalny’s headquarters in forty-one cities across the country. Equipment was seized from headquarters, and many employees’ personal bank accounts were blocked. In addition, in the summer of 2019, searches were conducted in the offices of the Legal Initiative organization in Nazran and Moscow, which provided legal assistance to detainees during protests in Ingushetia in March 2019 against the transfer of part of the Ingush lands to Chechnya.

In 2019, supporters of the religious organization Jehovah’s Witnesses, which was banned in 2017, were subject to 489 searches; nineteen people were convicted. One of the most famous cases of persecution of Jehovah’s Witnesses was the sentencing of Danish citizen Dennis Christensen to six years in prison.

On March 27, employees of the Federal Security Service (FSB), the Ministry of Internal Affairs, and the Russian Guard carried out searches in the homes of Crimean Tatar activists in Crimea, including members of the Crimean Solidarity public association.

On November 6, the Moscow City Court liquidated the Center for Assistance to Indigenous Peoples of the North for minor violations in its charter, including an outdated address, without giving it the chance to correct these issues. The Center is the only organization of indigenous peoples from Russia that has special status and

accreditation with United Nations (UN) agencies and structures, including the UN Educational, Scientific and Cultural Organization (UNESCO) and the Economic and Social Council (ECOSOC).

According to the 2012 Law on Foreign Agents, any CSO that intends to receive foreign funding and conduct expansively-defined “political activities” must register as a foreign agent. Over the year, such well-known organizations as Movement for Human Rights, the Foundation for the Protection of the Rights of Prisoners, the Civil Union Foundation from Penza, and the Anti-Corruption Foundation were added to the register of foreign agents. In total, twelve new organizations were given this status, and eleven were removed from the register, resulting in seventy-four NCOs in the registry at the end of 2019. Some CSOs were forced to pay huge fines for violating the Law on Foreign Agents in 2019. For example, the prosecutor’s office opened twenty-eight administrative cases against the Memorial Human Rights Center and International Memorial for failing to label publications appropriately. In each case, heavy fines were imposed. By the end of the year, the fines exceeded 4 million rubles (approximately \$62,500). Similar fines were imposed on Movement for Human Rights, which was later shut down by a court decision.

According to the 2015 Law on Undesirable Organizations, an undesirable foreign organization (UFO) is a foreign or international organization that poses a threat to the defense or security of the state or to public order or public health. UFOs are not legally permitted to work in Russia and all contacts with them by Russian people and organizations are banned. In addition, it is illegal to store or distribute materials from UFOs. In 2019, the number of UFOs increased. During the year, four organizations were added to the list: Free Russia Foundation (USA); Ukrainian World Congress (Canada); Atlantic Council of the United States (USA); and People in Need (Czech Republic). Several Russian citizens were fined for having contact with UFOs. Criminal cases against Open Russia activists—single mothers Anastasia Shevchenko from Rostov-on-don and Yana Antonova from Krasnodar— attracted significant public attention.

In 2019, amendments were made to the 2017 law regulating the activities of foreign media organizations acting as foreign agents (FA). According to these amendments, the status of FA can be applied to individuals who distribute materials from media that already have such status or participate in their creation, and also receive money or property from abroad or from Russian legal entities financed from foreign sources. In 2019, the Radio Liberty website “North. Realities” was added to the register of FA media.

There were some minor positive developments affecting the legal environment for CSOs in 2019 as well. In November, the government approved the Concept for the Development of Charity and Volunteering in Russia for the period until 2025. According to this concept, charitable organizations should be provided with additional tax benefits for donations, and their bank deposits should not be subject to income tax. In addition, the Constitutional Court of the Russian Federation issued a ruling that “requirements for excessive security measures against organizers of rallies and the recognition of a ban on holding public events near authorities” are not compliant with the Constitution.” In June, Oyub Titiev, the head of Grozny Memorial who was convicted in 2018 on drug charges that human rights defenders consider to be fabricated, was released early.

CSOs are exempt from taxes on grants, donations, and other funds received for charitable purposes. All other income is tax deductible. An individual has the right to an income tax deduction up to 25 percent of taxable income for total donations to CSOs or CSOs’ endowments. CSOs can engage in entrepreneurial activity but must separately account for this income in their financial statements. In 2019, a law was passed that enshrines the concepts of “social entrepreneurship” and “social enterprise,” although this is primarily related to business organizations.

CSOs were able to register easily in 2019. Legal literacy among CSOs is quite low. Many organizations regularly provide legal advice to CSOs, either in person or remotely. The Presidential Grants Foundation (PGF) provides financial assistance to CSO legal support projects. Lawyers for Civil Society has a large regional network, while the NCO Lawyers’ Club still provides free advice on the federal hotline.

## ORGANIZATIONAL CAPACITY: 4.3

In 2019, the organizational capacity of CSOs increased slightly due to the greater use of digital technologies, the active involvement of citizens in charitable and social volunteer campaigns organized by CSOs, and the growth of volunteer support for human rights organizations. Leading CSOs experienced the greatest levels of growth during the year. While they only account for a small share of the overall sector, they often conduct trainings for other CSOs, where they share new technologies and practices, thereby gradually increasing the capacity of smaller organizations as well.

Throughout the year, CSOs continued to engage local communities and residents in their activities. For example, under the Dobrye Goroda (Kind Cities) initiative, local CSOs in 204 cities and towns held annual charity festivals and events that attracted more than 1 million participants. In 2019, the organizers of the Clean Games environmental project held 442 events with the participation of approximately 30,000 people who collected 593 tons of waste. One hundred fifty volunteers collected more than 2,000 bags of garbage during the environmental event Holiday of Cleanliness on the Baikal island of Olkhon and the coast of the Maloye More Strait.

In 2019, human rights organizations engaged more volunteers, including some who defended the participants of the Moscow protests. For example, OVD-info engaged more than 180 volunteers during the summer protests, not including lawyers working with detainees; for example, volunteers ran a hotline, collected and verified data, and designed and edited publications. Golos (Vote) actively engaged volunteers to observe the elections held in Moscow and other regions in September 2019.

CSOs' access to new information and communications technologies (ICTs), mobile applications, and devices has grown, fueled by an increase in the number of internet users and the wide availability of mobile communications. According to a study by the Higher School of Economics (HSE), the most popular types of ICTs among CSOs are chat rooms and groups in social networks (used by 43 percent of survey respondents), planning and task setting systems (26 percent), and cloud storage services (16 percent). The use of Customer Relationship Management (CRM) systems is also growing.

The Social Technology Greenhouse (STG) project plays an important role in promoting new digital solutions and capabilities within the CSO sector. In 2019, the project became a partner of the American nonprofit organization TechSoup and a member of the TechSoup Global Network. STG is currently administering the CSO technology support program TeploDigital in Russia. Through the program, CSOs can access Microsoft, Google, Symantec, Autodesk, and other licensed software at a discounted price, thereby increasing work efficiency and decreasing costs. Over the year, four more donor partners joined the program. STG created an online platform specifically for beginners called Heating System, where users can access information on how to write press releases, conduct broadcasts on social networks, create websites for charity campaigns, and evaluate their work efficiency. During the year, more than 600 users—CSO representatives and IT volunteers—registered on STG's IT volunteer platform, bringing the total number to over 5,500. In 2019, IT volunteers implemented more than 200 tasks on social projects.

IBM, in partnership with HSE and the Donors Forum, implements the Smart Social program, which introduces digital technologies into the work of CSOs. Beeline company launched the Beeline AI neural network for the Lisa Alert search and rescue team. The technology processes photos of search locations for missing people that are obtained from unmanned aerial vehicles. Nochlezhka, Starost v radost (Enjoyable Aging), and Greenpeace Russia have launched interactive bots that provide answers to frequently asked questions.

While this is not yet the norm among small regional CSOs, the popularity of strategic approaches and planning sessions is gradually increasing. Serious organizations regularly organize strategic planning sessions as part of their ongoing management processes. Although many types of CSOs have supervisory or trustee boards, only the most professional organizations have true separation of responsibilities between such bodies.



Many CSOs continue to operate without paid employees. According to the HSE study, 29 percent of CSOs do not have permanent employees. The share of organizations that say they do not have permanent employees fell by 10 percent between 2009 and 2018. Most small CSOs still do not have enough resources to attract specialists from various fields to their work. In part, CSOs are able to compensate for the lack of professionals through a variety of platforms that offer CSOs pro bono services, such as Todogood, Volontim, the Paseka Program of STG, as well as services provided by professional associations for free through grant support from the state. New opportunities are also being developed. For example, in December, the Dentsu Aegis Network (DAN) Russia communication group, in partnership with Need Help Foundation, launched the Better crowdsourcing platform to create free social advertising for CSOs. The service brings together marketing specialists, media patrons, and charities that need communications support.

## FINANCIAL VIABILITY: 4.7



The financial viability of CSOs improved slightly in 2019 driven by a notable increase in regional government support for CSOs and increased charitable giving, including to human rights organizations.

State financing of social projects continues to be the most significant source of financial support for the sector. However, the most active and visible human rights CSOs and foreign agents very rarely receive government support. Foreign funding, on the other hand, is limited and received only by a small group of independent organizations that either are already recognized as “foreign agents” or are at risk of becoming one. Private donations in the country continue to grow.

PGF has held six grant competitions since its establishment in 2017. Over 20,000 NCOs have

participated in these funding competitions, and 10,558 socially significant projects have received support totaling more than 22 billion rubles (approximately \$344 million). In 2019, PGF held two competitions, awarding 7.65 billion rubles (approximately \$120 million) to 3,772 projects, roughly the same level of support as in 2018, when 3,573 projects received 7.8 billion rubles (\$122 million). In 2019, most of PGF’s funding was aimed at small projects implemented by regional and local organizations. More than 1,000 organizations received grants from PGF for the first time in 2019. On the other hand, some large CSOs, such as the Big Change Foundation, the Moscow Helsinki Group, and the Movement for Human Rights, did not receive support from PGF in 2019, complicating their financial situations. Various ministries provide similar amounts of support to SO NCOs as PGF, but their distribution of funds is usually not transparent.

Budget support for CSO social projects at the regional level has increased notably. Although there is no official information available for 2019, according to the Ministry of Economic Development, authorities in eighty-three regions allocated more than 31.3 billion rubles (\$489 million) to 4,400 SO NCOs in 2018. This was a dramatic increase from 2017, when SO NCOs received a total of 11.6 billion rubles (\$184 million). The structure and volume of such support, however, varies from region to region.

According to the Charities Aid Foundation’s 2019 World Giving Index, which reports on aggregated data for the past ten years, an average of 12 percent of Russian respondents indicated that they had donated to a charity over the past decade. Over the past ten years, Russia has improved its position in the index: in the first year of the study, Russia ranked 138th, and by 2018 had reached 110th in the overall standings.

In September 2019, the NAFI Research Center conducted a study in fifty regions of Russia, interviewing 1,600 people from 150 settlements. According to the study, 57 percent of Russians donate to charity, an increase from 46 percent in 2018. On the other hand, an online survey of the Need Help Foundation showed that the number of people that support large charity organizations has decreased (from 84 percent in 2018 to 75 percent in 2019) and less people intend to donate in the future (85 percent in 2018 and 80 percent in 2019). Only 8 percent of respondents participate in charity on a monthly basis. According to the same survey, approximately one in four

respondents (26 percent) made online donations during the study period, and the average size of donations decreased by about 25 percent.

CSOs increasingly use fundraising technologies, including crowdfunding, recurring payments, CRM, and volunteer fundraising. The first crowdfunding platform based on blockchain technology, W12.io, was developed in 2019. From spring 2018 to December 2019, twenty-three giving circles operated in cities and villages from Moscow to Vladivostok, raising more than 2.5 million rubles (approximately \$39,000).

The brutal dispersal of peaceful protests in the summer of 2019 increased the visibility of the work of human rights organizations and the support they received. In July, the work of OVD-Info, which provided help to detainees at rallies, received 8,272 donations worth more than 8 million rubles (approximately \$125,000), a record for the organization. On December 10, International Human Rights Day, Memorial launched a crowdfunding campaign, the first fundraising campaign in the organization's thirty-year history. By the end of the year, it had already raised more than 3 million rubles (approximately \$47,000).

In December, Russia participated in #Giving Tuesday for the fourth time. More than 4,100 partners from 320 localities joined the movement, an increase from 2,700 partners from 275 towns and cities in 2018. The number and size of donations on #GivingTuesday through online platforms was three times that on a regular day.

Businesses and businesspeople finance social and charitable programs. In 2019, the total budget of twenty funds financed by businesspeople from the Forbes-200 list amounted to 10.3 billion rubles (approximately \$160 million), an increase from 8.3 billion rubles in 2018. Sixty-five Russian and international companies took part in the Leaders of Corporate Philanthropy competition in 2019; the participating companies spent over 57 billion rubles (\$891 million) on charity in 2018. DobroMail.ru, together with Mail.ru, conducted a study among small and medium-sized businesses that found that 40 percent of small companies provide financial assistance, 29 percent donate food, clothing, and other necessary things to charity, and 25 percent engage in volunteering. At the same time, CSOs have noted that direct financial support from large businesses has decreased. Instead, businesses are more interested in developing corporate volunteering programs and are beginning to support projects from the perspective of social investment.

CSOs rarely earn money through the provision of paid services to businesses or the government. In 2019, the Law on Social Enterprises was adopted, which defined social entrepreneurship for the first time. However, the law only applies to small and medium-sized businesses, not to CSOs. CSOs engaged in social entrepreneurship also receive support, however. In particular, the Navstrechu peremenam (Toward Change) Foundation held the V All-Russian contest of social entrepreneurs in the field of children's issues, in which 354 projects competed for grants of up to 1.2 million rubles (\$18,750). Our Future Fund issued interest-free loans worth a total of 31 million rubles (\$484,375) to ten social enterprise projects from ten regions of Russia. A group of five CSOs publishes the catalog Social Entrepreneurship in Russia on an annual basis; the 2020 edition, which covers 2019, describes 101 social entrepreneurship projects.

Most CSOs cannot afford to hire professional financial managers. In small CSOs, the director often also serves as the accountant. Foundations are required to undergo financial audits, but many cannot afford to do so because of the high costs. In 2019, the government submitted a draft law to the Duma to exempt foundations with small annual turnover from the audit requirement. CSOs are required to submit financial reports to the tax office but rarely publish these reports.

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## ADVOCACY: 4.7

The ability of CSOs to protect their rights and the public interest did not change notably in 2019.

The Public Chamber of the Russian Federation and a network of Public Chambers in the regions facilitate interaction between CSOs and the government. Formally, these structures are also responsible for monitoring the activities of government bodies in the country, both federal and regional. CSOs generally have limited trust in these structures. The effectiveness of Public Chambers depends largely on the region and the composition of its members. Local Public Chambers are usually loyal to the authorities. In 2019, the Public Chamber of the Russian Federation received 17,042 complaints from citizens on issues such as the judicial system, social sphere, and housing and communal services, and sent hundreds of requests to state authorities, local authorities, and supervisory and controlling organizations, some of which achieved positive results.



Citizens and CSOs can also engage with government institutions through public councils that exist under all federal ministries and departments. Public councils monitor the activities of federal executive bodies and participate in the discussion of draft laws and documents. Many such councils only exist formally, but there are exceptions. For example, in 2019, CSOs dealing with neuropsychiatric boarding schools actively promoted the reform of these institutions in a public council under the Ministry of Labor.

The state system for protecting human rights includes the Federal Human Rights Ombudsman, regional commissioners or ombudsmen, a network of commissioners for children's rights, and the Council for Human Rights and the Development of Civil Society (CHR) under the President of the Russian Federation.

The political leadership in the country determines the composition of the CHR and appoints the commissioners. These bodies have very limited opportunities to influence policy. In 2019, after the summer protests, members of the CHR criticized the security forces. In response, President Putin replaced the CHR Chairman with a more loyal official and removed several prominent figures from the CHR.

CSOs that work on such issues as palliative care, the long-term care system, and missing people continue to interact and work jointly with the authorities. In February, the State Duma fulfilled President Putin's order to adopt the palliative care law, which many CSOs had long advocated for. The law provides for pain relief through the use of medications, including narcotic and psychotropic drugs. Other CSO efforts were partially successful. For example, in November the government adopted the Concept for the Development of Charity and Volunteering in Russia. While CSOs had advocated for this concept throughout 2018, it is quite general and includes few practical measures. Many other efforts, however, failed to bring about the desired results. For example, although tens of thousands of letters were sent to the State Duma protesting the adoption of amendments equating waste incineration to recycling, these amendments were still adopted.

The year 2019 was characterized by growth in the number of mass protest campaigns and professional solidarity. Actions that attracted many people and wide media coverage were able to achieve positive results. This was the case, for example, with the numerous protests organized to oppose the construction of a dump for garbage from Moscow in the Arkhangelsk region, which started in 2018, and the widespread public campaign to stop the construction of a church on a public square in Yekaterinburg.

On June 6, Ivan Golunov, a journalist from the Meduza online media, was detained in the center of Moscow and accused of "attempted drug trafficking on an especially large scale." Policemen committed many gross violations during the detention. Numerous pickets and actions in support of Golunov took place across Russia—from Kaliningrad to Vladivostok—and abroad. As a result, Golunov was released and criminal cases were eventually initiated against the police.

Peaceful protests began in Moscow in mid-July 2019 to oppose the exclusion of independent candidates for the September elections to the Moscow City Duma. Authorities reacted harshly, in many cases using violence against peaceful demonstrators. Between July and November, twenty-four people were arrested on groundless allegations of "riots" or violence against law enforcement officers. A wide campaign, including rallies and pickets, was initiated to protect the arrested and convicted defendants in the so-called "Moscow case." Open letters supporting the defendants were published by human rights activists, NGO representatives, actors, journalists, students, scientists, publishers, doctors, psychologists, historians, and clergy. Such unprecedented solidarity contributed to the release and suspended sentences for some of those arrested. However, other defendants received significant sentences.

Online platforms, such as Change.org, allow users to support or oppose various initiatives. In 2019, 15 million people in Russia used Change.org, and 25,000 Russians made regular cash contributions to support the platform. Through joint efforts, 247 campaigns on Change.org were successful over the year. For example, 1 million people supported the campaign "Stop the construction of the Baikal water bottling plant for China" and 2 million supported the petition "Release orcas and belugas from the "Whale prison" in Srednaya Bay."



CSOs continue to monitor the activities of law enforcement agencies. In 2019, the independence of Public Monitoring Commissions (PMCs) was seriously compromised when a Federal Penitentiary Service order was amended to give prison staff the right to monitor the content of conversations between PMC members and prisoners.

During the year, government-organized NGOs (GONGOs), as well as conservative CSOs, also defended their interests. For example, activists of the radical organizations National Liberation Movement (NOD) and South East Radical Block (SERB) unsuccessfully tried to disrupt the award ceremony for a high school student research contest called “Man in History. Russia - XX Century” organized by International Memorial. These organizations also interfered in certain events organized by the Sakharov Center during the year.

## SERVICE PROVISION: 4.1



CSO service provision improved slightly in 2019. In addition to minor changes in 2019, including the expansion of the list of services eligible for longer term state support, the improvement reflects incremental changes since 2013 that were insufficient to justify a change from one year to the next but have led to a cumulative improvement in service provision.

CSOs continue to provide fairly diverse services, ranging from charity meals for the homeless to legal aid and education. However, as a rule, the scale of these activities is limited and considered to be a top-up to the large-scale system of services provided by the state.

CSOs that provide home-based services, in-patient care for the sick, help for the homeless, social integration of former prisoners, and services for the disabled and

orphans can register as Providers of Public Benefit Service (PPBS). In 2019, the government expanded the list of activities approved for inclusion in the PPBS register to include services for the prevention of artificial termination of pregnancy and services for the prevention of social orphanhood. In addition, organizations that have successfully implemented PPBS projects with PGF grants can now be entered into the register without undergoing an evaluation of their quality. CSOs with this status are eligible to receive state subsidies for at least two years, as opposed to just one year. As of the end of 2019, 379 NCOs had PPBS status.

In 2019, the Public Chamber of the Russian Federation issued a special report titled “Participation of NCOs in the provision of services in the social sphere.” According to the report, a number of regions transform state organizations into NCOs, transferring the responsibility for social services, as well as property and assets, to them. Such organizations compete with independent CSOs for subsidies and presidential grants.

CSOs and other legal entities can also register as social service providers, which provides certain rights, benefits, and opportunities to receive funding. According to the deputy head of the Department of Labor and Social Protection of the City of Moscow, approximately 180 organizations, including over fifty CSOs, are included in the register of social service providers. Most of these CSOs provide home-based services, which benefit more than 4,000 people, and in-patient services, which benefit more than 560 people. The number of recipients has increased 100 times since the registry was created in 2015.

While the number of CSO registered as social service providers is slowly growing, not all CSOs can or want to be included in the corresponding government programs because of ongoing problems. For example, CSOs receive low tariffs for the social services they provide, which make it difficult for them to be sustainable. CSOs, particularly in the Ulyanovsk and Saratov regions, as well as Krasnoyarsk Krai, also experience delays in receiving payments for social services. The Public Chamber of Yamalo-Nenets autonomous district notes that an insufficient amount of funds is allocated in the budget to finance nonprofit non-governmental social service providers. Similar problems were reported by the Public Chambers of the Kemerovo, Saratov, and Kaluga Regions.

In 2019, the Starost v radost (Enjoyable Aging) Foundation, the Ministry of Labor and Social Protection, and the Agency for Strategic Initiatives launched the Long-Term Care System project in six regions. The project, which aims to create a long-term palliative care system, expanded to another six regions in 2019. Rusfond and the private medical holding Invitro worked together to add 13,685 volunteers to the National Registry of bone marrow donors.

CSO services also reach businesses and the population at large. So far, such services are not common, but their number is growing. For example, the International School of Human Rights and Civil Actions provided human rights education to residents of Voronezh and the Voronezh region. Russian human rights activists have created a complaint generator at the European Court of Human Rights (ECHR), which helps detainees at mass rallies appeal to ECHR on their own. A group of activists has created an online support network for victims of domestic violence called #TyNeOdn (You're not alone).

Many organizations, primarily infrastructure organizations, have sufficient expertise to charge fees for their services, using the income to pursue their statutory goals. For example, the Charities Aid Foundation (CAF) provides advice to donors on strategies and program management on a fee-based basis, and the resource center in Gorno-Altai provides paid advice to CSOs on preparing reports for donors and provides methodological support for the implementation of social projects.

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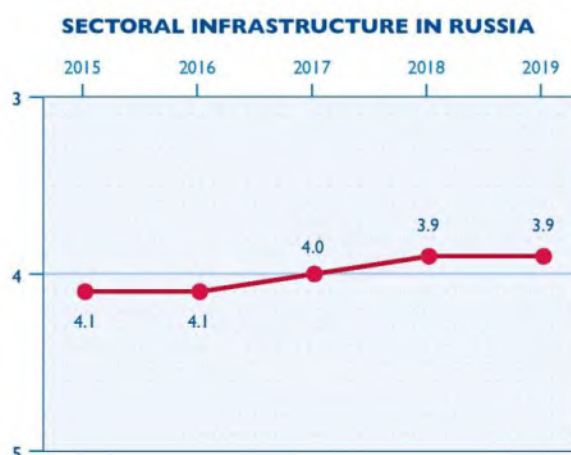
## SECTORAL INFRASTRUCTURE: 3.9

The infrastructure supporting the CSO sector did not change significantly in 2019.

In 2019, PGF continued to support CSO infrastructure projects, including resource centers. During the year, 215 projects were supported through two competitions under the theme “Development of Civil Society Institutions,” including three long-term projects for three years. These projects are generally implemented by the most professional nonprofit organizations operating mainly in the regions. In addition, for the first time, PGF conducted an expert assessment of the effectiveness of projects that won the competitions in 2017 and identified the 100 best projects.

Resource centers operate in most regions of the country, although the quality of the services they offer varies. Resource centers provide training and consultations for CSO employees on management, marketing, financial management, program management, and fundraising. These services are generally provided to all types of CSOs without discrimination. Some local authorities supported the creation of new resource centers in 2019. In Irkutsk, for example, a resource center was created with funding from the regional budget. The Ministry of Economic Development of Murmansk Region issued a call for proposals for a CSO Support Resource Center, which was won by the SOS Murmansk Social Center. The volunteer resource centers created in 2018 continued to operate in 2019.

Several organizations and projects study charity trends. In January 2019, the Vladimir Potanin Charitable Foundation launched a new program—the Center for the Development of Philanthropy—which conducted a survey and studied the activities of more than 100 organizations that support the sector in various ways. The study found that most of these organizations have existed for over a decade. It further noted that organizations in Moscow are more often involved in analytics, international cooperation, IT deployment, and education, while those in the regions pay more attention to the development of local communities, public initiatives, and support for volunteerism and the sector as a whole. In 2019, the Center for the Assessment of Public Initiatives was created as part of the Institute for Applied Political Studies of HSE. The center will conduct applied research and develop three-way partnerships between HSE, commercial and nonprofit organizations and initiatives, and university students.



As before, community foundations and corporate funds support local projects implemented by citizens, municipal institutions, and CSOs. Some large, Moscow-based private and corporate foundations run grant competitions in a number of regions aimed at supporting social projects by NCOs and municipal institutions. Regional resource centers often serve as the local operators of these competitions. In 2019, several foundations, including the Absolute Aid Foundation and CAF, supported CSO organizational development projects.

When necessary, CSOs form new alliances and coalitions to address joint problems. In May 2019, the Tsennost' Kazhdogo (Everyone Values) Alliance was created as an association of professional and volunteer organizations that help people with developmental disabilities. Parents of children who have been arrested and convicted for political reasons in the past few years announced the creation of a new political movement, Mothers Against Political Repression.

In 2019, the Need Help Foundation created a platform called “To be precise” (<https://tochno.st/>) for CSOs, businesses, and journalists addressing social problems in Russia. The platform contains statistical data from government departments, non-governmental institutions, NCOs, and other alternative sources. The recently created Group 36 offers CSOs tailored solutions for the development of organizational strategies, monitoring and evaluation of projects, and expansion of their activities. In St. Petersburg, a group of volunteer psychologists formed the Center for Psychological Assistance Vdoh (Inhale) to assist employees and volunteers of charitable organizations.

CSOs in Russia have access to a diverse range of capacity-building opportunities, including full-time and distance learning courses. In 2019, twenty-six participants graduated from the educational program for CSO leaders created by HSE and the Friends Foundation in 2018. In August 2019, HSE launched a new training program for NCO leaders in partnership with Ernst & Young. In March 2019, STG launched an online course consisting of twelve webinars on how to work effectively with big data. The Stepik Awards 2019 for Best Practice in Creating Communities in Online Courses was awarded to the Center for the Development of Non-Profit Organizations in St. Petersburg, which has trained more than 10,000 participants to date. The Civil Union Foundation (Penza) offers an internship program focused on endowments; during the week, its participants—heads and managers of NCOs and large regional resource centers—learn from experts about how to create and manage endowments.

CSO activists are able to meet, share experiences, and discuss common problems at civic forums and congresses that are held regularly at the regional and federal levels. Some events are geared toward organizations that are more loyal to authorities. These include the large-scale Soobschestvo (Community) Forum organized by the Public Chamber, which takes place in all regions and in Moscow with the participation of the president, and the annual official Congress of Non-Profit Organizations held by the National Union of Non-Profit Organizations. The All-Russian Civic Forum brings together CSOs that are more independent and critical of the authorities. Professional associations also organize annual events. For example, the Center for the Development of Non-Profit Organizations in St. Petersburg organized the international conference White Nights of Fundraising, which brought together more than 400 participants in Samara in 2019.

CSOs understand the benefits of intersectoral partnerships and strive to form them. The Ministry of Economic Development holds the annual all-Russian conference “Intersectoral interaction in the social sphere,” which examines the positive experience of such cooperation. In 2019, the conference focused on state support for CSOs, social services, participation of universities in the development of CSOs, and participation of CSOs in the implementation of national projects introduced by the president. However, there are very few examples of real intersectoral partnerships, since the sectors’ goals rarely overlap, and trust between sectors is still limited.

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## **PUBLIC IMAGE: 5.0**

The public image of CSOs in Russia did not change in 2019. Although NCOs have made significant efforts to promote their work in the media and social networks, this has had little impact on public attitudes towards CSOs.

The government strongly welcomes the activities of CSOs providing services to the public, and the president annually presents the state award for achievements in charitable and human rights activities. The Russian government also occasionally celebrates the achievements of CSO activists. Elena Topoleva and the Agency for Social Information received the 2019 Russian Government Prize in the field of mass media for highlighting the activities of CSOs and making a significant contribution to the development of philanthropy, and a letter of thanks



from the president for helping to organize the year of volunteers in 2018. In December, Igor Chestin, President of the World Wide Fund for Nature in Russia, was awarded the Order of Honor for achievements in environmental and natural resource protection.

The activities of charitable CSOs are fairly regularly and positively covered in television broadcasts on local and federal channels. For example, the Region 29 TV channel in partnership with the Arkhangelsk Center for Social Technologies Garant airs weekly episodes of the “Kind Region” series, which reports on socially significant issues and people who need support. Another TV show in Arkhangelsk, “Kind TV” on Pomorie TV, focuses on social projects. Similarly, Severodvinsk television broadcasts “Good news of Severodvinsk” with reports

on socially significant initiatives. At the federal level, Public Television of Russia has aired the program “Active Environment,” which covers the charitable activities of organizations and foundations, as well as individuals helping those in need, for two years. However, some federal channels, such as NTV, REN TV, and Rossiya 24, also air a number of false stories about the work of Memorial, the Movement for Human Rights, and other human rights organizations.

In general, public trust in CSOs continues to be limited. According to HSE, just 6 percent of respondents across the country indicated that they trust charitable foundations; this level has remained stable for the last two years. According to the September survey of the Levada-Center, 33 percent of respondents trust charitable organizations, while 31 percent do not fully trust them. According to a study of trust in public institutions by Edelman Trust, the level of trust in NCOs in Russia is the lowest among the twenty-eight countries studied in 2019, although it increased by 2 percent over the past year.

Public interest in the activities of CSOs that protect public interests has increased the participation of media figures in actions. For example, the famous stylist Sergei Zverev held a picket on Red Square against the construction of a factory on Lake Baikal. The Open NCOs project, created by the Noosphere Center for Cultural, Social and Environmental Initiatives, provides an opportunity for individuals to get information online on campaigns, events, and activities of CSOs from different regions of the country.

CSOs are developing new ways to promote the complicated social topics that they address. For example, “Good People,” a performance about the leaders of the nonprofit sector, was made available at Theater.doc, and an exhibition called “Endowment Capital and Long-Range Strategies. The Art of Explaining” was organized in St. Petersburg and Samara.

The sector continues to work on self-regulation. By the end of 2019, over 200 charitable foundations had signed the declaration on the basic principles of NGO transparency developed by Vse Vmeste (All Together) Association of Charitable Organizations in 2018. The document calls on the professional charity community to make their financial statements public and to comply with the rules for cash collection. In 2019, 280 reports were entered in the Donor Forum’s public reporting competition Reference Point, an increase from 252 in 2018, and the quality of the reports generally improved.



# SERBIA

**Capital:** Belgrade  
**Population:** 7,012,165  
**GDP per capita (PPP):** \$15,100  
**Human Development Index:** High (0.799)  
**Freedom in the World:** Partly Free (66/100)

## OVERALL CSO SUSTAINABILITY: 4.2



Civic space in Serbia shrunk in 2019. In March, CIVICUS, a global alliance of CSOs and activists dedicated to strengthening citizen action and civil society throughout the world, put Serbia on its watch list due to increased restrictions on civic freedoms. In October, Serbia’s civic space rating in the CIVICUS Monitor was downgraded from Narrowed to Obstructed due to the “cumulative impact of threats, smears and the threat of physical attacks against civil society.” An Obstructed rating indicates a situation in which “the state imposes a variety of legal and extra-legal restrictions on civil society through demeaning statements and bureaucratic restrictions.”

Other global monitoring tools also indicated ongoing problems in the country. According to Transparency International’s Corruption Perception Index for 2019, Serbia ranks 91st in the world with a score of 39 out of 100, placing it below the global average (43) and far worse than the European Union (EU) average of 66. The Human Rights Watch Report for 2019 reports “little improvement in human rights protection,” reporting that “human rights defenders continue to operate in a hostile environment” and that online threats “occurred regularly and investigations were slow.”

The political situation in the country was tense. Fifty-five of the eighty-eight members of parliament (MPs) from opposition parties boycotted the parliament throughout the year due to the ruling party’s obstruction of parliamentary debates. After key opposition parties announced that they planned to boycott the 2020 elections, CSOs and the European Parliament organized a series of dialogues between the opposition and ruling parties aimed at adopting and implementing changes that would enable a free and fair vote. After some initially positive signs, however, the negotiations failed to produce the expected outcomes.

In this context, overall CSO sustainability deteriorated. Five out of seven dimensions—legal environment, organizational capacity, advocacy, and public image—recorded deteriorations, most of which were attributed to the hostile environment in which civil society activists operated. The infrastructure supporting the CSO sector, on the other hand, strengthened slightly with the start of a few new programs. Financial viability and service provision remained unchanged.

According to the Serbian Business Registry Agency (SBRA), as of the end of 2019, there were 32,876 registered associations of citizens and 915 foundations and endowments. In 2019, 2,052 new associations were registered while 841 were deleted from the register. During the year, numerous authentic grassroots initiatives appeared all over Serbia. A mapping system developed by the National Coalition for Decentralization (NCD) and its partners registered more than 450 new local initiatives in 2019 alone.

## LEGAL ENVIRONMENT: 4.5



The legal environment in which CSOs in Serbia operate deteriorated in 2019 for the fifth consecutive year, primarily as a result of increased restrictions on civic freedoms.

The Law on Associations and the Law on Foundations and Endowments continue to serve as the basic legal framework for CSOs in Serbia. The registration process with SBRA continues to be efficient, taking a maximum of five days. CSO reporting requirements are the same as those for companies and relatively easy to meet.

New legal regulations significantly affected civil society in 2019. First, the Law on Free Legal Aid, which was adopted in 2018, strictly prohibits lawyers from providing pro bono legal services through CSOs. This is a significant blow for civil society as women's and human

rights CSOs have been important providers of pro bono legal services in Serbia for the last twenty years. Implementation of the law sparked disagreements between the Chamber of Lawyers and CSOs providing free legal aid. The Chamber of Lawyers created a bylaw prohibiting lawyers from engaging in CSO activities and sent letters to lawyers engaged in CSOs, even as volunteer board members, informing them that their law licenses could be canceled if they continue to work with CSOs. Disciplinary processes were initiated against five lawyers in 2019 because of their engagement with CSOs. Faced with these new restrictions, some CSOs changed their organizational structures to protect themselves from further pressure. For example, some organizations outsourced tasks to lawyers who used to be employees, while some lawyers who were board members had to resign.

Second, starting in the second half of 2019, local self-governments in Serbia introduced new regulations regarding the registration of street actions, which includes protests and demonstrations, as well as collecting donations, distributing leaflets, and open exhibitions. Previously, CSOs and activists were simply required to send information about planned events to local police departments five days in advance; no permits or responses were needed from the police departments to legally organize street actions, although the police department could issue an official ban. Starting in 2019, in addition to registering the action in police departments, several municipalities, including the cities of Nis and Kraljevo, introduced arbitrary demands on protest organizers, such as confirmation from the local tax office about paid taxes, agreements with local public utility companies on the maintenance of public spaces, and registration of the street actions in municipal records. Some municipalities also started to charge fees ranging from \$2 to \$90 to register street actions. In addition, there were cases of activists being found guilty in court for not registering their actions; penalties included fines of up to \$1,500 or jail time of up to 150 days.

In 2019, the government developed the new Law on Referendum and Peoples' Initiatives; the law awaited formal adoption in the parliament at the end of the year. The last version of the draft law introduces some positive changes, such as a deadline of ninety days to collect signatures (currently it is only seven days) and fixed deadlines for the authorities to react to initiatives. However, there are no consequences if institutions ignore initiatives. At the same time, it introduces a fee of \$0.50 per signature for notary work to verify signatures, a cost that was previously borne by the government. This means that it will cost a minimum of \$15,000 for notary services to send any civic initiative to the parliament of Serbia, which requires a minimum of 30,000 signatures, and a minimum of \$50,000 for a referendum initiative, which requires a minimum of 100,000 signatures. Such high costs will exclude people, particularly those on the social margins, from accessing their right to initiate referendums and peoples' initiatives.

From March to December 2019, journalists' and activists' rights to freedom of assembly and freedom of speech were obstructed 130 times according to reports by Civic Initiatives. One of the most disturbing cases was the burning of a car of an anti-corruption activist in Aleksinac.

CSOs and activists that criticize government decisions are often subject to state harassment. For example, the justice system applies different standards toward activists and people connected to the government. This is

demonstrated in the contrasting ways that environmental activists and private investors in mini hydro systems are treated by the justice system. While many leading river protection activists face multiple criminal or misdemeanor charges, police and inspection institutions have not taken any action against investors or contractors, even when they violate court decisions that ban further construction work. Similarly, while court cases against investors last for years without any conclusion, court cases against activists usually end extremely quickly, often resulting in financial penalties that activists cannot afford.

Aleksandar Obradovic, a whistleblower turned anti-corruption activist who reported corruption incriminating high-level government officials related to military arms trade, is a notable example of the harassment to which activists are subject. Obradovic has been put in prison and placed under house arrest several times and faces significant criminal charges. Meanwhile, media outlets close to the government and high governmental officials continue to wage a campaign against him, endangering his safety by insinuating that he has “connections with foreign services” and “work[s] against Serbia.”

One significant positive change in the legal environment governing CSOs is that administrative court procedures now recognize CSOs’ right to initiate a broader range of cases. While it is too soon to tell what impact this will have, it is expected to motivate CSOs to initiate more legal actions. The Renewable and Environmental Regulatory Institute (RERI), which has filed court cases focused on environmental protection, serves as an example of what can be achieved by exercising this right. CSOs’ legal capacities, however, are still limited.

The tax framework for CSOs did not change significantly in 2019. CSOs do not receive tax exemptions on income from donations, although some international grants are exempt from value-added tax (VAT) in accordance with bilateral agreements. Legal entities can classify donations to CSOs as expenses, thereby lowering their taxable income. CSOs can provide paid services but must use any profit generated to further their aims and organizational missions. However, the regulations are not very clear, which has led tax authorities in different parts of the country to use different practices, with some even concluding that CSOs do not have the right to charge for their services. In 2019, thanks to advocacy efforts by the Coalition for Giving, the non-taxable amount for scholarships was increased.

Local organizations rely on legal advice from larger organizations. The Center for Research, Transparency and Accountability (CRTA), Lawyers Committee for Human Rights (YUCOM), and the Network of Committees for Human Rights in Serbia (CHRIS) provide legal counseling and information to activists harassed by state authorities.

## ORGANIZATIONAL CAPACITY: 4.1

The CSO sector’s organizational capacity deteriorated slightly in 2019. In particular, CSOs based outside of large cities experienced a decrease in capacities and financial resources, with some mid-sized local and regional organizations even closing their offices due to a lack of funding. This had a major impact on civil society as these CSOs were important stakeholders at the local level.

Local initiatives focused on particular topics, such as the protection of rivers or neighborhood parks, and local anti-pollution initiatives have strong constituencies. More established local and national organizations, on the other hand, still struggle to increase the support they get from constituents. In 2019, the Swiss Agency for Development and Cooperation (SDC), Helvetas, and Civic Initiatives conducted a survey among 757 associations and 1,030 citizens under the For an Active Civil Society Together (ACT) program. According to the survey results, 42 percent of CSOs include citizens in their activities, while 60 percent of CSOs agree that increased citizen involvement is necessary for CSOs to increase their influence on political processes, indicating increased awareness of the need to work with citizens. However, only 6 percent of citizens state that they are involved in CSO activities, primarily humanitarian actions.



Strategic planning in the sector continues to be limited. The ACT survey indicates that only 28 percent of CSOs have strategic plans, although 82 percent claim that their activities are within their program orientation. Despite these claims, most CSOs still focus on areas that are donor priorities. Furthermore, 58 percent of CSO respondents in the survey report that their primary/direct target groups are “all citizens of Serbia,” with an additional 31 percent claiming it is “youth,” which might signal the lack of a clear focus.

A majority of CSOs (62 percent) do not have any written regulations apart from their statutes, which they are legally required to have in order to register. Management systems are non-existent in the majority of CSOs, and decisions are made instead by organizational leaders. More than 70 percent of the CSOs that participated in the ACT research do not publish information about their governance structures or internal documents, such as financial and annual reports.

The sector’s weak financial viability limits the number of staff members. According to data from SBRA, on average, CSOs employ 0.2 full-time employees and 0.4 contracted staff. Men dominate managing boards, accounting for 62 percent of board members, while women outnumber men as employees and contracted staff, accounting for 57 and 59 percent of CSO employees, respectively. SBRA data indicates that Serbian CSOs employ a total of 7,541 employees. While the number of CSO staff has increased every year since 2014, it is still lower than in 2012 when CSOs employed 7,700 people. At the same time, the number of CSOs has increased 2.4 times since 2011.

Volunteer support to CSOs continues to increase. Well-established CSOs note greater interest and involvement by high school students and citizens; large organizations also continue to offer opportunities for students to gain practical work experience. Small CSOs have no resources to attract or organize volunteers, while informal citizens movements attract a larger number of citizens and engage them in their actions.

Most CSOs’ computers are outdated and few donors provide support for equipment upgrades. According to the ACT research, 38 percent of CSOs use Facebook to communicate with the public, making it the most widely used communication tool. Approximately a quarter (26 percent) of CSOs use websites for communication, while 7 percent use Instagram, and 3 percent use Twitter.

## FINANCIAL VIABILITY: 4.4



The civil sector’s financial viability did not change significantly in 2019. For most CSOs, financial viability remains quite weak. According to the ACT research, 52 percent of CSOs have no income at all, and another 33 percent have annual incomes of less than EUR 1,000. Only 1 percent of CSOs have annual budgets exceeding EUR 20,000.

Organizations of all sizes increasingly try to diversify their funding, particularly from local sources. However, their success in these efforts varies and CSOs note that diversification at this point only provides short-term support and does not contribute to the long-term sustainability of the civil sector.

The business sector continues to support and demonstrate trust in CSOs. For example, Erste Bank still offers a credit line to CSOs as well as the Academy training program. However, businesses have also started to favor their own programs, cancelling the open calls for proposals (CfPs) for CSO funding programs that they previously issued. For example, in 2019, Erste Bank reduced its support under the Superste program from three program components to just one, while the Delta Foundation reallocated funds to a single program designed and operated from within the corporate foundation. Previously, Delta Foundation supported social entrepreneurship through grants and technical support.

According to preliminary findings from Catalyst Balkans for 2019, giving through philanthropic actions, which includes donations to CSOs, as well as hospitals, state institutions, and individuals, increased to approximately EUR 34.5 million in 2019 from EUR 25 million in 2018. While approximately the same percentage of overall donations



went to nonprofits in 2019, the overall amount received by nonprofits increased with the increase in overall giving. Estimates also indicate that the number of donations and amounts donated by individuals increased, while corporate support decreased. The organizations receiving the greatest amount of donations include the Be Humane Foundation, B92 Foundation, and Ana and Vlade Divac Foundation, as well as the National Association of Parents of Children with Cancer (NURDOR), BelHospice, and Serbs for Serbs (a diaspora organization).

CSOs continue to receive funds from the government through budget line 481, the public budget classification officially dedicated to non-government organizations. However, the procedures for allocating public funds are still inadequate. In 2019, the Office for Cooperation with Civil Society promoted a bylaw adopted by the government on transparent funding in 2018, but it has no means of enforcing it. Local governments allocate funds late in the year, while national ministries fail to organize consultations prior to issuing CfPs. National and local governments both try to avoid making payments under signed grant agreements. For example, Association Duga sued the municipality of Tutin because it failed to disburse a grant it had awarded. The Ministry of Justice awards resources from the Opportunity Fund without a clear system or criteria. Political influence in the awarding of grants, especially on the local level, is apparent, with government grants often being awarded to government-organized NGOs (GONGOs) and political party NGOs (PONGOs). For example, the Ministry of Culture and Ministry of Agriculture awarded funding through public calls to newly formed and even non-existing organizations with ties to the government and party officials.

CSOs still rely on foreign donors to a significant extent. The overall presence of foreign donors in Serbia, as well as the amounts distributed by them, increased in 2019. The USAID Local Works program provided further resources to consortiums of stronger CSOs. The EU delegation distributed significant amounts through the European Instrument for Democracy and Human Rights (EIDHR) and the Civil Society Facility focused on areas such as human rights protection, rule of law, cultural diversity, and support to grassroots organizations. As part of the ACT program, the Swiss Cooperation Office awarded a three-year grant to an international consortium that will regrant some of the funds. The Balkan Trust for Democracy continued to support Serbian CSOs by regranteeing funds from Norwegian Development Aid. The British Council launched a large advocacy program in cooperation with the Trag Foundation. The Regional Youth Cooperation Office (RYCO) and Western Balkan Fund continue to serve as additional, albeit smaller sources of funding for Serbian CSOs. Foreign support to service providers continues to decline, while support for rule of law, advocacy, philanthropy, and, to an extent, independent media is on the rise.

CSOs continue to use crowdfunding platforms successfully. In 2019, CSOs raised over \$200,000 through forty-six campaigns on the local crowdfunding platform donacije.rs, which was launched in March 2018. The number of campaigns on donacije.rs, as well as the amounts raised, more than doubled in comparison with 2018. One of the most successful local campaigns was an effort to help young programmers go to a competition in the United States, which raised over \$20,000. Our House raised \$7,500 to create a hydroponic garden; produce from the garden will be used in the social entrepreneurship efforts of young people with learning disabilities. Serbian organizations also use global crowdfunding platforms like GlobalGiving and GoFundMe, although access to IndieGoGo is practically impossible due to its recent partnership with Stripe, which is not available in Serbia, for payment processing. Donors such as USAID and GIZ and organizations such as Catalyst Balkans, Resource Center, and BRODOTO continue to build crowdfunding capacities among CSOs. Usage of other information and communications technologies (ICTs) to raise funds is also on the rise. The most notable example is the mobile phone app Pruzi korak (Take a Step) launched by NURDOR. The app registers the number of steps users take; various companies then pay designated amounts based on the number of steps registered. NURDOR raised over \$460,000 through this app between the app's launch in the middle of the year and October 2019.

As noted above, CSOs benefit from a growing level of volunteer support. Other types of non-monetary support include donations of food, clothes, or support packages for those in need.

The extent to which CSOs earn revenue has not changed significantly. CSOs with specific areas of expertise earn revenue by charging for services such as accredited/licensed trainings and seminars and research or other expertise, mostly to foreign organizations and, to a lesser extent, to businesses.

Foreign organizations, such as GIZ, as well as some businesses continue to invest in social enterprises. Through its Step by Step program, Erste Bank in cooperation with Catalyst Balkans offers CSOs the unique opportunity to access loans. In 2019, eight CSOs received loans under favorable terms, several of which will use the funds to develop sources of income or to buy real estate to help increase their long-term sustainability.



CSOs' financial management systems did not change in 2019. Large, well-established CSOs and foundations have sound financial management systems in place and regularly conduct audits. Mid-level CSOs have financial procedures in place and some conduct audits, while smaller organizations lack even basic systems, and use bookkeeping services only for obligatory annual financial reports to the state. In 2019, a large number of organizations failed to submit their balance sheets and financial reports to SBRA and are currently being sued. A very small percentage of organizations publish financial reports on their websites or otherwise report to the public.

## ADVOCACY: 4.1

The Law on Planning System and the Law on Local Self-Government, both adopted in 2018, create many opportunities for CSOs to participate in decision-making processes. However, the state and local authorities still do not adequately implement the public hearings and participation mechanisms envisaged by these laws, so CSOs have limited opportunities to influence the content or implementation of legal acts.

The mandate of the previous Commissioner for Information of Public Importance and Personal Data Protection ended in December 2018, and the new Commissioner was elected only in July. As a result, CSOs could not use this institution to acquire data and information from public institutions for much of the year.

After key opposition parties announced that they planned to boycott the 2020 elections, CSOs and the EU organized a series of dialogues between the opposition and ruling parties aimed at adopting and implementing changes that would enable a free and fair vote. Open Society Foundation (OSF) Serbia organized the first rounds of talks, while CRTA and Transparency International (TI) Serbia provided recommendations to improve the election process. However, out of the recommendations CRTA made, eighteen were fully or partially adopted, while fourteen—including some of the most substantive—were rejected.

CSO advocacy is also challenged at the local level. The government in Novi Pazar, for instance, organized a public hearing regarding the local budget only after the budget was adopted, while the mayor of Indjija openly stated that he is not interested in meeting with local CSOs. Also, it is much harder for CSOs to organize street actions as local municipalities now charge organizers and require more paperwork.

Locally, individuals and activist groups organized themselves to protect public goods, like parks and playgrounds, nature habitats, waterways, and clean air in both urban (like Belgrade, Nis, Novi Sad, Pozega, Valjevo, Bor, and Kragujevac) and rural areas (like Stara Planina Mountain). Nationally, a number of CSOs jointly created the 1% for Culture campaign to advocate for the adoption of the Law on Social Entrepreneurship and greater budgetary support for culture, but these efforts were unsuccessful. A large coalition of mainly arts and culture CSOs and activists successfully mobilized to stop the harmful cable car project on the Belgrade Fortress, one of the most important historical monuments in the country. In Pirot, a local inter-sectoral coalition of CSOs led by Women of the South organized a campaign to ensure the disbursement of new mechanisms and funds to support single parents within the new Strategy for Social Protection of the City of Pirot.

In 2019, GONGOs and PONGOs were even more active than previously. For example, in late 2018 and 2019, a group of judiciary GONGOs<sup>1</sup> actively advocated for constitutional changes to allow greater state control of the



<sup>1</sup> Judges and Prosecutors Association of Serbia, Judicial Academy Alumni Club, Rule of Law Academic Network- ROLAN, Association of Judicial and Prosecutorial Assistants of Serbia

judicial system. It also publicly attacked and shamed judges and prosecutors that criticized the reform and the interference of the executive branch in the judiciary's work.

After strong pressure from the Group of States against Corruption (GRECO), the government adopted the Law on Lobbying in late 2018, and the law started to be implemented in mid-2019. The Law regulates only some forms of lobbying and does not ensure that relevant information is made available to the public.

The large multi-sectoral Coalition for Giving, led by Ana and Vlade Divac Foundation, which established the Philanthropy Council within the prime minister's cabinet in 2018, successfully advocated for the adoption of a Guide for Donors' Benefits. CSOs hope that the guide will stimulate more financial support from companies as it provides practical instructions on how to access tax benefits for donations. The Coalition also succeeded in increasing the non-taxable amount of scholarships.

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## SERVICE PROVISION: 4.3



CSO service provision did not change notably in 2019. CSO services continue to consist predominantly of social services, including various psychosocial support services, SOS hotlines, and day care centers. CSOs continue to provide health services, such as health information, counselling, and testing, but increasing legal limitations have limited this work. CSOs also continue to provide informal education and co-working spaces. As discussed above, the new Law on Free Legal Aid effectively excludes CSOs from providing most forms of free legal aid to individuals. Some CSOs, however, have applied to the Ministry of Justice and were added to a list allowing them to continue providing free legal aid. However, as this was not envisaged by the law, these CSOs operate in a legally insecure environment. In addition, the state

(which under the new law is obliged to fund free legal aid to individuals) will get credit for providing this support without actually funding the CSOs that provide the services.

The government continues to favor state service providers and GONGOs over independent CSOs with experience and expertise. Government attempts, on both the national and local levels, to push CSOs out of service provision intensified during the year. Beginning in 2019, for example, CSOs must pay a fee to the Ministry of Health to provide health counselling.

While the state makes it increasingly difficult for CSOs to provide services, it fails to set and apply clear standards and criteria for service provision. Thus, for example, Autonomous Women's Center filed a complaint with the Commissioner for Personal Data Protection reporting the fact that calls to the National SOS Hotline, SOS Children's Hotline, and Hotline for Parents are being taped without prior warning to callers. The Commissioner determined that this was a clear violation of the callers' privacy and issued a warning; however, by the end of the year only one of the hotlines had changed its practices.

CSOs that receive funding from local governments to provide services on the local level are repeatedly requested to continue providing such services with less and less funding, while still reaching the same number of beneficiaries. In Sabac, for example, the local government awarded funding to Caritas to provide support to people with restricted mobility. However, the approved budget was much lower than requested, while the government still demanded that Caritas provide the same level of activities.

Larger, well-established CSO service providers continue to regularly assess the needs of their beneficiaries and adapt their services accordingly. Other organizations, however, do not conduct regular needs assessments and continue to offer services according to available funding. Local governments and CSOs do not cooperate to map community needs.

Membership associations provide services mostly to their members, rarely offering them to the wider community. The majority of CSOs do not demonstrate innovative approaches to service provision, partially due to their limited ability to engage and retain quality human resources in this area, which also keeps them from expanding their clientele.

CSOs' capacity to generate revenue through service provision is limited. CSOs generally do not charge beneficiaries for their services, as individuals can rarely afford to pay for services, even if the fees are symbolic. CSOs instead cover the costs of service provision by seeking funds from donors. CSOs continue to provide training to government institutions in areas such as soft skills or access to EU funds, and accredited training to social and educational institutions in specialized areas of expertise, such as human trafficking and protection from gender-based violence. With rare exceptions, however, the government and institutions continue to prefer to engage individual trainers from CSOs directly, rather than the CSOs themselves. There are also some examples of CSOs selling services to other types of clients. For example, the European Commission engaged ASTRA to provide education on human trafficking, and governments in the region (most notably Montenegro) have invited well-established CSOs such as GRIG and Duga to provide education on specific social and health services. The Autonomous Women's Center provides education on sexual harassment to business clients.

## SECTORAL INFRASTRUCTURE: 3.3

The infrastructure supporting the CSO sector strengthened slightly in 2019 with the start of a few new programs. The National Resource Center, implemented by a consortium of several CSOs led by Civic Initiatives, started to operate officially at the beginning of 2019. This EU-supported program provides trainings, consultations, legal advice, and information to CSOs on topics such as registration, financial management, project development, monitoring and evaluation, fundraising, strategic planning, citizen engagement, communications, and public relations. The new phase of the EU-funded Technical Assistance for CSOs (TASCO) program also started in 2019, although no tangible activities or results were achieved during the year.

Trag Foundation continues to support community development, local activism, women's CSOs, and local advocacy efforts. In September 2019, together with the British Council and in collaboration with the United Kingdom's Good Governance Fund, Trag announced a pilot program that will provide financial and mentoring support to CSOs and grassroots initiatives. With USAID support, CSOs such as CRTA, Belgrade Open School, and NCD continued to provide financial support to local CSOs, grassroots initiatives, and activists; the grants are accompanied by trainings and mentoring in advocacy, communications, activism, and citizen mobilization. A consortium led by NCD launched [promeni.rs](http://promeni.rs), which offers an array of resources for local groups and activists. In 2019, Jelena Santic Foundation issued a call for funding for socially engaged arts projects, and Group 484 invited CSOs dealing with migration issues to apply for funding.

Three community foundations—Front in Novi Pazar, Obrenovac Youth Foundation, and Step Forward in Zajecar—are still active in Serbia, but most of their funding is still not locally sourced. In December 2019, with support from the Charles Stewart Mott Foundation, Trag opened a call for initiative groups wishing to establish community foundations with the expectation that new community foundations would be established by the end of 2020. In five municipalities, Ana and Vlade Divac Foundation launched a community card offering CSO activists discounts in local stores participating in the program.

Trainings provided in 2019 primarily focused on communications, public relations, project cycle management, and organizational development issues. According to the ACT survey, activists and staff members of 72 percent of CSOs did not participate in any training in 2018.

Many issue- and project-based CSO coalitions continue to be active and a few new coalitions and networks emerged in 2019. In response to external pressure on Serbian academia, professors, students, and researchers



established a Network for Academic Solidarity and Engagement. The Coalition for Solidarity Economy Development formally registered in December 2019 after nine years of activity. In 2019, a platform of twenty CSOs organized a series of events to promote the Platform of Three Liberties, which is focused on protecting civic space in Serbia. In April 2019, CIVICUS and Civic Initiatives organized an international gathering of CSOs in Belgrade and Novi Sad focused on the Power of Togetherness, which initiated new cooperation within the Serbian civil society sector, as well as new connections with international partners.

The Coalition for Giving, comprising both CSOs and businesses, continues to promote CSO-business cooperation. Through the coalition’s mechanisms, CSOs and companies jointly advocate (to regulate food surpluses, for example) or try to raise awareness about the importance of philanthropic giving (through National Giving day). On the local level, small businesses are still reluctant to openly support CSOs, especially those that deal with politically sensitive issues, but there is evidence that they are getting more involved. Partnerships between CSOs and the government are rare.

## PUBLIC IMAGE: 4.8



The civil sector’s public image deteriorated slightly in 2019. Activists and journalists continued to be attacked in 2019, while the ongoing negative campaign against CSOs in media outlets close to the ruling party has had a damaging impact on public attitudes toward civil society, as well as human and civic rights.

Leading national media do not cover CSO reports, statements, or actions, apart from humanitarian actions, but provide frequent negative media coverage of the sector, including attacks on individual activists and organizations. On the national level, only the TV station NI and the daily newspaper Danas publish news and statements from CSOs. On the local level, media is somewhat more open, with the exception of media outlets privatized in the past five years that are now

owned by individuals in high positions in the ruling party or related persons. According to the ACT research, 43 percent of CSOs expressed dissatisfaction with their collaboration with national media outlets (and an additional 25 percent were neither satisfied or dissatisfied), while 27 percent were dissatisfied with local media (an additional 23 percent were indecisive). Among the key reasons CSOs report that they are dissatisfied with the media are media’s lack of interest in CSO activities (45 percent), lack of investigative journalism related to the CSO sector (32 percent), and the high cost of media advertising (26 percent).

According to the ACT research, 79 percent of citizens state that they are either mostly not informed or not informed at all about CSOs and 95 percent of citizens report that they were not involved in the work of CSOs. Only 6 percent of organizations report that citizens have negative attitudes toward them in their local communities, although 22 percent of citizens report negative attitudes towards the CSO sector, while an additional 46 percent are neutral.

According to the CRTA Political Audit for 2019, individuals increasingly recognize the importance of self-organized citizens’ activism. Approximately one-third (32 percent) of respondents recognize stakeholders that work on solving citizens’ problems, with 17 percent recognizing self-organized citizens (an increase from 11 percent in 2018) and an additional 15 percent (compared to 11 percent in 2018) recognizing CSOs as local “problem solvers.” Participation in local actions increased from 9 percent in 2018 to 11 percent in 2019. At the same time, the percentage of those not interested in engagement rose from 33 percent to 39 percent. The percentage of citizens who wish to influence authorities’ decisions reached record highs of 31 percent on the national level and 37 percent on the local level.

As described above, CSOs initiated a dialogue between the ruling and opposition parties regarding election procedures in 2019, the first time in Serbia’s recent history that CSOs mediated such a dialogue. Pro-government media attacked CRTA, TI Serbia, and OSF as soon as their participation in the mediation ended. Public reactions,

on the other hand, were mixed. While pro-government voters tend to be negative towards CSOs in general, pro-opposition voters were divided between those that supported the dialogue and those that claimed the dialogue was too one-sided and favored the position of the ruling parties.

Government and local authorities had increasingly negative attitudes toward CSOs, particularly after CIVICUS put Serbia on its watch list in early 2019. Institutions were mostly closed to input from civil society and there were numerous cases in 2019 when CSOs were denied the use of public spaces for their activities. Government representatives also refused to participate in CSO events and media debates, often leaving only CSOs and academic representatives to discuss pressing topics. In many cases, government officials then presented these events as “proof” that CSOs are “influenced by the opposition” or that they are “a part of the strategic war of the west against Serbia.”

The business sector’s perception of CSOs did not change significantly in 2019. There continues to be some positive examples of cooperation between CSOs and businesses. For example, Erste Bank offers an affordable credit line that gave organizations like Educative Center Krusevac the opportunity to purchase their premises, with the additional provision of consultation and technical support during the five-year loan period. On the other hand, companies close to the government, such as the advertising company owning billboards, refused NCD’s attempt to use their products to promote its message on the need for decentralization.

CSOs try to raise public awareness on their issues through media appearances and social networks. However, the effects of such efforts are limited. On the local level, CSOs develop good contacts with local journalists, but the privatization of local media to people close to the government has made them unreliable partners.

The FENS network developed a Code of Ethics for CSOs years ago. However, CSOs generally only sign the Code when donors require it, and there are no mechanisms to enforce its implementation. Most CSOs do not publish their annual reports on their websites. Although annual financial reports are publicly available through the SBRA database, these financial reports are not easily understood by the general population.



# SLOVAKIA

Capital: Bratislava  
Population: 5,440,602  
GDP per capita (PPP): \$33,100  
Human Development Index: Very High (0.857)  
Freedom in the World: Free (88/100)

## OVERALL CSO SUSTAINABILITY: 2.9



Important events in Slovakia in 2019 included the ongoing investigation into the murders of journalist Ján Kuciak and his fiancée Martina Kušnírová as well as presidential and European elections.

Thousands of people commemorated the one-year anniversary of the murders of Kuciak and Kušnírová, who were gunned down in February 2018 while Kuciak investigated organized crime and corruption among politically connected businessmen. Protests took place in thirty towns in Slovakia and more than twenty locations abroad. The protests demanded an independent investigation into the murders, resignation of the special prosecutor and the speaker of the National Council, and retirement of the former prime minister and chair of the governing Direction–Social Democracy (Smer–SD) party, Robert Fico. In September, twenty months after the murders, the prosecutor finally charged four suspects with murder and businessman Marián Kočner with ordering the murder. According to the police, Kočner sought to eliminate Kuciak because of his articles about Kočner’s dubious business activities. The investigation revealed that Kočner had corrupt links to police, prosecutors, courts, and other public authorities. Trials in the case began on January 13, 2020. High-level political corruption continued to be a major issue in 2019, especially after an anonymous user posted a recording from a 2006 secret service wiretap operation confirming business kickbacks to government officials in return for lucrative contracts.

Presidential elections were held in March 2019. In the second round of voting, Zuzana Čaputová of the non-parliamentary Progressive Slovakia party overwhelmingly defeated the Smer-SD candidate to become Slovakia’s first female president. Čaputová, a civil activist and lawyer, had previously worked with the civic association Via Iuris to promote the rule of law and fought to close a landfill in her hometown of Pezinok, for which she was awarded the Goldman Environmental Prize in 2016. Čaputová’s background in civil society was widely seen as a ray of hope for liberal democracies in the region.

Nevertheless, the polarization of Slovak society deepened in 2019. In the first round of the presidential elections, the candidate from the far-right People's Party Our Slovakia (ĽSNS) placed third with more than 14 percent of the vote. ĽSNS also won several seats in the elections for the European parliament.

In autumn 2019, with the support of Smer-SD, ĽSNS, and the Slovak National Party (SNS), the parliament adopted an amendment to the Electoral Campaign Act extending the moratorium on opinion polls from fourteen to fifty days before elections. Many saw the new rule as an infringement of freedom of expression and the public’s right to access information. President Čaputová vetoed the amendment and, after the parliament overrode her veto, challenged the amendment in the Constitutional Court. In December, the Constitutional Court blocked implementation of the amendment, ruling that the parliament’s decision to change the electoral campaign rules had been improperly adopted after the official start of campaigning for the February 2020 parliamentary elections. The court will rule on the constitutionality of the amendment in 2020. The public outcry against the amendment led to

a crowdfunding initiative called 50 Days, which raised EUR 46,553 from 9,233 supporters, which will be spent on public opinion polls during the election moratorium period.

Overall CSO sustainability improved slightly in 2019. The legal environment improved as the long-awaited Act on the Register of Non-Governmental Nonprofit Organizations came into effect. CSOs' financial viability improved with the launch of several new funding initiatives. No changes were noted in other dimensions of CSO sustainability.

According to the most recent information available from the Ministry of Interior of the Slovak Republic, there were 60,249 registered CSOs in Slovakia as of May 12, 2020. This number includes: 57,193 civic associations; 516 non-investment funds; 1,739 nonprofit organizations providing public benefit services; 147 entities with an international element; and 654 foundations.

## LEGAL ENVIRONMENT: 2.9



The legal environment improved slightly in 2019 as the Act on the Register of Non-Governmental Nonprofit Organizations came into effect.

The legal framework for CSOs in Slovakia remains generally favorable. CSOs may choose to register as civic associations, non-investment funds, nonprofit organizations providing public benefit services, or foundations. Each legal form has its own registration process. The laws regulating registration are generally enabling, and the process of registration is fairly simple.

On January 1, 2019, Act No. 346/2018 on the Register of Non-Governmental Nonprofit Organizations came into effect and established a single reliable, up-to-date public register of all nonprofit non-governmental organizations (NGOs). The act expands the information that applicants

must provide at the time of registration and requires previously registered organizations to update their information in the register. Organizations with incomplete information (for example, about a statutory body) are not eligible for public funding. The rule is expected to improve transparency by encouraging CSOs to submit full registration data. However, at the end of 2019, the registry was not yet functional, since it was still processing information that a majority of organizations submitted at the last minute.

CSOs continued in 2019 to grapple with the European Union (EU)'s 2018 General Data Protection Regulation (GDPR), which requires organizations to protect natural persons when processing and transferring personal data. The Office of Personal Data Protection did not issue legal interpretations or recommended practices to help CSOs implement the regulation in 2019. No information is available as to whether any CSOs violated the law or were sanctioned under it or if there were any instances of the authorities misusing the law to sanction CSOs.

In 2019, ĽSNS re-introduced an amendment to the Law on Nonprofit Organizations that would create the designation "foreign agent" and establish a central register of foreign agents under the Ministry of Interior. All organizations directly or indirectly receiving foreign funds would have to register as foreign agents. The draft amendment mentioned only nonprofit organizations providing public benefit services, but ĽSNS declared its intention to widen its provisions to apply to civic associations and foundations as well. Although the amendment did not pass, the debate about it in the National Council increased anxiety among CSOs, especially after ĽSNS members of parliament suggested that domestic funds going to CSOs would be better invested directly in education or health care.

CSOs and their representatives are free to operate in accordance with the laws. The government may dissolve or restrict CSOs only for specific reasons stated in the law. CSOs may openly express criticism and take part in public protests. CSOs have the same legal right as other entities to challenge government decisions. Despite this, CSOs continued to be subject to some harassment by government officials and other political actors during the year, particularly around the presidential elections at the beginning of the year and in the run-up to the February

2020 parliamentary elections. For example, CSOs were repeatedly accused of organizing liberal plots against state and society. Ľuboš Blaha, a member of the ruling party Smer-SD, amplified this message, which was also adopted by the whole party. ĽSNS and to an extent SNS also echoed the same narrative, which was also repeated by some presidential candidates.

CSO taxation remained unchanged in 2019. Individuals and businesses supporting CSOs do not receive tax benefits. However, the Income Tax Act allows companies and individual taxpayers to assign between 0.5 and 2 percent of their owed taxes to eligible CSOs.

Some CSOs may earn income through fees and service provision, provided it is reinvested in their operations and activities. CSOs may freely engage in fundraising campaigns and accept funding from foreign sources. Regulations require that the name of a public collection differ from that of another registered collection. In 2019, two collections with different but similar names (Biela pastelka 2019 and Biela pastelka–Orava) were registered, highlighting the difficulties that emerge which an organization seeks to capitalize on a well-established name.

The Pro Bono Attorneys Program managed by the Pontis Foundation continues to provide legal services to CSOs throughout the country. CSOs may also find legal information on the website of the First Slovak Nonprofit Service Center (I.SNSC).

## ORGANIZATIONAL CAPACITY: 3.1

CSOs' organizational capacity did not change in 2019.

CSOs actively seek to build relationships with their constituents, including potential supporters and volunteers. The effectiveness of these efforts is demonstrated by the fact that the number of volunteers and people making donations or assigning a portion of their taxes to CSOs grows every year.

Most organizations have clearly defined goals and visions. However, CSOs generally lack strategic plans, since they are focused mainly on obtaining funding for basic operations and do not have funds to develop long-term visions for their work. Two programs announced in 2019 focus on strengthening CSOs' capacities and sustainability. Stronger Roots for Civil Society, implemented by the Open Society Fund (OSF) in Slovakia, will help CSOs in Slovakia, the Czech Republic, and Hungary increase their organizational and sectoral resilience and embed themselves in the communities they serve. The Active Citizens Fund (ACF), supported by the European Economic Area, is a grant program aimed at strengthening civil society, supporting active citizenship, and empowering vulnerable groups in Slovakia.

Management structures vary from organization to organization. Some CSOs establish boards of directors only to meet legal requirements, while others actively engage board members in their activities, fundraising, and strategic decision making. The law does not require CSOs to have written policies, procedures, and guidelines, although some donors require these. Some larger and well-established organizations have written codes of conduct and are transparent in their operations.

The outstanding capability of some CSO staff is evident in the fact that several civil society leaders successfully entered politics in 2018 and 2019 through municipal, parliamentary, presidential, and European elections. Their transitions were prompted mainly by the change in government and the growing threat of anti-establishment and fascist movements. In some cases, however, it was difficult for supporters to determine when these individuals stopped representing their organizations and started acting as politicians. CSOs faced certain challenges caused by the movement of individuals between the CSO sector and politics, including a struggle to identify and train qualified replacement personnel and to deal with the loss of personal networks developed by departing individuals.



CSOs' long-term staffing capacities are limited by their inability to offer satisfactory remuneration to highly qualified professionals, especially in the Bratislava region. Most CSO employees outside of social services work on a freelance rather than contractual basis. Employment with CSOs is generally considered most suitable for young people without children. CSOs also still struggle to obtain resources to train their employees. A new law, effective January 1, 2019, stipulated that every employer with more than forty-nine employees must provide so-called recreational vouchers to all employees. The vouchers oblige employers to pay 55 percent of expenses up to EUR 275 (approximately \$315) for accommodations and other services when employees vacation in the Slovak Republic. The law posed a large cost to underfinanced social-service providers, which often have a large number of staff providing services. Organizations affected by the law did not receive additional funding to meet this obligation in 2019.

Almost every CSO uses volunteers, and the number of volunteers continued to grow in 2019, especially as business professionals increasingly work as mentors and consultants. During the year, the Pontis Foundation again organized Our City (Naše Mesto), a two-day activity in which 10,000 volunteers from the private sector provide CSOs, schools, senior citizens' centers, and other organizations with manual labor, expertise, and other services.

CSOs' use of modern information technologies is still very limited, especially among organizations in the field of social services, which tend to devote more of their funding to salaries than to computer equipment. Most CSOs' equipment is out-of-date, and employees tend to lack training that would enable them to use software to its full potential.

## FINANCIAL VIABILITY: 3.4



The CSO sector's financial viability improved moderately in 2019 with the launch of several new funding initiatives.

In 2019, the ACF launched and awarded EUR 2.65 million to forty-nine projects. The ACF offers CSOs a reliable stream of funding, with a relatively light bureaucratic burden, and supports advocacy in controversial areas such as human rights, the rights of sexual minorities, and women's reproductive rights.

CSOs also welcomed OSF's call for proposals for the Stronger Roots for Civil Society program in 2019. The program aims to foster resiliency in individual CSOs and the sector as a whole. Thirty-five organizations in Slovakia each received EUR 30,000, with grants awarded in January 2020. Grantees also receive mentoring and consultations. Twelve organizations in the Czech

Republic and twelve in Hungary received similar awards. In addition, a new law establishing a charity lottery took effect on March 1, 2019, although no lottery was organized in 2019.

EU grant schemes managed by the Slovak government continued to be problematic in 2019. CSO complaints include excessive red tape, unprofessional attitudes on the part of public officials, failure to meet deadlines, and lack of communication. Under the Operational Program Effective Public Administration (OP EPA) implemented by the Ministry of Interior, which last issued a call for proposals in 2018, for example, several organizations were forced to wait for payments for grants approved in 2018 for more than one year. As these were larger organizations, they were able to cope with delays in payment. However, many CSOs sought other sources of funding because of the bureaucratic burden, complicated design of calls for proposals, and long delays in the receipt of project approvals. This situation has led to an overall decrease in the allocation of EU funds. By the end of 2019, for example, only 26 percent of the funding available under the OP EPA administration had been used.

Several other issues with government funding for CSOs arose in 2019. The minister of culture, who is from Smer-SD, did not award grants for cultural events organized by the lesbian, gay, bisexual, transsexual, and intersex (LGBTI) community in 2019, although the events had received grants for several years and the 2019 expert panel awarded the proposals high marks and approved several grants. After a change in personnel at the government's

Office of the Plenipotentiary for Civil Society Development, an advisory body that promotes active citizen participation, efforts to reform the CSO funding system stopped. Public authorities encourage social enterprises to establish facilities such as senior care residences, community centers, and day care centers, since EU funds are available for this purpose, but they have yet to address the question of how these facilities will be financed once EU funds are depleted.

Tax assignments reached a new high in 2019. According to the Financial Administration, tax assignments in 2019 exceeded EUR 73 million, an increase from EUR 68 million in 2018. Individual donations also increased. CSOs raised EUR 2.8 million on the crowdfunding platform ĽudiaĽďom in 2019, a 67 percent increase over 2018 and 108 percent increase over 2017. However, crowdfunding has been successful only for specific projects and does not cover strategic CSO topics or provide support for operational costs. Because of the elections in 2019, CSOs had to compete with political parties in their fundraising efforts.

Companies have traditionally focused their support of CSOs on activities related to education, health care, culture, and the arts, but the field of environmental protection is now also growing in importance. In response to the increasing pressure of customers on companies to be value-based, a growing number of companies are demonstrating their values to the public through their corporate social responsibility and corporate philanthropy programs. According to data published in the weekly magazine Trend, a majority of companies use the opportunity to assign a percent of taxes to CSOs, with companies assigning about 90 percent of the possible amount to CSOs, with the remaining 10 percent going to the state. In the last three years, companies donated an extra EUR 50 million to the assignment tax at the expense of their own profit. Corporate foundations also directly benefit from tax assignments. In 2018, thirteen corporate foundations were among the top twenty recipients of the tax assignment, and around one-fifth of the total amount of taxes assigned benefited the sixteen largest corporate foundations in the country.

CSOs are usually funded by grants, and little information is available about their efforts to generate income. The Social Economy and Social Enterprise Act, which came into effect in 2018, has yet to show much impact, and by the end of 2019, only a few social enterprises were registered.

Well-established and bigger CSOs have financial management systems and tend to be more transparent than smaller organizations. Foundations, nonprofit organizations providing public benefit services, and non-investment funds are required to submit annual reports to the government. In addition, ministries have the right to send auditors to monitor the use of funds received through tax assignments or other public resources.

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## ADVOCACY: 2.5

CSO advocacy did not change significantly in 2019. Despite efforts to portray CSOs as political agents trying to meddle in politics even though they were not elected, CSOs continued to engage actively in public policy issues and to build relations and cooperate with the state in areas such as environment, security, armed forces, and foreign affairs.

While CSOs established new relationships with government officials and strengthened existing ones, these relationships are still based mainly on personal contacts and trust. CSOs continued to participate in many advisory committees, but their impact is limited, since they are often outvoted by government representatives and the work of advisory committees is not tied to budgetary processes. The Government Council for CSOs continued to hold regular meetings, but many advisory committees with CSO representatives did not function properly. For example, the eight committees of the Government Council for Human Rights were completely non-functional in 2019 as an ideological war between liberals and conservatives hindered any real problem solving. The Office of the Plenipotentiary for Civil Society Development continued to support pilot





schemes to develop participatory policies involving twenty-five public institutions and CSOs but did not support CSO advocacy against attacks by government representatives.

CSOs engaged in many advocacy campaigns in 2019. The Joint Civic Initiative (Spojené občianske iniciatívy) created as a response to the murder of Ján Kuciak continued to press for government accountability. In March, Rainbow Pride, a march that draws attention to bias against LGBTI communities, welcomed a record-breaking 10,000 participants. In September, several organizations declared a joint climate strike and supported students engaged on the issue. A campaign by the civic association Heart at Home encouraged Slovak citizens abroad to vote, resulting in a significant increase in the number of citizens voting from abroad. Slovak teachers demonstrated for changes to the Act on Pedagogical Employees and Specialist Employees, and pressure from Greenpeace and Friends of the Earth Slovakia, a coalition of three environmental groups, resulted in the government's approval of a plan to develop the Upper Nitra region and cease coal mining.

Forgotten Slovakia organized a protest called Stop Fascism in front of the Supreme Court building on the day that the court should have decided whether to dissolve ĽSNS in response to a proposal submitted in May 2017. Several CSOs cooperated with the daily Sme to research the backgrounds of candidates for judgeships on the Constitutional Court. The initiative We Stand for the Constitutional Court, supported by twenty groups and more than 5,000 signatures, pushed for the votes of members of parliament on nominations to the court to be made public. Ninety-four lawyers signed and published a letter about the selection of judges entitled "We Value the Constitutional Court," and Via Iuris launched a website, [zadobruvolbu.sk](http://zadobruvolbu.sk), to inform the public about the activities of the Judicial Council.

While CSOs actively engaged in advocacy during the year, the efforts of some government officials to discredit CSOs' work led to widespread frustration among CSOs and prompted many veteran leaders and organizations to become politically involved. For example, a political party participating in the 2020 parliamentary elections grew out of an initiative of Slovak farmers. When a representative of For A Decent Slovakia decided to enter politics in 2019, others cited his transition as evidence of the politicization of CSOs. Some platforms sought to cooperate with political parties on common agendas, but associations between parties and CSOs were generally polarizing. For example, when the popular environmental initiative We are the Forest promoted a candidate in the 2020 parliamentary elections, the Ministry of Environment refused to cooperate with it, claiming that it was acting as a political party, not a civic initiative. Even progressive parties or parties agreeing with the positions of civil society avoided mention of CSOs in their programs and platforms.

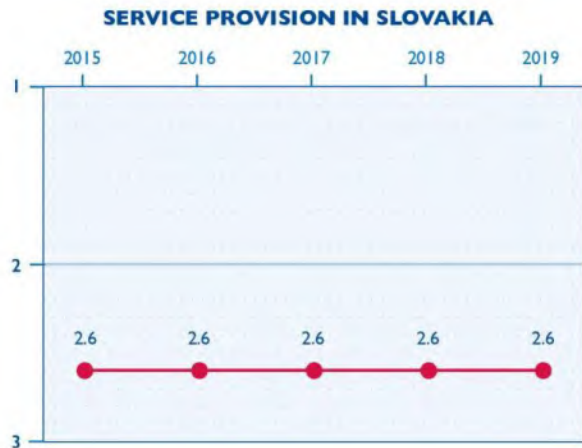
Several new initiatives sought to defend the sector in the run-up to the 2020 parliamentary elections. Via Iuris, Youth Council of Slovakia, and Center for Philanthropy united in an informal coalition called Voice of CSOs to coordinate efforts to prevent the shrinking of civic space and advocate on key civil society issues. Voice of CSOs actively worked to preserve the principles of participation and open governance by, for example, drafting policy proposals on civil society. OSF organized a conference on civil society, Orbis Civitates, which drew 260 participants from 125 CSOs and was attended by the president and the minister of interior. An outcome of the conference was a declaration, largely drafted by Voice of CSOs, stating CSOs' demands in such areas as partnerships, legislation, volunteering, and funding.

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## SERVICE PROVISION: 2.6

CSO service provision did not change significantly in 2019. As in previous years, service provision is hampered by the government's tendency to allocate funding to public service providers instead of to CSOs, which it categorizes as private providers.

While CSOs provide services in many fields, social services are the most dominant. The state does not take full advantage of CSOs' potential in service provision. For example, although CSOs have the capacity to provide educational services, including civic and environmental education, some officials fear that CSO representatives will attempt to shape children's opinions; therefore, individual schools and municipalities must express interest in CSOs' educational services. CSOs operate various helplines, but the system for funding them is unsystematic and insufficient. As a result, the Children's Helpline, for example, barely operates.



CSO services generally respond to community needs and donor priorities, while also filling in gaps in state service provision. Smaller CSOs and community-based organizations have personal knowledge of local needs, while larger CSOs conduct surveys or assessments to determine priority needs.

CSOs offer publications, workshops, and analysis to other CSOs, academia, businesses, religious institutions, and government bodies. CSO services are generally financed through grants and are provided without discrimination.

CSOs providing social services continued to be reluctant to innovate in their approaches. The Ministry of Labor, Social Affairs, and Family sends contradictory messages to CSOs, for example, asking them to develop more

recreational services while also withholding funding. The ministry prefers to fund field and ambulance services and is closing daycare residencies. Municipalities are reluctant to pay for social services for the elderly. Some schools help pay for extra-curricular educational programs provided by CSOs.

Some CSOs recover costs by charging fees for their services. Certain services should be partly covered by municipal funding, but as such funding can be time-consuming or impossible to obtain, CSOs often offer those services for free with funding from various donors.

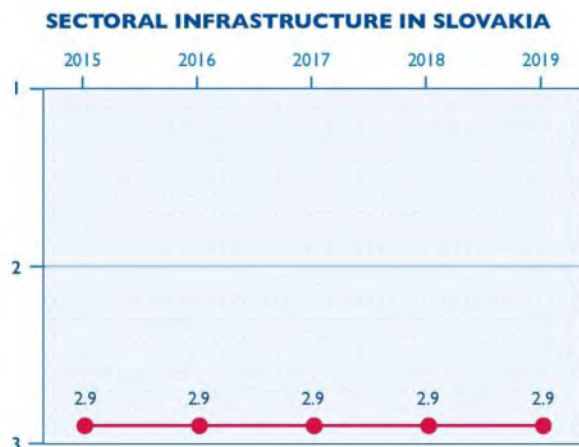
## SECTORAL INFRASTRUCTURE: 2.9

The infrastructure supporting the CSO sector did not change in 2019. Unlike most other countries in the region, Slovakia does not have intermediary support organizations (ISOs) or CSO resource centers. As a result, CSOs continue to have limited access to relevant information, technology, training, and technical assistance.

As in the previous year, CSOs formed coalitions to address hot topics, which usually fall apart or reduce their activities after a while because they lack stable human and financial resources. In 2019, Via Iuris received a grant from Civitates, a philanthropic initiative hosted by the Network of European Foundations to foster democracy and solidarity in Europe, for the Voice of CSOs coalition. Voice of CSOs had forty-five member organizations from throughout the sector in 2019. The informal platform CS Defense had more than 200 members and continued to share information to help the sector defend itself through, for example, a weekly newsletter that monitors disinformation about CSOs in the media and a Facebook page that serves as an early awareness mechanism for crucial news and information about CSOs.

Eight community foundations continue to operate in Slovakia. Using their knowledge of local conditions, these foundations raise funds from local donors to assist people and CSOs in their regions. Several foundations, such as the Pontis Foundation and Center for Philanthropy, provide grants to CSOs using the funding they obtain from tax assignments.

CSOs have access to a sufficient array of educational activities and trainings covering the majority of their needs, including time management, public speaking, accounting, fundraising, and the GDPR. Experts at several organizations, including the Pontis Foundation, Voices, Slovak Fundraising Center, and getADVANTAGE, offer

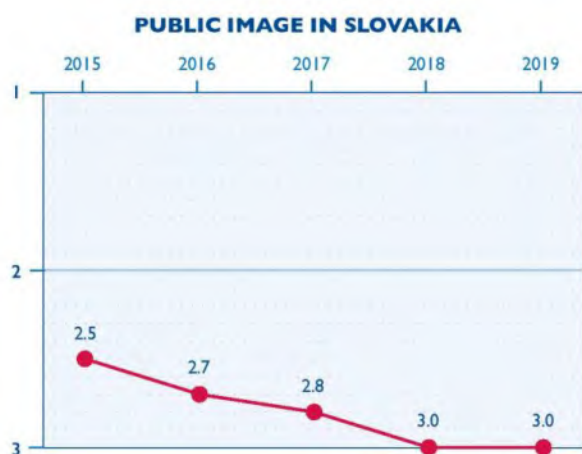


training to CSOs on a pro bono basis. Maxman organizes pro bono as well as paid trainings, and Partners for Democratic Change Slovakia (PDCS) charges for its educational activities.

In 2019, the government's Office of the Plenipotentiary for Civil Society Development conducted a large research project in preparation for developing a new strategy for the development of civil society. However, CSOs do not believe that the research was conducted in a professional manner, observing that while the methodology was well planned, focus groups were not chosen correctly and generated inaccurate data.

CSOs continue to develop partnerships with stakeholders from other sectors. CSOs have good partnerships with the business sector, some of which go beyond financial support to include the transfer of know-how and capacity building. In 2019, CSOs cooperated with academia around the protests. For example, universities freed their students to take part in the Fridays for Future Climate Strike in September. The Investigative Center of Ján Kuciak, which was established in 2019, works closely with the media and investigative journalists. CSOs develop some ad hoc partnerships with the government, but these depend largely on personal contacts, as described above.

## PUBLIC IMAGE: 3.0



The CSO sector's public image did not change significantly in 2019.

Alternative and conspiracy-driven media intensified their campaigns to discredit CSOs during the year, portraying CSOs as foreign agents seeking to introduce untraditional values. Some media, such as the series *Political NGOs* on internet radio *Slobodný vysielateľ*, systematically spread misinformation about the sector. Some attacks alleged that particular CSOs had connections to political parties, and smears propagated by conspiracy media, political extremists, and certain political parties often spread beyond CSOs to attack liberal values and democracy in general. The fact that a number of former CSO staff entered politics fueled the new narrative.

Mainstream media, on the other hand, cover large CSO events such as protests, often in a positive manner, but are generally uninterested in covering CSOs' agendas.

The public had a positive perception of the role of advocacy and watchdog CSOs in uncovering corruption and highlighting unfair practices in government in 2019. CSOs' activities related to the ongoing investigation of Ján Kuciak's and Martina Kušnírová's murders were also positively perceived. In a survey commissioned in March 2019 by the organization Globsec and conducted by Focus, almost 60 percent of respondents agreed with the statement that CSO activities are important for a democratic society, while 31 percent disagreed. Nearly half (49 percent) of respondents agreed that CSOs are often unfairly accused by the state and some media, while 37 percent disagreed. At the same time, 45 percent of respondents agreed with the statement that CSOs are often used to undermine Slovak values and should be strictly regulated by the state, while 41 percent disagreed. A public opinion poll published by Voice of CSOs in November 2019 showed that 55 percent of respondents trusted CSOs (13 percent completely and 42 percent partially), and 64 percent of respondents thought that in some areas, CSOs are better able than the state to fulfill citizen needs. Nevertheless, CSOs struggled in 2019 to engage volunteers and members in the face of the ongoing smear campaigns.

Government parties Smer-SD and SNS continued to deploy negative statements about CSOs, which improve their standing with certain segments of society. SNS and the We Are Family (Sme Rodina) movement employed negative rhetoric against CSO during debates about the proposed foreign agent law. In 2019, the business sector's perception of CSOs was unchanged, and businesses remained allies of CSOs.

CSOs were more concerned with their public image in 2019 than in previous years and took active measures to counteract misinformation and misleading articles. The Center for Philanthropy, Via Iuris, and the Youth Council of Slovakia launched the website [mimovladky.sk](http://mimovladky.sk) to increase awareness of the civic sector by sharing examples of

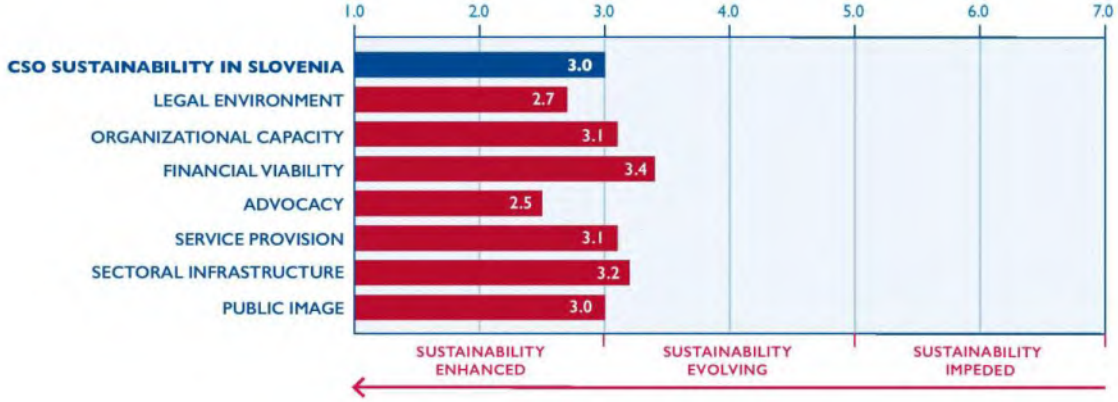
good practices and civic engagement, along with information on CSOs' activities. The website demagog.sk, run by the SGI Institute, verifies the truthfulness of statements made by politicians and other public persons. CSOs also increased their use of social media, particularly Facebook and, increasingly, Instagram. However, according to a survey conducted by 2muse, social media usage does not necessarily increase awareness about CSOs. Survey respondents noted that they were introduced to the CSOs they support via advertisements, with half of them mentioning television ads. Only 2 percent of respondents said that they got to know the CSO they support through Facebook.

As in previous years, large and well-established CSOs publish annual reports as part of their transparency efforts. CSOs generally lack codes of ethics, although some larger and well-established organizations have written codes of conduct.

# SLOVENIA

**Capital:** Ljubljana  
**Population:** 2,102,678  
**GDP per capita (PPP):** \$34,500  
**Human Development Index:** Very High (0.902)  
**Freedom in the World:** Free (94/100)

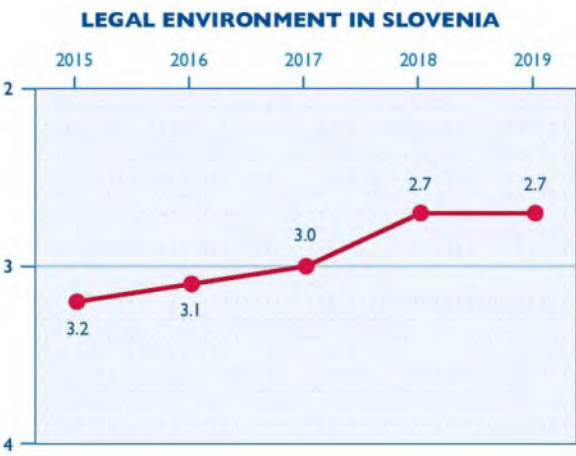
## OVERALL CSO SUSTAINABILITY: 3.0



A new national government as well as local governments started their mandates in Slovenia in late 2018, and the economic and political situations were relatively stable in 2019. In this context, there were few changes to CSO sustainability in Slovenia during the year, although improvements were recorded in the financial viability and advocacy dimensions. The overall income of the sector increased, while CSO coalitions implemented a number of advocacy campaigns, new consultative bodies were established, and cooperation between CSOs and the government grew at the local level.

According to an analysis by the Center for Information Service, Co-operation and Development of NGOs (CNVOS), 27,931 CSOs were registered in Slovenia as of the end of 2019, an increase of approximately 180 since the end of 2018. This number includes 24,119 associations; 3,556 private institutes; and 256 foundations.

## LEGAL ENVIRONMENT: 2.7



The legal environment governing CSOs remained largely the same in 2019. No crucial new legislation affecting CSOs was adopted.

CSOs are governed by the Non-Governmental Organizations (NGO) Act, which was adopted in 2018. Several by-laws were adopted in 2019 to implement the NGO Act, specifically to regulate in more detail important achievements that NGOs with public benefit status must meet in different policy areas. To gain this status, an organization must have operated for at least two years and demonstrate that it contributes to policies in the public interest. As of June 2020, 5,751 NGOs have public benefit status. These NGOs must submit reports to the competent ministry every two years about the public interest activities they have implemented and how

they spent their funds. In return, they receive certain benefits, such as the right to receive allocations from a percentage of individuals' income tax, an advantage in public calls for funding of CSO programs, exemption from paying administrative fees, and the possibility to use premises owned by the government and local governments for free.



Associations operating in the field of social assistance and health can also apply for status as a humanitarian organization according to conditions defined by the Humanitarian Agencies Act (HAA). Humanitarian organizations must pursue goals such as mitigating individuals' social and psychosocial distress and difficulties, improving the social situation of the socially disadvantaged, and promoting health. They must have special expert bodies and implement activities such as advocacy, direct material and financial help, and direct support of people with serious health issues. The main benefits of having status as a humanitarian organization is the right to receive funds from the National Lottery and the ability to give material aid to individuals untaxed. In 2019, 272 associations had status as humanitarian organizations.

Since 2007, individual taxpayers have been able to designate 0.5 percent of their income tax to eligible CSOs, including political parties, unions, religious communities, and NGOs. In 2019, a change was introduced to the Personal Income Tax Act that limits the right of individual taxpayers to allocate a percentage of their income tax only to those NGOs with public benefit status as defined by the new NGO Act. Previously, humanitarian organizations, disabled people's organizations, and foundations could also benefit from tax designations even if they did not have public benefit status. The right to donate to political parties, labor unions, religious communities, and other recipients remained unchanged.

CSO registration is regulated by the Societies Act, Institutes Act, and Foundations Act. As in previous years, CSOs can complete the registration process in less than a month at a low cost. However, the implementation of registration laws, in particular for associations and private institutes, continues to be inconsistent. Different local units of the court register and administrative units apply the registration laws differently, causing uncertainty and imposing administrative burdens on CSOs by requiring them to correct documentation or provide additional documents or information that sometimes are not legally required. In 2019, CNVOS and the Supreme Court came to an agreement to unify procedures for the registration of public institutes. No improvements were made to the registration process for associations.

The rules for internal governance and operation of CSOs did not change in 2019. The government can interfere in the registration or management of CSOs only in very limited cases, for example, if the CSO pursues profit or criminal activity. The law protects CSOs from being dissolved for political or arbitrary reasons. CSOs generally are able to express criticism of the government freely.

CSOs can carry out economic activities under the same conditions as other legal entities and pay the same tax rate on income earned through these activities. CSOs do not pay taxes on donations or grants. There are very few tax-related incentives for corporate donations to CSOs; corporations can only deduct eligible donations up to a maximum of 0.5 percent of all taxable income.

Intermediate support organizations (ISOs), including CNVOS, twelve regional CSO hubs, and the Legal-Informational Center for NGOs (PIC), continue to offer free legal aid to CSOs.

## ORGANIZATIONAL CAPACITY: 3.1

Organizational capacity did not change significantly in 2019.

Local CSOs focused on service provision generally have close ties with their constituencies, enabling them to mobilize funds and volunteers, especially when responding to important events or issues related to their missions. Larger national organizations may have less direct contact with their users, but use social media, newsletters, and other forms of electronic communication to stay in touch with their constituents and informed of their needs and interests. Few CSOs engage in systematic needs analyses.

In 2019, advocacy organizations and humanitarian organizations operating nationally expressed increased awareness of the role of transparency in constituency



building, as demonstrated by the fact that the annual reports issued by some of these organizations are now more detailed than they were in the past.

CSOs are still able to galvanize public support quickly in response to emerging issues. In December, for example, the supermarket chain Hofer prohibited members and users of Kralji ulice, a CSO dealing with homelessness, from standing in front of their stores and selling their charity newspapers. Volunteers and CSOs quickly responded to protest this decision, mainly on social media, prompting the company to withdraw the prohibition. The media and even some politicians expressed support for the CSO and the homeless people that it serves.

The law clearly defines the management structures required for all CSOs. In most organizations, however, management boards and similar bodies do not actively engage in the management of CSOs, but rather confirm programs and annual plans prepared by presidents or directors and oversee their work. In many associations, the membership, which is the highest decision-making body, meets only once a year to approve annual plans and reports. For most CSOs, this situation does not cause any problems and does not affect their effectiveness.

CSOs have clearly defined missions in their statutes, as required by law. CSOs increasingly recognize the importance of strategic planning. CNVOS conducts informal monitoring of six CSOs in different fields of operation to track changes in organizational capacity. According to this monitoring, in 2018 only three of six organizations had strategic plans, while in 2019 this number grew to five out of six. All of the organizations with strategic plans stated that they fully or mostly implemented their strategic plan for 2019. However, many smaller CSOs still do not have strategic plans at all, as they prioritize other issues, such as providing their core services and raising funds for their operation.

The number of employees in the CSO sector continues to grow, with the most recent data collected by CNVOS indicating 7,811 full-time CSO employees in 2017 and 8,297 in 2018, an increase of 6.2 percent. The percentage of the entire working population employed in the sector, however, was still just .89 percent in 2018 (a slight increase from 0.83 percent in 2017), which is quite low in comparison to other countries both in the EU and globally.

According to the CNVOS monitoring, the number of people employed by the six organizations decreased slightly in 2019. In most of these CSOs, however, employees attended more trainings. Five of six organizations also reported that their activities reached a slightly larger number of beneficiaries in 2019, while the awareness campaigns initiated by the CSO involved in environmental protection reached a smaller number of people than in 2018. This number, however, varies from year to year based on the nature of campaigns.

As in the past several years, the Ministry of Administration published a tender to support employment in the CSO sector in 2019. Through this program, the ministry will provide subsidies for 124 positions for two years, with support of up to EUR 25,000 per position per year. The tender focused on providing more funds for regions where employment is low. The subsidies, which were obtained by CSOs in different areas of operation, were offered under similar conditions as in 2018.

Every year, the Ministry of Public Administration issues a report on volunteering, which analyzes volunteer work in organizations that have registered as voluntary organizations (VOs). An organization does not have to register as a VO to engage volunteers, but status as a VO does offer certain benefits. For example, public tenders must include an additional 10 percent of funding for VOs and in-kind contributions in the form of voluntary work from VOs must be counted towards co-funding requirements. In return, VOs are obliged to report on their voluntary work. In 2018, 234,150 volunteers were involved in the work of 1,660 VOs, a decrease from 2017, when there were 287,588 volunteers in 1,499 VOs. However, in 2018 these volunteers performed 9,707,716 voluntary hours, an increase from 9,282,195 hours in 2017. According to the Charities Aid Foundation's 2019 World Giving Index, which reports on giving trends over the past decade, an average of 32 percent of respondents in Slovenia have taken part in volunteer activities over the past ten years. The number of volunteers fluctuates from year to year, with more volunteers mobilized in times of crisis or special events, such as natural disasters.

Slovenian CSOs are well-equipped with information and communications technologies (ICT), and many rely on social media as their primary channel of communication.

## FINANCIAL VIABILITY: 3.4



The financial viability of CSOs improved moderately in 2019. According to data collected by CNVOS, total CSO income increased from EUR 873 million in 2017 to EUR 918 million in 2018, an increase of 4.9 percent. Public funding continues to be the largest source of funds for CSOs, accounting for approximately 36 percent of total CSO income. In 2018, public funding amounted to EUR 333 million, an increase of 6.7 percent over the previous year. While CSO funding sources have gradually become more diversified over the last few years, funding diversification has not yet reached a level that would ensure long-term sustainability.

Government co-funding of projects funded directly by the EU contributed to the improvement in CSO financial viability in 2019. A vast majority of Slovenian CSOs are

unable to compete for funds at the EU level, mainly because they cannot meet the co-funding requirements. For example, a call for funding may only cover 80 percent of project expenses, with applicants expected to finance the remaining expenses through other sources. As the projects funded directly by the EU tend to be larger, most Slovenian CSOs struggle to meet these requirements. A new funding program made a total of EUR 1.1 million available to CSOs to meet these co-funding requirements, making it possible for more CSOs to compete for EU funds. No data is available about the total level of funds coming directly from EU institutions.

Foreign funding is not a significant source of funding for Slovenian CSOs. However, the Active Citizens Fund, funded by Iceland, Liechtenstein, and Norway, was launched in 2019 and the first call for proposals, for a total of EUR 1.5 million, was published in October 2019. The funds will be allocated in four key areas: democracy, human rights, social justice, and climate change.

In 2019, some CSOs, including Amnesty International Slovenia and Humanitas, reported growth in their regular monthly donors, which contributes to their sustainability more than occasional donations raised for specific purposes. According to the tenth edition of the World Giving Index, the average percentage of Slovenian respondents who reported donating to a CSO over the last ten years was 36 percent.

Some CSOs also had success with crowdfunding in 2019, including through the Adri Fund online platform, the first Slovenian charity crowdfunding platform, which was established in 2016. For example, Cultural association Kud Coda successfully raised EUR 20,000 after losing the space in which it carried out its activities and Ozara raised money to develop a new biodegradable candle. Humanitarček raised funds by selling USB sticks with stories of elderly people and music by known Slovenian artists and other products created by elderly people; the funds were used to buy meals for struggling elderly people. The webpage of Botrstvo, a project of the Association of Friends of Youth Ljubljana Moste-Polje, added an option to its website through which anyone can initiate a fundraising campaign among their friends on social media to support one of the available projects or causes on Botrstvo.

Procedures for awarding and distributing public funds at the local level have begun to improve. Some regional CSO hubs have started to cooperate with municipalities to make public calls for funding of CSO programs more efficient and transparent. A growing number of municipalities have expressed interest in simplifying their public calls and are becoming more open to the idea of consulting with CSO experts in the preparation of public calls.

Although reliable data is not available, it is estimated that CSOs earn approximately one-third of their annual revenues from the sale of services and products. There were 268 registered social enterprises at the end of 2019, a slight increase from 261 at the end of 2018. However, many more CSOs function as social enterprises without registering as such.

Personal income tax designations increased from EUR 4.6 million in 2017 to EUR 5 million in 2018. The number of individuals donating a share of their income tax to CSOs also increased, by about 6,200 or 1.3 percent. Corporate donations also increased, from EUR 26.8 million in 2017 to EUR 29.6 million in 2018, the biggest jump in ten years (until 2015 these donations were steadily falling) and the largest amount since 2008. However, incentives for

corporate donations continue to be limited, and only 6 to 8 percent of all business entities apply for tax deductions for donations to CSOs.

Financial management of CSOs did not change in 2019. CSOs must follow accounting standards based on the type and size of organization. All CSOs must submit annual financial and narrative reports to the Agency of the Republic of Slovenia for Public Legal Records (AJPES). The only CSOs that are required to be audited are associations with annual incomes of over EUR 1 million. Some CSOs publish reports on their websites. While the quality of these reports is slowly improving, many still lack clear information on how their finances relate to performed activities.

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## ADVOCACY: 2.5

Advocacy improved slightly in 2019. CSOs formed many large advocacy coalitions and implemented several advocacy campaigns, some of which were successful and demonstrated their capacity to respond quickly to emerging issues.

In a notable example, CSOs successfully opposed a proposal by the Ministry of Labor that would have eliminated a specific social transfer for people who are employed, but do not earn a certain minimum income. The abolition of this transfer would have affected many single parent families and other individuals with low incomes. Approximately seventy CSOs formed a coalition that campaigned against the proposal; their effort was ultimately successful, and the proposal was withdrawn.

CSOs also formed a coalition to fight against sexual violence. The coalition initiated a campaign called “Yes means yes,” which demanded a change in the definition of rape in the Slovenian Criminal Code. The Ministry of Justice subsequently established a working group consisting of judges, prosecutors, lawyers, and NGOs to review and help prepare changes to the law.

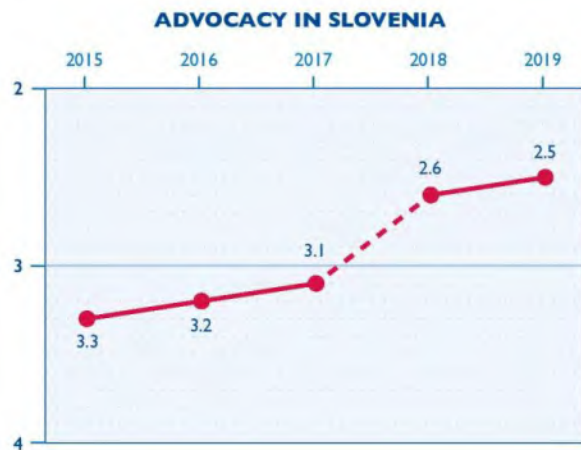
A coalition of CSOs working in the area of social assistance protested the inadequate funds granted to CSOs to employ workers on social programs, while the salaries in the public sector for the same positions are much higher. The campaign was still ongoing at the end of 2019.

CSOs also successfully organized a series of climate protests across the country called Climate Fridays, which drew large numbers of people and received significant media coverage. The protests were supported by environmental CSOs, as well as CSOs working in other programmatic areas. Similarly, a movement was formed to pressure the government to address the housing crisis in the country. Transparency International successfully campaigned for the disclosure of the costs of the border fence that the government built during the biggest wave of migration.

Most successful advocacy campaigns are still implemented by a small number of advocacy organizations operating at the national level that usually initiate ad hoc CSO coalitions. A vast majority of CSOs continue to lack advocacy skills and also have a shortage of funds for advocacy activities.

CSO cooperation with local governments has also improved. Regional hubs are starting to successfully establish long-term cooperation with municipalities to improve procedures for local funding of CSO programs and have also been able to advocate for increased funding in some areas. Local governments also invite CSO representatives to discussions on other topics more often, both as experts on the CSO sector as well as representatives of CSOs in specific regions.

In 2019, ministries formed several new consultative bodies that involve civil society representatives. Apart from the aforementioned consultative body for the review of the Criminal Code, the Ministry of Environment and Spatial Planning and the Ministry of Agriculture, Forestry and Food established a body to deal with the problem of wolves and bears in Slovenia without any legal requirement to do so. This body included various stakeholders,



including representatives of five different CSOs from the fields of farming, animal rights, and nature preservation. The Council for Development of NGOs and Volunteering started its new mandate in December 2019.

Public consultations in decision-making processes did not change notably in 2019. Similar to previous governments, the new government continued to breach rules for public consultations a majority of the time, either by failing to organize consultations, providing inadequate deadlines, or not providing deadlines at all. According to monitoring conducted by CNVOS, the new government breached the rules for public consultations 63 percent of the time in 2019.

In total, 468 draft laws were prepared in 2019; 428 (91 percent) of the drafts were presented for public comment, 179 (36.7 percent of all drafts) of which had consultations that complied with the government's Resolution on Legislative Regulation. The average length of government consultations, when they are implemented, was 22.7 days, about the same as in 2018.

Most consultations continue to be organized after a draft law is already prepared, which limits the public's scope of influence. In addition, there is still a lack of plain language summaries or analyses of draft laws, which limits public understanding of the policies being proposed and therefore hinders effective public consultations. However, CSOs did note that the process of preparing some strategies and laws, including the Strategy on Migration and the already mentioned changes to the Criminal Code, was more open in 2019.

There was limited advocacy focused on the legal environment for CSOs in 2019. As is its standard practice, CNVOS submitted comments to the draft bylaws on the NGO Act.

## SERVICE PROVISION: 2.6



CSO service provision did not change significantly in 2019.

CSOs continue to provide diverse services. Although there were no major changes in the kinds of services CSOs offered their constituents in 2019, CSOs expanded the services they offer in the areas of health and social activation (services intended to prevent or reduce the risk of poverty by employing, educating, re-qualifying, and otherwise empowering groups vulnerable to unemployment and poverty) due to the availability of new public funding for these areas. Most CSOs offer services to clientele beyond their membership.

Over the last few years, CSOs have taken the lead in the provision of services as part of the circular economy, an economic system aimed at eliminating waste and the

continual use of resources. This includes the sale of environmentally friendly, sustainable, and reusable products such as clothes, bags, and shoes (for example, by Destilator and Smetumet), environmentally-friendly candles (by Ozara), and eco-friendly shops, such as those selling food without packaging or second-hand products.

One of the most successful innovative CSO services in recent years is a transportation service for people living in remote rural areas, especially the elderly, run by the Institute Sopotniki (Co-Travelers). This service has been a success locally since 2016, and in 2019, many new communities and municipalities across Slovenia adopted the concept.

There were no significant changes in the way CSOs analyze the needs of their users to determine their priorities in 2019. Most CSOs identify community needs by staying engaged on social media or through direct contact with their users and residents of their local communities. CSOs market their products to other CSOs, businesses, and the public sectors. CSOs usually do not conduct systematic market analyses or engage in cost recovery efforts.

Overall, the government recognizes the value CSOs add to service provision. A growing number of national and local strategies recognize the role of CSOs in offering services in the public interest. For example, the Strategy for Long-Living Society, adopted by the Slovenian government in 2019, explicitly recognizes the role of CSOs in

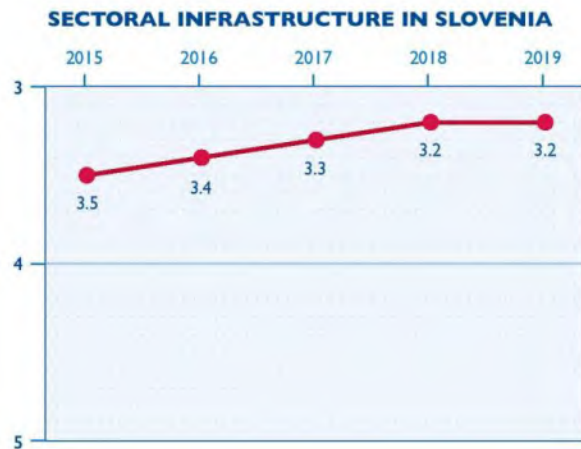


providing health and social security services to the aging population, and lists support to CSOs as one of its main policy directions. On the other hand, CSOs working in the area of social assistance expressed concern in 2019 that although they receive public funds to provide services in the public interest, they receive significantly less money for salaries in comparison to salaries for similar jobs in the public sector. This shows that there is still a gap between recognition of CSOs' role and fair payment for their services.

## SECTORAL INFRASTRUCTURE: 2.9

The infrastructure supporting the CSO sector remained largely unchanged in 2019.

Beginning in October 2019, some intermediary support organizations (ISOs), including national umbrella networks, regional NGO centers, and the network for volunteering, received multi-year funding for their programs from the Fund for NGOs. This funding allowed many key programs that support CSOs to continue. These ISOs cover all regions of the country and offer consulting, information, technical support, and trainings in many different areas, including legal compliance related to taxation, employment, volunteering, and personal data protection; organizational development, with new content during the year focused on leadership and communication skills and strategies, and more standard



content on topics such as fundraising and project management; and advocacy. The most frequently requested topic for assistance in 2019 was related to compliance with the new rules for public benefit status. While ISO services did not change much in 2019, they are expected to expand somewhat in the future with an increase in new free trainings and other kind of support, such as tutors from the business sector.

Many grantmaking organizations that were registered a decade ago still operate, but they generally do not re-grant funds anymore. In 2019, regranting to CSOs and other local actors was done in the scope of Community-Led Local Development, a special financial mechanism of the European Cohesion Funds.

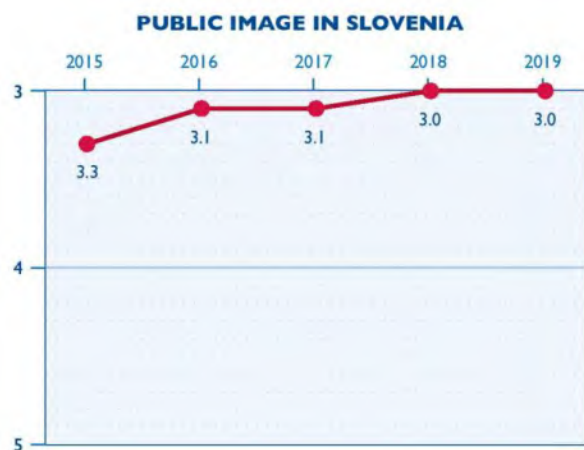
CSOs cooperate with each other, form advocacy coalitions, and share information with each other through thematic networks and informal coalitions. Many coalitions are established in an ad hoc manner to implement a common initiative or achieve an advocacy objective. One organization usually coordinates informal coalitions. In addition, some long-standing coalitions, such as a coalition of CSOs fighting against discrimination and coalitions of humanitarian organizations, exist to promote cooperation in the provision of services.

A number of stable thematic networks operate in various areas. These networks receive funding through donations, membership fees, and some public funds from ministries in their policy area. Over 200 such networks bring together CSOs in the areas of health, social services, pensioners' organizations, culture, and sports. The NGO Act tasks ministries with financing the programs of thematic networks in their policy areas, but few ministries had issued these public calls by the end of the year.

CSOs continue to create short- and long-term partnerships with other sectors. One notable partnership in 2019 was a Valentine's day campaign organized by Legebitra, an organization advocating for the rights of lesbian, gay, bisexual, transgender, and intersex (LGBTI) persons, in cooperation with clothing stores in Ljubljana. The stores put same-sex mannequin "couples" in the middle of rainbow hearts drawn on the store's windows, accompanied with the text "Love is Love." Two CSOs worked with the Faculty for Social Sciences in Ljubljana and musicians to organize a free concert for the World Day against Trafficking in Persons. CSOs are also forming new long-term partnerships with the media. For example, Obrazi nevladnikov (Faces of NGOs) is a weekly presentation of CSO representatives on Dnevnik.si and in the bi-weekly magazine Nedeljski dnevnik (Sunday's The Daily).

CSOs also continue to form partnerships with public relations (PR) agencies and media outlets. These include the partnership between the humanitarian organization Friends of Youth Moste-Polje and radio station Val 202 and POP TV; Friends of the Youth Slovenia and the national TV Slovenija; and Zavod Vozim and PR Agency Luna.

## PUBLIC IMAGE: 3.0



The public image of CSOs did not change significantly in 2019. CSOs continued to benefit from positive media coverage of their work, although there was also some prominent negative coverage of CSOs during the year.

CSOs continue to see an increase in their media presence. All forms of media—print, television, radio, and online media—publish stories about CSOs. The national television continued to air the *Good Stories* series, which every week presents a different story of extraordinary efforts and accomplishments, often featuring CSOs. The newspaper *Dnevnik* started publishing a weekly series of articles presenting the stories of persons working at different NGOs. The association *Humanitarček*, whose mission is to help struggling elderly persons, also started a very successful

campaign, in which it shares compelling life stories of isolated elderly persons on social media in order to help them. Many of these stories were picked up by traditional media outlets as well. There was also an increase in the presence of CSO representatives serving as experts on news programs and discussions on topical social and political issues, including in the areas of environment, migration, and taxation of CSOs.

On the other hand, there was also some negative coverage of CSOs in 2019. In particular, two stories in large mainstream media outlets questioned the mission, legitimacy, and transparency of NGOs. These stories had a negative impact on CSOs' public image, building on the narrative over the past few years that CSOs are troublemakers that should not be funded by the state.

First, *Odmevi*, a well-known daily news program on the national television, featured a story on the annulment of an environmental permit for a hydroelectric power plant (HE Mokrice). A court annulled the permit, finding that it was not obtained in accordance with the law. The lawsuit against the permit was filed by an environmental NGO with public benefit status, which have the legal right to file such suits. Instead of focusing on the irregularities with the environmental permit or the impact of the plant on the environment, the presenter's monologue instead questioned NGOs' legal right to be stakeholders in the procedures for obtaining environmental permits and expressed doubts regarding the operation and legitimacy of these NGOs. Her statements included a number of inaccuracies. For example, she inaccurately claimed that the law does not state how many experts such an NGO with public benefit status must have. She also alleged that these NGOs receive "immeasurable" amounts of funding from the government and then cause problems, while the reality is that the NGO in question received no government support that year, nor did forty-four other such NGOs, while nineteen other organizations received a total of EUR 426,207.30, an average of EUR 22,430 per organization. Finally, she claimed that NGOs take two years to study animal species, then file complaints, and again study the environmental impacts, holding up investors, jobs, and economic growth in the process. In reality, NGOs only have thirty days to file complaints against any permit.

The second notable negative media story about CSOs was an article titled "Who supervises NGOs?" published in *Delo*, one of the largest mainstream daily newspapers. The article claimed that NGOs can be abused for the "grey economy" and that they are subject to weaker oversight than companies. It also called them tax havens. The article was riddled with inaccuracies and unsubstantiated claims about CSOs. For example, the article claimed that CSOs, unlike businesses, do not have to keep financial records or do not have to do so diligently, and that CSOs are not subject to any external supervision, including in the areas of taxation and employment. In reality, the same legislation, competent authorities, and mechanisms supervise taxes and employment for all legal entities. The article also stated that CSOs may use funds for purposes that are not part of their operations and that they are able to hide their income, both of which are illegal. Another statement alleged that the line between non-commercial and commercial activity is difficult to define, despite the fact that it is clearly defined in regulations. The author supported all these claims with inaccurate representations of annual statements of individual CSOs he selected. CNVOS wrote to the newspaper with substantiated information to correct the inaccuracies in the article but was unable to obtain a correction by the newspaper.

Harming the public image of CSOs and humanitarian organizations in particular were also two cases in which relatively new CSOs, which did not yet have status as humanitarian organizations, raised funds for sick children to get expensive medical treatments abroad. Both cases received a lot of media coverage. In one case, a CSO with the help of a media outlet raised almost EUR 4 million for an expensive treatment for a young boy. However, the CSO was unaware of the fact that only humanitarian organizations and foundations can give individuals funds or any other kind of aid untaxed. The oversight was corrected by involving a humanitarian organization as a partner, allowing the aid to reach the intended beneficiary untaxed. Another story reported on a representative of another CSO who stole money raised and used it for private purposes. The public responded with outrage. In response, humanitarian organizations became more aware of the need to promote their transparency actively. In November, CNVOS organized a conference on the topic of transparency in humanitarian organizations, which was attended by a number of CSOs, including large humanitarian CSOs and networks.

Measures prescribed by law guarantee a certain degree of transparency in the CSO sector. For example, all associations, which account for 90 percent of CSOs in the country, must publish their annual reports on the website of AJPES. However, these reports are often not reader-friendly and fail to make it clear to the public how money was actually spent, and therefore do little to increase public trust. Codes of conduct are not very common among Slovenian CSOs, although CSOs have adopted codes for some areas of work, including social assistance and organized voluntary work.

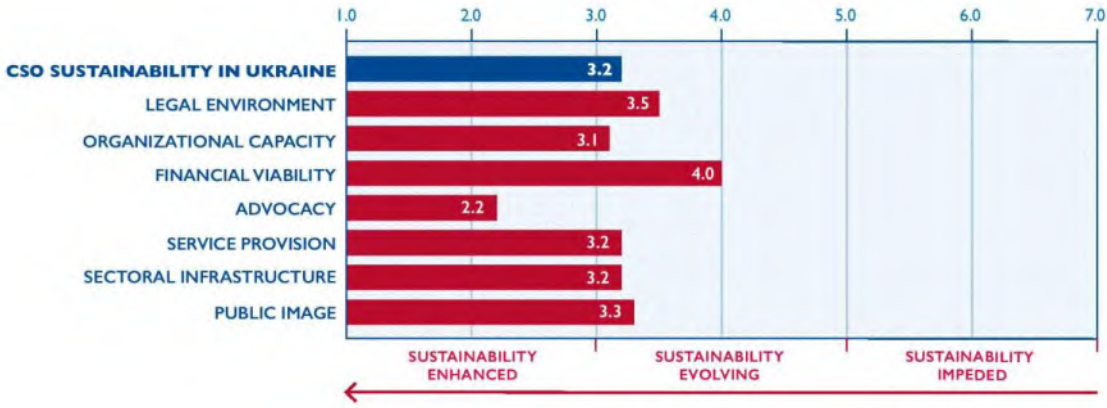
Very few CSOs have employees specialized in public and media relations; instead, other staff (paid or volunteers) who lack expertise in this area generally perform these tasks. The average CSO relies on social media and its website to promote its work.

In most cases, both national and local authorities recognize the value of CSOs and their services, but still often neglect to consult CSOs in decision making, especially early in the process. The business sector's perception of CSOs is also mainly positive and businesses continued to cooperate with CSOs in 2019. For example, Lidl continues to sponsor and promote activities of the Association for Sports of People with Disabilities, and the insurance company Triglav provided funding to the Alpine Association of Slovenia for the management of mountain trails around the country.

# UKRAINE

**Capital:** Kyiv  
**Population:** 43,922,939  
**GDP per capita (PPP):** \$8,800  
**Human Development Index:** High (0.750)  
**Freedom in the World:** Partly Free (62/100)

## OVERALL CSO SUSTAINABILITY: 3.2



Ukraine underwent significant political changes in 2019. Volodymyr Zelenskyy, an actor without any political background, was elected as the President of Ukraine in two rounds of elections held in March and April. A few months before the presidential elections, Zelenskyy formed the political party Servant of People, which then went on to win a majority in the Ukrainian Parliament in early parliamentary elections held in July 2019. International observers assessed the elections as transparent and democratic. The government was formed by people who for the most part had never been in politics and had no practical governing experience. Some of them had been civil activists. The government and the new President of Ukraine pursued pro-European policies and democratic reforms.

The new political establishment benefited from significant public support after the elections, but this support gradually decreased due to disappointment and unfulfilled expectations. According to surveys by Razumkov Center, between June and December 2019, support for the President of Ukraine decreased from 68.5 percent to 62.6 percent, support for the parliament declined from 56.7 percent to 37.2 percent, and support for the government fell from 56.9 percent to 38.8 percent.

According to Freedom House’s Freedom in the World report, political and civil rights in Ukraine improved slightly between 2018 and 2019, from a score of 60 to 62 out of 100. However, Ukraine continues to be considered a partly-free country because of corruption, the treatment of minorities, and the intimidation of civil society activists.

Economic growth in Ukraine remained steady in 2019. The Ministry of Economic Development, Trade, and Agriculture estimated growth of real gross domestic product (GDP) at 3.3 percent in 2019, compared to 3.4 percent in 2018. According to data from Ukrainian State Statistics, the average nominal wage of a full-time employee increased by 18.4 percent in 2019 to reach UAH 10,497 (approximately \$387) per month.

The country continued to be challenged by hostilities between Russian-backed separatists and Ukrainian forces in Ukraine’s eastern Donbass region, which includes parts of Donetsk and Luhansk oblasts (regions), as well as the Russian occupation of Crimea. In addition, Russia ran an information war, spreading disinformation about Ukraine both within Ukraine and abroad. For example, Russia promoted the false idea that the conflict in Ukraine was internal and not the result of its aggression. CSOs tried to counter these efforts by revealing the false information to Ukrainians, providing independent analyses of the situation, making recommendations to officials, and supporting veterans of anti-terrorist operations (ATO) and internally displaced persons (IDPs).

Overall CSO sustainability improved slightly in 2019, driven by positive developments in the legal environment, organizational capacity, and financial viability dimensions. The legal environment improved with the introduction of online registration and the abolishment of the requirement for anti-corruption activists to submit asset

declarations. CSOs demonstrated increased strategic capabilities and internal management systems, while financial viability improved with an increase in public funding of CSOs and the use of social contracting. Citizens still show high interest in and trust of CSO activities.

According to the Ukrainian State Statistic Service, as of January 1, 2020, there were 88,882 registered public associations, 1,718 unions of public associations, 26,347 religious organizations, 28,486 trade unions, 317 creative unions, 19,112 charitable organizations, and 1,614 self-organized bodies. The data does not include CSOs registered in the Autonomous Republic of Crimea or the city of Sevastopol, as there is no access to these areas.

Detailed information about the activities of CSOs in the occupied territories is not available. CSOs in Crimea have been regulated by Russian legislation since 2014, when it was illegally occupied by Russia. On August 2, 2019, the United Nations Secretary-General issued a report on the “Situation of human rights in the Autonomous Republic of Crimea and the city of Sevastopol, Ukraine”. According to the report, many civic groups that emerged after 2014, such as Crimean Solidarity (an association of Crimean Tatar activists), remain unregistered due to strict registration rules. The occupying authorities in Crimea regularly detain, fine, arrest, and search public activists and journalists under the pretext of countering extremist activities.

CSOs in the self-proclaimed Donetsk People’s Republic and Luhansk People’s Republic are also oppressed. This is particularly true of CSOs and activists representing the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community. According to the “Report on the human rights situation in Ukraine from 16 August to 15 November 2019” issued by the Office of the United Nations High Commissioner for Human Rights (OHCHR), members of the LGBTI community have left the territory because of violations of their rights and the fear of persecution. In addition, some religious communities in the “republics” remain unable to conduct worship meetings due to fear of arbitrary arrests or seizure of property.

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## LEGAL ENVIRONMENT: 3.5



The legal environment governing CSOs improved slightly in 2019. Positive developments included the introduction of online registration and the cancellation of the requirement for anti-corruption activists to submit asset declarations. In addition, there were some other minor improvements to the legislation regulating CSOs.

The main legislation governing CSOs—the Law on State Registration of Legal Entities, Individual Entrepreneurs and CSOs, Law on Public Associations, and the 2016 Order of the Ministry of Justice on Approval of the Procedure for State Registration of Legal Entities, Entrepreneurs and Entities Forming Non-Legal Entities—remained unchanged in 2019.

CSO registration procedures continue to be relatively accessible. It only takes three days to register a public association and one day to register a charitable organization. The registration process is free of charge. CSOs can register at the national or regional levels in Justice Departments located in twenty-five oblast centers, Administrative Services Centers, or Centers of Free Secondary Legal Aid.

In addition to legal status, a CSO can choose to obtain nonprofit status, which exempts it from the 18 percent income tax as long as the income received from grants, endowments, fees, or economic activity is not distributed among its founders, but only used for its activities.

Minor improvements were made to the registration process in 2019. In May, the government introduced online registration for CSOs with legal entity status. Approximately forty CSOs had successfully registered online by the end of 2019. In late 2019, a draft Law on Amendments to the Law on Public Associations that includes model statutes was registered and placed on the agenda of the parliament. The amendments would also reduce the time in which the government must review documents to receive or confirm nonprofit status from fourteen calendar days to three working days. In addition, the amendments would introduce forms for CSOs to use when requesting



confirmation of their nonprofit status from the nonprofit register, thereby simplifying and unifying the procedure to confirm nonprofit status.

There were, however, some minor ongoing issues with registration in 2019. In particular, some CSOs that planned to conduct entrepreneurial activities faced difficulties registering and receiving nonprofit status. To avoid such issues in the future, in February the Ministry of Finance issued an explanatory letter confirming that nonprofit CSOs can engage in entrepreneurial activities.

Several other positive developments also affected the legal environment for CSOs in 2019. On June 6, 2019, the Constitutional Court found the provisions of the Law on Corruption Prevention that required members of anti-corruption CSOs to submit asset declarations similar to those required of government officials and political figures to be unconstitutional. The provisions were introduced in March 2017 and came into force on January 1, 2018.

A law addressing anti-money laundering and counter-terrorism financing was also adopted during the year. This was significant for CSOs as it increased the threshold for mandatory audits from UAH 150,000 to UAH 400,000 (approximately \$5,500 to \$14,700) and limits the grounds for auditing transactions. At the same time, however, the number of entities subject to financial monitoring increased and now includes private accountants, which many CSOs use. The law also introduces requirements for CSOs to provide information about their beneficial owners, although it is not clear who CSOs' beneficial owners are.

Two draft laws (6674 and 6675) that would have introduced additional reporting requirements on CSOs were not adopted by the parliament due to the advocacy efforts of human rights organizations, including the Ukrainian Center for Independent Political Research (UCIPR) and the USAID Citizens in Action Project team.

The State Agency for Youth and Civil Society Development was established in December 2019 as a separate government institution regulating youth policy and civil society development, whereas it was previously part of the Ministry of Youth and Sports. The Agency was given responsibility for developing conditions to strengthen the capacity of CSOs in Ukraine, although its role in forming policies to promote civil society development was not totally clear. The Agency was subsequently liquidated in March 2020 when the ministry was restructured.

On December 31, 2019, the Cabinet of Ministers canceled its request for CSOs to submit statistical reports. On the one hand, this is a positive development as the report was not obligatory and many CSOs did not submit it. On the other hand, it was the only source of statistics on CSO operations and income and there is the risk that it may be replaced by a more detailed report.

According to recommendations issued by OHCHR in December 2019, Ukraine should “coordinate with international experts to conduct a review of recent legislation and decrees concerning the media and civil society, to determine whether these measures are consistent with Ukraine’s international obligations.” Furthermore, Ukraine should “adopt legislation that is conducive to the development and safeguarding of today’s strong and vibrant NGO community in Ukraine.”

Activists continued to be attacked in 2019. According to the Human Rights Center Zmina, in 2019, at least eighty-three human rights defenders and civil society activists were subject to harassment, threats, pressure, or seizures, a similar number of incidents as in 2018. As in previous years, the majority of the attackers were not brought to justice. The number of attacks on journalists decreased slightly during the year. According to the Journalists' Physical Security Index of Ukraine, prepared by the National Union of Journalists of Ukraine, there were seventy-five attacks on journalists in 2019, down from eighty-six in 2018. In December, parliament voted to set up an Interim Investigation Commission to investigate the attacks on Ukrainian activist Kateryna Gandziuk and other public activists during 2017-2018.

According to the OHCHR “Report on the human rights situation in Ukraine 16 August to 15 November 2019,” several cases of attacks by members of far-right groups on members of the LGBTI community were recorded in Kharkiv during the KharkivPride march. During the same period, the façade of the building housing PrideHab was damaged by slogans threatening the LGBTI community and objects used in traditional funeral rites were left near the building to intimidate staff and visitors.

Individual and corporate donors can receive tax deductions up to 4 percent of the previous year’s income for donations to CSOs. In addition, corporate donors can claim an 8 percent tax deduction from the previous year’s income for support to sports CSOs.

CSOs are allowed to receive funding from international donors, from the state budget in the form of grants, and from physical and legal persons. CSOs are also allowed to compete for government contracts and procurements at the local and central levels and to conduct economic activities.

CSOs can obtain legal consultations from law firms and other specialized CSOs. For example, Pro Bono Club Ukraine helps the civic sector to access free professional legal support from socially responsible law firms. The NGO Legal Support program of the Legal Support Bar Association provides similar assistance to organizations in several cities, including Kharkiv, Kyiv, Lviv, and Zaporizhia. Regional CSOs providing legal advice to CSOs include the Podilska Legal League NGO in Khmelnytsky and the MARCH NGO in Chernihiv. Since December 2018, WikiLegalAid, a reference and information platform for legal advice, has been open to the public; it currently hosts legal advice on more than 1,500 topics.

## ORGANIZATIONAL CAPACITY: 3.1

Organizational capacity in the sector improved slightly in 2019 as a result of CSOs' increased understanding of constituents' needs, technical advancement, and development of strategic plans. According to Ednannia, one of the main providers of capacity-building services for Ukrainian CSOs, 87 percent of the CSOs it assisted in 2019 improved their capacity. Ednannia data also confirms that demand for organizational development trainings and webinars has been high.

Donor-funded capacity-building programs initiated in previous years continue to strengthen CSO organizational capacity. Moreover, in 2019 the USAID-funded Ukrainian Civil Society Sectoral Support activity began to be implemented. The project will work to improve the legal enabling environment for civil society and strengthen the institutional capacities of CSOs. It is implemented by a consortium of CSOs led by Ednannia, and including the Center for Democracy and Rule of Law (CEDEM) and UCIPR. Public institutions also support the development of CSOs' organizational capacity. For example, the Ministry of Social Policy allows veterans CSOs to spend 20 percent of competitively awarded funds on administrative expenses.

While concrete data is not available, CSOs' understanding of their constituencies' needs seems to be improving. Many organizations focus on developing relationships with their constituencies through social media and online surveys and by engaging them in their work as volunteers.

A growing number of CSOs develop strategic plans. Data collected by Ednannia indicates that approximately 45 percent of CSOs seeking support in 2019 requested funds to develop strategic plans. According to the report "CSOs in Luhansk Region," issued by the UN Development Programme (UNDP) in 2019, 44 percent of CSOs have strategic plans and 51 percent have internal policies and procedures.

A limited number of CSOs can afford full-time staff. Instead, most CSOs, especially small regional organizations, engage individual entrepreneurs and volunteers. Many employees work as private entrepreneurs as this allows them to pay fewer taxes. Large CSOs clearly divide responsibilities between their executive and governance bodies and have developed administrative and financial management systems. CSOs increasingly strive to attract public relations and communication professionals to improve their communication with donors and constituencies.

Technical advancement among CSOs improved slightly in 2019. CSOs have access to many technical and informational products. Organizations use social media platforms like Facebook, Twitter, Telegram, Instagram, and YouTube, as well as their websites, to promote their activities and communicate with each other and their target groups and clients. Almost all CSOs have high-quality internet and mobile connections and use computers and laptops. Nevertheless, CSOs, especially regional and grassroots organizations, continue to struggle to finance the procurement of equipment, software, and other tools. For example, 73 percent of CSOs surveyed by UNDP in the Luhansk region identified insufficient funding as an issue and 49 percent indicated insufficient equipment.



## FINANCIAL VIABILITY: 4.0



Financial viability improved slightly in 2019 as government funding for CSOs, particularly cultural organizations and CSOs that provide social services, increased and organizations began to work more closely with the private sector. However, international donors remain the main source of funding for the sector, particularly for advocacy CSOs and think tanks.

According to the UNDP report, 40 percent of surveyed organizations in Luhansk oblast stated that grants from international organizations were one of their main sources of funding. Other sources of funding include charitable donations from the public (cited by 31 percent of surveyed organizations), membership contributions (26 percent), and charitable donations from businesses (22 percent).

The Ukrainian government allocated nearly UAH 887 million (approximately \$32.7 million) to CSOs in 2019, more than twice as much as the UAH 368 million allocated in 2018. More than half of these funds were allocated to cultural programs through the mini-grants programs of the Ukrainian Cultural Fund (UCF), a state agency coordinated by the Ministry of Culture. According to its Annual Report, in 2019 UCF awarded UAH 641 million (approximately \$23.6 million) in grants to individuals and legal entities through competitive procedures, a dramatic increase from 2018 when it awarded approximately UAH 149 million. National creative associations received UAH 88 million (approximately \$3.2 million) of this funding, three times more than in 2018.

Other ministries and government agencies also provide significant amounts of financial support to CSOs. In 2019, the Fund of Social Protection of People with Disabilities provided about UAH 89 million (approximately \$3.3 million) to CSOs working with people with disabilities, an increase from UAH 77.2 million in 2018. The State Agency of War Veterans and ATO provided UAH 22.5 million (approximately \$830,000) to veterans CSOs through competitive procedures, an increase from UAH 19.97 million in 2018. The Ministry of Youth and Sport provided UAH 12 million (approximately \$443,000) to youth CSOs and UAH 8 million (approximately \$295,000) to CSOs working in the area of nationalistic and patriotic education, an increase from a total of UAH 18 million for the same areas in 2018.

The public financing system increasingly incorporates competitive procedures, but still lacks uniformity. The Ministry of Social Policy established a Working Group on the Development of Competitive Procedures for Public Funding of CSOs of Persons with Disabilities in 2019.

In 2019, amendments to the Budget Code made it possible for CSOs of veterans and persons with disabilities to receive financial support from the state budget for the implementation of national programs, projects, and activities.

Local governments support CSOs to varying degrees. The largest regional budgets for CSOs in 2019 were in Dnipropetrovsk (UAH 6.8 million or \$251,000), Lviv (UAH 5.5 million or \$203,000), and Mykolayiv (UAH 4 million or \$147,000). The Vinnytsia Regional State Administration held two funding contests for CSO projects, allocating UAH 1 million (approximately \$37,000) to promote civil society development and another UAH 700,000 (approximately \$26,000) to support participants of ATOs in eastern Ukraine and their families. In addition, Vinnytsia provided UAH 980,000 (approximately \$36,000) through noncompetitive means to support the statutory activities of CSOs of persons with disabilities and veterans. However, such funding initiatives are still not common practice throughout Ukraine. The local government in Luhansk region, for example, only provided about UAH 200,000 (about \$7,400) in support to CSOs, while the Donetsk Regional State Administration provided UAH 1,299,540 (approximately \$48,000).

The use of participatory budgets at the local level expanded in 2019. During the year, about 200 city councils used this tool, and over ninety municipalities joined the platform of participatory budgets. Local self-government bodies allocated a total of about UAH 500 million (approximately \$18.4 million) for the implementation of residents'

projects through the participatory budgeting process in 2019. According to the Public Budget Impact Assessment conducted by the Polish-Ukrainian Cooperation Foundation (PAUCI) during October-November 2018, twenty-seven out of thirty communities surveyed indicated significant community engagement in project development and public voting. Community mobilization around projects was employed in Baltska Amalgamated Hromada, Vinnytsia, Energodar, Kropyvnytskyi, Kryvyi Rih, and Zhytomyr. In general, projects funded through the participatory budget process should focus on the implementation of the National Regional Development Strategy until 2020 and relevant regional development strategies.

International donors continued to be an important source of funding for CSOs in 2019. According to the Ministry of Economic Development, Trade, and Agriculture, during the first half of 2019, 522 international technical assistance projects were implemented in Ukraine with a total estimated value of \$5.9 billion, a significant increase compared to the same period in 2018, in which 477 projects worth \$4.9 billion were implemented. Out of this total, 8 percent or \$447 million was provided for the development of government and civil society. According to a list of international technical assistance projects maintained by the Ministry of Economic Development, the total value of programs that started in 2019 and were implemented by Ukrainian CSOs was about \$28 million. In 2019, USAID awarded \$8.8 million in grants to Ukrainian CSOs. The EU contributed EUR 10 million to support civil society and culture in Ukraine in 2019, EUR 5.5 million of which was allocated to grants to CSOs. International donors also continued to support CSOs in East Ukraine, providing about \$2.4 million in 2019.

The level of voluntary financial donations decreased in 2019. According to a sociological survey conducted by the Ilko Kucheriv Democratic Initiatives Foundation in August 2019, 25 percent of Ukrainians provided charitable or financial assistance in 2019, a significant decrease from 2018 (38.5 percent), 2017 (41 percent), 2016 (42 percent), and 2015 (47 percent). At the same time, an analysis on individual giving conducted by Pact found that 11 percent of respondents had contributed to civic organizations in 2019, compared to just 4 percent in 2013. Small donations (up to UAH 100) remain the most common. However, donating to CSOs is still uncommon, with 87 percent of respondents reporting that they have no experience of contributing to civic organizations. A survey by Zagoriv Foundation “Charity through the eyes of Ukrainians” found that material donations of clothes, food, and other goods, and financial donations were the most popular forms of charity in Ukraine in 2019. The survey also found that during 2019, half of Ukrainians provided financial support to people in need.

Although the SMS-charity system now functions, only seven CSOs used this instrument in 2019, collecting about UAH 10 million (approximately \$370,000). For example, Kyivstar mobile phone users donated UAH 2 million (approximately \$74,000) by SMS in 2019 for the purchase of equipment and medical supplies for children’s hospitals across Ukraine as part of the joint social initiative Children’s Hope and the international charity organization Ukrainian Philanthropic Marketplace.

Cooperation between CSOs and businesses has intensified. According to the Pro Bono Club Ukraine’s corporate social responsibility (CSR) market research in 2018-2019, thirty-one corporations spent UAH 411 million (approximately \$15 million) on social projects through their CSR initiatives in 2019. According to Ednannia, companies donated nearly \$5 million directly to CSOs in 2019. The Center for CSR Development continued to promote the principles of sustainable business and social responsibility in Ukraine according to the UN Sustainable Development Goals and to involve young people, especially girls, in career building. In 2019, the Center for CSR Development opened an office in Dnipro.

CSOs continue to introduce new approaches to fundraising, including the use of messengers, online streaming, and online payments. CSOs continued to use crowdfunding platforms such as Kickstarter, GoFundEd, Spilnokosht, and Na starte. Velyka Ideya (Big Idea), a Ukrainian social innovation crowdfunding platform focused on civil society development in Ukraine, helped raise funds for 100 projects in 2019, up from 93 projects in 2018.

CSOs increasingly participate in public procurements through Prozorro, an online platform for public procurement. In 2019, CSOs participated in 821 tenders, receiving contracts for over UAH 109 billion (approximately \$4 million). Of this amount, CSOs received UAH 100 million (approximately \$3.7 million) in procurements for social medical services from the government. For example, the Center for Public Health of the Ministry of Health awarded a UAH 5 million (approximately \$185,000) contract to the CSO 100% of Life to support HIV-positive people.

Entrepreneurial activity is still not very popular among CSOs, in part because of questions about maintaining their nonprofit status. In 2019, the Ministry of Finance issued a letter clarifying that CSOs can conduct business activities.

Financial management continues to be the weakest aspect of CSO management, despite CSOs' efforts to improve their accounting, financial planning, and reporting.

## ADVOCACY: 2.2

CSO advocacy did not change in 2019 and continues to be strong. CSOs such as those in the Reanimation Package of Reforms (RPR), including the Center of Political and Legal Reform (CPLR), UCIPR, and CEDEM, continue to advocate for legislative changes and monitor their implementation.

The number of CSO representatives in governmental structures at both the national and regional levels increased in 2019. For example, fifty civil society activists were elected as members of parliament. Despite this, CSOs found it more difficult to communicate with public institutions at the national level as they lost their contacts because of the changes in the government and parliament. OPORA, a non-governmental, non-political, and financially independent nationwide network of public activists, and RPR, a coalition of CSOs that promotes reform solutions, were among the most successful at rebuilding such relationships in 2019.



Over time, however, the authorities tried to demonstrate their commitment to dialogue with civil society. In November, more than 400 leaders of national and regional CSOs, think tanks, and coalitions from all regions of Ukraine met with the authorities in Kyiv at PlatForum, a two-day conference focused on accelerating pro-European reforms in Ukraine. The Forum was organized by the CSO members of RPR. The new Prime Minister of Ukraine Olexiy Honcharuk also had a few meetings with CSO representatives during the year.

With the support of the USAID-funded Enhance Non-Governmental Actors and Grassroots Engagement (ENGAGE) project, advocacy campaigns contributed to a number of positive policy changes in 2019. For example, RPR, which includes several USAID/ENGAGE partners, produced an agenda and plan for the new administration to guide reforms in security, economic, and foreign policy related to Euro-integration. Several other CSOs expressed concern over progress in human rights and anti-corruption and called on the administration to review and speed up judicial reform, electoral reform, and law enforcement as outlined in the Association Agreement.

CSOs actively monitored the elections and advocated for electoral reform during the year. Several CSOs were accredited as official observers for the presidential election on March 31, 2019. In 2018, RPR, sixty-five members of parliament (MPs), and the Ombudsperson addressed the Constitutional Court to determine if provisions of the Law on Prevention of Corruption obliging activists to submit electronic asset declarations are constitutional. In 2019, the Constitutional Court abolished these provisions.

Advocacy efforts, including the number of protests and initiatives, increased at the local level as well. According to RPR, as of June 1, 2019, eighteen regional CSO coalitions had advocated for thirty-two pieces of legislation on the local level. These coalitions included 169 organizations from different backgrounds and more than 500 civil activists and experts. CSOs actively and successfully advocated for the introduction of local democracy charters and procedures, including public hearings, e-petitions, and public consultations. Such campaigns were implemented successfully in the cities of Ternopil, Zhytomyr, and Drohobych, among others, with the support of UCIPR and the USAID Citizens in Action Project and the Council of Europe project Promoting Civil Participation in Democratic Decision-Making in Ukraine. According to the UNDP study of the Luhansk region, 22 percent of CSOs indicated that they had experience in influencing state policy on providing services to the population at the local level and represented the interests of citizens in this matter. Seven organizations in Luhansk also had the opportunity to influence policy at the national level.

According to the ENGAGE Civic Engagement Poll, the forms of democratic participation in which citizens are most engaged are community committees (8.1 percent), public hearings (6.4 percent), peaceful assemblies (4.4



percent), reporting on infrastructural issues (5.2 percent), and lodging or signing electronic petitions (4.2 percent). A growing number of tools facilitate electronic interaction between the government and citizens. For example, since 2019, the online Platform for Local E-Democracy—a system of local e-petitions—has allowed citizens to vote on participatory budgets. The Smart Interaction System, developed by Young Community Foundation, allows entrepreneurs, residents, and donors to be actively involved in community life. In total, sixty-four communities from twenty-one oblasts have joined this system.

## SERVICE PROVISION: 3.2



CSO service provision did not change in 2019. CSOs continue to provide services in a wide range of areas, including social, health, educational, and environmental services. Traditionally, CSO services have focused on social services, including care for such socially vulnerable groups as internally displaced persons, veterans, and the disabled. More recently, CSOs have started to provide health services. For example, in 2019, the city of Kyiv provided UAH 6.4 million (approximately \$265,000) to local CSOs to provide healthcare services to prevent HIV and support people with AIDS. CSOs in Kyiv were also involved in the development of local regulations on social procurement, participated in discussions regarding major social problems, and attended meetings of parliamentary committees. CSOs' educational services are generally provided free of charge to other CSOs,

public officials, academia, and youth. In the area of environmental services, No Waste Ukraine removes recyclables from businesses or commercial residences, and sells boxes for sorting garbage, goods made from recycled materials, and used books and decor items. In addition, CSOs produce analytical materials and provide consulting services. Many CSOs use online surveys and other forms of online communication to identify clients' needs.

In April 2019, a new Law on Social Services was adopted that came into force on January 1, 2020. The law introduced a new "system of delivery of social services," which includes public institutions, providers of social services, professional associations of social service providers, and recipients of social services and their associations. The Law allows public authorities to procure social services from CSOs at the local level. However, few CSOs are able to provide high quality social services and local authorities still have doubts about CSOs' competency, resources, and staff to perform these tasks. In addition, the involvement of CSOs in social service provision depends on the level of local budget funds allocated for this purpose.

## SECTORAL INFRASTRUCTURE: 3.2

The infrastructure supporting the CSO sector did not change significantly in 2019.

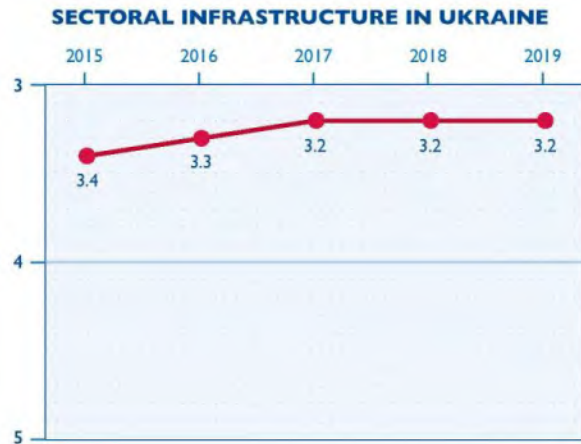
Many CSO hubs and intermediary support organizations (ISOs) operated in 2019. With support from UNDP, a network of fifteen CSO hubs support initiative groups at the local level. For example, the CSO Hub Misto Zmistiv in Vinnytsya hosted 476 events during 2019 that involved nearly 16,000 participants. These events were organized by Misto Zmistiv itself, as well as other CSOs, international organizations, structural units of the city council, and the regional state administration. The online platforms GURT and Gromadskyy Prostir continue to be sources of information about CSOs and opportunities such as grants, vacancies, events and tenders.

A number of CSOs re-grants funds to other CSOs. In 2019, approximately 110 CSOs all over Ukraine provided grants to CSOs and other groups, twice as many as in 2018.

CSO coalitions were strengthened in 2019. According to "Civil society networks in Ukraine," a report published by the EU Project for the Development of Civil Society with the assistance of the Gromadky Prostir, 60 percent of CSO coalitions operate on the national level. In 2019, the National Network of Civil Society Organizations was

created, and 738 CSOs signed the memorandum. At the end of 2019, the National Network Initiative Group invited Ukrainian CSOs to engage in public discussions on the network's draft charter. Also in 2019, the Civil Society Hub of Civil Society of Ukraine was registered.

CSOs and their employees have access to a variety of training programs to help them improve their professional skills and organizational capacity. ISOs provide special trainings for civil activists. For example, CEDEM regularly organizes Advocacy Schools and the Open University of Reforms, an educational project to train active young people to implement changes and reforms in Ukraine. Since 2016, the Marketplace platform managed by Ednannia has strengthened direct links between providers of organizational development services and non-governmental organizations, associations, initiative groups, and municipal institutions in need of such services all around Ukraine. Through this platform, organizations can get small grants, cooperate with service providers, and participate in webinars. Financial and project management, strategic planning, development of external relations, and communication skills are the most demanded areas of study. Online courses in civic education from, for example, Prometheus and EdEra, are also quite popular. A few universities have special programs for CSO employees. For example, Ukrainian Catholic University offers a master's program in Management of Non-Profit Organizations and Kyiv School of Economy offers courses on finances and procurement. However, these are quite expensive and are not widely accessible.



ISOs regularly hold thematic forums and meetings, both at the national and local levels, that involve representatives of CSOs, the government, and international organizations. For instance, with the support of international donors and partners, Ednannia organizes an annual Civil Society Capacity Development Forum, the largest national platform for learning, communicating, and sharing experiences in the field of organizational development of CSOs and charitable and community organizations. Over 2,500 participants attended the Forum in 2019, an increase from 2,000 in 2018. Participants included activists, volunteers, and philanthropists, as well as representatives of donor organizations, state and local authorities, media, and business.

CSOs and the private sector continue to work together on social projects. For example, in April 2019, the Charitable Foundation Tablets and the pharmaceutical company Darnitsa organized a charitable campaign to help children with cancer; during the year, the campaign raised UAH 100,000 (approximately \$3,700). Almost fifty Darnitsa employees committed to making monthly contributions to the campaign. In 2019, the Pro Bono Club Ukraine team created a directory of CSR initiatives, which will help CSOs develop partnerships with business entities.

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## PUBLIC IMAGE: 3.3

The public image of CSOs remained largely unchanged in 2019. According to research conducted by the Razumkov Center in November 2019, public trust in civil society remained quite high, with 51 percent of respondents indicating that they trust CSOs (up from 43.4 percent in 2018) and 70 percent indicating that they trust volunteer organizations (up from 65.2 percent in 2018). At the same time, according to a survey conducted by the Democratic Initiatives Foundation Ilka Kucheriv together with the Kiev International Institute of Sociology in August 2019, the percentage of citizens who see a need for public organizations has decreased from 60 percent in 2018 to 50 percent in 2019; 20 percent of respondents said that public organizations are not needed in their cities or villages.

According to the report of the National Institute for Strategic Studies under the President of Ukraine “Civil society of Ukraine: Policy of promotion and involvement, challenges and transformations,” in three out of four regions, over half of citizens expressed the need for NGOs in their cities and villages (58 percent in the west, 52 percent in the center, and 54 percent in the east). The only exception was in the southern region, where just 36 percent of respondents expressed this opinion. However, only 7.5 percent of Ukrainian citizens said they were



involved in civic activity. The main reason for not participating in the activities of public organizations was a lack of interest (38.5 percent). At the same time, the vast majority of citizens (77 percent) believe that the state should contribute to the development of civil society, a sentiment with which just 9 percent disagreed.

Some reform-oriented government officials were called ‘sorosyata’ at the end of 2019. This also negatively affected the perception of many CSOs as they promote similar goals. At the same time, this did not preclude attempts by the authorities and the civil sector to establish a dialogue.

The business sector had a positive perception of CSOs in 2019, as demonstrated by the increase in mutual trust and cooperation. According to the Pro Bono Club

Ukraine study of the Ukrainian CSR market in 2018-2019, 91 percent of surveyed companies cooperate with civil organizations and charitable foundations.

CSOs continued to work closely with some journalists and independent media companies in 2019. In particular, CSOs cooperated effectively with Suspilne TV to produce TV programs such as “Countdown,” “Our Money,” and “Schemes.” CSOs also use media to draw attention to attacks on journalists and to protect their rights, as well as to highlight government shortcomings. In addition, many CSOs use social media to promote their image and activities. Organizations that successfully use social media include Ukrainian Academy of Leadership, Ukrainian Volunteer Service, and U-Report Ukraine.

With support from the USAID-funded ENGAGE project, the All-Ukrainian Association of Music Events hosted GROWMADA, a space on festival grounds where local CSOs were able to present their activities in innovative and engaging ways. In 2019, GROWMADA was organized at six festivals in different regions of Ukraine: Atlas Weekend, Faine Misto, CxidRok, Republica, Khortytsya Freedom, and KhersON. Around 150 organizations were engaged in GROWMADA, thereby creating a platform for social dialogue and increasing public knowledge of civil society. Civic-minded activities galvanized Ukraine’s mass music organizers around socially important issues such as inclusion and the environment.

Leading CSOs publish annual reports about their activities and try to demonstrate their transparency by conducting public procurement according to their internal policies and donor requirements.

# ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

## INSTRUCTIONS FOR CSOSI IMPLEMENTING PARTNERS

### 2019 CSO SUSTAINABILITY INDEX

#### I. INTRODUCTION

USAID's Civil Society Organization Sustainability Index (the Index or CSOSI) reports annually on the strength and overall viability of CSO sectors in Africa, Middle East and North Africa (MENA), Central and Eastern Europe and Eurasia, and Mexico. The CSO Sustainability Index is a tool developed by USAID to assess the strength and overall viability of CSO sectors in countries around the world. By analyzing seven dimensions that are critical to sectoral sustainability, the Index highlights both strengths and constraints in CSO development. The Index allows for comparisons both across countries and over time. Initially developed in 1997 for Central and Eastern Europe and Eurasia, the CSOSI is a valued tool and methodology used by non-governmental organizations (NGOs), governments, donors, academics and others to better understand the sustainability of the civil society sector. USAID is continually striving to ensure the cross-national comparability of the Index scores, and to improve the reliability and validity of measurements, adequate standardization of units and definitions, local ownership of the Index, transparency of the process of Index compilation, and representative composition of panels delivering the scores.

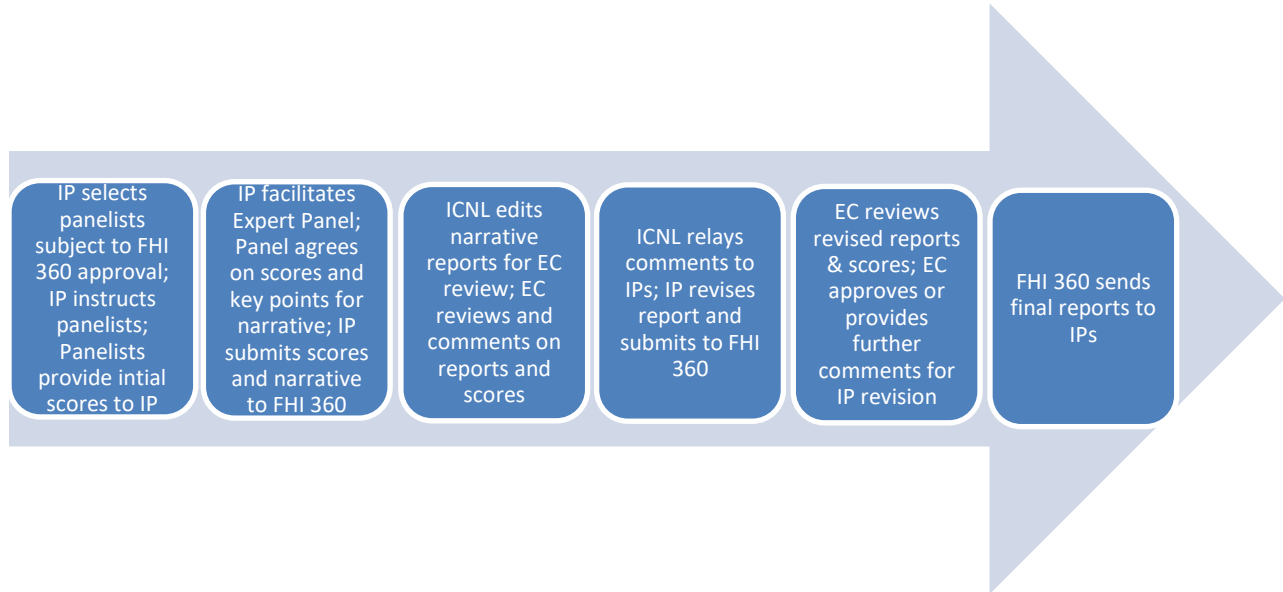
Beginning with the 2017 Index and for the following four years, FHI 360 and the International Center for Not-for-Profit Law (ICNL) are managing the coordination and editing of the CSOSI. A senior staff member from both FHI 360 and ICNL will serve on the Editorial Committee as will one or more senior USAID/Washington officials. FHI 360 will provide small grants to local CSOs to implement the CSOSI methodology in country, while ICNL will be primarily responsible for editing the reports. Local Implementing Partners (IPs) play an essential role in developing the CSO SI and need a combination of research, convening, and advocacy skills for carrying out a high quality CSOSI.

#### **Local Implementing Partners should please remember:**

- Panels must include a diverse range of civil society representatives.
- Panelists should formulate initial scores for dimensions and justifications individually and in advance of the Panel Meeting.
- Discuss each indicator and dimension at the Panel Meeting and provide justification for the proposed score for each dimension.
- Compare the score for each dimension with last year's score to ensure that the direction of change reflects developments during the year being assessed.
- Note changes to any indicators and dimensions in the country report to justify proposed score changes.
- The Editorial Committee will request additional information if the scores are not supported by the report. If adequate information is not provided, the EC has the right to adjust the scores accordingly.

## II. METHODOLOGY FOR THE IMPLEMENTER

The following steps should be followed by the IP 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 2019 Civil Society Organization (CSO) Sustainability Index.



**I. Select Panel Experts.** Carefully select a group of at least 8-10 civil society representatives to serve as panel experts. Panel members must include representatives of a diverse range of CSOs and other stakeholders, such as:

- CSO support centers, resource centers or intermediary support organizations (ISOs);
- CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- CSOs involved in local and national level government oversight/ watchdog/ 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;
- Representatives of diverse geographic areas and population groups, e.g. minorities;
- 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. To the extent possible, panels should include representatives of both rural and urban parts of the country, as well as women's groups, minority populations, and other 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 that is being rated.

In countries experiencing civil war, individuals should be brought from areas controlled by each of the regimes if possible. If not, individuals from the other regime's territory should at least be contacted, to incorporate their local perspective.



In some instances, it may be appropriate to select a larger group in order to better 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.

**If there is a USAID Mission in the country, a USAID representative must be invited to attend the panel.** USAID representatives that attend 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. However, they will not have the ability to cast their vote in terms of scores.

**Please submit to FHI 360 for approval the list of the Panel members who you plan to invite at least two weeks before the meeting is scheduled to occur using the form provided in Annex A.** It is the responsibility of the IP to ensure that the panel composition, and the resulting score and narrative, are sufficiently representative of a cross-section of civil society and include the perspectives of various types of stakeholders from different sectors and different areas of the country.

**2. Prepare the Panel meeting.** Ensure that panel members understand the objectives of the Panel, including 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. We 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.

***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.*

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. 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 enclosed definition to ensure the report addresses a broad swath of civil society.

In order to allow adequate time to prepare for the panel, distribute the instructions, rating description documents and a copy of the previous year’s country chapter 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 developing their scores and justifications before attending the panel. It is also important to remind panel members that the scores should reflect developments during the 2019 calendar year (January 1, 2019, through December 31, 2019).

We also recommend you encourage panelists to think of concrete examples that illustrate trends, since this information will be crucial to justifying their proposed scores. In countries with closing civic space, the IP should take initiative to ensure that expert panel members do not self-censor themselves, including by taking whatever

measures possible to build trust. The confidentiality of all members must be ensured, and participants must be protected against retaliation; to this end, the IP can choose to enforce Chatham House Rules.

Lastly, it is highly recommended to compile and send to panelists data and information sources to guide them as they score. Recommendations of information sources are listed below under #4.

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. In addition, we will solicit feedback through regional debrief meetings, and will create an online forum where IPs can share best practices, ask questions, and submit their comments or suggestions. These methods will be supplemented by brief satisfaction surveys that will be used to help evaluate the success of methodological and process innovations.

### 3. Convene a meeting of the CSO Expert Panel.

**3.a.** 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. (Note: 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 within each of the dimension narratives. Please take notes on the discussion of each indicator and dimension, detailing the justification for all dimension scores, in the template provided. These notes must be submitted to FHI 360 with the first draft of the narratives (they do not have to be translated to English if not originally written in English).

At the end of the discussion of each dimension, allow panel members to adjust their scores, if desired. Then, for each dimension, eliminate the highest score and the lowest score (if there are two or more of the highest or lowest scores, only eliminate one of them) and average the remaining scores together to come up with a single score for each dimension. Calculate the average or arithmetic mean<sup>1</sup> of these scores for a preliminary score for the dimension. 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 members’ scores without personal attribution.

Panel Member	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Sectoral Infrastructure	Public Image
1							
2							
3							

**3.b. Once a score is determined for a dimension, please have panel members compare** the proposed score with last year’s score to ensure that the direction and magnitude of the 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 worse score (i.e. a higher number on the 1-7 scale).

Please note that for countries where a democratic revolution took place in the previous year, the panelists should be conscious to avoid scoring based on a post-revolution euphoria. The score-change framework should be closely followed to avoid panelists scoring based on anticipated changes, rather than the actual level of change thus far.

A change of 0.1 should generally be used to reflect modest changes in a dimension. Larger differences may be warranted if there are more significant changes in the sector. The evidence to support the scoring change must always be discussed by the panel and documented in the dimension narrative. See **CSOSI Codebook – Instructions for Expert Panel Members** for more details about this scoring scale.

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<sup>1</sup> Arithmetic mean is the sum of all scores divided by the total number of scores.

In addition, for each dimension score, review the relevant description of that dimension in “CSOSI Codebook – Tiers and Scores: 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 the panel does not feel that the proposed score is accurate after these two reviews, please note this when submitting proposed scores in your narrative report, and the Editorial Committee will discuss whether one or more scores needs to be reset with a new baseline. Ultimately, each score should reflect consensus among group members.

**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 overall CSO sustainability score. Please submit the table with the scores from the individual panelists together with the narrative report. Panelists should 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. If adequate information is not provided, the EC may adjust the scores.

**4. Prepare a draft country report.** The report should focus on developments over the calendar year 2019 (January 1, 2019, through December 31, 2019).

The draft report should begin with 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 a description 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 editor will request it in subsequent rounds, which will require additional work from you.

The report should then include sections on each dimension. Each of these sections should begin with a summary of the reasons for any score changes during the year. For example, if a better score is proposed, the basis for this improvement should be clearly stated up front. These sections should include a discussion of both accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses that impact the operations of a broad range of CSOs. Each indicator within each dimension should be addressed in the report.

The report should be written based on the Panel members’ discussion and input, as well as a review of other 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. Some international sources of information and data that should be considered include the following:

- CIVICUS Civil Society Index - <http://csi.civicus.org/index.php>
- CIVICUS Monitor -- <https://monitor.civicus.org/>
- World Giving Index - <https://www.cafonline.org/about-us/publications>
- Varieties of Democracy (V-Dem) - <https://www.v-dem.net/en/analysis/analysis/>
- Media Sustainability Index - <https://www.irex.org/projects/media-sustainability-index-msi>
- Nations in Transit - <https://freedomhouse.org/report-types/nations-transit#.VdugbqSFOhI>
- Freedom in the World - <https://freedomhouse.org/report/freedom-world/freedom-world-2017>
- Freedom of the Press - <https://freedomhouse.org/report/freedom-press/freedom-press-2017>
- ITUC Global Rights Index: <https://www.ituc-csi.org/ituc-global-rights-index-2017?lang=en>
- ITUC Survey of Violations of Trade Union Rights: <https://survey.ituc-csi.org/>
- U.S. Department of State Human Rights Report: <https://www.state.gov/j/drl/rls/hrrpt/>
- ICNL Civic Freedom Monitor: <http://www.icnl.org/research/monitor/>

- Carnegie Endowment for International Peace: <https://carnegieendowment.org/regions>
- Afro-Barometer: <http://www.afrobarometer.org/>

Please limit the draft reports to a maximum of **ten pages in English**. Please keep in mind that we rely on implementers to ensure that reports are an appropriate length and are well written.

While the individual country reports for the 2019 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.

Please include a list of the experts who served on the panel using the form provided. This will be for our reference only and will not be made public. Also, **please remember to provide the individual panelists' ratings for each dimension** (with the names replaced by numbers).

**Submit the draft country reports** with rankings via email to FHI 360 by the date indicated in your grant's Project Description.

**5. Initial edits of the country report.** Within a few weeks of receiving your draft report, FHI 360 and its partner, ICNL, will send you a revised version of your report that has been edited for grammar, style and content. As necessary, the editors will request additional information to ensure that the report is complete and/or to clarify statements in the report. Please request any clarification needed from the editor as soon as possible, then submit your revised report by the deadline indicated.

**6. Editorial Committee review.** In Washington, an Editorial Committee (EC) will review the scores and revised draft country reports. The EC consists of representatives from USAID, FHI 360, 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, or request that additional information be provided to support the panel's scores.** Further description of the EC is included in the following section, "The Role of the Editorial Committee."

**7. Additional report revision.** After the EC meets, the editor will send a revised report that indicates the EC's recommended scores, and where further supporting evidence or clarification is required. Within the draft, boxes will be added where you will note whether you accept the revised scores or where you can provide further evidence to support the original proposed score.

The report should be revised and returned to the editor within the allotted timeframe. The project editor will continue to be in contact with you to discuss any outstanding questions and clarifications regarding the scoring and the report's content. Your organization 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.

**8. Dissemination and promotion of the final reports.** After the reports are approved by USAID and final formatting is conducted, the country reports will be grouped into regional reports. Each Implementing Partner will be responsible for promoting both the final, published country report and the regional report. Your organization will conduct activities to promote the Index's use and its visibility. This may include organizing a local public event, panel discussion, or workshop and by making the report available electronically by web posting or creating a social network page for the country report and through the other methods described in your Use and Visibility Plan. Documentation that you have conducted these activities as described in that Plan must be submitted to FHI 360 before it will authorize the final payment.

### III. 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 Democracy Specialist and includes rotating members from USAID (past members have included experts from regional bureaus, 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 from FHI 360 and ICNL.

The Editorial Committee has three main roles. It reviews all reports and scores to ensure that narratives are adequate and compelling from the standpoint of supporting the proposed score 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 growing 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 now 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, 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 all countries.

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. **While implementing partners will have the chance to dispute these modifications by providing more evidence for the scores the panel proposed, the USAID Chair of the EC will ultimately have the final say on all scores.** 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.



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# INSTRUCTIONS FOR CSOSI EXPERT PANEL MEMBERS

## Introduction

USAID's Civil Society Organization Sustainability Index (the Index or CSOSI) is a tool developed by USAID to assess the strength and overall viability of the CSO sectors. By analyzing seven dimensions that are critical to sectoral sustainability on an annual basis, the Index highlights both strengths and constraints in CSO development.

The Index allows for comparisons both across countries and over time. Initially developed in 1997 for Central and Eastern Europe and Eurasia, the CSOSI is a valued tool and methodology used by non-governmental organizations (NGOs), governments, donors, academics and others to better understand the sustainability of the civil society sector. In 2019 the CSOSI was implemented in 75 countries.

Beginning with the 2017 Index and for the following four years, FHI 360 and the International Center for Not-for-Profit Law (ICNL) are managing the coordination and editing of the CSOSI. To develop the Index each year, FHI 360 provides small grants to local CSOs to serve as implementing Partners (IPs) that implement the CSOSI methodology in country. ICNL is primarily responsible for editing the country reports once they are drafted by IPs. A senior staff member from both FHI 360 and ICNL serves on an Editorial Committee that reviews all reports, as do one or more senior USAID/Washington officials.

The expert panel members for whom this Codebook is designed participate in in-country panel discussions on the seven dimensions of sustainability covered by the Index. The IP convenes these panel discussions annually to assess the situation of civil society in their countries and determine scores based on an objective analysis of the factual evidence.

The CSOSI team is continually striving to ensure the cross-country and cross-year comparability of the Index's scores, as well as to improve the reliability and validity of measurements, standardization of definitions, local ownership of the Index, and transparency of the Index's methodology and processes.

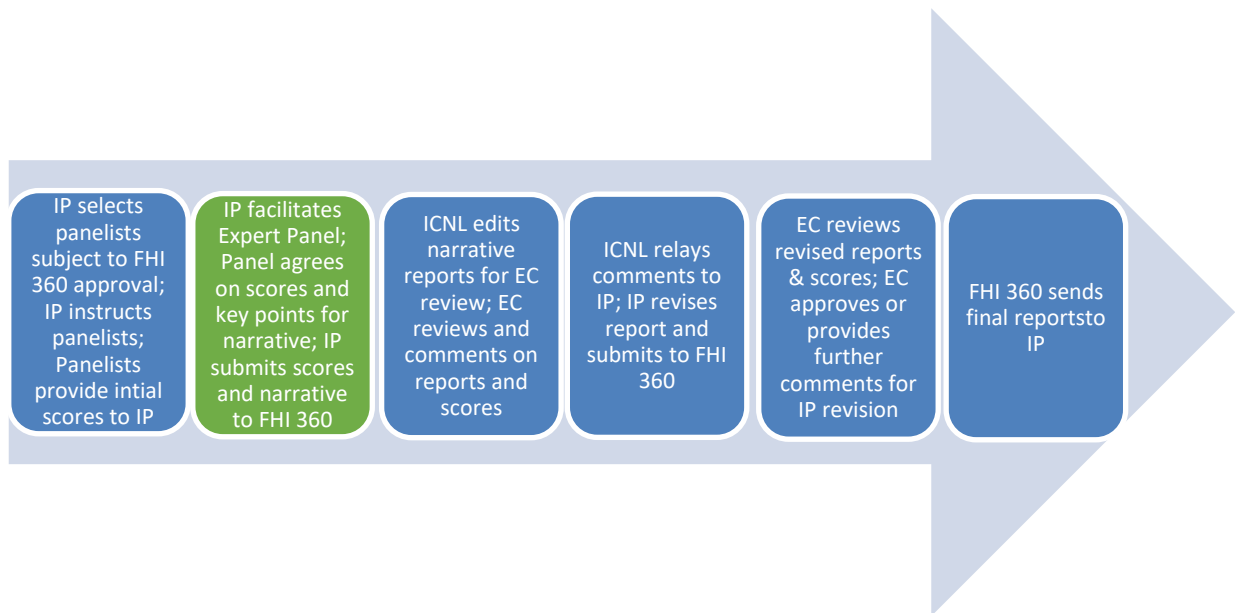
Therefore, FHI 360 has created this Codebook to inform and guide expert panel members through the scoring process. The Codebook provides definitions of the key concepts used to assess the overall strength and sustainability of the civil society sector in a given country, explains the scoring process, and standardizes the scale to be used when proposing score changes.

This is the first part of the Codebook, providing an overview of the concepts and processes that guide the expert panel members' role in the CSOSI's methodology. The second part of the Codebook provides descriptions, or vignettes, of each score for each dimension, to standardize expert panel members' understanding of the scoring scale and to assist them in ensuring that scores are accurate.

## CSOSI Methodology

The CSOSI measures the sustainability of each country's CSO sector based on the CSOSI's seven dimensions: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image. Its seven-point scoring scale mirrors those used by Freedom House in its publications "Nations in Transit" and "Freedom in the World."

The Implementing Partner (IP) in each country leads the process of organizing and convening a diverse and representative panel of CSO experts. Expert panels discuss the level of change during the year being assessed in each of the seven dimensions and determine proposed scores for each dimension. The scores are organized into three basic "tiers" representing the level of viability of the civil society sector: *Sustainability Impeded*; *Sustainability Evolving*; and *Sustainability Enhanced*. All scores and narratives are then reviewed by a Washington, D.C.-based Editorial Committee (EC), assisted by regional civil society experts. The graph below summarizes the approach and process.



## Definition of Concepts

The overall goal of the Index is to track progress or regression in the CSO sector over time, increasing the ability of local entities to undertake self-assessment and analysis. To ensure a common understanding of what is being assessed, panel members need a shared understanding of the key concepts underlying their assessment.

### Civil Society Organization

Civil society organizations are defined:

*“...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.”<sup>2</sup>*

This definition of CSO includes informal, unregistered groups and movements, but to be included in the CSOSI, the movement must possess the structure and continuity to be distinguished from a single gathering of individuals and from personal or family relationships. In many countries political parties and private companies establish and support CSOs, but these entities are usually either public, for-profit, or not self-governing.

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<sup>2</sup> *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.*

## Seven Dimensions of Sustainability

The CSOSI measures sustainability across seven dimensions by analyzing a series of indicators related to each dimension.

### 1- **LEGAL ENVIRONMENT:** The legal and regulatory environment governing the CSO sector and its implementation

<i>Registration – Legal procedures to formalize the existence of a CSO</i>
<i>Operation – The enforcement of the laws and its effects on CSOs</i>
<i>State Harassment – Abuses committed against CSOs and their members by state institutions and groups acting on behalf of the state</i>
<i>Taxation – Tax policies that affect CSOs</i>
<i>Access to Resources – Legal opportunities for CSOs to mobilize financial resources</i>
<i>Local Legal Capacity – Availability and quality of legal expertise for CSOs</i>

### 2- **ORGANIZATIONAL CAPACITY:** The internal capacity of the CSO sector to pursue its goals

<i>Constituency Building – Relationships with individuals or groups affected by or interested in issues on which CSOs work</i>
<i>Strategic Planning – Organizational goals and priorities for a set timeframe</i>
<i>Internal Management – Structures and processes to guide the work of CSOs</i>
<i>CSO Staffing – Quality and management of human resources</i>
<i>Technical Advancement – Access to and use of technology</i>

### 3- **FINANCIAL VIABILITY:** The CSO sector's access to various sources of financial support

<i>Diversification – Access to multiple sources of funding</i>
<i>Local Support - Domestic sources of funding and resources</i>
<i>Foreign Support – Foreign sources of funding and resources</i>
<i>Fundraising – CSOs' capacity to raise funds</i>
<i>Earned Income – Revenue generated from the sale of products and services</i>
<i>Financial Management Systems – Processes, procedures and tools to manage financial resources and operations.</i>

### 4- **ADVOCACY:** The CSO sector's ability to influence public opinion and public policy

<i>Cooperation with Local and Central Government – Access to government decision-making processes</i>
<i>Policy Advocacy Initiatives – Initiatives to shape the public agenda, public opinion, or legislation</i>
<i>Lobbying Efforts – Engagement with lawmakers to directly influence the legislative process</i>
<i>Advocacy for CSO Law Reform – Initiatives to promote a more favorable legal and regulatory framework for the CSO sector</i>

### 5- **SERVICE PROVISION:** The CSO sector's ability to provide goods and services

<i>Range of Goods and Services – Variety of goods and services offered</i>
<i>Responsiveness to the Community – Extent to which goods and services address local needs</i>
<i>Constituencies and Clientele – People, organizations and communities who utilize or benefit from CSOs' services and goods</i>
<i>Cost Recovery – Capacity to generate revenue through service provision</i>
<i>Government Recognition and Support – Government appreciation for CSO service provision</i>

### 6- **SECTORAL INFRASTRUCTURE:** Support services available to the CSO sector

<i>Intermediary Support Organizations (ISOs) and CSO Resource Centers – Organizations and programs that provide CSOs with training and other support services</i>
<i>Local Grant Making Organizations – Local institutions, organizations or programs providing financial resources to CSOs</i>
<i>CSO Coalitions – Cooperation within the CSO sector</i>
<i>Training – Training opportunities available to CSOs</i>
<i>Intersectoral Partnerships – Collaboration between CSOs and other sectors</i>

## 7- PUBLIC IMAGE: Society's perception of the CSO sector

<i>Media Coverage – Presence of CSOs and their activities in the media (print, television, radio and online)</i>
<i>Public Perception of CSOs – Reputation among the larger population</i>
<i>Government/Business Perception of CSOs – Reputation with the government and business sector</i>
<i>Public Relations – Efforts to promote organizational image and activities</i>
<i>Self-Regulation – Actions taken to increase accountability and transparency</i>

### How to Score

The CSO Sustainability Index uses a seven-point scale from 1 to 7. **Lower numbers indicate more robust levels of CSO sustainability.** These characteristics and levels 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. The levels of sustainability are organized into three broad clusters:

*Sustainability Enhanced (1 to 3)* - the highest level of sustainability, corresponds to a score between 1.0 and 3.0;

*Sustainability Evolving<sup>3</sup> (3.1 to 5)* - corresponds to a score between 3.1 and 5.0;

*Sustainability Impeded (5.1 to 7)* – the lowest level of sustainability, corresponds to a score between 5.1 and 7.0.

Sustainability Enhanced	Sustainability Evolving	Sustainability Impeded
1.0 – 3.0	3.1 – 5.0	5.1 – 7.0

### Scoring Process

The primary role of the expert panel is to provide an assessment of the CSO environment based on the seven dimensions mentioned above. During the panel discussion, panel members are tasked with discussing their initial scores for each dimension, including their evidence for these scores, and determining their final proposed scores for each dimension. The overall score for the country will be an average of these seven scores. Below are the steps to be followed by members of the expert panel:

**Step 1:** Please start by reviewing last year's report and other sources of information about sectoral developments from the last year of which you are aware. Then, 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. See "Scoring based on Level of Change" on page 8 below for guidance on how to determine proposed scores.

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 the weight of the impact the developments will have at the sector level and the scoring guidance below. In determining the level of change, look at the evidence of change and the various factors over the year being assessed that led to those changes (events, policies, laws, etc.).

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<sup>3</sup> The 'Sustainability Evolving' categorization does not assume a direct or forward trajectory. Dimension and Overall Sustainability scores that fall within this category may represent both improvements and regressions.

**Step 3:** Once you have scores for each dimension, average these seven scores together to arrive at an overall CSO sustainability score and provide all these scores to the Implementing Partner before you attend the Expert Panel discussion.

**Step 4:** Attend the Expert Panel discussion. Listen to other experts describe the justification for their scores. After discussing each indicator in a dimension, you will have the opportunity to revise your proposed score. The Implementing Partner will use the consensus score as the final proposed score. If consensus is not reached during the discussion, the Implementing Partner will average the Expert Panelists' scores, removing one instance of the highest and lowest scores, to arrive at the final scores that will be proposed to the Editorial Committee.

It is very important that the discussion includes specific examples and information that can be used to justify the Expert Panelist's scores. Therefore, please come prepared to share specific evidence of examples to support trends you have noted during the year. **If adequate information is not provided, the Editorial Committee has the right to adjust the scores accordingly.**

**Important Note:** In countries with disputed territories or areas (e.g. self-declared states, breakaway states, partially recognized states, declared people's republics, proto-states, or territories annexed by another country's government), panelists should score based only on the area under the national government's control. However, these territories' contexts should be discussed, to be referenced briefly in the introduction of the country report.

In countries experiencing civil war (political and armed movements that administer parts of the country, regions governed by alternative ruling bodies), panelists should balance the situation in each of the territories when determining all scores and discuss trends and developments under each regime.

In countries where a great deal of regional autonomy is recognized (e.g. Iraqi Kurdistan), expert panelists should take those areas into account when scoring and compiling examples, and IPs should ensure the situation in these areas are well-integrated into the scoring decisions and narrative report.

For countries with closing civic space, sufficient data and informational sources should be discussed to both acknowledge the changes in civic space and consider its impacts on dimensions. The panelists should respond to published sources and present their evidence to ensure balance between positive and negative developments affecting civil society in their country. To avoid self-censorship and ensure the confidentiality of and non-retaliation against any expert panel member, the IP could choose to enforce the Chatham House Rule.

In countries where a democratic revolution took place in the previous year, the panelists should still closely follow the score-change framework when determining the new dimension-level scores to justify the changes, avoiding exaggerated score increases that may be due to a post-revolution feeling of euphoria. The proposed scores should always measure the actual changes thus far and not anticipated impacts in the near future.

## Scoring Based on Level of Change

The level of change in a dimension from one year to the next is determined by assessing the impact of multiple factors including new policies and laws, changes in implementation of existing policies and laws, various organization-level achievements and setbacks, changes in funding levels and patterns, as well as contextual political, economic, and social developments. While individual examples may seem impactful on their own, ultimately a sector's long-term sustainability only changes gradually over time as the implications of these positive or negative developments begin to be felt and their long-term effects take hold. Therefore, dimension-level score changes each year should not in normal circumstances exceed a 0.5-point change from the previous year<sup>4</sup>.

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<sup>4</sup> **Note:** This scale has been adjusted for the 2018 CSOSI to more accurately reflect the scale at which trends and developments should impact a score given the definitions of the scoring scale above.



When determining what weight to give different trends and developments in how they affect the scores, consider the relative scope of the changes and the duration of their impacts. Those trends and developments that will have larger and longer-term impacts on the sector as a whole should be weighted more heavily compared to those that affect only limited parts of the sector and are more likely to change from year to year. For example, a demonstrated increased capability to mobilize domestic resources (e.g. through corporate philanthropy or crowdfunding), or a new mechanism for long-term funding of CSOs (e.g. through a basket fund or a tax designation mechanism) would signal a longer-term change in a sector’s financial viability than a one-year increase in donor funding to CSOs conducting work around national elections.

In determining how the level of change in the dimension of sustainability should translate into a change in score, the following scale can be used to assist expert panel members’ decision making:

*What was the overall impact of the change(s) on the dimension?*

<b>Deterioration</b>	<p><b>Cataclysmic deterioration:</b> Trends and developments have had a completely transformative negative effect on at least one or two indicators in the dimension and significantly affected other dimensions as well.</p> <p>Example: Legal Environment – A law has banned all international CSOs and their affiliates from the country, as part of the government’s systematic crackdown on civil society organizations.</p>	0.5 or
	<p><b>Extreme deterioration:</b> Trends and developments have had very important negative effects on at least one or two indicators in the dimension.</p> <p>Example: Organizational Capacity – Economic depression and instability have led donor basket funds to close abruptly, leaving many major CSOs without funding for their activities. Outreach efforts to constituencies have been halted due to funding shortages and many major CSOs have lost their well-qualified staff members.</p>	0.4
	<p><b>Significant deterioration:</b> Trends and developments have had important negative effects on at least one or two indicators in the dimension.</p> <p>Example: Public Image – The government conducts a relentless media campaign to discredit the image of CSOs by calling them agents of foreign actors seeking to destabilize the country. At the same, the government intimidates media outlets and threatens them with retaliation should they partner with or cover CSO activities without prior approval by the government.</p>	0.3
	<p><b>Moderate deterioration:</b> Trends and developments have had a somewhat negative impact in at least one or two indicators in the dimension.</p> <p>Example: Legal Environment – In an effort to increase public revenue, the government has decided to increase fees by 100% for some types of government services, including CSO registration renewal fees, which were already very high according to many CSOs. As a result, some CSOs, particularly community-based organizations (CBOs), had to delay or suspend their activities.</p>	0.2
	<p><b>Slight deterioration:</b> Trends or developments have had a slightly negative impact on a at least one or two indicators in the dimension.</p> <p>Example: Legal Environment – The government has decided that CSOs should submit their financial statement and annual activity report to the registration agency every year. This may have a long-term positive effect but in the short-term it has increased bureaucratic hurdles and the possibility of harassment by overzealous government officials.</p>	0.1
<b>No Change</b>	The country has not encountered any significant trends or developments in the	0

	dimension or developments have been both positive and negative in equal measure.	
<b>Improvement</b>	<p><b>Slight improvement:</b> Trends or developments have had a slightly positive impact on at least one or two indicators in the dimension.</p> <p>Example: Legal Environment – To facilitate CSO registration, particularly for those in rural areas, the government has decided its registration agency will allow the agency to take applications locally and process registration directly at the district level. Now, CSOs in rural areas are not required to travel to the capital to apply. However, this measure is accompanied with a small increase in the registration fee.</p>	0.1
	<p><b>Moderate improvement:</b> Trends and developments have had a somewhat positive impact in at least one or two indicators in the dimension.</p> <p>Example: Service Provision – To improve the effectiveness of public service delivery, the central government has decided that at least 10% of local government contracts for basic service delivery will be set aside for CSOs. The law is lacking in specificity, particularly around the application process, but it reinforces CSOs' image as credible partners.</p>	0.2
	<p><b>Significant improvement:</b> Trends and developments have had important positive effects on at least one or two indicators in the dimension.</p> <p>Example: Public Image – There has been a net increase of CSO partnerships with businesses. CSOs have also agreed to and published a general code of conduct for the sector, reinforcing a positive trend of greater transparency and accountability.</p>	0.3
	<p><b>Extreme improvement:</b> Trends and developments have had very important positive effects on several indicators in the dimension.</p> <p>Example: Organizational Capacity – The government and international donors have launched a five-year multi-million-dollar basket funds to support CSO-led activities and to strengthen CSO capacity, with a special focus on skills training for CSO staff members, particularly those from CBOs.</p>	0.4
	<p><b>Transformative improvement:</b> Trends and developments have had a completely transformative positive effect on at least one or two indicators in the dimension and will potentially affect other dimensions as well.</p> <p>Example: Legal Environment – A nonviolent revolution that toppled an authoritarian regime and installed a more democratic regime has produced sudden political and legal changes that will protect basic freedoms and human rights.</p>	0.5 or

## Instructions for Baseline Recalibration

### Background

To enhance its methodology, the Civil Society Organization Sustainability Index (CSOSI) incorporates recalibration as one of the pilot activities for 2018 and again in 2019 CSOSI. Recalibration is introduced to adjust dimension-level scores that are not accurate, either because their baseline scores lack accuracy or because they have not moved significantly enough over time to reflect structural changes in the sector's sustainability. The goal of resetting these scores is to improve the cross-country comparability of scores and to increase the analytical usefulness of the CSOSI to its target audiences. The scores to be recalibrated have been selected after review by the Editorial Committee and verification by regional experts and have been finalized after consultation with the Implementing Partner (IP).

### Instructions

**1. Communicate with participating expert panel members** – The IP communicates to the expert panelists the purpose and the scores that have been selected for recalibration.

**2. Use *Sustainability Categories and Scores – A Closer Look* and a comparison to other scores in their region to determine new score(s)** – Instead of using the scoring guidance whereby proposed scores are determined by analyzing the level of change from the previous year, the scores identified for recalibration are determined by analyzing where they fall on the one-to-seven scoring scale, as well as a comparison with the other scores for that dimension in the other countries covered by the CSOSI in the region. The expert panelists should review the vignettes and illustrative examples in *Sustainability Categories and Scores – A Closer Look* to familiarize themselves with how various levels of CSO sustainability should correspond to the CSOSI's scoring spectrum. Scores should be proposed based on how well they match the descriptions of the various full-point scores listed in this codebook. To help narrow proposed scores to the tenth decimal point, experts can review other countries' scores listed for that dimension in the most recent regional report (which are provided to the IP with the other scores to be recalibrated removed to avoid confusion).

**3. Discuss evidence for recalibrated scores, as well as trends and developments in the past year that led to improvements and deterioration in the dimension** – The narrative report should be drafted the same as the other dimensions, reviewing the current situation and discussing what has changed over the previous year. A note will be included into the final report that clarifies that the new score for that dimension is based on a recalibration and should not be compared with the previous year's score to make assertions about improvement or deterioration.

### Tips

Implementing Partners should communicate with the expert panelists which dimensions have been selected for baseline recalibration at least one week in advance of the panel discussion. This will give the panelists an opportunity to prepare evidence about the status quo in the country under this dimension to inform their selection of a new baseline score.

# Instructions for Electronic Questionnaire

## Background

To enhance its methodology, the Civil Society Organization Sustainability Index (CSOSI) has incorporated several activities into its annual process in select countries. These new activities respond directly to the methodological issues identified through the feedback and consultation process conducted with project stakeholders from June to August 2018 and again in July and August of 2019.

One of these activities to enhance the methodology's implementation is to disseminate an electronic questionnaire to a larger group of individuals. The goal of incorporating this questionnaire is to enable new individuals to contribute their perspectives and insights on the CSOSI dimensions, to increase the representativeness and inclusiveness of the process, and increase the amount of data and information Implementing Partners (IPs) receive to use as evidence of the assertions made in their report.

## Instructions

**1. Identify about 50 additional participants to whom you will send the questionnaire** – The IP selects individuals who will expand the scope and diversity of inputs into the process. The selected individuals should include representatives of or specialists in specific sub-sectors of civil society organizations (CSOs), such as labor unions, capacity building organizations, organizations representing marginalized and vulnerable groups, informal movements, community-based organizations, faith-based organizations, intermediary support organizations, resource centers, and research institutes. Emphasis should be placed on selecting individuals who are in other localities of the country and those located in rural areas. The objective is for the IP to select a group of people who would add new perspectives on various aspects of the sector on which the in-person panelists might not have deep expertise, as well as individuals who have broad knowledge but would be unable or unavailable to attend the in-person panel discussion. FHI 360 and the local USAID Mission may request additions to the list of questionnaire recipients from their own network of contacts.

**2. Disseminate the electronic questionnaire to your selected additional participants** – FHI 360 provides the IP with a link to the questionnaire, which includes both structured and open-ended sections, to distribute to the IP's selected additional participants. Upon request, FHI 360 can send the IP the text of the questionnaire beforehand so the IP can translate it into its local language. The questionnaire is brief and should take no more than 15 minutes to complete, so the IP should ask the additional participants to complete it within a period of two weeks or less.

**3. Receive analysis of the questionnaire's results from FHI 360** – FHI 360 compiles the quantitative and qualitative data received and submits it to the IP.

**4. Incorporate the findings into the panel discussion** – Statistics and examples that are raised through the questionnaire responses should be presented to the in-person panel to serve as an additional data source for the scoring process and the discussion around the relevant indicators.

**5. Write the conclusions reached into the narrative report** – In addition to discussing these additional inputs in the panel discussion, they should also be incorporated wherever possible into the narrative report. The data and information received from the electronic questionnaire should be incorporated in the same way that the expert panelists' insights are incorporated, in that individual participants should not be attributed, nor should the questionnaire be explicitly cited. Instead, their inputs should simply be mentioned where relevant as evidence of what has changed positively or negatively in ways that affected the sustainability of the CSO sector in the relevant year.

## Tips

When selecting additional participants, please keep the following points in mind:

- If you or your organization has partnered with other organizations or individuals in other areas of the country, sending the questionnaire to people with whom you already have a working relationship may increase the response rate;

- Sharing the questionnaire with donor agencies operating in your country and allowing them to propose other individuals to receive the questionnaire can be a useful way of reaching new experts and perspectives outside of your own organization's network;
- Sharing the questionnaire with civil society networks and allowing them to forward it to their member organizations' leaders, or other experts with whom they work, is a useful way of maximizing circulation outside of your network;
- When sending out the questionnaire, it may be useful to commit to sending participants a copy of the final country and regional reports, so they feel a sense of participation in the larger process of developing the CSOSI.
- As a best practice, the IP can compile a written overview of the conclusions and evidence of the additional participants and send it to the expert panel members before the panel discussion, so they can review it. FHI 360 will provide all the results to the IP. If a written overview is sent out before the panel discussion, the IP can ask the expert panelists at the discussion which findings stood out most to them, to spur discussion.
- Pay special attention to geography – if your country has breakaway regions or is experiencing civil war, make extra efforts to reach people in all the relevant areas.
- Convincing the participants that their inputs are confidential is key to obtaining a high participation rate and meaningful findings. Especially in countries where self-censorship might be an issue, be very clear that only your organization and FHI 360 will see their inputs, and no comments made will be personally attributed under any circumstances.



# Instructions for University Review

## Background

The Civil Society Organization Sustainability Index (CSOSI) measures the civil society sector's sustainability in 75 countries across seven dimensions of sustainability: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image. The methodology for developing the Index each year involves working with a local Implementing Partner (IP) in each country to convene a panel of local experts to discuss trends and developments over the past year and re-score the seven dimension-level scores based on a list of indicators. Based on this panel discussion and some additional research, the IP then drafts an eight- to ten-page narrative report summarizing the status of civil society in their country and explaining their evidence and providing examples of how the situation has changed from the previous year.

FHI 360 develops the CSOSI in collaboration with the International Center for Not-for-Profit Law (ICNL), whose editors work with the IP to revise and improve their report. After editing and revision, the report is sent to the local USAID Mission and an Editorial Committee (EC) in Washington, DC that consists of representatives from FHI 360, ICNL, USAID, and a regional expert to further review the content of the reports and the scoring decisions made by the expert panelists.

## Purpose of the Review

To enhance its methodology, the CSOSI will incorporate several pilot integration activities into its annual process in select countries in developing the 2019 CSOSI. These pilot activities respond directly to methodological issues identified through a feedback and consultation process conducted with project stakeholders from June to August 2018, and again in summer of 2019.

One of the pilot integration activities to be implemented for the 2019 CSOSI is to work with the local university for its peer review of the draft country report. The goal of incorporating this review is to add a quality control mechanism in which the reviewers have local knowledge, to improve the validity of the narrative reports.

## Instructions

**1. Read the draft CSOSI country report** – The university reviewer(s) read through the draft and note any inaccuracies or overlooked trends and developments for civil society in the country in 2019. Please note that the CSOSI reports on the developments of the previous year.

**2. Make comments on the report** – Comments should include corrections, additional statistics and information that would be useful for the Implementing Partner (IP) to include, and recommendations of other relevant data sources that the IP could benefit from reviewing. The university reviewers do not propose scores but can provide their thoughts on the IP's proposed scores.

**3. Return the report to FHI 360** – The draft CSOSI country reports are returned to FHI 360 within two weeks, so the comments can be reviewed by the Editorial Committee reviewers before they meet to discuss the report and forward it to the IP for consideration. Please note that since the CSOSI country reports are eight to ten pages long, the IP might not be able to fully address the comments from the university reviewers.

## Tips

- Ideally, universities should select two to three individuals to review the draft report. This will increase the depth and breadth of inputs without overloading the draft with too many comments.
- Select individuals to review who collectively have broad expertise in civil society in your country, as well as current information on the trends and developments that have affected civil society in the previous year specifically.
- If you identify an inaccuracy, or a statement that lacks neutrality or evidence, please propose a specific phrasing, or example that supports the assertion.

# ANNEX B: STATISTICAL DATA

## 2019 CENTRAL AND EASTERN EUROPE AND EURASIA SCORES



Country	CSO Sustainability	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Sectoral Infrastructure	Public Image
Albania	3.7	3.7	3.6	4.4	3.2	3.5	3.6	3.7
Armenia	3.6	3.6	3.4	4.9	2.7	3.7	3.0	3.7
Azerbaijan	5.9	6.4	6.1	6.4	5.5	5.4	5.8	5.7
Belarus	5.5	6.6	4.8	6.3	5.1	5.0	5.0	5.4
BiH	3.8	3.4	3.9	5.0	3.2	3.9	3.7	3.5
Bulgaria	3.5	2.6	4.2	4.7	2.7	3.1	3.0	4.0
Croatia	3.4	3.1	3.5	4.5	3.1	3.2	2.9	3.2
Czech Republic	2.6	2.8	2.7	3.0	1.8	2.3	2.7	2.6
Estonia	2.1	1.9	2.5	2.4	1.8	2.3	1.6	2.0
Georgia	4.0	3.3	4.0	5.0	3.6	4.1	4.3	4.0
Hungary	3.9	3.9	3.6	4.5	4.3	3.5	3.1	4.2
Kosovo	3.6	3.4	3.7	4.3	3.6	3.6	3.5	3.3
Latvia	2.6	2.6	3.0	3.4	1.8	2.3	2.2	3.0
Lithuania	2.5	2.2	2.6	3.1	1.7	3.1	2.9	2.2
Moldova	3.8	4.1	3.6	4.3	3.1	4.1	3.1	4.0
Montenegro	4.0	3.5	4.2	4.8	3.5	3.9	3.6	4.2
North Macedonia	3.7	3.8	3.7	4.1	3.2	3.5	3.0	4.4
Poland	2.7	2.9	2.9	3.1	2.9	2.3	1.9	2.7
Romania	3.7	3.8	3.7	4.5	3.7	3.4	3.1	3.9
Russia	4.7	6.1	4.3	4.7	4.7	4.1	3.9	5.0
Serbia	4.2	4.5	4.1	4.4	4.1	4.3	3.3	4.8
Slovakia	2.9	2.9	3.1	3.4	2.5	2.6	2.9	3.0
Slovenia	3.0	2.7	3.1	3.4	2.5	3.1	3.2	3.0
Ukraine	3.2	3.5	3.1	4.0	2.2	3.2	3.2	3.3

To further explore CSOSI's historical data and past reports, please visit - [www.csosi.org](http://www.csosi.org).

# COUNTRIES RANKED BY SCORE



## Legal Environment

SUSTAINABILITY ENHANCED	
Estonia	1.9
Lithuania	2.2
Bulgaria	2.6
Latvia	2.6
Slovenia	2.7
Czech Republic	2.8
Poland	2.9
Slovakia	2.9

SUSTAINABILITY EVOLVING	
Croatia	3.1
Georgia	3.3
BiH	3.4
Kosovo	3.4
Montenegro	3.5
Armenia	3.6
Ukraine	3.6
Albania	3.7
North Macedonia	3.8
Romania	3.8
Hungary	3.9
Moldova	4.1
Serbia	4.5

SUSTAINABILITY IMPEDED	
Russia	6.1
Azerbaijan	6.4
Belarus	6.6

## Organizational Capacity

SUSTAINABILITY ENHANCED	
Estonia	2.5
Lithuania	2.6
Czech Republic	2.7
Poland	2.9
Latvia	3.0

SUSTAINABILITY EVOLVING	
Slovakia	3.1
Slovenia	3.1
Ukraine	3.1
Armenia	3.4
Croatia	3.5
Albania	3.6
Hungary	3.6
Moldova	3.6
Kosovo	3.7
North Macedonia	3.7
Romania	3.7
BiH	3.9
Georgia	4.0
Serbia	4.1
Bulgaria	4.2
Montenegro	4.2
Russia	4.3
Belarus	4.8

SUSTAINABILITY IMPEDED	
Azerbaijan	6.1

## Financial Viability

SUSTAINABILITY ENHANCED	
Estonia	2.4
Czech Republic	3.0

SUSTAINABILITY EVOLVING	
Lithuania	3.1
Poland	3.1
Latvia	3.4
Slovakia	3.4
Slovenia	3.4
Ukraine	4.0
North Macedonia	4.1
Kosovo	4.3
Moldova	4.3
Albania	4.4
Serbia	4.4
Croatia	4.5
Hungary	4.5
Romania	4.5
Bulgaria	4.7
Russia	4.7
Montenegro	4.8
Armenia	4.9
BiH	5.0
Georgia	5.0

SUSTAINABILITY IMPEDED	
Belarus	6.3
Azerbaijan	6.4

## Advocacy

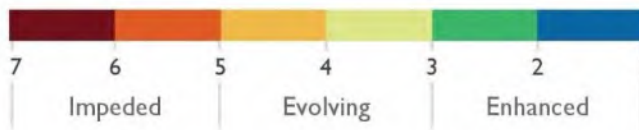
SUSTAINABILITY ENHANCED	
Lithuania	1.7
Czech Republic	1.8
Estonia	1.8
Latvia	1.8
Ukraine	2.2
Slovakia	2.5
Slovenia	2.5
Armenia	2.7
Bulgaria	2.7
Poland	2.9

SUSTAINABILITY EVOLVING	
Croatia	3.1
Moldova	3.1
Albania	3.2
BiH	3.2
North Macedonia	3.2
Montenegro	3.5
Georgia	3.6
Kosovo	3.6
Romania	3.7
Serbia	4.1
Hungary	4.3
Russia	4.7

SUSTAINABILITY IMPEDED	
Belarus	5.1
Azerbaijan	5.5



## COUNTRIES RANKED BY SCORE



### Service Provision

SUSTAINABILITY ENHANCED	
Czech Republic	2.3
Estonia	2.3
Latvia	2.3
Poland	2.3
Slovakia	2.6

SUSTAINABILITY EVOLVING	
Bulgaria	3.1
Slovenia	3.1
Croatia	3.2
Lithuania	3.2
Ukraine	3.2
Romania	3.4
Albania	3.5
Hungary	3.5
North Macedonia	3.5
Kosovo	3.6
Armenia	3.7
BiH	3.9
Montenegro	3.9
Georgia	4.1
Moldova	4.1
Russia	4.1
Serbia	4.3
Belarus	5.0

SUSTAINABILITY IMPEDED	
Azerbaijan	5.4

### Sectoral Infrastructure

SUSTAINABILITY ENHANCED	
Estonia	1.6
Poland	1.9
Latvia	2.2
Czech Republic	2.7
Croatia	2.9
Lithuania	2.9
Slovakia	2.9
Armenia	3.0
Bulgaria	3.0
North Macedonia	3.0

SUSTAINABILITY EVOLVING	
Hungary	3.1
Moldova	3.1
Romania	3.1
Slovenia	3.2
Ukraine	3.2
Serbia	3.3
Kosovo	3.5
Albania	3.6
Montenegro	3.6
BiH	3.7
Russia	3.9
Georgia	4.3
Belarus	5.0

SUSTAINABILITY IMPEDED	
Azerbaijan	5.8

### Public Image

SUSTAINABILITY ENHANCED	
Estonia	2.0
Lithuania	2.2
Czech Republic	2.6
Poland	2.7
Latvia	3.0
Slovakia	3.0
Slovenia	3.0

SUSTAINABILITY EVOLVING	
Croatia	3.2
Kosovo	3.3
Ukraine	3.3
BiH	3.5
Albania	3.7
Armenia	3.7
Romania	3.9
Bulgaria	4.0
Georgia	4.0
Moldova	4.0
Hungary	4.2
Montenegro	4.2
North Macedonia	4.4
Serbia	4.8
Russia	5.0

SUSTAINABILITY IMPEDED	
Belarus	5.4
Azerbaijan	5.7

# 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](http://www.usaid.gov)