



USAID
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2010 NGO SUSTAINABILITY INDEX

for Central and Eastern Europe and Eurasia

14th Edition – November 2011



Cover Photo: Election in Kyrgyzstan. Photo Credit: Ellen Seats, Management Systems International (MSI).

The 2010 NGO Sustainability Index for Central and Eastern Europe and Eurasia

**Developed by:
United States Agency for International Development
Bureau for Europe and Eurasia
Office of Democracy, Governance and Social Transition**

2010 NGO SUSTAINABILITY INDEX SCORES

COUNTRY	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image	Overall Score
NORTHERN TIER								
Czech Republic	2.9	3.0	3.1	2.2	2.3	2.8	2.5	2.7
Estonia	1.7	2.3	2.4	1.7	2.3	1.6	1.9	2.0
Hungary	1.8	3.0	3.6	3.1	2.7	2.2	3.3	2.8
Latvia	2.4	3.0	3.3	2.2	2.5	2.4	3.3	2.7
Lithuania	2.2	2.8	3.1	2.0	3.4	3.0	2.7	2.7
Poland	2.2	2.6	2.7	1.8	2.2	1.7	2.2	2.2
Slovakia	2.8	3.0	3.3	2.5	2.5	2.2	2.4	2.7
Slovenia	3.4	3.8	4.4	3.6	3.5	3.6	3.8	3.7
Average	2.4	2.9	3.2	2.4	2.7	2.4	2.8	2.7
SOUTHERN TIER								
Albania	3.8	3.9	4.6	3.5	3.7	4.0	3.8	3.9
Bosnia	3.4	3.4	4.8	3.1	3.9	3.8	3.3	3.7
Bulgaria	2.1	4.3	4.5	2.6	3.2	3.2	3.1	3.3
Croatia	2.8	3.0	4.2	3.1	3.1	2.7	2.9	3.1
Kosovo	3.5	3.7	4.8	3.7	3.9	3.6	3.7	3.8
Macedonia	3.2	3.6	4.5	3.3	3.8	3.2	4.0	3.7
Montenegro	3.6	4.4	4.9	3.5	4.0	3.9	4.4	4.1
Romania	3.5	3.5	4.2	3.4	3.1	3.2	3.6	3.5
Serbia	4.2	4.3	5.3	3.7	4.2	3.7	4.6	4.3
Average	3.3	3.8	4.6	3.3	3.7	3.5	3.7	3.7
EURASIA: Russia, West NIS, and Caucasus								
Armenia	3.9	3.9	5.2	3.4	3.9	3.5	4.0	4.0
Azerbaijan	4.7	4.5	5.5	4.6	4.6	4.4	4.8	4.7
Belarus	6.9	5.1	6.6	5.9	5.5	5.4	6.0	5.9
Georgia	3.3	4.1	5.2	4.3	4.1	4.4	4.1	4.2
Moldova	4.3	4.1	5.1	3.6	4.4	3.7	4.1	4.2
Russia	4.6	4.3	4.7	4.0	4.2	3.9	4.7	4.3
Ukraine	3.6	3.5	4.2	2.7	3.3	3.5	3.7	3.5
Average	4.5	4.2	5.2	4.1	4.3	4.1	4.5	4.4
CENTRAL ASIA								
Kazakhstan	3.8	4.1	4.6	3.9	4.0	3.7	4.1	4.0
Kyrgyzstan	4.0	4.3	5.3	3.3	4.0	3.7	4.1	4.1
Tajikistan	4.9	4.5	5.6	4.9	4.4	4.5	4.5	4.8
Turkmenistan	6.2	5.3	6.0	6.0	5.2	5.2	5.5	5.6
Uzbekistan	6.0	5.4	6.1	5.9	5.4	5.6	5.6	5.7
Average	5.0	4.7	5.5	4.8	4.6	4.5	4.8	4.8
Eurasia Average	4.7	4.4	5.3	4.4	4.4	4.3	4.6	4.6

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INTRODUCTION

USAID is proud to present the fourteenth edition of the NGO Sustainability Index for Central and Eastern Europe and Eurasia, covering developments in 2010.

For the fourteenth year, the NGO Sustainability Index for Central and Eastern Europe and Eurasia reports on the strength and overall viability of NGO sectors in each country in the region, from the Baltic countries to Central Asia. The Index highlights both advances and setbacks in sectoral development, and allows for comparisons across countries and subregions over time. The Index is an important and unique tool for local NGOs, governments, donors, academics, and others to understand and measure the sustainability of the NGO sector. This year, USAID will publish the second edition of the NGO Sustainability Index for Sub-Saharan Africa, and in 2011 will expand the use of this tool to the Middle East North Africa region.

The NGO Sustainability Index analyzes and assigns scores to seven interrelated dimensions: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. The scores for the dimensions are averaged to produce an overall sustainability score. A panel of NGO practitioners and experts in each country assesses the sector's performance in each of the seven dimensions. A Washington-based editorial committee of technical and regional experts reviews the panel's findings. In some countries, expert panels are convened in several regions of the country in order to accurately reflect regional differences.

Based on their scores, countries fall within three basic stages of development in terms of NGO sustainability: sustainability enhanced, sustainability evolving, and sustainability impeded. More detail about the methodology used to calculate scores is provided in Sections 1 through 3 (pages 12-19).

The 2010 Index includes at the outset of each report a statistical summary showing this year's scores for each dimension, plus the overall score, as well as identification of the capital, population, and a summary of basic economic indicators. Reports include comparative information regarding prior years' dimension scores, encapsulated in easy-to-read charts. The Index also features statistical appendices summarizing this year's dimension scores; as well as, scores for 1997-2010.

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

ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

In 2010, NGOs across Central and Eastern Europe and Eurasia furthered their efforts to improve their societies in activities ranging from environmental education to providing input on new constitutional changes to protection of the homeless. This year's Index reflects the wide range of challenges and issues facing NGOs in the region. Financial stability and organizational capacity remain concerns for even the most established NGOs. Efforts to put in place, maintain, and keep relevant NGO support services continue with mixed results. NGOs' attempts to engage with governments, to engage with the public, and to encourage their sectors to adhere to good ethics are having more success, but are still very much works in progress. A look at major trends by regions and themes is presented below.

OVERALL SUSTAINABILITY SCORES IN 2010 BY REGION

Overall NGO sustainability for the Northern Tier countries (the Baltic and Visegrad countries plus Slovenia) remained the same as in 2009. Slight improvements were noted in Lithuania and in Slovenia. In Slovenia, NGOs continued efforts to advocate and engage with both local and national level governments and made efforts to build their organizational as well as networking and coalition building capacities. In Lithuania, NGO efforts to maximize resources amongst NGOs, to actively participate in decision making on European Union (EU) Structural Funds, and to work with different ministries to institutionalize cooperation on service delivery all contributed to better overall visibility and perceptions of NGOs.

In the Southern Tier countries (South-eastern Europe) the overall average score for the region stayed the same as in 2009, but one country saw improvements and two had slight regressions. Kosovo improved primarily due to a productive year in advocacy, in which the government demonstrated will and interest to work with NGOs on reforms. Albania and Macedonia both experienced a regression. In Albania, this was primarily due to an intensification of the political stalemate in the country, which hindered most meaningful advocacy efforts. In Macedonia, the environment for constructive advocacy was diminished by government harassment of NGOs that were critical of the government and an increasingly negative public image of NGOs.

The Eurasia region's (Russia, West NIS, the Caucasus, and Central Asia) average score also remained unchanged from 2009. Notably, no countries regressed in NGO sustainability in 2010. Several countries showed improvements. Moldova had the most across the board change in NGO sustainability, with five of the seven dimensions registering an improvement, resulting in an improvement of the overall score. NGOs' growing ability to engage in advocacy with a more receptive government, an increase in local funding sources, and increased NGO access to media coverage all contributed to improving the score in Moldova. In Russia an improvement in the overall score was due to advancements in the legal environment and NGO advocacy efforts. Turkmenistan also improved, given a slight opening of the legal environment and nascent government cooperation with NGOs.

POLITICAL DEVELOPMENTS AND NGOS

The year of 2010 was a time for elections in many of the countries of the region. In general, civil society participation in election processes has continued to grow, as have efforts to form issue-based advocacy campaigns. Further, groups continue to work with new governments in order to increase civic participation in government bodies and initiatives.

Elections in several countries brought a change of climate for NGOs. In the cases of Slovakia and Kyrgyzstan, elections resulted in new governments that were more favorably disposed to civil society. NGOs played a significant role in the pre and post-election events in these countries; they initiated issue-

based advocacy campaigns, encouraged citizens to vote, and worked with the new governments to develop policy priorities as well as mechanisms for enhanced NGO engagement with government bodies. Elections in Moldova mobilized civil society and allowed NGOs a greater voice in the post-election efforts to develop a pro-EU reform agenda. NGOs in Bosnia also played a significant role in getting people engaged and raising awareness about political candidates leading up to the elections. Their efforts resulted in a new government composition in the Federation entity of Bosnia, but slow formation of state and Federation level governments has meant that little if any post-election engagement between civil society and government has been possible.

At the same time, elections in Hungary brought a sense of unease to civil society. The new government, with a two-thirds majority, indicated early in its rule that it was planning to review and rework its relationship with civil society. Cancellation of the Civic Code, suspension of the National Civil Fund, and the new government's preference for religious and ideologically focused service delivery NGOs were noted as signs of an environment that looks increasingly tough for civil society. To a lesser degree, elections in Czech Republic were also noted as potentially negative for civil society. The new government remains committed to cooperating with civil society, but the new government's plan to reduce budget expenditures contains significant cuts in state support to NGOs.

TRENDS ACROSS BORDERS

A number of trends were noted in 2010 across the region. These include:

The devil is still in the registration details. Registration of NGOs continues to be an area of concern in many countries. While registration processes were noted as improved in Serbia, Bosnia, and Tajikistan, registration remains less straightforward than it should be. For example, in Tajikistan, registration of some types of NGOs such as public funds and cooperatives was improved in 2010, but for a majority of NGOs – those registered as public benefit organizations – registration became more difficult. Partly influenced by the political instability in neighboring Kyrgyzstan, local Tajik authorities required that branches of public benefit organizations register with them even though this is not required by law. In Bosnia, streamlining of the registration process is still hampered by the complex and often overlapping levels of government. In other places, registration continues to be dependent on government will. In Azerbaijan, for example, a ministry's letter of recommendation is often needed. In Russia, it is common for NGOs to submit registration papers three times before completing the process.

The effects of EU Structural Funds are mixed. EU Structural Funds have become a major source of funding in many of the EU countries within the Northern Tier. However, the effects of such funds are mixed. On one hand, the funding has been particularly welcome as the financial crisis reduced other funding possibilities. At the same time, Structural Funds are primarily accessible to large, established NGOs. Moreover they have been linked to an inflation of wages in the sector; mission creep as NGOs dependent on such funds reach to meet Structural Funds' objectives; a further divide between a few EU-funded NGOs and the rest; and a disincentive for further diversification of funding. Experts note that in Poland, for example, the availability of EU funds at least to established NGOs has lessened their interest to look for other funds or income generation activities and has in some ways 'stalled' the sector's further development.

New media technologies are increasing NGOs' visibility and financial viability. Most NGOs, even in the most consolidated countries, have been challenged to find new ways to both engage with their constituencies and the public and to identify sources of funding. Facebook, blogs, and interactive NGO websites have allowed many NGOs with tight budgets or little public relations experience to heighten their exposure and improve their connectivity with constituencies. For example, a new web portal in Tajikistan allows NGOs to publish their annual reports. Mobile phone texting has become an innovative

way to initiate fundraising campaigns in such countries as the Czech Republic. National-level web portals in Slovakia have become an effective way to see where resources and needs can be matched. In Russia, the first web portal on philanthropy – Philanthropist – was created.

NGOs show a flexibility advantage in humanitarian disasters. The scope and cause of the humanitarian disasters varies significantly. From flooding in Slovenia and Tajikistan or the aluminum plant contamination of neighboring villages in Hungary to ethnic violence in southern Kyrgyzstan, NGOs demonstrated that they can be the frontline responders in humanitarian crises. In the case of natural disasters, NGOs either reacted independently or assisted the governments to provide humanitarian assistance to victims in an efficient manner. In Slovenia, the government had no legal mechanism for aiding victims, but was able to use humanitarian organizations as intermediaries to quickly channel aid to those affected. In Kyrgyzstan, international assistance was funneled directly through many of the organizations with established programs in the southern region in order to reach victims. In such cases, public perception of NGOs was heightened and increasingly more positive. In the case of the political violence in Kyrgyzstan, NGOs also demonstrated a public commitment to protection of minorities, which was difficult in the tense environment, but also essential for any follow on reconciliation efforts.

Government interest to ‘cooperate’ with civil society is increasingly becoming the norm. Cooperation between civil society and many of the new member governments of the EU is now quite common. However this is less the case for ‘sustainability evolving’ and ‘sustainability impeded’ countries and particularly those in Central Asia. Trends in 2010 suggest that at least in rhetoric if not deeds, governments are increasingly vocalizing the need to cooperate with civil society; incentives to do so appear to be partly external. In the case of Montenegro, the government’s clear efforts to position NGOs as partners at the end of 2010 were likely inspired by the EU integration process. To a similar extent, in Tajikistan, the government increasingly has looked to NGOs to assist local governments with technical expertise and in attracting international donor support. In Uzbekistan, a presidential speech at the end of 2010 that emphasized the importance of civil society was likely due to some external pressure, but it provides a basis upon which further dialogue and cooperation can be encouraged.

REGIONAL AND COUNTRY TRENDS

The following section focuses on each subregion of the Index, with a focus on country and specific dimension developments.

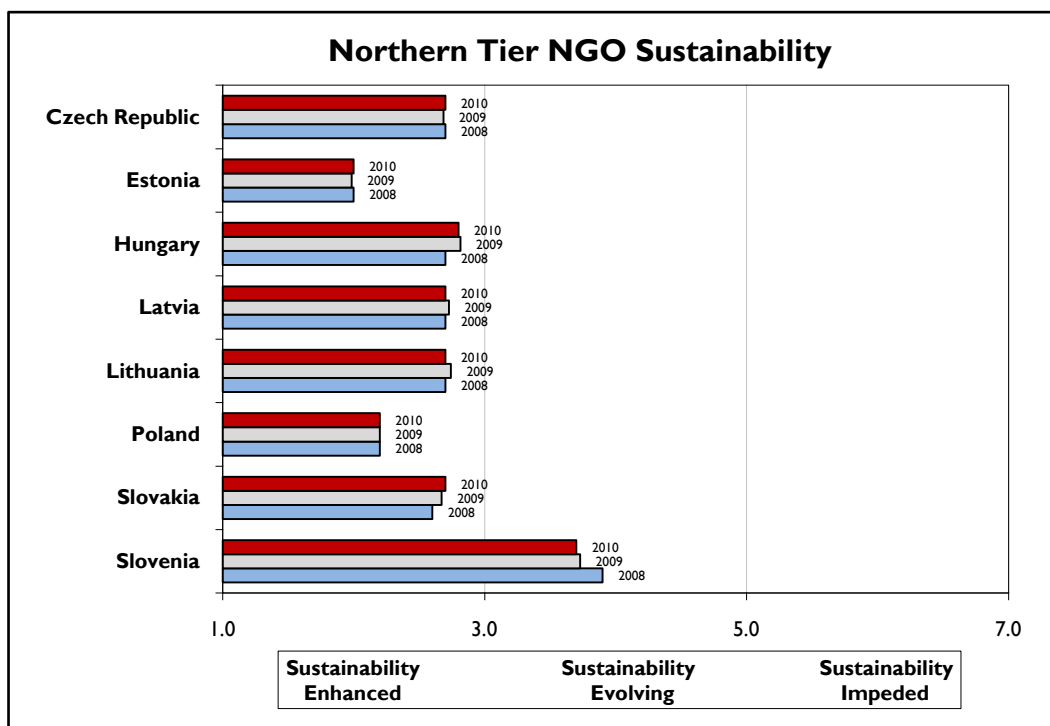
Northern Tier

NGOs in Poland and Estonia have the highest level of sustainability overall. Slovenia continues to have the lowest level of NGO sustainability in the region, although it showed some improvement from 2009. Legal environment remains one of the strongest dimensions in the Northern Tier countries. In 2010 this dimension was strengthened in two countries (the Czech Republic and Slovenia) because of better enabling legislation. The Slovenian government developed the first legal framework for public participation and passed the Act on Volunteering. In the Czech Republic, technical amendments to the Law on Public Benefit Organizations and to the Law on Endowment Funds clarified some gaps in the NGO legislative framework. Hungary was the only country that experienced a downgrade in this dimension, due to the withdrawal of the Civic Code (one day before it was to go into effect), suspension of the Registry of Civil Organizations and Foundations, and suspension of the National Civil Fund.

Organizational capacity increased slightly, with improvements noted in Lithuania and Slovenia. NGOs in Lithuania increasingly use strategic planning for designing cost-efficient activities and products and services. Initiatives like the ‘NGO Hive’ that was launched in the center of Vilnius allow NGOs to pool resources through sharing office, meeting, and event space and provide them the opportunity to develop

more joint projects. Slovenian NGOs benefitted from two additional regional support centers financed by the European Social Fund that further expanded the availability of trainings. NGO have increased their skills in project development and management as a result of these and the other support centers; particularly noteworthy is a higher approval rate by a variety of donors for applications submitted by smaller NGOs.

Financial viability continues to remain a challenge for the region. While only Lithuania experienced a reduction in this dimension, the effects of the financial crisis still linger. In general, NGOs around the region have become more adept at diversifying their funding sources domestically and in engaging in more innovative fund raising techniques. However, these strategies cannot make up for reductions in funding sources on all levels. The situation in Lithuania is a good example: allocation of municipal funds was down; business giving was three times lower than in 2009; allocations from the 2 percent tax option were down; EU funding was only accessible to a small set of more established NGOs; and European Economic Area (EEA)/Norwegian funds were a one-time contribution.



Advocacy efforts in more than half of the Northern Tier countries improved in 2010, increasing the average score for the region. Two aspects of this dimension are worth highlighting. First, NGOs are playing a greater role in the policy making process and are more confident in their lobbying. Such was the case in Slovakia, where NGOs successfully lobbied for re-instatement of the Ministry of Environment and the withdrawal of the nomination of an unsuitable candidate for the environmental minister. Similarly, the National Coalition of Non-Governmental Organizations in Lithuania successfully lobbied the government to reprogram unused EU Structural Funds to be accessible to NGOs. In the Czech Republic, the Council for Non-Governmental Nonprofit Organizations was active in working with the government on amendments concerning foundations and endowment funds and publically beneficial organizations. Both government and NGOs noted that the participatory processes in Estonia have improved. For example, development of the Civil Society Development Plan for 2011-2014 was created this time around in participation with different stakeholders. A formal framework for public participation was developed in Slovenia, and NGOs were active in the development of a number of draft laws for the sector and beyond.

Second, NGOs across the region continued to broaden their use of, and enhance their techniques for, broad advocacy and public awareness campaigns. Annual campaigns in such areas as cancer awareness and homelessness are now common in the Czech Republic and Slovakia. Estonian NGOs' successful efforts to reverse a store's decision to replace domestic meat with imports suggest that such civic activism is now becoming widespread and a normal means for citizens to address a broad range of issues.

The average service provision score remained the same as in 2009; an improvement in Lithuania and a reduction in Hungary were noted. Fiscal belt-tightening among governments throughout the region has challenged NGOs providing services to demonstrate their advantage. In the case of Lithuania, NGO service provision is seen as providing good value and flexibility, and several ministries including the Ministry of Social Security and Labor and the Ministry of Education are in the process of institutionalizing their cooperation with NGOs on service provision. In Hungary, the new government appeared to be less enamored with NGOs' performance in service delivery. Budget cuts and interest in transferring service provision to religious institutions have meant a shakeup in the sector. Major NGOs have been notified that support will be cut in 2011, leaving many to depend on either Open Society Institute emergency funds for provision of services (such as shelters and education) or to discontinue their service provision altogether.

NGO infrastructure is generally strong throughout the region. This dimension had an increase in its average score, with improvements in Slovenia and Slovakia. While the need for resource centers in some countries has diminished, further expansion of such services through the European Social Fund was noted as both needed and effectively used in Slovenia. In other countries, web-based platforms are beginning to fill the role that traditional resource centers might play. For example, in Slovakia, the Pontis Foundation launched a new website which compiles all calls for grant applications from corporate foundations and funds and accepts electronic applications for grants administered by the Foundation.

NGOs are increasingly enjoying a positive public image. This is both due to promotion efforts and the increasing government, media, and business recognition of NGOs' roles. Effects of these efforts were particularly noticeable in Lithuania in 2010, which experienced a significant increase in public awareness of and support for NGOs. According to research conducted by Vilmorus Public Research Company, 67 percent of the population knows about and trusts NGOs; in 2009, 53 percent of respondents (in a very similar but not identical study) did not know what an NGO was.

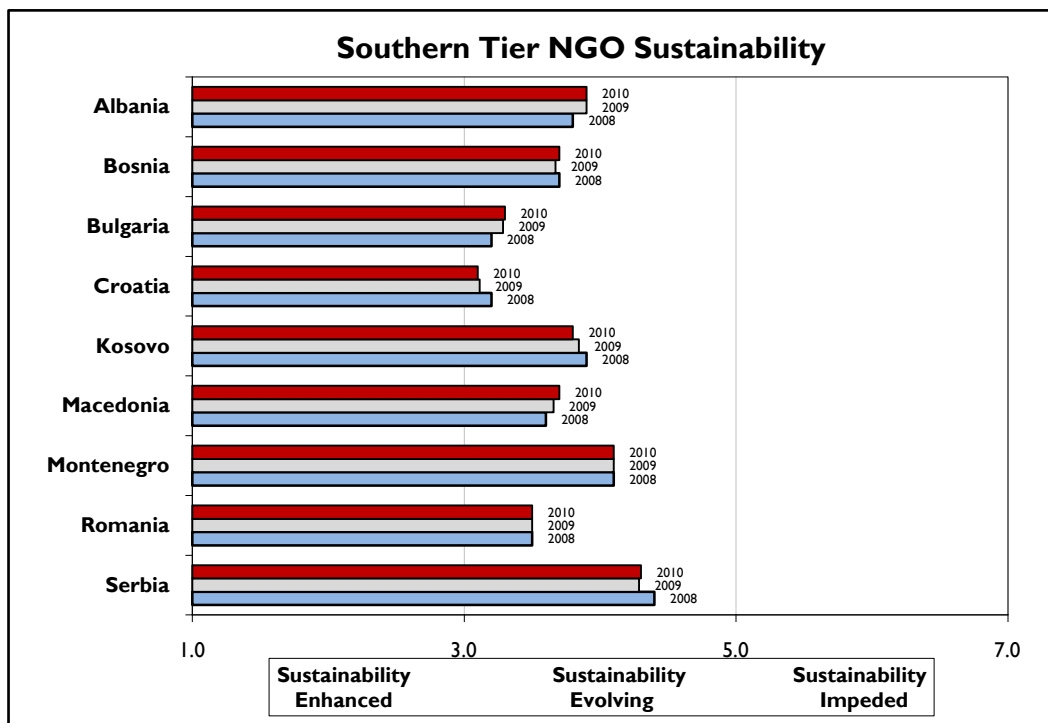
Southern Tier

Bulgaria and Croatia continue to be the leaders in NGO sustainability for the region. Serbia has the lowest NGO sustainability score for the region.

For most countries in the region, the legal environment remained similar to 2009, with only Serbia experiencing an improvement and Bulgaria a regression. In Serbia's case, efforts to implement the Law on Associations and to adopt the Law on Volunteerism and Law on Foundations and Endowments improved Serbia's score. For Bulgaria, flawed implementation of NGO legislation warranted a regression. Poor implementation of the Law on Public Benefit Organizations (PBO) showed that the three main functions of the Central Registry were unsatisfactory: registration was slow; the online database is out of date; and the oversight functions are not consistent. Also worth noting here is that the registry has taken on powers to decide whether an organization can be registered as a PBO or not.

Organizational capacity throughout the region remained steady. Only Macedonia experienced an improvement in relation to its efforts to strengthen its constituency building efforts. Serbia noted a regression in capacity partly due to the drift of NGO staff to the government and the private sector. NGOs

in the region continue to struggle to maintain basic capacities given the tough financial environment while attempting to become more strategic, mission driven, and rooted in their constituencies.



Financial viability of NGOs in the region was unchanged from 2009, even as two countries experienced a regression. A further diminishing of funds from both international and domestic sources was the reality that most NGOs faced in 2010. This was starkly demonstrated in Bulgaria, where the reduction in state funding was dramatic; there were only four grants given in 2010 (down from over \$700,000 in 2009 to approximately \$11,000 in 2010), and EU Structural Funds did not have any civil society mechanisms open. In Croatia, a number of government ministries and institutions cut (some already allocated) funding to NGOs.

Advocacy efforts throughout the Southern Tier countries were a continued area of strength for NGOs with improvements noted in three countries. NGOs in Croatia were particularly active in civic campaigns with public protests on issues of development and land use in cities around the country. In Kosovo, NGOs were active in the development and passage of amendments on such legislation as the Labor Law and the Law on Education. In Serbia, passage of the new Law on Foundations and Endowments and the Law on Volunteering were seen as key advocacy successes. In contrast the environment for advocacy efforts became tougher in both Albania and Macedonia. In Albania the political stalemate following the 2009 elections intensified and poisoned the environment for constructive engagement and policy development. In Macedonia, harassment of NGOs critical of the government increased.

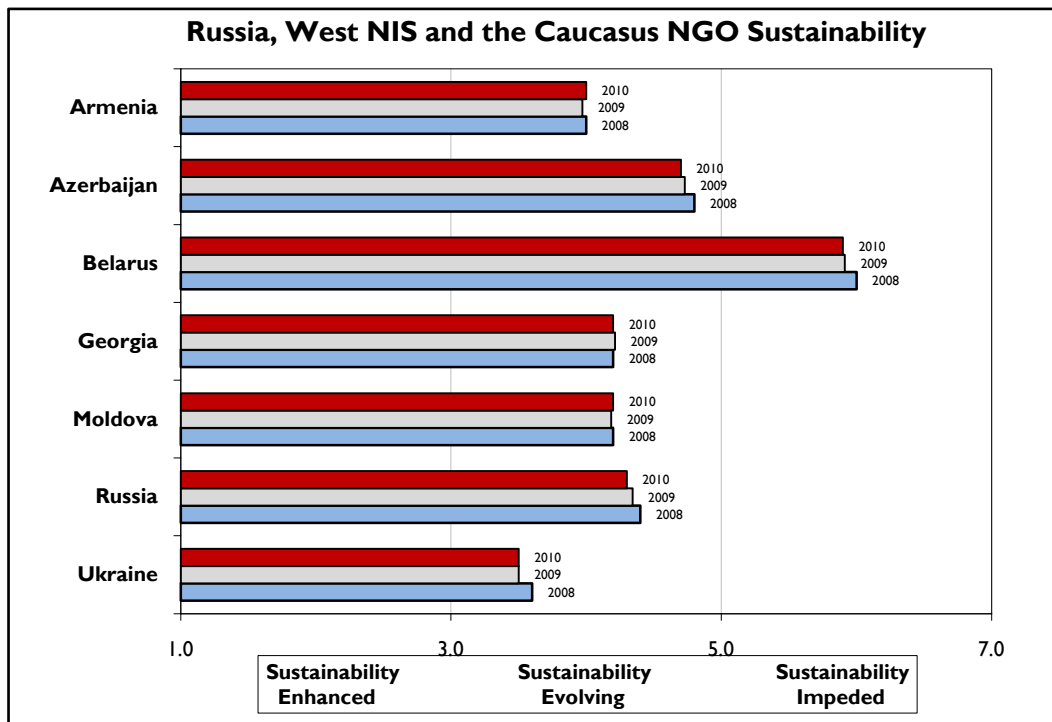
Service provision throughout the region is steadily developing and governments are increasingly recognizing and working with NGOs to deliver services. The average score for the Southern Tier did not change from 2009, but improvements in two countries (Bosnia and Serbia) were noted. In Bosnia, there was an extension of more education and training services to rural areas, particularly in the areas of economic empowerment and computer-related training programs. In Serbia, an increase in budget allocations within two ministries resulted in an expansion of social and environmental services and ministry support for these services.

Infrastructure development for NGOs continues to have mixed trends in the region. The average score did not change from 2009, but formation of cross-sector and intersectoral coalitions – some encouraged by EU supported programs – were an area of overall growth. In relation to infrastructure support, the trends point in two different directions. In the case of Bosnia, additional training available through the EU Technical Assistance for Civil Society Organisations (TACSO) project allowed more services to be available to a wider portion of the NGO community. In Bulgaria the opposite was the case. The lack of funding for civil society development has meant that almost no resource centers remain to train the next generation of NGO staff.

NGOs around the region are increasingly getting media attention. Whether it is due to heightened activity around elections and civic campaigns or a more consistent presence in the media, exposure of NGOs and their work is on the rise. How this is perceived by the public, government and businesses is another issue. The average public image score for the region remained unchanged from 2009. Specific countries, however, did note movement. Public image regressed in both Bulgaria and Macedonia. In Bulgaria, this was due to a scandal in the NGO community and unfavorable media coverage of some NGOs by a television station that had been criticized by NGOs. In Macedonia, the government stepped up its efforts to mark NGOs as oppositional if they opposed the government’s work. This was augmented by a media that tended to cover such NGOs as pro-opposition while relying on NGOs close to the government as primary sources of information. For Romania, public image improved; positive and widespread media coverage – including the introduction of a special program dedicated to NGOs on the main public television channel – appears to have increased public confidence in NGOs in the country.

Eurasia: Russia, West NIS and the Caucasus

NGO sustainability in most of the countries of Eurasia falls in the middle of the ‘sustainability evolving’ scale. Ukraine has the highest level of sustainability with Belarus continuing to exhibit the lowest.



The legal framework remains a work in progress in many countries, with concerns over registration, government harassment, and implementation of NGO legislation still present. Still, this dimension noted two improvements in 2010. In Moldova, the passage of the Law on Volunteering and revisions to the Law on Public Associations improved the legal framework for NGOs. In Russia, a number of legislative acts that positively impacted the sector were passed or reviewed in 2010, among them a law that allows the equivalent of PBOs to be eligible for government support.

Organizational capacity throughout the region for the most part experienced little change in 2010. Strategic planning, functioning governance systems, and long-term employees are still an exception for most NGOs. Some donor emphasis on capacity building is focused on the region, but much of this is in its early stages. In the case of Ukraine, capacity building efforts slightly improved and seem to have gained a certain momentum. There is a trend of more mission-driven NGOs and results based management, and the sector also attracted more skilled staff (particularly in the regions) and volunteers.

There was little change in the financial viability of the region on average. Yet despite a difficult funding situation overall for NGOs in the Eurasia region, there have been some modest improvements in the availability of domestic funding sources noted in several countries. In Moldova, some progress on local public authority co-funding and in-kind support was noted, and community foundations were more active. In Georgia, the government's Civic Institutionalism Fund, an increase in government contracts to NGOs, and other local funding sources combined with greater foreign assistance resulted in an improvement in the sector's financial viability.

NGOs' efforts to interact with government actors continue to develop, sometimes albeit slowly. Still advocacy efforts throughout the region were notable in 2010 and contributed to improvements of scores in five of the countries. In Moldova, advocacy and engagement efforts have become more institutionalized into the work of government bodies, including the re-launched Partnership with Civil Society Initiative of the Ministry of Justice. In Georgia, several high level advocacy efforts in relation to a pipeline project, media law, and participation on drafting the new constitution were successfully undertaken. In Ukraine, half of NGO proposals on amendments to the Tax Code were accepted. NGOs developed draft laws on managing the classification of and access to public information. New public advocacy movements like Stop Censorship and New Citizen gained further momentum. In Russia, there were a number of successful efforts to influence NGO related laws. For example, there was an advocacy effort against proposed amendments to the Law on Non-Profit Organizations, which would have introduced office inspections for NGOs. In Belarus, ecological organizations carried out a successful campaign against the construction of a nuclear power plant. Business associations provided input on economic policy issues.

The average score for service provision did not change in 2010. Most governments have some type of contracting mechanism for some portion of services, but these are still limited in scope. On the supply side, NGOs' offerings are growing, but still are mostly based on donor or government identified needs. Only Moldova experienced an improvement in the service provision dimension due to its expansion in service offerings and the increase in NGO cooperation with local authorities in the provision of these services.

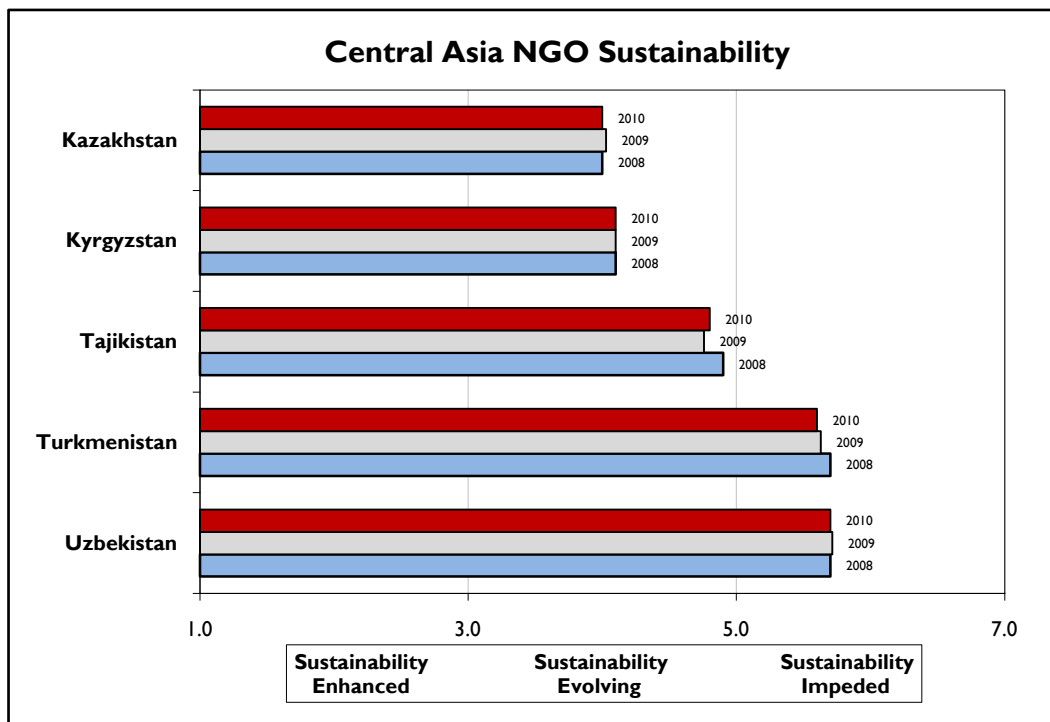
Infrastructure for NGOs across the region remains weak. A common theme echoed by experts is the need for more training and resource centers; however, most existing facilities are either just maintaining their services or cutting back. In the case of Georgia, the increasing lack of support and resource infrastructure (particularly in the regions) resulted in a regression in this dimension's score.

This year saw an improvement in three countries' public image scores and a regression in one country's score. In Georgia, NGO participation in many public campaigns and continuing media appearances and

coverage contributed to the improvement in their public image. More positive media coverage from private TV stations and now the public station assisted Moldovan NGOs to raise awareness of their work and improve their public image. In Ukraine, media references to NGOs have become more positive and the norm. The percentage of the population that knows about NGOs has increased to 40 percent (from 28 percent in 2009). In Armenia, media coverage of NGOs and their activities decreased in 2010, partly due to limited collaboration between NGOs and media.

Central Asia

This region collectively has the lowest scores in the Index. Kazakhstan has the highest level of NGO sustainability in the region; Turkmenistan and Uzbekistan have the lowest.



The legal environment remains tough throughout the region. Overall, one increase and one regression were noted in the region. A slight opening was noted in Turkmenistan with the passage of the new Law on Associations of Advocates improving this dimension. The law legally positions the bar associations as elements of civil society rather than the government, and should allow some independence for these groups. Also in Kyrgyzstan, a number of laws were passed after the new constitution came into power, which was positive for the sector. However, these developments were overshadowed by the harassment of NGOs by state officials during the inter-ethnic conflict in the south of the country in June, causing a regression in Kyrgyzstan's legal environment score.

Organizational capacity remained unchanged across the region, except for a slight improvement in Tajikistan. In Tajikistan (partially due to the competition for funds) NGOs' greater attention to organizational capacity is leading to more specific and results-oriented projects and initiatives. Financial viability also showed little movement in the region. The funding spectrum remains dominated by government funding in much of the region, which is either tied to service delivery or NGOs supporting the government. The only regression in the region was in Kyrgyzstan where the inter-ethnic conflict directly strained NGO resources as NGOs took on some of the humanitarian efforts themselves. The

effects of the conflict on the economy also had effects on the NGO sector. The border closings and subsequent loss of business revenue meant lower business donations to civil society; 25 percent inflation made overall costs higher.

Advocacy efforts, in contrast, showed some movement, particularly in increased cooperation between government actors and civil society. Three countries noted an improvement in the advocacy dimension, and one noted a regression. The strongest example of improvement was in Kyrgyzstan, where civil society played a key role in monitoring and advising during the transition of power through their Committee of Civic Control and Civic Forum. Institutionalizing of NGO participation was enhanced when the new president created supervisory councils in government institutions that included many NGO representatives. Also, NGOs set up a monitoring forum and provided input on government efforts for humanitarian assistance in the aftermath of the conflict. In Tajikistan, NGOs' input on a number of pieces of developing legislation – including laws on volunteerism, adult education, and the national strategy on social partnership – showed a growing government willingness to use NGO expertise in policy making. In Turkmenistan, a group of NGOs for the first time submitted a draft of the Law of State Social Order to parliament that would regulate contracting between state institutions and NGOs. In contrast, in Kazakhstan, an NGO coalition's efforts to have amendments included into a new social contract law were not successful. The NGOs' public criticism of the law was followed by threats to some NGOs that they might not get future social contracts.

Service provision is one of the areas where NGOs have had some opportunity to develop in Central Asia. Yet, NGOs still offer limited services, and few organizations carry them out. Tajikistan has begun to stand out as the exception in this area. Service provision has become increasingly diversified and entrenched in the communities. In 2010, Tajikistan noted an improvement due to NGOs' expansion of service delivery into economic development and empowerment programming. It also noted a trend of NGOs monitoring the service delivery of the state in order to encourage accountability in service provision.

One country noted an improvement in its infrastructure score. Tajikistan experienced an improvement in its infrastructure due to a growing number of cross-sector and intersectoral initiatives and stable resources and training services. In several countries of the region, access to support and training services is dependent on whether an organization is registered, essentially creating a two-tier system.

The public image of NGOs in Central Asia was unchanged on a whole in 2010. NGOs are slowly increasing awareness about their work and efforts, but overall awareness is still low. The exception here was the dramatic set of events in Kyrgyzstan (both political and humanitarian) which resulted in more media exposure of NGOs and a general improvement in their public image.

CONCLUSION

NGOs across the Central and Eastern Europe and Eurasia regions primarily improved in their sustainability efforts in 2010. Only two of the twenty-nine countries noted a regression in their total scores. Challenges are clearly present even in the most 'sustainability enhanced' countries of the Index, but several trends are worth noting.

Most dramatically, an improvement in advocacy efforts was noted in at least two countries in every subregion (fifteen in total). NGOs' engagement in advocacy and the reform processes of their countries and societies showed a continued uptick in efforts, even in some of the most challenging NGO environments of Eurasia.

In relation to financial viability, scoring changes were more modest. The deepening of the global economic crisis was felt in a number of countries, causing an additional four countries to reduce their scores. At the same time, while NGOs in most countries still operate in tough funding climates, there were also signs of stabilization. In some countries, domestic funding and work with local communities and government has allowed many NGOs to tread water or even acquire new funding sources. In two countries, these trends contributed to an improvement in financial viability scores.

Six countries had improvements in their legal environments; four of these were from ‘sustainability evolving’ countries, but one improvement was also registered in a ‘sustainability impeded’ country.’ In these countries efforts to improve current NGO laws, to address legislation related to volunteers, and to develop mechanisms for government funding are slowly but steadily contributing to the establishment of more comprehensive and favorable legal frameworks for NGOs.

All of these processes, particularly in some of the countries of Eurasia, are quite fragile, and there are certainly counterexamples in individual countries that suggest less optimism. Still, the overall sustainability of NGOs in these regions of the world can be said to have somewhat stabilized in 2010.

SECTION 1: DIMENSIONS OF NGO SUSTAINABILITY

Seven different dimensions of the NGO sector are analyzed in the NGO Sustainability Index: legal environment, organizational capacity, financial viability, advocacy, service provision, NGO infrastructure and public image. In the Index, each of these dimensions is examined with a focus on the following questions:

1. What has been accomplished?
2. What remains a problem?
3. Do local actors recognize the nature of outstanding challenges?
4. Do local actors have a strategy and the capacity to address these challenges?

A brief explanation of the criteria used to evaluate each dimension of sustainability follows:

LEGAL ENVIRONMENT

For an NGO sector to be sustainable, the legal and regulatory environment should support the needs of NGOs. It should facilitate new entrants, help prevent governmental interference, and give NGOs the necessary legal basis to engage in appropriate fundraising activities and legitimate income-producing ventures. The legal environment dimension of the Index analyzes the legal status of nongovernmental organizations. Factors shaping the legal environment include the ease of registration; legal rights and conditions regulating NGOs; and the degree to which laws and regulations regarding taxation, procurement, access to information and other issues benefit or deter NGOs' effectiveness and viability. The extent to which government officials, NGO representatives, and private lawyers have the legal knowledge and experience to work within and improve the legal and regulatory environment for NGOs is also examined.

Questions asked include: Is there a favorable law on NGO registration? Is the internal management, scope of permissible activities, financial reporting, and/or dissolution of NGOs well detailed in current legislation? Does clear legal terminology preclude unwanted state control over NGOs? Are NGOs and their representatives allowed to operate freely within the law? Are they free from harassment by the central government, local governments, and tax police? Can they freely address matters of public debate and express criticism? Are there local lawyers who are trained in and familiar with NGO law? Is legal advice available to NGOs in the capital city and secondary cities? Do NGOs receive any sort of tax exemption? Do individual or corporate donors receive tax deductions? Do NGOs have to pay taxes on grants? Does legislation exist that allows NGOs to earn income from the provision of goods and services? Are NGOs allowed legally to compete for government contracts/procurements at the local and central levels?

ORGANIZATIONAL CAPACITY

A sustainable NGO sector will contain a critical mass of NGOs that are transparently governed and publicly accountable, capably managed, and that exhibit essential organizational skills. The organizational capacity dimension of the Index addresses the operation of NGOs.

Questions evaluated include: Do NGOs actively seek to build constituencies for their initiatives? Do most NGOs have a clearly defined mission to which they adhere? Do most NGOs incorporate strategic planning techniques in their decision-making process? Is there a clearly defined management structure within NGOs, including a recognized division of responsibilities between the board of directors and staff members? Is there a permanent, paid staff in leading NGOs? Are potential volunteers sufficiently recruited and engaged? Do NGOs' resources generally allow for modernized basic office equipment?

FINANCIAL VIABILITY

A critical mass of NGOs must be financially viable, and the economy must be robust enough to support NGO self-financing efforts and generate philanthropic donations from local sources. For many NGOs, financial viability may be equally dependent upon the availability of and their ability to compete for international donor support funds.

Factors influencing the financial viability of NGOs include the state of the economy, the extent to which philanthropy and volunteerism are being nurtured in the local culture, as well as the extent to which government procurement and commercial revenue raising opportunities are being developed. The sophistication and prevalence of fundraising and strong financial management skills are also considered.

Questions asked under this dimension include: Do NGOs raise a significant percentage of their funding from local sources? Are NGOs able to draw upon a core of volunteer and nonmonetary support from their communities? Do NGOs typically have multiple/diverse sources of funding? Are there sound financial management systems in place? Have NGOs cultivated a loyal core of financial supporters? Do revenues from services, products, or rent from assets supplement the income of NGOs? Do governments and/or local businesses contract with NGOs for services?

ADVOCACY

The political and advocacy environment must support the formation of coalitions and networks, and offer NGOs the means to communicate their messages through the media to the broader public, articulate their demands to government officials, and monitor government actions to ensure accountability. The advocacy dimension looks at NGOs' record in influencing public policy. The prevalence of advocacy in different sectors, at different levels of government, as well as with the private sector is analyzed. The extent to which coalitions of NGOs have been formed around issues is considered, as well as whether NGOs monitor party platforms and government performance. This dimension does not measure the level of NGOs' engagement with political parties.

Questions include: Are there direct lines of communication between NGOs and policymakers? Have NGOs formed issue-based coalitions and conducted broad-based advocacy campaigns? Have these campaigns been effective at the local and/or national level in increasing awareness or support for various causes? Are there mechanisms and relationships for NGOs to participate in the political process? Is there awareness in the wider NGO community on how a favorable legal and regulatory framework can enhance NGO effectiveness and sustainability? Is there a local NGO advocacy effort to promote legal reforms that will benefit NGOs, local philanthropy, etc.?

SERVICE PROVISION

Sectoral sustainability will require a critical mass of NGOs that can efficiently provide services that consistently meet the needs, priorities and expectations of their constituents.

The Index reviews questions such as: Do NGOs provide services in a variety of fields? Do the goods and services that NGOs produce reflect the needs and priorities of their constituents and communities? Are there goods and services that go beyond basic social needs provided to a constituency broader than NGOs' own memberships? When NGOs provide goods and services, do they recover any of their costs by charging fees? Do NGOs have knowledge of the market demand—and the ability of distinct constituencies to pay—for those products? Does the government, at the national and/or local level, recognize the value that NGOs can add in the provision of basic social services? Do they provide grants or contracts to NGOs to enable them to provide such services?

INFRASTRUCTURE

A strong sectoral infrastructure is necessary that can provide NGOs with broad access to local NGO support services. Intermediary support organizations (ISOs) providing these services must be able to inform, train, and advise other NGOs; and provide access to NGO networks and coalitions that share information and pursue issues of common interest.

Questions include: Are there ISOs, NGO resource centers, or other means for NGOs to access information, technology, training and technical assistance throughout the country? Do ISOs and resource centers earn some of their operating revenue from earned income and other locally generated sources? Do local community foundations and/or ISOs provide grants from either locally raised funds or by re-granting international donor funds? Do NGOs share information with each other? Is there a network in place that facilitates such information sharing? Is there an organization or committee through which the sector promotes its interests? Are there capable local NGO management trainers? Is basic NGO management training available in the capital city and in secondary cities? Are training materials available in local languages? Are there examples of NGOs working in partnership, either formally or informally, with local business, government, and the media to achieve common objectives?

PUBLIC IMAGE

For the sector to be sustainable, government, the business sector, and communities should have a positive public image of NGOs, including a broad understanding and appreciation of the role that NGOs play in society. Public awareness and credibility directly affect NGOs' ability to recruit members and volunteers, and encourage indigenous donors. The Index looks at the extent and nature of the media's coverage of NGOs, the awareness and willingness of government officials to engage NGOs, as well as the public's knowledge and perception of the sector as a whole.

Typical questions in this section include: Do NGOs enjoy positive media coverage at the local and national level? Do the media provide positive analysis of the role that NGOs play in civil society? Does the public have a positive perception of NGOs? Do the business sector and local and central government officials have a positive perception of NGOs? Do NGOs publicize their activities or promote their public image? Have NGOs adopted a code of ethics or tried to demonstrate transparency in their operations? Do leading NGOs publish annual reports?

SECTION 2: RATINGS – GENERAL DEFINITIONS

The NGO Sustainability Index uses a seven-point scale, to facilitate comparisons to the Freedom House indices, with 7 indicating a low or poor level of development and 1 indicating a very advanced NGO sector. The following section elaborates on the characteristics of each level of development:

1. NGO sector's sustainability enhanced significantly by practices/policies in this area. While the needed reforms may not be complete, the local NGO community recognizes which reforms or developments are still needed, and has a plan and the ability to pursue them itself.
2. NGO sector's sustainability enhanced by practices/policies in this area. Local NGO community demonstrates a commitment to pursuing reforms and developing its professionalism in this area.
3. NGO sector's sustainability somewhat enhanced by practices/policies in this area. Commitment to developing the aspect in question is significant.
4. NGO sector's sustainability minimally affected by practices/policies in this area. Progress may be hampered by a stagnant economy, a passive government, a disinterested media, or a community of good-willed but inexperienced activists.
5. NGO sector's sustainability somewhat impeded by practices/policies in this area. Progress may be hampered by a contracting economy, authoritarian leader and centralized government, controlled or reactionary media, or a low level of capacity, will or interest on the part of the NGO community.
6. NGO sector's sustainability impeded by practices/policies in this area. A hostile environment and low capacity and public support prevents the growth of the NGO sector.
7. NGO sector's sustainability significantly impeded by practices/policies in this area, generally as a result of an authoritarian government that aggressively opposes the development of independent NGOs.

SECTION 3: RATINGS – A CLOSER LOOK

The following sections go into greater depth about the characteristics in each of the seven dimensions of the sector's development. These characteristics and stages are drawn from empirical observations of the sector's development in the region, rather than a causal theory of development. Given the decentralized nature of NGO sectors, many contradictory developments may be taking place simultaneously. Therefore we do not attempt to break out the characteristics of the seven dimensions into seven distinct steps of development. Instead, these characteristics are clustered into three basic stages: Sustainability Enhanced, Sustainability Evolving, and Sustainability Impeded. The Sustainability Enhanced stage, the highest level of sustainability and development, corresponds to a score between 1 and 3 points; the Sustainability Evolving stage corresponds to a score between 3.1 and 5 points; and the lowest level of development, the Sustainability Impeded stage, corresponds to a score of 5.1 to 7 points on the scale.

LEGAL ENVIRONMENT

Sustainability Enhanced (1-3): The legislative and regulatory framework makes special provisions for the needs of NGOs or gives not-for-profit organizations special advantages such as: significant tax deductions for business or individual contributions, significant tax exemptions for NGOs, open competition among NGOs to provide government-funded services, etc. Legal reform efforts at this point are primarily a local NGO advocacy effort to reform or fine-tune taxation laws, procurement processes, etc. Local and comparative expertise on the NGO legal framework exists, and legal services and materials are available.

Sustainability Evolving (3.1-5): NGOs have little trouble registering and do not suffer from state harassment. They are permitted to engage in a broad range of activities, although taxation provisions, procurement procedures, etc. may inhibit NGO operations and development. Programs seek to reform or clarify existing NGO legislation, to allow NGOs to engage in revenue raising and commercial activities, to allow national or local governments to privatize the provision of selected government services, to address basic tax and fiscal issues for NGOs, etc. The local NGO community understands the need to coalesce and advocate for legal reforms benefiting the NGO sector as a whole. A core of local lawyers begins to specialize in NGO law by providing legal services to local NGOs, advising the NGO community on needed legal reforms, crafting draft legislation, etc.

Sustainability Impeded (5.1-7): The legal environment severely restricts the ability of NGOs to register and/or operate, either through the absence of legal provisions, the confusing or restrictive nature of legal provisions (and/or their implementation), or government hostility towards and harassment of NGOs.

ORGANIZATIONAL CAPACITY

Sustainability Enhanced (1-3): Several transparently governed and capably managed NGOs exist across a variety of sectors. A majority of organizations have clearly defined mission statements, and many NGOs utilize strategic planning techniques. Boards of directors exist, and there is a clear distinction between the responsibilities of board members and staff. NGOs have permanent well-trained staff, and volunteers are widely utilized. Most NGOs have relatively modern equipment that allows them to do their work efficiently. Leading NGOs have successfully developed strong local constituencies.

Sustainability Evolving (3.1-5): Individual NGOs demonstrate enhanced capacity to govern themselves and organize their work. Some individual NGOs maintain full-time staff members and boast an orderly division of labor between board members and staff. NGOs have access to basic office equipment,

including computers and fax machines. While these efforts may not have reached fruition yet, leading NGOs understand the need and are making an effort to develop local constituencies.

Sustainability Impeded (5.1-7): NGOs are essentially "one-man shows," completely dependent upon the personality of one or two major figures. They often split apart due to personality clashes. NGOs lack a clearly defined sense of mission. At this stage, NGOs reflect little or no understanding of strategic planning or program formulation. Organizations rarely have a board of directors, by-laws, staff, or more than a handful of active members. NGOs have no understanding of the value or need of developing local constituencies for their work.

FINANCIAL VIABILITY

Sustainability Enhanced (1-3): A critical mass of NGOs have sound financial management systems in place, including independent audits and the publication of annual reports with financial statements, to win potential donors' confidence. NGOs raise a significant percentage of their funding from local sources, including government, corporate and individual philanthropy, and earned income. Most NGOs have multiple sources of funding, which allow them to remain viable in the short term. A growing economy makes growth in domestic giving possible.

Sustainability Evolving (3.1-5): NGOs pioneer different approaches to financial independence and viability. While still largely dependent on foreign donors, individual NGOs experiment with raising revenues through providing services, winning contracts and grants from municipalities and ministries to provide services, or attempting to attract dues-paying members or domestic donors. However, a depressed local economy may hamper efforts to raise funds from local sources. Training programs address financial management issues and NGOs begin to understand the importance of transparency and accountability from a fundraising perspective, although they may be unable to fully implement transparency measures.

Sustainability Impeded (5.1-7): New NGOs survive from grant to grant and/or depend financially on one foreign sponsor. While many NGOs are created in the hopes of receiving funding, most are largely inactive after attempts to win foreign donor funding fail. Local sources of funding are virtually nonexistent, in part due to a depressed local economy. NGOs have no financial management systems and do not understand the need for financial transparency or accountability.

ADVOCACY

Sustainability Enhanced (1-3): The NGO sector demonstrates the ability and capacity to respond to changing needs, issues and interests of the community and country. As NGOs secure their institutional and political base, they begin to 1) form coalitions to pursue issues of common interest, including NGO legislation; 2) monitor and lobby political parties; and 3) monitor and lobby legislatures and executive bodies. NGOs demonstrate the ability to mobilize citizens and other organizations to respond to changing needs, issues, and interests. NGOs at this stage of development will review their strategies, and possess an ability to adapt and respond to challenges by sector. A prime motivator for cooperation is self-interest: NGOs may form alliances around shared issues confronting them as nonprofit, nongovernmental organizations.

Sustainability Evolving (3.1-5): Narrowly defined advocacy organizations emerge and become politically active in response to specific issues. Organizations at the evolving level of development may often present their concerns to inappropriate levels of government (local instead of national and vice versa). Weakness of the legislative branch might be revealed or incorrectly assumed, as activists choose to meet with executive branch officials instead ("where the power truly lies"). Beginnings of alternative

policy analysis are found at universities and think tanks. Information sharing and networking within the NGO sector to inform and advocate its needs within the government begins to develop.

Sustainability Impeded (5.1-7): Broad umbrella movements, composed of activists concerned with a variety of sectors, and united in their opposition to the Government fall apart or disappear. Some countries at this stage have not even experienced any initial burst of activism. Economic concerns are predominant for most citizens. Passivity, cynicism, or fear exist within the general public. NGO activists are afraid to engage in dialogue with the government, feel inadequate to offer their views and/or do not believe the government will listen to their recommendations. NGOs do not understand the role that they can play in public policy or do not understand the concept of public policy.

SERVICE PROVISION

Sustainability Enhanced (1-3): Many NGOs provide a wide range of goods and services, which reflect community and/or local donor priorities. Many NGOs deliver products beyond basic social services in such sectors as economic development, environmental protection or democratic governance. NGOs in several sectors have developed a sufficiently strong knowledge of the market demand for their services, the ability of government to contract for the delivery of such services or other sources of funding including private donations, grants and fees, where allowed by law. A number of NGOs find it possible to cross-subsidize those goods and services for which full cost recovery is not viable with income earned from more lucrative goods and services, or with funds raised from other sources. Government bodies, primarily at the local level, recognize the abilities of NGOs and provide grants or contracts to enable them to provide various services.

Sustainability Evolving (3.1-5): The contribution of NGOs to covering the gap in social services is recognized by government, although this is only rarely accompanied by funding in the form of grants or contracts. NGOs recognize the need to charge fees for services and other products—such as publications and workshops—but even where legally allowed, such fees seldom cover their costs. While NGO-provided goods and services respond to community needs, needs are generally identified by foreign donors, or by NGOs in an unsystematic manner. The constituency for NGO expertise, reports and documents begins to expand beyond their own members and the poor to include other NGOs, academia, churches, and government.

Sustainability Impeded (5.1-7): A limited number of NGOs are capable of providing basic social services—such as health, education, relief, or housing—although at a low level of sophistication. Those that do provide such services receive few if any government subsidies or contracts. NGOs that produce publications, technical services or research do so only for their own members or donors. There are rarely attempts to charge fees for goods and services.

INFRASTRUCTURE

Sustainability Enhanced (1-3): NGO intermediary support organizations (ISOs) and/or NGO resource centers are active in all areas of the country and provide advanced training, informational services, legal support and advice, and philanthropic development activities. Efforts are underway to establish and endow community foundations, indigenous grantmaking institutions, and/or organizations to coordinate local fundraising. A professional cadre of local experts, consultants and trainers in nonprofit management exists. NGOs recognize the value of training, although the lack of financial resources may remain a constraint to accessing locally provided training. Topics of available training cover: legal and tax issues for NGOs, accounting and bookkeeping, communication skills, volunteer management, media and public relations skills, sponsorship and fundraising. NGOs work together and share information through

networks and coalitions. NGOs are beginning to develop intersectoral partnerships with business, government, and the media to achieve common objectives.

Sustainability Evolving (3.1-5): ISOs and resource centers are active in major population centers, and provide services such as distributing grants, publishing newsletters, maintaining a membership database, running a library of NGO literature, and providing basic training and consulting services. Other umbrella organizations and networks are beginning to be formed to facilitate networking and coordinate activities of groups of NGOs. Local trainers have the capacity to provide basic organizational training. Donors' fora are formed to coordinate the financial support of international donors, and to develop local corporate philanthropic activities. The value of intersectoral partnerships has not yet been realized.

Sustainability Impeded (5.1-7): There are few, if any, active ISOs or resource centers, networks and umbrella organizations. Those that do operate work primarily in the capital city and provide limited services such as access to computer equipment, faxes, e-mail and meeting space. Local training and NGO development capacity is extremely limited and undeveloped. Primarily programs of international donors provide training and technical assistance. There is no coordinated effort to develop philanthropic traditions, improve fundraising or establish community foundations. NGO efforts to work together are limited by a perception of competition for foreign donor support and mistrust of other organizations.

PUBLIC IMAGE

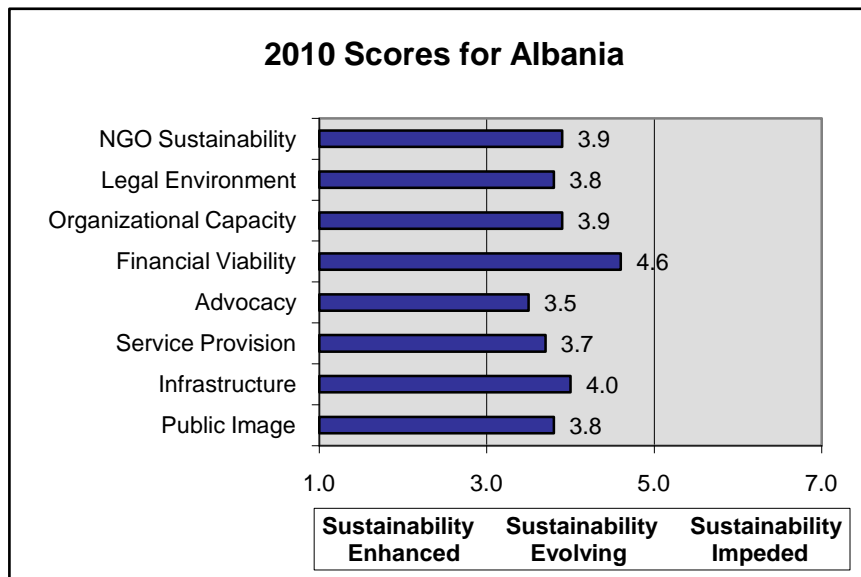
Sustainability Enhanced (1-3): This stage is characterized by growing public knowledge of and trust in NGOs, and increased rates of volunteerism. NGOs coalesce to mount campaigns to increase public trust. Widespread examples of good working relationships between NGOs and national and local governments exist, and can result in public-private initiatives or NGO advisory committees for city councils and ministries. Media covers the work of NGOs, and NGOs approach media and public relations in a professional manner. Increased accountability, transparency, and self-regulation exist within the NGO sector, including existence of a generally accepted code of ethics or a code of conduct.

Sustainability Evolving (3.1-5): The media does not tend to cover NGOs because it considers them weak and ineffective, or irrelevant. Individual NGOs realize the need to educate the public, to become more transparent, and to seek out opportunities for media coverage, but do not have the skills to do so. As a result, the general population has little understanding of the role of NGOs in society. Individual local governments demonstrate strong working relationships with their local NGOs, as evidenced by their participation in advisory committees, consultations, public-private initiatives, and the funding of an occasional grant, but this is not yet widespread.

Sustainability Impeded (5.1-7): The public and/or government are uninformed or suspicious of NGOs as institutions. Most of the population does not understand the concept of "nongovernmental" or "nonprofit," including government officials, business leaders and journalists. Media coverage may be hostile, due to suspicion of a free but uninformed media, or due to the hostility of an authoritarian government-controlled media. Charges of treason may be issued against NGOs. Due to a hostile atmosphere caused by an authoritarian government, if individuals or businesses donate to NGOs at all, they do so anonymously.

SECTION 4: COUNTRY REPORTS

ALBANIA



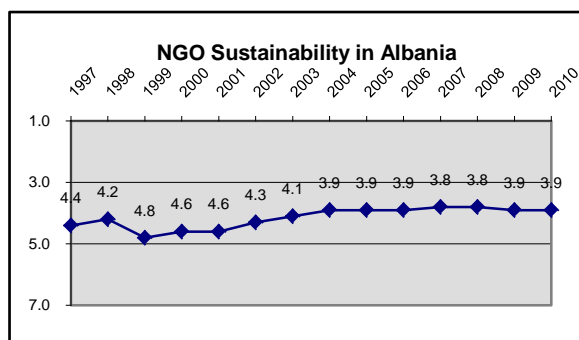
Capital: Tirana

Polity:
Parliamentary Democracy

Population:*
2,994,667 (July 2011 est.)

GDP per capita (PPP):
\$8,000 (2010 est.)

NGO SUSTAINABILITY: 3.9



Albanian NGOs found it difficult to deliver results on issues of concern to the public in 2010 because of the ongoing political stalemate between the ruling and main opposition party. The Albanian political opposition has boycotted parliamentary proceedings since the June 2009 general elections, calling for transparency and an investigation of alleged irregularities in the elections. The government has been unwilling to compromise on proposals for overcoming the

political deadlock. The continued political standoff prevented NGOs from setting a more constructive tone for debate around policy and reform issues during 2010.

NGOs remain heavily dependent on foreign funds. With a number of donors leaving the country, EU funds became the major source of NGOs' financial support, which concerned civil society given the complex application and management procedures associated with EU funding.

Overall, the financial viability of the NGO sector deteriorated slightly in 2010. This comes as a consequence of poor coordination among the donor community, state, and civic actors; the lack of an international donor strategy to support the third sector in the pre-EU accession phase; and the slow pace of NGOs' efforts to diversify their financial resources.

* Population and GDP figures in all reports are drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/the-world-factbook/>.

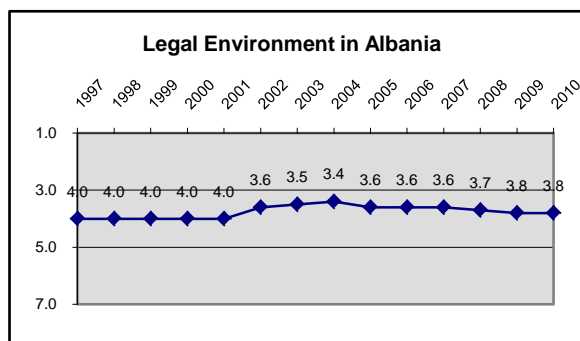
Challenges with respect to NGO organizational capacity remained much the same as in 2009. Only a limited number of NGOs, mainly in Tirana, display sound management capacities. The lack of progress in improving NGOs' support infrastructure was also concerning, especially because of the need to invigorate civil society in remote areas.

NGOs continue to provide primarily social services. State authorities and other stakeholders do not engage NGOs in the delivery of products in other areas such as economic development, policy design and monitoring or the

environment. Well-established NGOs enjoy significant media coverage, particularly on issues that are likely to generate political debate. However, public skepticism over NGOs' objectivity and independence remains relatively high.

According to the Ministry of Finance (Financial Intelligence Unit) a total of 1,651 NGOs are currently registered with the tax authorities in Albania. There are no reliable estimates of the number of NGO for previous years as the government does not keep a unified and updated registry of NGOs.

LEGAL ENVIRONMENT: 3.8



The registration process has not changed in the past year. NGOs located outside the capital must still come to Tirana to complete the registration process at the Tirana Court of First Instance and subsequently register with tax authorities in their respective areas of residence. NGOs are able to compete for grants only after registering with the tax authorities. By law, registered NGOs are obliged to submit an annual balance sheet to the tax authorities.

Concerns regarding tax legislation raised by NGO representatives over a year ago were not addressed in 2010. Although they are subject to both laws, NGOs had no input into the Law on Financial Inspection (in force since September 2010) or the Law on Financial Management and Control (entered into force in January 2011). NGOs have raised concerns that the Law on Financial Inspection could be enforced in a discretionary manner and target politically unpopular groups.

Although NGOs offering social services to victims of trafficking in Albania made comments and recommendations on proposed amendments to the Law on Social Assistance and Services, these were disregarded. The law now requires NGOs to sign individual agreements with the State Social Service and a local government unit in order to provide services. Further, it introduces a separate state body in charge of monitoring NGOs providing services to victims of trafficking. Anti-trafficking NGOs argue that the unclear mandate of this body leaves room for discretionary enforcement of the law, which could target NGOs critical of or unpopular with the authorities.

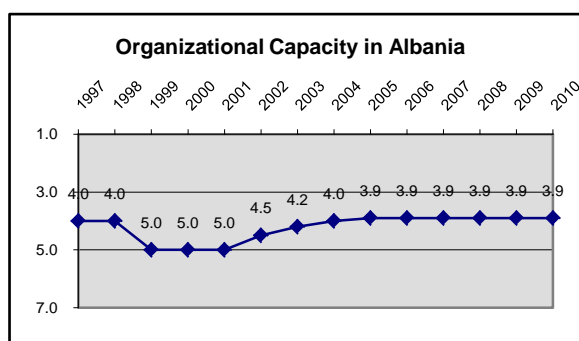
NGOs in Albania can freely engage in economic activities. With the exception of organizations with public benefit status, NGOs must pay Value Added Tax (VAT) on their income from economic activities. The criteria and procedures for public benefit status are unclear and even ambiguous. The existing tax incentives do not sufficiently motivate the private sector to support NGOs' activities. In addition, the regulatory framework for subcontracting to NGOs by central or local governments remains incomplete.

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

ORGANIZATIONAL CAPACITY: 3.9

Organizational capacity challenges for the NGO sector did not change in 2010. The vast majority of Albanian NGOs are not membership-based, and the few that are (labor unions) maintain a low profile. NGOs' efforts to build constituencies are largely conditioned by donor priorities and funding. With few exceptions, the sustainability of constituency building efforts is questionable once donor funding is gone.

The NGO sector has increased its focus on fundraising in response to limited local philanthropy, sporadic institutional support, and donors' proclivity for funding short-term programs. Although in a formal sense NGOs have clearly defined missions, values, and thematic areas, their agendas are significantly conditioned by donor priorities. The weak links between NGOs and constituencies as well as their weak advocacy capacities partially explain NGOs' seeming inability to influence donor priorities.



Only a few NGOs, mainly based in the capital or other major cities (Shkoder, Vlore, and Elbasan), demonstrate adequate organizational capacity. Strategic planning tools remain underused.

A considerable part of the sector still fails to practice good internal governance. NGO boards appear to be formal rather than genuine

FINANCIAL VIABILITY: 4.6

Financial viability is one of the most pressing issues for Albanian civil society. NGOs are still for the most part dependent on foreign donors;

oversight structures, and overall management and decision making within NGOs generally are entrusted to the executive. The emphasis on accountability to donors over constituencies, beneficiaries, and supporters and the limited number of membership-based NGOs may partially explain but do not justify these practices.

The emphasis on donor priorities also directly affects the attitudes of the public, which is reluctant to support or volunteer with NGOs, resulting in low levels of social engagement. According to the 2010 "Civil Society Index for Albania," only 18 percent of citizens engage with NGOs as members or volunteers. Nonetheless, civic engagement around pressing issues is possible as long as its relevance is evident from local context and priorities.

Pressure arising from decreased funding has increased competitiveness among well established organizations while small and weaker organizations face major challenges that in some cases threaten their survival. The human resource base remains weak even for developed organizations as NGOs' funding structures allow only for project-based staff.

Few NGOs can afford even the periodic use of professional services offered by lawyers, IT consultants, or PR officers. The better-equipped NGOs are mostly based in Tirana, while NGOs in secondary cities lack equipment and generally do not use information technology. Well-established organizations make extensive use of their websites, newsletters, and other Internet-based tools (blogs, social networks, etc.) to promote their activities and build their profiles. The vast majority of NGOs do not have the skills, resources, or equipment to benefit from these tools.

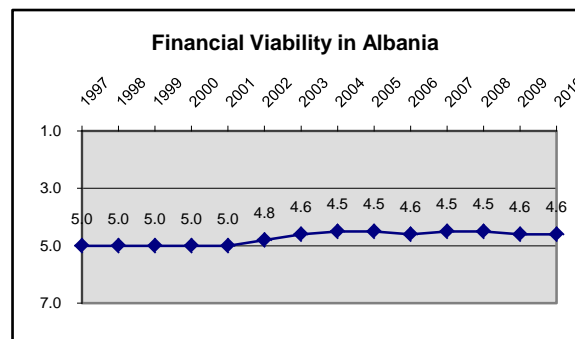
only a few more recently developed NGOs have begun to diversify their funding bases, with the results yet to be seen. Local philanthropy and

private sector support are still underdeveloped. Membership outreach is almost non-existent, and only a few businesses – such as banks and communications companies – are beginning to engage in corporate social responsibility and engage with NGOs. NGOs rarely charge fees for their services or engage in economic activities.

Despite low expectations regarding EU funds, Albanian NGOs are dedicating more efforts to developing the skills needed to compete for and absorb them, given that the EU now appears to be the largest donor for the NGO sector. For example, more than 100 Albanian NGOs and roughly twenty public bodies are registered with the Potential Applicant Data Online Registration (PADOR) database, which contains information about organizations applying for European Commission grants. While the EU has launched a dialogue with civil society on needs and priorities to be addressed through EU assistance, there is not a clear strategy to support the NGO sector in the pre-accession period.

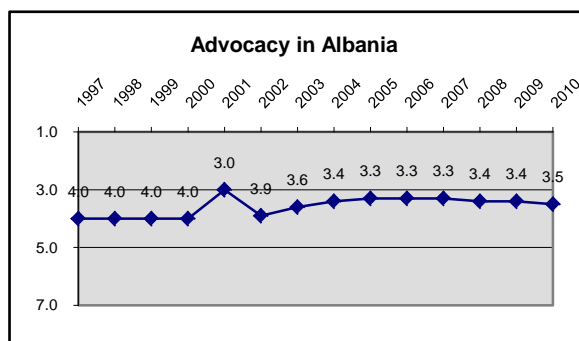
The governmental Agency for the Support of Civil Society became fully operational in 2010 in the midst of debates over its board's

appointment, staffing, programming, and oversight. The Agency granted a total of approximately \$1.2 million to fifty-two NGOs during the first call for proposals at the end of 2010, with an average award size of approximately \$25,000; a second call is scheduled for early 2011.



Most NGOs have not implemented sound financial management systems, and independent financial audits are carried out only for specific projects when requested by donors. Only a small number of NGOs publicize their annual reports, which in most cases do not include financial data.

ADVOCACY: 3.5



NGO advocacy became even more challenging and failed to deliver any major results in 2010 due to the political stalemate, the lack of constructive dialogue between political parties, and the lack of cooperation between interest groups. Civil society aligned with one political block or another, increasing polarization within the sector. The public has become skeptical about the independence and objectivity of NGOs as a result of the election of NGO leaders to

parliament in 2009 and the involvement of civil society representatives in political debates throughout 2010.

Communication between NGOs and policy makers further weakened, and consultations between government and civil society on various legal, policy, and institutional reform issues remained a low priority for both the government and the political opposition. For example, business associations' efforts to advocate for the establishment of administrative courts were not successful due to the ongoing political stalemate. Similarly, the findings and recommendations of a number of monitoring, assessment, and watchdog activities (monitoring of Stabilization and Association Agreement progress, political party financing reform, and efforts on rehabilitation of trafficking victims) were often ignored or failed to trigger actions from political representatives. Even more seriously, political

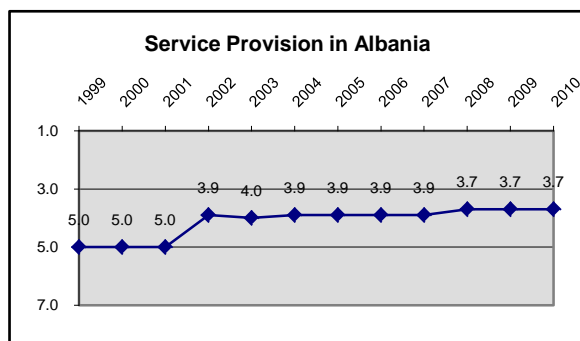
confrontations discouraged many NGOs from engaging in advocacy efforts and participating in policy making processes.

Advocacy and cooperation with local government authorities and also with independent institutions (for example, the People’s Ombudsman) has progressed more smoothly, although they were also affected by political confrontations. Active network-based initiatives and advocacy actions addressed domestic violence, women’s and children’s rights, lesbian, gay, bisexual and transgendered

persons’ rights, consumers’ rights, Roma rights, and the legal framework for civil society.

In regard to the NGO legal framework, a joint working group was formed between civil society and government to focus on the tax legislation for NGOs. A series of consultations with NGOs was carried out in 2010, which increased interest in a holistic effort to improve the legal framework for civil society, including incentives for local philanthropy and private sector support to NGOs. NGO input in these efforts did not produce any improvement in the legal and policy framework this year.

SERVICE PROVISION: 3.7



Service provision by Albanian NGOs for the most part remains limited to social services. Government, donors, and other public or private stakeholders still do not support outsourcing of certain goods or services in areas such as economic development, institutional reform, administrative capacity building, and the environment. Many Albanian NGOs already offer a variety of services, such as assessments and reports and capacity building assistance, to

foreign organizations and institutions. Foreign donor projects finance these types of services, which ultimately benefit the Albanian public authorities. While there is demand for a diversified product line from NGOs, the legal framework and support for development of service provision – for example, regulation of government subcontracting to NGOs – lag behind.

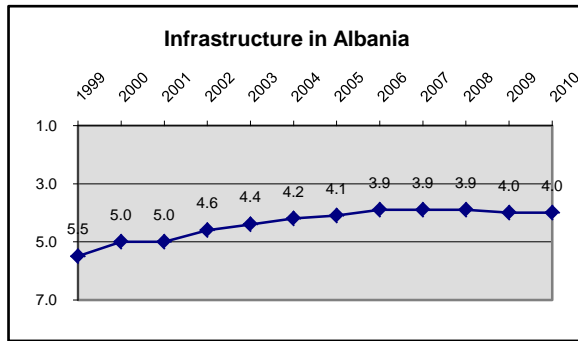
Decreased foreign donor funding has limited the range of NGOs’ social services. The quality of services could be improved, as could coordination between NGOs and state authorities, particularly in the areas of social reintegration, trafficking, domestic violence, and Roma integration. NGOs providing services in these areas are almost wholly dependent on international donor funding and cannot recover their costs by charging fees.

INFRASTRUCTURE: 4.0

The lack of NGO infrastructure is a major reason why Albanian civil society is almost nonexistent in rural, remote areas and small urban centers. Capacity building and technical assistance to NGOs are offered by providers in a variety of thematic areas, but mostly as part of individual project activities. Hence these services are not offered on a consistent basis that

would meet local NGOs’ needs geographically and thematically.

Resource centers that address such needs have been developed in Albania. However, most have not been successful. For example, the Network of Civil Society Development Centers in six cities is rightfully considered a failure. The



centers offered access to information, technology, training, and technical assistance for local NGOs. Despite receiving generous support over a number of years, the Network lacked a clear vision for transferring ownership to local actors and for ensuring sustainability. As a result only a few of them have survived, and even those are a far cry from true NGO resource centers.

PUBLIC IMAGE: 3.8

In a year dominated by political confrontations, NGO' visibility, perhaps not unsurprisingly, was mostly connected to "politically sensitive" issues such as electoral reform, media independence, and consensus for EU accession reforms in response to the Opinion of the European Commission on Albania's EU membership application.

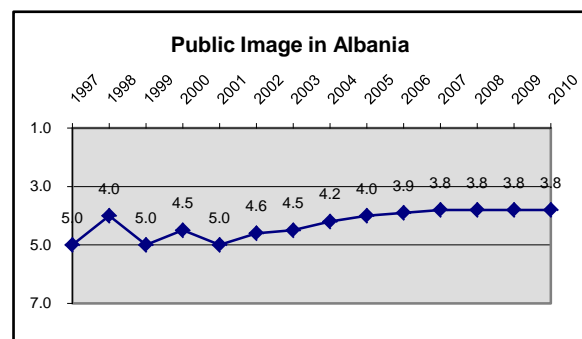
Overall, interactions between media and civil society were fewer, although well-established NGOs still succeeded in attracting media attention for their advocacy efforts. NGO leaders and experts are invited to offer their expert opinions and comments on particular issues in electronic and print media. NGOs remain a reliable source of information for media outlets on various topics of public interest. Media coverage is limited to a group of Tirana-based NGOs. Media-NGO relationships rely heavily on the profile of NGO leaders and their connections with media owners or editors.

A significant number of NGOs, mostly based in Tirana, publicize their activities and promote their public images. Associations that have attracted media attention in 2010 include

Local grantmaking organizations operating with international funds address locally identified needs and provide assistance to local NGOs to implement community projects. This support remains fragmented from the perspective of thematic and geographical coverage. There are no local grantmaking foundations or intermediary support organizations.

NGOs increasingly develop partnerships and cooperation networks. For example, a national consumer rights coalition involving consumer associations from throughout Albania was established in October. At the same time, the unfavorable political climate slowed the efforts of many such networks. Overall these sector-based networks generally convene on an ad hoc basis in order to address specific issues. Efforts to expand membership and increase communication within and among networks remain challenging.

business organizations, consumer associations, think tanks, and civic watchdog groups. Organizations outside the capital have not developed public relations skills and capacities for extensive relations with the media.



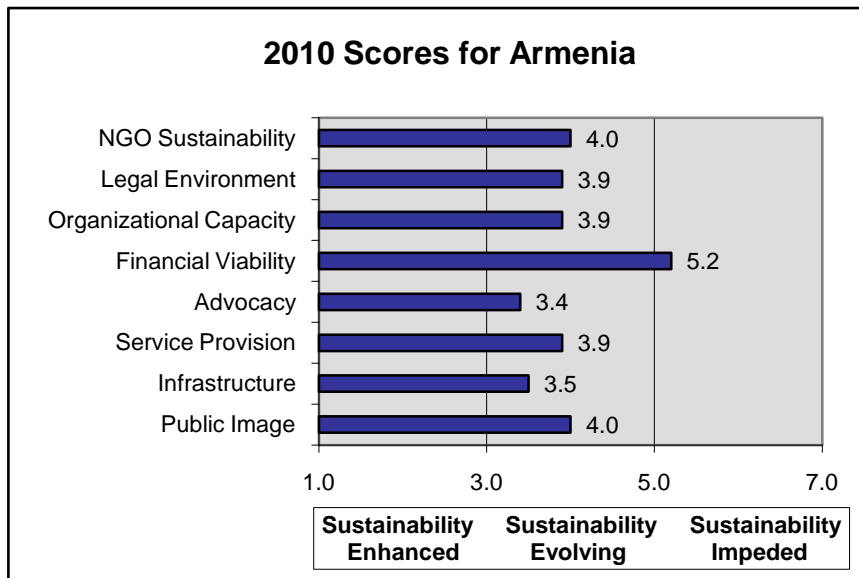
Opinion-makers and the government view the NGO sector with a certain degree of skepticism, even as the business sector is beginning to explore the advantages of using NGOs' specialized expertise. The public is also skeptical of the NGO sector. Civil society leaders jumped into politics, and certain NGO representatives involved themselves in the daily political debate; as a result, public perceptions of NGOs' objectivity and independence have

deteriorated. Individuals generally do not engage in civic actions or NGO activities, but the latest data shows that their main motivation to do so would be based on “shared values” (44 percent) and “trust in the organizers” (14 percent).

NGOs’ efforts to develop a code of conduct have not yet borne fruit. Civil society

representatives are aware of concerns over NGOs’ transparency and accountability. Nonetheless they have made little progress in moving from awareness to action. Only a small number of NGOs regularly publish annual reports.

ARMENIA



Capital: Yerevan

Polity:
Republic

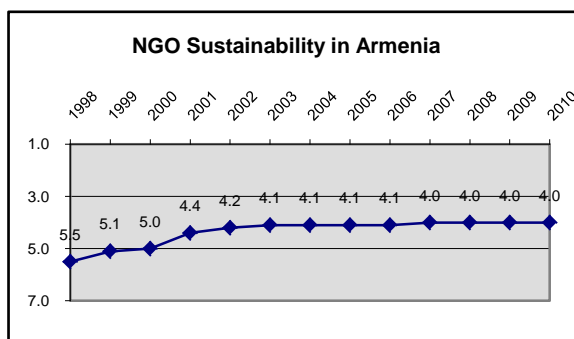
Population:
2,967,975 (July 2011 est.)

GDP per capita (PPP):
\$5,700 (2010 est.)

NGO SUSTAINABILITY: 4.0

In 2010, overall NGO sustainability remained unchanged from 2009. The effects of the financial crisis still strongly affected the NGO sector in terms of limited funding possibilities and decreased NGO activities. The post-electoral tension present in 2009 also continued and contributed to an atmosphere of apathy and indifference among individuals toward public and political participation, negatively affecting the image of NGOs and the scope of civic involvement.

NGOs had visible improvements in financial management and advocacy as well as networking and implementation of joint initiatives. At the same time, the political and economic situation in the country and controversial changes in the NGO legal and operating environment raised concerns about how such changes might impact NGO operations and activities.



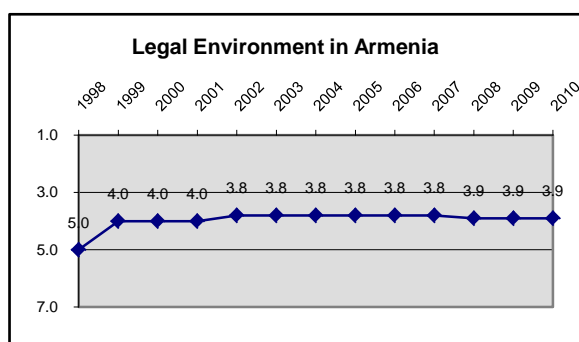
According to 2010 data from the Ministry of Justice, the number of registered organizations is largely unchanged since 2009. In 2010, there were 3,565 non-governmental organizations, 712 foundations, and 201 associations registered in Armenia. However, both state officials and the NGO community suggest that roughly 15-20 percent of these institutions are currently active; and even fewer can be considered to carry out their missions and fulfill the needs of their constituencies. Improved access to modern technologies contributed to a visible increase in the number of informal citizen associations

LEGAL ENVIRONMENT: 3.9

Three laws regulate the NGO sector in Armenia: the Law on Public Organizations, the Charity Law and the Law on Foundations.

The majority of NGOs are registered under the Law on Public Organizations, which requires new organizations to register with the State Registry within the Ministry of Justice.

Although the registration process is generally accessible, there are complex bureaucratic procedures that require significant documentation and multiple visits to the State Registry. For NGOs outside of the capital, this might mean several visits to Yerevan.



The advocacy campaign that began in 2009 against the controversial draft amendments to the Law on Public Organizations continued with mixed results. Various meetings and protests resulted in some positive changes in the draft. The most disputed articles – which would allow for a third party to call for a general assembly of NGO members and to sue the organization – were removed from the draft. NGO efforts to change the proposed reporting requirements were not successful; this reporting provision requires organizations to publish their two to three page organizational reports in specific national newspapers at a cost of roughly \$300 per year. The revised draft amendments were submitted to the National Assembly for discussion without NGO consultation and were

ORGANIZATIONAL CAPACITY: 3.9

NGOs continued to improve their organizational capacities even though the funding for capacity

included in the agenda of the fall session despite continuing protests by NGOs. However, by the end of 2010, the parliamentary discussion on this draft had not yet taken place.

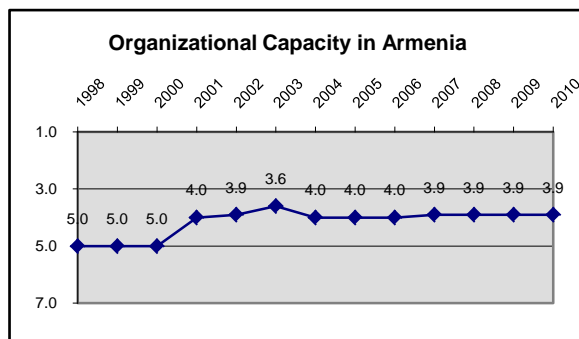
At the same time, the Ministry of Justice used its executive power to retain administrative and oversight control over NGOs. On August 5, 2010, the government approved a decree that requires the administration to monitor all aspects of an organization's activities, including its fiscal operations and its compliance with the laws. However, the decree was not accompanied by the necessary mechanisms for implementation and was not enforced during 2010.

The controversial decree and inclusion of the draft amendments on the parliamentary agenda in the fall spurred another wave of discontent and confirmed NGOs' fears concerning the state's intention to limit the space for NGO activities and establish control over them, particularly those involved in advocacy and human rights.

The legal framework continued to prevent NGOs from generating income and failed to provide beneficial tax exemptions. Membership organizations that are registered under the Law on Public Organizations are prohibited from engaging in direct income-generating activities, although foundations may do so. NGOs can apply to the Humanitarian Commission to receive a tax exemption for a specific project; however, this incentive is for the most part inaccessible for small and mid-scale projects because of bureaucratic and unclear procedures. In addition, the Commission traditionally exempts only humanitarian endeavors as opposed to development or other types of projects.

building has been reduced. Intermediary support organizations and resource centers also

continued to provide NGOs with some free-of-charge assistance through trainings and consultations.



Major improvements have been noted in the application of strategic approaches and long-term planning, and in this respect regional organizations are starting to catch up with those based in Yerevan, notwithstanding the difference in development opportunities provided in the regions and the capital. Another area of improvement is human resource management. More NGOs have set up systemized recruitment mechanisms and have hired professional staff. At the same time, NGOs continue to face high turnover due to the lack of long-term projects and lower salary levels compared to international organizations and businesses. There is also a tendency for staff of regional NGOs to leave for NGOs in the capital.

NGOs' financial management systems have noticeably improved. Due to the heightened competition between NGOs for limited funding, more NGOs have effective financial systems in place.

FINANCIAL VIABILITY: 5.2

Financial sustainability continues to be one of the top challenges facing Armenian NGOs. Most organizations still depend on external donor funding, which has been on the decline because of the global financial crisis. NGO experts suggest that about 5 percent of active NGOs suspended their operations during 2010 due to lack of funding. More NGOs are seeking alternatives to the limited external sources of funding as well as ways to diversify their resources.

NGOs have enhanced their use of the volunteer workforce due to better management of volunteers and use of their skills. NGOs do not believe an additional regulatory framework for volunteers is necessary and successfully lobbied for the withdrawal of a draft law on volunteers during 2010; however, gaps in volunteer regulations, particularly concerning social security payments, limit the greater involvement of volunteers and contribute to high volunteer turnover.

NGOs made progress in identifying and building local constituencies. Their ability to mobilize constituencies is still weak perhaps because of weak capacity and poor public image. Funding sources are also a consideration; NGOs are more responsive toward donors and less accountable and less connected to their constituencies.

NGOs still lack sustainable management mechanisms. Many NGOs rely on one or two strong leaders while their formal boards and members have weak roles. Most organizations do not have institutionalized procedures and policies in place. This fact negatively affects NGO organizational capacity and endangers sustainability in general.

Most NGOs have access to basic equipment. Internet access has improved particularly in the outlying regions, meaning that more organizations make use of the Internet and use electronic tools for their communication and management.

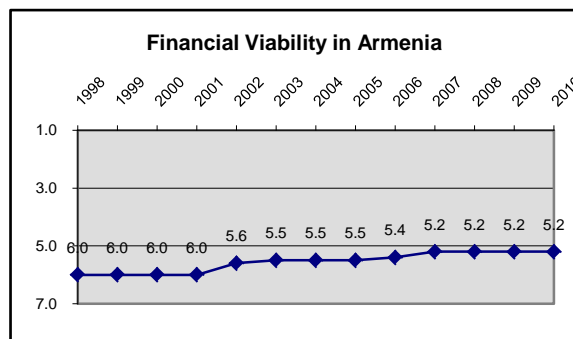
Local sources of funding are still limited; however, there are more cases of public fundraising. During the International Day of Disabled People in the Syunik region, more than \$2,700 was raised from local businesses and the public (with the participation of around 3,000 people), which NGOs considered an incredible success.

Funding from businesses is sporadic and limited due to a lack of tax incentives and burdensome

documentation and procedures for tax exemptions. At the same time, corporations have begun to adopt corporate social responsibility strategies and thus have increased their funding for social issues. Regional NGOs have successfully capitalized on this funding resource in implementing specific events and activities. At the same time, businesses assert that they would invest more in NGOs if they would develop and increase their transparency and business skills.

State support and other local funding opportunities such as donations or social contracting are extremely limited. There is continuous government funding to specific NGOs in the areas of social services for vulnerable populations. However, according to experts, the process of state social contracting is neither transparent nor clear, limiting opportunities for NGOs to partner with the government. Other state grants are provided through a presidential decree, and the mechanisms for grant provision are discretionary and non-competitive. In most cases only pro-government organizations received funding from this source. Regional NGOs receive limited funding from local self-governing bodies, and in

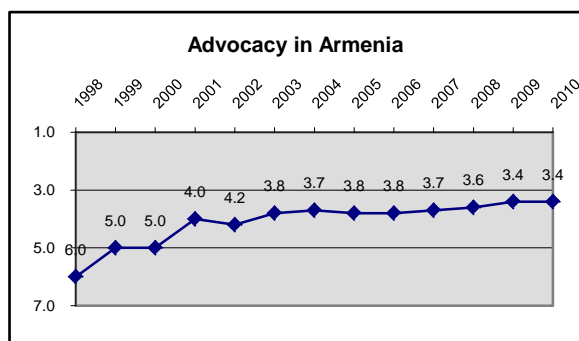
some communities, social partnership mechanisms have been set up to institutionalize these funding relationships.



NGOs experience hardships in providing services for fees as under current legal regulations, they must register separate enterprises to carry out economic activities and receive no tax advantages. Taking into account the possible economic risks, additional costs, and the need to create new administrative and financial systems, many organizations are reluctant to establish social enterprises. Consequently, the earned income of NGOs is limited mainly to membership fees, which are only used by a few membership NGOs and comprise a tiny portion of NGOs' income.

ADVOCACY: 3.4

Generally, the number of NGO advocacy efforts increased in 2010 even if all actions were not as effective as anticipated.



The rise in civic activism and advocacy initiatives undertaken by individuals and informal groups in particular contributed to increased public participation and popularization of the advocacy concept. Among the most

popular is We Are the City, which aimed to raise awareness of the need to protect the city's parks from further development. Also well known is We Oppose Foreign Language Schools, which attempted to preempt the government's plan to amend the Law on Language and pass new legislation allowing public school instruction to take place exclusively in a foreign language. By year's end, the Law on Language was nonetheless changed, opening the way for controversial changes in the education law.

One of the most vigorous national-level advocacy campaigns in 2010 was undertaken by an NGO coalition created to address the government's proposed amendments to the Law on Public Organizations. This campaign brought together over 300 NGOs and international organizations around Armenia. The NGOs were successful in getting the Ministry of Justice to

alter most of the original provisions proposed in 2009 and continued to lobby the National Assembly to vote against the draft, as it still contained controversial provisions.

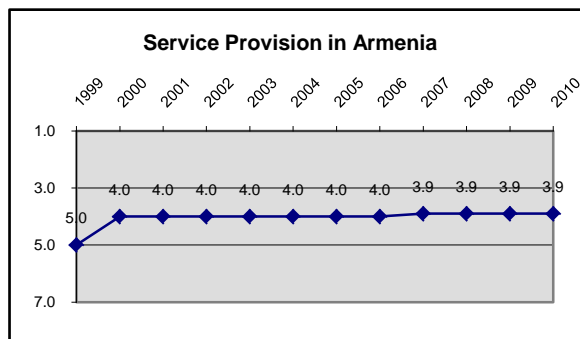
NGOs were more able to express their views and advocate constructively for their interests. During the year, parliament held a number of public hearings on NGO Law amendments, waste management and other environmental issues, and disability issues where NGOs actively participated and demonstrated improved ability to express their views clearly and concisely.

Effective NGO advocacy also was more visible in regional cities and rural communities. For example, the Vanadzor municipality began providing funds for homeless shelters after pressure from NGOs, and in some rural

communities water irrigation improvements were noted as a result of NGO advocacy campaigns. NGOs and the public also had greater influence in the development of community budgets, and in many communities the budget has been designed taking into account NGO input on community needs. As an illustration, nine regional communities considered NGO suggestions in budgeting, and five completely changed their initial drafts after consultations. Two others included NGO projects in the budgets.

Despite these examples, NGOs remain skeptical of whether the government is truly interested in involving the public in decision-making processes. Overall NGOs have a sense that the government simulates rather than embraces a participatory approach.

SERVICE PROVISION: 3.9



Though the range of NGO services continued to increase, NGOs still remained donor-driven in defining what services they will provide. NGOs were limited in their non-grant activities, and few organizations approach financial sustainability in creative ways, such as providing fees for services or seeking state contracts. NGOs and national ministries continued to develop social partnerships in such areas as medical assistance to the elderly and vulnerable, soup kitchens, and legal advice. However, for the most part, government contracting still remained closed to the majority of NGOs. The scope of services provided by NGOs included

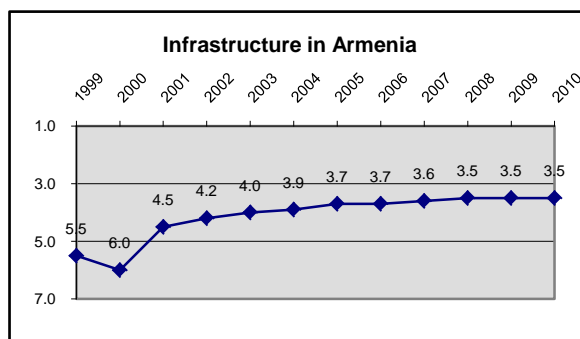
working with vulnerable groups, legal, social, and medical assistance, non-formal education, and capacity building.

Initiatives to develop community foundations and social enterprises have begun and will eventually contribute to better service quality and cost recovery; however, as of the end of the year no practical changes had yet taken place.

NGO service providers have improved their responsiveness to community needs and their marketing abilities, although there is still considerable room for improvement. NGOs' internal perceptions of their responsiveness are much more favorable than external perceptions. According to the CIVICUS Civil Society Index survey conducted in 2010, civil society gave itself a rating of 37.1 percent on internal responsiveness -- its immediacy and operability when addressing pressing social issues, here identified as corruption and limitations on freedom of expression in the country. The rating for external perception of civil society responsiveness, however, was only 23.5 percent.

INFRASTRUCTURE: 3.5

Intermediary support organizations and NGO resource centers were more limited in their offerings in 2010 due to shortages in funding. They continued to work and provide quality services to a range of organizations, but the volume and scope of free trainings decreased. Fee for service trainings were less accessible to most local NGOs. Many also discontinued grantmaking activities.



NGO coalitions and networks are created more often and for more concrete purposes. Compared to previous years, they are much less frequently imposed by donors. For example, more than twenty local and national level NGOs came together to form a coalition and successfully advocate against the building of a hydro-electric station building in Gegharkunik region. Another example is the Civil Society Initiative coalition of 300 local and international organizations that came together against the draft amendments to the Law on Public Organizations.

There is no single organization or coalition that presents and advocates Armenian NGOs' needs to state bodies and the public. At the same time the Civil Society Initiative unofficially became the umbrella for other NGOs and is currently advocating for the development of a comprehensive civil society improvement package.

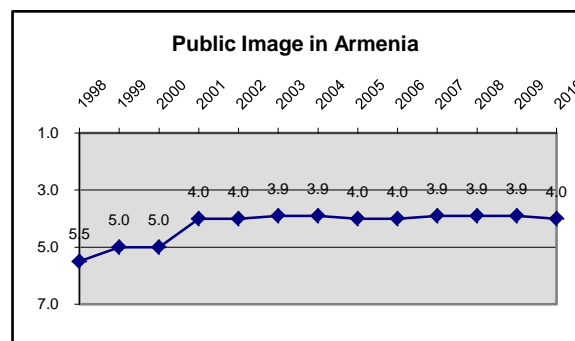
PUBLIC IMAGE: 4.0

The volume of media coverage decreased in 2010, conditioned by the media's lower prioritization of NGO work, scant interest in NGO events, and the limited collaboration of NGOs with the media. NGOs themselves have not been very creative in utilizing advertising and disseminating their ideas in the traditional media.

At the same time, virtual visibility of NGOs is on the rise. Due to NGOs' and the general population's increased Internet accessibility NGOs are increasingly using and being seen in virtual media. Facebook became the most popular source for information sharing and informal gatherings. For example, ecological NGOs have had a significant positive impact in their activities due to their extensive use of Facebook.

Many NGOs still lack the human and technical resources to properly demonstrate their work and express their aspirations, and this is

reflected in public perceptions. As described by recent Transparency International research, stereotypes of NGOs as grant dependent and donor-driven organizations still prevail partly due to NGOs' lack of proactive work to ensure transparency and accountability in their organizations and the sector.



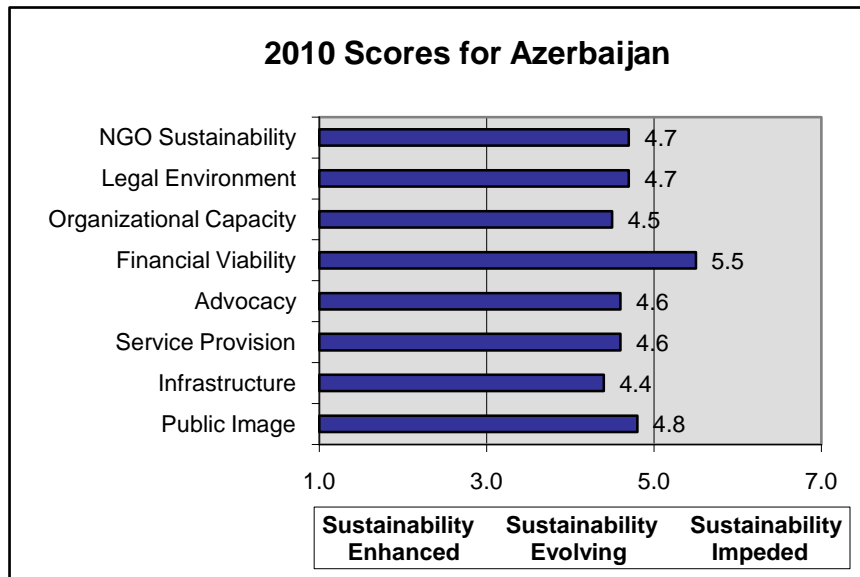
Nevertheless, NGOs are rated as having more credibility with the public and as being more transparent than the government, business, or media.

The business community's perception of NGOs remained relatively negative. Most businesses are not interested to support NGO activities as they see NGOs as nontransparent and ineffective.

Increased competitiveness among NGOs has stimulated greater efforts at accountability.

However, most NGOs are still not proactive in disseminating information on their activities among their members, communities, and beneficiaries. Rather, NGOs are apt to report more upwards to donors and tax bodies than outwards to their constituencies.

AZERBAIJAN



Capital: Baku

Polity:
Republic

Population:
8,372,373 (July 2011 est.)

GDP per capita (PPP):
\$10,900 (2010 est.)

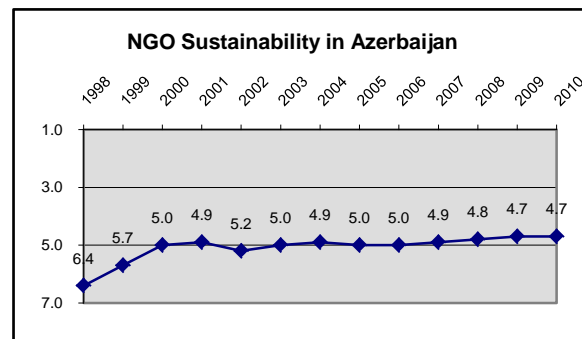
NGO SUSTAINABILITY: 4.7

NGOs' development and sustainability did not change significantly in 2010. The government continued to hamper efforts of some NGOs engaged in democracy and human rights related activities and organizations critical of government actions. During the November parliamentary elections stronger control measures were put in place. Mass meetings by independent NGOs were unofficially prohibited beginning two months prior to elections and continuing until one month after. The ban made implementation of various NGO events in the regions more difficult than in Baku, where the abundance of meeting places complicated government efforts to enforce the ban.

Most NGOs do not yet have independent financial resources and seriously depend on foreign donors. Domestic government and business sources of support are primarily focused on socio-economic and environmental issues.

Due to the lack of sustainable financial resources and sufficient skills, the majority of NGOs work either intermittently or in conformity with donor

priorities. The number of NGOs that demonstrates strong managerial and organizational capacity and that has the necessary technical resources and manpower is still small.



According to the Ministry of Justice, more than 100 NGOs were registered in Azerbaijan during 2010, bringing the total number of registered NGOs to 2,467. Unofficial estimates suggest that another 1,000 NGOs carry on activities without registration. Approximately 40 percent of the registered NGOs have submitted reports to the Ministry of Finance, which suggests that roughly half of those registered are functioning.

LEGAL ENVIRONMENT: 4.7

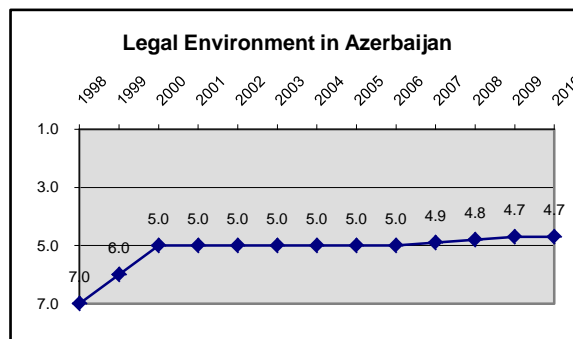
The legal environment for NGO activities in Azerbaijan did not undergo significant changes in 2010. Registration problems remain a key legal impediment to NGO development. The length of time it takes an NGO to register and the amount of documentation an NGO must provide compared to a commercial entity continue to plague the registration process. NGOs also complain of artificial obstacles and discrimination by the Ministry of Justice during the registration process. Often registration is denied due to small technical mistakes in the registration documents, lack of documentation, or formal disparities with an article of the law. The centralized registration of NGOs in Baku also creates additional difficulties for NGOs and leads to additional expenses. In practice, only NGOs that obtain a letter of support from the relevant government authorities get registered.

From the beginning of 2010, a new presidential decree concerning implementation of certain laws governing NGOs went into effect. Starting in January 2010, NGOs must present annual financial statements to the Ministry of Finance by April of the next year. This is in addition to legal requirements that NGOs submit the relevant financial documents to the Ministry of Taxes, the State Statistics Committee, the Social Protection Fund, and the Employment Fund.

The new decree also prohibits NGOs from making any transactions with grant funds unless the grant is registered with the Ministry of Justice, a requirement that already exists in the Law on Grants. The reiteration of this grant registration requirement is seen as a way to emphasize that relevant state bodies should be more rigorous in ensuring compliance with this part of the law. While there have been occasional problems in registering grants due to the lack of clear procedures, the adoption of clear and simple regulations governing this process, rather than more enforcement efforts, would solve the bulk of the concerns.

The decree and its implementation have not presented an immediate concern for NGOs, but the absence of clear procedures for registering

grants creates opportunities for the government to misuse power and disrupt or block financial activities of organizations which it finds objectionable. Moreover, grant registration does not appear to serve a legitimate government purpose, given the amendments tightening financial reporting requirements for NGOs that became effective in April 2010.



Current legislation exposes NGOs to sanctions if government inspection determines that an NGO's activities do not match its charter or conform to laws. For example, after the Law and Development Public Union criticized the government, the Ministry of Justice inspected the organization for compliance with the NGO laws. The warning could have resulted in the cancellation of the NGO's registration. A similar inspection was carried out on the Institute for Reporters' Freedom in the run-up to elections. During parliamentary elections other NGOs that worked on election issues also faced government pressure and restrictions on their activities. Some, such as an organization in Sabirabad, were simply banned from holding election related training events. Others, including the Law and Development Association in Tovuz, had their electoral rights training course stopped by police. As a rule, the government is more tolerant towards NGOs that provide social services.

Even though NGOs are exempt from VAT, like commercial entities they must pay social tax from their wages. Only NGOs receiving grants from countries that have bilateral agreements with Azerbaijan are exempt. At the same time, the changes to the Tax Code, effective as of

January 2010, have had a positive impact on NGOs. Now, NGOs' staff pays 30 percent income tax instead of 35 percent for amounts exceeding 2,000 manat (\$2,420). NGOs engaged in commercial activity pay 20 percent tax instead of 22 percent.

There are a small number of lawyers specialized in NGO law. The main legal aid services are

ORGANIZATIONAL CAPACITY: 4.5

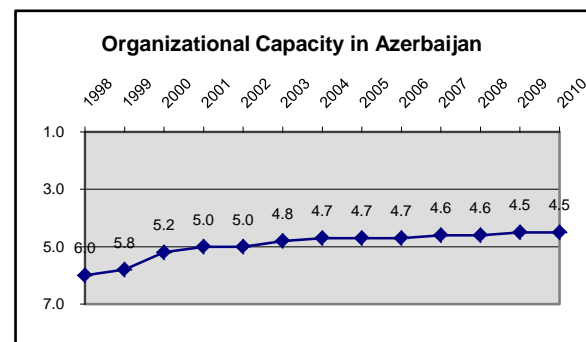
The NGO sector's organizational capacity did not change significantly in 2010. A majority of NGOs have clearly defined missions, and most formally have boards of directors. However, only a few NGOs are engaged in strategic planning. Most NGOs see little utility in planning given their unstable financial support, and they primarily focus on existing projects.

Similarly, only a few NGOs have reporting mechanisms in place that are clear and promote accountability to their donors and partners. There are a handful of organizations working both in the capital and the regions that produce annual reports. Overall, tracking NGO activities is difficult; most websites are rarely updated or have current project activities and results posted.

Many NGOs are "one-man shows" with only one or two staff. Accountants and other experts mostly work as consultants and only when

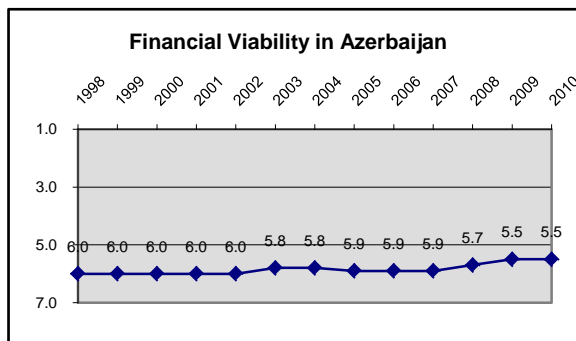
located in Baku and big cities, and regional NGOs do not often have opportunities to use such services. The Council of State Support to NGOs under the President of the Republic of Azerbaijan and certain NGOs located in Baku support the increase of legal awareness and skills of NGOs.

needed. Some NGOs are also using volunteers, but volunteer involvement is still low overall.



The majority of NGOs receive technical equipment within the frameworks of specific project grants. Many NGOs use pirated software, but this is also changing as they begin to include the purchase of licensed software products in their project budgets. Also, project budgets now generally include Internet and communication expenses.

FINANCIAL VIABILITY: 5.5



Financial viability of NGOs in Azerbaijan reflects conflicting trends. The Council on State Support to NGOs continues to allocate more

money to NGOs (\$1.5 million in 2008; \$2.10 million in 2009; \$2.55 million in 2010). Cooperation between international companies (particularly those involved in oil) and NGOs also expanded, especially on projects related to the environment. At the same time, the number of projects financed by local companies and foundations declined.

Besides the Council on State Support to NGOs, other local funding opportunities for NGOs are quite restricted. There is no social contracting law that would allow NGOs to take part in state

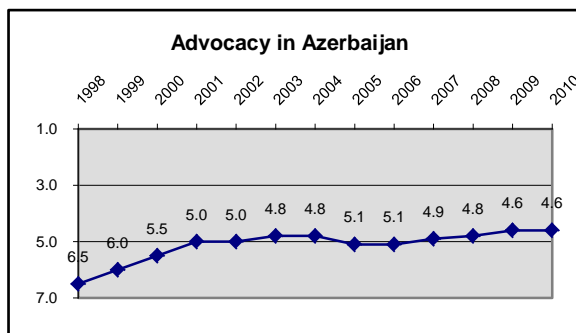
tenders and competitions. The NGOs that do provide some type of social services are primarily government-organized NGOs (GONGOs) and do so using grants. In general, NGOs have poorly developed fundraising strategies, partly as a reflection of the limited funding opportunities available.

Roughly one-third of NGOs submitted financial reports to the Ministry of Finance on time and in

the manner prescribed by law. NGOs' financial management often is not conducted in a professional manner due to lack of staff or training. While a number of trainings were held in 2010 specifically to enhance NGOs' accounting abilities, organizations continued to experience problems retaining qualified accounting staff given the salary differential between NGOs and the business sector.

ADVOCACY: 4.6

Government interest in dialogue is tied closely to oil revenues. As oil revenues have increased and NGOs have asked more questions about the management and use of these revenues, the government has been less interested to engage with these NGOs. Even so, some dialogue occurred in 2010; a proposal by the Coalition for Improving Transparency in Extractive Industries on transparency reporting standards was accepted by the State Oil Fund during organized discussions.



In less controversial areas of engagement, NGOs noted slightly more success in their advocacy efforts, and NGOs' recommendations influenced a number of policy reform areas. For example, the Center for Economic and Social Development put forward recommendations on

creating an electronic system for public tenders that were accepted by the Central Bank and the State Procurement Agency. The Economic Research Center developed an alternative inflation calculation that it discussed with various governmental bodies. This calculation obliged the State Committee of Statistics to publish the inflation rate regularly. The results of this initiative were widely disseminated through written and electronic media. Overall, there were also more conferences and related events organized than in previous years, which allowed for at least formal dialogue between government and civil society actors. For example, the Euro-Integration National Committee (an NGO alliance) organized an international conference in August in connection with the membership of Azerbaijan to the World Trade Organization. A package of proposals was submitted to the government at the end of the conference.

Several NGOs also regularly send the results of their research, publications, and recommendations to the appropriate governmental agencies. There is no established network specifically dealing with regulation of such an exchange of information in Azerbaijan.

SERVICE PROVISION: 4.6

NGOs carry out a broad set of activities from public health to poverty alleviation, but their efforts still cover only a small portion of the needs, many of which were donor-identified. The government allocates approximately \$1

million for NGOs (including GONGOs) to use for service provision through specific ministries.

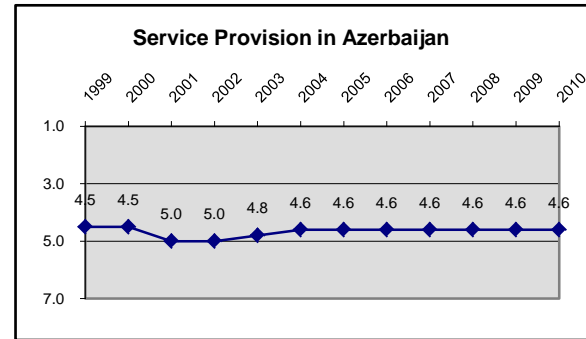
Generally the government prefers to provide social services, although there are examples of

increased NGO service provision. Children’s development and rehabilitation centers such as Goy Gurshagi, Mushfig, and Chirag are notable for their efforts to provide social integration of children with special needs. NGOs are also included in specific social programming for internally displaced persons, refugees, and persons affected by war. Still, outside of specific social and health services, most services are directly provided by the government.

NGO research and analytical products are expanding, but the market for them is still small. Businesses show little interest in such products, and government and donors are the main recipients.

NGOs prefer mainly to provide goods and services using grants funds and to distribute their

products free of charge. Some NGOs offer their publications for reasonable prices, but there is not a clear sense of demand or how to best generate demand. Revenues generated from NGOs’ economic activities overall are a small amount of their budgets.

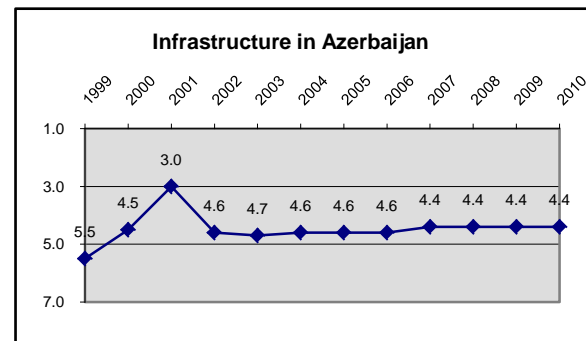


INFRASTRUCTURE: 4.4

Although the number of resource and research and training centers is increasing, it is still too early to judge whether NGO demand for assistance is fully addressed. The National NGO Forum (NNF) has the largest network of organizations in the country. NNF has offices in fifty-three districts and regional resource and training centers in five regions. The Coalition for Improving Transparency in Extractive Industries, with 131 local NGOs, also has a resource center serving its members.

The number of skillful and professional trainers is not sufficient to cover the needs of local organizations in the districts. They mostly carry out their activities in such regional centers as Lenkoran, Guba, and Barda. At the same time, the number of trainers in the capital, Ganja, and Sumgait is increasing, specifically in the NGO management field. For instance, in 2010 the Young Accountants Union conducted a series of trainings on financial management and international accounting standards, and the Economic Research Center organized seminars on effective public relations and accountability for local NGOs. Several organizations also conducted training on fundraising and strategic planning.

The Caucasus Research and Resource Center (CRRC), created to strengthen social science research and public policy analysis in the South Caucasus, has been functioning in Baku since 2003. CRRC provides resource and training services to local NGOs. Direct and indirect CRRC beneficiaries include social science researchers, faculty members from academic institutions, policy practitioners and other professionals from the non-governmental, private and public sectors.



The development of national foundations is still weak in Azerbaijan. Only the Council on State Support to NGOs is consistently allocating grants to NGOs. Community foundations are only established on the municipal level and

generally for the purpose of financing one-off activities.

The Madad Humanitarian Organization established community information resource centers in public libraries of ten districts in Azerbaijan with the help of the Global Catalyze Foundation and the Union Oil Company of California (UNOCAL). These community information resource centers provide students and young NGO activists with access to information and communication technologies.

NGOs create coalitions and alliances to better represent their own interests and the interests of their clients. The number of such coalitions is increasing from year to year. These coalitions include the National NGO Forum, the Coalition for Improving Transparency in Extractive

Industries, the National Assembly of Youth Organizations of Azerbaijan, the National Budget Group, the Alliance of NGOs for Children’s Rights, and the Information and Cooperation Network of NGOs against Corruption. The Climate Change and Development NGO alliance is one of the newly established networks of 2010.

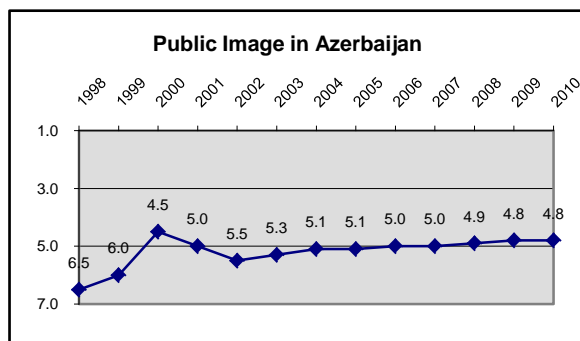
NGO cooperation with businesses still is not widely practiced in Azerbaijan, but slowly growing. Notable intersectoral partnerships in 2010 included: the Mushfig Rehabilitation Center for Disabled Children’s partnership with Garadagh Cement JSC; the Alliance of NGOs for Children’s Rights and Azercell; and the Umid Humanitarian Social Support Center and British Petroleum (BP).

PUBLIC IMAGE: 4.8

NGOs focusing on social-economic issues increasingly have access to the media. In print media the number of articles on socially beneficial activities is growing. In electronic media, NGOs focusing on economic issues are particularly in demand. ANS TV has a program that includes NGO experts in analytical discussions on socio-economic issues, and Khazar TV features NGO products and cooperates with NGO experts on environmental and consumer rights problems.

being in opposition to the government. There are also a few examples of the local and central government clearly using NGO products, like the inflation calculator, which favorably affect public perceptions.

Some NGOs and their alliances publish annual reports about their activities and present them to the wider public. For example, the Economic Research Center and the Economic and Social Development Center published their reports concerning the results of their annual activities. Constitutional Research Foundation published a book titled, Transparency in NGOs: the Current State and Enhancing the Transparency.



Public perceptions of NGOs are changing. Social networking has made more people aware of NGOs and their goals. Mostly, this knowledge has positively influenced people’s perceptions and softened the image of NGOs

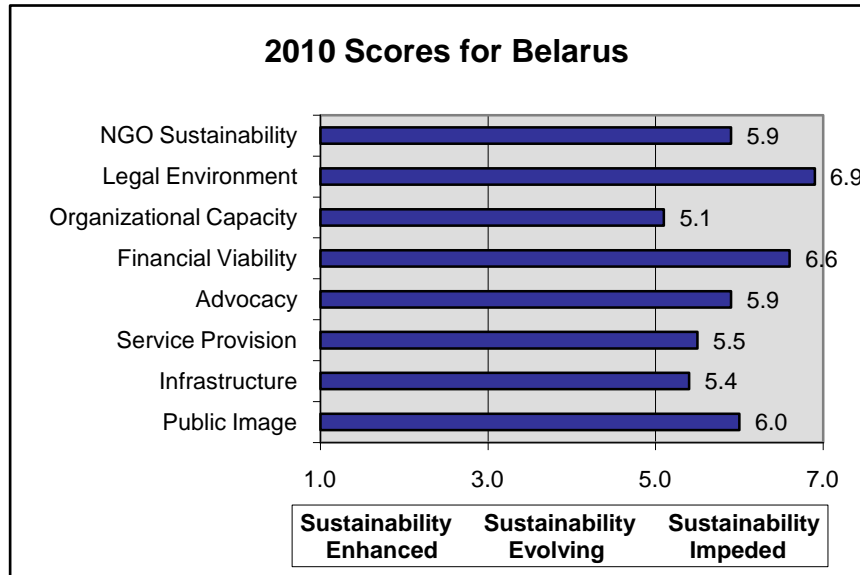
The State NGO Council continues to publish its own monthly journal on civil society and the national report on the NGO sector which are posted on the official council website, www.cssn.gov.az. The national report is the first official national publication on the third sector in Azerbaijan.

The Foundation on Assistance to Entrepreneurship and Market Economy has its own television program, Economic Forum, which is broadcast twice a month.

The program offers discussion with public figures, government officials, and NGO leaders on topics such as oil revenue transparency and

management, environmental problems, municipal development, and health care.

BELARUS



Capital: Minsk

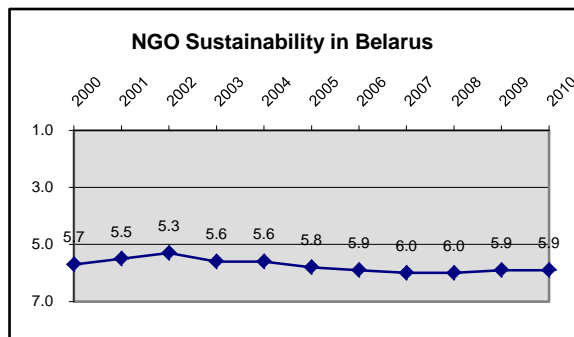
Polity:
Republic in name

Population:
9,577,552 (July 2011 est.)

GDP per capita (PPP):
\$13,600 (2010 est.)

NGO SUSTAINABILITY: 5.9

NGO sustainability in Belarus in 2010 reflected some promising developments in terms of advocacy and coalition building, but overall the challenging political and economic climate facing the sector continued to make the situation for NGOs precarious.



NGOs continue to face problems in diversifying their funding and still depend on foreign donors. International funding must be registered with the government, and for organizations that do not meet the government's priorities, registration can be difficult to obtain. Local fundraising is not yet sufficiently developed to sustain NGOs.

In 2010, NGOs demonstrated increased activism in advocating for the Law on Non-Profits, the

Law on Social Contracting, and other social issues of high priority. Nevertheless, intersectoral partnerships remained primarily formal, often failing to foster further NGO participation in decision-making processes. Presidential elections were held on December 19, 2010, and many NGOs, both state-sponsored and pro-democratic, were involved in pre-electoral activities. As a result, partisan NGOs and third sector activists were perceived as being associated with the election night riots in the capital and later harassed by the government.

According to official statistics, 2,325 NGOs, ninety-nine foundations, and twenty-five associations and unions officially constituted the NGO sector in 2010. During the year, 134 new NGOs and fourteen foundations were registered, and twenty-five NGOs ceased to exist; by comparison, ninety-four NGOs were registered in 2009. Additional NGOs operate without official registration. The Assembly of Pro-Democratic NGOs estimates that social, youth, and education NGOs with pro-democratic characteristics make up a mere 15-20 percent of the total number of newly registered organizations.

LEGAL ENVIRONMENT: 6.9

NGOs can obtain registration only through authorization of the Ministry of Justice or regional Departments of Justice. In February 2010, amendments to the Law on NGOs were implemented, extending the list of reasons that the ministry may deny registration. The registration process itself is costly and time-consuming, which means that many small organizations prefer to operate without official legal status.

Organizations considered to be politically affiliated with the opposition and human rights NGOs continue to be denied registration around the country; for example, in the past several years, registration has been denied to such organizations as Malady Front (Young Front) three times, and Brestskaya Vesna (Brest Spring) seven times.

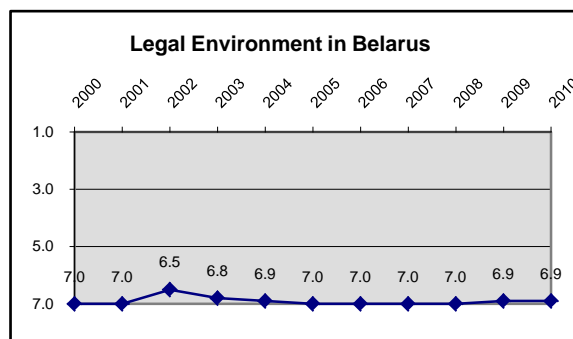
Article 193-1 of the Criminal Code defines the activity of an unregistered NGO as a criminal offense. In 2010, the prosecutor issued warnings under this article to two activists from the organization Young Front.

As before, registered NGOs must have a legal address in a nonresidential premise. In January 2010, Edict No. 518 on Certain Issues of Rent and Gratis Property Use went into effect. According to the edict, an NGO may receive a reduction in rent, allowing it to pay as little as 10 percent of the total cost for space. Despite NGO efforts to assist in the drafting, the final edict helped only a small portion of the NGO sector. In order to receive the reduction, an NGO must justify its 'social utility' which is not clearly defined. The regulatory procedures for justification in the various state bodies, including the Council of Ministers, are nontransparent. Only about 20 percent of registered organizations enjoy the rent reductions to date.

ORGANIZATIONAL CAPACITY: 5.1

No significant developments in capacity building were observed in 2010. Most NGOs are

According to Edict No.2, issued on January 4, 2010, the government was to further develop the Law on Non-Profits by December 2010. However, NGOs were neither involved in the drafting of this law nor presented with the official version ultimately submitted to the parliament. The law has not been enacted.



During and after the presidential election in December, pressure on NGOs involved in election campaigns was renewed. Government searched private offices and confiscated materials and property of NGOs that were directly associated with electoral activities. Minsk and regional Justice Departments also suspended the registrations of some NGOs involved in election related activism.

As in previous years, NGOs engaged in humanitarian activities are required to register foreign assistance with the Department of Humanitarian Activities; however, registration refusals have increased. A number of NGOs, consequently, do not report foreign assistance from donors, which is illegal under Belarusian law.

On the national level there are recognized experts in NGO law; however, regional NGOs have limited access to professional legal assistance.

aware of the importance of capacity building, but few are pro-active about improving it.

Experienced NGOs have resources and capacity to become more professional. At the same time, a large number of local grassroots organizations (often not officially registered) lack clear organizational structures and have limited options for further organizational development.

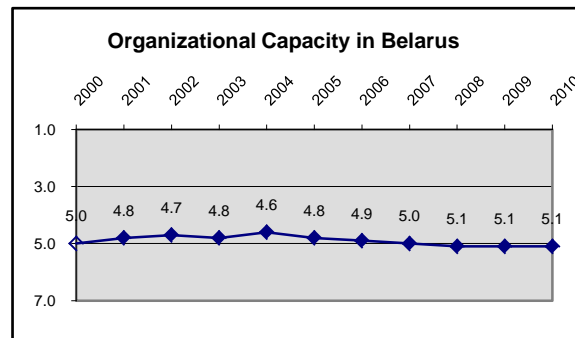
To address the need for capacity building, a comprehensive support program on organizational capacity, financed by the Swedish International Development Agency and implemented by seven local NGOs, was launched in 2010. The three-year program provides direct consultations and advisory services, increases the pool of capacity building consultants and promotes development of NGO support infrastructure.

NGOs often fail to act in accordance with their strategic guidelines; they believe that planning is ineffective in the rapidly changing and hostile environment seen in 2010. Also, many NGOs are often process and not results oriented. Consequently, the majority of organizations lack standards for service provision, systems to maintain quality, and results assessments.

FINANCIAL VIABILITY: 6.6

Local fundraising is not yet sufficiently developed to sustain NGO activities. Local support exists, but it is insignificant and not sustainable. The situation is slightly different for charitable foundations and branches of international foundations. For example, Shans (Chance), the Belarusian Red Cross and the Belarusian Children's Hospice are successful. The hospice raises money transparently and from domestic sources by maintaining a special telephone number and charging each caller approximately \$2. Both the Belarusian Red Cross and the Belarusian Children's Hospice have fundraisers that legally and transparently attract millions of rubles a year (more than \$100,000).

NGOs more easily attract nonmonetary contributions, although these are also minimal. Most NGOs, particularly youth organizations, have substantial volunteer support. The Red Cross, Hospice, and the Belarusian Association



Division of powers and responsibilities within organizations is often only a technical formality which impedes good governance of the organization. NGOs are unable to keep permanent, paid staff since the civil sector remains highly uncompetitive in the labor market. As a result, most NGO staff has full-time employment elsewhere.

Most NGOs have office equipment, but face significant challenges finding and renting basic office premises as required by law due to cost and reluctance of owners to rent out space to some NGOs. Inability to obtain licensed software also hinders NGO development.

of UNESCO Clubs all traditionally host organized long-term volunteer groups.

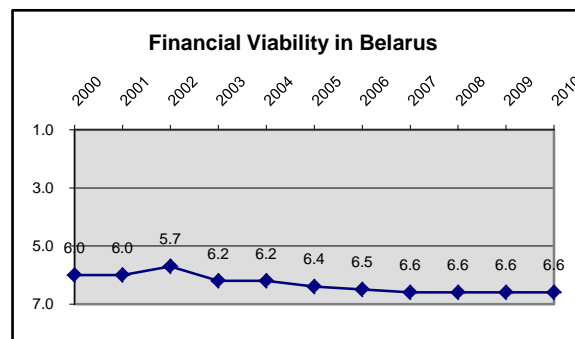
There is little, if any, diversification in NGO funding sources as of yet. NGOs still consider diversification as receiving funding from multiple international donors as opposed to multiple funding sources. Most NGOs are highly dependent on one donor agency. Even if an NGO has its own well organized financial management system, it is mainly transparent (and available) only to its donors and partners. Small organizations often simply lack the professional help needed for quality financial management. Regardless, NGOs have little if any interest in making their annual financial reports public in the current hostile environment. Independent auditing is performed only on request of a donor agency and at its expense.

Any type of international funding that comes into Belarus must by law be registered with the

Ministry of Economy or if humanitarian aid with the Department of Humanitarian Aid of the Presidential Administration. However, NGOs that do not meet the state's national priorities or have state partner organizations run a high risk of not being able to complete the registration procedure. Thus, many NGOs choose to use informal and alternative financial transfer mechanisms to receive unregistered funding in order to ensure their financial sustainability, which further impedes transparency.

NGOs do not have sustainable mechanisms or practices for income generation. State bodies sometimes contract NGO specialists and experts, but these are contracts with individuals, not organizations. As a result, the NGOs these experts represent do not benefit financially or by

virtue of improved reputations. NGOs often provide services to other NGOs for fees, and pay each other from grant funds. Membership fees are the only legal source of funding for those NGOs that collect dues, but they cover only a minor part of their expenses.



ADVOCACY: 5.9

Direct lines of communication between NGOs and policymakers in Belarus exist in the form of public and interdepartmental councils at the local and national levels. However, the vast majority of these councils are formalities that do not serve as tools for intersectoral dialogue or as instruments through which NGOs can influence decision making.

NGOs have grown reluctant to form coalitions as members often seem to confuse partisan issues with civic activities, undermining joint advocacy efforts. Additionally, many NGOs lack clear advocacy goals and experienced leaders and managers who are able to achieve these goals through joint actions. Few are pro-active and use emerging opportunities for advocacy effectively. For example, not a single women's organization responded to the Ministry of Labor and Social Protection's call for proposals to the regular National Action Plan on Provision of Gender Equality. In contrast, almost all government decision making in the economic sphere is done together with business associations.

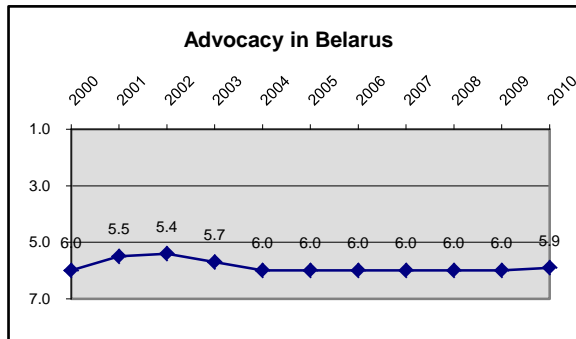
Still, there were some advocacy successes in 2010. Belarusian NGOs carried out campaigns to raise awareness about particular issues, although these have not yet resulted in dramatic

policy changes. Ecological organizations continued to campaign against the construction of a nuclear power plant in Belarus. Belarusian NGOs continue to fight for the abolishment of Article 193.1 of the Criminal Code, which imposes criminal liability for participation in the activities of an unregistered organization. Campaigns Budzma!, Human Rights Activists against the Death Penalty, and For the Alternative Civil Service in Belarus kept up their activities as well.

There also are several examples of regional campaigns on protection of economic rights. For example, car owners in Minsk protested against the fuel price increase. In Smolevichi, local activists teamed up to solve a problem related to bridge construction in the town.

The coalition of Human Rights Activists for Free Elections played an important role in monitoring the election process and documenting irregularities. Another coalition composed of youth NGOs and active individuals created and coordinated the Elect.BY civic observation platform for elections. However, in contrast to previous election cycles, only a few NGO coalitions came together this year. Lack of trust in politicians and the election process, as well as the engagement of many NGO activists

in political activities, lessened the interest of organizations to form more NGO coalitions.



In general, NGO input on legislation is still modest, but increasing. Within the framework of the National Platform of the Eastern Partnership Civil Society Forum, roadmaps for the country and civil society development, as well as for the promotion of Belarus at the European level, were developed. Among other examples, the Belarusian Association of Young Christian Women provided suggestions to be included in design of the draft law on combating human trafficking. The Belarusian Association of Parents of Children with Disabilities continued

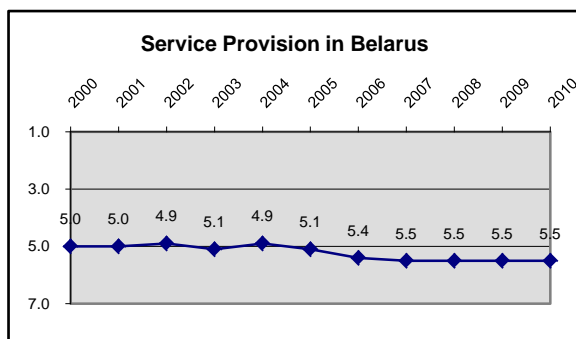
to lobby for changes in legislation on job placement for disabled children and young people with developmental disorders. The International Educational NGO ACT developed a draft Law on Social Contracting.

Such efforts can bear fruit. For example, as a result of NGOs' promotion of social contracting as a way for NGOs to cooperate with the government on provision of services, the study and implementation of social contracting is now one of the objectives in the State Program on Anti-Trafficking, Illegal Migration and Related Illegal Acts for 2011–2013.

Dozens of NGOs also took an active part in the discussion of the draft Law on Non-Profits, albeit with less success. NGOs were not invited by the Ministry of Justice to participate in the process of drafting and/or commenting on the law. However, NGOs initiated a discussion on the draft law within the sector and then submitted suggestions and concerns to the Ministry of Justice. The ministry did not respond, and the Law on Non-Profits was submitted to the parliament without NGO input.

SERVICE PROVISION: 5.5

Belarusian NGOs provide a wide range of services in different areas. This was affirmed by the third Festival of Informal Education in which about 200 NGO representatives participated and presented their services. The number of participating NGOs is increasing from year to year, as are the number and variety of services they present to the public. These services are heavily dependent on support from foreign donors, and few are sustainable.



Many NGOs can identify client needs and provide services in demand. However, because of the legislative restrictions on profit-making and NGOs' lack of funding from the state, target groups and the range of services offered are narrow compared to the existing demand. Cost recovery in the current legal and operating environment is not really an option, which reinforces NGO reliance on international donors.

NGOs have been innovative in providing new services, sparking new demand. Rural and eco-tourism, eco-friendly households, and day care groups for disabled children are all areas where civil society has pioneered programming that has later been adopted by the state and businesses.

The state recognizes a few individual NGOs, but not the third sector as a whole, for their role in providing services. State officials generally do not understand the added benefit NGOs can

bring and tend to rely on their own capacity. However, there are some indications that attitudes are changing. For example, law enforcement teams have started referring human trafficking victims to NGOs working with this target group. The La Strada NGO in particular

has become a significant provider of services to these beneficiaries and has lobbied the government on the need to create social contracting mechanisms for NGOs to further their cooperation with the government in this area.

INFRASTRUCTURE: 5.4

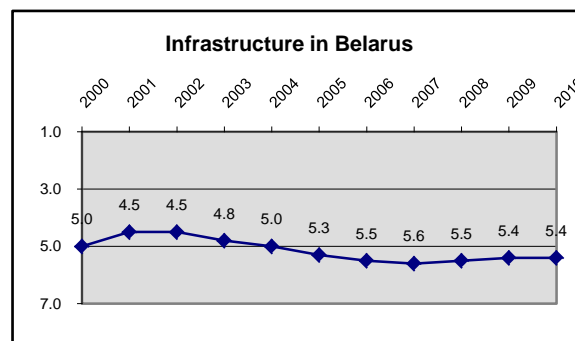
There is still a need for more intermediary support organizations (ISOs). ISO functions are exercised by leading local NGOs, international programs and agencies, and local networks, but they do not bring any real income to NGOs' operating budgets. Services for NGOs for the most part include dissemination of information, new technologies, and trainings. NGOs have emphasized the need for additional management training.

Generally, there is a good cadre of quality trainers on various NGO management topics available in Russian and Belarusian languages; yet identification and hiring of suitable trainers remain problematic for regional and smaller NGOs.

Local NGOs re-grant small sums to initiative groups and other NGOs, but the selection criteria are not transparent and information is not circulated openly, since these activities are not official. No local community foundations, which might raise money locally to support community initiatives, exist in Belarus.

Some examples of information sharing and coalition building among NGOs exist. For example, NGOs joined the BelAIDs network to increase their impact in HIV/AIDS prevention at the national level and to gain recognition by the government and the public. Similarly, businesses came together in the National Business Platform to facilitate several new regulations to the advantage of entrepreneurs. NGOs united to promote inclusion of their issues or amendments in the Law on Non-Profits, the Law on Charity, and the Law on Social Contracting.

A considerable number of actively functioning NGOs also joined in the process of creating the National Civil Platform in 2010. The process was initiated by the government and was enthusiastically received by NGOs at the beginning. However, government efforts to dominate the process left many NGOs unwilling to participate. The National Civil Platform was meant to become an alternative to the National Civil Society Platform of the Eastern Partnership initiative, created in 2009 by pro-democratic NGOs.



Intersectoral partnerships are exercised through issue-based councils created at various governmental levels. Though formal and in most cases inefficient, they provide NGOs and businesses legal access to the decision-making processes at the highest level. UN agencies continue to build such partnerships as an integral part of every UN supported project, and such partnerships are relevant for socially and ecologically oriented NGOs. Unregistered NGOs and NGOs opposed to the government tend not to participate in such partnerships. Business-NGO partnerships are focused mostly on humanitarian related efforts.

PUBLIC IMAGE: 6.0

Media generally considers NGOs to be insignificant actors in the life of Belarusian society. Media coverage of NGO activities at the local and national levels depends on the character of the NGO activities: government oriented media, for example, regularly cover activities of social NGOs. Coverage also takes place when NGOs pro-actively build their relationships with media, hiring or training PR specialists for specific issues and events.

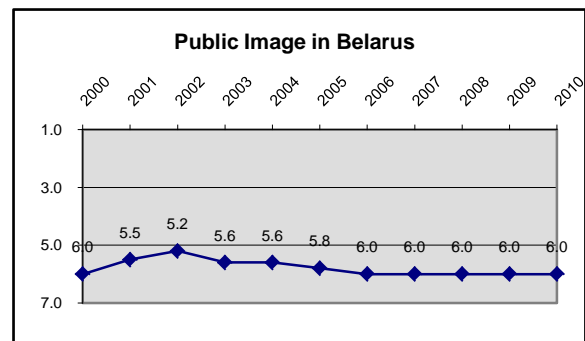
The public for the most part does not understand the concept of NGOs; nor do they have a positive perception of NGOs. According to a survey by the Assembly of Pro-Democratic NGOs, 44 percent of respondents do not know what an NGO is, and 46 percent said that they do not know and do not want to know. Such perceptions can be attributed to the low number of NGOs providing services to the public, ineffective NGO public relations, and the intensive promotion of pro-government organizations.

Still, local and central government officials sometimes see NGOs and their specialists as a source of expertise and invite them to be part of working groups. As a general rule, businesses do not recognize NGOs as an influential force in society.

While NGOs still do not usually develop relationships with journalists, NGO experts continue to be invited to speak on TV and radio, including website TV, and publish interviews in the press. However, access to public channels was almost stopped after the presidential elections. The most popular TV talk show that

often featured NGOs – The Choice on ONT TV – was also cancelled.

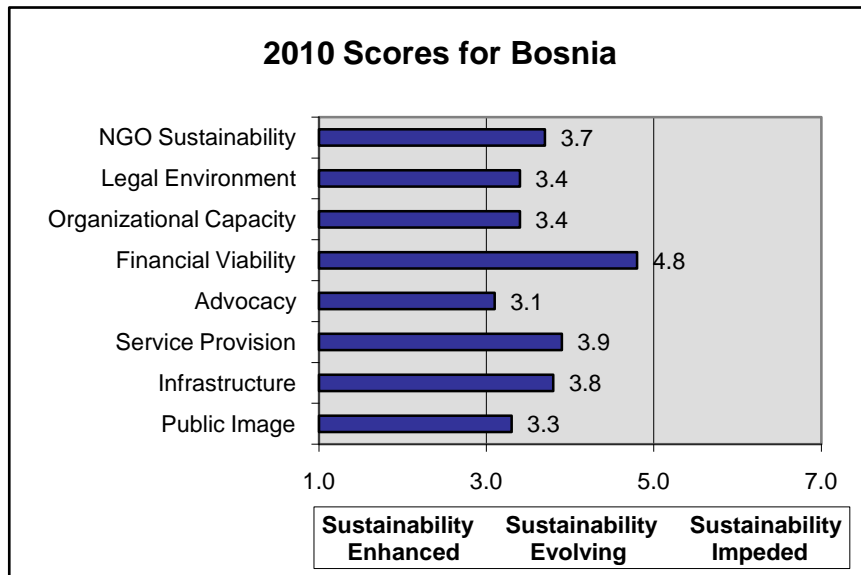
Most NGOs lack quality PR materials. Many NGOs publicize their activities and promote their public image through websites. NGOs have increased their presence on Facebook, blogs, and Twitter, thus at least increasing outreach for those with Internet access. However, a new presidential decree aiming to increase control of public access to the Internet came into force in July, and it is not yet clear how it will affect NGOs.



Only a few NGOs have adopted codes of ethics. A Code of Ethics for the sector does not yet exist, although socially-oriented NGOs made another attempt in 2010 to develop and promote such a code. It failed due to the divisions within the sector, as from the very beginning, the process was influenced by pro-government NGOs.

Publication of annual reports is rare. NGOs follow the legal requirement to submit formal annual reports to the Ministry of Justice, but these are not available to the public.

BOSNIA AND HERZEGOVINA



Capital: Sarajevo

Polity:
Emerging Federal Democratic Republic

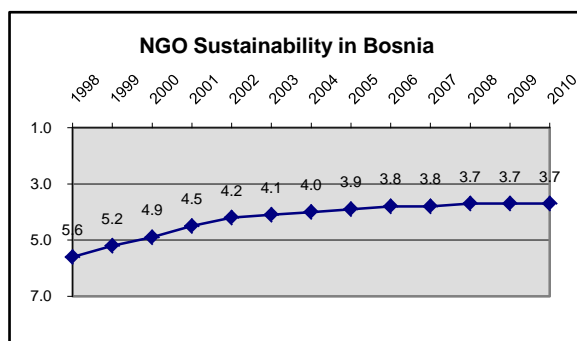
Population:
4,622,163 (July 2011 est.)

GDP per capita (PPP):
\$6,600 (2010 est.)

NGO SUSTAINABILITY: 3.7

The sustainability of the NGO sector in Bosnia and Herzegovina (BiH) on the whole has not changed significantly since 2009.

NGO advocacy efforts were noteworthy. Successful public awareness campaigns around the parliamentary elections as well as significant NGO interventions in the legislative process led to the passage of several laws that reflected NGO inputs.



Implementation of these laws remains a problem, partly due to the complex state

administrative system and polarized political environment. This political environment became increasingly difficult in the lead up to and following October general elections. Polarized political parties were unable to agree upon formation of a government on the state level as well as for one of the two Bosnian entities – the Federation (FBiH) – by the end of 2010.

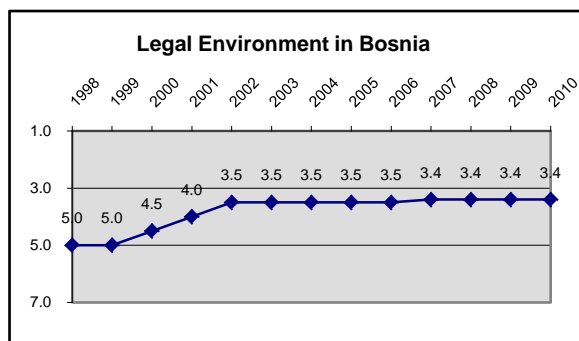
Financial viability remains the main obstacle to effective NGO activities. Although local funding increased in 2010, there is still a strong need for further diversification of NGO funding sources.

The number of NGOs was estimated to be 12,189 in 2008, and no updated information on this estimate is available. Only 1,075 NGOs are registered at the state level. There is no unified registry of NGOs that has compiled information about all NGOs registered on the various administrative levels (state, entity, canton, and municipality) in the country.

LEGAL ENVIRONMENT: 3.4

Registration of an NGO on the state level became easier by the end of 2010 as the number of registration forms was cut from eight to three. The practical benefits of this action are still to be felt. In general, registration remains a time-consuming process due to the inefficiency and broad discretionary power of public servants. Additional fees introduced in April raised the cost of registration 300 percent (from €25 to €100). An NGO must pay the same fee to register any changes to its statutes.

The laws still lack criteria for determining whether organizations are eligible for public benefit status, which entitles them to tax incentives. A study by Kronaurer Consulting suggests that municipalities are nonetheless funding activities that they believe are in the public interest, de facto giving some organizations this designation. The designation is “rolled over” from one municipal administration to the next, as the same organizations seem to obtain funding at the municipal level without further review of public interest priorities or mechanisms to ensure transparent funding.



Currently only three NGOs from among the 1,075 registered at the state level are recognized as institutions of public benefit (not accounting for registrations at other administrative levels). The availability and access to funding provided by the BiH administrative levels is dependent on

whether an NGO is registered at the exact level where the funds are coming from. In theory, if an NGO is recognized as a public benefit institution at the state level, the designation should be accepted at all lower levels and vice versa. However, in practice an NGO registered at the state level cannot apply for funding at the lower administrative levels, regardless of the geographical and geopolitical scope of the project.

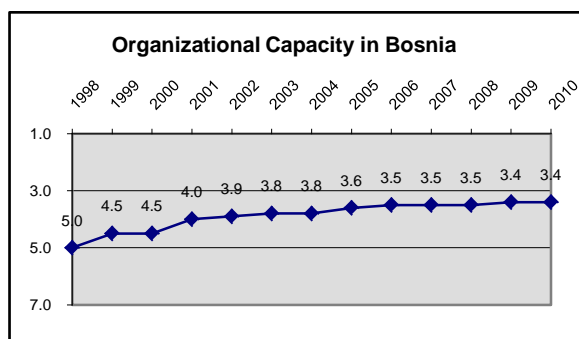
The legal environment is not conducive to nurturing a volunteer culture, given that both the Republika Srpska Law on Volunteers and the pending draft Law on Volunteers of the Federation of BiH impose excessive burdens on organizations that host volunteer activities.

Tax laws are still unfavorable to NGOs and do not distinguish between NGOs and profit oriented companies and ventures. Financial relief for NGO activities is available only for customs import duties. Unfavorable tax laws still put additional financial burden on organizations, in particular those that receive European Commission (EC) funds. Organizations are required to pay Value Added Tax (VAT) on all project related financial transactions. These expenses (the VAT) cannot be included in EC project budget and have to be paid by the organizations themselves from other sources. The state has not yet devised an agreement with the EC to remove this obstacle as it did for the Instrument for Pre-Accession (IPA) funds.

In addition, new VAT legislation taking effect in 2011 will treat reimbursements for taxed goods and services as income for VAT purposes, subjecting the reimbursements to double taxation. For example, an NGO reimbursing travel costs must pay VAT on the payment to the payee, and this cannot be claimed against donor funds.

ORGANIZATIONAL CAPACITY: 3.4

NGOs' organizational capacity did not significantly change in 2010. Some improvements in local constituency building were noted due to an increase in communications between NGOs and local communities. NGOs are increasingly recognized as capable of addressing local community issues, thus garnering additional local support and raising the legitimacy of NGO activities and actions.



However, NGOs continue to struggle with developing clear and defined strategic plans. Their activities remain predominantly tied to donor agendas, hampering additional

FINANCIAL VIABILITY: 4.8

Funds available at the municipal level appeared to be more accessible in 2010, with an estimated €27.5 million given to NGOs. At the same time, traditional international donors withdrew (in particular, the UK Department for International Development). While international funds have not dried up and many organizations with nationwide activities still depend on them, NGOs increasingly recognize the need to diversify beyond international donor funds.

However, only a few NGOs' diversification strategies include different donors as well as different types of revenue. While NGO activities increasingly combine local funding with funds coming from international donors, project funding remains the primary financial resource for organizations. Membership dues are still insufficient to support even a fraction of NGO

specialization. Strategic planning is perceived as desirable, but not fundamental.

Organizations also rarely have a well devised division of duties and responsibilities either among staff or in the governance of the organization. Wage tax provisions still are unfavorable to NGOs, and a majority of employees are engaged based on temporary contracts. Nonetheless, some sectors have noted slim improvements. For example, the Roma population is increasingly employed in NGOs focusing on Roma issues, which also may be attributed to donor support for the Roma Decade endeavors. Another NGO initiative targeting organizational capacity is the introduction of mechanisms and procedures of self evaluation. In particular, the Centre for Youth Development has been initiating self evaluation of the community impact and value of youth NGOs.

A majority of organizations are sufficiently equipped with basic technical necessities – phones, fax machines, printers, computers, Internet connection, etc.

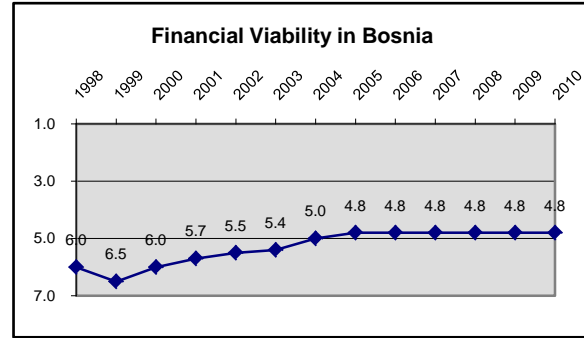
operational costs, and social enterprise and service provision incomes are also not common.

Corporate support for NGOs is still limited. Tax incentives for individual or business support are used scarcely, and awareness of these incentives needs to evolve if corporate funding is to become a leading or even matching source of funds.

Government funding of NGOs is hindered by a lack of clear funding criteria and a nontransparent allocation process, both at the time of the initial award as well as during monitoring and evaluation of impacts. The Mozaik Foundation and Sparkasse Bank launched a noteworthy public-private initiative focusing on agricultural social enterprises (in this case, honey production) in 2010. This is the

first of its type in Bosnia and could serve as a model in the years to come.

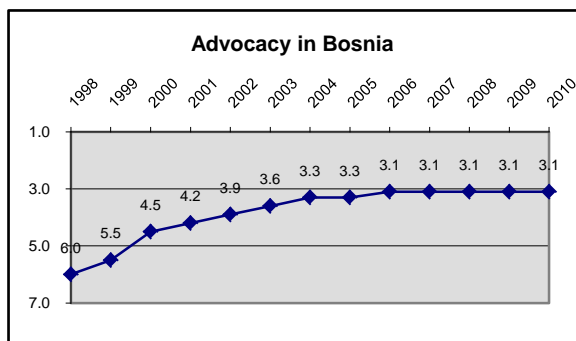
Tax policies remain unfavorable for the financial viability of NGOs, including wage taxes as well as the unresolved VAT issues already discussed. Considerable efforts are still needed in order to improve NGOs' financial management and reporting.



ADVOCACY: 3.1

NGO advocacy efforts have produced some clear results, despite many obstacles. The success can be attributed not only to increased pressure from NGOs, but also to the evolving (if still mixed) understanding on the part of governing institutions of the benefits of intersectoral cooperation.

NGOs have taken part in drafting strategic documents on anti-corruption. The Centres for Civic Initiatives (CCI) advocated for the adoption of the Employment Strategy in the FBiH. On the FBiH level, CCI was also able to push forward a four-year initiative on the adoption of the Rulebook for Plastic Waste Disposal.



Other successful examples of NGO advocacy in 2010 included: passage of the Law on Youth; major restructuring of the FBiH Law on Social Security into four separate laws, with drafts already developed; drafting of the Law on Public Assembly in Sarajevo Canton; and securing agreement that provisions in the Law on Health Care guaranteeing basic health care for every child would not be changed. NGO advocacy and monitoring also contributed to the EU decision

at the end of 2010 to end the visa requirements for Bosnian citizens entering European Union countries.

The year's successful public campaigns included a number of initiatives focused on the 2010 general elections. Numerous organizations raised awareness and mobilized citizens to vote responsibly. Examples of such activities included a Truth-o-meter that measured candidates' promised accomplishments; reports on parliamentarians' activities in the prior mandate; pre-election campaign monitoring; and awareness raising campaigns such as Empowerment of Women – 101 Reasons to Vote for a Woman, which was implemented by thirteen organizations.

Citizens for Europe was perhaps the most significant initiative in 2010. Thirty-six NGOs nationwide elaborated policy recommendations for five sectors, which they directly communicated to the political parties before the election with a demand that they be included in platforms and programs. However, for the most part such changes were included only as amplification of agendas that already included some component of the recommendations.

Well thought-through mechanisms for the inclusion of NGOs in matters of public interest are still in their early stages. For example, the introduction of NGO coordinators into government institutions as required by the Agreement on Cooperation with the NGO Sector was pushed forward by the Ministry of Justice Department. However, lack of communication between NGOs and the Ministry of Justice

slowed implementation of the agreement and planned changes within the state institutions. The lack of progress here also reflects a general tendency on the part of government to consider the NGO consultation process as a formality rather than a process from which it might benefit.

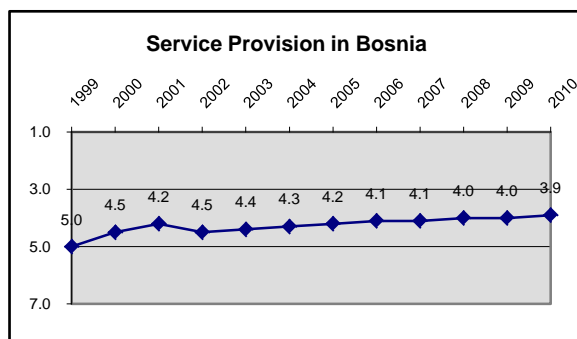
Legislative changes and input into drafts are often the most that NGO advocacy efforts can achieve. Policy implementation in the Bosnian context depends on a complex set of political actors, institutions, and levels of government which slows down most policy reform efforts. For example, the social provisions included in

Law on Games of Chance in 2009 still await implementation.

If NGOs expect to improve their effectiveness as advocates they must also improve their efforts to monitor policy implementation. While there are some monitoring efforts in place – such as the efforts of a coalition of five NGOs to monitor judicial reform – policy monitoring in general has been identified by the European Union’s Technical Assistance for Civil Society Organisations (TACSO) program as one of the core fields requiring further development of NGO competencies.

SERVICE PROVISION: 3.9

Service provision capacities continue to expand slowly. NGOs primarily focus on provision of social services and basic humanitarian support. Humanitarian services such as public kitchens and those provided by the Union for Sustainable Return – which offers material support and assistance to returnees and internally displaced persons – are still of particular importance to vulnerable populations.



There has been an increase in education and training service provision offerings. In 2010, for

example, rural areas saw an observable improvement in the availability of such services, particularly in the provision of economic empowerment and computer-related training programs for the population.

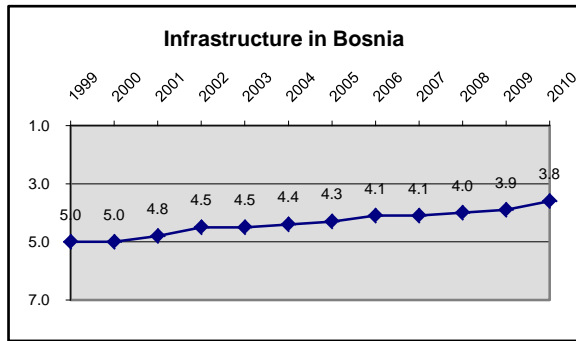
In general, social service organizations still lag behind state social centers in terms of capacity. Some NGOs have demonstrated higher professional standards than those held by state service providers, in particular providers of elderly care and legal aid, which is now primarily covered by an organization called Vasa Prava (Your Rights). However, these examples are still exceptions to the rule.

The NGO sector has much potential to establish itself as a service provider and to position itself as a valuable supplement to the traditional institutional service providers. However, financial limitations prevent them from pursuing and deepening the capacities needed to deliver particular services.

INFRASTRUCTURE: 3.8

The TACSO NGO capacity building program began operations in January, offering training services and other assistance – including the possibility of more specialized resource centers within the available IPA funding program. Demand for these training services has been

high, with TACSO struggling to identify enough quality trainers to fill the demand. Noteworthy is that the delivery of these services focused to a large extent on rural areas of the country, which still suffer as a result of the gap in support provided in the rural versus urban areas.



Presently there are four functional resource centers around the country, although these are not evenly developed in terms of services that they can offer. Most offer a limited scope of assistance and are run on a project basis due to their inability to raise revenues from their services.

Resource centers are nonetheless developing and offering new services; for example, the Center for Civil Society Promotion (CPCD) resource center designed a mentorship program at the beginning of 2010. Trainers are available and in constant circulation, but they still lack advanced and specialized knowledge and approaches that respond to the evolving needs of the NGO sector. Some local organizations have begun introducing and providing training services with a more tailored approach to their partner organizations and grantees. For example, CCI trains its grantees with a needs assessment approach.

International donor policies have stimulated growth of networks and coalitions. For example, Civil Dialogue for All (CIDI) is an IPA-funded consortium project that was initiated in October 2009 and had visible effect by 2010. It represents a good example of how a network approach aimed at strengthening the capacities of both NGOs and government institutions can result in a more structured and efficient “civil dialogue.” Another example of donor supported cooperation among organizations was the European Union Special Representative (EUSR) funded project Citizens for Europe, which brought together organizations with activities and expertise in various fields to focus on

encouraging and developing EU standards-based legislation across different sectors. The project is entering its second phase in 2011, with a new lead organization securing ownership over the initiative and transfer of experiences and practices. The focus will remain EU-integration oriented reforms and practices.

Establishment of effective working relationships between NGOs and government institutions is still in its early stages. The Agreement on Cooperation with the NGO sector (from 2007) adopted by the Council of Ministers is still dysfunctional at the state level. For example, several high quality IPA projects prepared by the Department for Cooperation with the NGO sector within the Ministry of Justice were rejected by the ministry itself. However, the plan to establish the practice of holding quarterly consultancy meetings between the Department for Cooperation and NGOs beginning in 2011 is hoped to improve this cooperation.

There has been more progress on the cantonal and municipal levels. For example, the Sarajevo Canton government relationship with NGOs has been improved through signing of the Agreement on Cooperation with the NGO sector on that level; however, the real impact still needs to be evaluated. The number of municipalities that have functioning agreements with NGOs also increased from sixty to seventy-five in 2010. A positive effect is that the procedures for allocation of funding have become slightly more transparent. Collaboration and consultation between the NGO sector and local governments has significantly increased, due to an improved level of recognition of the mutual benefits from cooperation.

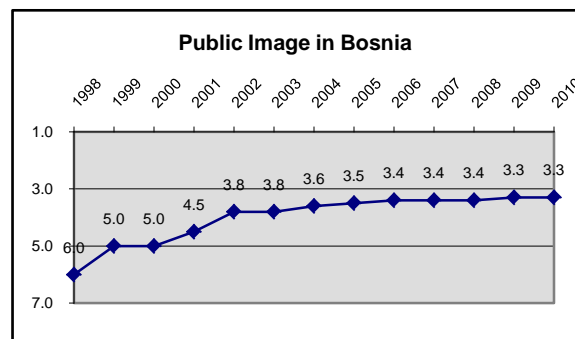
The International Organization for Standardization (ISO) standards for NGOs were introduced during 2010, and thirty organizations so far have gone through the training process and adopted the ISO’s working methodologies. These organizations witnessed significant improvements in their operations both internally and in the effectiveness of their activities.

PUBLIC IMAGE: 3.3

In 2010 coverage of the sector was affected by the general elections. Media became more interested in including NGO voices, because generally NGOs have a positive image. The Gallup Balkan Monitor Survey found that 8.2 percent of the population has ‘a lot’ of confidence and 47.3 percent ‘somewhat’ have confidence in NGOs. NGO positioned themselves as guardians and protectors of the public. They enjoyed broad coverage related to their areas of expertise, watchdog activities, and their monitoring of the former government’s performance.

For example, CCI alone had more than 1,000 appearances in different media outlets during the 2010 pre-election campaign period with the initiative, Government(s) of BiH. The initiative provided information on its website on the performance of individual parliamentarians on all government levels and additionally broadcast commercials inviting the public to vote responsibly. The Alumni Association of the Center for Interdisciplinary Postgraduate Studies (ACIPS) was given a prime time segment during a program on the public TV channel on the last day of the election campaign to broadcast its documentary on the campaign dynamics. Additionally, the public broadcasting services offered reduced fee advertising space to NGOs, differentiating the NGO broadcasting fee from corporate rates.

NGOs have become more aware of the need to build partnerships with the media. Media have also come to understand the importance of partnerships with NGOs and their role in society. It is now customary for NGO experts to appear in political magazines side by side with government representatives discussing various subjects of public interest.

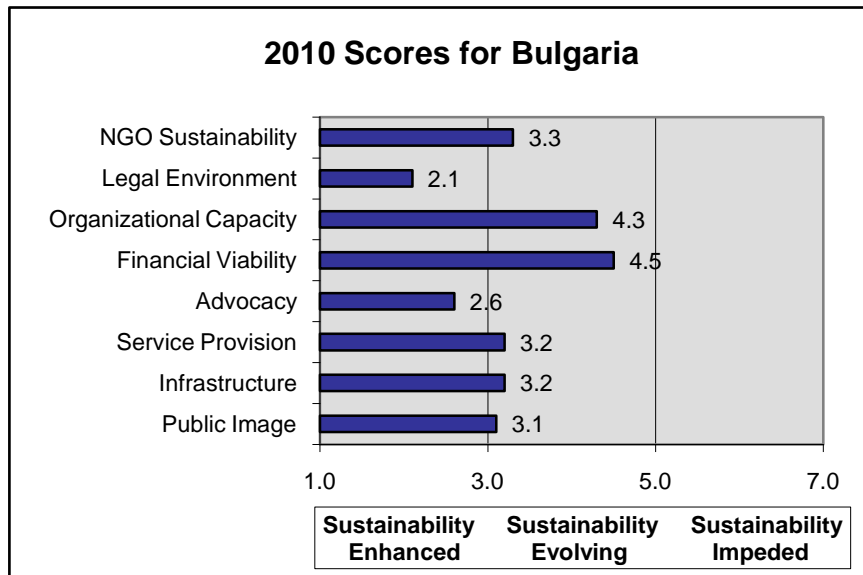


BiH media is still lacking in terms of investigative journalism. Sector coverage consists mostly of accounts of events or activities and does not take a critical or substantive approach. Despite some positive changes in the NGO sector, strong political control and influence on the media impedes both fair treatment and access of the sector.

Public understanding and support for NGO work continued to increase. A large majority of organizations can be reached through their Internet web sites, with basic information on their profiles, fields of work, and projects. In a continuing trend from 2009, there was a more intense use of social networks and Internet communication tools both for networking among organizations and for communicating with the public.

The NGO sector is progressively seen as an emerging partner and actor in the public sphere capable of inducing change and providing alternative solutions on various social issues. However, the sector continues to face the need for self-regulation and to improve transparency of NGOs’ activities and financial records. The introduction of the ISO standards and quality assurance processes is a step in this direction.

BULGARIA



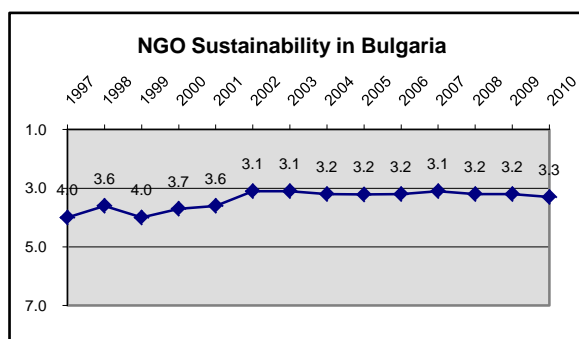
Capital: Sofia

Polity:
Parliamentary Democracy

Population:
7,093,635 (July 2011 est.)

GDP per capita (PPP):
\$13,500 (2010 est.)

NGO SUSTAINABILITY: 3.3



The NGO sector in Bulgaria saw an overall deterioration of its sustainability in 2010, in part because of the ongoing global financial crisis. The money from the state budget given to NGOs reached a record low, with only four NGOs receiving a total of just over €75,000. At the same time, EU funds were targeted predominantly to the state and municipalities; the EU program component on civil society development issued no tenders for the second year in a row.

The poor financial situation has led to a decrease in NGOs' organizational capacity and

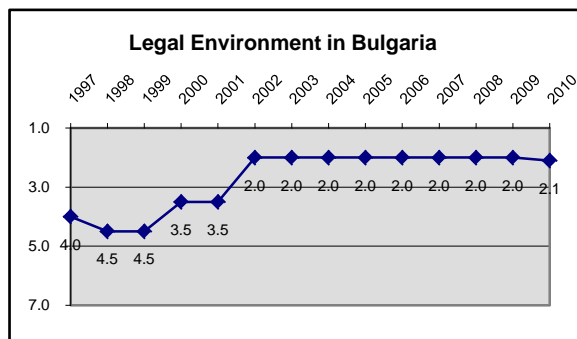
infrastructure as NGOs are concerned with survival more than carrying out their missions. Fewer people are engaged in the NGO sector; qualified people are leaving, and new people do not have access to good training and information.

The lack of a clear government policy towards NGOs is increasingly visible both in the ad hoc nature of engagement and the Central Registry's poor implementation of the Law on Nonprofit Legal Entities (the NGO Law) for public benefit organizations (PBOs). The image of NGOs has also been affected, especially as some media have started to compete with NGOs in fundraising for charitable causes. The public's perception of NGOs has not improved.

At the end of 2010 there were more than 32,000 officially registered NGOs in comparison to 30,500 at the end of 2009. More than 8,300 are registered as PBOs. Although there are more registered organizations than in previous years, the rate of registration of new organizations has fallen.

LEGAL ENVIRONMENT: 2.1

The legal environment deteriorated slightly in 2010 despite the fact that NGO legislation did not change. The registration procedure, although rather slow, is not burdensome in general; registration is only problematic if NGOs have not submitted all the required documents, or there are contradictions between their statutes and the law.



The implementation of the NGO Law by the Central Registry, however, is a serious issue. A report on monitoring the activity of the Central Registry shows that the Registry poorly carries out its three principal functions, which include NGO registration, data collection and oversight.

The registration process is slow; the law gives the registry fourteen days to register an organization, but in most cases this period is prolonged to two months. These delays can cause problems for NGOs. For example, donors to some newly registered community foundations were unable to benefit from the corporate tax deductions for donations because the Central Registry did not register the organizations as PBOs in a timely manner.

The Central Registry's online database is out-of-date. NGO annual reports should be available online, but there is at least a year delay in uploading this information. Further, the Central

Registry does not appear to be exercising its oversight functions over PBOs; a number of organizations have not submitted their annual reports, but the registry has not taken steps to resolve this situation. Also, officials engage in only sporadic checks of NGO activities.

The Central Registry has been denying PBO status to NGOs if their economic activities are "excessive or too broad," which affects an NGO's ability to earn income from economic activities. In many cases, economic activities – that until recently were considered related to the mission of an organization – are no longer accepted by the Central Registry based on its narrow interpretation of the law. For example, the Institute for Direct Democracy was registered as a PBO by the court, but was refused PBO status by the Central Registry. The Registry instructed the Institute to amend the economic activity provisions of its statutes. Whether or not the Central Registry has power to check the legality of NGO statutes is ambiguous. Many legal experts believe that the Central Registry does not have such power since NGOs are first registered in court where the legality of their statutes is checked.

There was no change in the tax treatment of NGOs with regard to their economic activities. NGOs are still treated in the same way as businesses. In addition, the Value Added Tax (VAT) on philanthropic text messages, used to fundraise for charitable causes, is still in effect despite NGO efforts to lobby the government to change this provision.

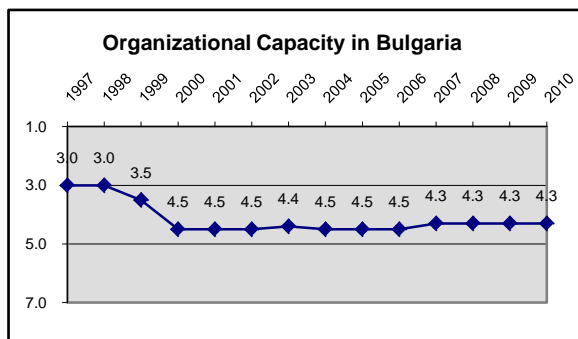
Basic registration and legal advice is available in both Sofia and around the country from the few remaining NGO resource centers. Advice on more complicated legal problems is primarily available in Sofia or through the Bulgarian Center for Not-for-Profit Law (BCNL).

ORGANIZATIONAL CAPACITY: 4.3

There are signs that NGOs see the value of attracting larger constituencies to their activities.

For example, the Bulgarian program of the World Wildlife Fund for Nature (WWF) recruits

people to help clean nature parks in Bulgaria. At the local level, NGOs are more connected to communities and raise funds or recruit volunteers for their initiatives. This is in part a result of the worsened financial situation that has forced NGOs to look for alternative resources. On the other hand, individuals are organizing themselves more through informal groups (such as activities related to environmental protection or against smoking in public places) rather than through traditional NGOs.



In their efforts to survive, many NGOs expand beyond their initial missions. Even the traditional community centers (chitalishta) are turning to new areas. For example, community centers such as the one in Dolni Vadin village in Oryahovo municipality provide social and home assistance services for the elderly, which diverge significantly from their original purposes – housing community libraries and organizing language, dance, and similar classes. Similarly, the Plevn Community Fund Chitalishta, which

supports chitalishta, is also registered as a social service provider.

Boards in many cases are just formalities and do not control or guide the organizations in practice. Very often there is no difference between management and governance personnel; and even when there is a difference, it is not clear whether the governing body actually governs. Many organizations are usually run by only one person.

NGOs permanently employ fewer people and even those that are employed work on a project-by-project basis. In small towns the effect is dramatic: the number of active organizations has decreased, and the ones that are still working have problems paying for offices or permanent staff. Very few organizations can afford to have staff with specific job descriptions. Most people work under consultancy agreements rather than permanent labor contracts. People with experience move to other sectors, and new people generally lack sufficient knowledge and experience. The need for staff has led organizations to work with more volunteers, but there is a need for quality volunteer training.

There are growing opportunities to use technology in a cost-effective manner. Skype and the partnership between TechSoup and Microsoft which provides software to NGOs almost free of charge are just two examples. On the other hand, not many NGOs can afford to buy new computers or other technology.

FINANCIAL VIABILITY: 4.5

On the whole, despite occasional positive news, the financial viability of the NGO sector decreased for yet another year. NGOs have little access to funding in the current environment. In a recent survey that BCNL carried out with eighty NGOs, 72 percent pointed to a lack of funds as their biggest problem.

Bilateral donors continue to leave the country, and state funds to NGOs decreased dramatically in 2010. In 2009, around 1 million lev (approximately €100,000) was awarded in competitive grants for public benefit NGOs; in

2010 this amount was just over 150,000 lev (approximately €15,000), with only four NGOs receiving funding.

There was little if any EU Structural Fund assistance targeted at NGOs to offset this decrease in government funding. Most EU money directly targets state institutions or municipalities. Only one operational program – Operational Program Administrative Capacity (OPAC) – has a dedicated component for increasing the capacity of NGOs, but for a second year in a row, there were no calls for

proposals for NGOs. Apparently, plans to evaluate the NGO program component have contributed to the delay in new calls. Regardless, as noted in previous years, EU funding procedures require NGOs to make significant financial inputs in order to carry out project activities. Once NGOs have made these inputs, there are serious delays in reimbursing expenses, which create liquidity problems even for mid-sized NGOs.

Municipalities struggle to fund NGOs. Even though there are examples of municipalities – such as in Sofia or Dobrich – that organize competitions to fund NGO projects, they are the exceptions. Companies have also limited budgets for corporate social responsibility, and there are signs that a large portion of corporate funding goes directly to individuals, municipalities or hospitals, not to NGOs.

Very few organizations have diversified funding bases. Organizations with diversified funding are more likely to have several major donors rather than funds from different funding sources.

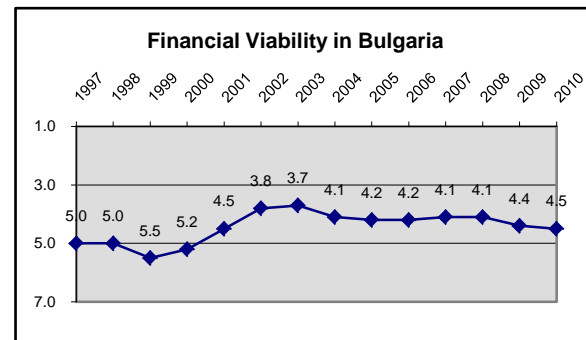
Despite these setbacks, there were some positive developments with the overall funding situation for Bulgarian NGOs. The America for Bulgaria Foundation (created in 2008 with an endowment of \$400 million) became active in supporting NGOs. In addition, community foundations, which suffered a major blow last year with a 30-50 percent decrease in donations, have managed to survive. In 2010, especially in bigger cities, they regained levels of funding close to those from 2008. Smaller community foundations are still lagging; however, they show better results than last year. Also, while corporate giving has decreased, there has been an emphasis on donating more efficiently, which may mean more targeted and effective programming. For example, Post Bank became more receptive to NGO needs by changing its corporate social responsibility program based on the advice of four NGOs.

ADVOCACY: 2.6

A few NGOs engage with policymakers, but this does not represent a trend. Each government

Fundraising is an area for potential development for NGOs, and the financial crisis has led more NGOs to consider fundraising for donations. However, most campaigns are ad hoc and target funds for specific issues rather than for an NGO’s core mission. Television companies also increased their charitable campaigns for various causes in 2010. However, these activities, particularly when conducted without NGO participation, can limit the ability of NGOs to initiate their own campaigns. Membership fees are symbolic and rarely cover even the most basic expenses of NGOs, other than business associations.

NGOs are especially active in providing services for fees in the educational and social areas. Municipalities very often contract with NGOs, but because of the financial crisis, some services provided by NGOs were also cut. For example, at the beginning of 2010, 104 social services for children and elderly at risk (funded previously through an EU project) were temporarily discontinued; their funding was secured again only in the middle of the year.



There are legal requirements for accountability and transparency of NGOs. Large organizations follow these requirements. However, it is not clear that providing volumes of detailed documents makes an organization transparent to the public, particularly given that the information in the Central Registry is outdated.

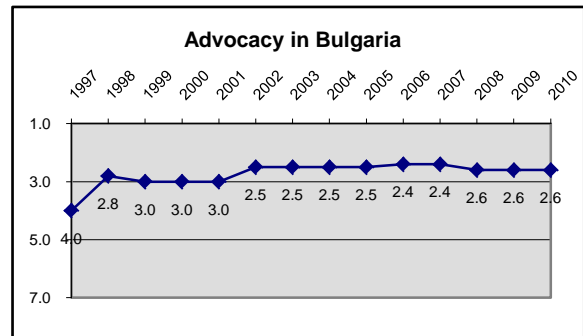
institution works under its own rules, and there are no general standards for cooperation with

NGOs. At the end of 2010, the Council for Administrative Reform (within the Council of Ministers) adopted Standards for Public Consultations. However, these standards are not mandatory, which means they have not yet been properly implemented. In general, the government is more willing to cooperate on issues where it has an interest and less so on issues proposed by civil society.

NGOs increasingly understand the need for joint activities and their possible benefits. In 2010, several joint meetings of thematic NGO coalitions were initiated to identify common problems for the sector. One of the first issues identified was the lack of NGO participation in planning how EU funds should be invested in the next program period (2014-2020). The results of this effort remain to be seen as the government has already started the planning process, and NGOs were not initially included. Another interesting initiative was carried out by a group of children's NGOs against the inclusion of children in a popular television reality program called Big Brother. The NGOs' efforts resulted in a media and parliamentary debate on the role of children in TV. The organizers of the campaign claim that the producers changed the format of the show and did not invite teenagers to participate.

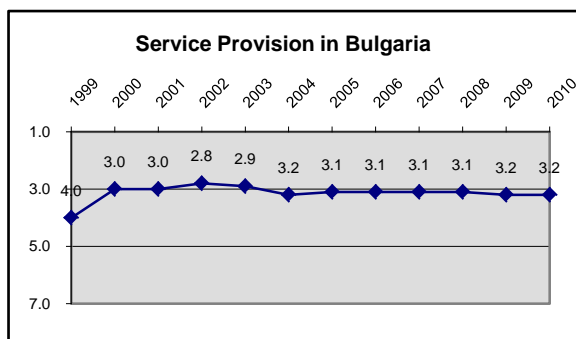
In general, lobbying by NGOs is not a decisive factor in policymaking. NGOs have made attempts to amend the Law on Normative Acts (which describes the process of how a draft becomes a law) and to improve the requirements on transparency and participation in the

decision-making process. The Civic Participation Forum also proposed amendments to the Law on Self-administration and Self-government. These two proposals have not been adopted yet, because they are not of immediate interest to the government. One successful example of a law affected by a public campaign was against the use of genetically modified organisms in Bulgaria. After a campaign by a broad coalition that included NGOs, this prohibition was upheld.



An additional example of a joint action is the effort to promote a better legal framework for NGOs. NGOs came together to analyze and propose changes to the way that state subsidies are distributed to NGOs, showing that NGOs are able to identify and come together around common challenges. This campaign will continue in 2011. NGOs also came together to analyze the activity of the Central Registry and propose recommendations to improve the Registry's work. Unfortunately, no additional measures were taken during 2010 to implement these recommendations.

SERVICE PROVISION: 3.2



NGOs provide a range of services, with the largest share in the areas of education and social affairs. Municipalities already have mechanisms in place to contract NGOs to provide social services. In other sectors, the government does not recognize NGOs' importance as service providers. Only a few resources are channeled to NGOs in the form of contracts and grants. For example, NGOs are not allowed by law to directly provide health services.

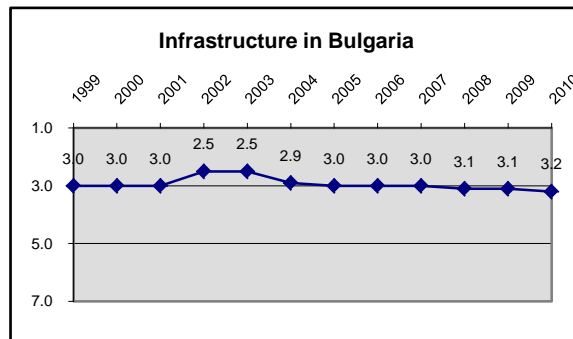
Municipalities still have preferential status compared to other service providers. Moreover, it is within a mayor's power to decide whether to contract a service to an NGO. The decision may depend on factors other than who will provide better services – for example, the need to dismiss municipal staff if the service is contracted out.

Most NGO services in Bulgaria are not paid for by the beneficiaries, but are financed through government/municipal contracts or donor funding. NGOs try to recover costs by collecting fees generally only when engaging in economic activities such as trainings or consultation services.

INFRASTRUCTURE: 3.2

It is increasingly difficult to get funding for civil society development or support to NGOs in Bulgaria. For this reason, there are few resource centers remaining where NGOs can receive basic information or advice. Some of the NGOs that operated as local resource centers still exist but do not act as resource centers anymore. One of the few centers still functioning is the NGO Information Portal, www.ngobg.info, created in 2010. It has a database of active NGOs, and its purpose is to provide useful information for NGOs in one place.

Community foundations continue to raise funds for local priorities, but their work is far from sufficient to cover the organizational capacity building needs in Bulgaria. This creates a downward spiral as the decrease in funding leads to less support for infrastructure and more need for trainings and assistance (such as advice on NGO management, accounting, etc.). As noted earlier, a number of qualified people have left the NGO sector because of financial constraints. They have been replaced by less experienced individuals who require training. In the last year, the number of trainings targeting NGOs has decreased visibly, due in large part to the inactivity of the EU OPAC program. While there are still specialized trainings organized by expert NGOs, such as regulatory impact assessment trainings offered by the Institute for Market Economics, the availability of basic training is very limited.



There are examples of NGOs working together with businesses or the state. Examples of partnerships with business include Mtel Grant (a partnership between Mtel and the Bulgarian Charities Aid Foundation to provide grants, often for social projects), and the partnership between DANONE and the Dimitar Berbatov Foundation, under which 5% of every Danone product goes to renovate or build sports playgrounds in schools. With regard to the government, there are specific examples of ministries/state agencies setting up consultative councils in which NGOs participate. There is no unified policy, and each state institution applies its own criteria for cooperation.

There are several active NGO coalitions, such as the National Network for Children, the Civic Participation Forum, and the “Let Nature Remain in Bulgaria” Coalition. Nevertheless, there is no national NGO umbrella organization.

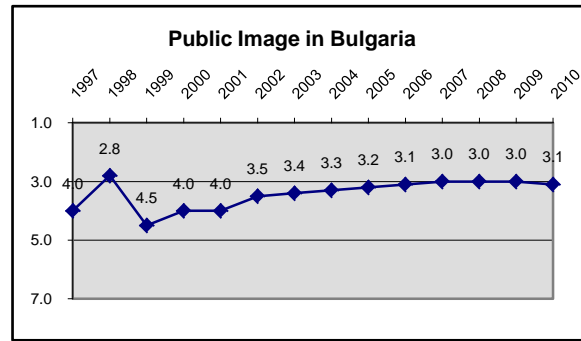
PUBLIC IMAGE: 3.1

Public perception of NGOs remains unsatisfactory, and more people tend to mistrust NGOs than trust them. In an Open Society

Institute study, people ranked NGOs 9th out of 12 as a place to which they would turn if they had a problem. In comparison, the police and

media ranked better than NGOs; members of parliament ranked worse. Over two-thirds of respondents (68 percent) noted that they felt NGOs are not effective, and 62.8 percent felt that NGOs concentrate only on their own financial benefit. Over 90 percent of people participating in the survey could not identify a single organization which they trust or are willing to take part. Most NGOs cannot afford to have a public relations specialist on staff, or to invest in improving their public image or visibility.

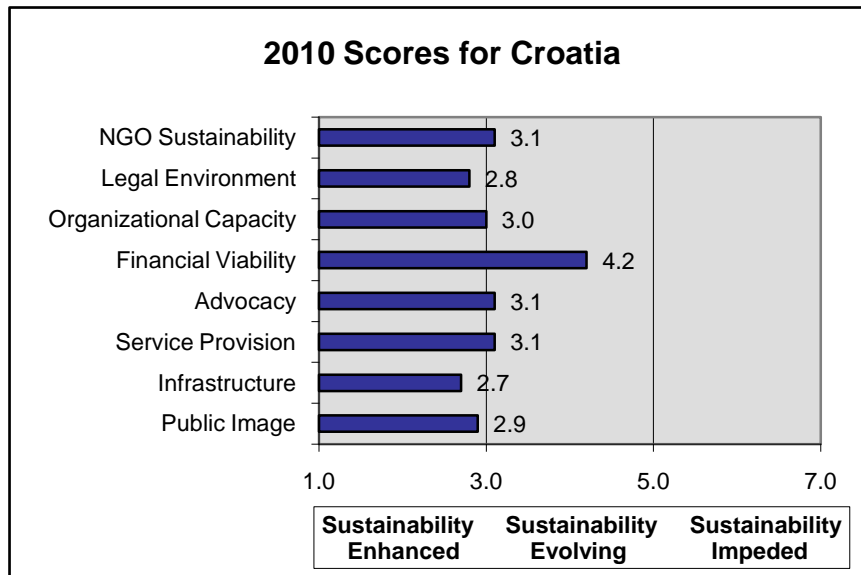
Media coverage of NGOs has increased substantially in 2010, but this is not entirely positive. There are still a number of negative stories about NGOs. For example, a media outlet attacked an NGO coalition by issuing a special report on how NGOs misuse funds. This happened at the same time that an NGO umbrella group criticized the media – specifically the use of children in a TV reality show. Also, the media has stepped into competition with NGOs by organizing fundraising campaigns targeted to similar beneficiaries.



With regard to the government, the initial opening for collaboration with NGOs is no longer present. In general, the government lacks any strategy or policy for collaboration or dealing with NGOs or for civil society development on the whole.

There is no agreed upon NGO code of ethics. In 2010, there was an initiative by a group of NGOs headed by the Workshop for Civic Initiatives to create Good Management Standards for NGOs, but after the launch of the initiative there was not much promotion, and it is unclear whether it will be accepted by the wider NGO community.

CROATIA



Capital: Zagreb

Polity:
Presidential/Parliamentary
Democracy

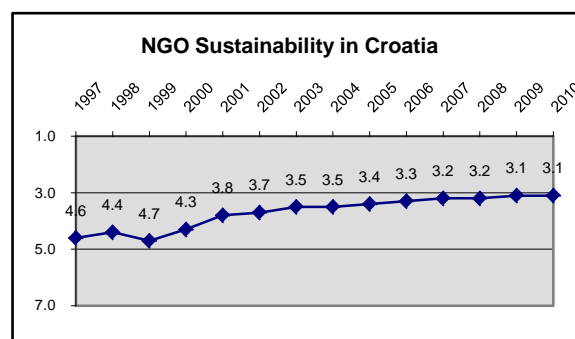
Population:
4,483,804 (July 2011 est.)

GDP per capita (PPP):
\$17,400 (2010 est.)

NGO SUSTAINABILITY: 3.1

Sustainability of the Croatian NGO sector in 2010 was quite similar to 2009 except for the continued deterioration of NGOs' financial viability. Many local and national authorities continued to reduce their support to the sector as a result of the ongoing financial crisis. Since the majority of foreign donors have already closed their offices, EU pre-accession funds remain the only significant foreign funding source in the country, and these funds were difficult for smaller organizations to access. Many organizations consequently were left 'out in the open' fighting for survival.

Nonetheless, there were some promising signs of increased advocacy capacity at both the national and local levels. Civic activism increased as individuals became more involved in events organized by civil initiatives and NGOs.



The number of registered Croatian civil society organizations increased from 37,000 in 2009 to 43,000 in 2010. This number includes NGOs, and sports and religious organizations. The increase can be partly attributed to the regulation that went into effect in 2010 that required NGOs to register with the Register of Not-For-Profit Organizations in order to be eligible for domestic funding.

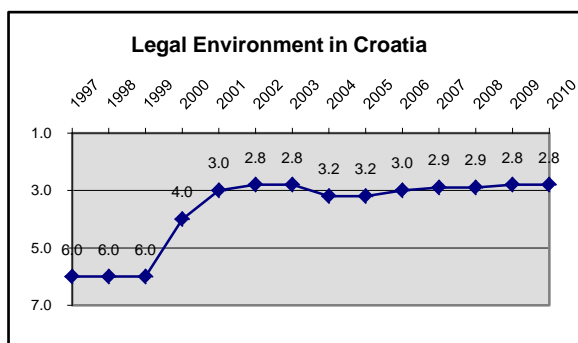
LEGAL ENVIRONMENT: 2.8

After several years in which the adoption of policy documents improved the operating environment for civil society, the legal environment for NGOs in Croatia remained almost unchanged from last year.

In 2010, the Register of Not-for-Profit Organizations, run by the Ministry of Finance, became fully operational. NGOs are required to register prior to applying for funds to any domestic state or public donor institution. The

Register is an essential tool for donors, providing general information on NGOs and confirming their legal status.

A manual for implementation of the Code of Good Practices in Public Financing of NGOs, adopted in 2007, was published and widely disseminated in 2010. Seminars and workshops for local authorities and the national government bodies were held in order to publicize the manual and encourage its use in these institutions' financing practices. The code regulates administrative bodies' standards and procedures for allocating funds to NGOs.



Application of good financing practices by public authorities is still in its early stages, especially at the local level. Local authorities seem reluctant to accept the code, viewing it as a list of non-obligatory general ideas rather than a practical tool.

Similarly, implementation of the 2009 Code of Consultation – which defines and recommends

ORGANIZATIONAL CAPACITY: 3.0

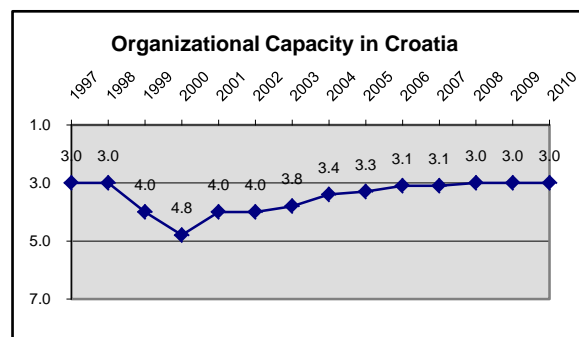
Organizational capacities continued to be maintained and enhanced through training and technical assistance. In particular, the level of strategic planning by NGOs appears to be improving. This can be partially attributed to the requirement in the Code of Good Practices in Public Financing of NGOs that all domestic institutional donors now require evidence of such strategic planning in their applications.

As a result of the global financial crisis there was little if any migration of professional personnel from the NGO sector to other sectors.

ways in which the consultation processes should be managed in order to involve representatives of all interested parties – had a slow start. The coordinators for implementation were appointed by the state administration bodies in 2010, and the Commission for Combating Corruption supported the use of the code as the principle tool for education of legislative bodies. However, unclear portions of the code's text created confusion and impeded implementation. Amendments to sharpen the text are expected in 2011.

Humanitarian organizations, political parties, trade unions, chambers of industry, religious communities, and medical and cultural institutions remain exempt from the 23 percent Value Added Tax (VAT), while advocacy, watchdog, human rights and peace organizations are not. NGOs are exempt from paying taxes on grants and donations as long as the funds are used to further the organization's nonprofit activities. An NGO is only permitted to have income from grants and donations if it establishes a company, in which case its income is not exempt from VAT.

NGOs can obtain legal assistance from approximately a dozen specialized NGOs (registered as such in the Register of Not-for-Profit Organizations). Legal assistance is available all over the country, as most of such specialized NGOs are available via the Internet.



At the same time, the financial instability of smaller NGOs resulted in their professional staff

migrating to larger NGOs that can at least offer short-term employment.

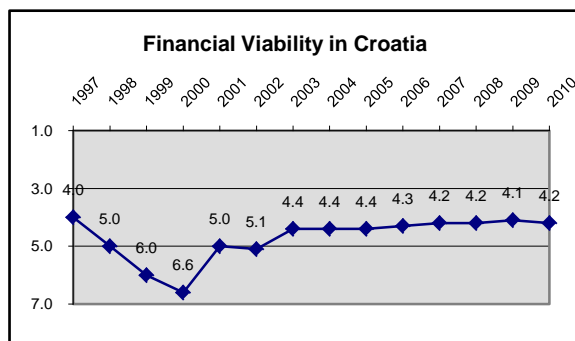
While some NGOs in the capital and cities around the country maintain full-time staff members and boast an orderly division of labor between board members and staff, there are still many organizations that do not have boards of directors, bylaws, staff, or more than a handful of active members. When smaller NGOs experience 'brain drain' and lose professional staff, they often return to the 'one man show'

management pattern. Their resulting neglect of staff supervision and leadership by management makes democratic control of decision-making processes difficult.

Many more established NGOs have relatively modern equipment, including laptops, LCD projectors, multimedia gadgets, and similar items that allow them to do their work efficiently. Smaller NGOs remain oriented towards basic desktop computers, printers and faxes.

FINANCIAL VIABILITY: 4.2

Budget tightening in 2010 caused various ministries and government offices that have been implementing grant programs to decrease their donor activities dramatically or even to stop funding ongoing projects. For example, the Ministry of Health and Social Welfare decreased support for disabled persons' NGOs, the Ministry of Culture decreased support for culture-oriented NGOs, and the Ministry of Science, Education, and Sport decreased support for scientific and professional NGOs. Similarly, some local authorities simply were unable to cover previously agreed upon sums, forcing NGOs to accept sometimes drastic decreases in payments. For example, the Zagreb local government simply asked NGOs that it supported to give up their final payments, and they were not paid.



The National Foundation for Civil Society Development (NFCSD) retained its position as the largest donor providing institutional support (operational grants), enabling NGOs to focus more on their basic activities and programs rather than working from project to project. The

NFCSD continued to decentralize its funding, extending agreements with four regional foundations responsible for managing community grants programs, which contributed to the diversification of funding and initiated a re-granting model. The NFCSD Program of Decentralization of Grants for Civil Society Development in the Republic of Croatia, in partnership with the regional foundations, streamlined the process for funding short-term civic initiatives at the local level. The disbursements of the NFCSD in 2010 totaled €4.5 million to 200 NGOs; regional foundations funding short-term civic initiatives supported an additional 120 NGOs.

The EU Instrument for Pre-Accession Assistance (IPA) and the European Commission Europe for Citizens programs were successful in attracting a notable number of NGOs in 2010, awarding thirty grants totaling €4.1 million. However, some problems arose when individual NGOs were not able to cover the balance between the approved budget and the total costs of their projects (approximately a 20 percent difference). This problem was partly addressed by a NFCSD Program for Co-financing which was developed in order to assist organizations whose projects were accepted within the framework of either the Europe for Citizens program or the Anna Lindh Foundation (which is funded by forty-three Euro-Mediterranean countries to promote intercultural dialogue and respect for diversity); seven organizations received NFCSD co-financing support.

Businesses, both domestic and transnational, were truly hard hit by the recession and remained minor supporters of NGOs in 2010 in Croatia.

As a result of the tougher financial climate, NGOs placed greater emphasis on volunteerism

ADVOCACY: 3.1

There was a slight improvement in the area of advocacy. NGOs continued to cooperate with national and local governments in 2010. NGO representatives regularly participate in parliamentary committees on human rights, prevention of corruption, security, environmental protection, minorities, youth and other issues. However, this cooperation is still in its early stages given the lack of political will and/or awareness on the side of the government and capacity on the side of the NGOs.

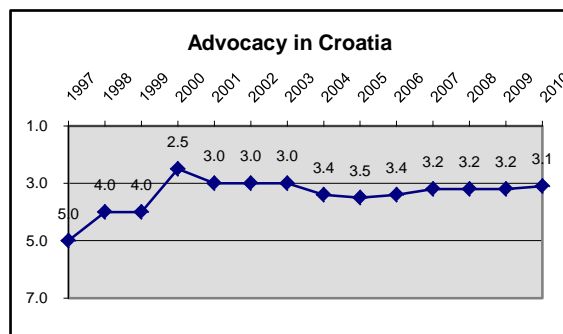
In 2010 several NGO representatives continued their participation on the recently established Croatian National Television (HTV) Program Council, which regulates the programming of the national public television network. NGOs' continued participation in the Council helps to ensure public influence on the management of public television. NGOs particularly supported the continued debate and investigation of alleged internal censorship. However, it is not clear if the situation at HTV is going to change for the better any time soon. The institution has become a pawn in the power play between the strongest political parties in Croatia as they fight for influence 'on the air.'

NGOs organized themselves better to initiate and/or support an increasing number of civic campaigns in 2010. A large and well-organized wave of public protests took place in Zagreb and was recognized by the public as being partly led by a coalition of NGOs. The Varšavska Street activists – civil initiative activists that started the protests against the building of shopping malls in an area of old buildings and public spaces – were soon joined by local NGO representatives. This informal coalition's skillfully organized protests became one of the most important civil society events in 2010. The protests also

and non-monetary support from communities, and diversification of funding sources (mainly through service provision or applying for EU programs). NGOs also gave more emphasis to collaboration and coordination with similar organizations so as to share resources.

spurred 'copy cat' actions in other Croatian cities with similar problems, showing that such coalitions can be organized quickly and effectively. Social media tools were both extensively and intensively used during these initiatives, helping to create a critical mass.

However, the initiatives did not achieve their intended results. Public support for these movements depended strongly on the impression that the rich minority is 'bending the rules' which the rest of the population must follow. In the Zagreb initiative, as it became clear that the building process had followed proper legal procedures, support for the activist approach diminished. In the case of advocacy campaigns against proposed golf courses in Dubrovnik and Istria, the public gradually lost interest and began to focus more on how such business developments might create jobs.



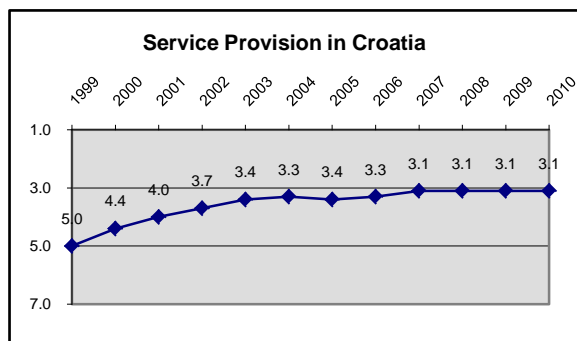
The NFCSD supports several projects focused on not-for-profit media, including audio, video, and multimedia broadcasting (most with national coverage). This broadens the audience for information about NGO activities and provides space for presentation of advocacy initiatives and public policy analysis. In 2010, NFCSD provided support for three portals projects (including Queer.hr), one radio (TOMS, Trogir)

and one TV broadcast program (City Workshop/Green Istria/Pula).

In addition, multi-year support was granted to seven projects in 2010 in order to provide NGOs with the stable financial base needed to focus on

longer-term programming. Some of these projects (such as the web portals H-alter and Kulturpunkt or TV broadcasts such as Cenzura in the city of Split) served as key information platforms and outlets during the wave of civic campaigns.

SERVICE PROVISION: 3.1



The government recognizes NGOs' contributions to covering the gap in social services, although this is only sometimes accompanied by funding in the form of grants or contracts. For example, government bodies, primarily at the local level, provided grants or contracts to enable NGOs to provide services such as elder care or youth programming. Overall, however, authorities are under-utilizing NGOs as service providers for a wider set of service offerings. According to 2010 research by the Ministry of Environmental Protection, Physical Planning and Construction, the majority of NGOs are well-equipped and

capable of running such programs, but many lack the ability to adapt their offerings to fit market needs.

In 2010, some IPA grants were opened for Croatian NGOs in order to encourage projects for innovative social services in specific regions of Croatia, but they are still generally in the pregranting phase.

Training organizations continue to be the most successful in terms of cost recovery. Consulting, accounting, and other professional services are also provided by NGOs.

Organizations increasingly show interest in social entrepreneurship. Donors such as the British Council Croatia hold educational seminars and workshops for NGOs interested in developing social entrepreneurship activities. Some of the more successful organizations so far are the Association for Development of Civil Society (SMART) in Rijeka and the Autonomous Center – ACT in Cakovec.

INFRASTRUCTURE: 2.7

As the strongest grantmaking organization in Croatia, the NFCSD continued to provide support services to NGOs in 2010. The NFCSD's regional development program operates through focal points in key regions and provides various types of training, networking, technical assistance, and clearinghouse services.

The NFCSD Program for Regional Development and Strengthening of Civil Society Organizations on the Local and Regional Levels is a network of associated partners and provides an infrastructure to direct existing capacities and financial support towards the regional

development of civil society. The program targets both registered and unregistered organizations and civic initiatives and is conducted in partnership with five regional networks of NGOs, which disseminate information to NGOs and provide free consultations and trainings. Trainings mostly focused on general issues of project cycle management, fundraising (including available European pre-accession funds), and cooperation with local and regional government bodies. In 2010, approximately 1,275 people participated in the ninety-nine workshops held for NGO representatives and approximately 1,500 NGO

staff utilized information and consulting services.

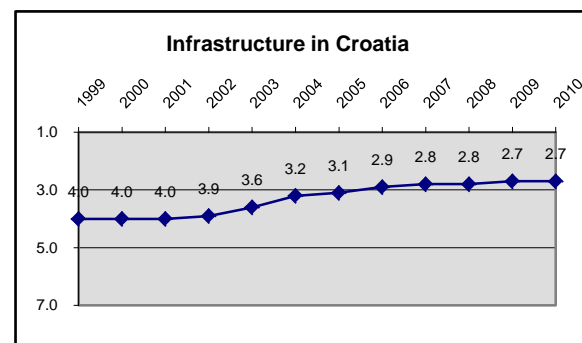
The NFCSD supported the development of four small community foundations in 2010 with approximately €5,000 in funding divided among the four for the whole year. The initiative was undertaken in order to encourage local community development and provide an environment for 'grassroots' foundations to evolve. These newly established community foundations are active in raising funds and distributing grants for smaller projects by NGOs and civic initiatives which foster local community development, particularly encouraging volunteer work and involvement of citizens.

In 2010, the NFCSD's Cross-Sector Cooperation Program that is implemented by IMPACT – the European Centre for Cross-Sector Partnership in Zadar – continued to serve as the first center of excellence in Southeastern Europe for cross-sector cooperation, promoting partnerships between the public, business, and NGO sectors on both national and regional levels. The core of IMPACT's activities consists of training programs for representatives of the public, business, and NGO sectors and the organization of public discussions concerning cross-sector cooperation. IMPACT frequently works in partnership with local NGOs or in cooperation with international organizations such as ECAS – the European Citizen Action Service from Brussels. These partnerships and cooperation have also allowed IMPACT to diversify its funding (beyond initial NFCSD support), moving it towards sustainability.

PUBLIC IMAGE: 2.9

The public image of Croatian NGOs changed little in 2010. On one hand, the public presence of NGOs increased, mainly as a result of their efforts to inform the public about their role in society and their advocacy efforts. The success of the public protests on Varšavska Street and similar activities in Split and Dubrovnik are examples of such efforts.

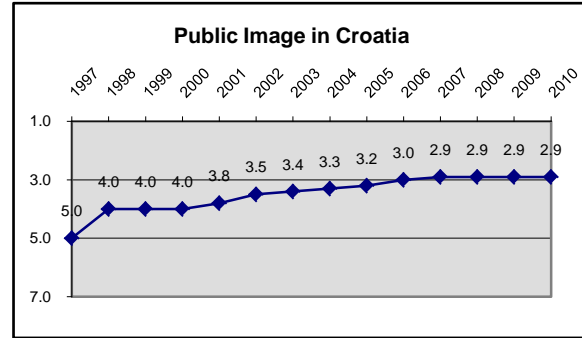
The NFCSD together with the IMPACT Centre and in cooperation with ECAS established a regional representation office in Brussels in 2009. In 2010, the IMPACT Office was initiated with the aim of promoting and supporting the networking of civil society in Southeast Europe with NGOs in the European Union. The office will collaborate with different European associations and networks to develop partnerships and joint initiatives with NGOs from Southeast Europe as well as advocate for NGOs from the region and defend their interests within European Union institutions.



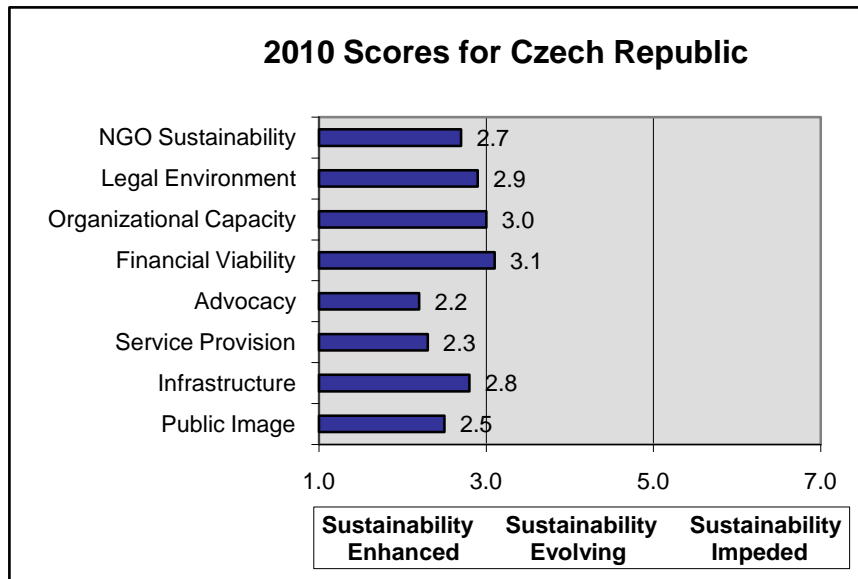
The Croatian Volunteer Centers Network was established by four regional Croatian Volunteer Centers as an informal network to influence the legal and policy environment for volunteerism, promote and establish educational standards in the area of volunteering and volunteer management, and ensure quality standards of volunteer center services. By the end of 2010, the Network had seven full members and five associate members. However, the Network has no funding apart from the grants that the individual regional centers receive for their activities from the Ministry of Family, Veterans' Affairs and Intergenerational Solidarity.

On the other hand, the involvement of NGOs and their representatives in these civic initiatives is often described in the media (audio-visual, as well as print) in a one-dimensional way, focusing more on the superficial impressions of an activist's personality than on the deeper analysis of the content and the context of these events.

Nevertheless, both commercial and public media outlets continued to recognize (and frequently host) NGO leaders as experts on specific issues. For example, NGO experts are frequently guests on the popular 'Good Morning, Croatia' show to discuss environmental issues and representatives from watchdog NGOs are commonly part of evening talk show panels to discuss government accountability or human rights issues. In general, the media covers the work of NGOs, and NGOs approach media and public relations in a professional manner.



CZECH REPUBLIC



Capital: Prague

Polity:
Parliamentary Democracy

Population:
10,190,213 (July 2011 est.)

GDP per capita:
(\$25,600 (2010 est.))

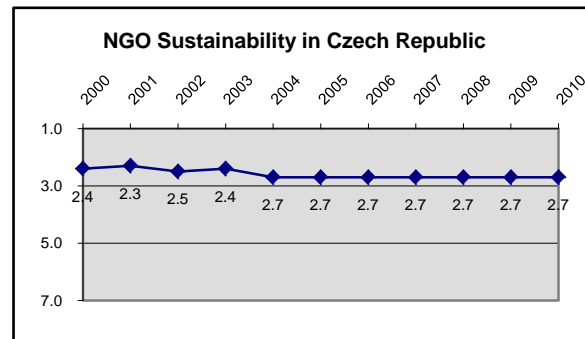
NGO SUSTAINABILITY: 2.7

In 2010, there were a number of significant political changes in the country. After a caretaker government, a coalition of right-wing parties took a comfortable majority of seats in the lower house in May elections and started implementing a reform-oriented program focused on significant state-budget expenditure reductions. These reforms deal with the social system, healthcare, and pensions. They will also deal with changes to subsidies for the NGO sector.

The effects of the global financial crisis have generally been stabilized in the large corporate donor sector. These entities provide not only corporate volunteerism, but also financial support. The situation with small companies was quite the opposite as these firms were fighting to survive.

Cooperation between government and civil society continued to develop. NGO efforts on the Government Council for Non-Governmental Nonprofit Organizations to improve gaps in

NGO related legislation continued and were regarded as an example of civil society inputs into the reform process.



There were 111,241 NGOs operating in the Czech Republic in 2010 compared with 105,758 in 2009. The most common entities were civic associations, which numbered 72,111. However many civic associations cease operations annually without going through deregistration. A central public register of NGOs still does not exist.

LEGAL ENVIRONMENT: 2.9

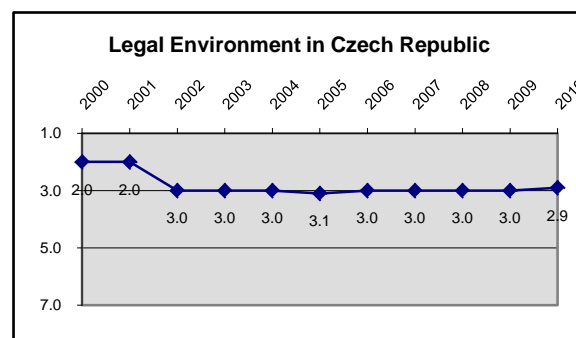
The Czech legislative framework for NGOs has basically been defined, but it still has gaps. Establishment, operation, and liquidation of all types of legal forms of NGOs are addressed by specific laws that set NGO rights and obligations. However, the legislation does not clearly define the term nonprofit organization which creates problems when interpreting the law.

Although registration of civic associations is fairly quick and easy, the Ministry of the Interior continues using its own interpretation of the Law on Civic Associations. It either suspends or denies the registration of those civic associations that provide services for people who are not members of the organization. The legislation defining the operation of civic associations is still only a framework in nature that allows some associations to operate in a non-transparent manner.

In efforts to address some of these gaps, amendments to the Law on Public Benefit Corporations and to the Law on Foundations and Endowment Funds were enacted in spring and summer of 2010. Amendments to the first law changed the statutory representative of public benefit corporations from the board to the organization's director. The new amendments also cleared up the relationship between the founder and the board of directors, while allowing for the remuneration of board members, and tightening responsibilities of the board and the director. Amendments to the second law allowed foundations and endowment fund organizations to finance their own projects.

The government also began work on a new law about the status of public benefit organizations with a draft law to be completed by the end of 2012. Also at the end of 2010, there was a public debate on a new Civil Code that will play a key role in the functioning of the NGO sector. If the new law is approved, it will bring significant

changes to the operations of legal forms of non-profit organizations.



According to taxation laws, subsidies, grants, and donations to NGOs are tax-deductible. Individuals and companies may deduct donations from their taxes. The current maximum deduction allowed, however, is inadequate and is not attractive enough to motivate potential donors.

The tax environment in the Czech Republic is further complicated by inconsistent interpretations of tax laws. A lawyer, an economist, an accountant, or a financial office may all interpret regulations differently. According to the present tax law, only a certain part of revenue is not taxed, which does not give a sufficient advantage to NGOs.

Legislation does allow NGOs to generate income through the provision of goods or services. Most developed NGOs reported income from the sale of their own products. However, taxation problems arise from differing interpretations of NGO economic activities that are not clearly defined by the law.

The Czech Republic has only a small group of NGO legislative specialists. Legal consultancy services are available in Prague and some regional cities, but access to these services is more limited in rural regions. Recently, some commercial legal offices have also reported having NGO clients.

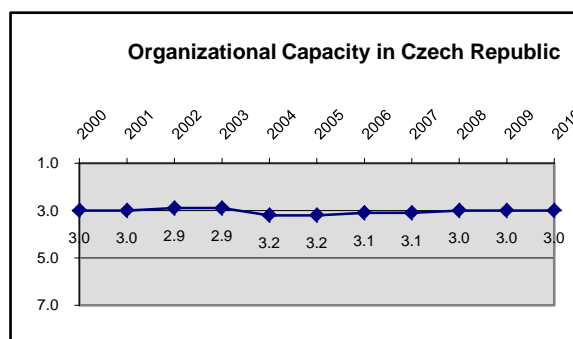
ORGANIZATIONAL CAPACITY: 3.0

Developed NGOs use strategic planning in their operations. Most other NGOs are aware of the need for strategic planning, but the majority of them still lack written strategic plans. They often only define their missions and are unable to plan for financial security.

NGOs are obliged by law to define their management structure, competencies, and the duties of an executive body in their founding documents. In practice, the laws are not fully observed even in larger, more developed organizations. While there is a clear difference in management structures between smaller and larger organizations, a separation of such oversight and management competencies is often not done in practice. The statutory body is often created only to fulfill requirements and the same people participate in both the board and day-to-day management, which leaves little time for real strategic planning.

Certain forms of NGOs (public benefit organizations, foundations, and endowment funds) are obliged by law to publish annual reports – including financial reports and statements from independent auditors – in order for the public to check how effectively NGOs use their resources; roughly half fill this requirement. On the other hand, a number of civic associations regularly publish their reports even though they are not obliged to do so. The majority of donors also require a clear operating structure as a part of the grant procedure.

Developed NGOs have permanent employees. In the majority of organizations, these employees though perform work that goes well beyond their job descriptions. Overall, despite a slight improvement, the sector lacks capable managers.

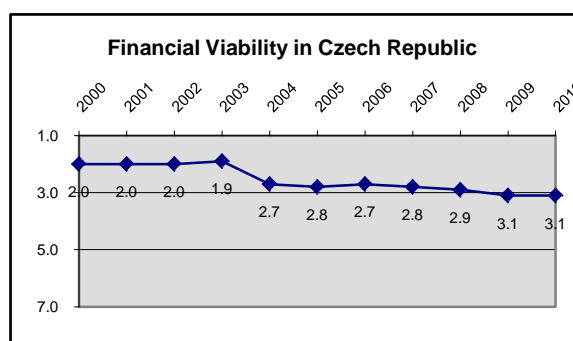


NGOs continue to involve volunteers, but they rarely have a systematically organized database of volunteers. The Law on Voluntary Service stipulates that accredited volunteer centers are to train and educate volunteers. However, NGOs are still not fully qualified to manage volunteers and work with them. Furthermore, volunteers must not be association members, thereby complicating the use of volunteers.

Thanks to financial support and in-kind donations, the sector has sufficient office equipment. However, the equipment is often not of the highest quality. Almost all NGOs use technical equipment and the Internet. NGOs without their own equipment can use the network of libraries and municipal buildings that provide Internet access.

FINANCIAL VIABILITY: 3.1

NGOs get most of their finances from domestic sources of support. Most of the financing for the NGO sector comes from the state budget (including EU Structural Funds through the Czech ministries), companies, individual donation, and foundations. EU Structural Funds are still a significant source of financing for some NGOs outside of Prague.



The epicenter of the economic crisis moved in 2010 from foundation and corporate donors to the public and small and medium-sized business sector, where the economic downturn's effects began to be felt in greater strength. Large and stable companies continued to engage in corporate social responsibility. In lieu of finances, many companies offered their employees as volunteers. While individual donor support did not decrease in 2010, NGOs generally do not count on donations from individual donors as a major portion of their resources. Work with individual donors is considered a difficult form of fundraising for NGOs; donations from individuals obtained through public collections are the exception. Solicitation of funds through donor text messages (DMS) also grew as a fundraising channel: 1,796,096 DMS were sent in 2009 and 2,256,690 DMS were sent in 2010.

The majority of NGOs still had poor financial stability in 2010. This became even more precarious with the financial crisis given that many were dependent on one or a few sources of financing (such as the state budget) which were reduced or stopped. Consequently, the vast majority of organizations did not have the funds to maintain financial reserves, and financial security of NGOs was shortened to only several

months. Unfortunately, the majority of boards of directors failed to assist their organizations to seek out and secure financial support for their organizations.

Pressure to strengthen NGOs earned income also increased given the economic situation. However, while NGOs are interested in social entrepreneurship, they lack both financial and marketing management skills. This may be partly due to the fact that NGOs do not easily identify with the notion that their primary focus should be on generating their own income. NGOs usually sell services and products; although some organizations (mostly in the social and healthcare areas) charge minimal fees. Public contracts appeared more often in 2010 as compared to recent years. Still, the fact remains that the most used methods of NGO service purchases are grants and donations.

As in the previous year, donors commonly require annual reports, bookkeeping, and audits. The financial management of NGOs is often disorganized, and the sector lacks economists and financial managers. Lack of information and inaccurate data in the financial sections of annual reports negatively influences NGO transparency and trustworthiness.

ADVOCACY: 2.2

Communication between the public administration and NGOs improved in 2010. NGOs have representatives in advisory bodies of various ministries, and new formal and informal partnerships between the NGO sector and the public sector continued to form, albeit sometimes only pro forma.

At the regional level, NGOs relied upon community planning and related regional development strategy opportunities for cooperation with the government. This does not apply in all regions, however.

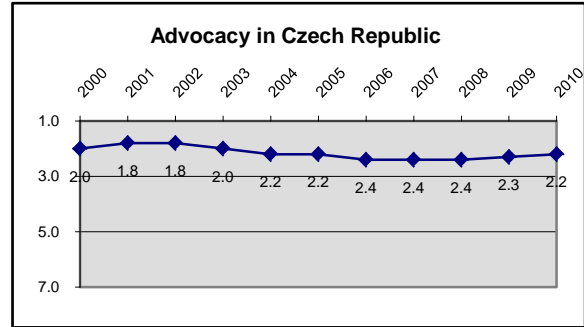
Generally, regions have their grant strategies and rules for NGO support, while smaller towns and villages do not work as systematically and their support is more ad hoc.

Advocacy campaigns were also a common feature of NGO work in 2010. Organizations conducted campaigns to encourage solutions to socio-political issues in various areas (the handicapped, the blind, development aid, human rights, socially excluded groups, violence against children, abused women, homeless people, etc.). For example, NGOs helped to stop a planned resettlement camp for the homeless on the edge of Prague.

Advocacy efforts in relation to NGO legislation also resulted in some policy impacts. Through the Council for Non-Governmental Nonprofit Organizations (RNNO), NGOs were able to get amendments on foundations and endowment funds and public benefit organizations approved. The RNNO also worked on preparing an

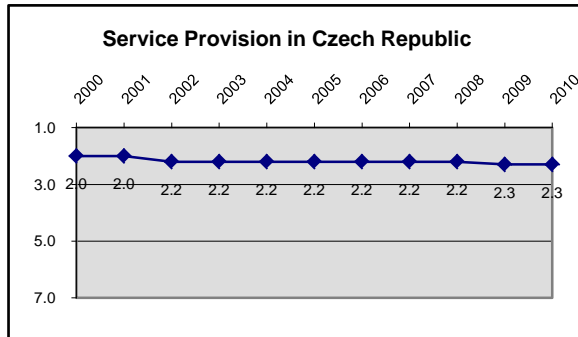
amendment on voluntary service and public collections.

NGOs generally still do not perceive lobbying as a priority or have clear lobbying strategies. Nevertheless, they realize that lobbying is necessary in some situations. Traditionally, environmental organizations and organizations operating in social and healthcare areas have been the most effective.



SERVICE PROVISION: 2.3

The impact of the financial crisis continued to be felt in 2010. Some services were abolished while others were technically changed. While the majority of NGO services are of a high professional standard, availability and quality differ in various regions. NGOs are particularly positively perceived in relation to their community work. NGOs offer services in almost all areas: social work, healthcare, environmental protection, culture, sports, education, etc.



NGOs usually respond to the noticeable needs of the society. These needs are generally in line with priorities declared by the public administration and EU Structural Funds programs. Programs financed by EU Structural Funds have strengthened the ability of NGOs to monitor their clients' needs, analyze them, and react to them. However, NGOs are often able to do the activities only during the duration of the

INFRASTRUCTURE: 2.8

The Czech Republic has NGO support and resource centers that cover the entire country. Regional administrative offices and commercial

project supported by the EU Structural Funds. When the project is finished, they are not able to continue for financial reasons and therefore cutback their services. Some NGOs react to appeals and also become involved in activities that do not fully correspond with their mission.

NGOs generally use appropriate methods to ensure and organize cost recovery. The exceptions are registered social services. These usually do not calculate the prices of their product using real expenses, instead substituting the value that the clients and users would be willing to pay.

The gap between NGO service providers in the social sphere and state or civil administration service providers widened even further in 2010. The market is regulated in favor of the government providers at the expense of NGOs, which receive less public support and do not have the advantage of subsidies from EU Structural Funds. While the government is attempting to improve opportunities for NGOs particularly in social areas, the process is still administratively demanding. There were more public tenders in 2010, but the purchasing of services is still primarily realized through subsidies and grants that have their own sets of administrative demands.

companies play an important role as they perform some functions of NGO service organizations. Also many capacity building and

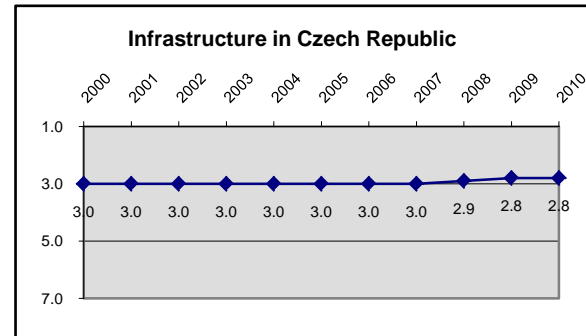
training programs for NGOs were created as part of European funds. Training courses are usually held in Prague and other large cities.

In 2010, no new grantmaking organizations were established. Some corporations used their social responsibility mechanism to provide support to the sector. Overall, there are only a limited number of community and corporate foundations in the Czech Republic. The corporate foundations cover activities such as support of children and youth and cultural events.

A new association of public benefit organizations was created in 2010 with the goal of increasing transparency in the NGO sector, fostering public benefit, and cementing tax benefits for those who support public benefit activities into Czech law. However in general cross-sector coalitions have limited members, and they do not represent the entire NGO sector.

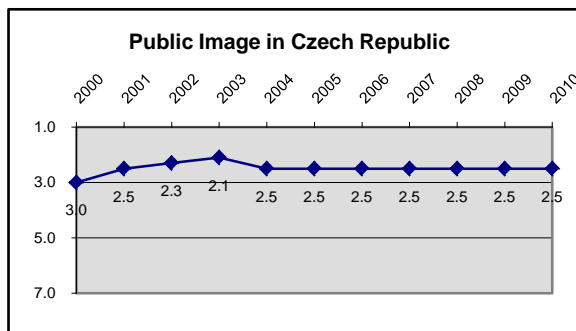
At the same time, some specialized (environmental, humanitarian) and regional coalitions work quite efficiently. Also coalitions

that are topic specific and temporal, such as coalitions for making donations easier and networks for the development of the social economy, tend to be successful.



Intersectoral partnerships continued developing in 2010 and are often established in order to fulfill common goals, solve various problems, or to approach the public. An example is the Every Czech Reads to Kids campaign, which spread the idea of parents reading to their children for at least twenty minutes each day. Various organizations and public figures participated in this campaign.

PUBLIC IMAGE: 2.5



The media provided good coverage of NGO activities in 2010. The reports are usually neutral or positive. NGOs mostly appear in the regional media as most coverage focuses on local events. Media time is provided to NGO staff members who are perceived as experts on specific issues, and the media often provides time for NGO informational campaigns. In 2010, the media continued to cover corporate donor support without it being considered free publicity and advertising for corporations and businesses.

The public perceives NGOs as legitimate and appreciates their importance. Philanthropy is rooted in society, and it is a stable phenomenon that is slowly growing. Organizations promoted by the media are perceived especially positively, as are those with which the public is familiar.

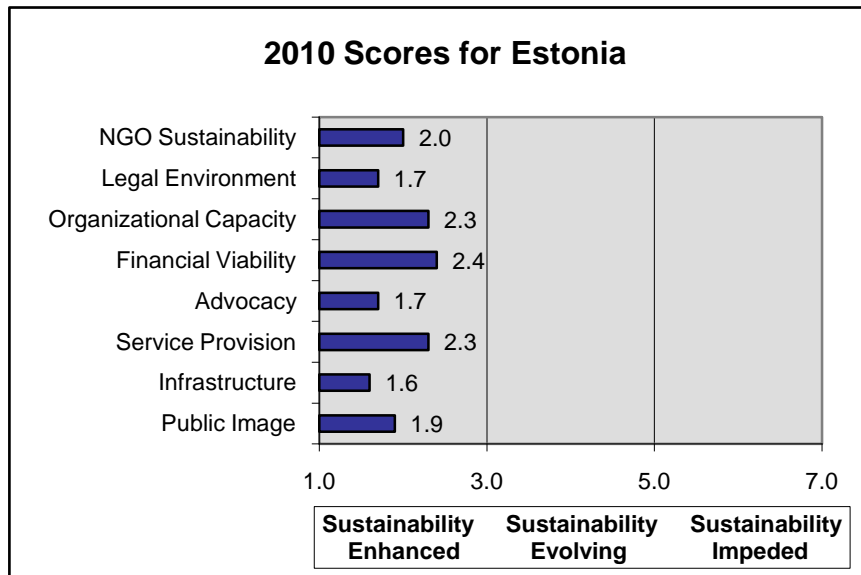
Similarly government and businesses generally have a positive image of NGOs. The state and public administration describe them as partners, although their relationship is not necessarily equal in practice. Corporations continue to include NGOs in their corporate social responsibility concepts and they cooperate with them by providing support for certain issues or regions. Local support from regional small and medium-sized enterprises located outside the capital also is growing.

NGOs are beginning to appreciate the relationship between public relations and their sustainability, and they are approaching the public and promoting their activities more.

However, due to the lack of financial and human resources, NGOs often cannot develop their public relations clearly enough for the public to understand their message and support them. The increased use of social networking technologies has aided NGOs to spread their messages more effectively.

The majority of established NGOs have their own professional ethical codes and standards for services. These documents are not, however, published extensively. Social-medical organizations by law must inform about the quality of the social services that they provide. Established NGOs publish their annual reports and advertising materials frequently.

ESTONIA



Capital: Tallinn

Polity:
Parliamentary Republic

Population:
1,282,963 (July 2011 est.)

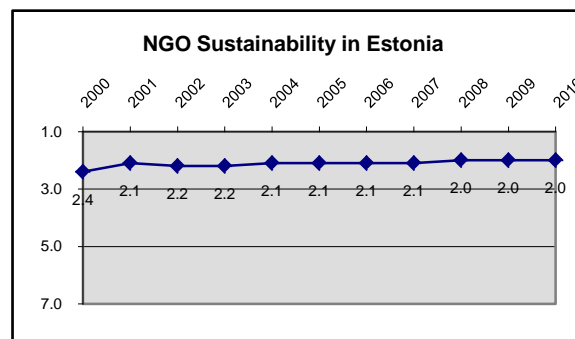
GDP per capita:
\$19,100 (2010 est.)

NGO SUSTAINABILITY: 2.0

2010 brought no major changes to Estonian civil society. As the country struggled to meet the criteria for joining the eurozone (a goal finally accomplished on January 1st, 2011), further budget cuts in the public sector also resulted in decreased funding for NGOs. However this did not significantly impact the ability of the NGO sector to continue functioning. Moreover, the second half of 2010 brought with it the first signs of economic recovery, which after a two-year recession gave rise to more optimistic views of the future.

The number of registered NGOs grew to 32,000, 850 of which are foundations and the rest are associations. Approximately 2,000 new organizations are registered every year, about one third more than before the recession. At the same time, only a few hundred organizations per year are liquidated. Rapid numerical growth, however, is not necessarily a sign of growing civic activism. New organizations are created for

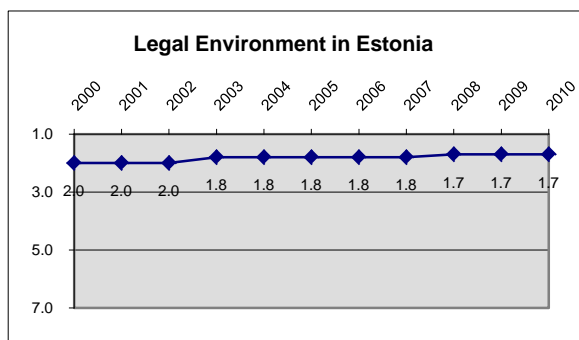
a variety of reasons. For many, founding an NGO may be a means of job creation as the unemployment rate in Estonia reached 20 percent at the beginning of 2010, falling to 14 percent by the end of the year. Studies indicate that new organizations tend to be smaller and weaker in terms of financial and human resources as well as in terms of membership. Estimates show that of 32,000 registered NGOs approximately 6,000 organizations are functionally defunct.



LEGAL ENVIRONMENT: 1.7

There were no significant changes in the legal environment in 2010. Estonian NGOs are free in their actions, and there are no particular

restrictions on their activities. The process of registering a new NGO is simple and can be done online.



For the first time, NGOs in Estonia were required to submit their annual reports to the public registry instead of to the Tax and Custom Board and to make the reports public, thus making the NGO sector more transparent. Another legislative amendment that came into force in 2010 mandated that annual reports are to be submitted exclusively online. Although these changes were announced two years in advance and the state provided extensive free training, the requirement was still criticized by some who found the new system a difficult adjustment. However, others tended to see these problems as temporary and noted that electronic reporting system is quicker and more reliable.

Progress was not made in respect to the government’s list of NGOs eligible to receive tax benefits. Organizations on the official list receive the right to waive taxes on certain services and goods, and individuals are allowed to deduct donations to those NGOs from their taxable income up to a certain amount. In order to be added to the list, an organization has to be charitable and operate in the public interest. The

ORGANIZATIONAL CAPACITY: 2.3

According to research conducted by Tallinn University, one-third of NGOs have less than 10 members and only one-fifth have more than 50 members (in 2005 these numbers were one-sixth and one-fourth, respectively). Nearly 60 percent of existing organizations reported that their membership had not changed from the previous year, and one-third reported that their membership had grown. This suggests that the number of people involved in NGO activities is growing slower than the number of NGOs. As noted previously, as there are approximately

Tax and Customs Board decides whether an organization meets these criteria, but the board’s officials tend to interpret the term ‘charitable’ very narrowly, often rejecting organizations that do not provide their target groups with goods or services free of charge. During the period of extensive public sector budget cuts as it was in 2010, there has been no political will to ease these conditions, which would allow more NGOs to become eligible for tax benefits.

Other than the concerns outlined above, there are no particular legal obstacles for earning income from economic activities. The law only says that earning income cannot be the objective or main activity of an NGO. All income is to be used towards achieving the objectives specified in an NGO’s articles of association, and the profit cannot be distributed among an NGO’s members. Still, NGOs often mistakenly think that they are not allowed to earn income. To address this, there are organizations promoting the idea of earning income from economic activities and building the capacity of NGOs so the situation is slowly changing for the better.

There are only a few lawyers in Estonia that are trained and familiar with NGO law. However, in general, NGO law in Estonia is not very complicated, and regional development centers are able to provide legal advice to NGOs. Some umbrella organizations have hired lawyers (and some lawyers offer their services to their partner NGOs pro-bono) or have trained their own staff members to work with legal issues.

2,000 new NGOs established every year and these new organizations tend to be smaller, the average NGO membership is on the decline.

Less than 30 percent of NGOs have paid staff members, in most cases no more than one to three people. These numbers have not changed significantly throughout the years. Less than 7 percent of the Estonian workforce is employed in the NGO sector. At the same time, the involvement of volunteers is on the rise; studies show that 73 percent of associations and 78

percent of foundations use volunteers in their work (in 2005 these numbers were 63 percent and 57 percent, respectively). While volunteers are still primarily used in completing basic tasks (such as helping to organize and run events organized by NGOs), more organizations are attracting skilled volunteers from the business and public sectors (such as legal and financial consultants, and PR experts).

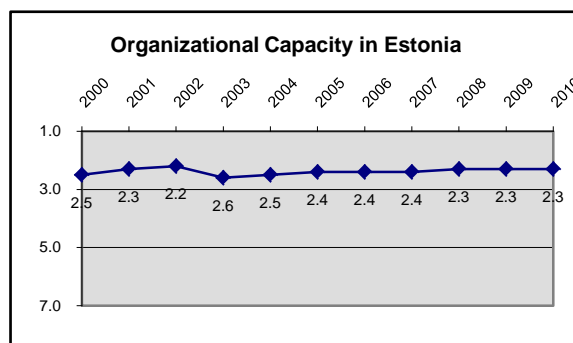
More professional organizations have clear governance and accountability systems. However, as most NGOs work with a small core team, the job responsibilities between board and staff are not always clear and the same people often fill both positions. According to the law, the highest governing body of NGOs is a general assembly that reviews the work of an organization at least once a year, and NGOs fulfill this requirement by organizing a general assembly or in some cases organizing a virtual generally assembly online.

The number of training and mentorship opportunities available for both new and more advanced NGOs is sufficient. These services are provided free of charge or for affordable prices mostly by regional development centers, umbrella organizations, or the National Foundation for Civil Society. The impact of these trainings, however, is difficult to measure, although experts observe that the management

FINANCIAL VIABILITY: 2.4

Most Estonian NGO lack resources to remain active beyond the short term, but this situation has persisted for some time and did not grow worse in 2010. The majority of funding for NGOs comes from local sources. Aside from membership dues these include support from local governments (51 percent of NGOs listed local governments as important sources of funding) and national foundations (31 percent also indicated such funding as important), and income earned from economic activities (28 percent). Although the concept for public funding of NGOs which would harmonize funding practices between public institutions on the national level was approved in 2009, its implementation did not start in 2010, because

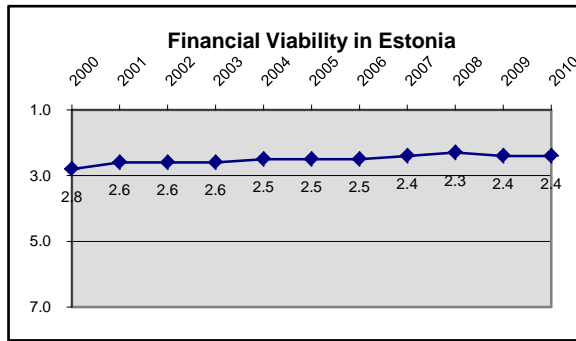
capacities of NGOs appear to be on the rise. Nevertheless, while there are a growing number of highly visible and professional NGOs, the majority still struggle to break out of the project-hunting traps and lack basic resources and skills needed to fulfill their missions. Technical equipment levels are sufficient for NGOs to work efficiently.



Compared with previous years, more attention is paid to Russian-speaking NGOs, and new programs such as mentorship projects designed specifically for increasing their capacity have been initiated. In general, those organizations tend to be less networked and therefore lag behind in their development, especially if their leaders do not speak other languages than their native Russian. Although the Network of Estonian Non Profit Organizations (NENO) also provides basic information for NGOs in Russian, progress in this field is still slow.

ministries did not find consensus on some practical implementation issues.

The National Foundation of Civil Society (NFCS) serves as an important funding source with criteria to fund areas such as advocacy, social entrepreneurship, regional cooperation, and civic education. The NFCS has an annual budget of roughly €1.1 million funded directly from the state budget. Also, the NGO Fund of the European Economic Area (EEA)/Norwegian Financial Mechanism funded similar activities, however the fund's first program cycle concluded in 2010 and the continuation of the project is under review.



Less common funding sources were European Union programs due to their complicated and overly bureaucratic reporting mechanisms. Donations from private individuals and corporations also were less common.

Financial management and development of assets could still be improved considerably. Approximately half of Estonian NGOs receive funds from three or more sources (mostly three or four) and about 20 percent are funded from a single source. According to a study published in 2010, one-third of NGOs have experienced a decrease in funding and half have sustained their funding at previous levels. In general, NGO budgets in Estonia are small, with 45 percent of organizations reporting annual budgets of less than €6,500. Only 3 percent of NGOs report budgets exceeding €30,000. Almost a quarter (24 percent) of NGOs reported no income at all.

ADVOCACY: 1.7

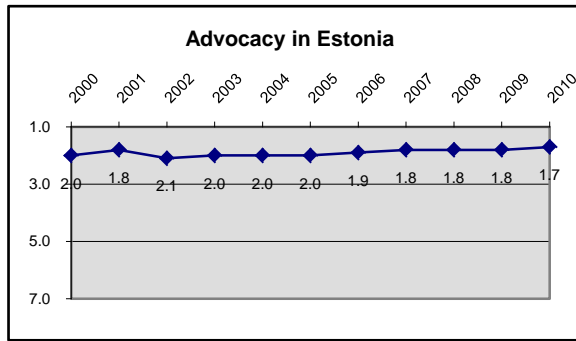
In the run-up to the Estonian parliamentary elections held in March of 2011, a dozen thematic umbrella organizations and networks (such as unions of secondary school students, university students, employers, professional trades, and environmental organizations) prepared manifestos outlining the main issues and problems in their respective fields that the incoming parliament and government would have to address. The number of such manifestos was higher than during previous election cycles. NGOs discussed many of these manifestos in meetings with political parties. In some cases, these proposals created wider debate in the media.

Providing training for state-level and local officials in NGO participation has become a regular task of NGOs. Every year various NGOs, networks like NENO, and universities offer free training sessions to 200-300 officials. In addition, they provide specific training sessions for NGOs to develop specific advocacy skills. The NFCS supports projects that raise the advocacy capacity of NGOs, requiring organizations to analyze their internal advocacy capacity and to identify crucial development needs.

With regards to participatory practices, both representatives of NGOs and state ministries noted that the situation has improved. Analysis

conducted by the Praxis Center for Policy Studies and the Institute of Baltic Studies on stakeholder engagement with government between 2007-2009 showed that while the consultation phase of the policy process proceeds smoothly, the beginning and end of the process are more problematic. Specifically the analysis listed problems in defining clear goals, in making timelines, in identifying and engaging the set of interested parties, in drawing conclusions, and providing feedback.

The process of drawing up the Civil Society Development Plan for 2011-2014 took almost an entire year. It is designed to implement the Estonian Civil Society Development Concept, a strategic agreement formulated a decade ago by both the public sector and civil initiatives. The plan outlines state-level activities to support civil society along with deadlines, accountability, and cost estimates. Similar draft plans have been criticized in the past for simply listing projects already underway and not creating the basis for further development. However, this time around, the development plan was created in participation and discussion with different stakeholders. The development plan, approved by the government towards the end of the year, consists of five chapters: civic education, organizational capacity of NGOs, public involvement, public service provision, and philanthropy and volunteering. NGOs see

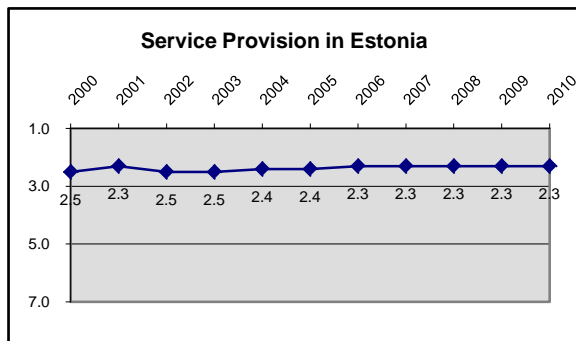


the chapter on civic education as particularly important as a way to increase the public's awareness and interest in active citizenship. The plan foresees better coordination of different activities in civic education such as programs for

encouraging more democracy in schools (so that students could freely express their views), adult education, etc.

In addition to local and national advocacy initiatives directed towards the public sector, one instance of civic activism directed towards the private sector received widespread media coverage. This instance of activism was in reaction to the decision of a major grocery chain to stop selling Estonian meat products, replacing them with cheaper, foreign products. Consumer quickly organized a boycott of the chain via Facebook, resulting in the chain reversing its decision a week later.

SERVICE PROVISION: 2.3



Service provision in Estonia is a field with very slow progress, and 2010 did not bring any significant changes in this field. Some suggest that the decrease in local government funding has decreased the number of local government-NGO cooperation agreements for the provision of public sector services; local governments decided to cut back on the number of contracts instead of cutting their own operating expenses. However, there has not been any research done which would substantiate this claim.

services to the NGOs. Commonly outsourced public services include social, sport and cultural services. NGO services are usually well received by their target groups, particularly when the NGO provider has emerged from within the target groups. However, the lack of coordination in developing ways in which public services are outsourced poses a problem. Understanding the goals and practices of outsourcing services depends largely on the attitudes of officials in power, resulting in very different cooperation practices in different parts of the country.

NENO is creating an online portal listing public services delegated to NGOs in different regions and the organizations providing these services. This should help government officials to identify capable partners in their region. In addition, the portal will offer informational materials and consultations to facilitate the process. The portal will be launched in early 2011.

Most public sector services in Estonia fall under the purview of local governments, making them the principal partners in outsourcing public

In most cases, NGOs recover their costs related to the service provision with grants or contracts with local governments, sometimes also users pay for the services directly.

INFRASTRUCTURE: 1.6

Regional development centers, financed from the state budget, exist in all Estonian counties.

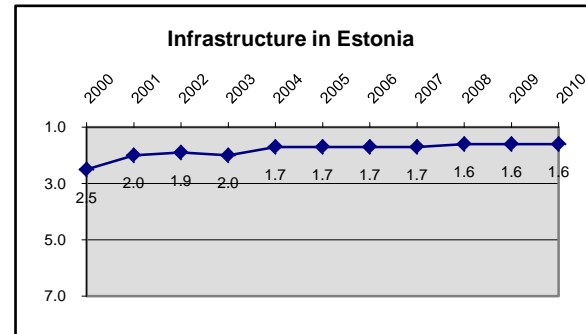
They provide free advisory services as well as both basic and advanced training on different

aspects of NGO management and project development at affordable prices for local NGOs. Although the quality varies, in general, customer satisfaction with services provided by these centers is high.

There are some local community foundations that raise funds from individuals and businesses for local needs, however, one cannot call this scene vibrant. It is more common that this kind of local initiative is funded from the state budget through the Local Initiative Program (a national fund for rural initiatives), directly by local governments, or through an NGO's own fundraising activities.

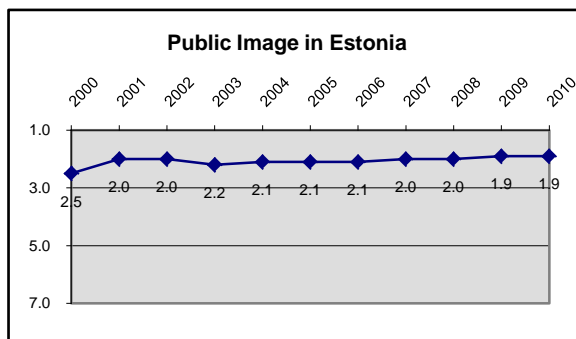
Estonian NGOs are well linked with each other and with partners from other sectors. However, the above mentioned research by Tallinn University showed a decline in intersectoral partnerships, explained by the growing number of relatively young NGOs that have not yet established such partnerships. According to the study, nearly two-thirds of NGOs say that they cooperate with other NGOs and local governments; one-fourth list businesses and schools as their partners. The principal forms of cooperation are joint projects and funding.

The system of regional or sectoral networks and umbrella organizations is well established. Development of such networks is particularly visible on the local level.



The number of organizations belonging to a local network has grown from 13 percent in 2005 to 50 percent in 2010. More than a one-third of NGOs belong to a network or umbrella operating on the national level, and one-eighth report membership in an international network or umbrella organization. These networks and umbrellas serve as development and advocacy bodies on behalf of their sector or region. In addition, NENO serves as a national association for public benefit NGOs dealing with shared issues such as funding and outsourcing of public services.

PUBLIC IMAGE: 1.9



The public perception of NGO activities continues to be generally favorable. Even though people may not use terms like civil society, third sector or volunteerism, or engage in discussions about the role and functions of NGOs, specific initiatives are usually welcomed. It is increasingly common for large business organizations to have corporate social

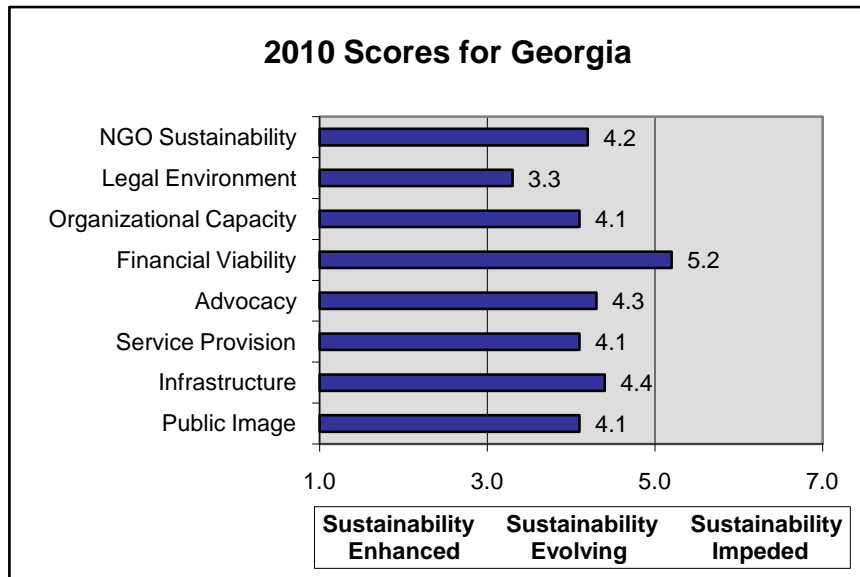
responsibility programs in place, and almost all political parties included at least some policies designed to strengthen NGOs and civil society in their 2011 parliamentary election platforms. Estonian media widely covered two cases of misuse of funds by NGO activists during 2010. However, these cases were perceived as individual incidents that can happen in any sector; thus they did not negatively influence the public image of the NGO sector as a whole.

NGOs get relatively good media coverage, especially when their activities involve innovative, emotional, or provocative approaches. NGOs are often asked to present their positions and to comment on topical issues. In addition to traditional media, many NGOs make use of social networks such as Facebook or Twitter in publishing their work and views.

The NGO Code of Ethics was adopted in 2002, and it allows all interested parties to evaluate whether a specific NGO is acting according to the code. The National Foundation for Civil Society has included the code in its

requirements, meaning that every organization applying for funding has to explain how it follows these principles.

GEORGIA



Capital: T'bilisi

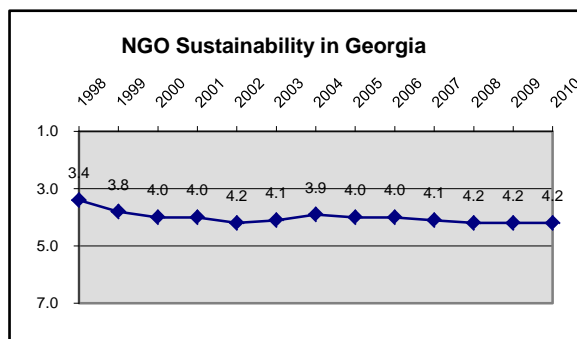
Polity:
Republic

Population:
4,585,874 (July 2011 est.)

GDP per capita:
\$4,900 (2010 est.)

NGO SUSTAINABILITY: 4.2

The political environment of Georgia was relatively stable throughout 2010, assisted by a slight economic recovery. The more stable environment allowed NGOs to regain some of the public influence that they had lost during the political turmoil of the past three years.



Without any direct external threat or major internal unrest, the government was able to again focus on making promised reforms. One of the key efforts here was the drafting of new constitutional amendments to address concerns over the balance of legislative and executive powers.

NGO involvement in the process was substantial and brought NGOs back into the national spotlight. Still, even though the government proved willing to cooperate with NGOs on this high profile process, some criticized their cooperation as limited to issues of direct government interest only. The public continues to attribute organizations to one or another political "side," and NGOs thus have a disincentive to engage more actively in public issues.

A negative development was the elimination of tax breaks for NGO staff salaries, raising rates from 12 to 20 percent. However, the government introduced a promising increase in tax incentives for local philanthropy by raising the tax deduction rate for charitable donations from 8 percent to 10 percent.

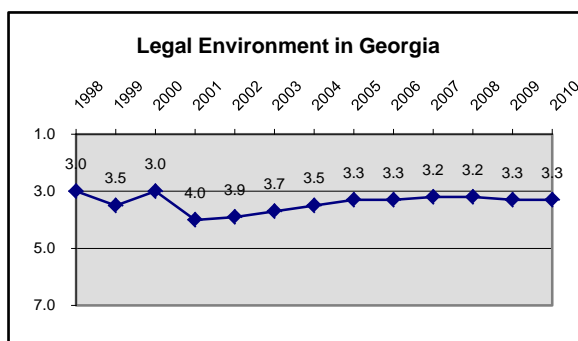
There were an estimated 10,000 non-governmental organizations in 2009. In 2010, a centralized and online Public Registry of the Ministry of Justice united all non-profits under one category (non-profit/non-commercial) rather than non-governmental; this increased the number to over 14,000 non-profit organizations.

Liquidation of a non-profit organization is complicated, and many that are no longer active do not bother to liquidate.

Consequently, the growing number of registered non-profits does not reflect the actual level of NGOs that are active.

LEGAL ENVIRONMENT: 3.3

The Georgian legal environment remained generally NGO-friendly in 2010, with the exception of changes to the tax code effective January 2011. The parliament passed a new tax code in 2010 that will remove the NGO employee salary tax breaks, increasing the tax rate from 12 percent to 20 percent. This tax increase will place a significant strain on NGOs' budgets, since by law employers are responsible for paying payroll taxes. Non-profits will now have to pay payroll taxes identical to those of for-profit entities, a matter of major concern among NGOs.



NGOs' concerns have grown with regard to the new Tax Code. The code fails to provide a detailed framework on NGO taxation and leaves substantial room for discretionary and potentially inconsistent interpretations by different tax officials. This is a realistic concern given the current inconsistent administration of VAT refunds to NGOs. Service provider NGOs usually register separate for-profit companies to separate the accounting for their economic activities and their non-profit activities, and thereby avoid interpretation-related risks. However, this solution results in double taxation as a result of the discriminatory taxation of dividends received by NGOs from their for-profit companies. According to Georgian law, dividends received by companies are tax free. Individuals as well as foreign nationals are taxed at 5 percent now and tax free effective 2014. However, as NGOs were not included in these

regulations on dividends, they are fully charged the profit tax at 15 percent. The laws do not provide any specific incentives for NGO economic activity.

A major positive development was the adoption of an increase in tax incentives for local philanthropy which will take effect in January 2011. The tax deduction for charitable donations increased from 8 percent to 10 percent. The new incentives also allow individual entrepreneurs to enjoy the same deductions for charitable donations as companies. Notably, this development was proposed and drafted by a local NGO (Civil Society Institute) in partnership with the Ministry of Finance.

The institutional home for NGO registration, reorganization, and other legal matters migrated from the Taxation Office to the Public Registry of the Ministry of Justice, ultimately resulting in relatively improved quality of legal services and procedures. These improvements, however, came with an increase in service fees, from 60 lari to 100 lari (\$35 to \$60), which was criticized by the NGO community.

The Civil Society Institute also introduced a draft law on state grants in 2010, which would provide government institutions with the legal basis and convenient mechanisms for issuing grants to NGOs. Although not yet implemented, the initiative is generally considered to be important given increasing government contracts and cooperation with NGOs.

An amendment to the Law on Assembly and Manifestations came into effect in 2010, introducing additional terms and conditions for conducting street rallies and protests. NGOs repeatedly voiced concerns that the amendment was a threat to the freedom of assembly and would limit the ability of NGOs to mobilize around public concerns. These concerns were later reconsidered by NGOs (in a slightly calmer

political climate), and the amendments were evaluated as “remaining within the principles of democracy.”

In October of 2010, the government imposed new guidelines for conducting activities in the occupied territories of Georgia, requesting

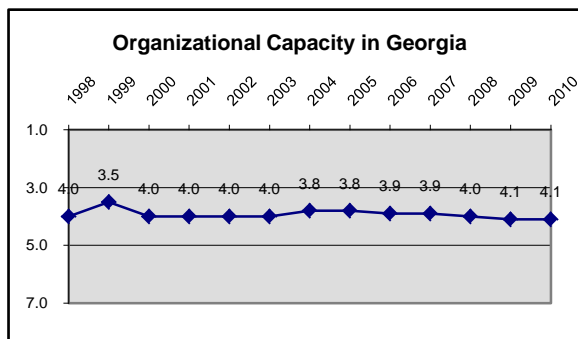
submission of an application and other documentation stipulated by regulation. Organizations working on conflict resolution in these territories voiced criticism of the initiative, stating that the guidelines imposed could limit their access to these regions and possibly damage relationships with local counterparts.

ORGANIZATIONAL CAPACITY: 4.1

Organizational capacity of local NGOs continued to deteriorate as the recession of the last few years ultimately hit the large NGOs. Most of the leading NGOs are facing major challenges to their financial viability. Only those organizations with developed management systems or that are able to market their services have been able to maintain their operability. Overall, organizations continue to voice concerns about critically limited access to legal, financial, and other consultancy services, especially in regions outside of the capital.

offering attractive employment and remuneration to professional staff.

In such an environment, NGO leaders usually have to act in multiple capacities as managers, fundraisers, and other key staff roles, ultimately limiting the operational capacities of their organizations. The lack of resources also has required NGOs to put a larger emphasis on recruiting unpaid interns in an attempt to fill the human capacity gaps. These efforts are a temporary remedy and cannot make a substantial contribution to institutional development and organizational recovery. Such efforts do, however, help to effectively promote a culture of volunteerism within the young generation.



As a result of diminishing resources, NGOs have been unable to sustain their professional staff. This process may ultimately result in a severe drop in overall Georgian NGO capacity. Because of increasingly attractive prospects in the public sector and a developing business sector, NGOs became less competitive in

Overall, NGOs’ direct lines of communication with their constituencies remain positive, but their ability to address constituency needs effectively is limited. Location also plays a key role since NGOs based in major cities have better access to wider constituencies, businesses, and local government institutions.

According to a 2010 study by the Centre for Strategic Research and Development of Georgia (CSRDG), more than half of the interviewed NGOs are satisfied with the technical equipment that they have.

FINANCIAL VIABILITY: 5.2

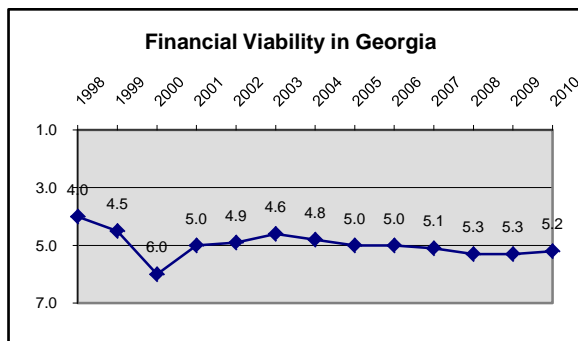
The financial viability of local NGOs increased in 2010 as a result of greater U.S. and other foreign assistance to Georgia, the government’s Civic Institutionalism Fund, and an increase in government contracts to NGOs and other local funding sources. U.S. government funding in

particular reached a record high with programs covering governance, the judiciary, media, civic engagement, and policy research.

International donor grants continue to be the major source of income for 80 percent of all

NGOs. Over 60 percent of all active NGOs rely on this funding source, and fewer than 10 percent enjoy relative diversification of revenues.

At the same time, there has been a gradual increase in local funding resources. CSRDG research reports that the share of total NGO sector revenues made up of local funding (including government contracts to local NGOs, membership fees, donations, economic activities, etc.) increased to 25 percent. The same research also reported, however, that 72 percent of all revenues generated by NGOs come from Tbilisi-based organizations, indicating a large gap between NGOs based in the capital and the regions.



About 22 percent of NGOs received some type of funding in 2010 from the government. At its highest, this kind of support made up 30 percent

ADVOCACY: 4.3

Cooperation with the government further improved in 2010 on all levels, and NGOs succeeded in advocating for several important policy changes.

The Government demonstrated an interest in further cooperation with civil society, perhaps most notably in engaging the sector's participation in drafting amendments to the constitution. This type of cooperation is still quite selective; overall, impacts on policy – while increasing – are modest, and NGOs often find that international organizations engaged in Georgia are more interested in their inputs than the government.

of the total budgets of recipients. Although this still is not a substantial amount of government-secured funding for NGOs, the trend is positive.

Improvements are also evidenced in local fundraising. Although not many NGOs have attempted to raise any funds from the public, local charity organizations such as Iavnana – which supports the social needs of children – have achieved promising results. Raising the tax deduction rate for charitable donations from 8 percent to 10 percent is also expected to further stimulate the generation of local funds.

Given the unfriendly legal environment with respect to NGO taxation, economic activities generate only 12 percent of total revenues of those organizations that are marketing any of their services, and membership fees constitute only 13 percent of total revenues of membership-based organizations.

As a result of a generally improving environment, the Georgian NGO sector advanced in its financial management capacities as well. According to CSRDG research, approximately 50 percent of all NGOs regularly conduct annual external audits. Negatively, only half of all NGOs engage in budget planning for the next year. Of those NGOs that do so, 55 percent are able to secure most of their planned funding levels.

Issue based advocacy continued its positive trend. For example, local NGOs managed to provoke the government to develop and pass a law on media. The new law – together with other democratic regulations – now requires full transparency of media ownership. The change was intended to limit the intense political speculation on the origin and mission of typically anonymous offshore shareholders of Georgian media companies.

Also worth noting is the NGO response to the attempted construction of a power transmission line through a major national park of Georgia. Green Alternative, a Georgian NGO, offered an alternate route for the transmission line that

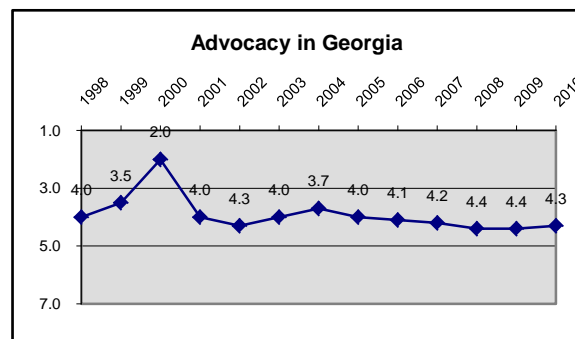
would cost more but inflict less damage to the park. The case successfully ended with a government decision to adopt the NGO's alternative route (with the European Commission providing an additional €3 million to cover the additional cost).

Another coalition effort – Transparent Financial Aid to Georgia – supported by the Open Society Georgia Foundation (OSGF) convinced both the government and international donors that additional public monitoring and assessment mechanisms should be attached to the spending of the \$4.55 billion in aid funds pledged to Georgia after the August 2008 war with Russia. This coalition now monitors and evaluates government spending of these funds.

NGOs also made headlines in their efforts to monitor local elections in Tbilisi during 2010. However, charges of political partisanship were raised, with NGOs being classified as either pro-government or pro-opposition groups.

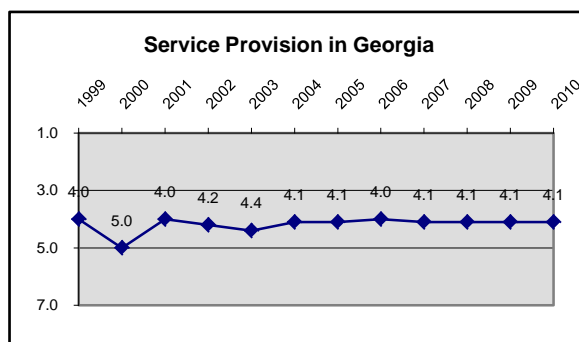
NGOs made several systematic efforts to introduce and advocate for changes to their legal environment, but had limited success. NGOs were unable to affect any significant changes that would improve the legal environment – for

example, by liberalizing the conditions under which NGOs can conduct economic activities. As noted earlier, efforts to preserve the payroll tax break for NGOs were not realized. Efforts to put in place a mechanism for state grants still have not been finalized.



Following improved NGO cooperation with local governments and an increase in the number of local government contracts to NGOs, advocacy and NGO networking became much more successful in the regions compared to the national level. Direct communication with local government authorities is better than with the central government. Local authorities are also more likely to utilize NGO expertise and know-how in discussing, setting, and addressing community priorities.

SERVICE PROVISION: 4.1



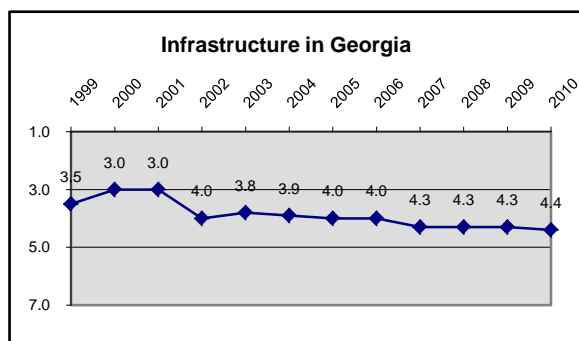
There was a noted increase in local and central government contracting with NGOs for services in 2010. However, this development is mainly limited to the welfare, health care, legal and general education sectors, and usually does not concern policy-level contracting and services. Besides government contracts for services, NGOs in the capital and the regions also provide

a wide range of training, consulting, and other services to their constituencies. General appraisal of the services provided by NGOs is positive, although most NGOs report difficulties with marketing these services to local populations due to low public awareness and limited marketing resources. Nonetheless, many NGOs have been and continue to provide various paid education services to their target audiences and have been successful in generating revenues from these services.

Established NGO service providers suffered reduced revenues in 2010. Those NGOs that had already marketed their services to Georgian businesses were exposed to the same recession-induced financial vulnerabilities as NGOs that had never marketed their services to the same extent.

INFRASTRUCTURE: 4.4

NGO support infrastructure deteriorated in 2010. Practically no NGO support and resource infrastructure operated outside of the capital. Without quality training and support, many of the growing NGOs in the regions became inactive. Only those organizations that are based in major cities and have established management and fundraising mechanisms were able to remain in operation. Although the Tbilisi-based NGOs are now facing the same vulnerabilities as their regional counterparts, at least two NGO support centers (the NGO Clinic by the Eurasia Partnership Foundation and the NGO Resource Center by Open Society Georgian Foundation) are providing essential support to emerging and developing NGOs.



The NGO sector has developed strong local training capacities. Several training organizations offer high quality training in

PUBLIC IMAGE: 4.1

The public image of NGOs slightly improved in 2010 in line with the stabilization of the general political and economic environment. Overall, NGO activism and participation in public life increased compared to 2009. The number of public campaigns by NGOs, NGO participation in the Constitutional Commission, cooperation with the Central Elections Commission and the local elections of 2010, and NGO involvement in various consultative councils all raised the overall profile of NGOs and contributed to a more positive public and media opinion of NGOs.

project management, diversity management, fundraising, campaigning, advocacy and other NGO related issue areas. In many cases, the local training capacity is offered to new and developing NGOs pro bono as a result of synergies between the grantmaking and service provider organizations.

A limited number of local grantmaking institutions like the Eurasia Partnership Foundation re-grant international donor funds to local NGOs. The funds administered by these institutions, however, are insufficient to produce a substantial impact on general development and sustainability of the sector. Local grantmaking organizations, as well as most of the donor agencies investing in Georgia, typically require the recipient to comply with advanced standards of management and reporting. New and developing NGOs repeatedly report major difficulties in complying with these standards.

In spite of the general deterioration of NGO capacity and other negative circumstances, NGOs made modest progress in networking and coalition building. For example, the local NGO CTC initiated a series of roundtable meetings between NGOs and local business companies on corporate social responsibility. However business sector funding and cooperation is still in its early stages.

Typically, NGO public and media exposure is dominated by those NGOs that are active in the political environment. While only few cases of negative references to the NGO sector were reported in print media in 2010, the media still tends to generalize about whether NGOs are pro-government or pro-opposition. This type of reporting reflects negatively on the sector at large.

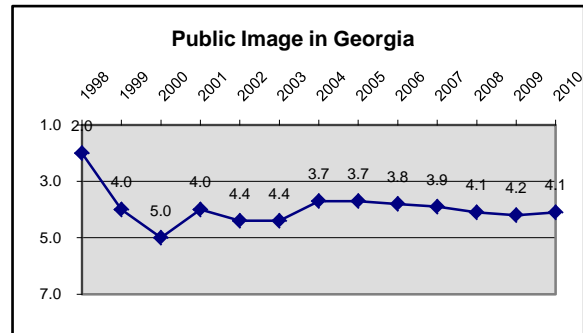
In a positive trend, NGO leaders have increased their appearances and commentaries in electronic media. Journalists, however, typically choose to refer to them as experts, without

making reference to the organization the NGO leader represents. This decreases the opportunities for local NGOs to raise their institutional profiles in public.

Free social advertisements on public broadcasting also supported the improvement in NGOs' public image. Many NGOs now take advantage of the free airtime provided by the public broadcaster for social service announcements to communicate their messages to the public.

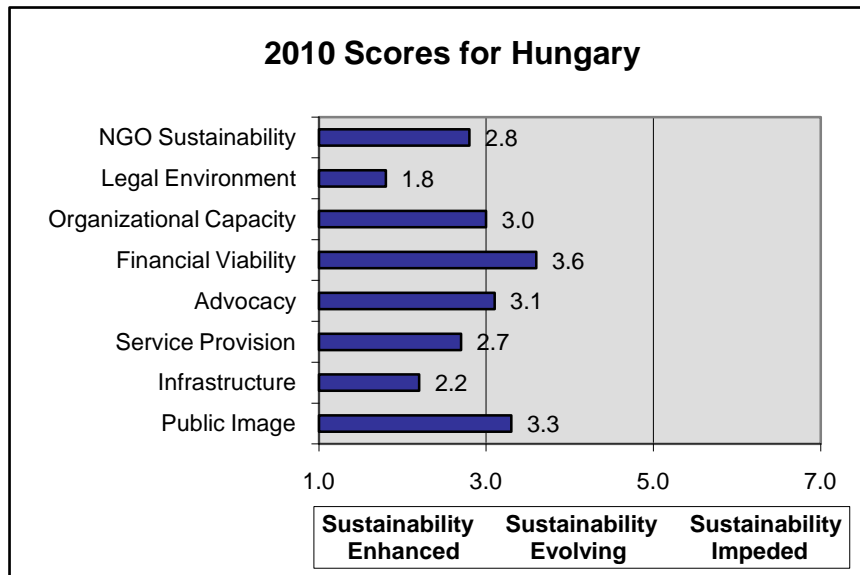
The NGO community still continues to discuss actively the importance of the NGO Ethics Code. Although adopted in 2005 by an NGO group of approximately seventy organizations, the code has not acquired enough local or international support for a major follow-up since 2007. The current Ethics Code provides basic principles for NGO performance. The full enactment of the code and other self-regulatory

mechanisms is anticipated to facilitate a much needed increase in general trust towards local NGOs.



Overall, the public image of the sector is positive. General public awareness, however, remains low. Society has no clear understanding of NGO roles and work, and it does not see NGOs as a source of expertise, advice, or of any other service.

HUNGARY



Capital: Budapest

Polity:
Parliamentary Democracy

Population:
9,976,062 (July 2011 est.)

GDP per capita:
\$18,800 (2010 est.)

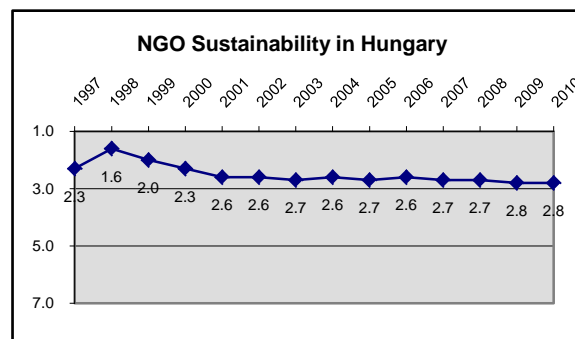
NGO SUSTAINABILITY: 2.8

In 2010, Hungary held parliamentary elections in which the center-right party Fidesz won two-thirds of the parliament seats. This enables the government, essentially, to pass any legislation without opposition as well as to amend the constitution, which requires a two-thirds majority vote.

Two smaller, grassroots parties also won parliamentary seats, which is a noteworthy development from a civil society perspective. One of these groups is the far-right Jobbik Party, which gained popular support in northeastern Hungary where Roma integration is most daunting. The other is the Politics Can Be Different Party, a liberal-green formation brought together by young liberal intellectuals from Budapest and other large towns largely through Internet social networking sites. The strengthening of these two parties with opposing ideologies signaled the strong anti-establishment sentiment among Hungarians.

Some observed that NGOs could also take advantage of the “activist” public mood around the elections; however, for the most part NGOs did not manage to further engage the public. Even though the government made a number of

controversial legislative moves which could have spurred protests, it was only when the government presented the draft of the new Media Law in November did a wider movement start to organize using social networking tools. Regardless, the law was passed placing broadcast, print, and online media under the supervision of a new government appointed authority with the power to impose large fines for ill-defined offences such as “breaching human dignity.”



Apart from legislation infringing on fundamental citizen freedoms, the government also introduced several measures that negatively affected NGOs including the withdrawal of the already adopted new Civil Code, the suspension

of funding by the National Civil Fund (NCF), and the cancellation of service contracts with major social services NGOs.

On the more hopeful side, when in October 2010, the country was struck by an industrial spill, civil society showed more pro-activeness. The reservoir of an aluminum plant broke and leaked contaminated red mud into the neighboring villages, civil society came to help. Small grassroots organizations and large

professional NGOs and volunteers came from all over the country to assist, work together, and demonstrate their civic responsibility.

According to the most recent data which was released in 2009, there were 66,145 NGOs in Hungary, showing an increase from 62,407 in 2008. This includes 22,122 foundations and 35,743 associations. Approximately half (48 percent) of NGOs have public benefit status and file annual reports.

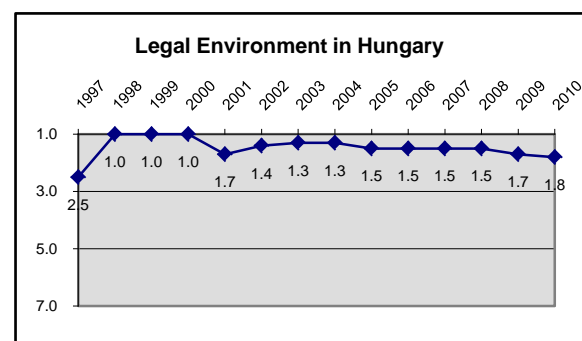
LEGAL ENVIRONMENT: 1.8

In 2010, the legal environment for NGOs further deteriorated. The new parliament voted to withdraw the new Civil Code that was adopted in December 2009, one day before it came into effect. The withdrawal was understood as political retaliation for not involving the Fidesz Party – that at the time was in political opposition when the law was developed and passed. This was a major blow to civil society in several ways: the Code would have introduced long awaited governance and operation rules for foundations; it would have improved the rights framework for people with mental disabilities; and it would have maintained the hard fought-for registered partnership of gay people, which is now under threat. At the same time, the parliament passed a highly controversial Media Law that placed media under the supervision of a government appointed authority with the power to impose large fines for ill-defined offences. This effectively reduced free speech and the ability of media as well as NGOs and citizens to openly present critical views. The new law was subject to criticism from domestic, European, and international experts.

The government started to develop a new version of the Civil Code that would regulate the registration and establishment of all types of NGOs; currently foundations and associations are regulated under separate laws. Also, it would affect the public benefit status of NGOs and government financing. The Code was originally planned to be introduced in the fall of 2010, but was postponed until 2011. In anticipation of the new Civil Code, the government suspended the

implementation of the central electronic registry of NGOs and the grant giving operation of the NCF. Only few organizations formally protested these measures at the time since the government made assurances that the suspensions were necessary in order to ‘reform’ the NCF. Also there was little concrete information as to what the reform would entail until the new draft of the Civic Code was released in early 2011.

Tax advantages on donations were abolished in 2009, and this remained unchanged in 2010. Individuals can no longer claim tax credits for their donations; companies can only deduct 50 percent of the amount of donations, but only if the donation is given to a specific category of ‘prominent public benefit organizations’ (PBOs) which perform designated governmental services. These PBOs make up about 5 percent of all NGOs.



At the same time, the government withdrew the requirement of paying Value Added Tax (VAT) on in-kind donations, including text-message donations in the summer of 2010.

There are some lawyers, especially in Budapest, that are specialized in NGO legal assistance who can charge for their services, but most NGOs continue to rely on ad-hoc pro-bono assistance.

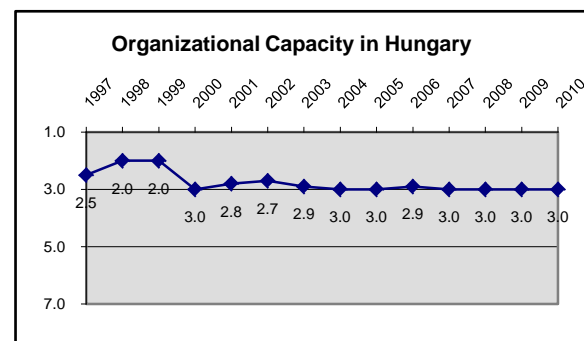
The Civil Support Centers around the country continue to provide a minimum level of such legal assistance for free.

ORGANIZATIONAL CAPACITY: 3.0

As in 2009, the organizational capacity of NGOs overall continued to shrink, due in large part to funding cuts, downsizing and even bankruptcy of previously well established organizations. The Norwegian Financing Mechanism that funded capacity building for NGOs has ended. The expected Swiss Mechanism did not start as the new government suspended the call. Established projects financed by EU Structural Funds targeted at capacity building also ended in October 2010, and the government withdrew plans for some of the additionally planned efforts.

Structural Fund program. In this program, approximately 500 NGOs from around the country received a wide range of capacity support services including trainings on board and strategy development and fundraising. The program ended in October of 2010 and, in a disappointing development, the current government withdrew plans for the planned follow-on efforts.

Except for a few dozen well-run national organizations, NGOs continue to struggle to apply proper governance, planning, and management practices. NGOs' strong orientation towards government and EU funds has resulted in only partial NGO professional development. They have learned how to write proposals and manage multiple projects, but they have not learned the skills to run an organization as an entity, and generally suspend their activities when they run out of projects. Due to constant financial pressures, NGOs focus on short-term problem solving and crisis management rather than strategic, long-term management.



Previous governments recognized capacity-building and long-term sustainability of NGOs as a problem and supported a major EU

The weakness of NGOs in constituency building and community engagement was highlighted in 2010 in midst of the financial crisis. NGOs were not able to mobilize constituency support when funding streams from typical sources were reduced. The lack of alternative financial sources shows what little attention NGOs have historically paid to strengthening ties with potential supporters during more financially viable times.

FINANCIAL VIABILITY: 3.6

Financial viability of NGOs remained difficult in 2010. Major cuts in government funding and the finish or suspension of some bilateral funds made the possibilities for NGOs to secure finances significantly more challenging. At the same time, increased corporate giving demonstrated that more financial support from

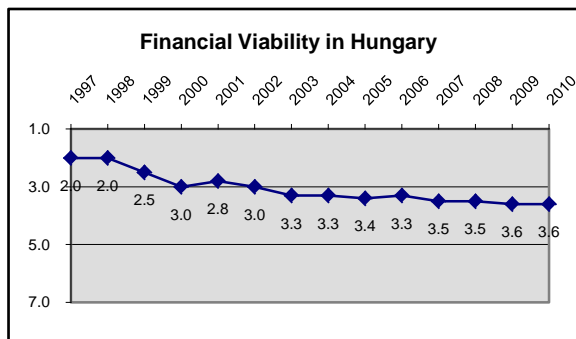
businesses could be an alternative financing strategy.

The most significant cuts were seen in funding from the state. Particularly, the suspension of the NCF grants disbursements was a blow to the sector. NCF did not disburse its last round of funding and suspended its operation until its

restructuring scheduled for completion in 2011. Approximately 10,000 NGOs were being supported when the NCF funding was suspended.

In addition, some NGOs reported that the EU Structural Fund agencies have become unreasonably strict in checking compliance of reports, and in some cases demand a full refund when a minor mistake makes it into a report.

Both big and small NGOs that were primarily dependent on state funding have been struggling, especially social services providers. To help counter the difficult financial time, the Open Society Institute (OSI) Budapest created an Emergency Fund which provided over \$4 million of support to NGOs in 2010. The support went primarily to assist NGOs affected by the economic crisis and the shrinking state resources in order to provide a chance for longer-term sustainability.



Local foundations are also active, but their funding represents just under 2 percent of overall income for the sector. Similarly while the 1 percent tax designation for NGOs continued, its overall funds represent only a small portion (0.9 percent) of the sector's income.

To address these funding cuts, some NGOs are trying to reach out to the public in fundraising campaigns, but success seems to be limited to a

ADVOCACY: 3.1

Advocacy activities of the sector were relatively weak in 2010. This was due in part to the parliamentary elections which dominated public

circle of those who is able to afford the relatively higher cost PR campaigns.

NGOS are also looking to companies to help fill the financial gap. Recent research by the Hungarian Donors Forum found that 10 percent of companies give up to 1 million forint (€3,500) and 14 percent give over 100 million forint (€357,000) per year. The Hungarian Donors Forum also reported that 20 percent of companies plan to increase their giving budgets in 2011.

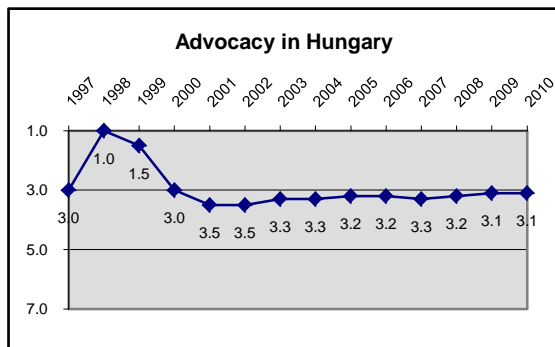
Many initiatives have taken place in 2010 to promote corporate engagement with NGOs. Among the more innovative approaches is the Civil Auction where NGOs auction their products and services to participating companies. Some services are particularly sought out such as recruitment training and working with people with disabilities. Another example of NGO and corporate engagement is the Full-time Angel program sponsored by Vodafone Foundation, in which it pays the salaries of people who want to work for an NGO and have a great idea or mission to accomplish. Also, MagNet Bank, the first ethical community bank in Hungary, launched a Community Giving Program in which the clients of the bank can decide which NGOs (from a pre-selected list) will receive 10 percent of the bank's annual profits. The bank also has a special financial service package for foundations and associations.

NGOs have largely adapted to the bureaucratic financial reporting mechanisms of the Hungarian Treasury through the government grants they receive; their financial management systems reflect a bureaucratic (technical) approach rather than a strategic, managerial approach. They pay attention to accounting for certain expenses, but they do not reflect on the big picture of how the organization might become sustainable.

attention. Even months after the elections, NGOs were not able to mobilize society on crucial issues due to the political divide and the

population's weariness of hearing about public issues.

The newly elected Fidesz government introduced a new method of legislation, which people call the "parliament law-factory" referring to its speed in developing and passing legislation, regardless of its adherence to a consultative process with all stakeholders affected by the legislation. Using a loop hole in the Law on Legislation, the Fidesz government could skip the normal consultation process required if the government initiated legislation and rather had its members of parliament initiate a whole range of laws. In October, the parliament adopted a new Law on Social Participation to replace the Law on Legislation. The new law kept the loophole feature of the previous law plus makes it possible to "accelerate" or even cut through government consultations by providing no minimum timeframe and a broad list of possible exceptions. In practice, this meant that a proposal for a law could be submitted and adopted within two or three weeks, without any amendments, since it had taken everyone by surprise.



On the other hand, social media is becoming a strong mobilizing force. As an example, two

people started a Facebook page – One million of us for press freedom in Hungary – after the restrictive media law was passed in December. In one month there were over 75,000 people who liked the page expressing their protest against the controversial media legislation. People were using this Facebook to organize demonstrations in several towns as well as give information, advice, and encouragement to each other.

NGO advocacy efforts were mostly in reaction to measures undertaken by the central or local government. For example, a well-known gynecologist was arrested and taken to jail without due process for conducting a home delivery in which the baby died. This event stimulated a public debate on giving birth outside of a hospital, and several NGOs were active in the campaign advocating for proper regulations rather than banning births at home. The Hungarian Civil Liberties Union (HCLU) represented the arrested gynecologist.

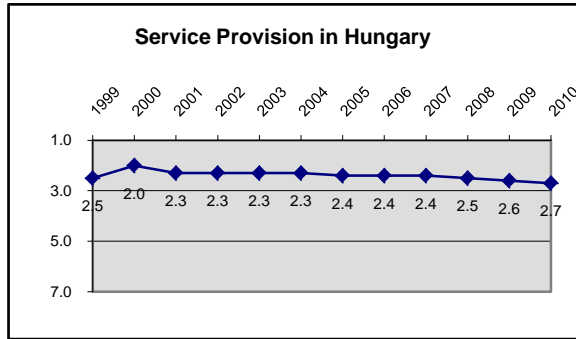
Another example of NGO reactive advocacy was the amendment to the Law on Protecting the Constructed Environment adopted in November which makes it possible for the municipalities to sanction the "non-functional use" of public space. Based on this amendment, Budapest municipality adopted a regulation banning dwelling on the street, and a number of Budapest district governments have introduced restrictive measures against the homeless and started taking homeless people to jail. Several NGOs organized campaigns against this; however, these efforts did not cause the government to reverse the amendment. The current government has been difficult to influence through public actions as they have a clear majority mandate, and in 2010 they still had relatively high popularity.

SERVICE PROVISION: 2.7

NGOs in Hungary have been widely involved in service provision, in fields ranging from social services to education, culture and urban development. The only area with a more limited participation is that of health, given that health services are still mostly provided by state

institutions. The typical form of financing is the so-called normative support through which the government pays a set amount per person to the non-state provider; the amount for each service is determined in various laws and regulations

annually based on the budget law of the given year.



The previous government had started cutting the normative support for NGOs as a result of budget restrictions. The Fidesz government showed some preferences to church service providers over NGO providers and continued to make it difficult for NGOs to run local social services. Experts report that several NGO-run services are being transferred to church denominations in order to avoid closing down.

Therefore, public demand for non-state run services is being increasingly fulfilled by church service providers. NGOs that have run successful services for years (sometimes more than a decade), but have been weak institutionally and financially dependent on the government, are now giving up their social service programs.

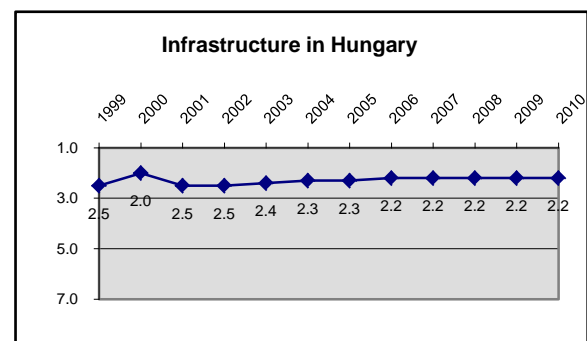
Several NGOs reported that their contracts or service support grants will be discontinued in 2011. This includes almost all NGO-run homeless shelters and service providers in Budapest, NGOs taking care of children with disabilities, NGOs working in education, NGOs providing cultural services, and many others. Many of these include well-known NGOs such as the Hand-in-Hand Foundation, the Waldorf School Foundation, and the Mediawave Foundation for culture and arts. Although some resources, like the OSI Emergency Fund are available for the short term, it is unclear how these organizations will survive if government policy continues to exclude them.

INFRASTRUCTURE: 2.2

The new government withdrew several planned funding schemes to resource centers through the EU Structural Funds and announced that it will seek to simplify the system of providing support to NGOs at the local level. This means that in 2011 the government will aim to unify the resource centers that currently exist in parallel under various ministries (including the NGO resource centers, youth resource centers, anti-discrimination centers, etc.). However, it is unlikely that one ministry will have more money to support one big resource center fulfilling several functions. This means that the remaining centers will have much more work to do for the same money.

At the same time, some of the resource centers, both at the national and local level, are successfully building corporate partnerships by which they can offer services to NGOs. For example, the Nonprofit Information and Training Centre (NIOK) introduced a new service on its donation website in partnership with the largest Hungarian bank, which enables

online credit card donations to the participating NGOs.



The main domestic grantmaking foundations have been re-distributing grants from the Norwegian Funding Mechanism in 2010. There are also a number of corporate foundations that have developed their own focus in supporting NGOs, but their budgets have generally been cut in 2010. There are still only a handful of foundations that have an endowment and which developed a diversified, sustainable income base.

Unfortunately, most of the coalition-building and networking initiatives that started in previous years have faded, in part due to frustration and loss of motivation in the face of the new government's different NGO agenda. One of the exceptions is the Civil Lobby

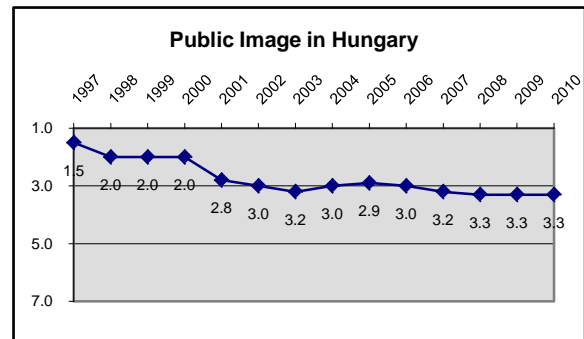
Roundtable (organized by Okotars Foundation) which brings together lawyers and NGO leaders involved in legal reform initiatives; it remained active in 2010 and met regularly to discuss expected reforms.

PUBLIC IMAGE: 3.3

The year 2010 has shown that the image of the NGO sector is slightly different in the eyes of the public and of the private sector. The private sector continues to have positive views of civil society and is increasing its support of the sector. There have been several innovative partnerships, new grant opportunities, and joint initiatives announced. For example, the first Sustainability Summit was held in November 2010 at which company and NGO leaders presented as peers on such issues as sustainable development and disaster relief and preparation. From their interviews and speeches, it was clear that corporate leaders see NGOs as important actors that deserve to be supported; and they see accountability problems of some NGOs as the exception, not the rule.

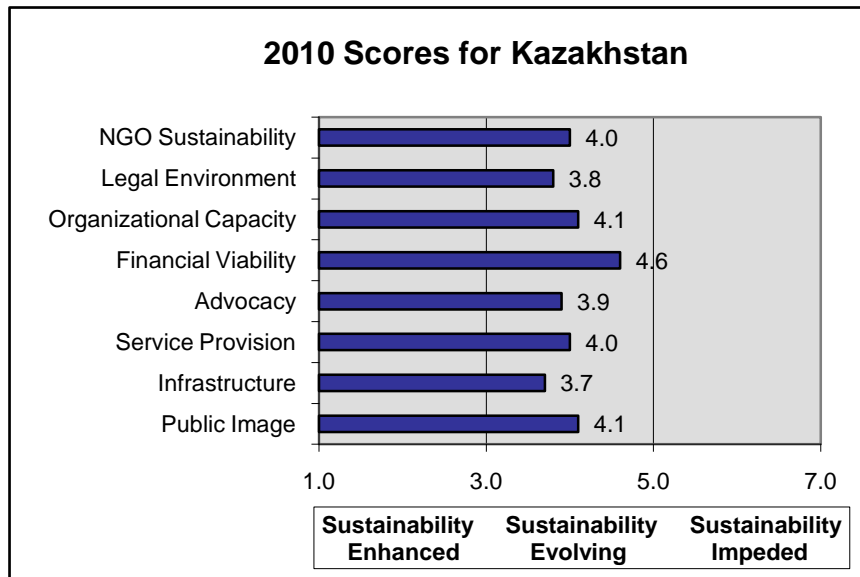
At the same time, the general public still tends to regard NGOs with suspicion. In part, NGOs had historically been seen to harbor political bias; that NGOs are vehicles of political parties. However, the elections in 2010 highlighted another aspect of why the average person may not be interested in engaging with or supporting an NGO. People still look at NGOs as doing useful, but not essential things. Hungarians expect the state, not NGOs, to solve their problems. They accept that NGOs give warm food to the homeless, but they expect the

government to take the homeless off the streets. Such sentiments might be expected in a post-socialist culture, but it also means that people have less motivation to get involved, because they can always say that their participation does not matter much.



However, NGOs are also slowly learning how to communicate to their constituency better. In the this year's 1 percent tax designation campaign, those NGOs which put the "pay per click" strategy (ensuring online traffic through keywords) greatly outperformed those which used the traditional techniques (such as city posters, TV spots). NGOs are learning that they have to do integrated marketing and take advantage of online tools in their fundraising and communication.

KAZAKHSTAN



Capital: Astana

Polity:
Republic

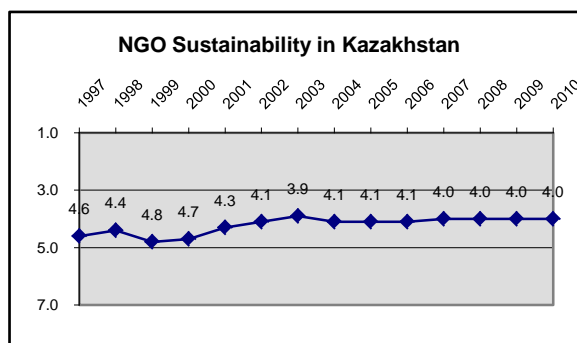
Population:
15,522,373 (July 2011 est.)

GDP per capita:
\$12,700 (2010 est.)

NGO SUSTAINABILITY: 4.0

NGO sustainability in Kazakhstan did not change significantly in 2010. While the legal environment improved as a result of modifications to the laws made in 2009, efforts by NGOs to engage in meaningful advocacy activities remain difficult. Kazakhstan’s Chairmanship of the Organization for Security and Co-operation in Europe (OSCE) in 2010 provided a good opportunity to increase such advocacy efforts.

advocate, and lobby the sector’s interests among local and international governmental authorities and organizations. However, NGO inputs into the policy making process are still challenging, as demonstrated by NGOs’ limited success with engagement on specific issues, like the Social Contracting Law.

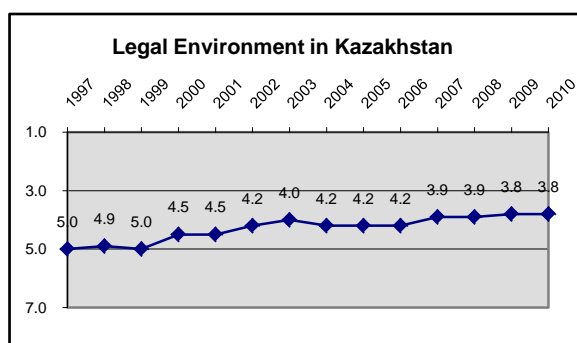


According to the Kazakh Ministry of Justice, as of May 2010, there were 31,201 NGOs (compared to 29,262 in 2009) registered in Kazakhstan. Public associations (8,034 in 2010 and 7,307 in 2009) are the most common form of NGO. The number of registered NGOs continues to grow. However, experts have repeatedly pointed out that the total growth in the number of NGOs does not reflect the growth in the number of active NGOs. The 2009 Sustainability Index identified approximately 200 active NGOs. This number includes those organizations with permanent staff, several funding sources, and several projects underway. Since last year this situation has not changed.

The OSCE Forum in December and a series of related events allowed NGOs to promote,

LEGAL ENVIRONMENT: 3.8

No additional improvements to the legal environment were adopted since 2009 when five positive modifications in the laws and regulations for civil society in Kazakhstan were put in place. These improvements allow state financing of public associations, reduce specific tax reporting requirements for NGOs, and provide powerful incentives for local businesses to make in-kind donations to a broader range of organizations. In addition, the definition of grant was expanded so that grants from Kazakh NGOs included in the government-maintained list would be tax-exempt for a grant recipient (formerly, only foreign-based organizations and governments could provide tax-exempt grants).



The registration procedure changed slightly. Amendments to the Law on Bodies of Justice delegated the function of collecting registration documents to the Center of Population Services, which in turn will forward them to the Ministry of Justice for action. The motivation behind this change appears to be the consolidation of numerous related services such as issuing passports, licenses and permits under a single government office. However, experts identified several cases where documents were lost.

In September 2009, the government released its Human Rights Action Plan and Legal Concept in advance of the nation's Chairmanship of the OSCE in 2010. The Action Plan and Legal Concept were created through discussion and exchange of ideas within the Working Group of Human Rights created in 2006. The group – consisting of government representatives, judges, parliamentarians, and human rights

activists – developed the National Human Rights Action Plan of the Republic of Kazakhstan, 2009-2012 and the Legal Concept, 2010-2020. The recommendations and measures proposed in these two documents aim to improve legislation, the functioning of democratic institutions, and the mechanisms of human rights protection, as well as to cultivate a more advanced human rights culture in Kazakhstan. The government has pledged to continue to focus on the implementation of the National Human Rights Action Plan and Legal Concept, in close cooperation with local civil society groups and foreign government and non-governmental actors. Among other things, the National Human Rights Action Plan states that the current ban on informal associations is not in compliance with international treaty obligations and recommends that it be eliminated. The plan also recommends a number of changes to simplify the registration process and the legal requirements for creating an NGO.

NGOs have made many recommendations to amend the Law on State Social Contracting. The need to reform this law was the main topic of discussions at the Civic Forum in November 2009. A working group under the Ministry of Culture and Information (renamed in 2010 to the Ministry of Communications and Information) began work in December 2009 on a draft law that would address social contracting. The group included forty-six people, twenty of whom are representatives of various NGOs. Several meetings of the working group were held in 2010. Also, stakeholders could leave their recommendations or amendments to the Law on State Social Contracts on the website of the Ministry of Culture and Information. By the end of 2010, the draft Law on Introduction of Amendments to Some Legislative Acts on the Issues of State Social Contracting had been sent to the parliament for review, but working group suggestions were not included in the final draft. NGOs are now participating in a parliamentary working group and engaging in additional advocacy efforts with parliamentary deputies and the ministry.

ORGANIZATIONAL CAPACITY: 4.1

Few NGOs have strong support from their constituents, in part because some of them pursue issues that are not well known by the public and in part because NGOs are not skilled enough in identifying and addressing constituency needs.

NGOs only partly align their program areas with the needs and interests of the public. For example, according to recent research, over 50 percent of the public expects NGO activities in the areas of children and youth. Yet less than 15 percent of NGOs in the country actually engage in children and youth issues.

A typical NGO's governance structure consists of a director and two to three permanent executive staff. Only a few national level NGOs (such as ARGO, MediaNet, Eurasia Foundation, and the Soros Foundation Kazakhstan) have boards of directors, and these are mostly NGOs that have been founded by international organizations.

NGO capacities vary by region. Most NGOs located in Almaty, Astana, and some other industrial regions where NGOs appeared in the 1990s have been trained in capacity building, but rural NGOs are still underdeveloped.

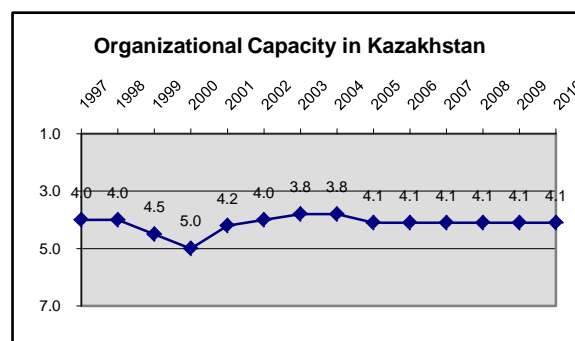
Insufficient strategic planning and staffing, technical equipment, and constituency building

FINANCIAL VIABILITY: 4.6

Financial viability has remained stable in comparison to last year. While international donor support has continued to decline, domestic sources of funding have steadily increased. This is due to more corporate donor contributions, which were facilitated by favorable tax code changes in 2009 and a continued increase in state funds for NGOs, particularly in the area of service provision.

The level of state financing has continued to grow substantially year by year: 317.7 million tenge (\$2.7 million) in 2006, 453 million tenge

remain critical issues for NGOs' organizational capacity. In particular, NGOs face difficulties in finding funds for capacity building and institutional development as existing donor programs do not support such activities.



The situation is getting worse in the area of technology and equipment. NGOs cannot replace outdated office equipment or cover their operational expenses. Even access to Internet is problematic for some NGOs. There are only a few Internet providers in Kazakhstan, and Internet speed is often quite slow. Some NGOs do not have enough financial resources to cover the cost of Internet service. This decline in technical advancement is due to a lack of international donor financing and the fact that financing from state contracts still does not support purchases of new equipment or cover operational costs.

(\$3.77 million) in 2007, 891 million tenge (\$7.4 million) in 2008, and 1,231 million tenge (\$9.47 million) in 2009.

When government funding started in a systematic way in 2005, the Ministry of Communications and Information (formerly known as the Ministry of Culture and Information) was the main ministry involved. Gradually other ministries (such as Education and Science, Health, and Ecology) have gotten involved in financing NGOs and have supported projects in their particular sectors. For example,

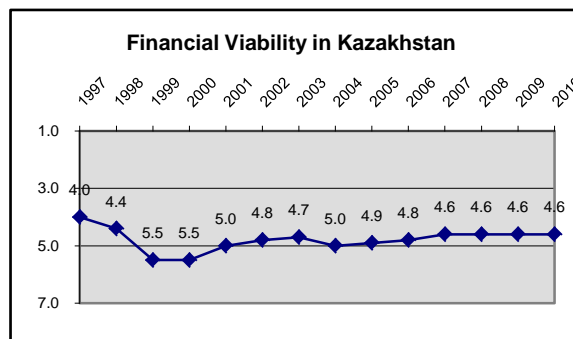
the Ministry of Education and Science had social contracting worth 266 million tenge (\$2 million) in 2009; the Ministry of Health had social contracts totaling 40 million tenge (\$308,000) in 2009.

The mechanisms for state contracting are still ineffective. Some improvement is expected as of 2011 with the introduction of a mechanism to make each ministry responsible for its sector's state social contracts. However, efforts to further improve the contracting provisions depend on finalization of amendments to the Social Contracting Law, which is still ongoing.

There also is concern that NGOs that have received state social financing spend the money ineffectively, do not fulfill the obligations of their contracts, or even disappear after they receive funding. As a result, the issue of NGOs' performance and verification of activities is widely discussed by relevant ministries and NGOs.

Kazakhstan's NGOs are trying to diversify their sources of funding. In particular, charging fees for services is becoming a popular source of

financial diversification and sustainability. NGOs' financial audits show that fee-for-service income is becoming increasingly more common and more popular than grants. At the same time, financial management and reporting is quite different for different sources of financing. NGOs' accountants are rarely qualified to handle reporting systems for three different sources of income. As a result, some NGOs are forced to choose whether to work only with grants or to develop fee-for-services activities.

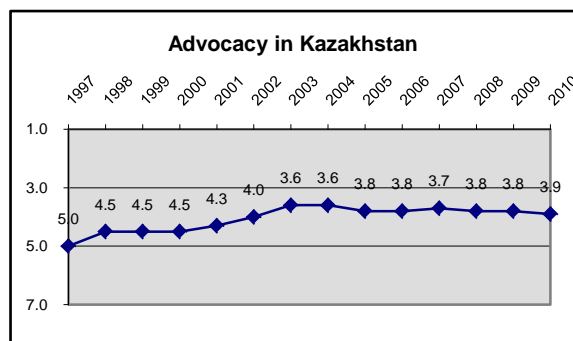


The increase in financial audits by NGOs is also a positive trend. More leading NGOs regularly order financial audits.

ADVOCACY: 3.9

There were a few advocacy campaigns in 2010. In December, an international organization facilitated an advocacy campaign by local NGOs disappointed by the lack of meaningful content in amendments to the Law on State Social Contracting introduced into Parliament in November. A group of Almaty-based NGOs conducted a press conference with signed support from over two dozen NGOs, reiterating key recommendations and explaining why they were essential, and stating that the draft amendments failed to fulfill their expectations. This event, which was broadcast on TV and in other mass media, provoked some angry reactions in Astana, and a few NGOs were even threatened with the loss of any opportunity to be awarded social contracts in the future. Regardless, efforts to continue promoting amendments were ongoing at the end of 2010. This included an open letter to the parliament in December.

Lack of independence for mass media continues to hamper the publicity of the NGO advocacy efforts. For example, the Forum of Ecological NGOs – Ecoforum – attempted to organize a large press conference on nuclear issues with the support of 300 signatures. The conference was attended by several journalists who admitted that they could not write about what they heard due to media restrictions.



The OSCE Forum in December 2010 and a related series of events that included the involvement of NGOs provided good opportunities for NGOs to promote, advocate, and lobby the sector's interests among local and international governmental authorities and organizations. Prior to the forum, an NGO coalition had been formed to monitor Kazakhstan's implementation of its obligations as OSCE Chair. This coalition consisted mostly

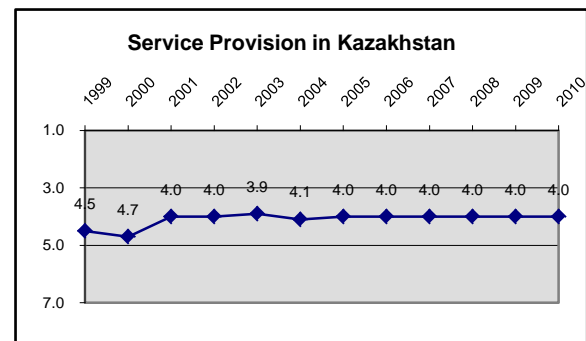
of human rights NGOs. The day before the actual OSCE Forum, the Parallel OSCE Summit took place, at which NGOs presented their recommendations to Kazakhstan and the next OSCE Chair, Lithuania. The government demonstrated readiness to discuss and accept these recommendations. In 2011, the 5th Civic Forum will take place, providing an additional opportunity for discussion of NGO sector development trends.

SERVICE PROVISION: 4.0

The contribution of NGOs to covering gaps in social services is recognized by the government and provided for through social contracting. Social contracting has now been accepted by many ministries and serves as the main vehicle by which NGOs carry out service provision in such areas as social services, education, and youth programming.

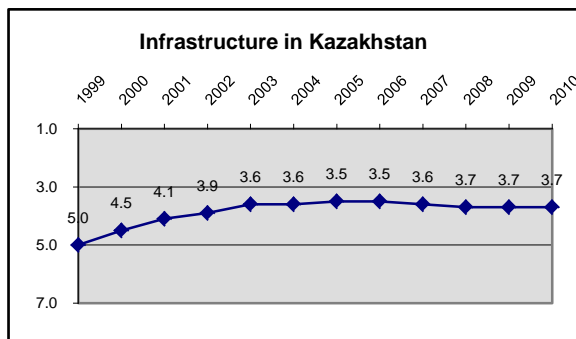
NGO-provided goods and services respond to community needs, but the needs are generally identified either by the government (by announcing specific lots for state social contracts), by a few international donors, or by NGOs, but not in any systematic manner. NGOs for the most part lack support from constituents and need to conduct more needs assessments in order to ensure that beneficiaries' needs are

professionally met and the range of services and goods are diversified.



NGOs charge fees for their services, but fees barely cover their costs. NGOs provide services for vulnerable groups and cannot charge much.

INFRASTRUCTURE: 3.7



NGO infrastructure remained the same in 2010. The Ministry of Communication and Information as well as local authorities support the activities of NGO support/resource centers. However, NGOs note that some of these centers

continue to have limited capacities due to lack of financial support for capacity building and operational expenses. The services they provide mostly include disseminating informational bulletins and organizing training seminars. The centers lack the ability to support NGOs on organizational development, strategic planning, proposal writing, and creating partnerships with other sectors. Also there is a great need for Kazakh-speaking trainers.

Several substantial coalitions were formed in 2010, including Ecoforum on nuclear issues and the NGO coalition on state social contracting issues. However, experts also noted that cooperation among NGOs decreased despite

additional opportunities to access and exchange information.

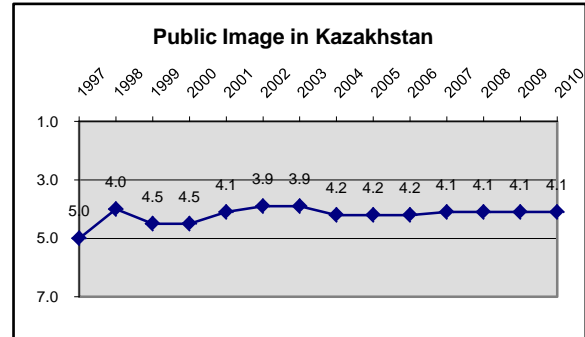
Cooperation between government councils and foundations is a good basis for the development of partnerships between the sectors. Especially good examples of these partnerships include the council/foundation development that is seen

PUBLIC IMAGE: 4.1

In the run-up to the OSCE Forum there was a fair amount of coverage of NGO activities on television and the Internet. Journalists visited NGO events, but basically these were large events with participation of higher government officials or from international organizations. The media gladly publicizes information on NGOs connected with implementation of state programs; however, the media is less interested in publishing articles regarding the activities of regular NGOs. Also, in some cases, media asks for fees to publish articles regarding NGOs and their activities.

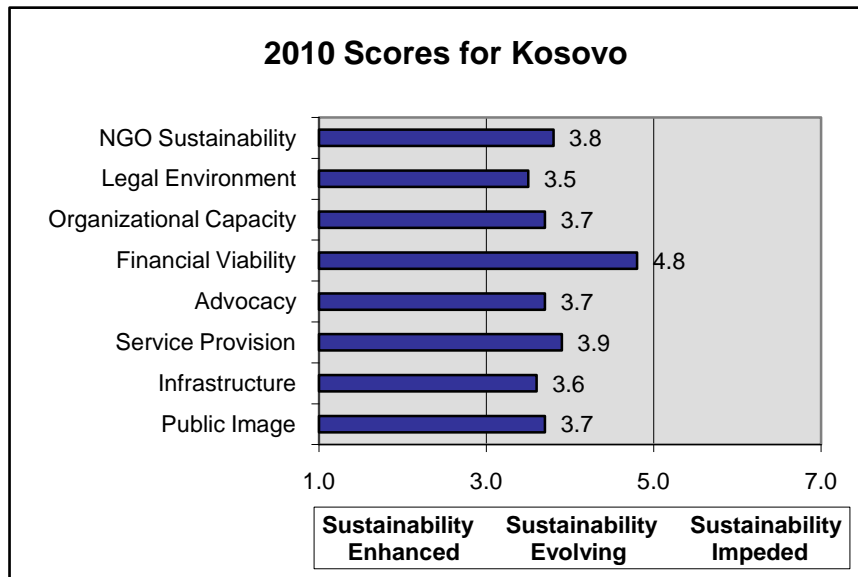
In the business community, transnational corporations generally follow corporate social responsibility principles and are willing to engage with NGOs. This is particularly true for transnational extraction companies, which, per their contractual obligations, participate in the implementation of the Extractive Industries Transparency Initiative (EITI) (an international coalition that sets global standards for transparency in oil, gas and mining). In these cases, the companies perceive NGOs as equal partners.

with local city councils (maslikhats) and business in Enbershi-Kazakhsky (with Philipp Morris Kazakhstan) and Ily rayon (with TengizChevroil). In 2010, about 6,000,000 tenge (\$41,000) was attracted through these councils for support of local resource centers, development of rural NGOs, and support of vulnerable groups.



NGOs need to build their capacity in working with media. In addition, they can also develop their own Internet resources devoted to their organizations' day-to-day activities and analytical information regarding the NGO sector's role and developments. There are several examples of specific NGO/coalition websites. However, it is also necessary to have common resources with wide representation of NGO opinions and publications in order to provide a general overview of the sector to the public. An example of this is www.civilsociety.kz, which can be further developed and strengthened.

KOSOVO



Capital: Pristina

Polity:
Republic

Population:
1,825,632 (July 2011 est.)

GDP per capita:
\$6,600 (2010 est.)

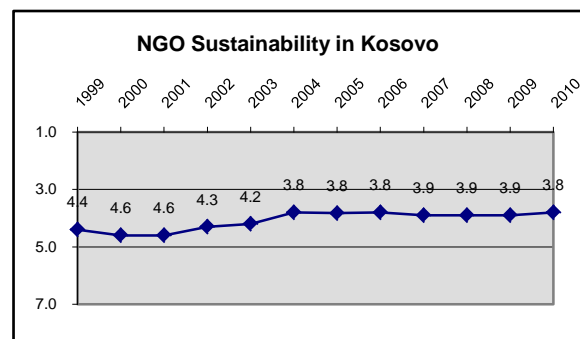
NGO SUSTAINABILITY: 3.8

2010 was an eventful year for Kosovo, both nationally and internationally. In July, the International Court of Justice delivered its advisory opinion regarding the 2008 Declaration of Independence of Kosovo, ruling that it did not violate general international law. Between the ruling and the end of the year, three more countries recognized Kosovo, bringing the number of recognitions to seventy-two.

Instability in domestic politics during the fall months brought early elections on December 12. Respected people from Kosovo's civil society decided to enter the electoral race with the new political party, New Spirit Party (FeR). Albin Kurti's Vetevendosje! Movement joined them in the transition from civil society to political life. Their efforts, however, were without success; after rounds of re-voting and a large number of complaints of irregularities, the Democratic Party (PDK) won the elections and Hashim Thaci was reelected prime minister.

While the events surrounding the run-up to elections and formation of the government hampered some NGOs' efforts to implement cooperative projects with local and national authorities, NGOs still made progress in

advancing some legal reforms. Several laws were amended after recommendations from NGOs, including the Law on Education and the Law on Labor. Government strategies concerning vulnerable groups also were drafted with contributions by civil society.



These successes were offset by internal management issues. Most NGOs still do not engage in strategic planning and are extremely dependent on donors. However, after the departure of several big international donors in the last three years, NGOs have started to focus on local revenue sources.

Unlike neighboring countries, Kosovo has yet to establish a State Fund for Civil Society, which

would greatly help civil society by creating more diverse local sources of funding.

According to the 2010 Annual Report of the Ministry of Public Administration, the total

LEGAL ENVIRONMENT: 3.5

The legal environment for NGOs experienced only minor changes during 2010. The Law on Freedom of Association in Non-Governmental Organizations (the NGO Law) entered into force in 2009. During 2010, government agencies and NGOs continued to adapt to the new legislation.

Although NGOs express satisfaction with the law as a comprehensive and quality piece of legislation, they complain that its execution is bureaucratic. Several NGO representatives have encountered difficulties in registering their NGOs, including a lack of information on the procedures and documents required to register an association or a foundation. This information is published online, but they claim that it is difficult to access as it is buried in a website that is not user-friendly. Another common complaint relates to the name of organizations. NGO representatives claim that the NGO Registration Office fails to process their applications because the names of their organizations are in English and not in Albanian, even though this is allowed by law.

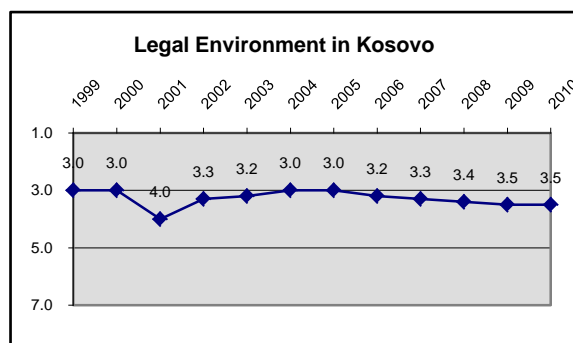
While the NGO Law clearly regulates issues such as internal management, scope of permissible activities, and financial reporting, the definition of NGO insolvency is unclear. The NGO Law states that insolvency is regulated by the applicable law but fails to identify a specific law. To address this gap, an amendment to the Article on the Dissolution of Organizations in the NGO Law was recommended to lawmakers during 2010. The amendment clarifies the definition of insolvency and describes the manner by which an NGO can

ORGANIZATIONAL CAPACITY: 3.7

The overall organizational capacity of NGOs did not change significantly in 2010. While NGOs'

number of registered NGOs in Kosovo was 5,963. While there are no accurate and reliable data on active NGOs, NGO panel experts estimate that only 200-300 of the registered NGOs are active.

be dissolved. The amendment should better equip the NGO Registration Office to confirm whether an NGO is active or has been dissolved. NGOs currently are obliged to report whether they are active to the office every three years.



While local lawyers are available in Kosovo, there are no legal professionals that specialize in NGO law. Usually, when an NGO needs legal counseling it approaches any lawyer it knows personally and trusts. Outside of Pristina the availability of lawyers who are familiar with NGO law significantly decreases.

Only organizations that have public benefit status are exempt from taxation. Problems have been encountered with the tax deductions of donors, who in some cases have been asked to pay taxes for donations made to NGOs. For example, a local company making an in-kind donation to SOS Children Villages Kosova was required by the tax administration to pay taxes on the full amount of its donation despite the legal provisions allowing tax deductions for donations by businesses.

strategic planning and internal management structures weakened, organizations improved

their constituency building by becoming more specialized. Women's organizations remain the leading NGOs in reaching out to their constituencies.

Most NGOs are still deficient in strategic planning, which remains the province of large and Pristina-based NGOs. NGOs that undertake strategic planning often do so at the behest of donors. Only a few organizations have chosen to draft strategic plans on their own initiative.

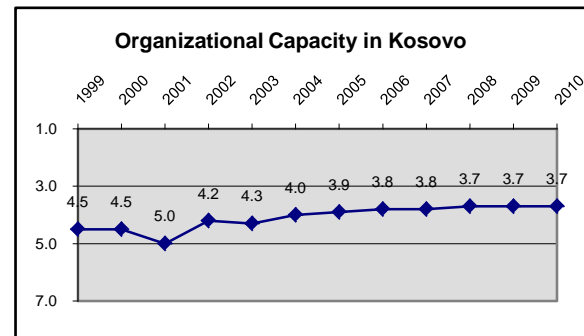
No real progress has been made in the internal management of NGOs. Members of NGO boards of directors frequently occupy executive positions in organizations. In other cases, executive directors have either appointed or invited board members to join their NGOs' boards based on their personal relations with those individuals. Consequently, a large number of NGOs in Kosovo have only pro-forma boards instead of functional oversight and accountability mechanisms, as required by law.

Due to limits imposed by donors on the amount of funds that can be used for administrative expenses and salaries, NGOs are unable to prevent skilled employees from looking for better paid positions, often with the government or international organizations. The result is mediocre staff that relies too much on the head of the organization. As a result, NGOs have increased the number of internship positions. A positive consequence of this increase in internship demand is more intensive constituency building. While this phenomenon does not fall within the traditional definition of constituency building, in Kosovo it is often the case that the staffs (and interns) of NGOs are recruited within the communities or target

FINANCIAL VIABILITY: 4.8

Compared to 2009, NGOs have learned to adapt to the changing donor environment. After the departure of several international donors in the last few years, NGOs have begun to make changes in fundraising and financial management.

groups that the NGO serves or represents. However, the experience of the interns sometimes does not match their responsibilities due to poor management.

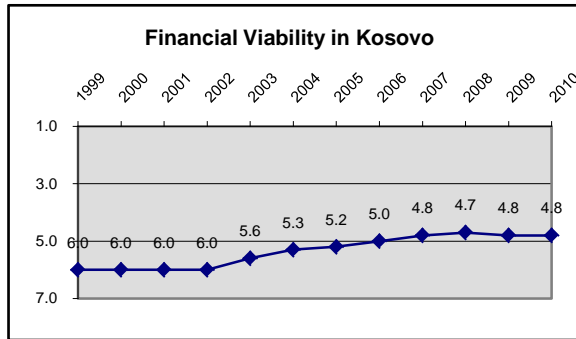


Volunteer engagement is also problematic in Kosovo. The tradition of volunteerism around which the entire Kosovo society functioned during the 1990s deteriorated in the aftermath of the last conflict, and NGOs need to identify new ways of organizing volunteer work. Without clear regulatory provisions providing incentives for volunteers, it is extremely difficult for NGOs to attract individuals or groups to volunteer. During 2010, volunteerism was limited to organizations working on events (for example, Dokufest and the Play for All Kids Festival) and other short-term initiatives (such as petitions and campaigns). NGOs have yet to develop a permanent volunteer corps.

Technical advancement continues at the same pace as last year. Most NGOs have basic office equipment, although it is often outdated. The situation worsens for NGOs based in the regions and smaller cities, as donor policies allow a very limited amount of funds to cover office and administrative expenses.

Organizations are focusing their fundraising capacities less on the "usual suspects" and more on local donors, whether foundations or private businesses. A significant number of commercial banks, mobile phone operators, and large corporations have established corporate responsibility funds as mechanisms to support

civil society initiatives. However, this support primarily has been limited to events and activities that ensure high visibility for donors. Consequently, most funding from corporate sources goes to soccer clubs, festivals, concerts and other similar activities.



Local philanthropy is still in a nascent phase. Time and a shift in corporate culture are needed for philanthropic giving to make a real impact. Charities or grassroots organizations that deal with disadvantaged groups or children and youth currently attract the most local philanthropy.

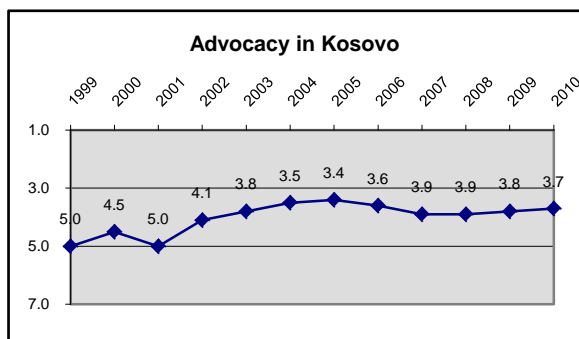
Organizations dealing with more abstract issues such as corruption and politics have to rely on foundations and outside donors.

Diversification of funding is still primarily understood as receiving grants from multiple donors. NGOs rely primarily on donor funds for their revenues, with earned income a secondary source of NGO financing. Organizations with earned income raise it mainly through membership fees or the occasional government contract. NGOs that focus on research or training and those that provide social services are the most frequent recipients of contracts.

NGOs for the most part have comprehensive financial management systems. NGOs make the effort to have their financial records in order to increase their chances of attracting financial support from donors. Independent audits are less common, but they are slowly becoming the norm due to donor influence. Training programs on financial management are available within the civil society sector, with a few NGOs that specialize in training offering such programs.

ADVOCACY: 3.7

NGO advocacy initiatives in Kosovo substantially increased during 2010. A number of NGOs addressed legislation in their fields of expertise. For example, one coalition of NGOs, the Regional Environmental Movement BELLS Kosova, lobbied against continued financing for the building of the Administrative Protocol Center office complex in Pristina's Germia Park—planned at €3 million during the next three years. As a result, this line of the government's draft budget for 2010 was removed in the final version.



Other organizations working with disadvantaged groups suggested amendments for several pieces of legislation, including the Law on Education and the Labor Law. The Association of Political Prisoners of Kosova initiated, drafted, and sponsored the Law on the Rights of Former Politically Convicted and Persecuted which was passed by the parliament this year. The law regulates the status of political prisoners, delineates their special rights, and sets out the conditions and procedures for realizing these rights. The Kosovo Democratic Institute (KDI) and the civic initiative FOL '08 joined forces to draft and recommend amendments to the Law on Income and Asset Disclosure of Public Officials.

These examples are evidence of will by both the government and civil society to cooperate and advocate for changes. Nevertheless, the nature of cooperation tends to be limited to legislative initiatives. Several organizations have attempted to tackle transparency and corruption issues but

have yet to make significant progress. Access to information remains a barrier to cooperation between NGOs and the government, mainly because the latter does not respect the Law on Access to Public Documents. The most common reason given by government offices to restrict access is the sensitivity of documents. In other cases, government officials simply ignore the request and do not reply to NGOs.

The all-inclusive NGO coalition CiviKos Platform was resuscitated in 2010 through a

grant by the Kosovo Foundation for Open Society, and it is currently working to recruit as many NGOs as possible. The process has been associated with heated debate on priorities and disagreements over the composition of the CiviKos board. However, the CiviKos Platform is considered to be a step towards more coordinated advocacy for legal reforms that would enhance NGO effectiveness and sustainability.

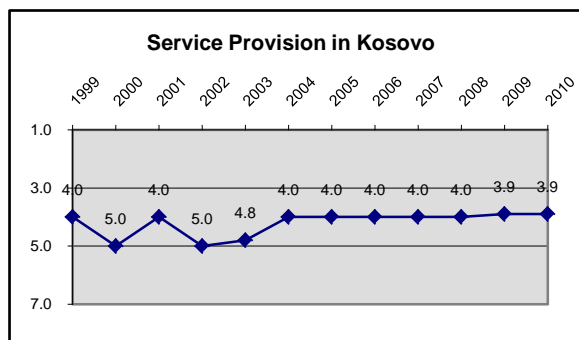
SERVICE PROVISION: 3.9

The range of services provided by NGOs continues to be developed. Basic social services are offered by a minority of organizations, generally to members of vulnerable groups. Other active NGOs offer services in capacity building, consultancy, trainings, and policy advising, among other things.

NGO services are increasingly becoming more relevant to the priorities of beneficiaries. However, occasionally NGOs draft, propose, and implement projects without contacting the beneficiaries for input. Donor priorities also continue to influence NGOs in their selection of proposed areas and activities.

Cost recovery remains limited, but some NGOs have started experimenting with charging small fees for some of their services. NGOs offering research, training, and analytical services or products have had the most success with cost recovery. For example, the Advocacy & Training Resource Center (ATRC) covers some of its costs by charging for the training curriculum packets that it offers.

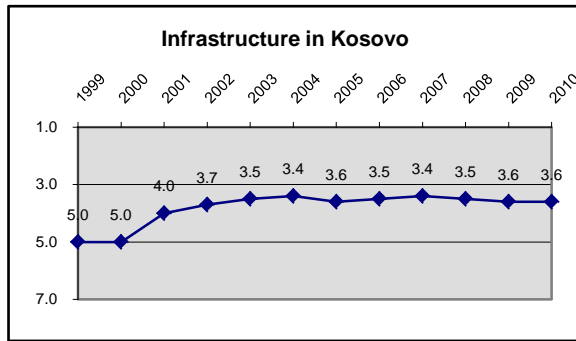
Unlike some neighboring countries, Kosovo does not have a State Fund for Civil Society, which would enable the government to support NGOs that provide services and products. As a result, the few government grants given to NGOs are awarded on the basis of personal preferences, without a legal framework governing selection. While Kosovo has a general public procurement law, there are no specific mechanisms for the government to contract with civil society; rather, the government finances certain NGOs that provide basic social services through dedicated budget lines. This is how most shelters for women, orphans, and elderly – services which the state does not offer – are financed.



INFRASTRUCTURE: 3.6

After a year in hibernation, the ATRC, the only NGO resource center in Pristina, was reactivated. The center provides trainings and consultancy, depending on the specific needs of NGOs. Smaller NGO resource centers are located in municipalities around Kosovo. These

centers offer trainings, conference/event space, literature, consultancy, and information on development and funding opportunities. However, the low level of awareness among NGOs about the services or existence of these centers jeopardizes their relevance.



The situation with local grant-making institutions has not changed. The main local grant-makers remain the Kosovo Civil Society

PUBLIC IMAGE: 3.7

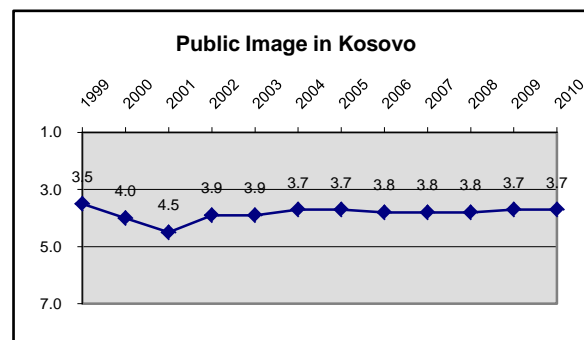
The public image of NGOs continued to improve. NGOs were proactive in cultivating relationships with the media. They started to schedule their PR events to accommodate media cycles and representatives. As a result, NGOs received more media coverage in 2010 than in the previous year. For example, transparency and good governance monitoring reports published by local and international NGOs received significantly more air time in 2010 than in previous years. NGO reports monitoring the national election also received significant exposure.

In the media, NGOs were depicted as watchdogs, protectors of society's interests, and expert voices. NGO representatives were present on TV talk shows as expert panelists and in newspapers as analysts. The public broadcaster is required to air public service announcements for free, and it did so during 2010. Other private stations, although not required by law, supported NGO events through media sponsorship. Local NGOs have the strongest media presence. These local NGOs also enjoy a good reputation among the public, due to the nature of social ties in

Foundation, the Kosovo Foundation for Open Society, the Forum for Democratic Initiatives, and the Forum for Civic Initiatives. These institutions re-grant international donor funds. During 2010, NGOs joined forces in several issue-based coalitions, including the Democracy in Action Coalition, which monitored the parliamentary elections of December 2010. The informal Counseling Group from the NGO Consortium also started meeting on a monthly basis during the second half of 2010. As mentioned in the advocacy section, the platform CiviKos was also revitalized, but has yet to achieve a unifying role.

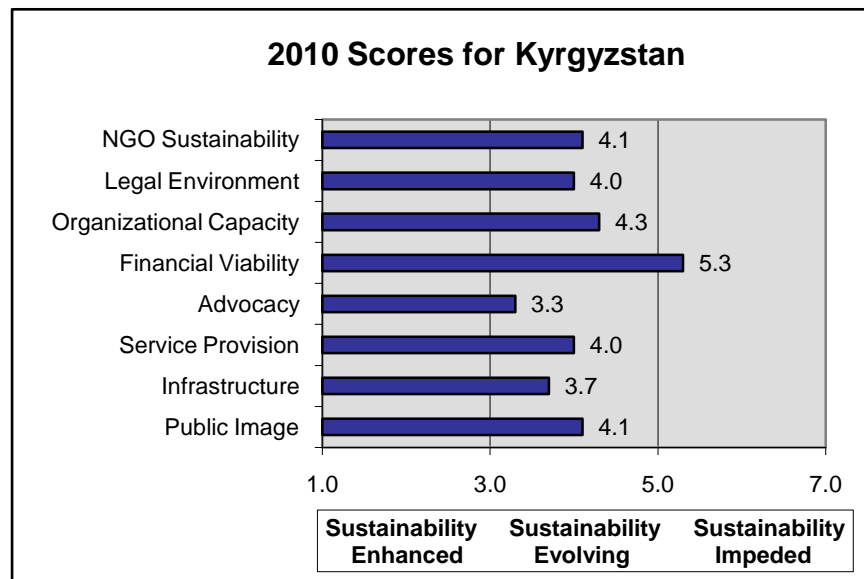
smaller towns and the influence of word-of-mouth from beneficiaries.

However, overall public perception of NGOs remains skeptical and slightly negative. While improvements in public image are noticeable, the public is still struggling with the concept of an NGO.



NGOs are still lagging behind with respect to self-regulation. Only a handful of NGOs, mostly branches of international organizations, have codes of ethics. On the other hand, leading organizations do publish annual reports and independent audit reports

KYRGYZSTAN



Capital: Bishkek

Polity: Republic

Population: 5,587,443 (July 2011 est.)

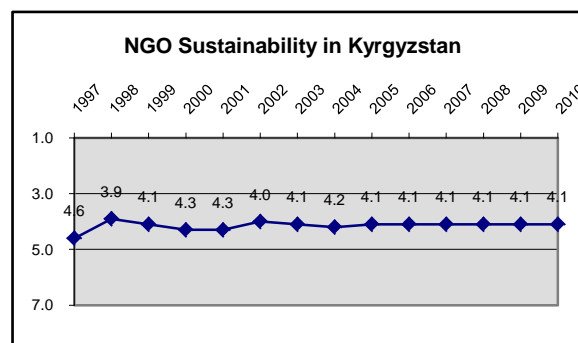
GDP per capita: \$2,200 (2010 est.)

NGO SUSTAINABILITY: 4.1

Despite the change of political regime, overall sustainability of the NGO sector in 2010 remained the same as in 2009. There were some improvements in advocacy and organizational capacity. At the same time, there was a worsening of infrastructure and financial sustainability, which caused the overall sustainability score to remain unchanged.

The key factors that shaped the NGO environment in 2010 were the April Revolution in which protestors ousted President Bakiev and the bloody inter-ethnic conflict that erupted in Osh and Jalal-Abad provinces in Southern Kyrgyzstan in June. In the ensuing political instability, NGOs launched initiatives to restore the rule of law, undertake humanitarian actions, and initiate peace building endeavors in the southern provinces. In view of the reduced legitimacy of central and local governments and the political instability, NGOs launched various urgent initiatives and set up ad-hoc structures to monitor the activities of the newly formed government. A notable example was the Committee of Civic Control, which among many other functions monitored and advised the government. The ethnic clashes sparked an

upsurge of NGOs' engagement in humanitarian activities and involvement in peace building and reconciliation, as well as monitoring of governmental reconstruction activities. While these events particularly affected the southern part of the country, they stimulated cross-regional cooperation among NGOs across Kyrgyzstan, strengthening existing and creating new networks.



The events in April resulted in the development, wide public discussion, and adoption of a new constitution via a national referendum in June and parliamentary elections in October. The new constitution created a decentralized political system with more powers transferred from the

president to parliament. The relatively fair and open parliamentary elections resulted in five of twenty-nine political parties winning seats in parliament, although they received less than 40 percent of the vote. Constitutional discussions and election monitoring fully occupied civil society's resources. The new political regime that emerged after the April events and was consolidated after the parliamentary elections has led to greater NGO engagement with various public institutions. For example, in addition to sitting on the Constitutional Council, NGOs have been appointed to the advisory boards of public television and government agencies.

LEGAL ENVIRONMENT: 4.0

In 2010, any positive changes in the legal environment for NGOs were offset by the harassment of NGOs working in the south during the inter-ethnic conflict. After the interethnic conflict in June, law enforcement bodies and the local government offices in Osh and Jalal-Abad provinces harassed human rights activists, particularly those involved in protecting the rights of detainees and prisoners, especially of Uzbek ethnicity. During the first court hearings held in September and October, almost every lawyer who defended the rights and interests of ethnic Uzbek detainees was subject to verbal and occasionally physical harassment. Reports by Human Rights Watch and the Independent International Commission of Inquiry highlight this harassment.

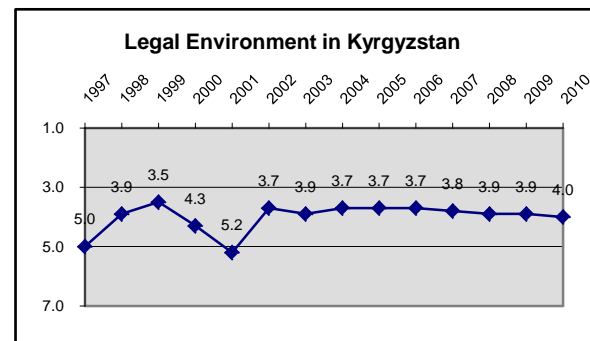
The procedures for registering NGOs continue to be favorable; NGOs can be registered within several days and without any significant bureaucratic barriers. The legislation covering the operation of NGOs – such as the scope of permissible activities, internal management, and financial reporting – remains unchanged.

A number of positive modifications to NGO-related legislation took place during 2010. Perhaps most notably, the new constitution adopted in June 2010 cemented the rights of citizens and civil society organizations to freely hold peaceful demonstrations; during 2008-2009, the Kyrgyz government banned demonstrations in places close to government

According to the Kyrgyz Ministry of Justice, there are 7,726 NGOs in Kyrgyzstan (2,804 foundations, 4,263 public associations, and 659 legal entities) of which only 500-600 are active.

These numbers do not reflect other types of non-commercial and non-governmental organizations such as cooperatives or trade unions. Four years ago, the combined number of these three types of NGOs and the other non-commercial and non-governmental organizations registered with the Ministry of Justice was over 15,000.

buildings. There was also a change to allow NGOs an exemption from paying property tax if they work in the areas of science, education, health, culture, sports, social welfare or the protection of children and the elderly. In addition, a Presidential Decree Establishing Public Supervisory Boards in government agencies, intended to ensure the transparency and effectiveness of public services, was issued in September.



The lack of tax exemptions and deductions against earned income remains a weakness of NGO legislation. NGOs can legally engage in economic activity, but most are obliged to pay the same high taxes on earned income as commercial enterprises. Only NGOs qualifying as charitable organizations are exempt from taxation on their earned income, but very few organizations can meet the strict requirements to qualify. In addition, profits of certain types of disabled persons' organizations (whether registered as NGOs or commercial

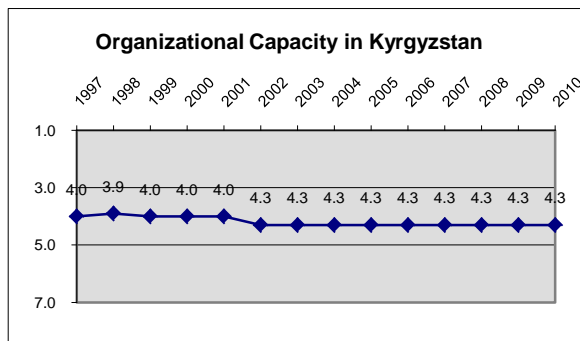
organizations) are free from taxation, as are enterprises where disabled, blind and deaf persons comprise at least 50 percent of employees and have combined salaries of at least 50 percent of all salaries.

Legal services for NGOs located in provincial cities and rural areas are weak. Urban NGOs can hire lawyers and access legal services provided

by approximately ten NGO support centers with well qualified lawyers. Rural NGOs, however, lack access to such legal services. At the same time, the demand for legal advice is very high in rural areas. To date, a limited number of programs provide legal advice to rural NGOs, but the sustainability such services depends on donor funding.

ORGANIZATIONAL CAPACITY: 4.3

The majority of NGOs in Kyrgyzstan still do not seek to build their constituencies. They work with project beneficiaries, but hesitate to expand to other constituencies, partly due to an environment in which NGOs are still not well known.



Many NGOs have clearly defined missions. However, their strategic goals are not always clearly defined. In accordance with their charters, most NGOs have a board of directors, but few of these boards are active. Volunteerism is not a popular source of support for NGOs, which ineffectively mobilize volunteers for their activities.

The majority of NGOs are poorly staffed. One person may fulfill the functions of project

manager, PR specialist, fundraiser, and M&E expert because an NGO lacks funds to recruit permanent paid staff.

Financial constraints also restrict both urban and rural NGOs from updating their technical resources, because donors are now more reluctant to allocate funds to do so. The overwhelming dependence of NGOs on donor funding, although decreasing, has forced a large group of NGOs to be project-driven and pay less attention to strategic planning.

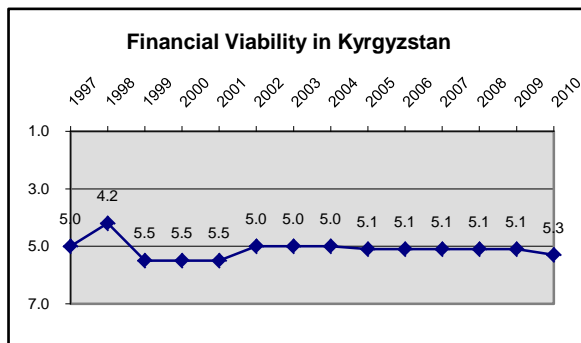
Widespread public discussion of the new constitution, a national referendum on adopting a new constitution and new president, parliamentary elections, and the interethnic conflict in Osh and Jalal-Abad provinces led NGOs to initiate new projects, as the government was weak and slow to react to the new political challenges. These included the National Information Campaign on the New Constitution and creation of the Regional Humanitarian Forum in Osh and Jalal-Abad provinces. Such new projects helped NGOs to urgently mobilize their resources and become the prime movers during the political crises, when government services such as information provision were idle.

FINANCIAL VIABILITY: 5.3

In general, NGOs' financial performance in 2010 was worse than in 2009. A majority of government and national commercial enterprises delivered humanitarian aid in the inter-ethnic conflict zone in Osh and Jalal-Abad provinces directly and did not use NGOs. These groups

wanted to save time in delivering aid, and to demonstrate a commitment to those affected during the national tragedy; however, international organizations and some local businesses did use NGOs in delivering assistance. NGOs also used some of their own

resources for urgent humanitarian aid, which stretched their financial resources. The April Revolution in 2010 badly affected many businesses due to the closure of the borders between Kyrgyzstan and Kazakhstan and Kyrgyzstan and Uzbekistan, which stopped the export of goods and services, and the nationalization of banks, which disrupted operations. As a result, many businesses ceased donations to NGOs. One such example was the closure of the AUB Bank, which led to the shutting down of the largest charity foundation in Kyrgyzstan – the AUB Charity Fund. The Fund previously allocated \$500,000 annually for various social projects.



Although there was an increase in international funding in 2010, most of this funding affected only NGOs working in areas of Osh and Jalal-Abad provinces that focused on humanitarian and post-conflict rehabilitation. The funding increases were not widespread throughout the country, and NGOs focused on monitoring

ADVOCACY: 3.3

NGO advocacy efforts increased significantly in 2010. For instance, the Committee of Civic Control was launched by several human rights organizations immediately after the April Revolution. This Committee was established to monitor the interim government’s decisions on appointing heads of public administration bodies. Overall, relationships between NGOs and the interim government, and later the new parliament and president’s office, were quite strong. This was partly because some NGO leaders took high-level government positions and partly because of the efforts of advocacy focused human rights organizations.

elections and engaging in the national referendum and new constitution efforts were often forced to spend their own limited resources. Moreover, the high level of inflation in the country, which reached 25 percent in 2010, resulted in NGOs incurring higher expenses for their programs than originally planned.

Financial vulnerability remains the most acute and serious issue for NGO development in Kyrgyzstan. NGOs lack both multiple and diverse sources of funding. Approximately 80-90 percent of NGO funding comes from international organizations, with the remainder coming from donations and NGOs’ own business activities. Financial contributions from the government or personal donations are virtually non-existent. In Kyrgyzstan, membership fees are not a common fundraising tool for most organizations (except for business associations) as NGO members and their clients cannot afford them. Philanthropy is just emerging in the country.

NGOs’ income-generating activities are relatively common. Among the most recognized services are consulting, training, renting of resources, Internet, photocopying, tourism, farming, handicrafts and furniture-making. High tax rates prevent NGOs from relying heavily on income-generating activities, and only a limited number of NGOs are involved in them.

Another example of effective NGO advocacy was the national campaign entitled For a Secular Kyrgyzstan. While working on the new draft constitution, a large group of Constitutional Council members demanded the removal of the word “secular” from the constitution. In response, women’s organizations initiated a broad coalition of those supporting the idea of a secular state. They organized pickets and press-conferences, circulated a petition, and prepared appeals to members of the Constitutional Council and Venice Commission. The campaign was supported by civil society activists inside the Constitutional Council. The campaign was

successful and the constitution preserved Kyrgyzstan's status as a secular state. It should be mentioned, however, that some NGO members spoke against secularism.

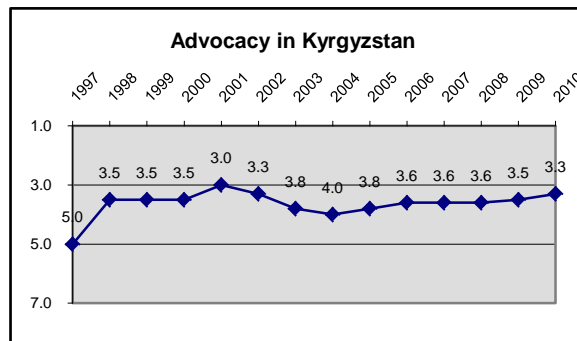
At the local level, an example of NGO mobilization for advocacy was the establishment of the Regional Humanitarian Forum (RHF) in the aftermath of the inter-ethnic conflict of June 2010 in Osh and Jalal-Abad provinces. The RHF was set up to coordinate activities and ensure transparency in providing assistance to the victims and to promote post-conflict rehabilitation. The RHF united seventeen NGOs and signed a Memorandum of Understanding with the State Directorate for Reconstruction and Development of Osh and Jalal-Abad Provinces to monitor the activities of the Directorate. The RHF successfully lobbied the Directorate to provide financially for the children who lost their parents in the June events and large families who lost their primary means of financial support and homes.

In September 2010, President Otunbaeva issued a decree setting up Public Supervisory Councils in government ministries and other bodies. Many NGO representatives were chosen to sit on these bodies and used them as strong advocacy tools. NGOs are represented in many different governmental agencies working on

SERVICE PROVISION: 4.0

NGOs provide important basic social services to the poor and other marginalized persons. Most services provided by NGOs are in the areas of social protection of vulnerable groups, information provision, and civic education. Diversification of services has occurred in some areas such as health. For instance, service provision to promote healthy lifestyles of drug users and sex workers has become more diverse, reflecting the needs of clients. The dominant government presence in the area of service provision and the funding agenda set by foreign donors are the main factors influencing the range of services. Experts note that some public services could have been decentralized to NGOs, but are still rendered by the government.

issues such as human rights and social protection.



However, along with cases of successful NGO advocacy campaigns, experts also pointed to some negative practices. As a result of the unprecedented reshuffling in the government, it became extremely difficult for NGOs to forge relationships, particularly with local authorities in the provinces. The latter are less committed to previous agreements with NGOs, referring to such agreements as the “old regime’s policy.” The situation is particularly worrying among those NGOs that represent the most vulnerable groups such as the elderly, the disabled and internal migrants. They struggle to promote their agendas with a government for which economic and political issues often overshadow social issues.

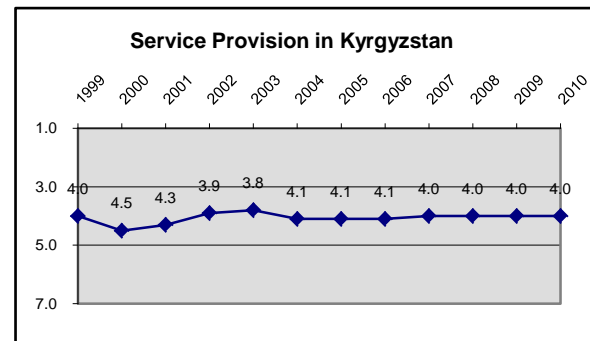
The destruction and displacement resulting from the ethnic clashes in the south increased the need for basic humanitarian assistance and social services in the region. While the government tended to deliver supplies directly, quite a number of NGOs were active during and after the clashes to provide humanitarian assistance supplied by international donors, local businesses, local citizens, and from their own organizational resources. Some also were active in monitoring government reconstruction activities and providing information about these efforts to the population.

The Kyrgyz government has recognized the importance of NGO service provision to the vulnerable and marginalized, which is a long-

established area of NGOs' work. Experts opine that this is merely formal recognition of the importance of NGOs, but is not substantiated through action. The government has a tendency to claim NGOs' successes as its own even if donors fund such efforts. On the other hand, NGOs received some recognition last year when many of them were nominated to serve on Public Supervisory Boards. Many NGO nominees are working in service provision, and their presence on these boards is thought to provide avenues for developing more sustainable service delivery.

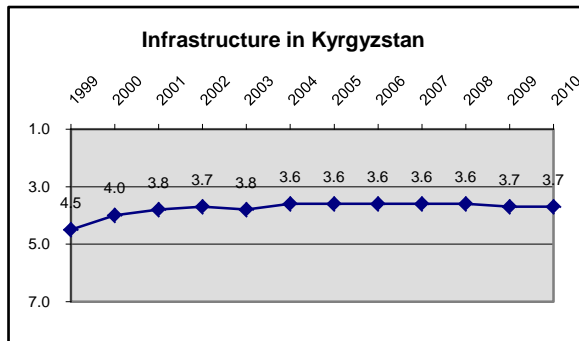
However, services provided by NGOs are still a long way from being market-oriented. NGOs

have few marketing skills, cannot calculate their labor costs or promote their products, and most have limited numbers of clients.



INFRASTRUCTURE: 3.7

Overall NGO infrastructure has not changed substantially since 2009. While the sector continues to develop and new NGOs emerge, the infrastructure supporting them has become outdated. The NGO operating environment is also changing; the 1990s was a period of abundant resources for NGO support infrastructure, but now funds are growing scarce.



Various support organizations that have existed for a long time are still functioning, but many of them are located in the capital. Regional centers have been unable to reach out within their wider immediate vicinities due to a lack of funding. Experts report that several years ago the quality of project proposals written by NGOs was much higher than now, which suggests that new organizations have not been trained in the basics of NGO work. At the same time, the NGO

support centers lack funds, and few NGOs receive funding for institutional development or trainings. The pool of trainers is also limited; many training aids are outdated and do not exist in local languages such as Kyrgyz and Uzbek.

NGOs attempted to establish partnerships with the government and with businesses with varying degrees of success in 2010. While partnerships between NGOs and the business sector have been slow to develop, there has been some progress. For example, a partnership between health sector NGOs and the pharmaceutical industry successfully prevented the introduction of VAT on medical supplies and led to monitoring of corruption in the pharmaceutical industry.

Partnerships within the NGO sector itself, resulting from the events of 2010, reinvigorated old and prompted the emergence of new networks. Many capital-based NGO coalitions worked with rural organizations to facilitate the exchange of information between the rural organizations and national NGOs and to initiate actions in response to the political and humanitarian events. For example, the Human Rights Council – a network of human rights organizations – established close contacts with lawyers working on post-ethnic violence trials in the south. Similarly, a group of Osh-based

NGOs that were monitoring the post-violence reconstruction established close ties with

Bishkek-based organizations in order to strengthen their monitoring and reporting.

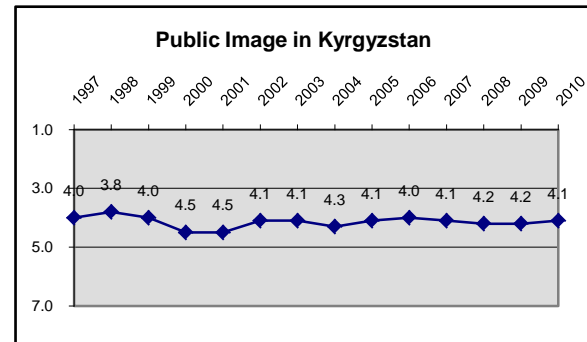
PUBLIC IMAGE: 4.1

National NGOs gained increasing media attention, helping to shape public opinion on key issues. At the same time, local and rural NGOs generally lacked media access and coverage due to limited capacities on both sides.

The public image of NGOs in 2010 was largely dependent on the political events that took place in the aftermath of the April Revolution and the inter-ethnic conflict in the south. With regards to media coverage, a highlight of the year was the establishment of the Public Radio and TV Broadcasting Company. As a result, a great number of NGO representatives appeared on national TV programs voicing their opinions and concerns on socio-economic and political processes. The ability to be critical of the government on TV was unprecedented, and often NGOs emerged as a critical voice.

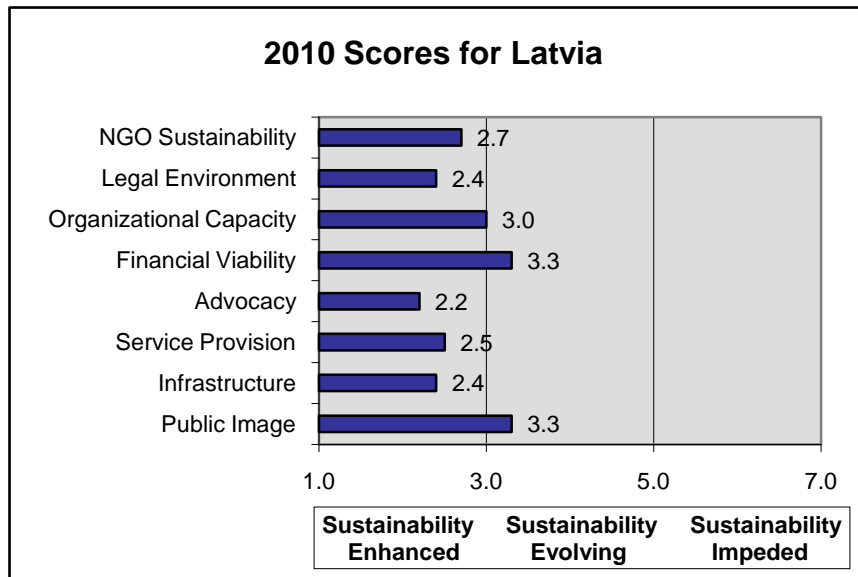
The public image of NGOs in 2010 was also heavily influenced by human rights activists and the discussion of law enforcement actions during the inter-ethnic conflict in Osh and Jalal-Abad provinces. While local governments and residents in these provinces (predominantly ethnic Kyrgyz) accused human rights organizations of instigating conflict, other local NGOs stated that the activists' efforts strengthened the image of the NGO sector as a

source of alternative positions regarding sensitive issues.



Overall, public opinion of NGOs is mixed. Positive public opinion, as a rule, is linked with the perception that NGOs provide an important safety net. Some negative perceptions are related to the belief that NGOs are those making a lot of noise for no real reason and that they are grant-eaters. Such views are due to NGOs neglecting to publicize their activities in order to reinforce their ties with the public. Only a few NGOs publish annual reports or develop strategies to promote their images. According to a public opinion poll conducted in May of 2010, NGOs were ranked fifth among trusted public institutions (after the media, religious institutions, the educational system, and the army).

LATVIA



Capital: Riga

Polity:
Parliamentary Democracy

Population:
2,204,708 (July 2011 est.)

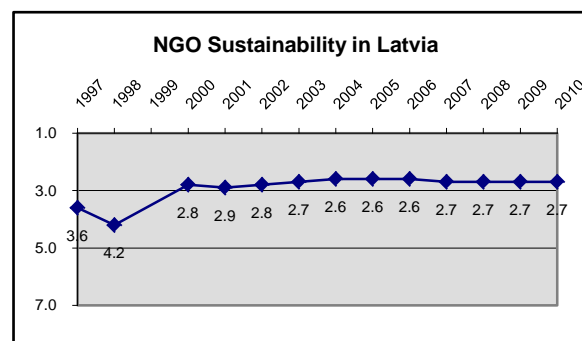
GDP per capita:
\$14,700 (2010 est.)

NGO SUSTAINABILITY: 2.7

2010 was a parliamentary election year in Latvia. This considerably increased the public profile of NGOs and civil society in general. The fact that political parties included consultations and agreements with various NGOs in their pre-election campaigns suggested that NGOs are seen as valuable partners. At the same time, the formation of 'satellite' political party NGOs impaired public confidence in the overall sector.

Governmental decisions are increasingly influenced by NGOs. When the new government was formed in October of 2010, NGOs were invited to submit proposals for inclusion in government planning. Many of these proposals were included in the subsequent government action plan. The NGO sector also has been active in voicing its recommendations for and

protests against the budget cuts the government has enacted to reduce the national budget deficit. More people than before cooperate to support public and individual causes. There are thirty to forty new NGOs formed every week. In 2010 1,839 new organizations were registered for a total of 13,617 NGOs. In comparison in 2009, there were 1,644 new organizations registered for a total of 11,669 NGOs.

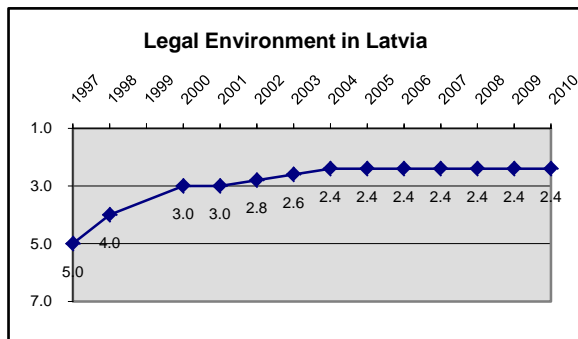


LEGAL ENVIRONMENT: 2.4

The legal environment for setting up NGOs is favorable. Registration of an NGO is easy, and the state fee of 8 lats (€1.4) is reasonable. Regional NGO support centers and the Civic Alliance of Latvia have created document

templates for registration. The time needed to register an organization as a legal entity in the Register of Enterprises has decreased to six working days. While the financial crisis has not influenced the tax situation of NGOs, a

discussion has begun about allowing NGOs to engage in business activities.



Still, some organizations say that the registration process is difficult and fees are burdensome. However, if an organization wants to get public and third party financing for its activities, then its legal status, mission and functioning need to be formalized. Registration is also important for

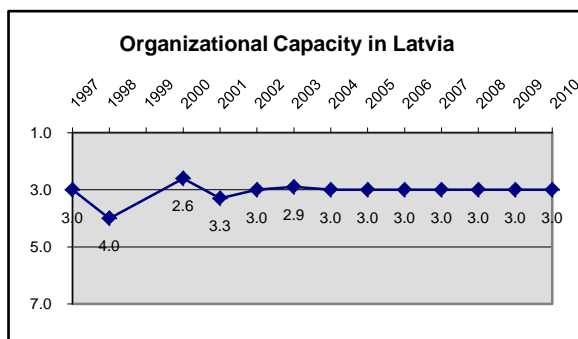
financial accountability of NGOs. 90 percent of formally registered NGOs submit annual financial reports.

Even though the registration process is comparatively easy and inexpensive, administrative impediments and harassment continue to occur. One of the most noted difficulties for NGOs is random inspections by the State Revenue Service (SRS). The SRS frequently carries out surprise inspections on inexperienced, small or new NGOs, warning organizations about taxation issues and possible violations in an intimidating manner.

Local NGO legal capacity is uneven. There are only a few state supported lawyers available to consult on NGO matters. There is no formal education for NGO sector lawyers. Those who provide legal services are self-trained. NGOs usually consult each other for legal advice.

ORGANIZATIONAL CAPACITY: 3.0

NGOs in Latvia are better at organizing one-time mass campaigns than establishing long-term relations with their constituency. For example, charity campaigns organized by Ziedot.lv and a local TV channel LNT for poor, sick and special needs children are well supported and raise significant funds. At the same time, many NGOs have just five or six members and do very little to reach out to a larger constituency.



In general, there are more NGO actions and informal collaborations than a couple of years ago. For example in 2010, with the availability of national and EU funding for improving

energy efficiency in apartment blocks, NGOs and active citizens led joint neighborhood efforts for refurbishment of their buildings.

NGO strategic planning remains a weak point as many organizations only operate with a verbal understanding of their mission and strategy or the general mission stated in their bylaws. Smaller organizations' activities are mainly shaped by the funding available.

Many organizations are too small for a formal division of tasks, but larger organizations have a clear formal organizational structure which enhances their transparency. However, in relation to governance, many people who are elected to NGO boards do not understand that they are expected to contribute to the functioning of the organization.

Generally, NGOs are sufficiently equipped with basic office equipment (PCs, phones, fax machines, LCD projectors). The tendency has been that every NGO wants to equip an office or a classroom using some public funding. The

issue is whether this equipment ensures sustainability in the long-term and whether and

how NGOs use such equipment after being provided.

FINANCIAL VIABILITY: 3.3

According to publicly available NGO annual reports, NGOs' income base is diversified between membership fees, donations, grants, and self-generated revenues in almost equal shares. While generally organizations have diverse funding sources, there are still organizations that rely only on project funding. Particularly, advocacy organizations find it difficult to secure permanent sources of financing; many have only a small membership base, and their causes are often sensitive and require long-term efforts to influence national legislative procedures and educational practices.

Very few NGOs have reserve funds, and cash flow became a bigger problem in 2010. Even with diversified funding, if donor payments were late, then NGOs had to finance project activities from increasingly stretched funds. Some organizations downsized staff and/or reduced their office space in order to cope.

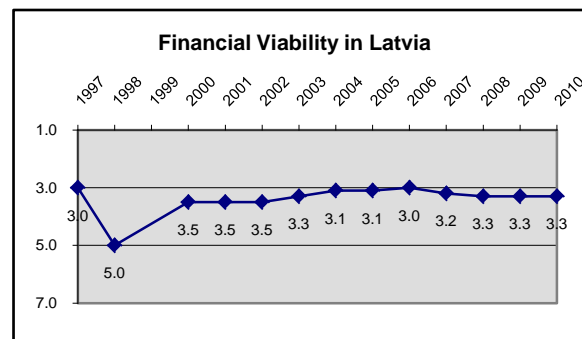
There are more people donating to NGOs, but the sums are generally smaller than before the economic crisis. According to research done by the ABLV Charitable Foundation, donations decreased by 10 percent in 2009 (from 2008 levels), and a similar decrease is estimated in relation to 2010 levels.

Within such donations, there was growth in individual support to humanitarian and cultural/history causes. For example, the Latvian Occupation Museum received a significant donation from an individual supporter from Australia. There was also an increase in donations made by families, and several family foundations that support culture and education projects were formed in 2010.

On the corporate side donations were lower. Many businesses were concerned with returning to profitability so they choose not to donate as much as before. And only a few new community funds were established by donor organizations last year. For example, a regional community

fund called Saving Latgale which benefitted the least economically developed regions of Latvia was formed.

At the same time, there were more rural partnerships formed in 2010 where people gave non-monetary contributions. People were also more willing to give money for specific causes to community groups rather than formal NGOs. Small NGOs more often attract volunteers for their activities as they do not have enough funding for paid staff.



Encouraging the growth of local donations and support of NGOs has become increasingly important. Regardless of economic levels, people provide support when a strong commitment and tradition to local donation has been cultivated. For example, people in Talsi donated three times as much money to NGOs than those living in Ventspils even though Ventspils is relatively well-off due to its oil transit business.

Additional attention was given to NGO income generation. For example, in order to help NGOs become more proactive and systematic in planning income generation, the ABLV Charitable Foundation organized fundraising projects for NGOs where the fund provided initial financial support for fundraising activities.

In the quest for funding, some organizations have leveraged their knowledge in unique ways

to generate income. For example, the Latvian Rural Fund which has strong knowledge in event management was hired by the national airlines, Air Baltic, to organize a conference.

All grants to NGOs are exempt from taxes. For the companies that donate to public benefit organizations, there is a corporate income tax reduction, but few companies apply for it. In 2009, businesses donated €7 million to NGOs, but only €5.7 million of this amount was filed with the State Revenue Service for corporate tax deductions. This may indicate that enterprises donate money to NGOs to support a particular cause rather than to get tax benefits. Another possible reason for not claiming tax deduction this is that some companies find the process confusing.

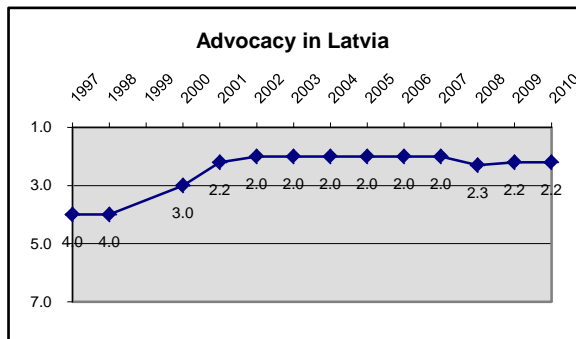
Involvement in business activities allows many NGOs to stay active. Still, the state sometimes

tries to limit these activities. In 2010, the Ministry of Finance tried to introduce a regulation that would limit business activities by NGOs. The Ministry claimed the regulation was necessary to clearly define the roles of NGOs and for-profit firms. Led by the Civic Alliance Latvia, forty NGO met with the Ministry of Finance to express their concerns. This effort of NGOs prevented the regulations from being passed which allowed them to continue with their business activities.

Most organizations comply with formal financial and accounting requirements and submit annual reports to the SRS, though very few publicize their annual reports on their websites. A State Chancellery survey from 2010 indicates that accounting and the need to reregister changes in the board members are the most difficult compliance requirements for NGOs.

ADVOCACY 2.2

Due to the need for the government to make significant budget reductions, NGOs joined with the government on an audit of state functions to decrease state expenditure. Sectoral NGOs (twenty-nine in total) were involved in respective ministry function audits. The process from the NGO side was coordinated by the Civic Alliance Latvia. A number of the subsequent budget decisions were based on NGO input. Later in the year the Civic Alliance Latvia received the Award of the Cabinet of Ministers for this endeavor.



As 2010 was a parliamentary election year in Latvia, many political parties looked to NGOs for cooperation and support. The interest of

political parties in civic support indicated that there was a higher understanding and visibility of NGOs and civic society in general in the eyes of political parties. Immediately after the new parliament was convened, NGOs presented each incoming parliamentary member with a joint NGO Manifesto. The Manifesto was well received and amongst other things resulted in more members of parliament attending the NGO and Parliament Forum organized every year.

NGOs are no longer afraid of the word lobbying. In general, professional NGOs and NGO associations are effective in supporting their cause(s), even when the government and/or businesses have a totally different opinion. For example, NGO advocacy efforts stopped the initiative of the Ministry of Finance to reorganize the Society Integration Fund. This demonstrated that NGOs can influence the policy agenda and organize their resources to focus on tough policy issues.

Another trend in this area is that there seems to be more individual or targeted lobbying (affecting the opinion of a government or parliament member) rather than public lobbying

(affecting the opinion of the public). Such individual lobbying is seen as being more effective than public lobbying, particularly on the municipal level.

Lobbying on the local level has increased in frequency and in its results. There were several cases in 2010 when community NGOs successfully protested against local building regulations which limited use of public space in favor of individual construction.

Such community protests were active in the seaside town of Jūrmala and the seaside village of Pape. Just a year after the administrative reform where several of the smallest administrative units were merged into bigger administrative units, people from the communities of Roja and Lapmežciems protested against the new municipal “marriage” claiming that this hindered autonomy and successful development of the area. At the end of 2010, the two communities became independent administrative units again. There

have been several other cases where communities stood up against the closing of community services; for example, a hospital in Bauska, a post office in Jelgava, and an ambulance service in Jūrmala. In Jūrmala parents also protested against a plan to change the status of a mainstream kindergarten to that of a special institution. Rather than simply providing speech therapy to children who needed it, the municipality wanted to change the kindergarten into a special institution to attract national budget financing.

Overall, however, even with the increasing advocacy campaign successes and cooperation with the government, NGOs still feel that they often face a somewhat dismissive government and parliament. NGOs note that there is still only partial inclusion and consultation with NGOs on legislation. For example during 2010, the government excluded parents and advocacy groups from participating in shaping regulations about the provision of education for special needs groups.

SERVICE PROVISION: 2.5

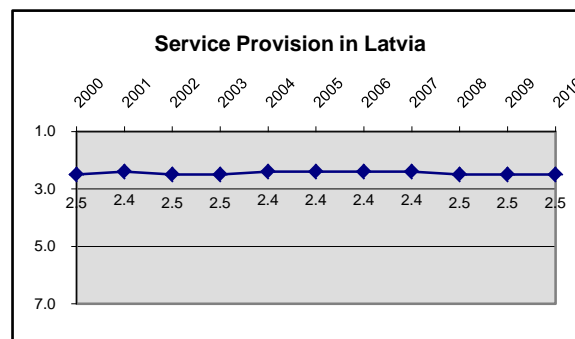
The economic crisis has led to decreases in services provided by municipalities. NGOs have stepped in to provide shelter, food and clothing to vulnerable groups, including children whose parents have left Latvia as economic migrants.

Many NGOs have become long-term service providers for the government. While more and more municipalities have started grant bids for local organizations and many different services are being managed by NGOs, there are still areas where NGOs are not allowed to engage in service delivery. For example, elder care is only done by the state even though there are competent and reasonable services available from the NGO sector.

NGOs generally receive funding from the government for specific technical infrastructure improvement services rather than a more comprehensive set of services. For example, NGOs would be contracted to put up children’s playgrounds or skate parks, but not funded to develop accompanying initiatives to keep

children and youth engaged and continuing to use these facilities.

The NGO sector provides quality research and surveys that are also used by the government and others beyond immediate stakeholders. For example Civic Alliance Latvia conducted research on NGO cooperation with the municipality of Riga accompanied by a road map and action plan.



Unfortunately, there is also a parallel trend of redundant production in the NGO world. Quite

often materials (manuals, CDs, training courses) are produced as a part of each new grant and are not shared, or used, by other beneficiaries participating in a similar project or activity. There are numerous cases when NGOs produced the same contents over and over again without knowing that this already exists or that some other NGO is developing exactly the same thing. Data basis of products developed by NGOs and better networking could help to avoid such

duplication, save resources, and improve the effectiveness in using the products.

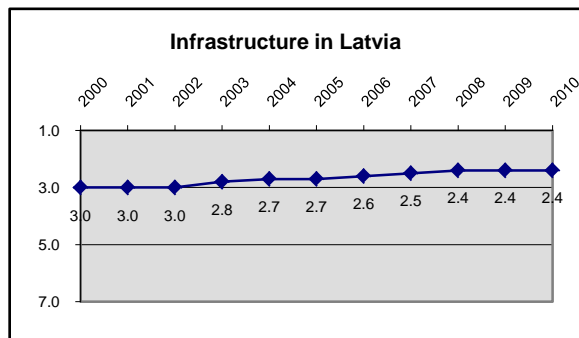
NGOs are cautious about cost recovery and income generation with their activities and products given that current regulations do not encourage NGOs to generate revenue from grant-financed activities. Consequently, most NGOs do not attempt to charge fees for their goods and services to avoid more complex accounting and project reporting.

INFRASTRUCTURE: 2.4

Some services to NGOs previously provided by NGO resource centers in the regions have merged with regional development authorities. Cuts in state financed support for civil society resulted in some centers losing their viability and needing financial support themselves. Other centers like Zemgale, Kurzeme, Vidzeme – Alūksne, and Preiļi in Latgale have managed to be self-sustaining NGO centers by diversifying income bases and providing an array of services for member organizations.

government and the NGO sector, or consulting with other NGOs directly.

Sharing information is usually the biggest motivator for an organization to join an NGO network or association. Small/rural NGOs claim that there is sufficient exchange of information among them and that small NGOs are supportive of each other. Sharing among larger NGOs appears to be more problematic. NGOs that have become professional in their sector find that networking is more difficult and requires more explicit cooperation efforts.



At the same time, regional resource centers are not needed as much as before. While specialized managerial training is still needed, basic organizational capacities have been built. And in general all needed information can be found either through media, materials created by the

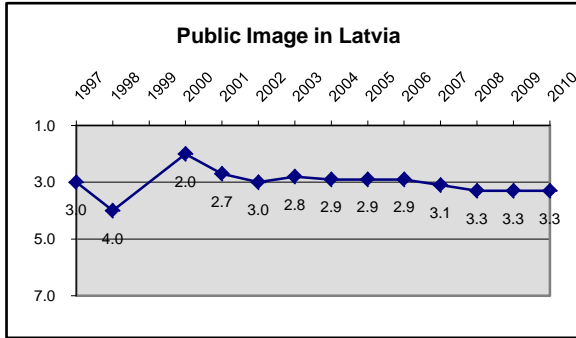
The sector has several channels of information addressing a wide of range organizations and individuals. One of the examples is an NGO e-newsletter “Do Not Sit in the Dark” that is circulated widely among NGOs.

There are also cases when NGOs cooperate with government agencies or local municipalities to achieve common objectives. One example is a pink ribbon marathon where a breast cancer patient organization cooperated with doctors and the Riga Municipality to raise awareness. Another example is the practice by the Riga Municipality of providing organizations with free premises for meetings of support groups and trainings.

PUBLIC IMAGE: 3.3

The general perception and coverage of NGOs in Latvian media is positive. The media is willing to report NGO activities especially in the

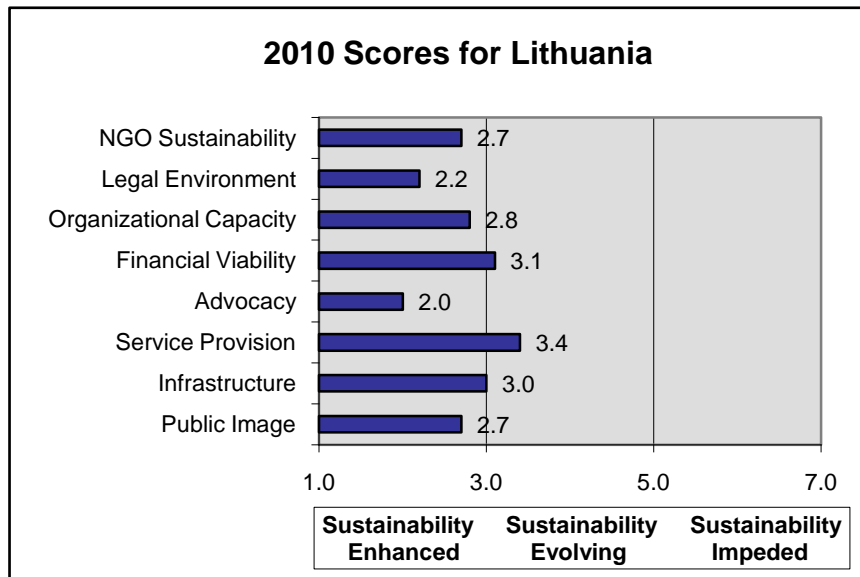
countryside where every new event gets media attention. For example, there were 250 generally positive media mentions of the event “Me,



At the same time, alignment of some NGOs with political parties in parliamentary elections increased mistrust of NGOs. Despite NGOs' roles in providing services to the less fortunate, the financial crisis also appears to have increased negative attitudes overall in society, including attitudes towards NGOs. There is no common or unified principle of NGO self-regulation in Latvia.

Europe, and the EU" which focused on the first five years of Latvia in the EU and was organized by NGOs in twelve different locations around Latvia.

LITHUANIA



Capital: Vilnius

Polity:
Parliamentary Democracy

Population:
3,535,547 (July 2011 est.)

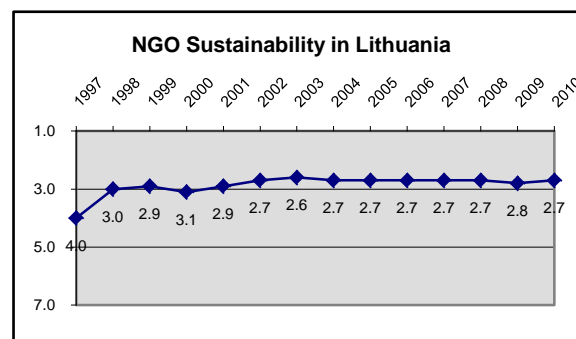
GDP per capita:
\$16,000 (2010 est.)

NGO SUSTAINABILITY: 2.7

This was a distinctive year for Lithuania's civil society organizations, revealing the sector's capacity to successfully mobilize itself under conditions of deepening financial crisis. Operating with less funding, organizations mustered professionalism and resourcefulness to sustain their main activities.

Promising innovations took off in various dimensions of the sector as NGOs became increasingly sophisticated in their use of Internet space. Public opinion polls showed that NGOs became more visible, and their presence in public life is increasingly noticeable. Partnerships among NGOs and their lobbying efforts enhanced the government's recognition of NGOs and helped to further open decision-making processes to the sector.

The year was also notable because the government adopted the Concept Paper on the Development of Lithuanian Non-Governmental Organizations which represented several years of work and established the groundwork for long-awaited improvements in the legal environment for civil society organizations.



Only a limited number of organizations continued to consolidate, strengthen, and gain new opportunities. In general, the sector did not grow since no funds were available for small organizations, most of which remained weak and reliant on local authorities.

The gap between the strong (usually service providers able to manage EU-funded projects) and the weak (generally grassroots local community organizations) widened.

Various regulations still failed to differentiate between the two levels, setting requirements the grassroots organizations are unable to meet.

The number of NGOs in Lithuania has never been precisely known. While fifteen years ago the number ranged from 7,000-9,000, the NGO

Information and Support Center estimates that the number has reached roughly 18,000 to 20,000 in the last three to four years.

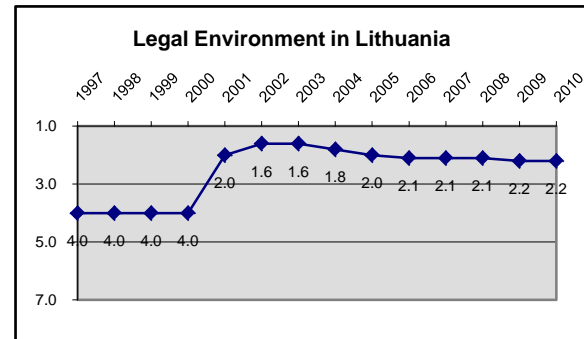
LEGAL ENVIRONMENT: 2.2

The long-awaited Concept Paper on the Development of Lithuanian Non-Governmental Organizations was adopted by the government in January 2010, setting the framework for the regulatory environment of NGOs. The so-called NGO legal environment package comprises legal acts which are in different stages of preparation. Some are being drafted, and others are already drafted and being reviewed by the responsible governmental agencies, legislative committees, and interest groups. Issues critical to the sector are in the draft Law on Funding of Non-Governmental Organizations. The law aims to close loopholes that enabled other institutions to access local and national government funds and benefits which were aimed at NGOs. Other laws will enable online registration, reorganization, and liquidation of NGOs (online registration of business entities is already in place).

However other legal developments were less positive. The Law on Associations was revised at the beginning of the year after lobbying by a (small group led by LIJOT – the NGO umbrella organization for Lithuania’s youth) that resulted in a change that was to their advantage. However, this disadvantaged most associations by creating overly restrictive rules regarding the composition and voting rights of their governing bodies. Since associations are the most common legal form under which Lithuania’s NGOs are registered, a significant number of organizations were affected. Many associations found that their bylaws conflicted with the new law. Amendments have been proposed to rectify the situation, but as of the end of 2010 they had not been passed.

Associations are also unhappy with a recent decree of the Minister of Finance which obliges them to issue receipts for membership fees. Filling out complex receipt forms is an administrative burden on organizations whose

members number in the thousands and pay only symbolic fees.



Another considerable group of NGOs – those which have state or municipal bodies represented among their founders/shareholders – is concerned that they are excluded from bidding for public procurements even though the governmental entity does not support or participate in the activities of the organization. Such organizations would like to establish legal procedures that would enable them to dissociate themselves from their governmental founders/shareholders. Such a possibility does not currently exist.

All NGOs can sell products and services. Non-profits are exempt from Value Added Tax (VAT) on funds which come from donors and under 100,000 litas (€29,000) yearly earned income. This is the only effective tax exemption that applies to NGOs.

The NGO Law Institute struggles to secure funding for its operations; however, it continues to provide some legal support to organizations and occasionally speaks out in the media regarding the sector’s legal issues. It is becoming more common for well-established NGOs to receive pro-bono or discounted services from individual lawyers or lawyers firms.

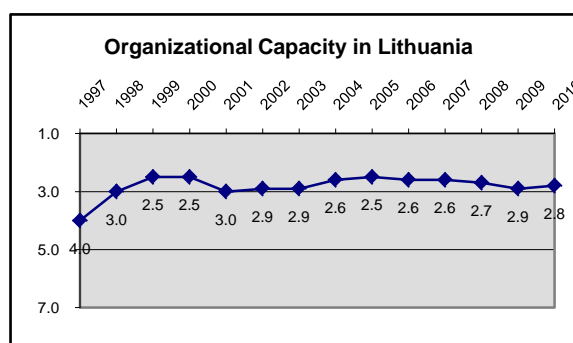
ORGANIZATIONAL CAPACITY: 2.8

Long-term planning remains a difficult task given funding uncertainty; only a small number of NGOs have secured funds for longer than six months. However, efforts to strategically review organizations' capacities and focus on cost-efficient activities and revenue generating products/services are noticeable. Attempts to optimize internal management by means of actively engaging organizations' members and boards of directors are also increasing. Board members are more often expected to take additional individual responsibilities and dedicate more time for particular tasks – fundraising, financial monitoring, publicity building, etc.

Fewer employment opportunities in the private and public sectors have stopped the exodus of staff from the NGO sector. New measures introduced by the Labor Exchange that provide salary subsidies of 50 percent for risk group employees (those close to retirement age, young people, and women out of the labor market for an extended period) have enabled well-established NGOs to retain or even increase their paid staff. However, the majority of NGOs in the regions continue with no paid staff and no premises.

Two recent authoritative public surveys (Eurobarometer and a survey conducted by SIC, a Lithuanian market research company) attest to significant growth in volunteering; 61 percent of citizens participated in voluntary activities in 2010 compared to 46 percent two years ago. One-third of respondents – predominantly youth and inhabitants of smaller towns –volunteer on a regular basis. A significant increase in volunteering was strongly influenced by the

information on volunteering opportunities presented on major Internet employment sites such as cv.lt. Thus in an environment of limited employment opportunities, these sites served as intermediaries between potential volunteers and NGOs.



Also a new Internet site – Pagalba daiktais (Support in Things) – has aided NGOs in getting used office equipment and furniture from businesses and private donors. Dozens of organizations have modernized their office equipment thanks to a now-concluded five year governmental investment program and free software made available by Microsoft.

Decreasing funding has motivated NGOs to innovate and share resources. An NGO Hive – a shared work space – was launched in the center of the capital in 2010. It hosts organizations which are drawn by the affordable rent, shared meeting rooms, and office equipment. Organizations also are attracted by the opportunity to develop joint projects and present themselves to the general public through open-door activities, topical breakfasts, and other events.

FINANCIAL VIABILITY: 3.1

Only a small number of strong NGOs continued to benefit from EU funds in 2010. External funding sources remained practically inaccessible to smaller NGOs and community organizations. European Economic Area (EEA)/Norwegian Funds were positive, but as a

one-time input they could not offset the overall decrease in local sources of funding.

The continuing economic recession and curtailment of public spending resulted in a generally gloomy funding situation for NGOs.

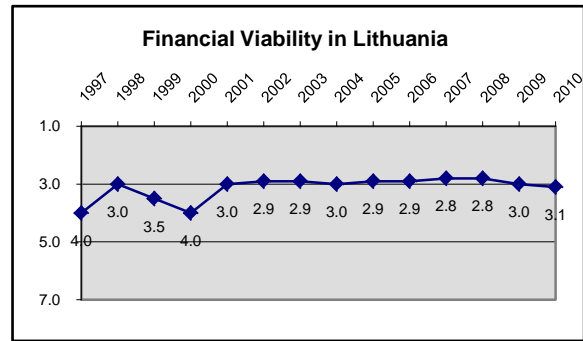
According to Department of Statistics data, financial support received from businesses was three times smaller than the previous year. Municipal programs – the main funding source for community organizations – practically closed down in 2010, and funding by the national government was significantly cut across all national government programs.

On the other hand, the government recast its NGO funding strategies to make them more targeted and efficient. The government program for financing children’s day care centers serves as an example. Although the program could not be expanded to include more centers, the government committed to supporting already funded organizations for three years. The multi-year funding is crucial for the stability of the affected NGOs and the continuity of services they provide to a vulnerable population.

Besides dwindling government funds, other key income sources shrunk as well. The number of people exercising their right to designate 2 percent of their income tax to an NGO did not decrease; around 16,000 organizations benefited from such contributions. Yet, the total amount received by NGOs declined together with the reduced income tax rate (from 24 to 15 percent of income) and the reduced earnings of the population.

ADVOCACY: 2.0

The process of the sector’s consolidation sped up during the year. The National Coalition of Non-Governmental Organizations was formed by fourteen members (the members are themselves umbrella organizations in specific areas) and open to others that wish to join. The coalition advocates for the sector and promotes its common interests with the national government as well as ensures the sector’s transparent representation in various national institutions. It started its activities vigorously. The coalition delegated its members to several ministries, governmental committees, and commissions and voiced the sector’s opinion regarding important legal and practical issues. Advocacy efforts and active lobbying with the

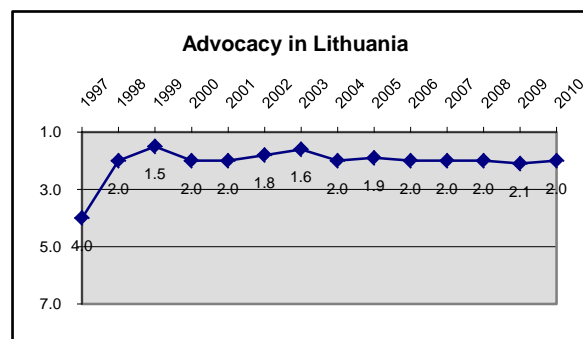


Similarly, significantly fewer funds were raised during charity events and TV campaigns.

Financially strapped NGOs became more responsive to their clients’ needs, generating extra in-kind support and embarking on additional income-generating activities. For example, nine out of sixty-two members of the biggest non-governmental umbrella organization for Lithuanian youth organizations began to provide paid services such as summer camps.

Financial constraints also affected fundraising strategies; less fundraising material was printed, and less was invested in traditional fundraising events. Fundraising has been rapidly relocating to virtual space – online charity platforms and Facebook. For some organizations, such as animal welfare charities, funds generated with the help of Facebook have become a key revenue source.

government gave tangible results; 200 million litas (€8 million) of unused EU Structural Funds were reprogrammed to be specifically accessible to NGOs through programs in different areas.



Amendments to the Government's Law Making Rules put forward at the end of 2010, which oblige state institutions and local authorities to discuss decisions of public concern with interested NGOs, should make it easier for civil society to be heard in matters like public budgeting and local, urban, and regional planning. Other important acts complemented the amendments, demonstrating the government's commitment to opening up decision-making processes to NGOs. For example, in order to facilitate the dialogue with NGOs regarding assimilation of EU funds, the Minister of Finance formed a commission to oversee the implementation of the Swiss Financial Support Mechanism in Lithuania. Similarly, the commission coordinating NGO issues that was formed by the Ministry of Social

Security and Labor actively engages NGOs in social policymaking as well as advises associations such as the Confederation of Children's NGOs on funding decisions.

However, not many organizations, especially on the local level, have made use of the new instruments and opportunities to lobby the government. Most local organizations do not feel strong enough and fear "falling out of favor" with local governments. Those organizations that lobby actively complain that their opinion often does not carry much weight, that they do not manage to achieve desired outcomes, or that the process is too lengthy and requires too much time and effort to be able to achieve results.

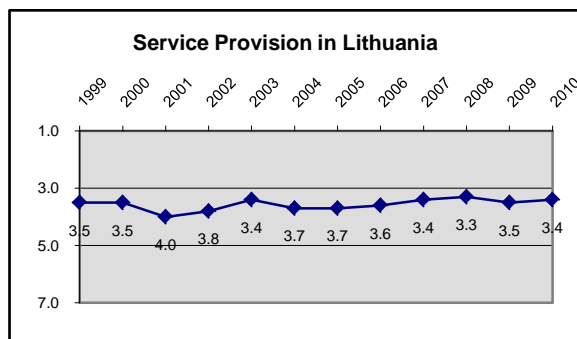
SERVICE PROVISION: 3.4

NGOs are generally regarded as providing good value and flexibility in their service provision. While in some sectors, such as culture and sports, NGOs supply close to 100 percent of total services, their participation is restricted in other areas. Procurements funded through the budget of the Ministry of Health limit service providers to licensed organizations. Licensing is a costly and bureaucratic process which puts off many smaller local organizations. Services for the disabled are another gray area for NGOs. Most funding goes to national associations of disabled persons and municipal organizations even though there are many local NGOs which could provide cultural, transportation, occupational and other services to this client group.

The Concept Paper for the Social Development of Local Communities that was prepared in 2010 by the Ministry of Social Security and Labor aims to have local NGOs provide more social services. It encourages NGOs to develop the capacity to provide various social services and urges local authorities to engage NGOs as service providers. This concept paper has been backed up by concrete initiatives, such as the 67 million litas (€19.4 million) Integration into the Labor Market Program, for which only NGOs are eligible. Local authorities that want projects under the program to be carried out in their regions have to look to NGO sector partners and partner with them in the process of application as well as implementation.

Similarly, the Ministry of Education has divided its procurement funds among five regions, encouraging local organizations to apply for civic education, children's summer camps, and leisure activities service provision.

While services offered directly to community members have not been financially viable, service provision through public procurement has been more rewarding. Participation in public procurement has become a priority for those strong enough to meet the high bureaucratic requirements and able to invest considerable



administrative and financial resources. In order to comply with public procurement conditions, smaller NGOs form partnerships. For example,

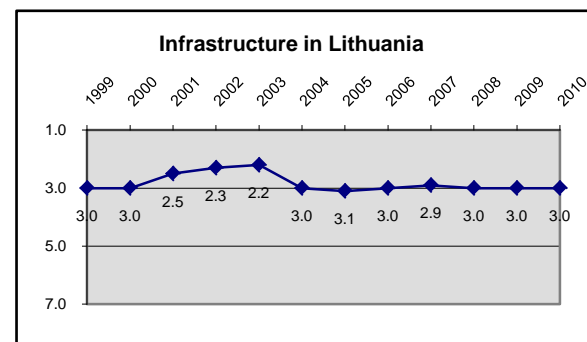
six organizations belonging to the National Poverty Alleviation Network signed agreements on integrated activities.

INFRASTRUCTURE: 3.0

The NGO Information and Support Center and community foundations struggled to survive in 2010. Administrative and training services have been cut and are no longer provided to the sector in a regular and significant manner. Both the center and community foundations performed significant voluntary work and undertook lateral projects to be able to sustain their core services to the sector (such as informational newsletters, consulting, etc.). While their information campaigns and organizing efforts were needed and yielded important results, the main beneficiaries – grassroots organizations – remain unable to contribute financially towards this work.

initiatives entered the space left by conventional grantmaking organizations. Websites were launched to mobilize volunteering, as well as material and financial support for NGOs. Most of them were highly successful – especially the philanthropic website aukok.lt, which generated over 1 million litas (€90,000) in support of various NGO initiatives.

Umbrella organizations were founded to facilitate information exchange and promote the interests of two large groups of organizations during 2010. Among other aims, the national Association of Local Community Organizations seeks to foster the development of local communities in urban areas where the movement has been slower than in the regions. The association successfully lobbied the Ministry of Social Security and Labor for a 7 million litas (€ million) community development program. In another example, the Foundations Forum united NGOs incorporated under the Law on Charitable Foundations to take active part in shaping the legislative framework for the sector.



Another trend to note in 2010 is the increasing use of online mechanisms. In order to address the most pressing needs of the sector, online

Besides the support needs traditionally covered by resource centers, coalitions, and grantmakers, the changing reality of the sector creates a need for new types of support. A social financing program, Burès, is an example of a new service started in 2010 which offers NGOs financial products such as loans, guarantees, and brokerages. The clients of Burès are NGOs in need of seed capital for development of new products and services, stability loans between project cycles, and up-front financing in implementation of projects. Another innovative program was managed by UNDP Lithuania, which provided grants for NGOs partnering with businesses to develop the businesses' social responsibility strategies.

PUBLIC IMAGE: 2.7

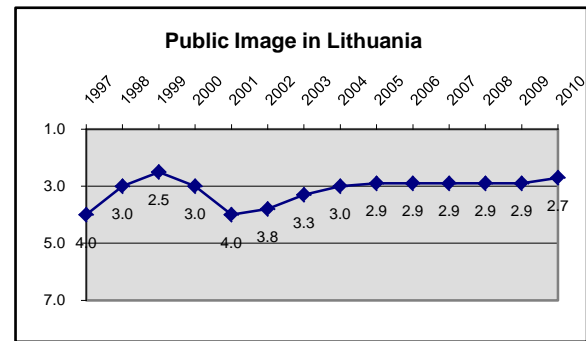
A representative survey carried out by Vilnorus Public Research Company showed that 67 percent of Lithuania's population knows and trusts NGOs (in 2009, 53 percent of respondents from a similar study did not know what an NGO

was). Such a spectacular change in the public image of NGOs was the result of synergetic efforts by the government, the media, and NGOs themselves.

Among other things, several major cultural and sporting events and greater use of online recruitment might have had an impact on the results as they exposed the public to volunteering. The government expressed favorable opinions of NGOs on various occasions and levels, backing these opinions up with policies. NGOs also were given special attention by the Lithuanian president who established the Education, Science, Culture, and NGO Affairs Group at her offices. National and regional media broadcast and wrote series of articles on NGOs including: coverage of daily work; a comprehensive picture of volunteering; how NGOs are run; NGO missions and activities; and what benefits they bring to society. A competition among local community organizations broadcast on Lithuanian national TV and radio was a visible event which strengthened people's sense of belonging to a community and their ties with local organizations.

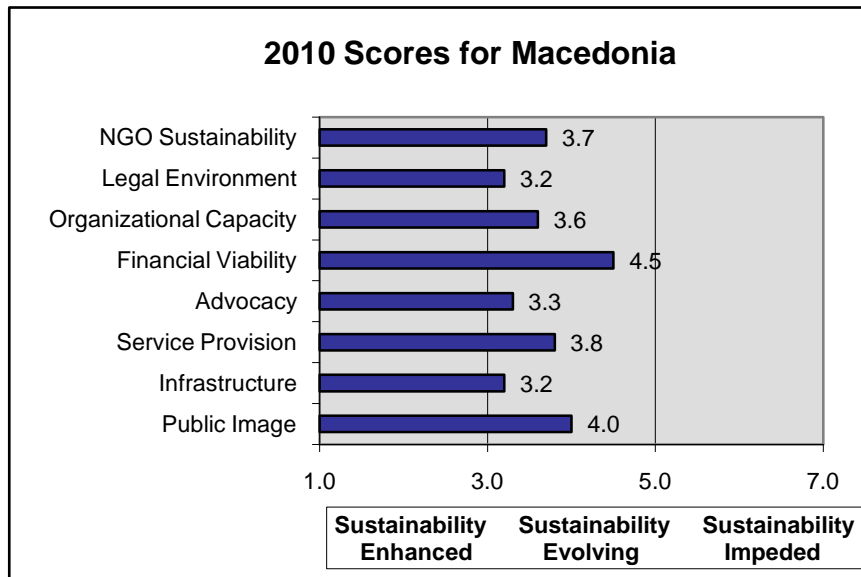
Because of financial constraints, many organizations did not publish their annual reports and did not organize their usual annual events. However, they managed to find ways to promote their activities and public image with citizens. Organizations saved funds by advertising less, so as not to compromise quality. Advertising campaigns by the Food

Bank and Save the Children organizations were notable for their strength and originality. Considerable numbers of NGOs turned to the Internet to share information and keep up a dialogue with their supporters. Organizations active on Facebook have enjoyed growing numbers of supporters and better visibility among the public.



Although the idea of an online Charity Navigator, earlier discussed within the NGO community, did not come to life, the sector's self-regulation strengthened through more active participation in associations and coalitions, including: the National Coalition of Non-Governmental Organizations, the Association of Local Community Organizations, the Lithuanian Youth Council, and the Confederation of Children's NGOs.

MACEDONIA



Capital: Skopje

Polity:
Parliamentary Democracy

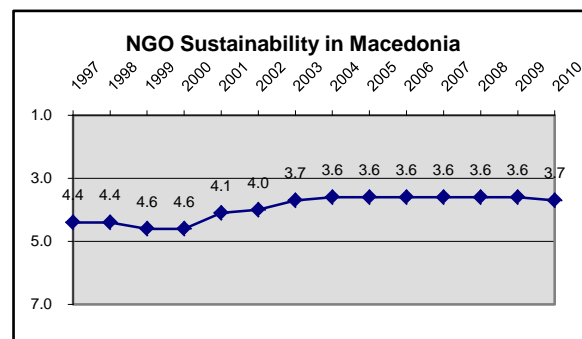
Population:
2,077,328 (July 2011 est.)

GDP per capita:
\$9,700 (2010 est.)

NGO SUSTAINABILITY: 3.7

NGO sustainability in Macedonia slightly decreased in 2010 due to an increasingly tough advocacy environment. The government's growing intolerance of NGOs critical of its policies and support for NGOs favoring government policies reduced meaningful advocacy efforts and also impacted the overall image of the sector.

Despite the adoption of the new Law on Citizens' Associations and Foundations in April, the legal environment for NGO operations did not improve significantly in practice during 2010. The Law introduces public benefit status for NGOs, permits organizations to engage directly in economic activities, and extends the right of freedom of association to legal entities, foreigners and minors. At the same time, the new law has shortcomings; in particular it imposes excessive fines for failures to file reports. Efforts to harmonize the law with other laws and to develop mechanisms for ensuring proper implementation were ongoing during 2010.



NGOs continued to feel the negative effects of the global financial crisis in 2010, particularly the reduced funds available from foreign donors. State financing of civil society and other local funding sources only partially offset this trend.

A total of 11,457 associations and foundations were registered in the Central Register of Macedonia in 2010. By comparison, in 2009, there were 9,830 associations and foundations. Many speculate that the increase is due in part to the growing number of government-organized NGOs (GONGOs).

LEGAL ENVIRONMENT: 3.2

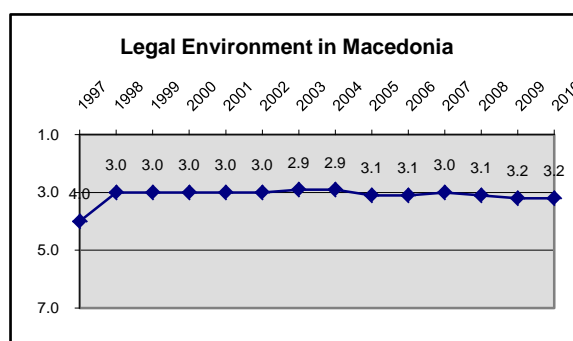
The major development in the legal environment in 2010 was the enactment of the new Law on Citizen's Associations and Foundations (the NGO Law) by the parliament on April 12. NGOs were closely involved in the design of the law through the NGO Law working group in the Ministry of Justice. The new NGO Law replaced the 1998 Law on Citizens' Associations and Foundations as amended in 2007. The new NGO Law is important for the civil society sector because it: (1) supports NGO sustainability by allowing NGOs to engage in economic activities; and (2) helps increase the social impact of the civil sector by introducing "public benefit status." The status is given to NGOs that engage in activities that benefit the public such as protection of marginalized people, humanitarian assistance, and social aid. NGOs that gain public benefit status are entitled to greater tax and customs exemptions than other organizations.

Although the new NGO Law is an important development, some of its provisions are problematic for the sector. For example, the NGO Law imposes excessive fines on organizations that fail to file required annual reports.

NGOs began efforts to address these shortcomings in 2010. In addition, NGOs were working with experts, representatives from the Ministry of Justice, and the Central Registry to draft commentary on the law in order to assist in its implementation by the Ministry of Justice and the tax authorities. NGOs and the government also were focusing their efforts to educate both NGOs and officials on implementation of the law as well as on monitoring the process of granting and revoking public benefit status.

The Ministry of Justice also set up a working group to draft revisions to harmonize the Law on Donations and Sponsorships with the new NGO Law. The aim of the harmonization process was to eliminate inconsistencies between the two laws, simplify legal procedures for donations, and revise tax incentives in order to encourage the further development of philanthropy.

Overall, the procedure for the registration of a new NGO is faster and simpler than before. At the same time, the new NGO Law requires existing associations and foundations to re-register, which has created some difficulties and uncertainties. Several branch offices of the Central Registry demanded fees for re-registration, although the law states clearly that there are no fees or taxes for routine re-registration. The fees that they requested differed from one office to another, which shows that they did not follow the provisions in the law. In order to help harmonize the process, the Macedonian Center for International Cooperation (MCIC) in collaboration with the Central Registry and international experts issued a guide on the re-registration.



There is also a newly established practice that unemployed individuals who found NGOs lose their unemployment status along with the free healthcare and social welfare that they receive while unemployed. This provision has existed since 1997 in the Law on Employment and Insurance against Unemployment, but it was not implemented until recently. NGOs see this practice as negative, because it discourages unemployed citizens from forming new NGOs. The temporary solution to this problem has been for affected individuals to appeal adverse decisions through the Agency for Employment. However, this additional administrative obligation places yet another burden on the sector.

At the end of 2009, the Law on Free Legal Aid was passed, but its restrictive provisions, which allow only the most low-income applicants to

access this right, have reduced its utility in practice. The annual fund designated for implementation of the law is only €200,000, which is considered insufficient to meet the potential needs for free legal aid services.

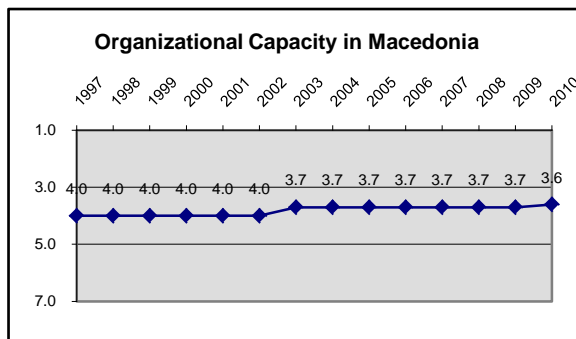
The Law on Lobbying continues to have detrimental effects, although the Constitutional Court abrogated the provisions that limit NGOs' participation in policymaking processes. Almost three years after the adoption of the law, there is only one registered lobbyist in the country,

which shows that the law is not functioning in practice. When NGOs want to advocate or lobby for certain issues, they do not use the Law on Lobbying to communicate with the authorities; rather they use alternative channels such as personal or business relationships.

Although legal advice is available to NGOs through a number of intermediary support organizations (ISOs), few local lawyers are trained in and familiar with NGO legal issues.

ORGANIZATIONAL CAPACITY: 3.6

NGOs are becoming better connected with their constituencies and generally represent their needs and interests. Constituencies recognize NGO efforts and seek to engage in their activities. One positive example in this area is the Advocacy Centre, which organized training on advocacy and lobbying for nine NGOs from across Macedonia. These NGOs developed advocacy campaigns on various issues that will be implemented during 2011. The Center also serves as convener for NGOs and individuals who wish to become involved in policy and decision-making processes.



NGOs still do not fully engage in or appreciate the value of strategic planning. Some NGOs have precisely defined missions and strategic plans, but this often depends on the financial viability of a particular organization. Some

NGOs even receive funds and trainings from donors to conduct their strategic planning. Most NGOs have a division of responsibilities between their boards of directors as decision makers and staff members as implementers, and the work of boards is transparent. The new NGO Law simplifies the requirements for NGO governance by clarifying that the highest governing body of an association is the general assembly and of a foundation is the board of directors; organizations may decide for themselves whether to have additional governing bodies. These simplified requirements allow NGOs to tailor their organizational structures to their individual needs and to adopt more efficient decision-making processes for carrying out everyday activities.

Capacities clearly differ by organization. The majority of NGOs outside of Skopje have less developed capacities compared to organizations operating in the capital. In general, NGOs still struggle with maintaining permanent paid staff, but address the issue in part by engaging volunteer staff. NGOs rarely use outside professional services such as public relations consultants or accounting experts; instead, they rely on their own staff. NGOs have basic technical equipment, which in some cases is outdated.

FINANCIAL VIABILITY: 4.5

Financial viability continues to be a major problem for NGOs in Macedonia. The global

economic crisis had serious effects on the levels of funding available for NGOs, particularly from

foreign donors. NGOs generate some earned income, but they are still dependent on foreign donor funding, which has generated feelings of insecurity.

There are fewer foreign donors that are willing to support NGOs on a programmatic basis or for longer periods of time. For example, the European Commission (EC) Civil Society Facility serves mainly to provide technical assistance and knowledge sharing to NGOs; it does not provide funds.

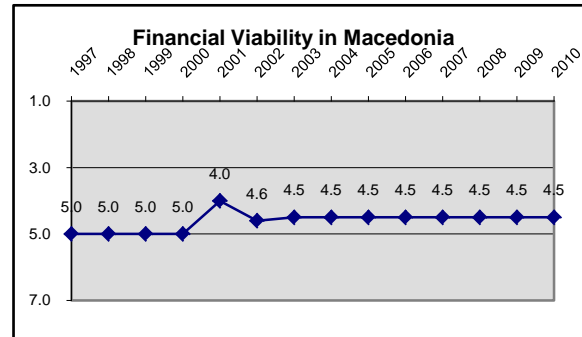
The government enacted a Code of Good Practices for Financial Assistance to Citizens' Associations and Foundations in 2007. This document serves as a tool for state institutions to grant funds to organizations that conduct activities for the public benefit. The government and state institutions make annual public calls for proposals using the criteria in the code. The code prescribes the formation of a commission in every state institution that will be entitled to give funds. To date, implementation is poor and only a small portion of funds has been given to NGOs.

Domestic funding alternatives have not become significant enough to finance the sector. The culture of philanthropy remains weak and the limited local funding has primarily supported humanitarian causes. The business community tends to donate funds selectively. For example, the three mobile operators in Macedonia, T-Mobile, One, and VIP donated medical equipment to several hospitals in Macedonia.

ADVOCACY: 3.3

NGOs have the ability to find partners within the government and reach visible results, but only in specific, clearly defined areas. For example, the Health Education and Research Association (H.E.R.A) developed action plans on sexual and reproductive health in eleven municipalities in cooperation with the local authorities. Another NGO, the Association for Special Education and Rehabilitation Staff, has collaborated with Kumanovo municipality to create an action plan for the inclusion of children with special needs into the educational system. Action plans also

Unfortunately, the implementation of the Law on Sponsorship and Donations adopted in 2007 has not significantly increased philanthropic contributions due to the complex administrative procedures and the lack of public awareness of the law's provisions.



Given this environment, the new provision in the NGO Law that enables NGOs to engage in economic activities could be a double-edged sword. On one hand, the law now regulates in which economic activities NGOs may participate so as to prevent abuse of the NGO form; however, some fear that given the difficult financial situation, the increased freedom to pursue economic activities provided for under the law will push more NGOs to emphasize fiscal sustainability over their missions.

Increasingly, NGOs are making their financial reports publicly available through their annual reports, web pages, or in their offices. With the new NGO Law, public availability of financial records is now a requirement, which will enhance overall transparency of the NGO sector.

are being prepared in another three municipalities. The Youth Coalition SEGA is cooperating with municipalities in adopting local youth strategies. Still, implementation of these documents has not started and follow-up and monitoring is needed.

Although these examples of cooperation show positive collaboration between civil society and the government, NGOs also point out the difficulties they have with regular cooperation in other areas. If an NGO has not already

developed a project and secured funding, cooperation with the relevant ministry on an issue of common interest is more difficult. NGOs also note that final versions of legislation often do not include the inputs given by NGOs in the drafting phase. For example, NGOs are consulted when drafts of municipal budgets are prepared, but their recommendations are rarely included in the final version. Specifically, in relation to the NGO Law, NGOs were included in the drafting process, but many were disappointed that some of their recommendations were not included in the enacted version of the law.

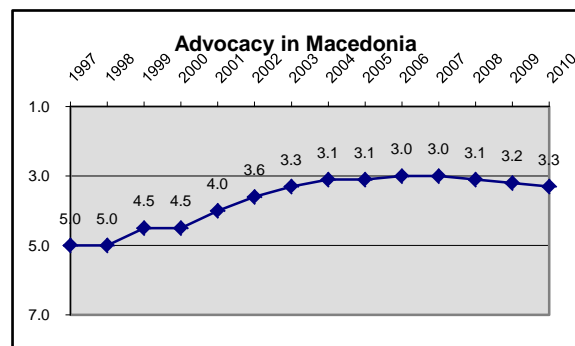
NGOs experience a certain level of state harassment on both national and local levels. The authorities do not tolerate much criticism. If an NGO (generally democracy and human rights focused NGOs but not always) expresses a viewpoint that differs from the government's, it is often accused of working for the political opposition. For example, the Macedonian Center for European Education was monitoring the National Council for European Integration, a body in the parliament. When the NGO published a report that criticized the Council's work, it was excluded from the Council's efforts. This exclusion was followed by personal, public attacks on the Center's founders by ruling party figures. Another example is the

SERVICE PROVISION: 3.8

NGOs are legally permitted to compete for government contracts and procurements at the local and central levels. The government, both at central and local levels, is beginning to recognize the quality of services provided by NGOs and is starting to contract NGOs for social services that state institutions cannot fully provide. For example, there are quite a few NGOs that provide health and social services such as the Healthy Options Project Skopje, H.E.R.A., Equality for Gays and Lesbians, Opcija Ohrid, Izbor Strumica, Macedonian Red Cross, Via Vita Bitola, and others.

Youth is another area where NGOs have begun to fill a need. The Youth Educational Forum

Center for Civic Communications, which monitors public procurement on the central level. When they publicized a report which criticized public procurement practices, the ruling party called the Center a pro-opposition NGO and a "phantom organization" (although this organization was formed in 2005). Other NGOs that try to monitor the work of state institutions face similar hurdles.

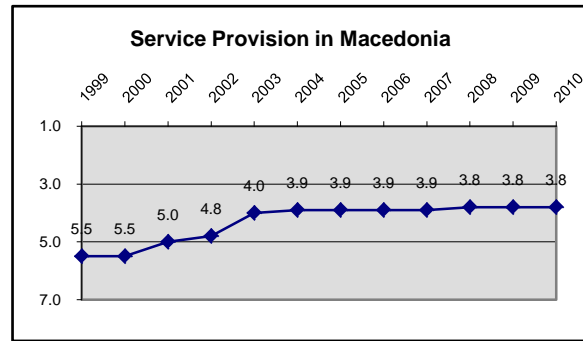


The government also has started to use NGOs that have close ties to the government to diminish other NGOs' criticism of government policies. For every protest in 2010, whether organized by the political opposition or not, the ruling party organized counter-protests. These were led by pro-government NGOs that usually dismissed the protests, claiming that they were unnecessary because the government's policies are fine.

provides education for young people in order to prepare them for the labor market. The Youth Cultural Centre (MKC) Bitola organizes volunteer work in state institutions. Quite often these services are provided not just for the NGO membership, but are aimed at the general population or for target groups (youth, LGBT population, drug users, Roma, homeless people, victims of domestic violence, sex workers, etc.).

Since the passing of the Law on Free Legal Aid at the end of 2009, several NGOs now provide free legal aid, although under restrictive legal provisions. Also, there are numerous services (such as trainings and technical support) that NGOs provide to small and emerging

businesses, farmers, and alternative tourism providers. While these organizations are positive examples, it still cannot be said that NGOs offer highly diversified services, reach targeted markets, or can provide services on a financially sustainable basis. Increasingly, NGOs are moving towards introducing fees for service (now allowed by the new NGO Law), however these fees still are often quite below the market price.

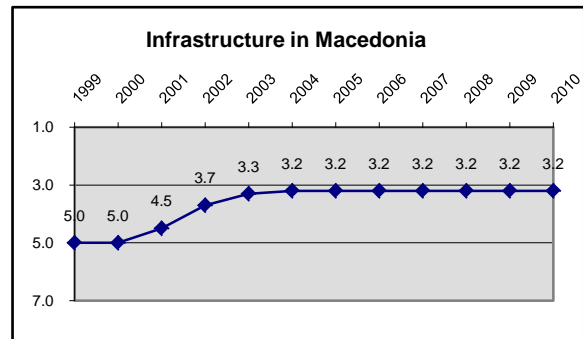


INFRASTRUCTURE: 3.2

There is a developed network of NGO resource centers throughout the country which provides a wide range of services and specialized trainings to local NGOs, with materials available in local languages. Unfortunately, these resource centers are still dependent on foreign donors and lack support from the central and local government. Some try to remedy this situation by charging for services provided.

functioning at both the central and local government levels that cooperate with NGOs, the business sector, and religious institutions. For example, in Strumica, a counseling center for women with chronic diseases was opened in 2010 through a partnership between an NGO, the local hospital, and the local authorities.

Local community foundations generally only re-grant international donor funds. For example, the Center for Institutional Development provides institutional, project and ad-hoc grants to more than thirty NGOs throughout the country totaling nearly €2 million by re-granting funds from the Swiss Agency for Development and Cooperation. One exception is the Foundation for Local Community Development from Stip, formed in 2006, which raises local funds to provide grants for NGOs. In 2010 the Foundation re-granted funds to two NGOs and two informal citizens' groups totaling €3,000. Generally, however, local fundraising is still at a low level although NGOs make efficient use of these few local granting opportunities.



NGO coalitions are emerging in specific areas of the sector. There are few cross-sector coalitions due to the low level of information sharing between NGOs from different sectors.

Another example is the Women's Organization of the Municipality of Sveti Nikole. It has opened local coordination bodies for preventing domestic violence in the municipalities of Sveti Nikole, Stip, Kocani, and Probistip. These are intersectoral bodies with representatives from Ministries of Interior, Health, Education and Science and Local Self-Government, Centers for Social Work, and the Public Prosecutor offices. These bodies are in the process of becoming institutionalized by including them in the work of the municipal councils. Such examples tend to be self-sustaining and are not dependent on the change of government, either at the central or local level.

NGOs are aware of the benefit of intersectoral partnerships and make relatively good use of them. Also, there are intersectoral committees

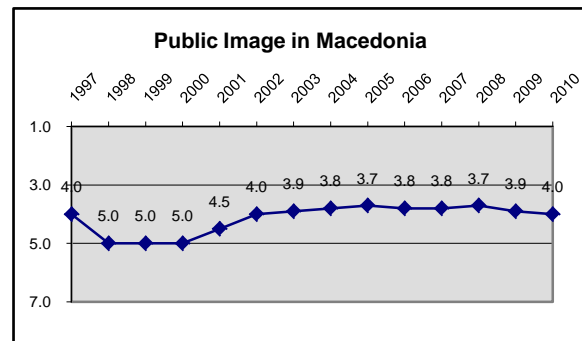
PUBLIC IMAGE: 4.0

NGOs suffer from poor media coverage. Media interest in covering NGOs' events depends on whether there are public officials present. The quality of media coverage also depends on the media organization's impartiality and freedom from political influence. NGO issues are covered by the media most often when the subject matter is susceptible to political scandal or speculation.

In a 2010 public opinion survey by the MCIC, the majority of respondents said that NGOs are founded to serve either personal interests or those of foreign countries. The number of politically driven NGOs and GONGOs has grown, which undermines the public image of apolitical NGOs and the public perception of NGOs in general.

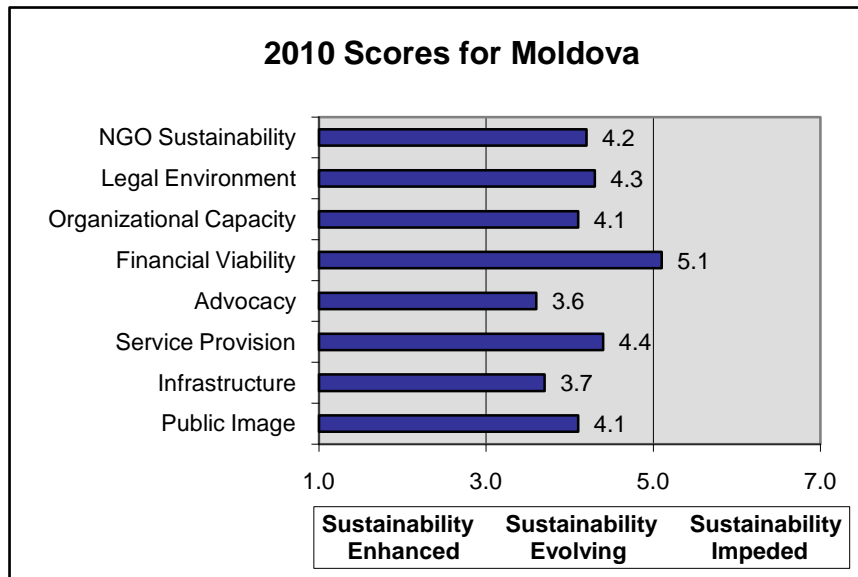
The government's perception of NGOs depends on whether the particular NGO approves or criticizes its work. These developments have contributed to divisions in the NGO sector, and almost all NGOs are labeled either as pro-government or pro-opposition. The pro-government media further contributes to this

trend by labeling NGOs that criticize the government as pro-opposition and by presenting GONGO think tanks as the most credible sources of information. All of these developments ruin the public image of the sector.



NGOs make their work public by distributing printed materials, developing web pages, and engaging in other forms of public information sharing. Also, many NGOs, especially the leading ones, publish their annual reports and annual audit reports in newspapers.

MOLDOVA



Capital: Chisinau

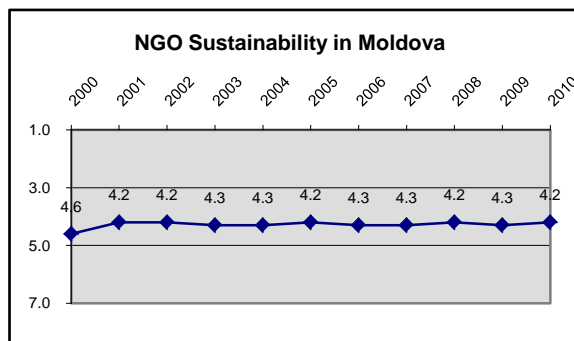
Polity:
Republic

Population:
4,314,377 (July 2011 est.)

GDP per capita:
\$2,500 (2010 est.)

NGO SUSTAINABILITY: 4.2

Despite delays due to political stalemate and two elections during the second half of 2010, Moldovan NGOs overall ended the year in a more positive position than they began it. The legal environment was more supportive of NGO work; there was more openness to cooperation from both national and local governments, including particularly the formation of a National Participation Council; and media more frequently involved civil society.



Even with these positive changes, some important legislative reforms and efforts to establish additional cooperation mechanisms between government and civil society were delayed, especially during the second half of the year. A referendum held in September to allow

for direct citizen election of the president failed from low voter turnout. The referendum was followed by early parliamentary elections on November 28th, but the new government was not formed until January 2011. As a result, only the most necessary government work was done, and further NGO reform initiatives were stalled. For example, the Action Plan to implement the Civil Society Development Strategy prepared in February was not adopted by the government in 2010. In addition, some of the secondary legislation necessary to implement new laws that improve the legal environment for NGOs was not completed.

In the Transnistrian region, civil society work remains difficult. On the positive side, more donors focused on the region and more projects aimed to develop partnerships and promote the exchange of best practices between NGOs in Transnistria and those in other parts of Moldova and Europe. However, the increased level of funding also attracted more negative attention from local authorities, who responded by trying to impose even more restrictive regulations. There was an attempt to change the Transnistrian Law on Public Associations and to create a commission that would examine the

project proposals to be implemented in the region and have the authority to limit or deny the projects. Public officials also made statements condemning the activities of NGOs that promote democracy and youth mobilization.

The basic makeup of the NGO sector has not altered significantly since 2009. According to the Ministry of Justice, there are currently 5,314

registered NGOs in Moldova. Moldovan NGOs also can register at the local level and, counting these, Moldova has roughly 8,000 registered NGOs. It is estimated that around 25 percent of these NGOs are active (the Association for Participatory Democracy, July 2010). Moldovan NGOs work in urban and rural areas and in various fields, but mostly in the social and educational sectors.

LEGAL ENVIRONMENT: 4.3

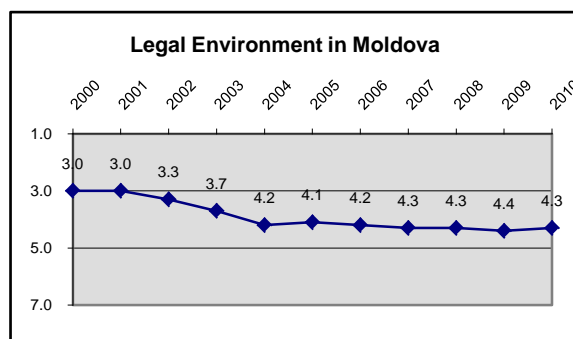
The legal environment for NGOs in Moldova is enabling, and NGOs are able to register and operate freely. Public officials dealing with the registration process placed fewer obstacles in the way of new NGOs this year and provided application assistance, which made registration easier and faster. In 2010, there were no reported incidents of NGO harassment by the local or central governments.

Since the 2009 change in government, legal conditions for NGOs have improved considerably. Several important laws were approved in 2010 including: the Law on Volunteering; revisions to the Law on Public Associations, including amendments to the provisions on public benefit status; the Law on Social Services; and Methodical Instructions on Specific Features of Accounting for Nonprofit Organizations.

The amendments on public benefit status (which were passed with amendments to the Law on Public Associations) provide a definition of public benefit activities that is generally in line with other European laws. The law establishes obligations for reporting and transparency and assigns a range of direct and indirect benefits to public benefit organizations (PBOs). The law also creates conditions for the new composition of a Certification Commission (CC), ensuring that the majority of members will be civil society representatives. The CC reviews an NGO's application for public benefit status against the law's specific criteria.

The Law on Volunteering, adopted June 18, 2010, regulates the formal relationship between host organizations (public and private) and

volunteers, listing the rights and responsibilities of each and stipulating incentives for volunteering, such as student credits and social benefits. The Law on Social Services for the first time explicitly names NGOs as legal entities that can be contracted by national and local governments to provide social services. This law will be followed by the Law on Accreditation and amendments to the Law on Public Acquisitions, which together will set the framework for non-governmental entities to provide social services.



To assist with NGO reporting and ensure proper accountability, a working group under the Ministry of Finance prepared draft Methodical Instructions on Specific Features of Accounting for Nonprofit Organizations. The document includes recommendations for nonprofit financial reporting for NGOs and the relevant authorities. The document was adopted in December 2010 and should come into force as of January 2011.

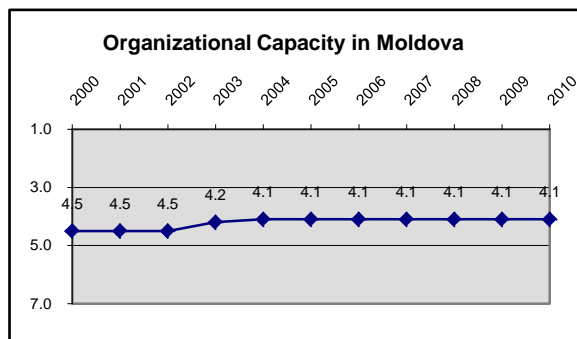
Although the laws' passage shows the government's commitment to civil society and demonstrates the success of NGO advocacy efforts, the laws will require development of

further policies and secondary legislation before they can be fully implemented and their impact felt.

The legal environment in Transnistria is less conducive for NGOs. The Transnistria Law on NGOs from 2008 is quite similar to the laws on NGOs from Russia. NGOs can register in thirty

days, and they are allowed to receive donations from companies and individuals. NGO that are involved in election-related work may not receive funding from other states or international organizations. Most NGOs in the region are under close surveillance by the Ministry of State Security, and they have limited freedom to act.

ORGANIZATIONAL CAPACITY: 4.1



There was no significant progress with respect to the organizational capacity of Moldovan NGOs in 2010. Although many organizations have strategic and fundraising plans, these plans are mostly to satisfy donors and often are not implemented.

Most Moldovan NGOs do not have sufficient funds to invest in organizational development and rely on free donor trainings and workshops. In 2010, both Soros Foundation and USAID's Civil Society Strengthening Program started to provide training and consultancy services tailored to each NGO grantee's needs. Through these programs, NGOs received individual support in various management areas, which included follow-on assistance to ensure implementation of the NGOs' newly developed plans and policies. NGOs most often sought training and technical assistance in financial management, human resources management, and strategic planning. While these efforts were noticeable in the sector, the actual results will not be visible before 2011.

NGO constituency building and outreach have improved. Increasingly, organizations are using social networks (Facebook, Odnoklassniki for Russian speakers, and Twitter) to engage their

constituencies. IDIS Viitorul also has an active web portal, and Monitorul Civic portal is an effective communication service for NGOs. Outside of Chisinau, especially in smaller communities, NGOs are more engaged in local issues and more connected with their constituencies as a result of donor-funded programs directed to improving local constituency building. For example the Civil Society Strengthening Program and the Citizen Participation Program funded by USAID and the programs funded by East Europe Foundation all have the requirements for citizen participation and cost share from local sources. Also, donor programming has diversified, allowing NGOs to be more mission-oriented, rather than shifting their priorities to obtain the funding needed for survival.

Most NGOs have paid staff, but employees may work only part time and have fluctuating salaries. Volunteers are used in various community actions (such as cleaning community areas, rebuilding playgrounds), but are less often engaged in office work. Election-related activities particularly involve a large number of volunteers, with between 2,000 and 3,000 mobilized for each election.

Moldovan NGOs remain weak in the area of governance. While most NGOs do have boards, the boards' roles are not clear, and they do not exercise their supervisory function over management.

Most Moldovan NGOs, including those in the Transnistrian region, have basic office equipment, including laptop computers. Internet is available throughout the country and affordable.

FINANCIAL VIABILITY: 5.1

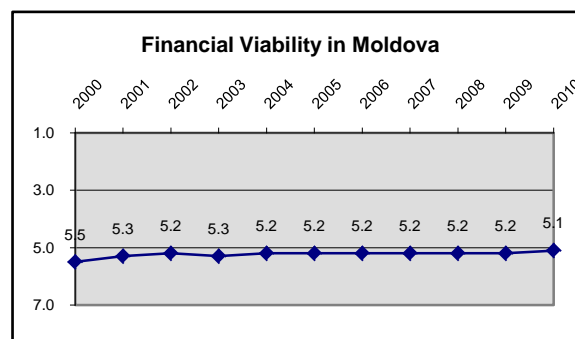
Although improvements were visible, financial viability continues to be the most critical challenge to NGO sustainability in Moldova. NGOs still depend primarily on foreign funding, with between 80 and 95 percent of NGO budgets made up of funds received from international donors such as The Netherlands Social Transformation Program, the EU Delegation, USAID, and other bilateral donors. Chisinau-based NGOs that work on national issues are particularly dependent on international funds as they have few local funding sources.

NGOs outside of Chisinau saw some positive changes in the diversification of their funding. The Citizen Participation Program and the Civil Society Strengthening Program have encouraged the mobilization of local sources of funding. Particularly local public authorities are becoming more willing to fund NGOs. For example, in Orhei, local authorities provide matching funds up to 30 percent of the NGO's contribution; in Stefan Voda and in Ungheni, local authorities provide up to 20 percent. Community foundations also are noted as contributing to this trend. In 2010, four community foundations were active (out of five registered in 2007). Their levels of funding are still very low, but some are getting more successful in local fundraising. For example, the community foundation in Ungheni raised funds from citizens (through an NGO fair), local authorities, and five different local banks.

In addition to financial contributions, there are a growing number of cases in which both the local administration and local businesses provide in-kind donations, such as free office space, or cover the cost of utilities (for example, in Bălți for social service NGOs). Given that NGOs' ability to raise funds locally depends on their profiles and service portfolios, those providing social services and those working on rural and regional development tend to receive local funding more often.

Individual philanthropy still is not widespread and needs to be further developed, both by

increasing the skills of NGOs to fundraise from individuals and by increasing citizens' awareness of why and how to donate to NGOs. As a first step, the EveryChild charity conducted research on the culture of giving in Moldova. The results will be published in 2011 and followed by a campaign to promote philanthropy.



Corporate social responsibility (CSR) is not highly developed in Moldova. The concept of CSR has come with the entry of foreign companies into the Moldovan economy, and those companies have incorporated CSR principles into their operations. For example, Orange Moldova, a telecommunications company, formed the Partnership for Children project with the East Europe Foundation (the successor to the Eurasia Foundation in Moldova), UNICEF Moldova and others to support nine local projects for vulnerable children. CSR activities are viewed positively by Moldovans, and are largely centered in Chisinau. Some Moldovan NGOs provide fee-based services, mostly offering training and consultancies. The new Law on Social Services lists NGOs among the possible service providers. However, clear mechanisms for social contracting are still missing, and NGOs that provide social services still cannot recover costs from these services.

Most NGOs that receive funding from international donors have financial management procedures in place. However, most NGOs still only practice project-based financial planning

rather than medium or long-term financial planning for the organization. Only a few NGOs

have independent annual audits and publish their financial reports.

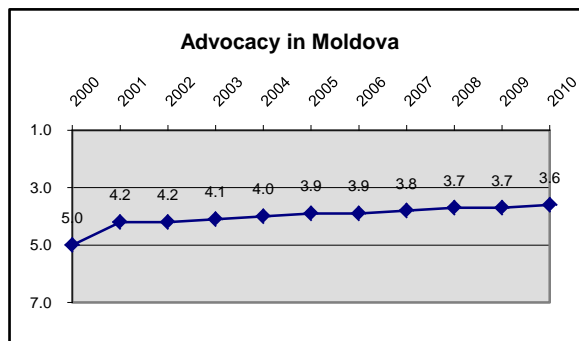
ADVOCACY: 3.6

The progress on legislative reforms in Moldova in 2010 was a direct result of several years of NGO advocacy efforts. The government's level of openness to cooperation has increased; many NGOs say that the number of meetings they had with government representatives in 2009 and 2010 was higher than in all the previous eight years combined. NGO representatives regularly are invited to participate in and are members of various government commissions and working groups. For example, the Ministry of Justice, within its re-launched Partnership with Civil Society, named a representative from the Human Rights Institute from Moldova (IDOM) as its advisor on human rights issues. Similarly, the Customs Department formed Civilian Monitoring Councils comprised of NGO representatives.

They also monitor the implementation of the Law on Transparency in Decision Making. Apart from the NPC, of which they are members, a group of advocacy NGOs also continues to monitor the Law on Transparency.

In November 2010, Moldovan think tanks IDIS Viitorul, the Foreign Policy Association (APE), Expert Group, and their partners from Slovakia and the Moldovan Ministry of Foreign Affairs launched the National Convention on EU Integration for Moldova. This project aims to support the process of adopting EU legislation with the participation of civil society.

The improvement in advocacy capacity and activity was visible also among NGO coalitions. Already existing coalitions intensified their activities, especially the Coalition for Free and Fair Elections and the Anticorruption Alliance (despite a decline in their funding). Several regionally based coalitions focusing on citizen participation and regional development were also formed (such as those formed by the Regional Center for Sustainability Development (CRDD) in Ungheni, by Communitas Nord in Bălți, and by Communitas Sud in Cahul). A coalition of sixty-two NGOs led by the Center for Legal Assistance for Persons with Disabilities (CAJPD) saw the results of its advocacy efforts in 2010 when the parliament ratified the UN Convention on the Rights of Persons with Disabilities. There were also ad-hoc coalitions; the Initiative Group for a Secular State, for example, managed – through legal proceedings – to stop the referendum to make religion part of mandatory curriculum in schools.



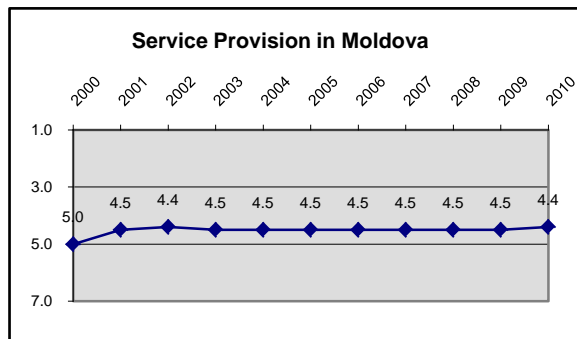
Although it has been much easier for NGOs to access decision makers in government and parliament, no institutional mechanism to ensure participation and cooperation had been created until the National Participation Council (NPC) was established in February 2010. The NPC consists of thirty members from NGOs who review and provide feedback on all of the government's policies and strategic documents.

SERVICE PROVISION: 4.4

The NGO sector continues to diversify its service offerings, especially in social services. Specifically, there is an increase in the number

and quality of NGO services in the social, health, and educational sectors, although there is

still less coverage in other sectors such as energy, water, and economic development.



In general, service provision has increased at the local level and is provided by NGOs in cooperation with local public authorities. For example, ten UNDP and USAID supported centers for vulnerable families are receiving assistance from local sources as well other international donors. Apart from social service providers, there are also active regional economic development groups, for example, in Orhei, Cahul, Bălți, and Ungheni raions.

However, social service NGOs do not have mechanisms for recovering costs from their beneficiaries, as most work with extremely vulnerable groups with very low incomes. A potential income source for these NGOs will be social contracting, although clear social contracting mechanisms have yet to be put in place. The new Law on Social Services needs to be followed by the Law on Accreditation and the Law on Public Acquisition.

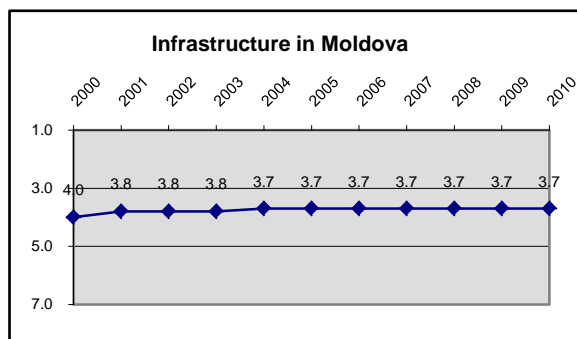
Some training and consultancy NGOs charge for workshops and seminars and the percentage of fees as a component of their overall budgets, although still small, is increasing. Most of these organizations are able to charge fees to donors, but there is an increase in the number of NGOs charging at least a portion of the fee to participants as well. For example, CONTACT charges fees for its accounting and financial management seminars.

In the Transnistrian region, the range of services provided by NGOs also has increased. The vast majority of NGOs in the region are focused on social, environmental, and youth issues.

INFRASTRUCTURE: 3.7

NGO resource centers were established almost a decade ago and are still operating in Chisinau, Bălți, Cahul, and Comrat. Several training and consultancy organizations exist, mostly located in Chisinau. Although the general level of NGO capacity has been increasing, there has not been a corresponding increase in the capacity of Moldovan NGO trainers. Consequently, most of the more developed NGOs contract specialized training and consultancy services from abroad (mostly from Romania or Ukraine).

Also worth noting is the development of a new local foundation. Eurasia Foundation established its successor organization in Moldova, the East Europe Foundation (EEF), in April 2010. EEF is a local grantmaking institution that will assume the Eurasia Foundation's programs and funding for Moldova. At the moment, EEF's funding comes primarily from international sources; however, with its new registration, it became a local grantmaker with the hope of attracting more local funding in the years to come.



As noted earlier, a number of coalitions were particularly active in 2010. The Coalition for Free and Fair Election included seventy national and local NGOs. Following elections, members decided to make the coalition permanent in order to implement civic education activities and to monitor future elections.

The NGO Council, a group of civil society representatives elected by the NGO Forum,

continued to be active in 2010. The Council had regular monthly meetings and organized several regional civil society meetings to ensure greater

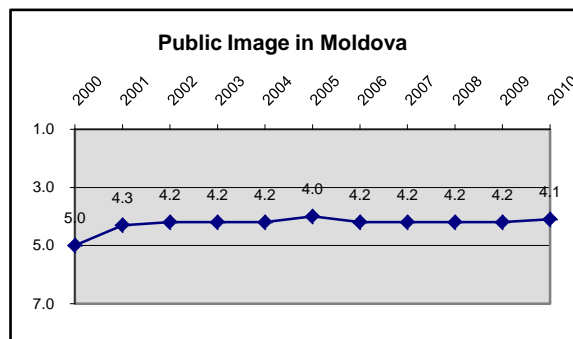
participation of regional NGOs in implementing and monitoring national public policies.

PUBLIC IMAGE: 4.1

NGOs' public image has improved, largely due to increased media coverage of NGO activities. With the emergence of new private TV stations in 2010, such as Publika TV and Jurnal TV, civil society representatives and experts regularly are invited as guests on various talk shows. Media representatives also attend and cover NGO-organized events more frequently, and the coverage usually is positive. In addition to private stations and newspapers, the public station, Moldova 1, started presenting NGO work in a more positive way after the political changes in the recent elections. Cooperation between civil society and media was strengthened further by the creation of a Press Council, formed by six Moldovan NGOs as an independent self-regulatory mechanism to promote responsible, ethical journalism.

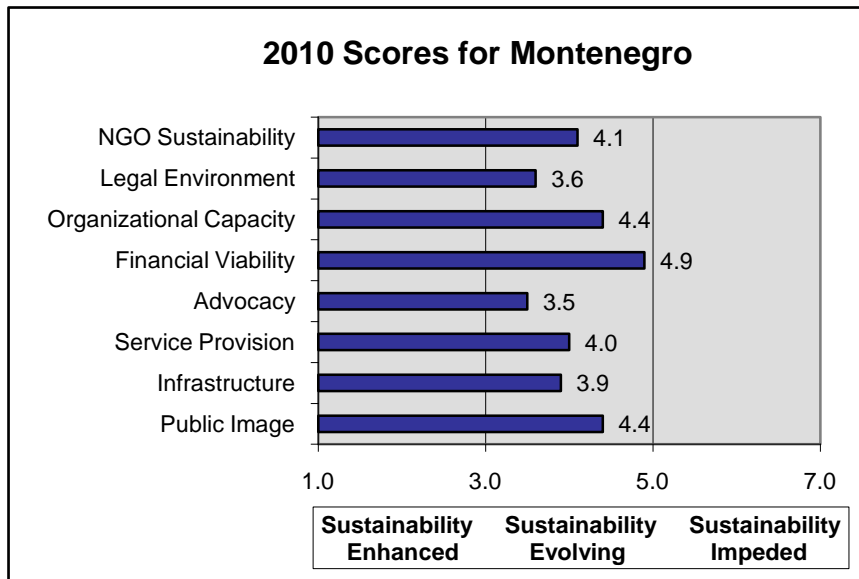
Although media coverage has increased, its positive effects on the public's perception of NGOs will take more time. According to the Barometer of Public Opinion, NGOs are trusted by around 30 percent of respondents, compared to 34 percent in November 2009. This level is similar to those for police (29.5 percent) and

banks (31 percent), but lower than for the church, army, and media. NGOs usually are most trusted by younger urban populations with higher education.



According to research conducted by EveryChild in December 2010, 80 percent of Moldovans do not understand what an NGO is, but around 60 percent believe they are doing positive work. NGOs still lack the public relation skills necessary to attract media to their events and promote their public image. Although most NGOs produce annual reports, very few make them publicly available.

MONTENEGRO



Capital: Podgorica

Polity: Republic

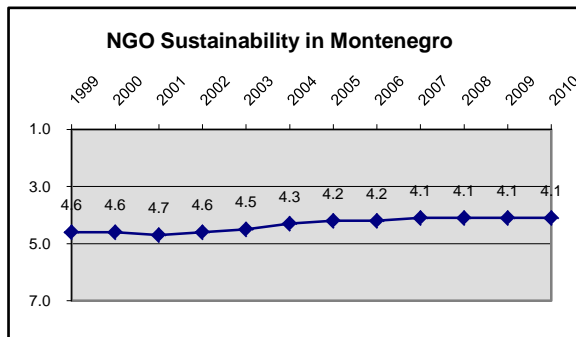
Population: 661,807 (July 2011 est.)

GDP per capita: \$10,100 (2010 est.)

NGO SUSTAINABILITY: 4.1

During 2010, leading NGOs initiated legislative changes aimed at creating a more transparent and accountable legal and institutional environment for civil society during the year. At the same time, state harassment of NGOs – primarily visible in the hostile rhetoric against NGOs that express criticism of state institutions and policies – was toned down. This was a consequence of the overall shift in the relationship between the government and the NGO sector; both sides began to perceive each other more as partners than opponents, which culminated with the establishment of the new government at the end of the year.

highly dependent on financial assistance from international donors, and consequently stay focused on the issues which donors prioritize. NGOs need to develop a market for their services, but they lack understanding of both what is possible for NGOs to develop and how to practically go about this development. Many NGOs put their hopes in the EU Instrument for Pre-Accession Assistance (IPA) funding and cross-border projects, but they lack the capacity to write project proposals and, more importantly, to manage projects.



Sectoral infrastructure is relatively well developed, although there is no national network or coalition that represents the interests of the sector. The cooperation between NGOs and media has improved. Public trust in the sector remains high, but only on certain issues. Overall NGOs proved themselves to be more efficient than elected public officials in promoting the interests of their target groups, increasing the sector’s credibility.

Financial sustainability of the NGO sector remains poor. The majority of active NGOs are

According to official statistics, Montenegro is home to approximately 5,500 NGOs (approximately 4,500 were reported as registered in 2009). Of these only a small

percentage can be classified as active according to research by the Center for Democratic Transition (CDT), which considers the

transparency and visibility of NGOs' activities as a means for assessing active NGOs.

LEGAL ENVIRONMENT: 3.6

Local NGOs must be registered with the Ministry of Interior, while international NGOs are registered with the Ministry of Justice. The legislative and regulatory framework provides simple registration procedures. The ease of registration, however, has a downside; the number of inactive NGOs is constantly increasing, which has a negative effect on the public perception of the sector in general.

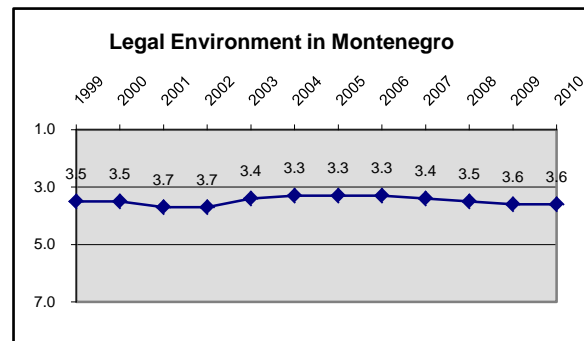
NGOs are exempt from tax on their income. NGOs can earn income from the provision of goods and services and receive tax exemptions up to €4,000 or 20 percent of all donations. There are no tax incentives for philanthropic activities aimed at the NGO sector.

Legislation pertaining to NGOs is not harmonized, which affects proper and efficient implementation. While NGOs and their representatives are allowed to operate freely within the law, the legislation is characterized by ambiguities and inconsistencies. For example, the tax administration can exert pressure on NGOs, and the government can use the tax police to investigate those NGOs that publicly criticize its policies (as happened to the NGO MANS). The tax administration also can block NGOs' accounts, disrupting their normal operations (as happened to an international donor). This environment can lead NGOs to practice self-censorship.

The Lottery Law still plays an important role in ensuring the financial sustainability of NGOs, but the distribution of funds is fairly arbitrary and non-transparent. Neither state nor municipal

grant funding to NGOs requires narrative and financial reporting or monitoring and evaluation; this reduces the transparency of the process significantly.

The Law on Volunteer Work was passed in April. While NGOs welcomed a law that would regulate volunteer work, they considered the law insufficient to encourage the further development of volunteerism in Montenegro. The law is not in accordance with international standards on the issue, does not address corporate volunteerism, and creates bureaucratic hurdles for both NGOs and volunteers. A provision that prohibited NGOs from having volunteers for jobs related to the organization's primary activities was removed after NGOs pointed out the effects of such a provision, but none of the 38 amendments to the law submitted by NGOs was adopted.



The number of lawyers who are trained in and familiar with NGO law is insufficient, especially in smaller cities. The role of legal advisor is assumed by intermediary support organizations and NGO resource centers.

ORGANIZATIONAL CAPACITY: 4.4

NGOs are losing touch not only with their constituencies, but the public in general. They are focusing more on popular political issues (such as the fight against high level corruption

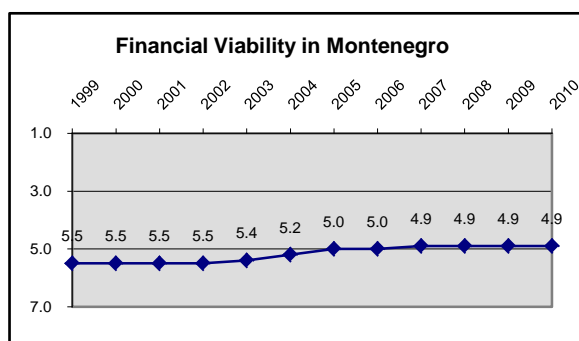
and organized crime and environmental protection) and representing the narrow interests of the decision makers within their organizations. There is a growing gap between

the small number of professional and influential NGOs and the large number of small, institutionally weak NGOs. Large NGOs are the only viable option for full-time employment in the civil sector. As a result, only professional NGOs have enough highly qualified personnel to write and manage projects for large funding grants. The NGO sector is not perceived as a steady job opportunity, but rather a transitional phase for professionals until they find full-time jobs with the state or in the private sector. Volunteerism is still weak due to cultural factors such as the lack of a volunteering tradition, but also because of legislation that to date has not been not enabling and provides little incentive for volunteering.

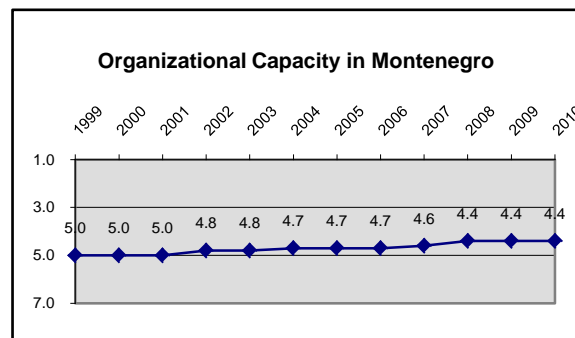
NGOs do not have clearly defined mission statements to which they adhere, and most do not engage in strategic planning, leaving them unable to develop long-term programs. The general trend is to approach donors just for the sake of money. When it comes to projects, NGOs transform themselves into “catch all” organizations. Particularly since international

FINANCIAL VIABILITY: 4.9

Because of the reduction in funds provided by traditional international donors, the financial viability of the NGO sector remained weak in 2010. The majority of experienced and professional NGOs are highly dependent on international donor funding. Only the top tier of NGOs has guaranteed and diversified sources of funding, which rarely extend past one fiscal year.



donors are leaving the country, local NGOs are engaging in a number of activities and services beyond their designated missions in order to survive.



Only a handful of NGOs exercise democratic governance. Most NGOs lack boards of directors, and most decisions are made by executive bodies.

A significant number of NGOs have access to Internet and modern office equipment (computers, new software, cell phones, scanners, etc.).

NGOs have been trying to diversify their sources of funding and have had some success. An increasing number of small NGOs are seeking state and local sources of funding. For example, a local foundation, the Fund for Active Citizenship (fAKT), is actively promoting philanthropy by giving out awards to companies and individuals that have generously supported charitable causes; from these actions it managed to raise €1,000,000 during 2010 for NGO grantmaking. There has also been an increase in public-private partnerships; two major NGOs are implementing joint initiatives with private media companies to investigate corruption and financing of political parties.

Grants from national and local governments are poorly managed. While the government's distribution of lottery funding to NGOs has improved the sector's chances for sustainability, this and other state funding of NGOs lacks proper oversight and allows considerable opportunities for abuse of these funds.

Only a few NGOs – predominantly from the capital – have a steady stream of multiple-donor funding. But even here a significant number lack sound financial management systems; weak financial management and internal fiscal discipline create problems of late reporting,

absence of documentation, and misuse of donor funds. NGOs generally operate in a transparent manner in relation to donors, but independent financial audits and the publication of annual reports with financial statements are not widespread practices.

ADVOCACY: 3.5

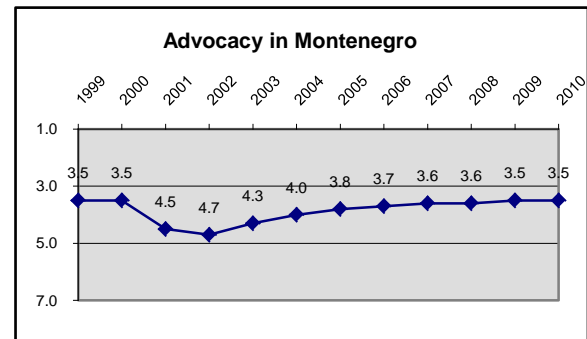
NGO advocacy campaigns have increased their impact on the decision-making processes at the local, regional, and national levels during 2010. Cooperation between civil society and public authorities and state institutions overall improved during the past year.

NGOs are actively using the legal tools at their disposal to encourage the government to be more accountable. For example, a coalition was formed to oppose the building of a power plant on the Moraca River. The campaign effectively increased awareness and support both at the local and national levels.

The NGO sector also successfully promoted legal reforms that would benefit the civil society sector. For example, an NGO mobilized seventy NGOs to support its initiative to demand that the parliament withdraw the Law on Volunteer Work; however, NGOs had limited success in modifying the law before it was passed.

NGOs also regularly use the Free Access to Information Law to pursue cases, obtain valuable information, and encourage the government and political system to be more transparent and responsive. NGOs in some cases even cooperate with the government. For example, NGOs and the government began to work together on IPA projects, especially on

those pertaining to transparency of state institutions.



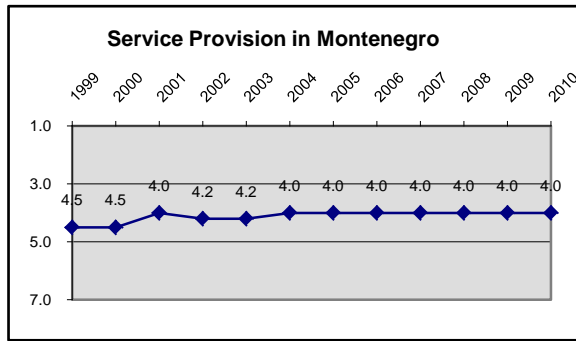
At the same time, cooperation in the policymaking process is still problematic. NGOs participate in the various levels of government decision-making (predominantly in working groups at the ministerial level), but by the time legislation reaches the parliament, NGOs lose influence.

Partly to address this issue, the Council on Cooperation between the Government and NGOs was established in April 2010. While the cooperation mechanism exists on paper, the lack of formalized procedures and genuine interaction between the government and NGOs still gives state authorities the power to withhold and share only a limited amount of information.

SERVICE PROVISION: 4.0

The overall situation with respect to NGO service provision did not change in 2010. Government, both at the national and local levels, provides grants to NGOs to enable them to provide basic social services and recover basic costs. Under Montenegrin law, NGOs can also charge fees for their services. The NGO

sector's product line continues to be diversified to a certain extent at both the local and national levels, especially in areas where the state does not provide sufficient services or does not provide them at all (like trainings, sexual education, safe-houses, etc.).



Some NGOs receive state grants to provide services in areas such as youth, education, and research. There is still no system for licensing of NGOs in place to provide services in fields such

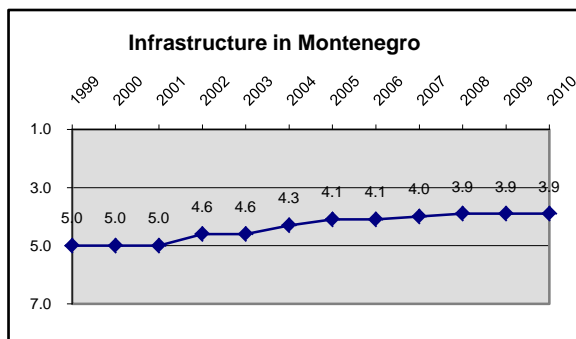
as social services, education, and cultural preservation. And for those NGOs that are already providing services, there is no control system in place to evaluate or monitor their work. As a result, the quality of products and services varies.

People often fail to understand the role of NGOs and the services they provide, mainly because the prioritization of needs is top-down instead of bottom-up. Goods and services that an NGO provides are marketed to a constituency broader than an NGO's own membership, although the local market for such services remains small.

INFRASTRUCTURE: 3.9

Several intermediary support organizations (ISOs) and NGO resource centers provide NGOs with training, networking resources, and legal assistance, as well as grant writing and technical assistance. However, the services provided by NGO resource centers and ISOs are not available everywhere, of a high enough quality, or specialized enough to meet the needs of organizations.

authorities. For more experienced organizations, it is more an issue of specialized trainings targeted to their organizations and on management and implementation of projects. For example, many organizations write project proposals without sufficient expertise on the topic. Learning how to seek out expert cooperation and partnerships would strengthen these organizations' efforts. The opportunity for large NGOs to become grantmakers has opened with the IPA call for project proposals in 2011.



There is a growing need for more resource centers in secondary cities, particularly to provide basic organizational capacity training and assistance to build partnerships with

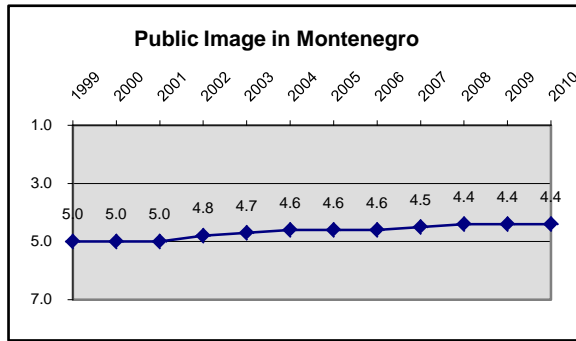
NGOs share information with each other, in so far as the cooperation or information sharing will benefit both parties. Intersectoral relationships are constantly improving, and NGOs work in partnerships, both formally and informally, with local government and media to achieve common objectives – especially to those pertaining to the Roma population and environmental issues. Commercial media often provide free advertising for NGOs. There is no organization or coalition of NGOs that represents the interests of the NGO sector at the national level.

PUBLIC IMAGE: 4.4

In general, NGOs enjoy positive media coverage both at the local and national levels. The media usually covers those NGO activities that can

attract wide public attention, but it rarely engages in analysis of NGO activities and efforts.

NGOs have a significant media presence – sometimes even too much – but the overall quality of public appearances is fairly low. NGOs tend to appear in the media just for the sake of it. The media is most interested in the results of NGOs’ efforts to monitor government performance when the results can reveal a possible scandal.



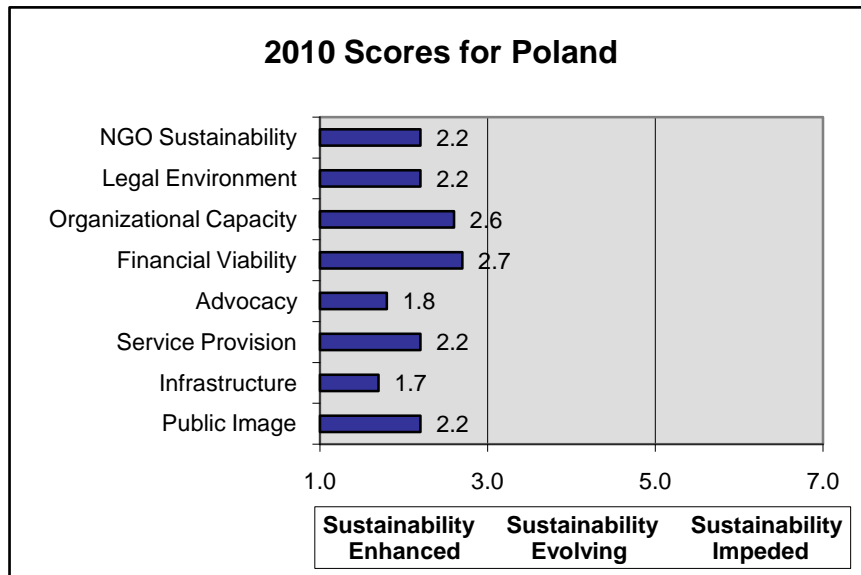
The level of social capital in Montenegro is rather low, which affects the public perception of NGOs. Public perception polls in December 2010 suggest that just over 50 percent of citizens trust NGOs. These figures only relate to a small

number of watchdog NGOs, which the public considers to be the NGO sector. The public views NGOs as “opposition to the government” and considers NGOs that engage in cooperation with state institutions as “selling out.”

Public officials often see NGOs only as critical of their work and as having little useful expertise or credible information. However, government appears to be making efforts to change this viewpoint, at least in rhetoric. At the end of December, the new government promoted cooperation between the public authorities and NGO sector as an imperative for faster Montenegrin accession to the EU. Businesses also appear to be viewing the sector more favorably, and cooperation between the sectors is rising.

NGOs do not seriously focus on presenting a transparent, accountable face to the public. Of those NGOs that receive funds from the state budget, 13 percent have websites, while only 1 percent has annual reports on their websites.

POLAND



Capital: Warsaw

Polity:
Republic

Population:
38,441,588 (July 2011 est.)

GDP per capita:
\$18,800 (2010 est.)

NGO SUSTAINABILITY: 2.2

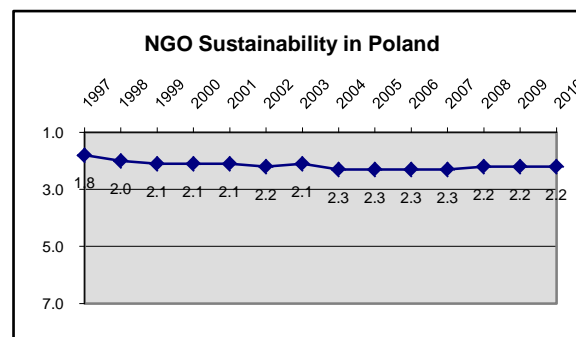
The overall condition of Polish NGOs remained the same in 2010. Improvements were moderated by new and ongoing challenges facing the sector.

Most improvements occurred in the areas of technical advancement and advocacy at the local level, appreciation of NGO expertise at the central government level, intersectoral cooperation and the range of goods and services provided by NGOs and their responsiveness to the needs of local constituencies. Also, more NGOs started to value the importance of public relations and began to look for trainings and funding opportunities to carry out PR activities.

What deteriorated most was the area of self-regulation. The chances of introducing any code of ethics decreased with the continued commercialization and bureaucratization of the sector, and with the generational changes among NGOs leaders.

Public funding continued to be the major source of resources for the sector. This funding, while

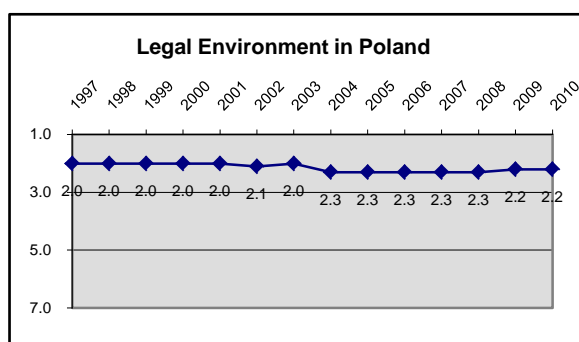
affected by the economic crisis, was relatively stable during 2010.



As of September 2009 (the most recent data available), Poland had about 74,600 registered NGOs, of which 64,500 were associations and 10,100 were foundations. The number of registered NGOs is growing every year, but because the registry does not remove inactive NGOs, determining the number of active NGOs is difficult. Yet since more citizens work for the NGO sector, it is clear that the Polish NGO sector is growing.

LEGAL ENVIRONMENT: 2.2

2010 was the first year when – through the amendment of the Act on Public Benefit Activity and Volunteer Work – sanctions were levied against organizations with public benefit status that did not submit timely annual reports. Those organizations were crossed off the list of organizations entitled to receive 1 percent of citizens' tax liabilities. This created some chaos, especially in cases when organizations submitted electronic versions of their reports to the Public Benefit Department. Yet it was generally considered to be a fair move that would encourage more organizations with public benefit status to submit required annual reports.



The registration process has not changed; it is lengthy, complicated and bureaucratic. Proper registration also still depends on the will, knowledge, interpretation, and attitudes of particular officials working in the registration

ORGANIZATIONAL CAPACITY: 2.6

The internal management structures of organizations slightly improved in 2010. Due to the changes in the Act on Public Benefit Activity and Volunteer Work that assigned personal responsibility to an organization's board of directors, the organizations (especially larger ones) became more transparent.

According to research by the Klon Jawor Association, the number of citizens employed in the NGO sector increased in 2010 due to the growing availability of public and multi-year contracts. However, while the sector grew the structure of employment did not change. Only

agencies. They are often unhelpful and those wanting to register an organization must enlist the help of a lawyer who might not be accessible to everyone, especially in smaller towns. This discourages many individuals from setting up NGOs.

NGOs are increasingly competing for government contracts and procurements at the local level. NGOs are also allowed to engage in commercial activities and earn income. The amendment to the Act on Public Benefit Activity and Volunteer Work that was passed and took effect in 2010 encourages engagement in such activities. Specifically the amendment increased twofold the amount of NGO staff salaries for staff involved in services for which NGOs charge that are exempt from various taxes. If NGOs exceed this level, they are regarded as businesses and lose these tax exemptions.

A growing number of lawyers understand NGO sector specifics and, thanks to EU funding, there are more legal aid centers. The scale of free legal support available for NGOs grew in 2010, even though it is still not sufficient in comparison to the growing needs. Needs are increasing due to sector growth and the higher number of imposed EU-level regulations for NGOs.

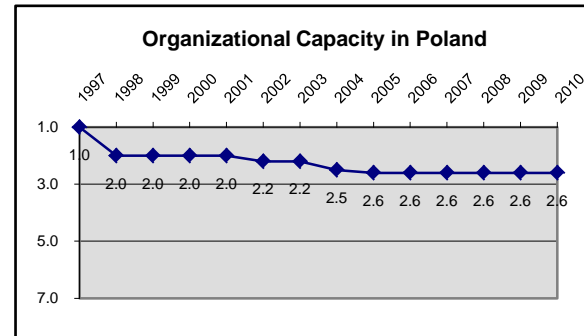
40 percent of organizations have paid project staff, and only 25 percent have stable paid staff.

The percentage of organizations that benefitted from the work of volunteers grew in 2010 (51 percent in comparison with 40 percent in 2009). This, however, might be the result of higher unemployment among young adults (as many young people become volunteers only to get experience when they cannot find paid employment) and also due to a growing number of grant competitions that require volunteer involvement.

The scope of strategic planning of organizations did not change. Most organizations have few resources to carry out strategic planning; see no sense in it since they can only do what they receive funding for; or are engaged in small, straightforward endeavors that do not require any strategic planning. All NGOs have mission statements, which are a requirement for registration, but most try to make them as broad as possible in order to avoid limitation of possible funding. Even developed NGOs that have the ability to receive funding from various sources focus on the most cost effective funding source rather than engage in more strategic planning.

Constituency building and membership further deteriorated over the year. In most cases, the only time organizations try to reach out to citizens is during campaigns in support of the 1 percent tax provision, or when they need support for specific issues. NGOs tend to be more oriented towards institutions or people who can provide direct funding rather than towards their constituencies. The professionalization of NGOs has also had a negative impact on membership. Organizations prefer to work on their own 'for' constituencies rather than 'with' them. As a

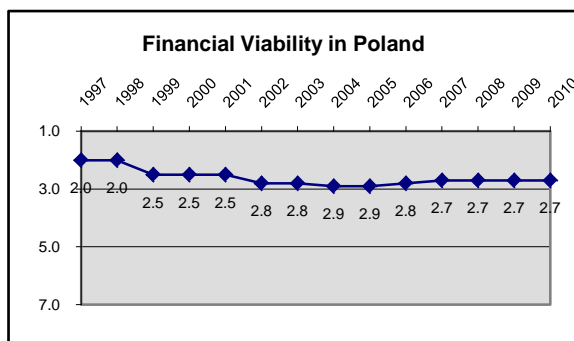
result, members of constituencies are not encouraged to become members of organizations and/or participate in or support the work of NGOs.



Technical advancements were noted in 2010. Affordable computer equipment prices make technology more accessible and many companies regularly replace their equipment, donating their used items to NGOs. More organizations appreciate the importance of using modern communication media and social networking tools. There are still, however, quite significant discrepancies in use of these tools between large organizations in big cities and organizations located in small towns.

FINANCIAL VIABILITY: 2.7

The financial viability of Poland's NGO sector did not change overall in 2010. In general, NGOs did not experience strong effects of the economic crisis, as they depend on public funds instead of private resources. The only noticeable difference resulting from the economic crisis may have been an increased wait time for funding installments.



NGOs receive most of their funding from local and regional governments that are responsible for distributing EU funding to a growing degree. Given the availability of public funding from the EU, many organizations stop looking for other funding sources or end their engagement in commercial activities. Half of all NGOs have only one or two sources of income, mostly from local governments and membership fees. The dependence on local government funding is the highest in smallest towns and continues to grow. In 2010, for the third year, instead of paying 1 percent of their tax liabilities to organizations with public benefit status and then waiting months for reimbursement, citizens needed only to mark selected organizations on their tax returns. This further increased the number of tax-payers who decided to transfer 1 percent of their taxes to an organization of public benefit status. However, due to economic strains and

lower salaries, the overall amount of money transferred to the NGO sector dropped in 2010. Generally, the well known national NGOs received most of this funding. Additionally, the data suggests that the mechanism resulted in a decrease in traditional donations from individuals.

Also, many businesses shifted from donations to cooperation on endeavors that are beneficial to both sides. By the same token, companies shifted their support from small to well-known organizations in order to get more publicity.

ADVOCACY: 1.8

From year to year there are more and more local groups and committees of dialogue that aim to increase communication between representatives of the public administration and the NGO sector. There are more meetings and various instruments of dialogue in place as well as more regulations making the consultation on legislative proposals with NGOs compulsory.

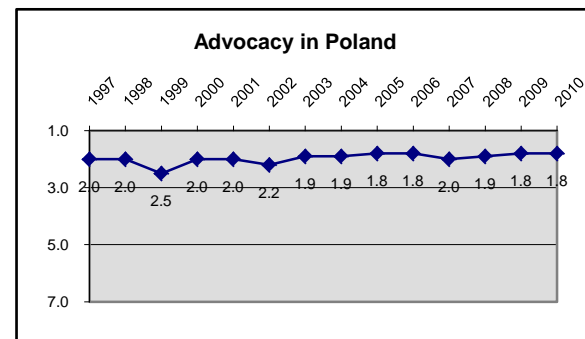
However, many of these consultations are on general strategies or ‘soft’ documents. The practice of consulting with NGOs on specific legislation proposals, especially when it entails financial costs, is less genuine. What discourages many organizations from engaging in public debates and dialogue with the public administration is the feeling that their recommendations are not taken into account. They often do not receive feedback on their recommendations and are not apprised of why these might not be considered.

An example of this problem in 2010 was the work on the amendment of the Act on Rehabilitation and Employment of People with Disabilities. The act was being amended to decrease the level of government support for employers who hired people with disabilities – another repercussion of financial debt. NGOs could participate in parliamentary committees; yet it turned out that the debate was staged to a large extent as its result was established beforehand. The members of parliament, who

Most organizations live on short-term funding and have few if any reserves. There has been a growing discrepancy between large organizations that win EU projects and become organizationally stronger and the rest of the sector. Overall, the funding and size of the NGO sector has grown.

A growing number of NGOs do proper accounting and have financial management systems in place, which are required by many grant institutions. Similarly, many programs and grants require evaluation. Accordingly, more evaluations are conducted even though their quality is often low.

are also members of the ruling coalition, voted for regulations according to what they were told by the government. Some members sincerely admitted that they agreed with some comments expressed by NGO experts; yet their hands were tied by the decision of their parliamentary club and the government. The votes of opposition members did not as they constitute a parliamentary minority.



NGOs also note that financial dependence on state institutions discourages some from further involvement in advocacy efforts. Particularly on the local levels where local authorities are major employers and sources of income, dependency reduces NGO interests to engage in advocacy. Even if there is no financial dependency, some organizations, accustomed to subordination are afraid of taking initiative.

Most organizations, do not participate in consultation processes or any advocacy

activities, because they do not have the necessary human resources. It is very difficult to find funding for advocacy and to have the expertise ready when it is specifically needed. Consequently, many such advocacy or lobbying actions are ad hoc.

It is also difficult to find many legislative proposals and documents. Although by law they must be available to the public for the consultation process, often they are buried on web pages, making them difficult to find, and are often available too late.

Access to such consultation processes was also under attack during 2010. In May, the Minister and Government Plenipotentiary for Fighting Corruption published a proposal for the new Act on Lobbying, which was to restrict citizen opportunities to participate in policymaking decisions. The proposal included taking away

the right to access parliament and to sit in on parliamentary committees. Due to significant protests from NGOs and the business sector, the minister withdrew the proposal; yet the idea that cooperation between citizens and government and parliament could be regulated by the Department for Fighting Corruption is troubling.

While this and other examples demonstrate NGOs' ability to unite against some type of legal action, NGOs are less able to unite for any constructive proposals. It is much easier to protest against certain ideas than to provide any constructive alternatives.

NGOs have established various coalitions which do not represent the interests of the whole sector, or even single interests of NGOs in one given field. Many NGOs believe that they might gain more by individual contacts than by creating broad coalitions.

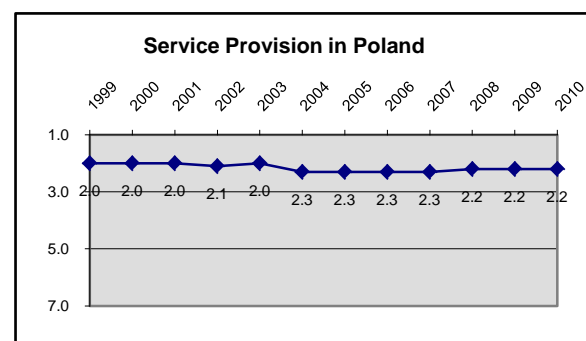
SERVICE PROVISION: 2.2

Service contracting continued to improve as both local governments and NGOs became more familiar with contractual procedures. One positive change here was that the amendment on the Act on Public Benefit Activity and Volunteer Work enabled public institutions to contract NGOs to carry out tasks connected with fighting natural disasters, omitting the normal procurement procedures.

More and more services delivered by NGOs respond to the real needs of their constituencies and beneficiaries as more grant applications require NGOs to use empirical data to prove a need for the service. However, there are still many cases in which the activities funded by public institutions reflect the priorities of public administration officials at the local, regional, or national (or even the EU) level.

Cost recovery did not change in 2010. Organizations that carry out projects funded by public sources cannot charge fees for the services. Over 70 percent of organizations do not charge any, fees for the services they deliver, even symbolic ones, and this percentage is higher than in 2009.

The financial crisis has also affected service provision. While local authorities use what funds they have more often to contract out services and the EU funding continues, the funding from the national government devoted to supporting the work of NGOs or to contract out some services to them has decreased. In such circumstances, the 'partnership' between government and NGOs becomes particularly uneven.



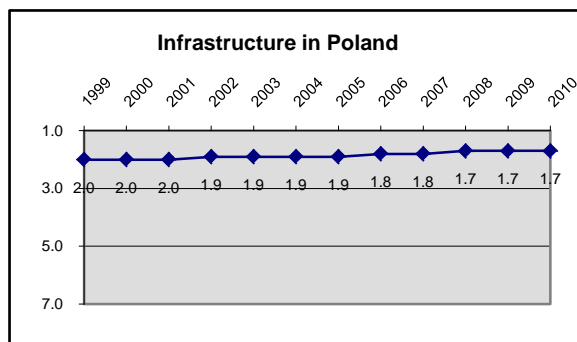
A clear example of this asymmetry was the relationship between NGOs and the central level institution – the National Fund for the Rehabilitation of People with Disabilities (PFRON). Since the budget of PFRON was

smaller than it had been expected, the Fund was forced to decrease the funding it could give to NGOs – regardless of their multiyear contracts. Organizations were afraid of protesting too much, fearing further cuts. The Fund also required voluntary project budget reductions

stating that without these, they would be forced to dissolve agreements due to lack of sufficient funding. Organizations that want to receive the funding from public institutions had to accept the conditions imposed on them.

INFRASTRUCTURE: 1.7

There are more and more support centers run mostly by NGOs (sometimes also by local governments) that provide information, numerous trainings, and access to technologies – often free of charge. However, the quality of training is not always high and access to such centers is greater in the cities. Another problem is that such trainings are mostly available from EU funding and might disappear once such funding is over.



The portal www.ngo.pl, run by the Klon Jawor Association, continues to constitute the database of NGOs in Poland and publishes information of interest to NGOs on a daily basis; readers post a large portion of the available information.

The number of local grantmaking organizations established by businesspeople has not increased. In general, funding from local grantmaking organizations constitutes a small part of an organization's income, especially in comparison with public funding.

PUBLIC IMAGE: 2.2

There is more information about NGOs in the media, although national TV does not provide a reliable picture of the sector. Most coverage focuses on a few things: large foundations

Overall, more organizations belong to various networks and cooperate with other each other than before. There are several NGO coalitions that aim to influence government policies; yet, none truly represent the interest of one issue, let alone the whole sector. Since 2003, a Public Benefit Activity Council made up of NGO and government representatives has advised the Cabinet of Ministers. NGOs nominate and elect members to the council, but council members tend to come from large NGOs and to represent their interests. Since the amendment to the Act on Public Benefit and Volunteer Work, such Public Benefit Activity Councils started to become more popular at regional and local levels as well.

Partnerships between NGOs and business are developing, but very slowly, partially due to the economic crisis. The growing popularity of corporate social responsibility, however, provides hope for the future. Businesses have also started to appreciate the role of corporate volunteering as a beneficial way of internal public relations and building teams.

The number of intersectoral partnerships between NGOs and local governments has grown significantly. This is in part due to new legal obligations for such partnerships and likely also due to local government elections in which officials looked for supporters among NGOs. Only the next years will demonstrate how sustainable such partnerships will be.

created by media corporations, national events of some large organizations, and on advertising for the 1 percent tax provision allocation. A more reliable picture of local organizations is

provided by local TV channels and press. There, citizens can find information about the work of organizations acting in their communities.

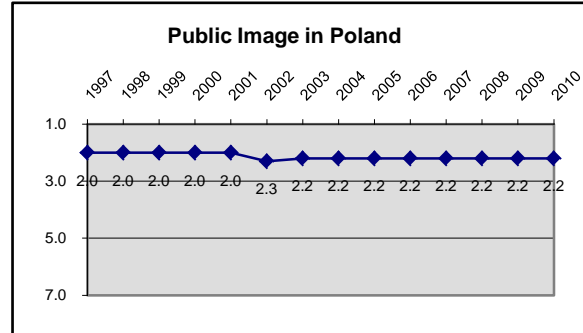
A growing number of organizations invest in public relations, yet polls show that most citizens still do not understand the notion of the NGO sector. People tend to understand specific national charity organizations and actions that are popularized in the national media as the whole of the NGO sector; few people are aware of the diversity of the sector.

The government increasingly appreciates the role of NGOs in providing professional services and is beginning to look to NGOs for expertise and information. Yet, this appreciation has its limits when it comes to funding NGOs' activities in times of crisis and growing public debt.

Business is starting to look at organizations and cooperation with them as an element in building its image and internal and external public relations.

More NGOs say that they publicize their activities and promote their public image and seem to appreciate the importance of these activities. However, relatively few organizations know how to do it or have resources for it.

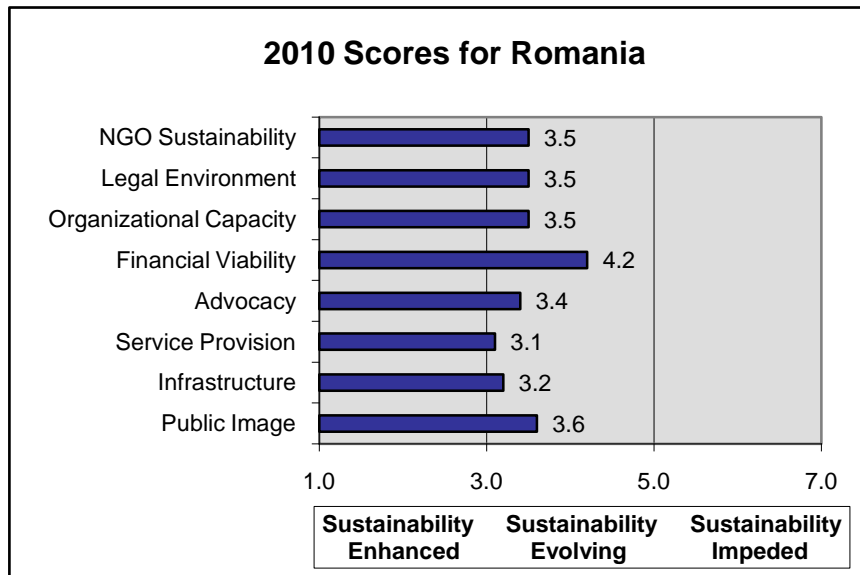
Public relations generally consist of creating a website. NGOs tend to concentrate on creating a good image among potential donors rather than seeking the support of local communities.



Self-regulation is low and continues to deteriorate, and there is little hope of introducing a code of ethics. The commercialization and bureaucratization of the sector combined with generational changes among NGOs leaders has meant that leaders place more priority on performance indicators than such a code.

Most organizations prepare reports only when they are required to do so. The increase in reports published by public benefit organizations after the introduction of sanctions in the amendment of the Act on Public Benefit Activity and Volunteer Work provides a clear example of this.

ROMANIA



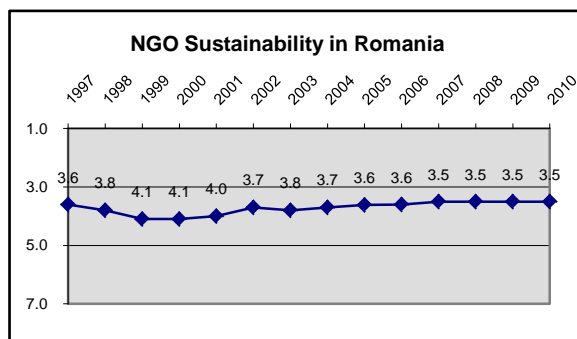
Capital: Bucharest

Polity:
Republic

Population:
21,904,551 (July 2011 est.)

GDP per capita:
\$11,600 (2010 est.)

NGO SUSTAINABILITY: 3.5



The sustainability of the NGO sector in Romania in 2010 remained much the same as in 2009. The economic crisis continued to affect NGOs since private sector funding – which was expected to replace much of foreign donor funds – has not recovered yet. Larger organizations have reoriented themselves towards accessing greater resources from the EU Structural Funds and providing a wider range of services, and some smaller organizations are reaching out more extensively to local communities and

businesses. These developments have not yet reached the NGO sector as a whole, however, and smaller NGOs' survival has become more difficult.

NGOs' relations with public authorities have not improved. Public offices facing budgetary and human resource constraints often choose to restructure their priorities at the expense of communication and cooperation with civil society. NGOs continue to be very active in advocacy and public mobilization. Although they had fewer financial resources, NGOs were able to engage greater citizen participation, enlist the support of mass media, and use new media technologies during 2010.

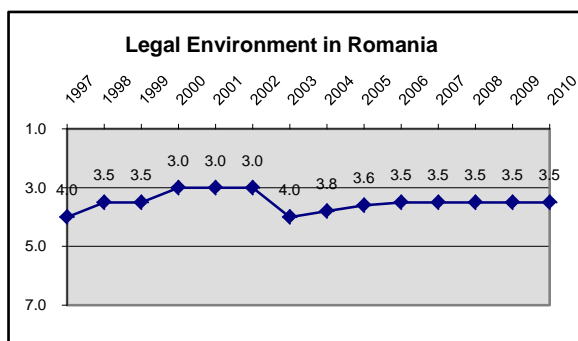
According to the National Institute for Statistics of Romania, at the beginning of 2010 there were 62,680 registered NGOs as compared to 62,104 in 2009. Only a portion of these are active

LEGAL ENVIRONMENT: 3.5

New financial provisions introduced by the government threatened NGOs' already precarious financial situation. At the end of

2010, the government surprised NGOs with Emergency Order 117/2010, which obliged NGOs to pay taxes and contributions on salaries

on a monthly basis instead of every six months. NGOs lack the consistent revenue streams that would allow them to pay taxes monthly. They depend largely on funds that are paid as projects are implemented. Given the difficult funding situation, which includes delays in financial disbursements from EU Structural Funds, there is a real risk that some NGOs will go bankrupt. In the case of smaller organizations with limited revenues and small staffs, the new provision represents an additional administrative burden.



The National Association of Citizen Advice Bureaus (ANBCC), an organization representing thirty-seven NGOs across the country, mobilized over 300 organizations in support of a petition asking for the reconsideration of the Emergency Order. In previous years, ANBCC had requested that NGOs be allowed to pay taxes once a year. Civil society representatives have criticized the Emergency Order on the grounds that it is not cost effective, and will not increase resources to the state budget. Over two-thirds of all NGOs have no revenues or have incomes of less than

ORGANIZATIONAL CAPACITY: 3.5

EU Structural Funds, in addition to creating more polarization within the NGO sector, have had a detrimental effect on the organizational capacity of their beneficiary organizations. An increasing number of NGOs have started to access EU Structural Funds, often using the funding to implement projects that do not fall within their missions. While this allows for the survival of organizations in times of economic crisis, it demonstrates that NGOs are project-driven rather than guided by their missions and strategies. For many of these NGOs, this re-

\$15,000 per year; about 7.5 percent of all organizations earn over 82 percent of all sector revenues. The high administrative costs involved in processing monthly financial documents for the majority of the NGOs that have very small incomes are not justified. However, despite ANBCC's efforts, the ruling was not changed.

Romanian citizens can designate up to 2 percent of their taxes to be transferred to NGOs. One day ahead of the 2 percent tax provision submission deadline, the Romanian fiscal authority (ANAF) sent an internal order indicating that preprinted forms for designating the taxes would not be accepted. This decision would have affected the majority of forms already submitted. Seventy-four NGOs put together a petition protesting the measure and the lack of prior consultation. As a result, ANAF reversed its decision and allowed pre-printed forms.

Following a meeting of ANAF and NGO representatives shortly thereafter, ANAF again changed its order, deciding not to accept the pre-printed forms. ANAF cited protection of personal data concerns given that many of the tax revenue forms of individual tax payers were submitted by a third party (NGO representatives). There was also concern about the validity of the forms used by the NGOs, which included the preprinted data of the beneficiary organizations. This measure impeded some NGOs from reaching their fundraising targets.

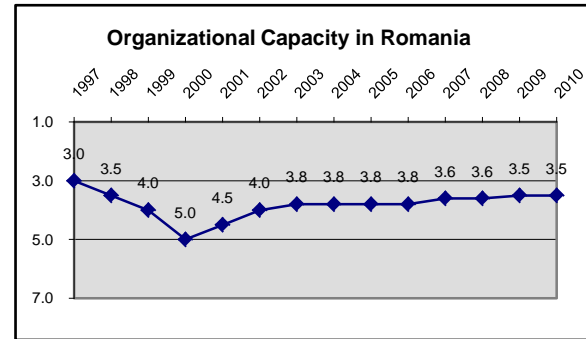
orientation illustrates the difficulty of identifying adequate alternatives to their former traditional donors. Organizations operating in fields that are not covered by the EU Structural Funds (such as democracy, elections, think-tanks, and the environment) have fewer choices for survival. The situation of NGOs focused on democratization issues is particularly alarming as very few are still operational. Their operations and survival depend mainly on the very limited U.S. funding still existing mainly through the CEE Trust and the Black Sea Trust.

EU Structural Funds also have had an impact on NGO human resources. On one hand the availability of structural funding has allowed larger NGOs to hire or to retain qualified professionals. However, EU Structural Funds can distort salary levels in the nonprofit sector, which makes it difficult for NGOs, particularly smaller ones, to retain professional staff after project closure.

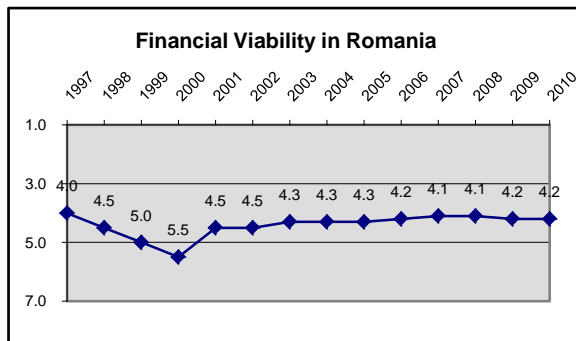
Overall the sector continues to lose people. According to a 2010 report conducted by the Civil Society Development Foundation (FDSC), there were 20 percent fewer jobs in the sector in 2008 than in 2007. Approximately two-thirds of all NGOs stated that they had no employees in 2010.

Individual interest in volunteering seems to be on an upward trend according to the results of several large campaigns involving volunteers as

well as reports from NGOs. NGOs also seem more inclined to reach out to members of the public directly, with a greater interest in involving them in advocacy campaigns and using new media tools (Facebook, Twitter, etc.) to convey their messages. At the same time, according to the NGO Leaders Survey from 2010, many NGO leaders are disappointed that their organizations still do not manage to involve volunteers more substantially in their work.



FINANCIAL VIABILITY: 4.2



NGO experts suggest that local financial support for NGOs from the business sector has decreased on average by 30 percent, while donations from individuals have slightly increased. According to a report by Certified Clinical Research Professionals (CCRP) and Daedalus Consulting, in 2010 over 42 percent of Romanian companies reduced their budgets for public relations and communications, including corporate social responsibility. NGO experts also suggest that corporate philanthropy has decreased. A good indicator of business support for NGOs is the People for People Gala, an annual event honoring the best philanthropic initiatives. For the 2010 competition, 110 projects worth over \$24.5 million were

registered. This is compared to 118 projects totaling over \$34.5 million that competed in 2009. Fundraisers indicated that loyal supporters and sponsors have been lost as a result of the prolonged financial crisis.

Organizations have become more motivated to use alternative fundraising mechanisms to replace the funds lost from foreign donors and the business community. Community foundations in particular have become laboratories for new methods and instruments of fundraising at the local level. For example, the youth bank model allows young people to fundraise and decide what projects should be funded. Two new community foundations were established in 2010 in Alba and Covasna, joining those already operating in Cluj and Odorheiu Secuiesc. They have become models of inspiration and sustainability, and there are preparations for the launch of additional community foundations in southern and eastern Romania with initiative groups already formed in Bucharest, Constanta, and Iasi.

Most major donors in Romania have already phased out. The only notable exception is the

Romanian-American Foundation, which was launched in March 2010 and has provided over \$1.3 million in funding to three larger educational and entrepreneurial programs.

With the exception of state subsidies for NGO providers of social services, public funding for nongovernmental organizations has decreased. The problems associated with the 2 percent tax provision instrument became more visible in 2010. There are still doubts as to whether the authorities allocate the appropriate amounts of 2 percent donations to NGOs. The decision to disallow beneficiary NGOs from continuing to assist taxpayers in filling out and submitting their tax forms also limited the funds available under the 2 percent mechanism. According to the Ministry of Finance, the 2010 campaign for

2 percent brought \$41.3 million to nonprofit and religious organizations, representing an increase of just 1.06 percent compared to last year.

The latest data from a FDSC report suggest that the number of NGOs generating income from economic activities is decreasing. This is somewhat surprising given the active participation of many NGOs in EU framework programs to support the social economy. However, for the moment, most funded projects seem to focus on capacity building rather than initiating income generating activities. In a significant move that offers new opportunities for NGOs, one of the largest banks in Romania launched a \$4.3 million credit line for social enterprises in October 2010.

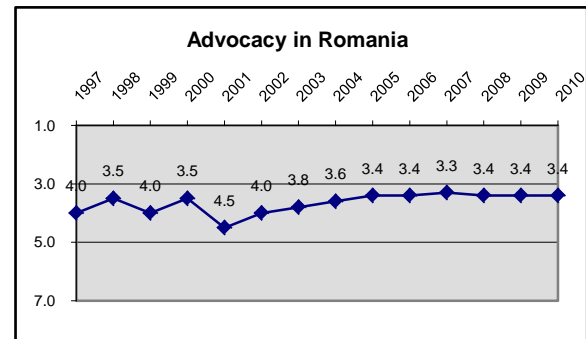
ADVOCACY: 3.4

Direct lines of communication between NGOs and policy makers on the national level have continued to decline in 2010. Mechanisms created for civil society consultation have gradually disappeared. For example, the College of Consultation with the Associations and Foundations established by the Prime Minister's Chancellery was dysfunctional for some time before it was officially disbanded in 2010.

On the local level, the situation is only slightly better. While structures for cooperation and communication still operate, the financial crisis and budgetary constraints limit the government's human resources and consequently the priority given to civil society. For example, a few years ago, there was specific staff tasked to oversee relations with NGOs; now NGO relations are just one of many tasks a public servant must carry out.

As in previous years, NGOs have been active in advocacy campaigns, and it can be said that advocacy has become part of the nongovernmental culture in Romania. Some of the campaigns are proactive; examples include the campaign for increased public and state support for the therapy of children with autism and the campaign demanding transparency and integrity in public administration (campaign for

a Clean Romania). However, most campaigns are reactive.



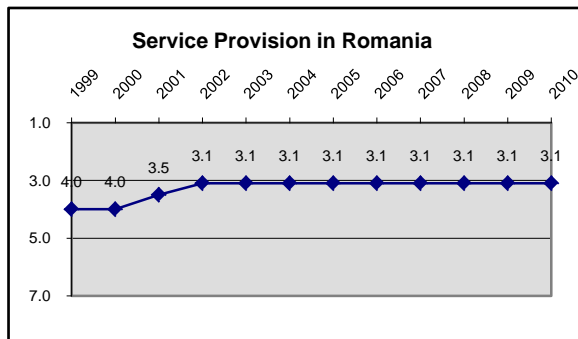
Regardless, an important number of civil society-led public mobilizations in defense of or in reaction to proposed policies, initiatives, or development plans took place throughout last year. For example, there were campaigns to preserve cultural and architectural heritage; there were mobilizations against the reduction of child allowances and a proposed discriminatory policy against Roma; and there were debates on the national security and defense strategy, the education system reform, and the law on volunteering.

NGOs were also successful in opposing measures proposed by the government with a potential negative impact on the NGO sector

itself. NGOs managed to suspend the call for proposals for the Axe 6.1 POSDRU of the EU Structural Funds (one of the main sources of funding for NGOs), given concerns about

transparency and fair competition. They also managed to stop the adoption of the Social Code, which was introduced without civil society consultation.

SERVICE PROVISION: 3.1



EU Structural Funds have strongly encouraged NGOs to move towards service provision. There was a wider range of services offered in 2010 than in 2009, although the quality and relative use of these services still varied. On the positive side, when compared to public agencies or even the business sector, NGOs tend to be more innovative in their service provision.

the way NGOs approach service provision. NGOs have benefited from business sector professionals (both as staff and consultants) and have started to better promote and develop their products. Cost recovery has steadily become more common as more NGOs prefer to offer services that are fully or partially paid.

The financial crisis and the increased competition for scarce resources have influenced

While social service provision is still the main area of engagement, NGOs are increasing their role in other sectors as well. For example, NGOs now provide more private education than private businesses. NGOs are also leading actors in the emerging field of non-formal education. Similarly, in 2010, 43 percent of all contracts for managers and custodians of protected areas were awarded to NGOs working in the field of biodiversity preservation. Cultural NGOs, including those active in the preservation of Romania’s cultural heritage, have continued to be active in spite of difficult economic conditions.

INFRASTRUCTURE: 3.2

The situation of the NGO resource centers did not change even as they tended to become more localized, less visible, and more underfunded. Many focused primarily on ensuring their own survival even if this meant that they deviated from their missions. In the NGO Directory published by FDSC, thirty-five organizations (out of 2,297 registered in January 2010) self-identified as NGO resource centers. A 2010 survey, however, suggests that such centers are not very active. More than half of NGO leaders declared that their organizations never used the services of a resource center. More than a quarter of them had never heard of resource centers. At the same time, NGOs noted a general improvement in available trainings. Almost two-thirds of NGOs believe that the diversity and quality of trainings have increased, confirming

observations from 2009. Local and grassroots NGOs continued to have a wider variety of trainings to choose from this year, most of them provided free of charge from projects funded by international donors or the EU Structural Funds mechanism.

According to official statistics, at the beginning of 2010 there were 758 registered federations in Romania. This represents an increase of almost 7 percent since the beginning of 2009, a growth rate comparable with that of NGOs at large. 17.7 percent of respondents of the Civil Society Leaders’ Barometer declared that they belong to a national federation, 4 percent to European federations, and 3 percent to international ones. Based on the same survey, 18.1 percent of NGOs are part of national networks, 12.8

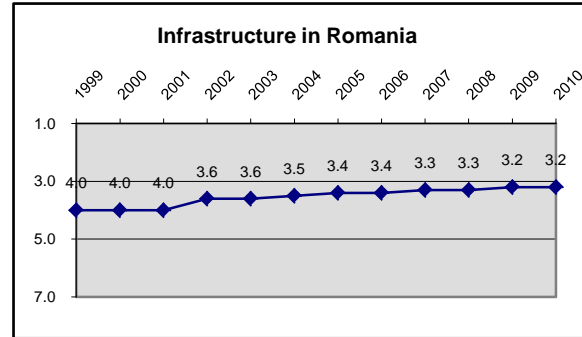
percent participate in European networks, and 10.4 percent are affiliated with international ones. The data are relatively consistent with information from previous years.

The trend of partnerships between the NGO sector and its stakeholders – established mainly within the framework of the EU Structural Funds – continues. Media is more involved in supporting civil society advocacy campaigns and fundraising activities. At the local level, especially in the central part of the country, cooperation between NGOs, local authorities, and the business sector is increasingly driven by the creation and work of community foundations.

One of the most visible advocacy and civic campaigns in 2010 was the Clean Romania initiative. The initiative monitors and exposes cases of corruption and administrative abuses. It is supported by a group of NGOs and journalists and operates through a dedicated website. The initiative aims to become a permanent watchdog effort to monitor transparency issues.

Another area of joint initiative has focused on preserving the architectural heritage of Bucharest, which is threatened by unsustainable development. One of the major and most visible mobilizations in 2010 was in support of saving a

traditional city market, Hala Matache. Despite litigation, public rallies, and petitions, however, the destruction of architectural landmarks continues, and the survival of the market itself remains under threat.



An example of a multi-stakeholder campaign was a nation-wide initiative – Let’s Do It, Romania – to collect garbage dumped in public places. As a result of the campaign, over 200,000 volunteers took part in a national effort to clean the country.

Several coalitions that were formed in previous years continued to be active, such as the Coalition on Environment and the Coalition for Structural Funds. Others, such as the Coalition against Discrimination, have ceased to exist, principally because of the limited financial support for such campaigns and for advocacy in general.

PUBLIC IMAGE: 3.6

At the beginning of 2010, a public opinion poll commissioned by FDSC revealed a historical peak of citizen confidence in NGOs (32 percent). The 1 point increase from 2009 follows a slow progression over the past years, which can be explained mainly by two elements: the increased exposure of corporate social responsibility (CSR) in the media and the fundraising campaigns for the 2 percent instrument. Approximately 60 percent of taxpayers directed 2 percent of their taxes to support NGOs (around one million people). However, the data is relative, and it is still unclear if the public actually understands what NGOs are and what they do.

While citizens’ perception of NGOs seems to be improving, judging by the number of legislative acts adopted without consultation and by the decreasing public financial support, the perception of NGOs by the public authorities seems to be deteriorating.

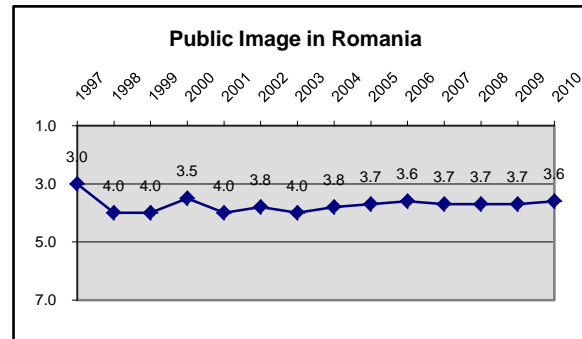
The confidence of the business sector in NGOs has not altered significantly; a relatively stable core of companies continued to support a relatively constant number of organizations.

Media also continued to allocate space to cover civil society initiatives. The year’s major innovations included a special program dedicated to NGOs on the main public television

channel, TVR 1. For the first time, the Gala of Persons with Disabilities was broadcast on national public television. On the other hand, a very successful program on CSR broadcast by the main private business channel – the Money Channel – was discontinued. The monitoring reports produced by the Romanian Donors' Forum reveal a slight increase in the mediazation of the NGO sector over the last two years. The increase is more visible in the online media. Overall, 85 percent of all articles tend to reflect NGOs in a positive light.

The Internet has become one of the preferred means of communication for almost half of all NGOs; 45 percent of the NGOs registered in the Romanian NGO Directory indicated that they have a website. According to the Civil Society Leaders' Barometer, over 70 percent of NGO leaders use the Internet as a means of communication and information for professional purposes. Many NGOs have started to use

Facebook as a professional tool for advertising, campaigning, and fundraising.



An attempt to revive a long-term initiative for self-regulation of the NGO sector met last year with little enthusiasm from most organizations. Discussions on the adoption of a Code of Conduct for NGOs did not receive needed support. NGOs still do not have a strong interest in such a code given their financial instability and the paucity of social capital in Romanian society.

RUSSIA



Capital: Moscow

Polity: Federation

Population: 138,739,892 (July 2011 est.)

GDP per capita: \$15,900 (2010 est.)

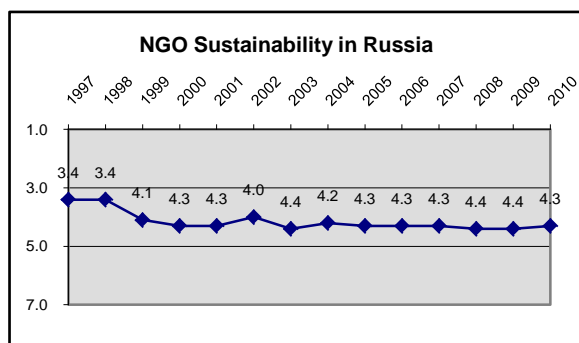
NGO SUSTAINABILITY: 4.3

NGO sustainability in Russia improved slightly in 2010 despite a continued difficult financial situation. A number of pieces of legislation were passed or came into effect that will assist the sector in its development, including the April decision to give the Russian equivalent of public benefit organizations access to government funding, changes to tax laws that will reduce financial burdens on NGOs, and improvements in volunteering regulations.

Advocacy efforts were also notable in 2010. While cooperation and advocacy are still not common, there were several notable attempts to form NGO coalitions and advocate on legislation. Regional alliances also became more active.

However, sources of foreign, federal, and regional funding are shrinking, forcing NGOs to turn to the limited local sources for support. Budget support for NGOs was cut, and regional and municipal grant competitions were cancelled in many communities. Consequently, most organizations are in survival mode. Number of NGO support and resource centers has also decreased due to reduction in available resources.

According to the Ministry of Justice, there are currently 222,730 NGOs registered in Russia, which is slightly more than in 2009, when there were 220,000 NGOs.



LEGAL ENVIRONMENT: 4.6

The legal environment in Russia improved in 2010, but it is still far from favorable for NGO sector development.

On April 7, the president signed into law amendments to the Law on Non-commercial Organizations on Socially Oriented

Organizations (SOOs). Under the new law, SOOs –comparable to public benefit organizations in other countries – will be eligible for government support. NGOs engaged in a broad range of activities – from traditional charitable work to the provision of free-of-charge legal aid and protection of human rights – will be eligible for SOO status. In 2010, the government began drafting legislation to allow for distribution of government financial support and tax preferences for SOOs. This legislation is expected to be adopted in 2011.

December 2010 amendments to the Charity Law allow donors to receive tax deductions for donations to NGOs for an expanded list of charitable activities. For example, the list now includes free legal advice. The amendments also introduce a special type of volunteer contract that provides greater protection to volunteers in the workplace and reduces NGOs’ tax burden on reimbursements paid to volunteers by exempting them from the 34 percent social insurance payment.

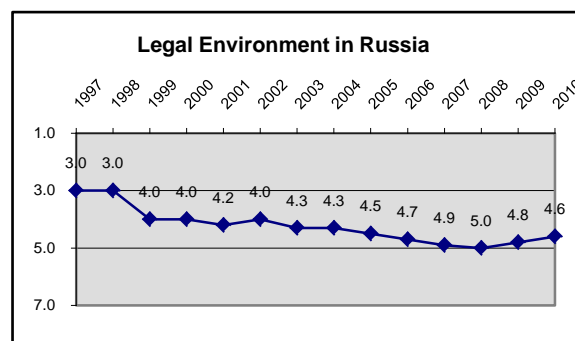
Administrative processes were also improved. In March 2010, the Ministry of Justice’s Decree No.72 simplified the reporting forms for NGOs, and in October, the Ministry of Justice simplified procedures for NGO submission of reports by making it possible to complete and submit the reporting forms online.

At the same time, an amendment that increased social insurance payments for all employees took effect on January 1, 2011. For most taxpayers, the amount of these payments will increase from 26 percent to 34 percent of gross payroll. Despite lobbying efforts by NGOs, the state did not provide any concession for NGOs. This law will result in a substantial increase in NGOs’ administrative expenses, and some

ORGANIZATIONAL CAPACITY: 4.3

Only a few NGOs understand the significance of working with constituencies, and even fewer NGOs attempt to engage in work of this kind. Nonetheless, there were some positive examples in 2010. The Focus-Media Foundation for Social Development and Healthcare created a

NGOs likely will have to dismiss staff and cut down on other expenses due to this new requirement.

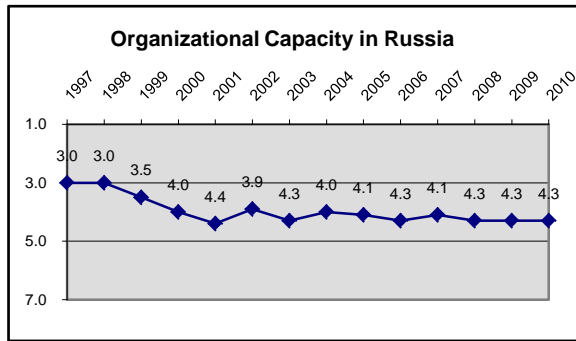


The procedure for NGO registration is still complicated and bureaucratic. In practice, NGOs resubmit their documents on average three times before they obtain permission to register their organizations. NGOs continue to confront government harassment in the form of, for example, questioning of their leaders by prosecutors or forced evictions from their premises.

The existing legal framework still has few special provisions to foster NGO sector development. When legislative acts and initiatives are passed, the government generally does not take into account the needs and special features of NGOs.

NGOs continue to evidence poor legal literacy. Although the legal network Lawyers for Civil Society (LCS), several online services, and the NGO School all provide legal consultations, there is still a deficit of professional and accessible legal support for NGOs. NGOs in remote regions in particular have little access to professional legal consultations. Pro bono services by law firms are currently under development in larger cities.

significant base of parents in the regions who volunteer to carry out their own HIV/AIDS public awareness projects with students and parents. A special coordinator works with the volunteers to plan activities and share information.

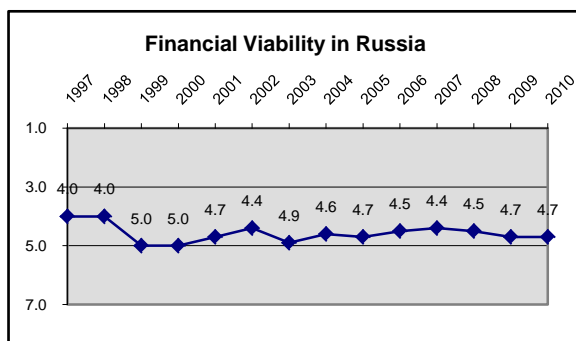


Management and strategic planning are considered major challenges for NGOs. Except for a few large organizations in the major urban areas, NGOs demonstrate a very low level of understanding of basic strategic planning and program design.

Recruiting and maintaining professional staff remains a serious problem for NGOs, which must compete with businesses and government for qualified staff. Most NGOs do not have paid staff, and many that have only one or two staff members.

FINANCIAL VIABILITY: 4.7

The global financial crisis is still affecting the financial viability of NGOs. As the number of large and international donors has decreased (for example, the Ford Foundation stopped operations in Russia this year), NGOs have increased their focus on local donors, including government, business, and communities. At the same time, local funding sources are also shrinking. These factors together created a tough financial environment for NGOs in 2010.



Many regional and municipal programs for NGOs closed, and there is practically no support

NGOs' organizational charters usually include descriptions of a number of governing bodies, but few of these function in reality. External governance bodies consisting of stakeholders – boards of directors and other governing boards – are very rare among NGOs. Without appropriate governing structures to oversee their organizations, most NGOs also lack transparency and accountability.

NGOs' technical equipment is improving. Almost all organizations have computers and Internet access, although the equipment might be of poor quality. A survey from the Institute for Civil Society Studies at the Higher School of Economics found that 65 percent of NGOs have computers, and 70 percent have Internet access. Access to technology and equipment are more complicated in smaller towns. Many NGOs in effect have home offices and leaders use their own equipment.

from the state/municipal budgets. Due to the lack of support, the number of organizations dropped dramatically in some regions. For example, in Rostov Oblast few NGOs remain.

According to a survey conducted by the Centre for Studies of Civil Society and Nonprofit Sector (CSCSNS), share of the government funding of NGOs has decreased since 2009 – both federal (down from 14.2 to 12.9 percent of NGO budgets) and local government (down from 20.9 to 16.8 percent). Local funding is often in-kind support such as provision of an office, other organizational resources, or volunteer work, and only a small portion is monetary.

Although NGOs are not totally grant-dependent, the CSCSNS survey data confirmed that sources of NGO funding are far from diversified. Roughly one-third (32 percent) of NGOs have a single source of funding, and only 21 percent receive money from more than four sources. The main source of funding for many organizations

is membership fees, comprising up to 40 percent of some NGOs' annual budgets.

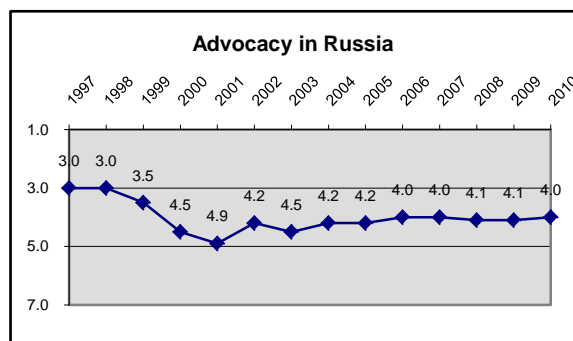
Few NGOs employ effective fundraising strategies or are able to secure ongoing long-term support. Only 26 percent of NGOs state that they have sufficient funds to work towards their organizations' goals and objectives (compared to 24 percent in 2009); 18 percent state that they lack sufficient resources to continue in their long-term efforts (20 percent in 2009); and 18 percent used staffs' personal funds to run their organizations (22 percent in 2009).

ADVOCACY: 4.0

Practically all NGOs face the problem of how to interact with the state, although, in general, NGOs are more successful in working with regional authorities than with federal authorities. NGOs try to find ways to connect with the authorities, but in most cases the latter are reluctant to cooperate.

Sometimes the authorities believe that NGOs are trying to take over state responsibilities. For instance, the Ministry of Healthcare has not been willing to cooperate with NGOs in the field of HIV/AIDS. The Focus-Media Foundation has been implementing a media campaign called the Globus project that aims to promote safe sexual behavior among youth. This project was considered successful both by health experts and the wider public and resulted in a decrease in the spread of HIV in the regions. The Ministry of Healthcare not only failed to recognize the success of the project, but also deliberately made unfavorable comments in the media, possibly because of a difference in approaches to the HIV/AIDS issue as well as an interest in having "its own" providers carry out future programs. Even strong and powerful organizations that are experienced in cooperating with the government are not always successful in getting government support. For example, the Korszak Center Charitable Foundation in Saint Petersburg, which works to integrate orphans into families, was left without an office after the state reviewed its use of municipal property.

NGOs have not succeeded in increasing resources through paid service provision. Only 19 percent of organizations receive fees for services (compared to 22 percent in 2009). At best, paid services allow an NGO to cover the expenses associated with service provision, but provide little if any additional income that could be used for organizational development. Very few NGOs have regular financial audits or publicize their reports and accounts. NGOs for the most part do not fully utilize financial management systems.



Large organizations have more resources and opportunities to advocate their rights and interests. As for smaller NGOs, they do not have the necessary tools, resources, and capacity to engage in lobbying activities. Still, according to a Public Chamber Report, in some regions there are opportunities to influence local legislation. In Perm, the Community Foundation's Alliance signed an agreement with the local government on supporting NGOs and other civil society organizations. In Samara, a group of NGO experts are involved in local government decision-making on social legislation. In Arkhangelsk, the Garant Center developed social indicators for the region and assessed the most important problems in the community. Based on the center's research, the local government developed and started a new social program.

Some positive examples can also be found on the federal level. In 2010, Non-profit Partnership Lawyers for Civil Society (LCS) developed

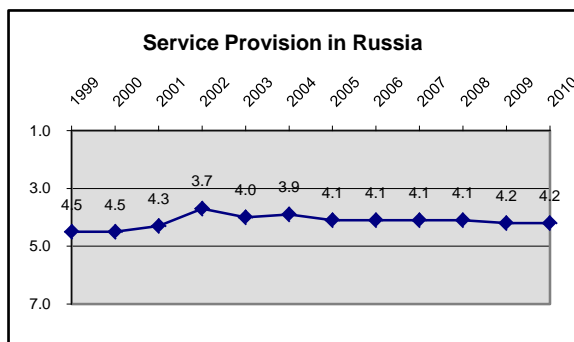
model legislation for support of socially oriented non-profit organizations to be used in the regions. Local legislation in almost all communities was based on this model due to the efforts of the Council of the Federation, which disseminated the information in the regions and recommended the model legislation.

On the whole, there are few NGO coalitions as most NGOs do not unite or advocate jointly. The

development of the Regions Coalition set up by the Siberian Civic Initiatives Support Center to promote NGO interests and equal opportunities in 2010 and that has now sixteen members is one of the few recent examples. In addition, the Coalition for Development of Social Advertising was able to advocate for the inclusion of some positive amendments to the Law on Advertising.

SERVICE PROVISION: 4.2

NGO services are becoming less diverse. Experts note that while the share of services devoted to children, especially treatment services, is increasing fewer services are provided to adults, and educational services are underdeveloped.



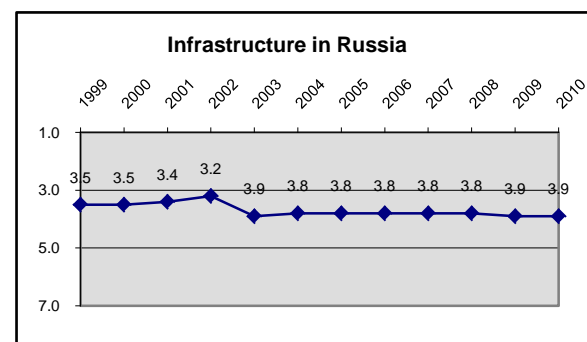
Communities need more diverse NGO services than are currently provided. Few NGOs carry out needs assessments of their target audiences, and there is little demand for or awareness of the services that NGOs provide, such as protection of migrants and refugees or civic education.

Although approximately 20 percent of NGOs sell their services, the fees are usually below market rates, because communities expect NGO services to be free of charge and are not ready to pay for them. Even when services are paid, the fees normally only cover costs, and do not generate profit. Only a few NGOs offer expert services to the government and scientific institutions.

Although the state acknowledges the significance of services provided by NGOs, in practice government attempts to procure services from NGOs are unsuccessful due to unrealistic timelines and demands. For example, when the Ministry of Healthcare announced a tender with total funding of 600 million rubles (\$20 million) for projects aimed at resolution of the HIV/AIDS problem, NGOs were expected to implement these large-scale projects aimed at achieving systematic changes within three months, a truly unrealistic goal.

INFRASTRUCTURE: 3.9

During the past year, the number of support organizations and resource centers declined. There are currently about thirty large resource centers in the country compared to forty to fifty support organizations in previous years. In small towns the strongest local NGO often takes on the role of resource center.



Many resource centers have been reorganized into ordinary NGOs that provide limited services. They have become more profit-oriented and reduced their cooperation with other centers due to high competition for resources. The sector still has qualified professionals, who deliver high-quality education and trainings, but these trainings are often costly, and NGOs lack resources to pay for them. Consequently, NGOs' use of such services is decreasing.

The development of community foundations in the regions has been a positive trend. In total, there were thirty-seven community foundations in Russia in 2010. Strong local NGOs are often the founders of community foundations. There are also some examples where community foundations are set up by commercial companies

PUBLIC IMAGE: 4.7

Most media and the public still have only vague ideas of what NGOs are and what role they play in communities. NGOs need more support to publicize their activities within communities and do not take great care about their images and how they are perceived by the public.

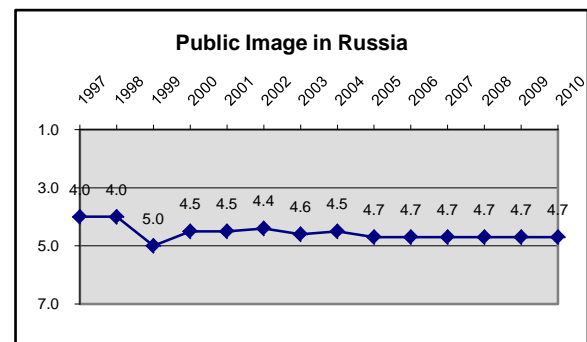
It is difficult for NGOs to cooperate with the media effectively, as the media are not interested in NGO activities, and NGOs do not have the skills to work with the media. Many NGOs believe that because they carry out socially important activities the media will take interest, but the media is much more focused on scandals and other sensational stories.

The amount of information about NGOs on the Internet is growing. In 2010 the campaign – So Easy – launched by the Agency for Social Information, the Center for NGO Development, and the Sozidanie Foundation to raise public awareness of NGO activities was featured widely in Internet. Social advertising is developing; the Socially Active Media program unites major publishing houses and creative agencies to attract public attention to socially important initiatives. Similarly, in 2010 the first

(as was the community foundation in Shelekhof in the Irkutsk region).

The regional Community Foundation Alliances have become a new form of NGO support in the regions. Alliances were established in three regions in 2010 – the North-West Alliance, the Perm Rural Alliance, and the Irkutsk Alliance. The alliances aim to accumulate expertise in order to support NGOs and develop philanthropy in the regions as well as to foster interaction with local authorities. At the same time, regional NGO networks are experiencing development problems. The Community Foundations Partnership is trying to establish a national coordinating organization, but this initiative is proving difficult due to competition over resources and varying regional conditions.

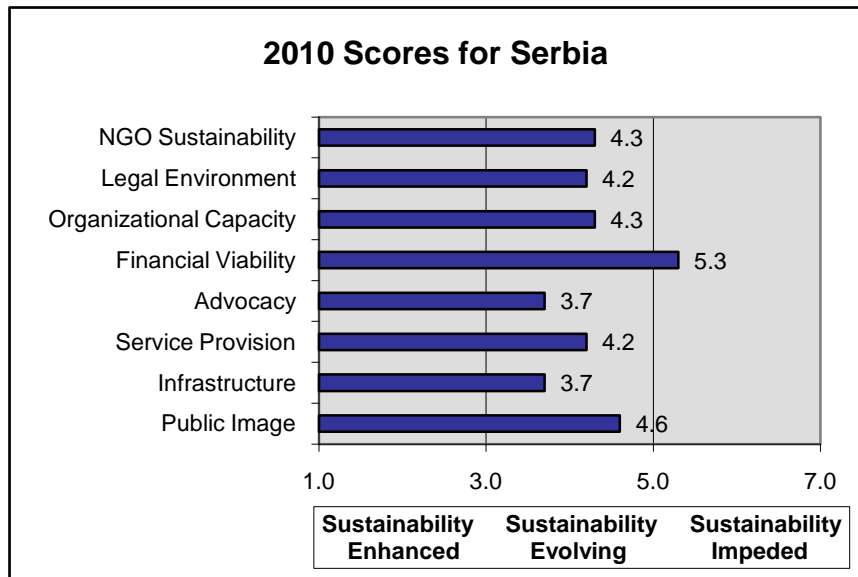
web portal on philanthropy – Philanthropist – was created.



Still, only a small percentage of people are ready to engage in NGO activities, provide support, and make private donations. Businesses in general do not understand the benefits of cooperation with NGOs.

Discussions on code of ethics for NGOs have virtually stopped. Quite often NGOs fail to comply with ethical standards and have no professional codes for their staff. Nevertheless, some progress can be seen here. More NGOs have begun to publish reports on the Ministry of Justice's website and interest in ethical fundraising is growing.

SERBIA



Capital: Belgrade

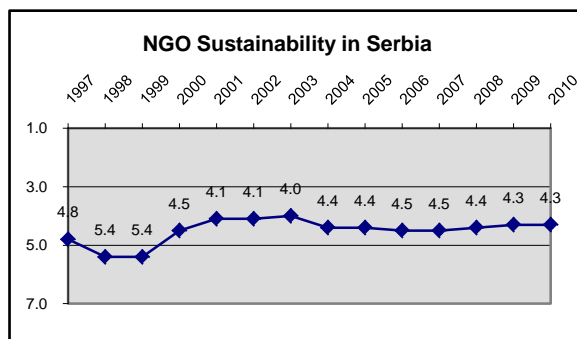
Polity:
Republic

Population:
7,310,555 (July 2011 est.)

GDP per capita:
\$10,900 (2010 est.)

NGO SUSTAINABILITY: 4.3

NGO developments in Serbia in 2010 were affected by two macro-political issues. The process of answering the many questions for EU membership candidate status and all the legislative reforms that this would require dominated government attention. In addition, the rift between rival political parties again fissured by mid-year, seriously disrupting the work of the government in the second half of 2010 and making it less reactive to the demands and needs of the public and the civil society sector.



The global financial crisis also had a continued impact. In 2010, GDP increased by 1.5 percent; however, official statistics show that Serbia lost almost 5 percent of its jobs. In light of this trend, social service provision by civil society

programs gained public attention. At the same time, funding became more limited in 2010, and NGOs were pushed to “survivalism” rather than strategic development, making NGO efforts overall much more donor driven.

Advocacy efforts were notable, including the adoption of two important laws for civil society operations, but these successes were partly marred by attacks on civil society efforts to promote minority rights. In 2010, the Pride parade, dedicated to the promotion of lesbian, gay, bisexual and transgender (LGBT) rights was again marked by violence. The organizers of this violence (NGOs themselves) invited people to join them in the street via their websites. The responsible individuals have been arrested and are currently being prosecuted. The Constitutional Court has been reluctant to finalize the process that would revoke the registrations of the NGOs that organized the violence.

Minority rights were also in focus during 2010 with elections for the National Minority Councils in Serbia organized in June. NGOs played an active role during the elections through their monitoring and advocacy efforts.

However, an electoral dispute over the Bosniak minority council in Sandzak resulted in a series of threats directed at civil society activists in the city of Novi Pazar.

During 2010, unofficial reports indicate that 4,500 organizations went through process of re-registration. During the development of this

LEGAL ENVIRONMENT: 4.2

Several laws that may positively affect the sector were adopted or implemented in 2010. The Law on Associations went into effect in 2010. All existing NGOs were obligated to re-register according to this law. About 4,500 NGOs were registered in 2010 according to the new law's requirements. The re-registration period continues through April 22, 2011. Any NGO that does not re-register by the deadline will be deleted from the Registry of Associations and will not have the right to carry out activities as a legal NGO.

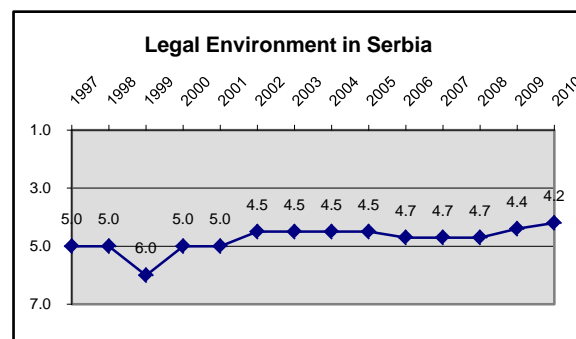
There is a consensus that implementation of the new law allowed for an easier, decentralized registration process. Offices of the Serbian Business Registry Agency in fourteen cities in Serbia were the points of registration. These offices allow for easier access to information and support in acquiring the necessary documentation. However, NGOs from small towns had problems reaching the offices by phone and email, and sometimes they waited for more than thirty days for any reply.

The creation of NGOs by political parties in Serbia is still a noticeable trend. There is concern among experienced NGOs that these new organizations may be used for political parties' interests and absorb the funds dedicated to NGOs from the state budget.

The Law on Volunteerism was adopted in May. It has been criticized since it increases administrative procedures for longer term volunteers' engagement. At the same time, ad hoc volunteers (those engaged in activities up to ten hours a week for up to one month in a year) can be engaged without any administrative requirements.

report, the process of re-registration remained in progress. The Serbian Business Registers Agency estimated that the number of registered organizations will increase to 20,000 when all submitted requests are processed. In 2009, data on NGOs varied widely, but the number of active NGOs was thought to be around 2,100.

The Law on Foundations and Endowments was adopted in November. There had been no legal update on the work of foundations and endowments since the 1980s. NGOs expect this law to enhance efforts to create domestic foundations and endowments. NGOs regard the law as a well-developed and important piece of legislation created in an open and participatory process that included all interested stakeholders from the civil sector. A domestic foundation was instrumental in advocating for this law.



In April 2010, the Government of Serbia made a decision to open the Governmental Office for Cooperation with the Civil Sector. Advocacy efforts to develop this office have been ongoing since 2007. The decision to open such an office is seen as a very positive action, but the office itself was not yet operational by the end of 2010.

As for the other components of legal environment, very little has changed. The level of state interference in NGOs is limited, but there are still instances where ministries and local governments publicly threaten advocacy and watchdog NGOs with lawsuits – as in the case of the Coalition for Public Budget Monitoring, which was threatened with a lawsuit

after it investigated why one ministry paid €25,000 for website development.

Tax laws are still restrictive for both donors and NGOs. In particular, they do not provide incentives for individual or corporate donations. The parliament adopted the Act on Exemption on December 29, 2010 which hopefully will clarify the procedure for claiming the 2.5 percent gift tax exemptions on donations made to NGOs. Other tax incentives are not even discussed by the government, and the doors for communication on this matter are closed.

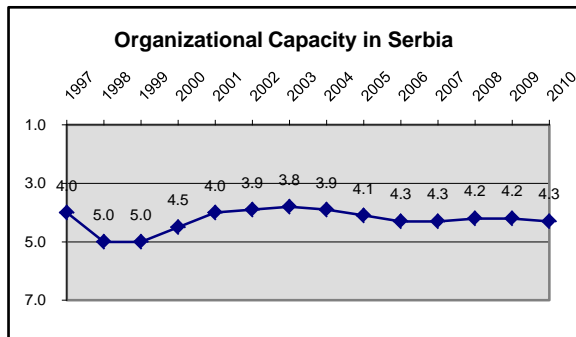
In 2010, a group of NGO leaders proposed that the Law on Income Tax and the Law on Games

of Chance (lottery) include NGOs as potential beneficiaries or allow tax deductions for corporate donors to NGOs. However, the government has been reluctant thus far to embrace a proposal of this nature.

Opportunities for NGOs to earn income through service provision exist, but unclear procedures and contradictory advice from accountants discourage NGOs from actively marketing their services. Local legal capacity for NGOs is still underdeveloped. NGOs need legal advice and support, but claim that donors are not eager to support legal consultancies.

ORGANIZATIONAL CAPACITY: 4.3

NGOs showed more understanding of the need to build their constituencies, but the level of public support for NGOs and their actions remained very low. NGOs frequently change the focus of their work depending on donor priorities. For this reason, NGOs are not targeted enough in their work, and they lack sufficient continuity in their constituency building efforts.



Commitment to mission statements and strategic planning remains low. Mission statements are usually very general and unfocused. Strategic planning is not a high priority in an environment where NGOs work hard to produce proposals for international donors' calls in order to survive. Even when NGOs commit some time to strategic planning, many of the strategic decisions are not put into practice.

NGOs still do not recognize the importance of governing boards. NGO leaders make both governance and managerial decisions, often creating a conflict between organizational strategic and operational goals. Many boards exist only for formal purposes, fulfilling few if any important roles.

NGO staff continues to move to other sectors, primarily the government and business sectors. NGO staff is also migrating from small to larger cities and eventually to Belgrade. NGOs outside of Belgrade have significant problems in keeping staff for more than two years. Volunteerism remains underdeveloped, and NGOs continue to show a lack of volunteer management skills.

As for the technical capacities of NGOs, there is concern that equipment is becoming outdated. After a period of investment in technical equipment in the early 2000s, donors have focused very little on supporting further equipment enhancements or updates. An exception is the Rockefeller Brothers Fund, which provided free Microsoft licenses for software for their grantees.

FINANCIAL VIABILITY: 5.3

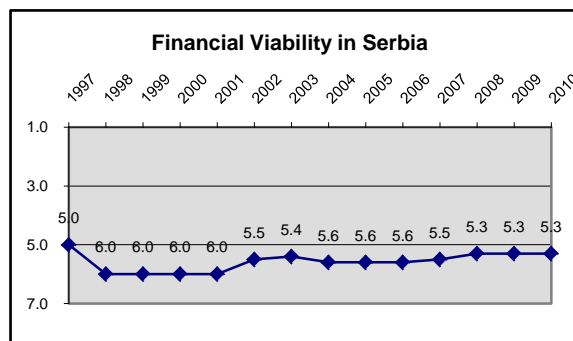
The government distributed close to €45.5 million in 2010 through a budget line for nongovernmental organizations. This represents an increase from 2009 levels by more than 3 percent. The greatest share of these funds goes to sport clubs and political parties (about 40 percent), the Red Cross (about 17.5 percent) and the Serbian Orthodox Church (12.6 percent). It is unclear how much funding actually goes to citizens associations and NGOs since the remaining 30 percent is shared among citizens associations and NGOs, right wing political groups, tourist and marketing agencies, and others. What is clear is that the budget is being used for a variety of purposes and that the state needs to define the proper use of these funds. NGO efforts have resulted in some progress towards transparency. For the first time in 2010, the full list of recipients of state support was made public and could be viewed on the website of the Center for the Development of the Non-Profit Sector.

Corporate and individual philanthropy are still underdeveloped despite continued NGO efforts to encourage greater giving. The financial crisis likely contributed to slow gains here, but NGOs claim that the primary reason for limited philanthropy is the lack of a culture of giving. NGOs remain dependent on the international donor community. While NGOs began to re-orient fundraising toward EU based funds in 2010, the administrative burdens and cost

ADVOCACY: 3.7

NGOs' cooperation with the state has again slightly improved in 2010, but this improvement is viewed differently by NGOs in the capital and in local communities. While Belgrade-based NGOs see the creation of the Governmental Office for Cooperation with the Civil Sector as a significant development, NGOs outside of Belgrade are less optimistic. They believe that advocacy successes are based mostly on individual contacts, which often is a disadvantage to lesser known NGOs that are outside of the capital.

sharing requirements involved in obtaining these funds are very demanding for NGOs. The focus on EU funds further contributed to the dissolution of smaller NGOs that are not capable of fulfilling the administrative and cost share demands of the EU.



Some NGOs closed in 2010 due to lack of funding. Most alarmingly, the SOS telephone services for victims of family violence – a group of NGOs in existence for ten years – shut down. Some larger organizations are also faced with a decrease in staffing due to financial constraints.

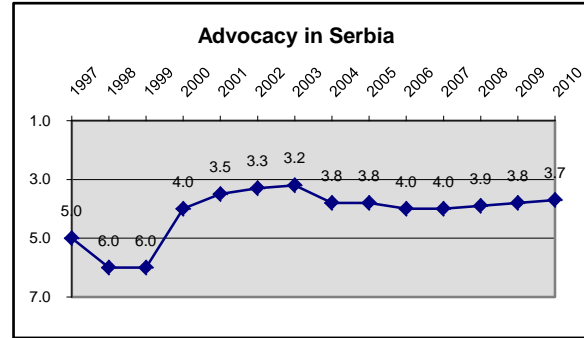
A culture of transparency in financial operations exists in the NGO sector. All documentation can be found online on the Serbian Business Registers Agency with annual data on finances. In addition, financial reports are usually now reviewed by NGOs' boards and assemblies. However, NGOs' internal procedures on financial reporting are not always clear.

NGOs are improving their advocacy approaches and skills. At the same time, the state sector is more aware of the need (and of pressure from the EU) to cooperate with NGOs.

A key success of civil sector advocacy efforts in 2010 was the adoption of the Law on Foundations and Endowments. The adoption of this law was the result of several years of advocacy efforts led by a domestic foundation that organized public debate throughout Serbia involving all key stakeholders. Similarly, NGO

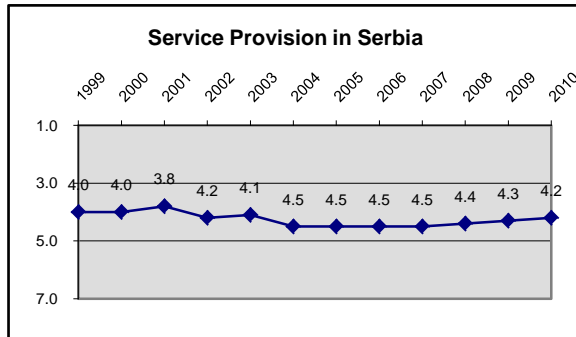
advocacy efforts in support of the Law on Volunteering resulted in the adoption of this law in May 2010.

Serbia still does not have a law on lobbying, and no lobbying rules have been established. Generally NGOs are not included in government discussions when the subject is politically sensitive. In cases when NGOs do act on these matters, government bodies tend to ignore their efforts or even try to publicly discredit them.



SERVICE PROVISION: 4.2

NGOs provide a range of services. These include: various social services, research, environmental services (such as monitoring of air and water quality), consumer protection, etc. While a number of NGOs has become known for high quality services, the sector as a whole is still not recognized by the public as having particular expertise or consistent quality in service provision.



State and local governments are slowly starting to recognize the potential for acquiring services from NGOs, but ministries and local governments do not have one consistent policy on this subject. NGOs suggest that the interest of local public officials is increasing slightly more than on the national level.

INFRASTRUCTURE: 3.7

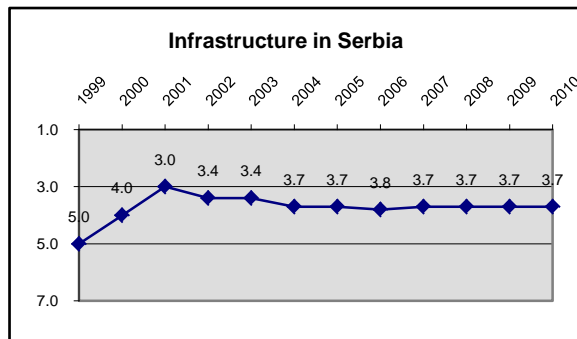
National resource centers and intermediary support organizations continue to develop their programs, and prospects for growth are still visible.

NGOs that provide social and environmental services managed to improve their service provision in 2010 because budget allocations by the relevant ministries to these organizations were significantly higher than in 2009. The Ministry of Environmental Protection distributed about €474,000 (compared to €170,000 in 2009) to NGOs that provide environmental services. The Ministry of Labor and Social Policy increased its 2010 allocations to €7.6 million from €4.8 million in 2009, of which €3.5 million was allocated to the Red Cross. The state strategic documents in these two areas recognized NGOs as vital stakeholders, and state and local governments provided funding for these services. This also allowed these NGOs to build public credibility based on their quality of services.

Even though the Law on Associations allows NGOs to earn profit from their services, the legislation does not clearly define the legal preconditions that NGOs have to satisfy in order to earn profit from their services legitimately. For this reason, only a small number of NGOs have established for-profit agencies and companies to provide their services to the market.

However, similar organizations outside of Belgrade have serious problems with their sustainability. The appearance of international training and consultancy programs (particularly with the EU sponsored Technical Assistance for

Civil Society Organizations – TACSO) has been perceived as a threat to existing resource centers. Despite overlap of these programs, the need for targeted trainings and consultations – ranging from basic project management to more specialized skills – remains greater than the specific offerings.



The number of local organizations and foundations that provide grants is still very small. Their work is important particularly for small and newly formed NGOs. No significant change in these foundations` sustainability was made in 2010. There are individual examples of regional NGOs re-granting to smaller NGOs, but this practice is not consistent since they also depend on donor support.

Coalition building increased in 2010, and coalitions created before 2010 are growing both

PUBLIC IMAGE: 4.6

The public attitude towards NGOs is predominantly negative. According to research done by the Friedrich Ebert Stiftung, the Center for Free Elections and Democracy (CESID), and the Center for Studies of Social Democracy, only about 5 percent of the population in Serbia has some contact with NGOs. The research shows that more than 65 percent of the population does not know what civil society or an NGO is. Only 5 percent of the population recognizes the work of any NGO. The term “NGO” is still perceived as negative, dating from the Milosevic regime’s propaganda. NGOs in Serbia are still not systematic in improving their public image.

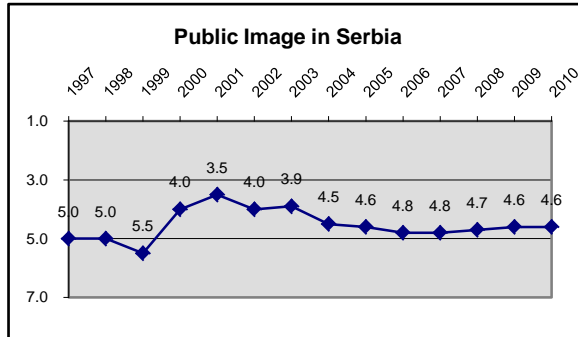
through program and structural development. The Coalition for Public Budget Monitoring, the National Coalition for Decentralization, the Roma Women`s Network, and the Coalition for Access to Public Information are just some of the examples of coalitions that have been very active in 2010. For example, together with Transparency Serbia, the Coalition for Public Budget Monitoring started three important initiatives in 2010: advocating for changes to the Public Procurement Law; advocating for proceedings on the constitutionality and legality of the construction industry; and advocating for more transparent budget allocations for NGOs (together with Center for the Development of the Non-Profit Sector). Donor community efforts to increase such partnerships, coalitions, and networks have fostered the process of coalition building in Serbia.

Intersectoral cooperation is still on a steady rise, primarily between NGOs and the public sector. In 2010 many EU-based grants were oriented toward local governments that increasingly hired or engaged NGOs as project partners during the development of project proposals. NGO knowledge of the project management cycle and fundraising is proving to be a valuable asset for this cooperation. Cooperation with the business sector remains underdeveloped.

Even though media interest in NGOs has increased, the national media generally still is closed to NGOs outside of Belgrade. NGOs claim that only several Belgrade based NGOs are seen by national media as relevant. As a result, the public’s perception of NGOs is very much connected to opinions of several NGO leaders from Belgrade.

Local and regional TV stations promote the work of NGOs more regularly. NGO actions are presented in these media outlets frequently, and even small scale actions get air time in central news reports. However, only about 30 percent of TV viewers inform themselves through regional and local media; national media has the greatest impact. Journalists in general show very little

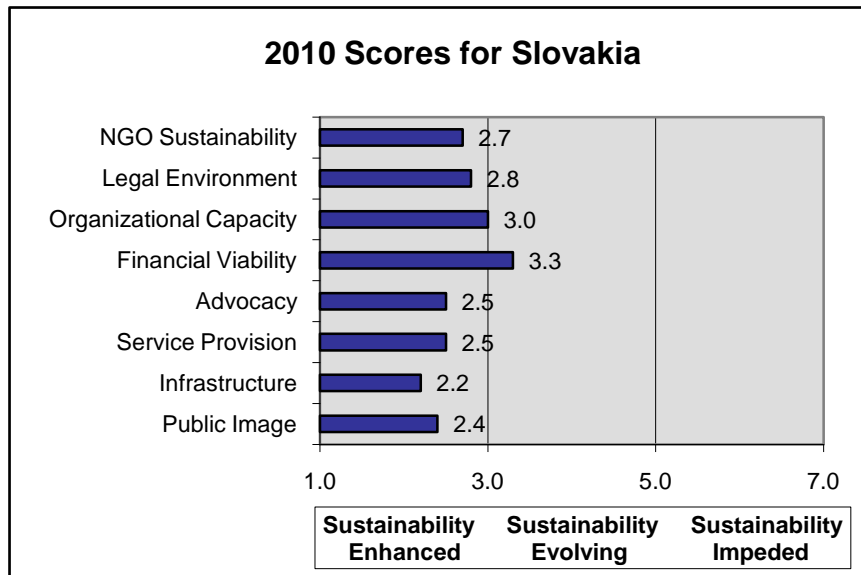
awareness of NGO roles in their communities, but editorial staff has shown some improvement in awareness.



The government is slowly becoming more open to NGOs. Its perception of NGOs and public reactions to NGOs are becoming more positive. At the same time, the business sector does not recognize NGOs as partners. NGOs themselves acknowledge that their sector has not developed appropriate communication with business, mostly because of the lack of interest and knowledge within the NGO sector.

The NGO sector has not done much to improve self-regulation or create a code of conduct. The Ethical Code for NGOs is a model developed by a group of NGO leaders during 2010. Further discussion of this code is planned in 2011.

SLOVAKIA



Capital: Bratislava

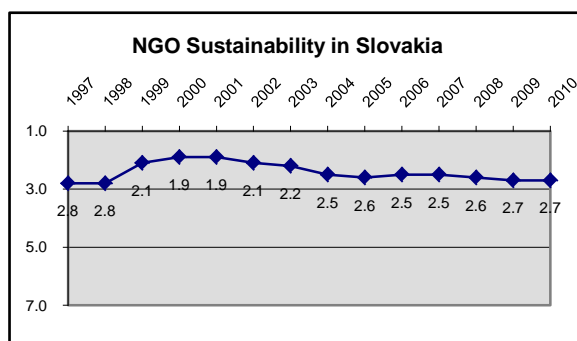
Polity:
Parliamentary Democracy

Population:
5,477,038 (July 2011 est.)

GDP per capita:
\$22,000 (2010 est.)

NGO SUSTAINABILITY: 2.7

Overall, 2010 was a year of considerable political change. Until parliamentary elections mid-year, the government's negative approach toward the NGO sector continued to make the environment challenging. It also led to a number of civic activities aimed at changing the government.



Following elections in June, both the composition of the government and the prime

LEGAL ENVIRONMENT: 2.8

Discussions regarding establishment of the Government Plenipotentiary for Civil Society were opened after the change in government. The new prime minister summarized the tasks to

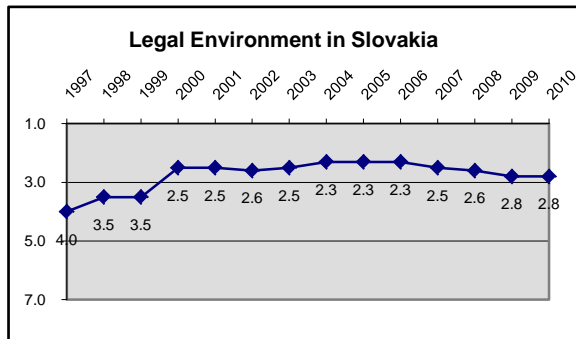
minister changed. The prime minister like some of the new ministers and members of parliament previously worked in the NGO sector. The new government set about improving communication with the NGO sector and put forward plans for enhanced cooperation mechanisms. NGOs expectations were high, but by the end of 2010, the statements were still seen as promises more than substantial changes. For this reason, overall NGO sustainability remained at the same level as in 2009.

According to the Ministry of Interior, there were 34,947 NGOs in Slovakia in 2010, including 31,720 civil associations, 2,050 non-profit organizations providing public benefit services, 599 foundations, and 578 non-investment funds. There are approximately 1,000 more NGOs than in 2009.

include: identifying problems and environmental challenges of the civil society, supporting communication between the public administration and the citizens, and supporting

participation of the public and NGOs in decision making and the resolution of social problems. With the establishment of the plenipotentiary, it was also proposed that the NGO platform from the previous government – the Government Council for Non-governmental Organizations – be re-established within this mechanism.

However, the Coalition Party Council still had not dealt with this proposal by the end of 2010. The environment for cooperation was noted as improved over the beginning of the year, but a formal and functioning platform between the NGO sector and the government had not been activated by the end of 2010.



The legislative framework for volunteerism also has not been finished. After the change in government, a working group involved in drafting the Act on Volunteerism was formed at a meeting of the minister of interior and representatives of volunteer organizations. At the first meeting in October the organizations expressed their requirements, and the state

secretary promised to submit the act during the first half of 2011.

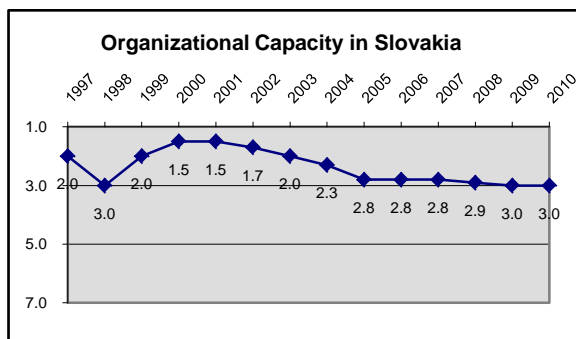
The Income Tax Act fully came into effect in 2010 according to which the 2 percent share of income tax for legal entities is to be gradually decreased to 0.5 percent by 2019. For 2010, a legal entity was allowed to assign 2 percent of the tax on the condition that, at the same time, it provided a donation to the beneficiary in the amount of 0.5 percent of the tax liability.

The registration of NGOs is determined according to the law of citizen associations from 1990. Registration is simple, without unnecessary bureaucratic steps. It requires the organization to file an application for registration with the Ministry of Interior Affairs. In general, NGOs are not strictly audited by the government. They must submit their tax return and are required by law to undergo an external financial audit.

With regard to earned income, NGOs are not allowed to run any entrepreneurial activities and create profit, but they are able to provide services to individuals and legal entities as a part of government contracts. NGOs can also gain income through renting property.

Regarding legal advice, in 2010 the First Slovak Non-profit Service Centre (1st SNSC) started to provide legal advice through their web portal. The center provides online legal advice and daily news about legislative changes and proposals that affect NGOs.

ORGANIZATIONAL CAPACITY: 3.0



Organizational capacities continue to need further development. Heavy workloads on employees and blurring responsibilities are common even as employment agreements continue to be based on specific project tasks. While a Pontis Foundation survey found that up to 93 percent of organizations make strategic plans, these are not necessarily always followed. NGOs continue to take on new work in areas where they might not be experienced, and as a result their capacities to take these on are even lower. Management capacities and strategic

planning are generally better in large foundations and civil associations, where all activities are planned on an annual basis.

The sector overall lacks a new generation of leaders. This is partly due to the departure of some employees to the government after the June elections.

Volunteering has continued as in years past to spread amongst the wider public. An example of this is a new project of the Youth Council of Slovakia named 72 Hours within which 4,500 young people voluntarily participated to work in 303 projects over three days. Another example is

the continuation of the Pontis Foundation project for corporate volunteering called Our Bratislava and Our Žilina in which more than 2,200 volunteers from firms and from the public helped in NGOs. Another annual event – the Volunteer Day organized by the C.A.R.D.O organization – had 2,000 volunteers in thirty-nine towns around Slovakia.

According to the same Pontis Foundation survey cited above, two-thirds of NGOs upgrade their technical equipment once every five years; one-third of NGOs does not upgrade due to financial constraints.

FINANCIAL VIABILITY: 3.3

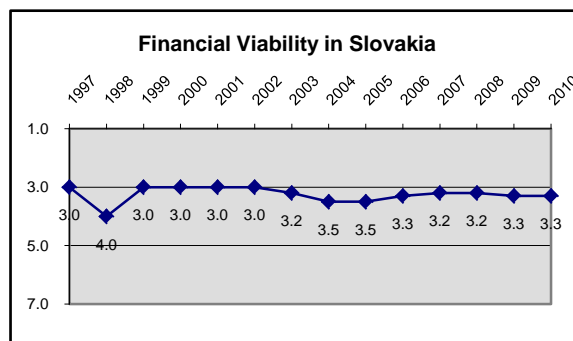
The financial crisis continued to negatively affect the sector even as EU and other new funding helped to fill some of the gaps. Effects of the financial crisis were most clearly seen in the reduction of funds available to NGOs through the 2 percent tax provision; 20 percent less revenue was available for the sector than in 2009: this totaled about €44 million. For legal entities – which are the biggest contributors – the amount was about 24 percent less than in 2009, and for individuals, there was a decrease by about 12 percent. Since this is one of the principal sources of funds for NGOs, this situation has a negative impact on their financial capacity.

The biggest beneficiaries of the 2 percent tax are 101 corporate foundations (foundations established by the largest companies in Slovakia) – the Foundation of the Slovak Gas Company, the Orange Foundation, the Foundation of VÚB Bank, and others. Among the NGOs themselves, the biggest beneficiaries are the Pontis Foundation, the League against Cancer SR, the Good Angel non-profit organization, and the Plamienok non-profit organization.

Besides the 2 percent tax provision, corporate donations also reduced during 2010. According to the results of the Donors Forums survey, about 41 percent of firms decided to reduce amounts of their donations. Therefore NGOs

were forced to scale down their activities and take efforts to cover their budgets. They tried to develop individual philanthropy, volunteer work, or tried to diversify funding sources through a combination of different donors or funds (such as EU, local government, the 2 percent tax provision, corporate donors, etc.).

European Union (EU) funds have remained a significant source of funds. During the year, NGOs asked the government for systematic changes in the management of the use of EU funds particularly given the transparency problems NGOs had in accessing EU funds from the previous government.



The new Swiss Financial Funds Mechanism disbursed by the Ekopolis, Carpathian, and Socio Foundations will bring additional funds to the NGO sector. The amount from the Swiss Financial Fund is about €1 million and will be distributed in five years. The mechanism will

support projects aimed at transparency, social inclusion, gender equality, and sustainable development. Within the Norwegian Financial Mechanism, the Norwegian and Slovak governments signed a cooperation agreement on the second round of drawing grants. Another international source of financing is the International Visegrad Fund which is a stable international organization based in Bratislava founded by the governments of the Visegrad Group (V4) countries. The Fund provides funding for common cultural, scientific, research and educational projects, youth exchanges, promotion of tourism, and cross-border

cooperation. In 2010, the Fund supported 394 grant projects and awarded almost 200 scholarships totaling €6 million.

NGOs generally practice good financial management. Any NGO receiving funding from the 2 percent tax provision is required to make public their financial report of how they used this money. In addition, according to a survey by the Pontis Foundation, two-thirds (64 percent) of NGOs publish their annual report on their websites; these generally include a financial report section.

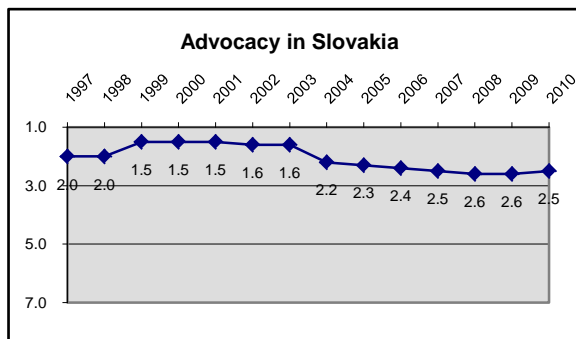
ADVOCACY: 2.5

Overall advocacy efforts increased in 2010. Civil activism developed on a local level before the elections was focused on changing or calling attention to government and governance practices. For example in Martin, in cooperation with Transparency International, the town government developed a project for instituting anti-corruption measures in its local institutions. Another example of effective advocacy actions is an activity named Parade of Tolerance and Solidarity organized by the Forum Minority Research Institute towards mitigating strained Slovak–Hungarian relations. For the elections themselves, seven NGOs formed the Initiative for Fair and Honest Elections to encourage political parties to sign an Ethical Code for Free and Fair Elections. They also monitored the elections.

through a territory with significant water resources, the Ekoforum’s protest against logging, and a call on the new government to stop financing overpriced highway projects. One of the successful activities of the environmental NGOs was the re-establishment of the Ministry of Environment and the withdrawal of an unsuitable nomination for the environmental minister under pressure from NGOs. The activities of the Via Iuris center, which helped to coordinate the Aarhus Convention with the Slovak legislation, were also a noted success.

Similarly, the platform of NGO service providers called SocioForum established in 2009 was successful this year in their campaign in to securing citizen’s rights to choose a social service provider. Specifically, the Act on Social Services which limited the free choice of social services and preferred public providers to NGO providers was declared unconstitutional by the Constitutional Court. As a result, the Ministry of Labor, Social Affairs and Family passed an amendment to the Act which prevents the government from giving preference to public providers for social service provision.

There were several other important advocacy campaigns during the year. For example, the campaigns during the Mental Health Day (Forget-me-not) conducted by the League for Mental Health and the donation collection for people suffering from cancer (The Daffodil Day) conducted by the League Against Cancer



Several advocacy activities were developed by environmental organizations such as commenting on the zoning of the Tatra National Park, a protest against the crude oil pipeline

continued in 2010. The public collection of the Socia Foundation – The Ladybird – was a new campaign with the aim to raise awareness about elderly and senior issues. The campaign of the Amnesty International – Let Us Give Them a Future – was also new, and its goal was to call attention to the issue of insufficient education and segregation of Roma children.

After the election, the new government declared its interest to cooperate with NGOs. The new

prime minister initiated a meeting with almost thirty NGOs and discussed some topics and problems in the NGO sector.

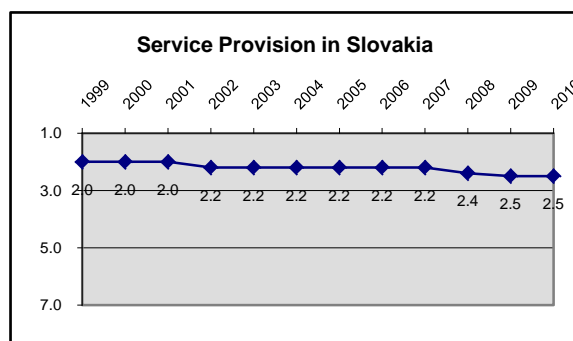
In addition to this general meeting, discussions on gender issues were held between NGOs and the Ministry of Social Affairs, Labor and Family. The NGOs advocated for a systematic change in the legal environment for gender issues. However, the changes they proposed were only partially accepted by the ministry.

SERVICE PROVISION: 2.5

NGOs provide a variety of services across health, education, and social services. During 2010, efforts to equalize opportunities for public and NGO providers were enhanced with the passage of the amendment to the Act on Social Service; however, the real impacts of this amendment remain to be seen. Regarding cost recovery in social services, one-third of the costs are covered by clients and the remainder is covered by the 2 percent tax provision and income from businesses.

The NGO sector has gradually been creating space for providing expertise or expert consultancy services to firms, the state administration, and local governments. Examples include: the Center for Philanthropy and Pontis Foundation - in the area of responsible entrepreneurship and philanthropy; the Via Iuris and 1st SNSC – in the field of legal services; the Slovak Foreign Policy Association – in the foreign policy issues; and the Socia, Ekopolis, Carpathian and the Open Society Foundations – in the management of financial

funds. Some NGO services are exclusive to NGOs and allow the NGO sector to prove itself as a trustworthy partner. For example, corporate social responsibility expertise is not provided by any other company.



Other services of NGOs are less known, and the key constraint is raising awareness about these services. NGOs like Citizens and Democracy have accredited programs, for example, in the education field, but they do not have the funds to publicize these services in the media.

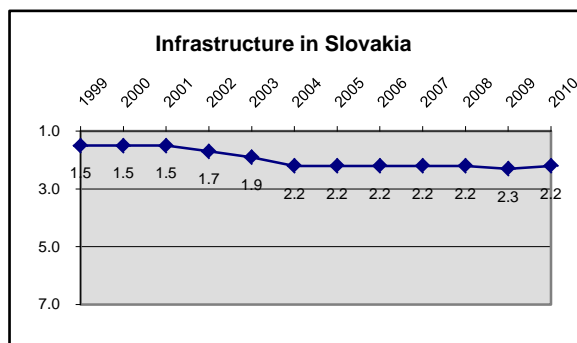
INFRASTRUCTURE: 2.2

The functioning of the NGO platforms and networks did not change substantially in 2010. There are still several active platforms in various thematic areas such as in social issues (Socioforum and the Platform of Social Service Providers), the environment (Ekoforum), development aid (the Platform of Non-governmental Development Organizations), and in philanthropy (the Donors Forum). All of these

platforms had some types of advocacy activities during the year. Socioforum initiated conferences about social services; Ekoforum initiated some environmental advocacy activities; and the Platform of Non-governmental Development Organizations supported capacity building of NGOs.

Several projects which helped to strengthen the infrastructure of the NGO sector took place during the year. For example, the 1st SNSC launched a central portal providing legal and economic consulting as well providing services as a press agency for the sector.

In relation to the infrastructure of grant provision, the Pontis Foundation launched a new website www.darca.sk (darca=donor) which lists all calls for grant applications from corporate foundations and foundation funds, and, at the same time, centrally accepts electronic applications for grants administered by Pontis Foundation.



Several tools have also developed to promote individual philanthropy through online technologies. Among them are the project of the Center for Philanthropy, ludialudom.sk (people to people), and the project of the Pontis Foundation dobrakrajina.sk (a good country).

PUBLIC IMAGE: 2.4

Several events and factors had an influence on the public perception of NGOs during 2010. Firstly, the continued negative stance of the previous government towards civil society continued to damage public perceptions of the sector. A number of different government officials made public statements which suggested that the NGO sector is misused for political goals, attacking amongst others the Open Society Foundation and the watchdog activities of the Fair-Play Alliance. Government doubts over the relevance of the sector's work and its connections to political parties also were voiced regarding the results of the Transparency International Corruption Perceptions Index.

Also the civil association, Well Giving, updated their activities in this area by their project dakujeme.sk (we thank you).

The infrastructure has also been enriched by the newly-established Slovak Fundraising Center which strengthens the capacity of the NGO sector in the area of individual and corporate fundraising. On the initiative of the founding members (Partners for Democratic Change Slovakia (PDCS), Partners for Networking, Greenpeace Slovakia, WellGiving, and the Centre for Philanthropy), the Slovak Fundraising Center organized their first conference on fundraising in 2010.

It is still difficult to secure funds for staff training. Training is an administrative expense for which NGOs do not have sufficient funds, and most do not have the capacity to monitor all possibilities for financing training and educational opportunities. NGO training and educational services are provided by organizations like the Donors Forum or PDCS, but they generally are fee based and not affordable to all NGOs.

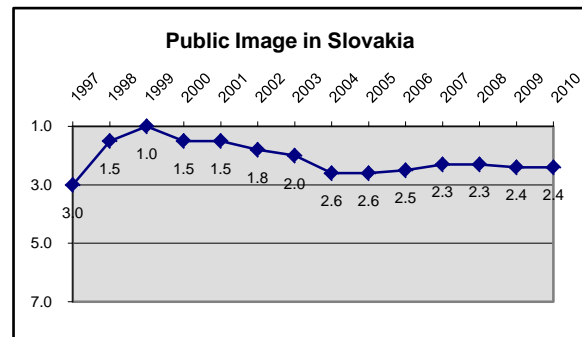
Generally, the infrastructure is strong in the environmental sphere and in providing social services; however, the advocacy and watchdog spheres are falling behind given the difficulties in raising money for supporting such efforts.

With the coming of the new government, several people from the NGO sector moved into governmental posts, and the NGO sector had expectations of a more positive public interface with the government. To some degree these have been realized; negative statements have stopped even if engagement has not been as extensive as anticipated. At the same time, the media also has opened the issue of the potential for conflict of interests given that some foundations and NGOs have their former employees holding posts in the government. The sector has responded by emphasizing the need for the new government to be transparent in its decision making.

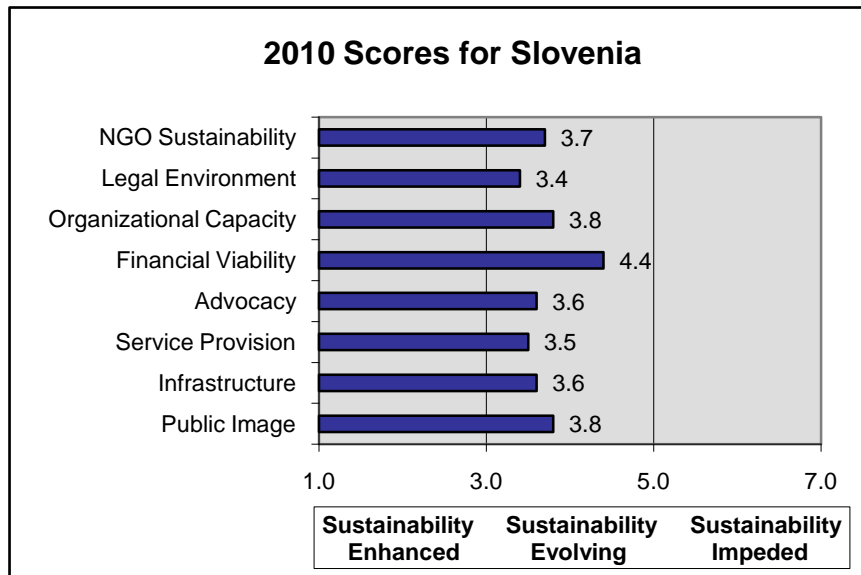
In general, given the over-politicized state of public life and the lower degree of civil society development in the recent past, NGOs are perceived in a simplified and selective way. The attention of the media and of the public is greatly attracted by charitable activities like the Daffodil Day and An Hour to Children campaigns. Similarly, the initiative of women and human rights NGOs on International Women's Day called A Rose for Fico, Gay Pride activities, and the report on the status of society by the Institute for Public Affairs were widely reported in the media.

The contest for the best NGO annual report was cancelled in 2010. However as noted earlier,

approximately two-thirds of NGOs do make their annual reports public through their websites.



SLOVENIA



Capital: Ljubljana

Polity:
Parliamentary Republic

Population:
2,000,092 (July 2011 est.)

GDP per capita:
\$28,200 (2010 est.)

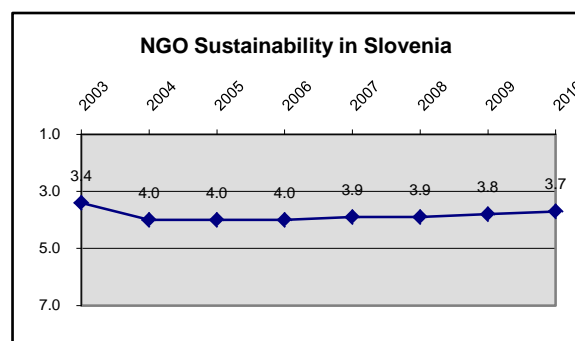
NGO SUSTAINABILITY: 3.7

NGO sustainability slightly improved in 2010 due to steady progress in improving the legal environment, strengthening NGO capacities and networking abilities, and increased NGO participation in policy processes.

The financial crisis led to higher unemployment after many bankruptcies of bigger Slovenian companies. Humanitarian NGOs were one of the most active actors helping the unemployed, especially migrant workers, and families who lost one or both incomes. The financial crisis increased the public visibility of the NGO sector, but also undermined financial stability through a decrease of private donations and a reduction of public resources.

Local elections also affected the NGO sector in 2010. Citizens elected members of 210 municipal councils and mayors. The national NGO network, Centre for Information Service, Co-operation and Development of NGO (CNVOS) and regional NGO support centers built a broad coalition and engaged candidates in debates. The debates largely focused on NGO

sector development at the local level and measures to improve cooperation between local authorities and NGOs. In addition, several NGOs created their own lists of candidates for municipal councils with the aim of bringing their objectives on to the local political agenda.



Approximately 22,000 NGOs are registered in Slovenia, including: more than 1,500 private institutes (an increase of 200 in the last year), 200 foundations (an increase of twenty in the last year), and more than 20,000 associations (an increase of 300 in the last year). The number of NGOs has been steadily increasing since 1991.

LEGAL ENVIRONMENT: 3.4

The legal environment for NGOs slightly improved in Slovenia in 2010 primarily due to improvements in the legal framework for volunteering and new government rules for public participation and consultation.

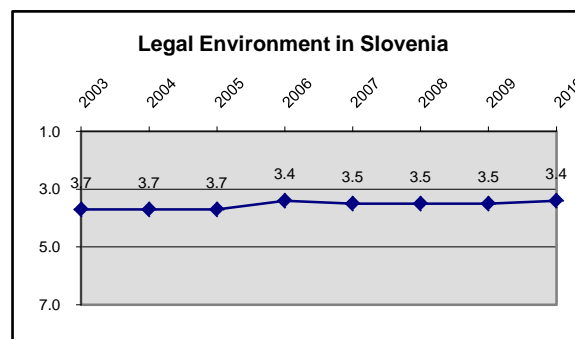
After several years of NGO pressure, the Ministry of Public Administration started drafting the Act on Volunteering. A working group comprised of representatives from different ministries and two NGO representatives started to draft the act in February 2010 based on a 2004 draft prepared by NGOs. The act sets basic principles, definitions, rights, and obligations of volunteers and voluntary organizations. The act was finalized during 2010 and passed by the parliament in February 2011.

Based on the Resolution on Legislative Regulation passed in November 2009, changes to the government's Rules of Procedure were made in 2010. The Rules now set minimum standards for public participation in legal drafting. They define the length of public consultation period for all draft laws between thirty and sixty days and obligate the responsible governmental bodies to prepare a consultation report. The report must list all comments received and provide explanations for all comments whether incorporated in the draft law or not. These changes to the Rules outline for the first time a legal framework for general public participation in Slovenia's policy development. The previous regulations were declarative and did not obligate the government to address public comments.

Several other laws that affected the NGO sector were drafted in 2010 and passed in early 2011. Changes to the Associations Act were quite technical, but nevertheless will contribute to easing the administrative burden of NGOs. With the changes, associations can register two statutory representatives. They can also register a branch office, which is very important for associations that work through local offices. All annual reports will now be publicly available on the web page of the Agency of the Republic of

Slovenia for Public Legal Records and Related Services (AJPES), which is responsible for gathering the reports. Changes to the Social Entrepreneurship Act define, for the first time, basic principles of social entrepreneurship, characteristics of social enterprises and their benefits (subsidies for employment, a fund for social enterprises, etc.). NGOs were actively engaged in advocacy efforts during the drafting of both pieces of legislation.

The new Pension and Disability Insurance Act, which was intended to abolish obligatory pension insurance for founders of private institutes, was passed by the parliament, but overturned by a public referendum. Obligatory pensions proved to be a significant financial burden on many private institutes seeing that 19 percent of NGOs in 2009 did not receive any income and another 19 percent received income of less than €5,000.



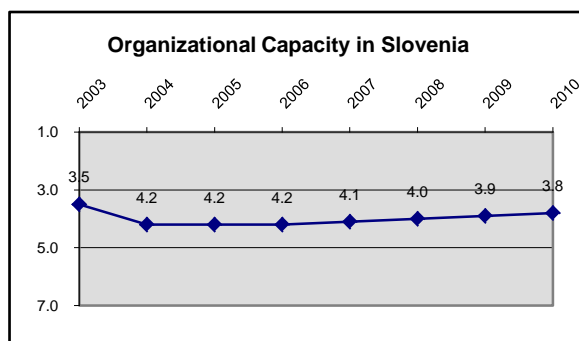
The Public Sector Integrity Act, which among other things regulates lobbying in the public sector, brought an additional administrative burden to NGOs. The act does not distinguish between professional lobbyists and others, namely NGOs. As a result, all individuals (NGO employees, volunteers, board members), who advocate for any legislative amendments, legal initiatives and the like have to register as lobbyists and submit annual reports about their lobbying activities. If someone lobbies on behalf of an NGO and the lobbyist is not registered, sanctions against the organization are set from €400 to €100,000. Since the act was new in 2010, no sanctions had yet been taken against those out of compliance. Realizing the strictness

of the act, members of the parliament adopted an amendment (to go into effect in July 2011) which will introduce exceptions for people employed by NGOs.

NGO support organizations continue to provide free legal aid to NGOs on the national and regional level. NGOs throughout the country have access to legal advice and services such as assisting in drafting legal appeals.

ORGANIZATIONAL CAPACITY: 3.8

Slovenian NGOs' organizational capacities slightly improved in 2010. According to NGO experts and the NGO resource centers, NGOs are now applying for grants with better structured project ideas; a larger number of applications submitted by smaller NGOs are now approved; and more NGOs have clearly defined missions and basic long-term strategic objectives.



NGOs are also increasingly seeking support for their initiatives among local constituencies. Environmental and social NGOs have had the most successful results. For example, environmental organizations such as Greenpeace Slovenia and Umanotera engage constituencies through petitions and e-actions, such as web-streaming of flash-mobs.

A clear definition of the management structure is regulated in the legislation, although in practice some bodies are not very active. Executive directors or presidents are the most active body due to clear responsibilities set out in the

legislation. However directors/presidents often implement tasks that are, by legislation or internal acts, assigned to board of directors.

Due to the financial crisis, the government introduced different mechanisms for reducing unemployment and NGOs have benefitted from a number of these mechanisms. First, NGO staffing increased through the government-sponsored public works program. In 2010, NGOs had 638 public works programs with 1,119 employees in contrast to 2009 when they had 433 programs with 754 employees. Second, government subsidies were given through tenders focusing on specific social groups (youth, women, and elderly) or on special fields (culture) and NGOs employing people from these categories benefited from these subsidies.

In September 2010, the first conference for the NGO Quality Assurance System (QAS) was organized to promote certification of NGOs. The conference focused on development of success indicators per the QAS and helped NGOs to identify proper indicators for their organizations.

Several European and national calls for proposals provide opportunities for NGOs to modernize their basic technical equipment. NGOs which apply to these grants tend to already have relatively good computers and access to the Internet. Grassroots organizations are not as well equipped since they tend to rely on regular mail, phone, and personal contacts to communicate with members.

FINANCIAL VIABILITY: 4.4

In 2010, both some positive and negative financial developments occurred in the NGO sector. NGOs benefited from new financial support in the amount of around €0.5 million

provided by the Swiss Government through the Swiss Block Grant. Another positive development was the increase of funds (from €1,100,000 in 2009 to approximately €3,400,000

in 2010) that NGOs received through the 0.5 percent income tax provision under which citizens can allocate 0.5 percent of their income tax to public benefit organizations, trade unions, or political parties.

At the same time, other local funding sources and private and corporate donations decreased. Some NGOs have begun to adjust their activities to diversify funding sources. For example, some have developed economic activities (such as production of handbags from recycled materials, trainings, and calculation of carbon footprints for companies) or introduced new practices of fundraising (charity auctions, concerts and online fundraising). Yet many remain primarily project-driven, and funding decreases have had a great impact on their financial sustainability. Many can hardly achieve their annual financial targets; nor are they able to cover operational costs.

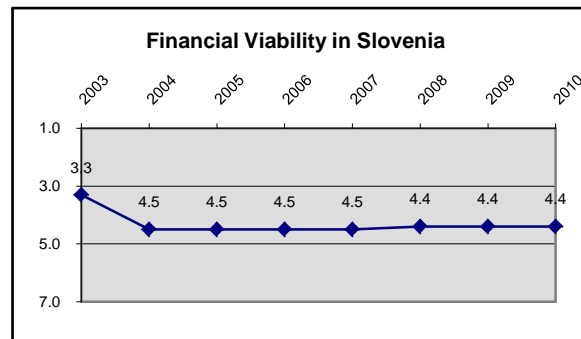
Several Slovenian cities were granted world and European titles in 2010, which provided additional financial resources for NGO programming. For example, Ljubljana was titled the World Book Capital (WBC) for 2010, and Maribor was titled the European Capital of Culture (ECC) for 2012. The Slovenian Association of Writers carried out several programs in the scope of the Ljubljana WBC, and the Festival of Love was promoted by the Association for Culture and Education Kibla in relation to Maribor ECC events.

Some young entrepreneurs new to business have organized their businesses in the form of NGOs (mostly associations) since associations' accounting requirements are simple in comparison to business accounting

ADVOCACY: 3.6

Advocacy efforts improved in 2010. NGOs actively participated in drafting some key legislation, organized several new coalitions to address public interest and conducted a number of advocacy campaigns. Passage of the changes to the government's Rules of Procedure in 2010 created a viable framework for public participation in policy development.

requirements. It remains to be seen if such a trend will affect the sector in a positive or negative manner.



Grass-root organizations raise funds from local constituencies with traditional activities such as the sale of calendars and other goods. However, local resources are not increasing as the number of organizations is growing, which creates resource and operational constraints. On the other hand, volunteering is more popular on the local level than in the urban areas where people can see an immediate impact of their work in the community.

National accounting standards in Slovenia are very clear and quite strict. All NGOs have to send their annual reports to AJPES, although only associations with annual income exceeding €million are required by law to have their annual reports audited. Private institutes and foundations are not obliged to do audits. Due to the high cost of an audit only a few organizations (when not required by the law or donors) audit their reports voluntarily in order to show financial transparency and provide evidence of good financial management for donors.

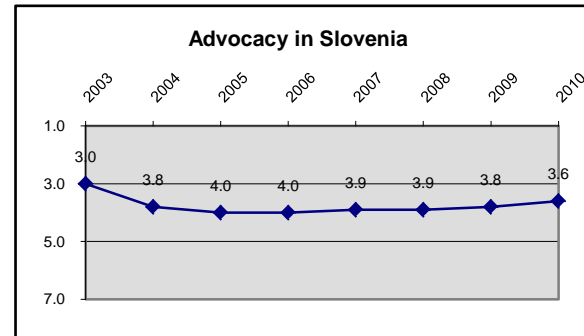
According to the Mirror to the Government Report, which monitors different mechanisms of cooperation between the authorities and the NGO sector, there were no major changes achieved between 2006 and 2009, however with the framework in place in 2010, an improvement was noted.

While special NGO advocacy coalitions were built in connection with a number of issues, NGOs were particularly involved in advocacy activities focused on passing new NGO legislation. For example, in the Act on Volunteering, two NGO representatives were part of the working group that prepared the draft act; ten regional and one national discussions were organized during the consultation period; and after the passing of the act, NGOs participated in the drafting of regulatory acts.

NGOs were engaged in advocacy efforts during the drafting of other pieces of legislation including the Associations Act, the Social Entrepreneurship Act, the Climate Change Act, and the Public Sector Integrity Act. In some cases, their efforts resulted in legislative changes. For example, NGOs succeeded in introducing charity lotteries into the Strategy of the Games of Chance, and a number of their suggestions were included in the amendments to the Associations Act.

Local elections created additional opportunities for NGO advocacy campaigns. Several debates with mayoral candidates were organized throughout the country with active participation of NGOs. Some introduced their own candidates as members of the municipal councils and were quite successful. Those candidates being active in NGOs were well known and popular in their communities. In addition, an initiative – My Society – of the national NGO network, CNVOS, and ten regional NGO support centers was implemented with the aim of improving cooperation between local authorities and NGOs. Under this initiative, a manual on different mechanisms of cooperation – Together for the Community – was drafted and several measures to increase cooperation with local officials were introduced. These measures included local compacts regarding cooperation between the municipality and NGOs with

concrete obligations outlined for both sides). To date, the initiative has resulted in three local compacts that established mayoral commissions for the development of NGOs.



National advocacy campaigns also continued to expand and serve as a basis for further activism. For example, after the success of Let's Clean Slovenia in a Day, which was hosted on April 17th and brought together over 273,000 people (approximately 13 percent of the population) to clean up 11,000 tons of illegally dumped waste, environmental NGOs stayed dedicated and are still monitoring and reporting illegal waste dumps.

More than a year after NGOs submitted a memorandum on potential contributions to financial crisis measures, the government responded. The response was drafted in the working group in which one NGO representative participated. The response was rather general, but promoted some of the NGOs' proposals including a special NGO Development Fund financed from the 0.5 percentage law and support for the appointment of NGO liaison officers in government ministries.

During the second half of 2010, a special government e-democracy portal was introduced. The portal enables citizens to monitor the progress of legislation and to submit their comments and proposals to draft legislation.

SERVICE PROVISION: 3.5

There were no significant changes to NGO service provision in 2010. The government has still not improved the legislative framework for public services that would open more

opportunities for the third sector. Without clear rules and procedures for outsourcing, the NGO sector is used as a last resort.

NGO service provision increased mainly in the social field where humanitarian NGOs provided support for those affected by major company lay-offs and autumn floods. Because no legal basis exists for direct in-kind support from government to citizens, the government used humanitarian organizations as intermediaries. The government provided NGOs with financial resources, and NGOs distributed humanitarian packages to those in need in the flooded areas. Several NGOs also provided food and clothes to migrant workers affected by the major lay-offs.

The examples described above demonstrate that NGOs have knowledge of market demands and constituencies' needs. However, the sector rarely upgrades strategic plans with market analysis of services provided. Market analysis and other business tools are largely considered to be inappropriate for the NGO sector, although they could help provide strategic gains.

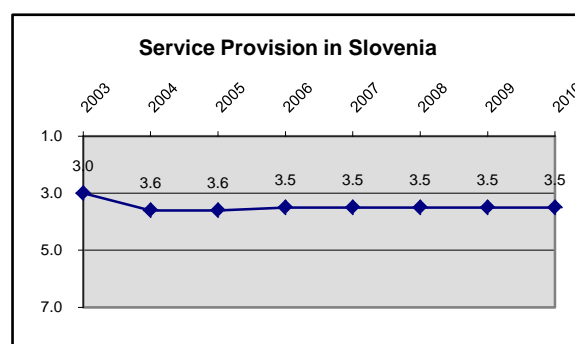
Since NGOs were used only as intermediaries for government, the organizations themselves did not benefit from additional staff or core funding. And while their services temporarily increased, this is unlikely to result in NGOs taking on more public services.

INFRASTRUCTURE: 3.6

With new regional NGO support centers and thematic NGO networks supported by the European Social Fund, local NGOs have sufficient access to information services, different levels of trainings (basic, advanced, training for trainers) and consultations.

In 2010, two NGOs with resources from the European Social Fund expanded their activities to include support services for local NGOs in underserved areas, effectively increasing the number of NGO support centers to twelve around the country. With the support of the European Social Fund, the regional NGO support centers and national NGO networks conducted 214 different trainings (such as strategic planning, project cycle management, fundraising, quality assurance system, and lobbying) with more than 3,000 participants.

NGOs that provide services recover some of their costs by charging fees. NGOs offering social services (such as day care centers) have the strongest cost recovery because their beneficiaries have to co-fund the services. Similarly, youth centers which combine cultural events with the selling of tickets, drinks, etc. have the highest cost recovery.

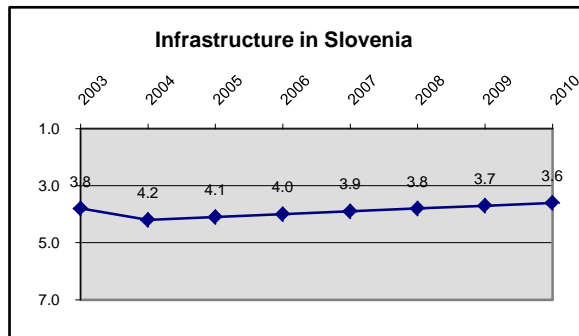


Ten new social enterprises, co-financed by the Ministry of Labor, Family and Social Affairs, started to operate in 2010. The Association Projekt Človek that works on drug-user rehabilitation established an enterprise which produces slippers from old clothes. The Association Kralji Ulice – association of homeless persons – sells used goods that were donated.

Some NGO networks (in the fields of environment, culture, education, health, and development aid) are funded from the European Social Fund (€2.5 million was allocated for 2009/2010 and €2.2 million was allocated for 2011/2012). By supporting opportunities for capacity building, the funding provided platforms for joint strategic planning among NGOs.

NGOs built different coalitions, either among themselves or with other sectors. A large coalition “My society” was created during the period of local elections to raise awareness of issues. Other, more permanent coalitions were built around common issues (such as development aid and consumer awareness) and resulted in joint activities and projects. The coalition of development aid and environmental

NGOs was started in 2007 and operates under the umbrella of SLOGA – Slovenian NGDO Platform for Development Cooperation and Humanitarian Aid. The coalition raises awareness among the general public on sustainable consumption.



More and more NGO actions or initiatives are being supported by the media or other sectors. The best example of this is the action – Let’s Clean Slovenia in a Day – that succeeded in

PUBLIC IMAGE: 3.8

NGOs continued to gain public attention in 2010. On the national level, this was mostly due to humanitarian organizations and the action – Let’s Clean Slovenia in a Day; this action generated more than 2,000 articles at its peak. Such NGO actions also improved public understanding of NGOs’ roles in society. The general public is supportive of NGO activity, realizing that some issues (human rights and consumer protection) are high on the political agenda only because of NGO initiatives.

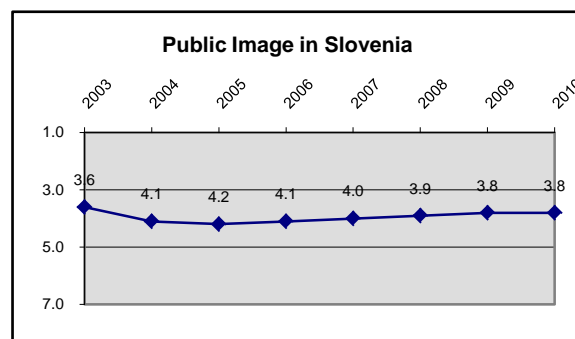
On the local level, many NGO festivals and other events organized by the regional NGO support centers also drew public attention. In 2010, regional NGO support centers and field networks organized more than 100 promotional events aimed at presenting the NGO sector to the general public. Amongst the most well known and largest is the annual LUPA NGO festival which started in 2002 and is designed to gather NGOs from all over Slovenia to exchange experience and promote their activities to the public. LUPA lasted a week and hosted many different events organized by NGOs from around the country (debates, roundtables, etc.)

gathering partners from the business sector and had extensive coverage by different media.

Another intersectoral action was a series of debates –Slovenia Reduces CO2 Emissions – that brought together representatives of civil society and business, decision makers, and experts for online debates about fulfilling Slovenia’s EU and UN ecological obligations.

National foundations in Slovenia remain underdeveloped. Private donors tend to give money directly to those in need or through humanitarian organizations for specific causes (such as fundraising concerts for handicapped people or natural disasters). Similarly, although six community foundations are registered in Slovenia, they are rather inactive and unknown to the general public and to other NGOs. The concept of community foundations has not been developed in Slovenia as successfully as in some other Central European countries.

which were broadcast by major print and television media. More than 130 NGOs participated in LUPA’s main event, the NGO Bazaar.



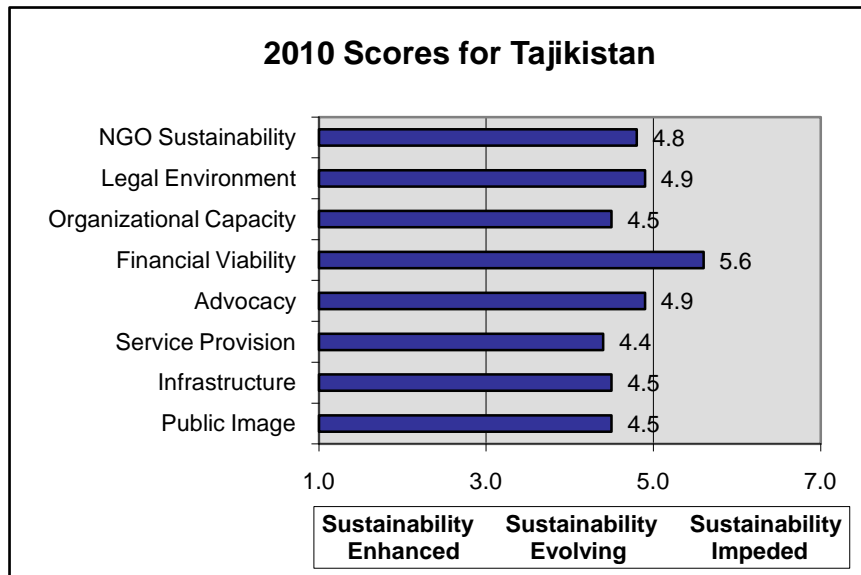
In general, regional NGO centers have good contacts with local reporters. For example, the regional NGO support center from Maribor, in partnership with the regional highly read newspaper, Večer, issues a special supplement every three months called Nevladna printed in 30,000 copies, which has articles that covers important NGO events and activities. Another example of a long-term NGO-media partnership is the relationship between Focus Association

for Sustainable Development and 7D weekly newspaper in which Focus activities (such as climate change and energy use) are regularly featured.

Rather than a code of ethics, Slovenian NGOs decided five years ago to have their own quality assurance system (QAS). The QAS emphasizes

the transparency and accountability of NGOs. To date, sixty NGOs have participated in QAS training and use the QAS methods for self-assessment. NGOs' annual reports are available through the AJPES website, and many NGOs also publish their annual reports on their own websites.

TAJIKISTAN



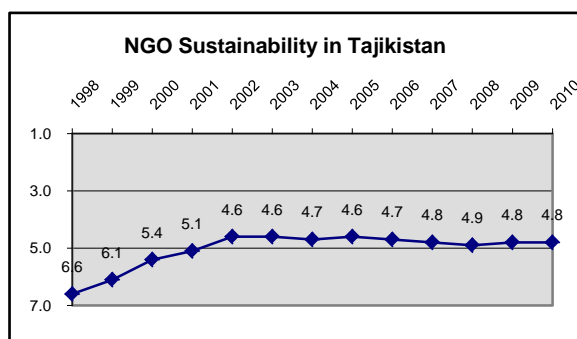
Capital: Dushanbe

Polity:
Republic

Population:
7,627,200 (July 2011 est.)

GDP per capita:
\$2,000 (2010 est.)

NGO SUSTAINABILITY: 4.8



The overall dynamics of NGO development in Tajikistan did not change in 2010. Efforts such as continued strengthening of organizational capacity, NGO infrastructure, and service delivery were undertaken across the sector. In addition, the NGO sector improved its ability to implement advocacy campaigns. The government has gradually opened avenues for NGO involvement in many areas, with civil

society increasingly engaging in dialogue and capacity building with the state, particularly at local levels.

The legal environment, on the other hand, remained challenging. While many entrepreneurial legal entities and diverse forms of NGOs benefitted from simplified registration procedures implemented in 2010, public associations, the most common legal form of NGOs, found registration continually problematic.

Financially, NGOs remain donor-driven with the majority of their funding coming from international donor grants.

According to the Ministry of Justice, there were 2,319 NGOs registered at the end of 2010 (compared to 2,300 in 2009).

LEGAL ENVIRONMENT: 4.9

The legal environment did not change substantially in 2010. Even as there were improvements in registration of some NGOs, overall the process of registering NGOs remained a challenge. The recent amendments to

the Tax Code were considered to be one of the negative impacts on the sector.

Three laws govern the main three types of NGOs and require specific registration processes

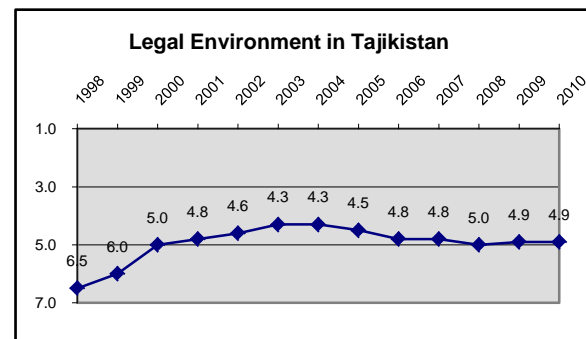
with different government bodies. Public associations are regulated by the Law on Public Associations. Associations of legal entities, public funds, cooperatives, and business entities are regulated by the Law on Registration of Legal Entities and Individual Entrepreneurs. Community-based organizations and village organizations are regulated by the Law on Public Initiative Bodies.

In accordance with the 2009 Law on Registration of Legal Entities and Entrepreneurs, local tax bodies installed in 2010 “one-stop shops” to register legal entities. The law required the registration to be completed within five days of application. In August, the law was amended to shorten the registration period to three days. Some NGOs interested in changing their legal forms from public associations to public funds or other types of NGOs used this opportunity to re-register their organizations with the tax authorities.

However, registration of public associations – the most common legal form of an NGO – is still with the Ministry of Justice, which tends to be a long process. In contrast to the registration of other NGOs, administrative impediments increased for branch offices of public associations. According to the laws, local branch offices do not need to register with local authorities, but local governments, nonetheless, forced them to register as local units and report to local government directly. Such practices are partly influenced by the political instabilities in neighboring Kyrgyzstan in 2010, which made local governments in Tajikistan want to be more aware of NGO sector activities. In April, the local NGO Society and Law partnered with an international organization to conduct a legal analysis of the current Law on Public Associations and develop a set of recommendations to simplify the registration procedures for public associations.

The current Law on Public Associations enables local NGOs to compete for government contracts at the local and national levels. However, many NGOs faced administrative delays on the side of the government during the

project implementation phase due to lack of procurement guidelines and mechanisms. Regulations on social contract competitions adopted in May 2010 aim to develop and support NGOs addressing social problems as well as develop NGO/Government partnerships. The same regulations provide that at least 30 percent of the members of tender commissions should be independent external experts proposed by NGOs. The regulations are being implemented, but there has been no assessment of the impact of these reforms.

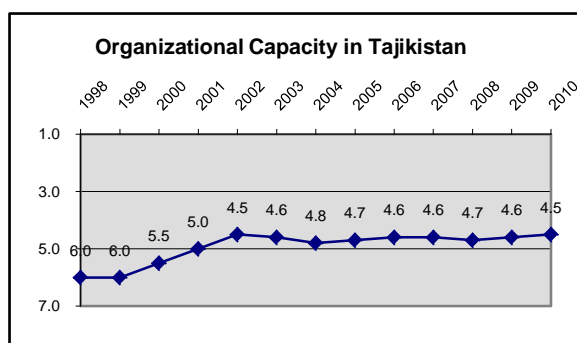


At the end of December, fifty-nine new amendments were introduced into the Tax Code without any public debate. Of specific concern was Article 161, which requires non-state legal entities to pay income and social taxes for employed staff based on “average salaries” for workers in the same geographical region. This provision would have increased taxes paid on behalf of workers whose actual salaries were below average. Similarly, changes to Article 259 now require any legal entities including NGOs to pay income and social taxes on service contracts as they pay for their employees. These measures were apparently taken by the government to increase the tax base. NGOs initiated strong lobbying activities demanding the government to overturn the amendments, however, the government decided to only withhold them until June 30, 2011.

NGOs obtain legal support from recently established legal consulting companies operated by NGOs, as well as by a core group of sixty-three lawyers practicing non-profit law in regional NGO support centers.

ORGANIZATIONAL CAPACITY: 4.5

Increased competition for donor funding prompted local NGOs to pay more attention to organizational capacity and recruit or develop strong personnel. NGO initiatives are increasingly becoming more targeted and result-oriented, and emphasis on evaluation of capacity development has become a new trend. For example, the national NGO Public Certification Project showed an increasing interest on the part of local NGOs in analysis of their organizational development. The total number of certified organizations is 136, including fifty-seven newly certified in 2010.



Still, annual rather than strategic planning prevails. NGOs adhere to their missions and visions without clearly defined mid-term strategies. Most NGOs are not interested in

FINANCIAL VIABILITY: 5.6

NGOs are still primarily dependent on foreign donors. International donor grants (85-90 percent) and paid training and consulting services (5 percent) are the main revenue sources for most public associations in Tajikistan. Only a limited number of NGOs use membership fees, social partnerships with local businesses, or small grants from local municipalities and social contracts. NGOs also started launching philanthropic programs. A successful example of this includes the work of the NGO Youth of the New Century, which raised funds and donations to support those who suffered from floods in Kulob City in May. Corporate philanthropy is a recent source of funding, primarily from commercial banks and

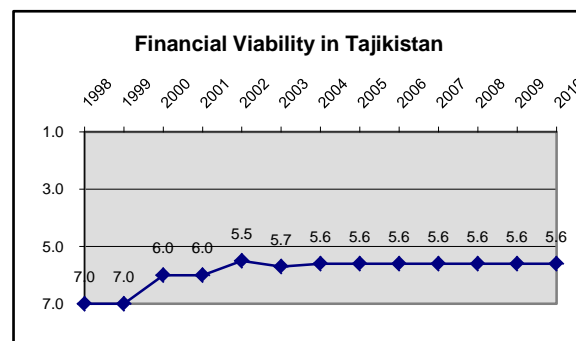
strategic planning unless it is a donor requirement.

The number of permanent staff in most NGOs varies from three to five full-time employees. However, a good number of organizations are still led by one person. NGOs utilize outside professional services such as accountants, IT managers, and lawyers. Some of them sufficiently recruit and engage local young volunteers. Others started attracting overseas senior volunteers through the British Volunteer Service Overseas organization and through German NGOs working with the Senior Expert Services (SES) organization.

NGOs are mostly managed by executive bodies. The role of the board of directors is not clearly defined in a majority of organizations. However, in some leading non-profit member associations (represented by a number of legal entities) the boards are actively involved in the governance of the NGO, allowing open and transparent operations.

NGO technical resources are improving; NGOs now use basic modern office equipment. However Internet use is still modest.

cellular companies aimed at charitable activities for vulnerable groups.



There are a limited number of small municipal grants (up to \$1,100) and presidential grants (up to \$5,000) available to address local problems

and national priorities. However, total availability of such funding for women and youth issues was \$230,000 in 2010, which was almost twice as much as allocated during 2009.

Constituencies and communities offer non-monetary support and volunteer services to address local problems. A good example of social partnership was implemented in Shurobod District. SUDVO Rushdi Sarichashma received a municipal grant of \$1,100 to arrange for the construction of a drinking water pipeline for 150 households in two Sarichashma communities. Local communities offered in-kind support and provided labor services in preparing pipeline trenches.

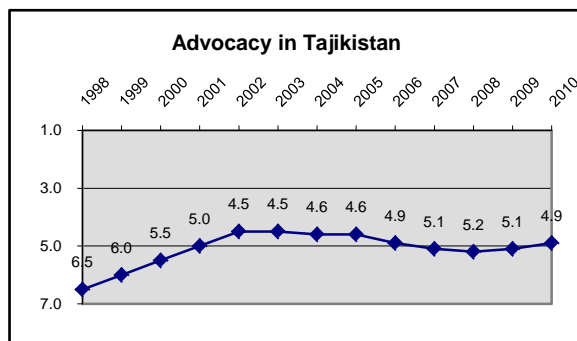
However, these grant funds are not always available. There are some times when NGOs'

permanent staff works without any payment. The Tajik local community unit (mahalla) has served for a long time as an organizing principle of community life and a support to local governments and NGOs. These and other forms of traditional civil society in Tajikistan have a potential for social mobilization, generating trust, and promoting development.

One of the weaknesses of Tajik NGOs is financial management. An ICT Center conducted a survey of 100 NGOs throughout the country and found that only 21.3 percent of NGOs applied technologies to manage financial reporting. Independent financial audits are conducted only upon the donors' requests; internal audits are not yet popular among local NGOs. Only 2 percent of registered NGOs have annual audits, partly due to cost.

ADVOCACY: 4.9

Government interest to engage with civil society – while still low – is increasing, and civil society in turn is responding and developing capacity to advocate more effectively. During 2010, a variety of legislative reforms and campaigns took place, which suggests that the sector is improving its capacity to advocate for its constituencies and to utilize diverse public advocacy techniques.



Civil society increasingly engages in dialogue with authorities and state institutions at different levels, trying to influence the norms and practices of the legal system as well as to monitor and improve the delivery of social services by the state. For example, the national Consumer's Union (CU) based in Dushanbe analyzes the work of the structures that provide

electricity, gas, and communal services and determines whether the rights of consumers are observed. It shares the results of the analysis with the media and assists consumers in filing complaints. There has been evidence that some of the published articles have influenced the local Dushanbe administration.

Coalitions, networks, and membership associations particularly are having increasing success in their efforts to engage with the government. For example, the National Association of Independent Media of Tajikistan (NANSMIT) arranged for public debates of the new version of the Law on Press. A set of recommendations was developed by NANSMIT's constituencies, and twenty-five of them (90 percent) were incorporated into the law. The Coalition of Women NGOs (ninety-one organizations) conducted a broad-based advocacy campaign to push for the new Law on Domestic Violence. Public awareness campaigns were held to gather recommendations to submit to the parliamentary working group. The twenty-four member Adult Education Association of Tajikistan (AEAT) collaborated on drafting the National Strategy on Education Sector Development to lobby for adult education concepts in the strategy. The AEAT Board

Member was included into the working group to provide expertise in possible approaches toward adult education system development in Tajikistan.

In addition, the Ministry of Economic Development and Trade began to work with NGOs to monitor and evaluate the Poverty Reduction Strategy (PRS). The establishment of a PRS monitoring group can be seen as a success in itself. The process started a dialogue on issues at the highest level, and laid the groundwork for future interaction between civil society and the government.

Many NGOs have also observed that the government turns to them more often for specific expertise. For example, the academy for Peace Development, in collaboration with the Ministry of Education, developed a Concept of Civic Education which was approved by the Board of the Ministry of Education and was recommended to the working group. On the local level, a network of six NGOs promoting

information and communication technologies began working with the local government to build their capacity by developing an electronic government system.

NGOs, however, consider their efforts to lobby on behalf of their sector as a continued weakness. There is still very little NGO participation in decision-making processes which concern NGOs directly. Laws are still adopted without consultation with the NGOs, such as the adoption of the most recent amendments to the Tax Code. The sector's response and ability to influence the government to reverse its decision illustrates its ability to unite and act, but NGOs feel that such efforts need to be institutionalized so that they can regularly lobby for the sector's interests. NGOs also note that their overall abilities to monitor and evaluate government performance and policy implementation are low. Most NGOs do not have sufficient skills in monitoring and evaluation in order to carry out this watchdog function.

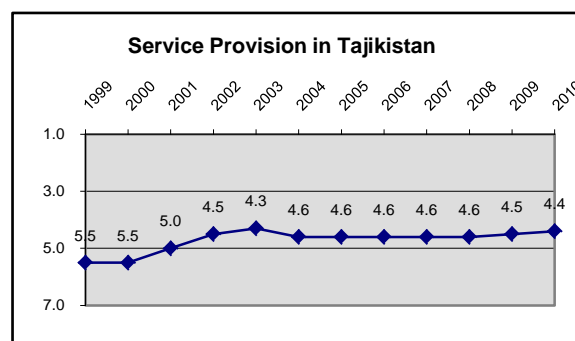
SERVICE PROVISION: 4.4

NGOs continued to diversify services in 2010 with services ranging from basic social services to economic development and empowerment programs. NGO service delivery is most developed in Gorno-Badakhshan Autonomous Province (GBAO) and Khatlon regions, which is partly explained by the state's difficulty in providing services to these remote areas. Populations in these regions see NGOs as integral to solving social problems. In these regions and around the country, NGOs work closely with communities to identify needs.

NGOs are also trying to monitor and improve the delivery of social services by the state. In doing so, NGOs create a system of government accountability for social service provision.

The quality of NGO services has improved due to high competition for reduced donor funding. The sector attracts competent staff and incurs program expenses based on current needs and available resources. However, most fees for

services do not allow NGOs to recover their costs. The only cost-recoverable services are adult education, training, and consultation services, including capacity building services offered by NGOs to local governments.



Another area of cost recoverable services is micro-finance. Several NGOs established micro loan programs to support income-generating activities of individual entrepreneurs and of local initiatives to solve priority problems in rural areas. According to the Association of

Microfinance Organizations of Tajikistan (AMFOT), micro-finance non-commercial funds

had up to 96 percent cost recovery for their services.

INFRASTRUCTURE: 4.5

Seven active civil society support centers (CSSCs) and other intermediary support organizations provide access to information, technologies and technical assistance throughout the country. There is a core group of local NGO management trainers available at the seven CSSCs and other training and support centers that offer basic NGO management/development and more advanced trainings. Many NGOs cannot afford advanced trainings as many donors do not cover the institutional development costs of local NGOs.

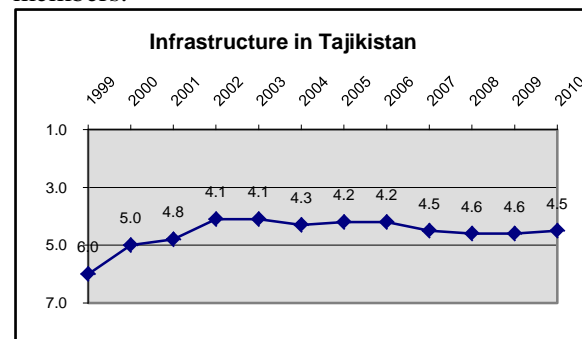
In 2010 the CSSCs' clientele were mainly newly established NGOs interested in basic NGO management and capacity building. Two CSSCs in Rasht and Kurgantube promoted organizational development of NGOs through small grants programs. CSSCs also expanded their clientele to reflect the needs and priorities of their constituents and communities. For example, labor migrant centers were established within the NGO resource centers.

There has also been a growth of network organizations in recent years. Initially, CSSCs were the sole umbrella organizations established in the country. In 2008, the Tajikistan National NGO Association was established. Now the trend has been towards a variety of networks, associations, consortia and coalitions.

For example, about twenty NGOs and other interested stakeholders came together in 2010 to establish AMFOT to lobby their interests with governmental structures and the international community.

The number of youth organizations is increasing as is their ability to network. The NGO Furugh and Group of Initiative Volunteers Accent are implementing a two-year capacity building program for thirty youth NGOs in northern Tajikistan. A website was developed to improve access to information and to create a platform for information exchange on www.freaset.tj.

The Tajikistan National NGO Association (TNNGOA) grew to 120 members and continued serving as a nation-wide platform to share best practices. For example, a series of roundtables conducted in the province centers focused on the success and failure of social partnerships throughout the country. TNNGOA also provides free access to news and information on the NGO sector through its website, www.cso.tj and through association members.

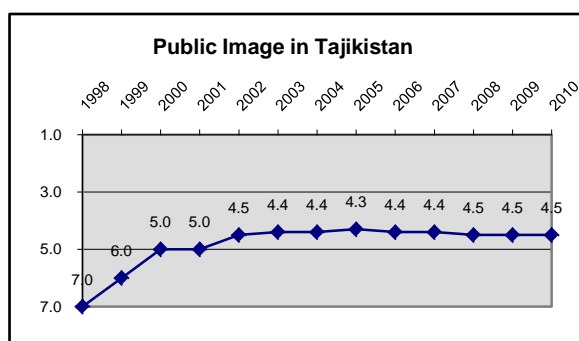


Still, a strong obstacle to the work of NGOs is the lack of coordination within the sector itself and strong competition for funding. While networks have had some success in obtaining funding, their focus is often determined by available funding rather than domestic priorities. Networks also have at times benefited from the interests of one particular organization – often a national one – which widens the disparities between regional NGOs' abilities to represent their constituencies and those of the capital-based NGOs.

Intersectoral partnerships have been gradually increasing between NGOs, community-based organizations and local businessmen, government structures, and media to address viable social problems of local communities. For instance, the Maslihat Association (Khorog, GBAO) has been working with community leaders on drug trafficking with the financial support provided by local entrepreneurs for the last two years.

PUBLIC IMAGE: 4.5

As the NGO sector has grown, diversified, and expanded its program activities and areas of public engagement, it has gained increased support and recognition from many quarters. The government itself has gradually opened avenues for NGO involvement in many areas. A number of government documents recognize the strong role NGOs have and will continue to play in the effort to overcome poverty and meet the Millennium Development Goals (MDGs). But the public image of Tajik NGOs still remains a matter of concern. NGOs are largely viewed as foreign donor driven organizations, and very few are viewed as true local NGOs, promoting the interests of local people.



Media coverage remains rather limited despite the fact that NANSMIT provides information support to the NGO sector and arranges coverage of major NGO achievements on its website in a media friendly format. NANSMIT

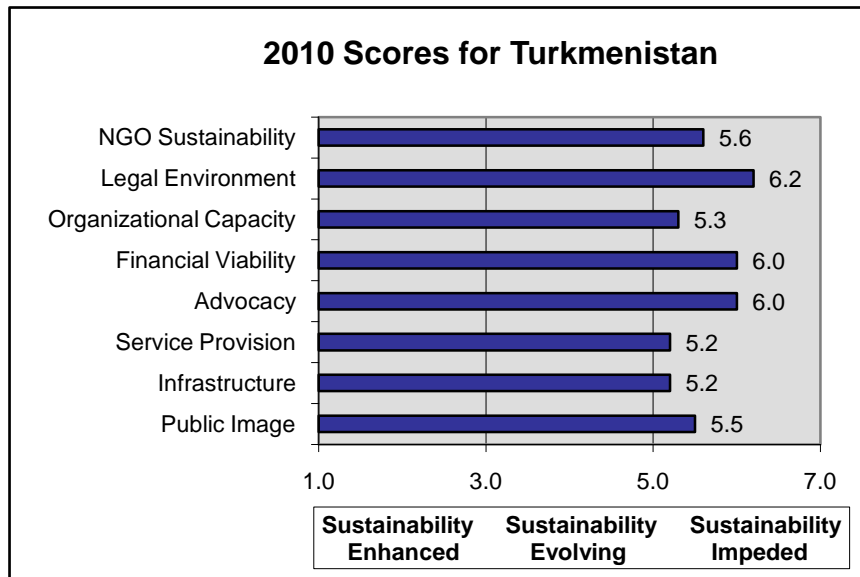
has also worked to promote partnerships between media institutions and NGOs involved in women and child issues. In an effort to target young journalists, the Aga Khan Development Network launched a pilot project to introduce a social journalism curriculum in four universities in 2010.

Many Tajik NGOs are not encouraged to engage with the media due to costs of publications and advertisements. Few NGOs have public relations specialists who are familiar with journalistic reporting styles and can develop press releases. Another factor is that some NGOs are not interested in publicizing their work because they wish to avoid potential government harassment or administrative interference.

Based on research conducted by the ICT Center, public perceptions of NGOs mostly depend on the attitude of their beneficiary groups, and less on media coverage. Most NGOs are well recognized by their target groups and stakeholders while the wider audience does not have sufficient information about their deeds.

Many networks and coalitions have developed codes of ethics to secure healthy cooperation and competition. Up to 100 NGOs publish their annual reports or use the NGO portal www.tajikngo.tj to share information about achievements throughout the year.

TURKMENISTAN



Capital: Ashgabat

Polity:
Republic-Authoritarian
Presidential

Population:
4,997,503 (July 2011 est.)

GDP per capita:
\$7,500 (2010 est.)

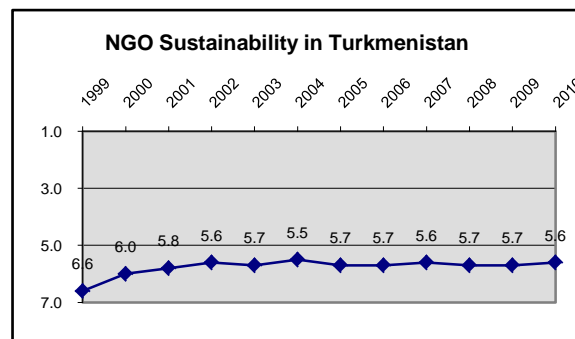
NGO SUSTAINABILITY: 5.6

NGO sustainability slightly improved in 2010. More cooperation and dialogue became possible with government institutions. For the first time, a select group of NGOs combined their efforts to develop and submit a draft Law on State Social Order to regulate contracting between state institutions and NGOs.

However, much-awaited changes in NGO legislation did not happen in 2010 despite NGOs' expectations. Efforts to introduce amendments to the 2003 Law on Public Associations (the NGO Law) were still in process at the end of 2010.

According to the Ministry of Justice, ninety-nine registered public associations are operating in Turkmenistan. In 2010 ten new organizations were registered. Turkmen public associations are mainly distributed among the following sectors: ecology, children and youth, women's issues, culture, art, science, education, legal rights, social rights, and the disabled. Sports,

professional associations, and government-organized NGOs (GONGOs) make up more than three quarters of this list.



An unspecified number of unregistered civic groups are working throughout Turkmenistan. It is difficult to assess their number as they are considered illegal by law. In addition, an unspecified number of initiative groups – sometimes registered as individual entrepreneurs – operate in the country.

LEGAL ENVIRONMENT: 6.2

A new Law on Associations of Advocates in Turkmenistan (bar associations) became

effective on July 1. The new law states that bar associations are elements of civil society (the

first time this phrase has been used in a Turkmen law) and not the government, which should help to make such organizations more independent. The new law clarifies that citizens have a right to free legal assistance and legal representation by reaffirming the constitutional right to be provided an advocate by the state when a citizen cannot afford to hire his or her own attorney.

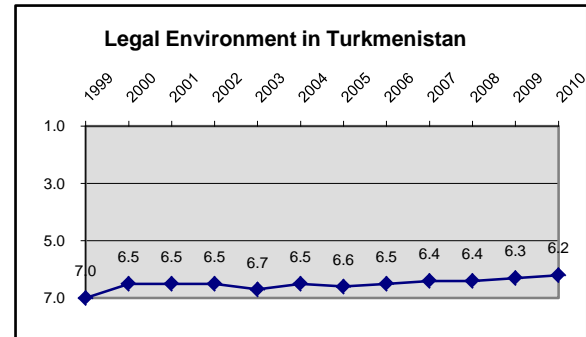
The 2003 NGO Law was not changed, although government institutions and NGO representatives developed roundtable recommendations and submitted them to the Ministry of Justice in 2009. Major recommendations include lifting the ban on activities of unregistered organizations and restricting the Ministry of Justice’s authority to stop a public association’s registration and suspend its operation. Delays were caused by a change of leadership within the Ministry of Justice.

Though the NGO Law has many flaws and the legal environment remains challenging, a core group of registered public organizations (such as the Union of Economists, Keik Okara, Bosfor, Agama, and others) do operate within the existing legal framework.

The government prefers to engage with public associations belonging to the public movement Galgynysh, which is chaired by the president. Galgynysh includes the National Center of Trade Unions, the Women’s Union of Turkmenistan, the Magtymguly Youth Union of Turkmenistan, the War Veterans Organizations, the Democratic Party, and other GONGOs.

Unregistered groups are considered illegal under the NGO Law. A fine of \$132 to \$263 can be levied against founders or leaders of such groups. If such groups receive funds from donors, a fine from \$263 to \$526 can be levied. However, there are ways for informal groups to legally receive donations if a person connected with them, for example, is registered as an entrepreneur.

The initiatives and operations of unregistered groups cannot be supported by government bodies or officials either at the local or national levels, but some unregistered groups contact state officials through informal channels.

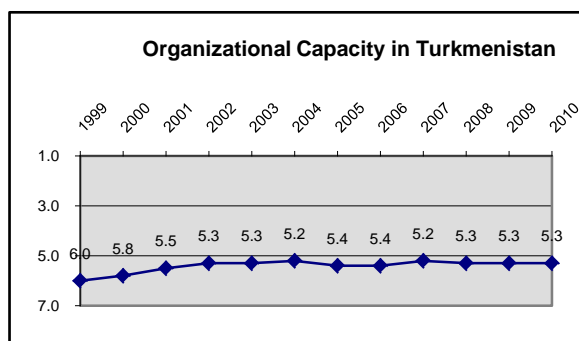


Tax legislation is not overly restrictive, but also is not particularly enabling. Grants and endowments are not subject to tax. However, NGOs do not receive any tax exemptions or deductions on income from economic activity. The laws allow NGOs to earn income by providing goods and services that correspond to their statutory goals.

By law, NGOs may also compete for government contracts and procurements. There is no mechanism, however, for NGOs to get engaged in this process at either the central or local levels. The law does not provide a mechanism for state institutions to enter into contractual relations with public associations. To begin to address this gap, a group of NGOs united to draft the Law on State Social Order, which was submitted to the parliament in 2010.

Many leaders and activists make an effort to become familiar with relevant laws and norms and seek help from legal experts. Civic groups obtain legal information directly from international organizations. NGOs may also access legal information through Bosfor, which provides free access to its legal library and renders consultations. In the absence of designated public or state institutions working to develop the sector, these organizations serve as knowledge resources and sources of consultation.

ORGANIZATIONAL CAPACITY: 5.3



Under the 2003 NGO Law, the executive of a public organization is a standing elected collective body accountable to the organization. The law prescribes that the procedures for establishing the executive body, as well as its competence, length of term in office, and procedures for scheduling meetings and making decisions, should be written in an NGO's statute. By law, the statute binds every registered public organization to maintain financial records as well as to have an auditing commission.

NGOs are trying to operate in an open and transparent manner, allowing contributors and supporters to verify the appropriate use of funds. The majority of registered NGOs publicize their financial records at general meetings. Those who are capable of sustaining websites provide this information on their sites.

FINANCIAL VIABILITY: 6.0

A cohort of primarily international grantmaking organizations continues to finance public organizations and various civic groups throughout Turkmenistan. They try to distribute their grant funds among NGOs including GONGOs and informal groups. Some donors provide grants in cash, and some pay for project expenses directly. Only the World Bank office annually publicizes grant winners on the Internet.

A core group of NGOs including Agama, Keik Okara, Accountants of Turkmenistan, Bosfor, the Union of Economists, and Polyot are trying to move away from donor dependency. They

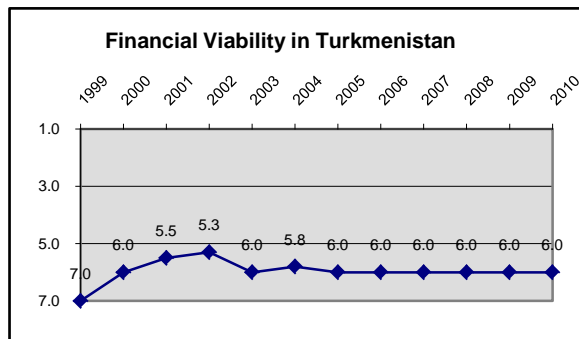
The core group of registered NGOs (such as Keik Okara, Union of Economists, Agama and others) implements strategic planning, but their long-term planning does not usually go beyond three years given the uncertainty of funding. Ambiguity about future financial resources prevents civic groups from strategic planning despite skills and training.

In general, NGOs are unable to train their staff or to receive quality capacity building consulting. The absence of any designated training institution interested and capable of providing NGO capacity building services for free hampers the development of both registered and unregistered civic groups.

Most NGOs' equipment was received in 2005, or earlier and needs updating. Scarce financial resources make updating such equipment difficult for both registered and unregistered groups. Some registered NGOs have websites aimed at building their constituencies, sharing information with the public, and raising public awareness about their work. Website maintenance and information updates depend on the existence of qualified personnel and financial resources. Internet speed is unreliable and relatively expensive.

seek to diversify their resources using income from services, individual contributions, and membership fees. Individual donations, however, are sporadic and have little effect on the general funding situation. Several registered NGOs have also attempted to provide some services to the government. However, NGOs' participation in such endeavors is still unpaid since there is no mechanism by which NGOs can be paid for their services. The only government contracts given for service provision are to GONGOs such as the Union of Entrepreneurs, the Women's Society, etc. In these cases, contracts for service provision can be understood as carrying out government

'orders' without specific financial compensation for the service provision.



ADVOCACY: 6.0

Registered NGOs increasingly engage in dialogue with governmental institutions. Some, like the Leagues of Radio Amateurs, seek technical assistance and consultations with relevant ministries. Others, such as Keik Okara, the Union of Economists, and the Union of Professional Accountants work on common topics together with ministries and municipalities. Still others, like Agama, try to influence the development of ministry plans. Agama's efforts to encourage tourism, particularly the development of a group of tourist guides, resulted in three joint activities being included in the approved plan of the State Committee on Sports. Some initiative groups also have fruitful contacts with government personnel in advocating for particular issues, albeit unofficially. Groups noted that these contacts also increased in 2010.

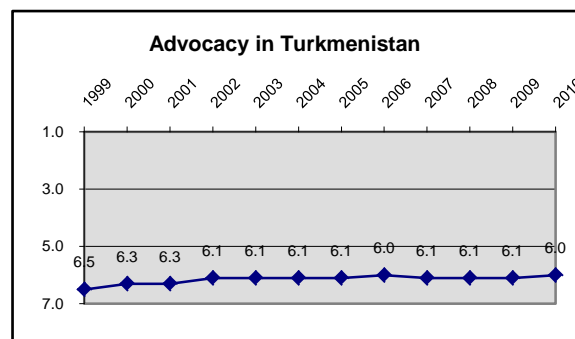
A pattern of cooperation on issues of mutual concern is evolving between NGOs and state institutions. For example, the Union of Economists maintains partnerships with the Ministry of Finance, the Ministry of Economy and Development, and others. Such cooperation also includes specific projects. The Union of Economists drafted the Law on Microfinancing for the parliament. Also the Ministry of Finance engaged with the Union of Professional Accountants on elaboration of the Law on Accounting and Financial Recording. Another example is Agama, which worked with the State Committee of Sports, Ministry of Nature, and a

International donor grants are the main financial source and means of operation for a majority of informal groups and some registered NGOs. Small local groups seek support from local authorities and businesses. Typically, civic community groups benefit from in-kind donations like used furniture or use of space for a specific event. Donations to NGOs from medium-sized and large businesses are occasional. A lack of legislative incentives discourages businesses from donating. In general, Turkmen businesses are not interested in donating to the NGO sector.

municipality on preparing activities for the International Day of Tourism.

One notable advocacy effort during 2010 took place when a group of public organizations including Polyot, PO Agama, Bosfor, the Guitarists Society, Keik Okara, the Union of Economists, and the Union of Professional Accountants united in drafting the Law on State Social Order. As the result of this work, the draft was submitted to the parliament. This action was useful in that it demonstrated the importance of participating in advocacy work that affects the NGO environment, and it also showed the benefit of collective action.

Still, the government continues to be rather wary of civil society. For example, an NGO needs to obtain permission from the Ministry of Foreign Affairs to have a government official at a meeting. Government officials, in turn, require written approval from the same ministry to attend such meetings.



SERVICE PROVISION: 5.2

Public associations mainly work in the areas of ecology, children and youth, women's issues, culture, art, education, legal rights, social rights, and the disabled. In relation to ecology, the organization Lachin Ai carried out a project on environmental safety and youth. Ecological education was also the topic of the Lebap (province) House of Children and Youth. Several NGOs support people with disabilities. The economic NGO Rodoguna provided education in painting and drawing for young people with disabilities. The Center to Support the Disabled worked on a family support network. All these activities were sponsored by the World Bank office in Ashgabat.

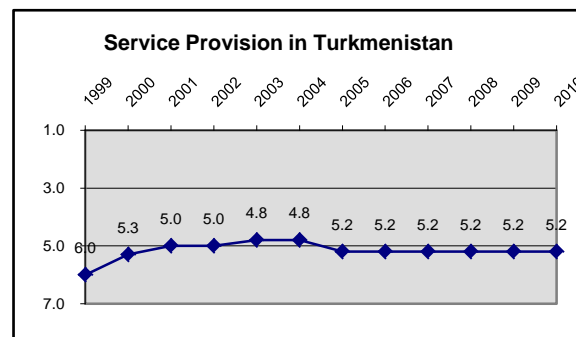
Several organizations also undertook projects in the human rights sphere. Keik Okara, for example, carried out a project – Prevention of Violence at Home and Support of Domestic Victims – with the involvement of the municipality and financial support of the OSCE office in Turkmenistan. Keik Okara also conducted a School of Leadership for Young People and several roundtables in relation to the school.

Notably some civil groups are active in the human rights domain as well. Perspektiv and other initiative groups actively participated in a Human Traffic Conference and a seminar organized by the OSCE and the Red Cross; they also took a part in the OSCE Review Conference

INFRASTRUCTURE: 5.2

The countrywide network of Civil Society Support Centers (CSSCs) and resource centers are weak. Since the USG program to support CSSCs ended in September 2009, not one of these centers has managed to register as an independent entity and provide a full range of services. Their services are confined to photocopying, information dissemination, and Internet provision when available. These centers cannot satisfy the needs of NGOs and initiative groups that seek consulting and training in management, accounting, financial management,

on political, economic, and human development dimensions in the Commonwealth of Independent States (CIS) region.



A trend worth noting is that registered organizations are becoming more engaged as expert trainers for specific government bodies. The Union of Professional Accountants is in high demand among specialists in the accounting field. At the proposal of the Ministry of Finance the organization trained accountants in state and private organizations. Agama proposed several trainings to the State Sports Committee on personnel development. Polyot rendered its flight and technical rescue training services to the frontier troops. However, the current inability of state institutions to pay for these services prevents development of a more formal service contract relationship. State institutions do not have an official mechanism for maintaining relations with NGOs, and this makes institutions cautious of such cooperation.

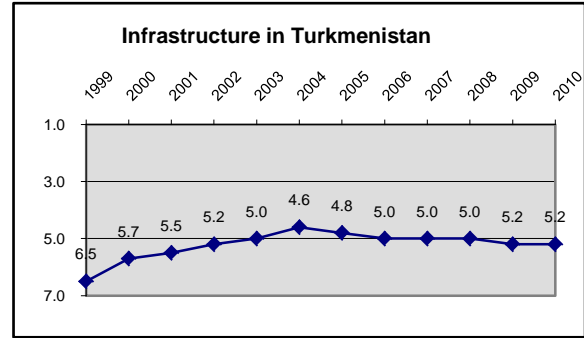
fundraising, volunteer management, and general capacity development services.

Some initiative groups such as the Center of Information and Social Marketing in Mary fill in the niches in the network of civil society service centers, but in general such centers have similar challenges as all unregistered groups. They are too weak and unstable to provide quality support due to their legal status and financial limitations. No organization provides computer training or

related technical assistance for communities either in the capital or provinces.

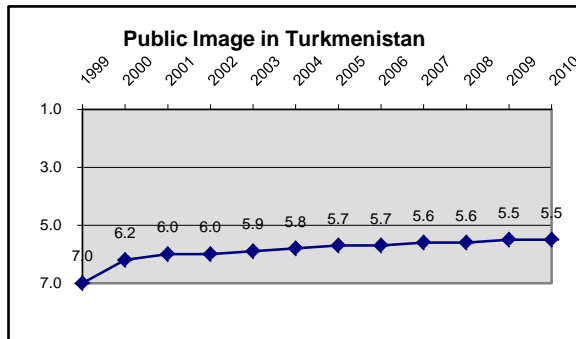
In the capital, several centers such as those sponsored by the OSCE, the U.S. Embassy, and the UN Library provide limited services, including Internet access. Due to the heavy use of the U.S. Information Resource Center, it allows only thirty minutes per visitor.

There are no local community foundations that provide grants to NGOs or re-grant international donor funds. Rather, international donors are trying to spread their moderate funding levels among various NGOs within different sectors.



In 2010, there was one good example of network and coalition building among NGOs. Several public organizations took responsibility for promoting the sector's interests when drafting the Law on State Social Order. Such an effort could become a model for more coalition efforts.

PUBLIC IMAGE: 5.5



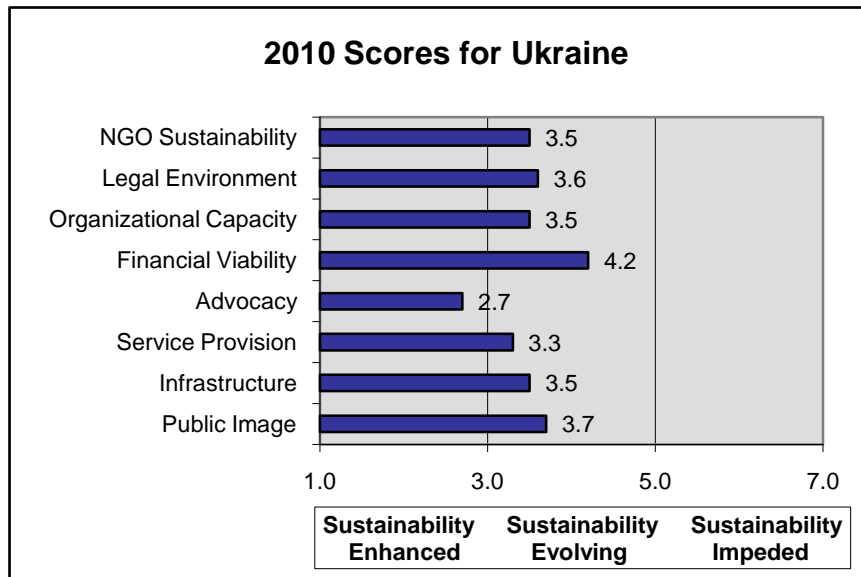
There is little change in the perception of NGOs in the media. Media coverage remains limited primarily to pro-government NGOs. The central state newspaper generally does not publish materials offered by NGOs with the exception of pro-government NGOs. Unregistered groups working in the civil sphere cannot benefit from media coverage due to their unrecognized status.

In contrast, GONGOs such as the Youth Organization and the Women's Association of Turkmenistan appear regularly in the media and in publications. PO Agama, for example, was published in the Tourism of Turkmenistan magazine, Sport of Turkmenistan, and Turkmenistan – Golden Century electronic magazines and others.

At the same time, even pro-government NGOs, have difficulty in getting media coverage on certain issues. For example, there was little media interest for NGOs that were drafting the Law on State Social Order.

The government is satisfied with the status quo in relation to the NGO sector. The absence of state interest in the expansion and development of the NGO sector is reflected in the media's attitude toward NGOs. There is little public understanding of the role that NGOs could play in society and in social development.

UKRAINE



Capital: Kiev

Polity:
Republic

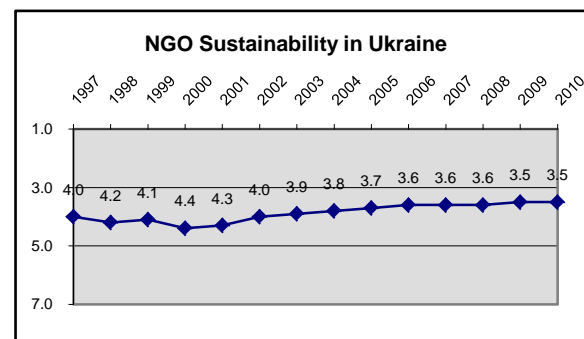
Population:
45,134,707 (July 2011 est.)

GDP per capita:
\$6,700 (2010 est.)

NGO SUSTAINABILITY: 3.5

Overall sustainability of the Ukrainian NGO sector in 2010 was similar to that in 2009. While there were noticeable improvements in NGOs' efforts to carry out advocacy campaigns, the legal environment was little improved and government harassment of some NGOs actually increased. A review of the three years of implementation of the Civil Society Development Concept, which provides a basis for government communication with civil society and for developing laws to regulate relations between government and civil society, showed that none of the major recommended improvements of the laws affecting civil society institutions were achieved.

The financial crisis facilitated the involvement of more skilled employees in NGO activities and encouraged financial diversification. At the same time, the number of organizations that received financing from governmental bodies decreased. The range of services provided by NGOs increased, but this was not accompanied by the organizations' ability to "sell" the services to their clients.



In 2010, NGOs' public image improved. The public became more aware of NGO activities and the majority of individuals saw a need for NGOs. More and more media began working with NGOs and asked NGO experts to present their positions on certain issues.

The number of registered associations in 2010 remains unchanged in comparison with 2009 and is around 52,000. The number of registered charitable organizations has been stable for the last two years at nearly 11,000.

LEGAL ENVIRONMENT: 3.6

Improvements in the legal environment for NGOs in 2010 were offset by an increase in administrative obstacles and harassment of some NGOs by the government.

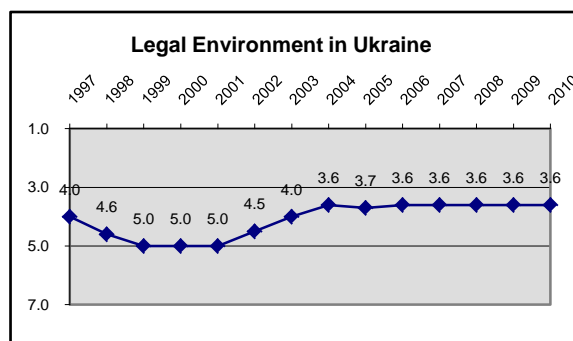
The registration process for civil society organizations is fairly straightforward, although refusals still occur from time to time. For example, in Kirovohrad, the Department of Justice refused to register one NGO on the grounds that the local Department of Justice had never registered an NGO before. The process for introducing changes to NGOs' statutes and their governing bodies' membership became more complicated.

Administrative obstacles to NGO activities and intimidation by governmental bodies became more frequent in 2010. The Ministry of Economy's delays in the registration of international technical assistance projects and processing Value Added Tax (VAT) refunds inhibited NGOs from carrying out some of their programs. The tax authorities were also used to pressure NGOs. A number of local NGOs were charged and some dissolved following claims by tax inspectors that they violated tax regulations. The Security Service of Ukraine (SSU) in particular increased its intimidation of NGOs and civil society activists, including those focusing on HIV/AIDS related therapy programs. Concern over the SSU actions was voiced by a number of international and European institutions, including through an October Parliamentary Assembly Council of Europe Resolution (1755).

Also worth noting, the draft Law on Volunteer Movement proposed in parliament, if approved, will allow only charitable organizations with all-Ukrainian status to host volunteer activities, and only if their statutes specifically provide for volunteer activities and identify the sources by which they are financed.

At the same time there were some positive legislative developments. The new Tax Code that was adopted in 2010, and went into effect in 2011, contains some improvements. For

example, it has substantial new tax preferences for recipients of charitable assistance. Specifically, individuals who receive charitable aid in response to natural disasters or other specified situations are now exempt from paying income tax on charitable aid. Individual recipients are also exempt from paying income tax on the value of services received from health care institutions if such institutions receive designated contributions to provide health care services to such individuals. The new Tax Code also includes provisions on endowments for the first time – a breakthrough which provides a legal base for establishing endowments in Ukraine.



Enforcement of the Tax Code could still affect civil society organizations negatively. Efforts by businesses, civil society, and unions to modify the code were partially successful, but it is unclear if some of the main goals – like retaining a simplified tax system – will be kept. International Monetary Fund (IMF) demands could require the elimination of a simplified taxation system. This would have an adverse effect on the NGO sector since NGOs' employees are often registered as private entrepreneurs in order to help the organizations mitigate their salary tax liabilities.

In June 2010, the new Law on Implementation of State Procurement was adopted. Overall, this law provides for better procedures regarding transparency and accessibility to government contracts, which will benefit small and medium businesses and non-governmental service providers.

The Decree on Insuring Participation of the Public in Establishing and Implementation of State Policies was adopted in November. The new decree allows for greater citizen participation in government decision making and is an improvement compared to previous legislation. According to these new procedures, public councils are no longer established by the order of the minister, but are initiated by NGOs. The decree also substantially expands the list of organizations eligible to serve on public councils. While a ministry is not obligated to follow their determinations, public councils have broad authority to issue recommendations on policy and legislation within the competence of the ministries.

A draft of the Resolution on Provision and Transparent Distribution of State Funds among NGOs was also developed in 2010. If adopted, it will require government agencies to disburse government funds dedicated to NGOs on a competitive and transparent basis.

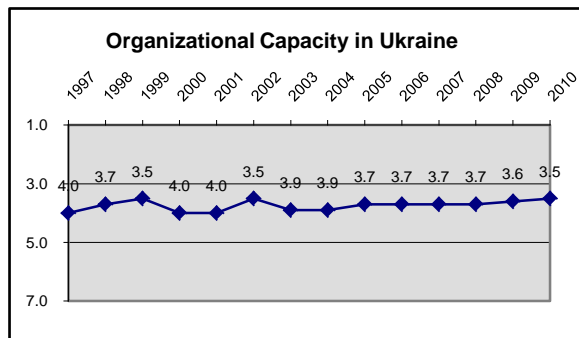
Monitoring of the implementation of the Concept Paper on Support of Civil Society Development in 2009 demonstrated that all ministries and oblast state administrations

(OSAs) comply with the Concept's provisions by approving plans and submitting reports on the Concept implementation. However, only 20 percent of events for engagement with civil society included in the ministries' plans and 44 percent included in OSA activity plans meet the Concept's objectives. Only 28 percent of OSAs organize competitions for projects that provide financial support to NGOs.

At the level of ministries, the least attention is paid to the development of volunteerism and the creation of conditions for NGO development. At the OSA level, the least implemented tasks are those related to improvement of laws and regulations.

During the three years of Concept implementation, none of the key areas related to improvement of legislation regulating activities of civil society institutions was completed. The state policy facilitating civil society development is unique: 576 executive bodies approved the plans of the Concept implementation, but no governmental body is responsible for the successful implementation of the overall policy.

ORGANIZATIONAL CAPACITY: 3.5



NGO organizational capacity improved slightly in 2010. A new type of NGO appears to be emerging that is more focused on its organizational mission rather than securing funding and that uses result-oriented management strategies to achieve its objectives. Also worth noting is that in comparison to previous years, more donor organizations

dedicated portions of their grants to capacity building.

The number of strong and experienced NGOs in the regions continued to grow. The following were contributing factors: better knowledge of and responsiveness to local needs, focused leaders and organizations ready to work long hours with limited funds, and close cooperation with local governments.

Organizations have learned to involve and work more with their supporters. For example, the work of many HIV organizations with their target groups resulted in the creation of new NGOs founded by the former supporters. However, the majority of organizations still do not have long-term strategies for involvement of new members and retention of supporters. A few

organizations involve representatives of their target groups in their management. Still, participation of target groups generally is limited to providing information for funding proposals.

The share of organizations having full-time employees has been gradually decreasing (from 64 percent in 2002 to 41 percent in 2010) as has the average number of permanent employees in an organization (from four in 2009 to three in 2010). However, more organizations use various types of part-time and consultancy work contracts.

The financial crisis had a positive impact on the quality and professionalism of NGO staff. In the regions, more researchers and professional staff have joined organizations. It has become more

FINANCIAL VIABILITY: 4.2

Financial support from government bodies further decreased in 2010. Organizations commonly encountered delays in financing from local budgets or even non-payment of promised funds. NGO service providers in particular were inhibited in their abilities to carry out planned programs and to improve professional service offerings, especially in the social sphere.

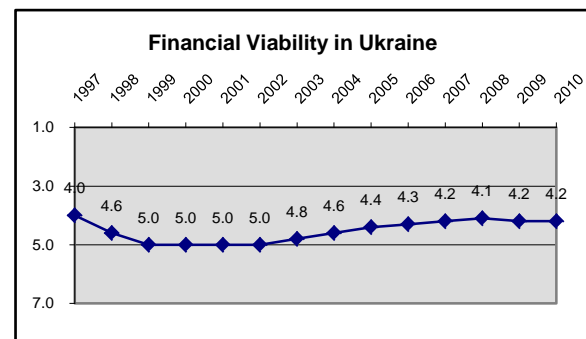
Local authorities announce competitions for NGO grants, but such support is generally small, difficult to receive, and sometimes nontransparent. It is easier to receive financial support from a ministry than from local authorities, assuming the activity involved is of interest to the ministry and of national scope. NGOs can provide services for which they have a license and that are mentioned in their statutes, such as education or health services.

Despite the financial crisis and limited financial resources, businesses continued to support charitable projects and NGOs' activities. Big companies increased their attention to community development issues, and more small and medium businesses became aware of NGOs and their activities. Giving by businesses increased; 45 percent of businesses gave up to \$500 compared to 38 percent in 2009, and 12 percent gave up to \$2,000 compared to 10

popular among young people and students to begin a career by volunteering for an NGO. According to CCC Creative Center research data, the number of volunteers who are students or recipients of NGO services more than doubled during the past year. The same research showed that the nominal salary of an NGO sector employee grew even as inflation rates increased.

According to CCC, only half of all NGOs prepare and publish annual reports both in printed and in electronic form. A few NGOs claim to monitor and evaluate their programs and involve external experts in these efforts. The number of organizations that develop two-year strategic plans increased from 15 percent in 2009 to 20 percent in 2010.

percent in 2009. More NGOs also mentioned that non-financial support from businesses (up to \$500) increased.



During the past years, NGOs have received less international donor funding overall, but such funds still constitute a significant portion of their budgets due to reduced funding from other sources. NGOs have begun to pay more attention to diversifying funds. However, opportunities in such areas as social enterprise are still not well developed, partly due to the lack of an appropriate legal and tax environment.

Attention to financial management appears to be increasing. According to CCC research, more than half of organizations have an accountant (68 percent), and 62 percent of organizations

believe that their accounting systems meet national or international accounting standards. About one-third (26 percent) have been audited and half (50 percent) are ready for an audit. At the same time, the majority of NGOs do not take

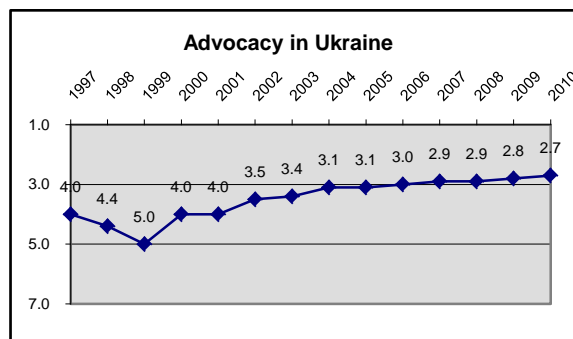
advantage of incentives offered by the tax laws, because they lack understanding of the laws. Donors also voice concern over untimely reporting, expenditure documentation, and overall abuse of funds.

ADVOCACY: 2.7

NGO cooperation with governmental bodies and attempts to influence the legislative processes continued to increase, especially at the local level. NGOs began to participate more in the development of local policies and oblast strategies, and organized more joint activities. For example, due to NGO efforts, a program on e-government development was adopted in Mykolaiv, and a strategy for the development of social entrepreneurship was approved in Donetsk. With UNDP support, local advisory bodies between NGOs and government officials were created in more than 500 localities to improve cooperation. Still, such cooperation is not typical in all regions, particularly those far from Kyiv.

NGO efforts on the national level also progressed. In relation to NGO legislation, half of the proposals to improve the Tax Code submitted by NGOs were accepted. Also, although the NGO coalition that developed the draft Law on Access to Public Information was not able to convince the legislature to pass the law on its second reading, it nonetheless drew international community attention to the importance of citizens' access and subsequently increased government attention to the issue. As a result, a working group with members of parliament, civil society, and media formed and developed two laws for the parliament: the draft Law on Introduction of Some Changes to Some Legal Acts of Ukraine (that governs the

classification of government information) and the draft Law on Access to Public Information. The latter law was finally passed in January 2011.



At the same time, many NGOs feel that their ideas and access to resources are being used by the government without due credit. They also voice concern about how their ideas are implemented and their lack of involvement in implementation of these programs.

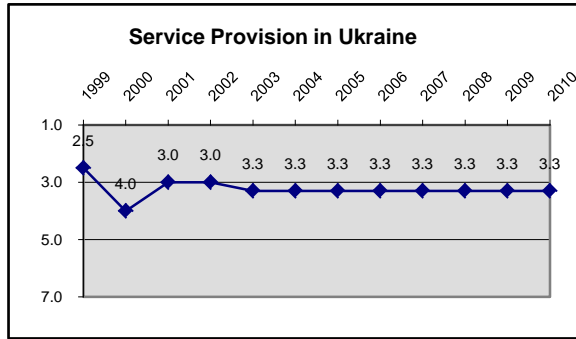
NGO coalitions have become a successful tool for advocacy and lobbying in Ukraine. Such newly created movements as New Citizen, Stop Censorship, and Rebuff successfully represent and lobby citizens' interests and improve NGOs' public image. However, NGOs still need to work on coordination of their lobbying efforts through better planning of activities, allocation of resources, monitoring, and flexibility to address the changing political environment.

SERVICE PROVISION: 3.3

The range of goods and services provided by NGOs is slowly increasing. Organizational capacity is developing, and organizations cooperate with governmental bodies and service recipients. NGOs more often study the needs of their clients and tailor their work to them rather

than to the donor. Several services were initiated and are provided exclusively by NGOs, for example, employment of persons with disabilities. Unfortunately, there is no centralized resource providing information about the various services provided by NGOs (legal,

advisory, social, and other). NGOs' ability to popularize and "sell" their products is weak.



The quality of services provided by NGOs is improving. For instance, organizations that provide medical and social services to people with HIV/AIDS not only improved the quality of their services, but also initiated development of standards for provision of such services for

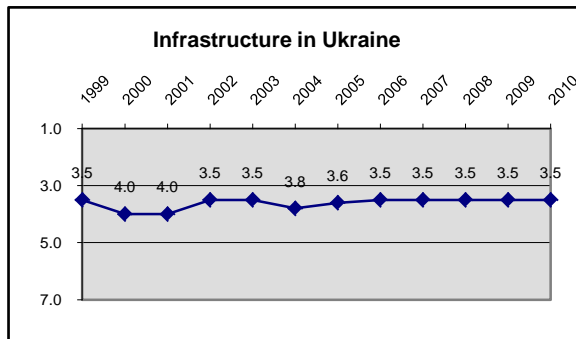
the state. At the level of the Ministry of Health Care, the standards for provision of medical and social services have already been adopted.

The increased range and quality of services still do not allow NGOs to receive profits from service provision. Organizations cannot determine the value of their services and find a "buyer" for them. In some cases, the government takes advantage of this. By providing financing from local budgets to NGOs, local authorities can privatize organizations' assets. For example, the Samaritan NGO from Kyiv received financing in exchange for signing over part of its property to public officials. This example of public officials' corruption is not unique. In order to receive financing, NGOs often are asked to transfer their property to public officials.

INFRASTRUCTURE: 3.5

While some NGO resource centers have closed and changed their services, more NGOs have taken on some of the functions of such centers and begun offering training and related services. The overall need for such services is still high given the emergence of new organizations and changes in NGOs' staff. Basic project management and organizational development training is particularly needed by small NGOs on the local level.

exchange of information (85 percent), meetings (73 percent), joint activities (72 percent), and partnership projects (60 percent). More than half (69 percent) said they were members of coalitions. However, NGOs have still been unable to unite and create an organization, coalition, or network that would represent the NGO sector's interests at the national level.

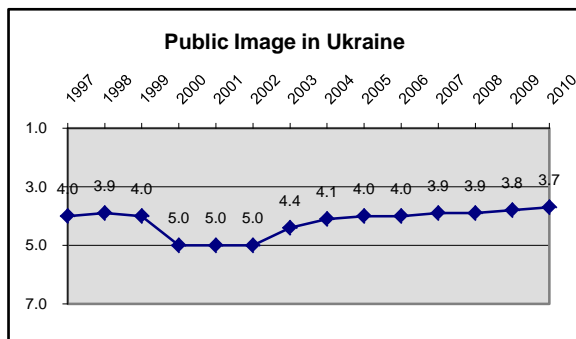


The results of a CCC study found that the most popular types of cooperation among NGOs are

Intersectoral partnerships continue to be encouraged by donors. For example, UNDP facilitated the creation of approximately 1,000 local NGOs primarily in small communities whose activities are financed by UNDP and local budgets. These NGOs focus on local community initiatives such as fixing up a kindergarten or building a playground. While there are positive examples demonstrating that this type of programming can be sustainable, these organizations created for the specific needs of a project may ultimately find that viability is a problem.

PUBLIC IMAGE: 3.7

Public awareness about NGOs and their activities is growing. Research conducted by the International Foundation for Electoral Systems (IFES) in September demonstrated that 40 percent of the population knows about NGOs compared to 28 percent in 2009 and 15 percent in 2008. The need for NGOs and their activities was acknowledged by 62 percent of respondents. These figures demonstrate a change in public opinion regarding NGOs. In general, at the national level references to NGOs' work increased, and there are more statements made by a broad spectrum of politicians about the need to cooperate with NGOs.



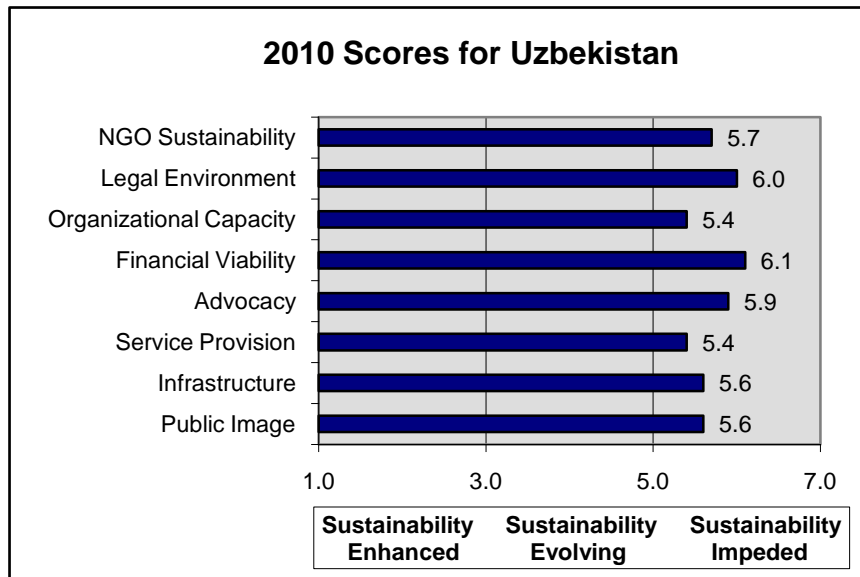
Improvements can also be seen with regard to recognition of NGOs and their activities. Businesses look to organizations for cooperation in charitable activities. Both local and national

governmental bodies support NGOs initiatives. Organizations improved their cooperation with the media and journalists. References to NGO experts in newspapers have now become the norm. In other words, the media's attitude toward NGOs has changed, and civic activists today are seen as bearers of new thinking.

Changes in the attitude of the government and the public are especially noticeable at the regional level. For instance, NGOs played an important role in the strategic development plans in Zakarpattia and Zaporizhzhia Oblasts by informing authorities about citizens' opinions and initiating development of similar plans in many raions of these oblasts. The authorities in both oblasts acknowledged the effort and role of NGOs in development of the strategies.

Still, there are cases of "parasitizing" of an NGO's idea. NGOs are sometimes created before elections as political projects in order to promote particular politicians, which can undermine the level of society's trust in NGOs. In 2010, NGOs also noted government attempts to discredit their activities by claiming that the problems that NGOs are dealing with – censorship, restriction of democracy and freedoms, etc. – are unsubstantiated.

UZBEKISTAN



Capital: Tashkent

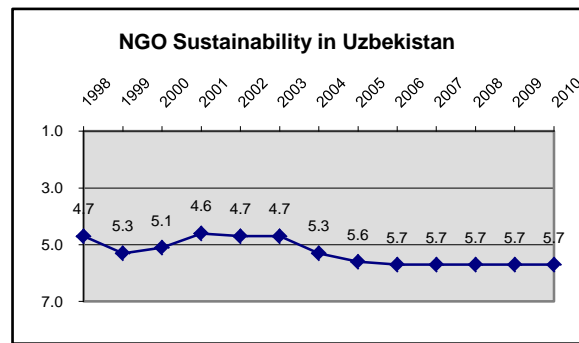
Polity:
Republic-Authoritarian
Presidential

Population:
28,128,600 (July 2011 est.)

GDP per capita:
\$3,100 (2010 est.)

NGO SUSTAINABILITY: 5.7

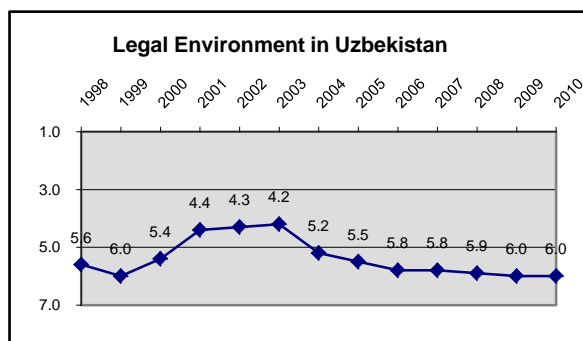
The status of NGOs in Uzbekistan changed little in comparison to 2009. Overall the environment for NGOs is challenging, even as the government has now begun to declare the need for civil society development. This was particularly demonstrated in a November 2010 speech by the president to the parliament where the president noted the need to further develop the institutions of civil society. However, in practice this has meant strengthening primarily the large NGOs established by the government (government-organized NGOs or GONGOs), among them the Institute for Studies of the Civil Society (ISCS), the National Association of NGOs (NANGOUZ), the National Association of Electronic Mass Media (NAEMM), and three to four more organizations have been strengthened both financially and organizationally. All of them have branches and resource centers in the regions and receive political and financial support at the national and regional levels. These organizations, in effect, have become the NGO movement, but the activities of these organizations are determined by the government.



The official figure of 5,400 NGOs operating in Uzbekistan (compared to 5,000 in 2009) does not reflect the real situation, and the origin of the figure is not clear. In each region currently there are 90-120 NGOs (including branches of pro-government organizations, which make up 20 percent of all NGOs). Based on this information, estimates of the number of NGOs nationwide range from 1,500-1,600 (compared to 1,200-1,300 in 2009). About 50 percent of NGOs are not active due to a lack of funding. There is no reliable statistical data on NGO registration and activities.

LEGAL ENVIRONMENT: 6.0

The legal norms governing NGOs have remained unchanged. The basic laws such as the Law on Nongovernmental Noncommercial Organizations, the Law on the Guarantees of NGO Activities, and the Law on Charity still are primarily of a declarative nature since there are no provisions for their implementation in the laws or in accompanying bylaws. However, according to the Concept of the President delivered in November 2010, the Law on Public Control and the Law on Social Partnership are to be adopted in 2011-2012. The Law on Public Control will ensure public participation in the exercise of control over the activities of state bodies. The Law on Social Partnership will establish mechanisms for cooperation and partnership between government authorities, NGOs, and businesses. This suggests some liberalization of the environment and offers hope for further reform of legislation on NGOs.



The statutory procedure for the registration of NGOs is not respected by the government. In practice, it is quite complicated to register an NGO. In the regions, only five to eight NGOs are registered annually, which is approximately the same number that are closed down each year. The judicial authorities come to a decision on

registration only after consultation with law enforcement authorities.

In January 2010, the judicial authorities introduced new forms for quarterly and annual reporting by NGOs. The forms include fifty-eight financial and organizational statistical items. The reporting requirements for NGOs are similar to those for commercial organizations.

Despite NGOs' official request to the parliament and to the Ministry of Justice to lift sanctions for late reporting and non-reporting or for carrying out activities without permission from the judicial authorities, NGO officials can still be fined in the amount of \$2000 to \$2500, which is twenty times more than the fines imposed on commercial organizations for similar infractions. There have been only two cases within the past two years when the sanctions were applied against NGOs. Still, the judicial authorities constantly remind NGOs of the possibility for such sanctions, and their warnings serve as a deterrent. These admonitions also appear to have limited the interest of new NGOs to register with the authorities; a decrease in NGO registration appeals to the Ministry of Justice is understood as partly due to the possibility of high levies for minor administrative violations.

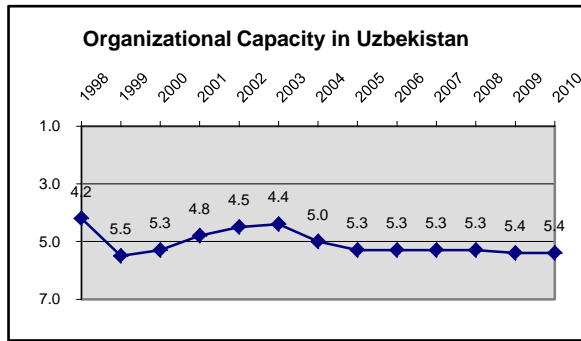
There are few if any special tax provisions for NGOs. NGOs do not pay taxes on grants that are used for the specific authorized purpose of the grant. NGOs are obliged to pay the same taxes on their earned income as businesses.

Legal advice for NGOs is not widely available. In lieu of formal advisory services, there are several NGOs that provide legal advice to other NGOs.

ORGANIZATIONAL CAPACITY: 5.4

Pro-government organizations are supported by the state authorities and engage to some extent in strategic planning. They are active and easily implement their activities based on the plans and budgets approved by the government.

Independent NGOs generally have modest resources. They rarely engage in strategic planning as they can only plan their activities when funds are available.



One or two full-time employees work in independent NGOs. In contrast, pro-government organizations have twenty to eighty full-time employees financed from the state budget. Independent organizations mainly depend on

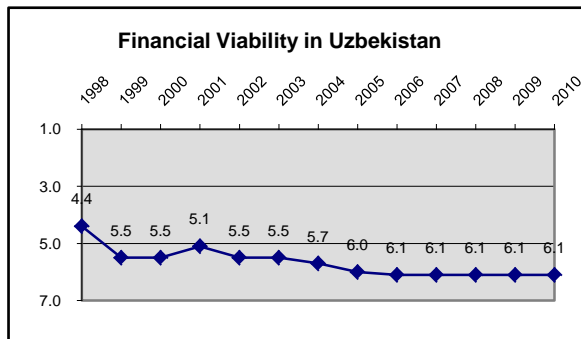
unpaid volunteers to supplement their limited staff.

Some NGOs have boards of directors (governing boards), but their work is formal and is limited to official functions. The boards of directors and similar administrating authorities work quite actively in pro-government organizations.

Due to lack of finances independent NGOs suffer difficulties in acquisition of office equipment and often use obsolete equipment acquired using personal finances.

Almost all NGOs have access to Internet, but its use is limited by censorship, and all critical independent sites are restricted.

FINANCIAL VIABILITY: 6.1



The majority of independent NGOs suffer from a lack of funds. NGOs engage in fundraising, but their opportunities for gaining funds are limited. Businesses do not support NGOs, and the government finances almost exclusively pro-government organizations. Consequently, funding of independent NGOs' operations consists of earned income revenue generating activities (about 80 percent of independent NGOs provide fee-based services, such as sewing and trainings) or grant support from a few international organizations working in Uzbekistan (UNDP, OSCE, UNICEF and some

others). Neither is sufficient for any meaningful development of the sector. International grants assist roughly twenty to thirty NGOs but are difficult to access given that it is not possible for NGOs to receive funds directly without a process of government verification. The state has created a system of verification and control for incoming funds (through the Grant Committee, the Ministry of Finance, the Treasury, the Ministry for Foreign Affairs, etc.) that makes the process slow (up to eight months) and burdensome for NGOs.

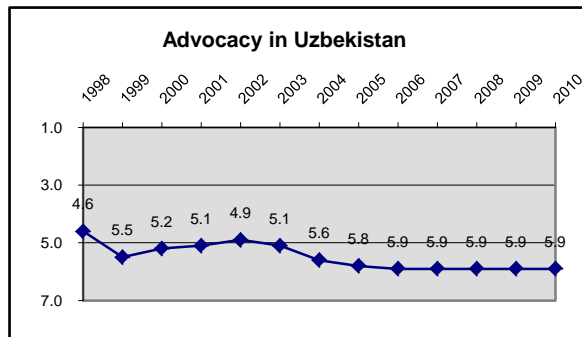
The Parliament's Public Fund is well advertised. The fund supports NGOs and other institutions of civil society, but in general it distributes most of its \$2.5 to \$3 million among seven or eight large pro-government organizations so that they can employ their full time staff and carry out their activities. About 10 to 12 percent (\$250,000 to \$300,000) of the funds are distributed among seventy to eighty small NGOs in the amount of \$3,000 to \$4,000 per grant through announced contests and tenders.

ADVOCACY: 5.9

NGOs have limited opportunities to engage in advocacy efforts. While government representatives and state officials have begun to speak more about the necessity to support NGOs

and develop civil society, there is little space for NGOs to put forward policy views that are alternative or in addition to those decided by government policy makers. Some international

organizations, regardless, have become more active in cooperating with pro-government organizations in efforts to encourage government interest in cooperating with civil society.

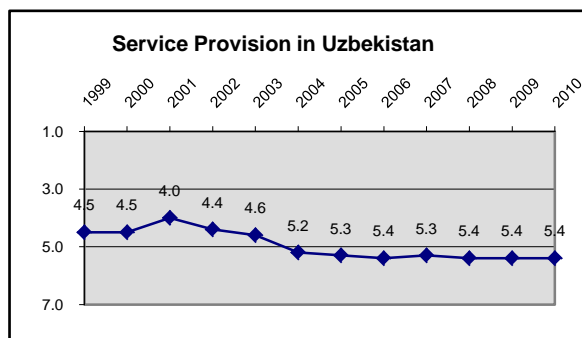


Pro-government organizations are included in the process of developing some legislation – such as the Law on Social Partnership and the Law on Societal Control. These organizations (among them the Kamolot Youth Movement, NANGOZ, the Institute for Study of Civil

Society, the Bar, and some others) also participate in working groups to hold special events and are included as participants in government programs. Independent NGOs though are not included in these programs and neither are they informed about the outcomes.

Pro-government organizations generally follow stated government policies and implement activities that have been approved by the government. While some of them are increasing their advocacy related activities, they organizations generally do not take on public interest or advocacy activities which might be considered controversial. One rare example is the Women’s Committee of Uzbekistan, which participates in the protection of women’s rights in the labor and domestic sphere. However, such advocacy efforts are made possible partly due to the fact that the chairperson of the organization is a deputy prime minister; similarly, the chairperson of each regional chapter is the deputy to the head of the local authority.

SERVICE PROVISION: 5.4



NGO service provision overall changed little in 2010. The number of NGOs with capacity to carry out service delivery is still small, and there is little government support for including more NGOs in service provision. The Law on Social Partnership, which is expected to be adopted by

the end of 2011, could improve this situation. In 2010, however, independent NGOs primarily engaged in fee-based training type services; for example the Association of Business Women provided training on sewing skills.

There were some improvements in service provision related to the environmental safety in 2010. This is partially attributable to the formation of an ecological movement faction in the parliament and to the growth of public interest in the activities of environmental NGOs. This allowed organizations in some regions to conduct studies (with the permission of the state authorities) on environmental safety at the toxic waste dumping sites, and on some other environmental issues.

INFRASTRUCTURE: 5.6

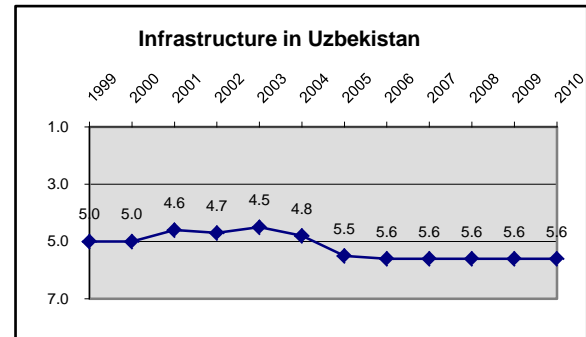
The pro-government NANGOZ, created in 2007 by the decision of the government, brings together about three hundred organizations, representing approximately 20 percent of

operating NGOs. Seven or eight large pro-government organizations with their affiliates and resource centers in the regions have united around their thematic areas and represent 210 to

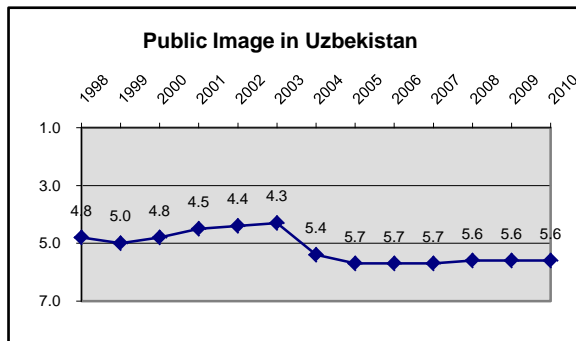
240 organizations, which make up about 15 percent of NGOs. Along with NANGOZ, they receive about 90 percent of direct funding for the sector allocated from the state budget (nearly \$3 million), plus other funds through various government sources.

About 800 to 900 NGOs are unstructured and independent, but they are financially weak, and their activities are limited. They have a need for training in basic organizational and financial management. There is little opportunity for independent NGOs to receive NGO support services or to form alliances or coalitions given the lack of support and tough political climate. There are no local grantmaking organizations.

All the major pro-government NGOs have their own websites, which offer only general information about their activities.



PUBLIC IMAGE: 5.6



There are no data or studies on the public perception of NGOs. Informal public inquiries with officials, journalists, and citizens suggest that the attitude of citizens towards NGOs improved in 2010. This can partly be attributed

to the government’s public statements towards the end of the year.

Pro-government NGOs’ visits to the regions and efforts to initiate roundtables and other activities also contributed to increased public knowledge about civil society. In addition, the media spent more time covering the work of pro-government NGOs. For example, some well-known NGOs (the Ecological Movement, the Association of Arbitration Courts, NANGOZ, and others) had increased media coverage in 2010.

Businesses have little interest to cooperate with NGOs.

ANNEX A: STATISTICAL DATA

COUNTRY SCORES 1997-2010

NORTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Czech Republic	N/R	N/R	N/R	2.4	2.3	2.5	2.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Estonia	N/R	N/R	N/R	2.4	2.1	2.2	2.2	2.1	2.1	2.1	2.1	2.1	2.0	2.0
Hungary	2.3	1.6	2.0	2.3	2.6	2.6	2.7	2.6	2.7	2.6	2.7	2.7	2.8	2.8
Latvia	3.6	4.2	N/R	2.8	2.9	2.8	2.7	2.6	2.6	2.6	2.7	2.7	2.7	2.7
Lithuania	4.0	3.0	2.9	3.1	2.9	2.7	2.6	2.7	2.7	2.7	2.7	2.7	2.8	2.7
Poland	1.8	2.0	2.1	2.1	2.1	2.2	2.1	2.3	2.3	2.3	2.3	2.2	2.2	2.2
Slovakia	2.8	2.8	2.1	1.9	1.9	2.1	2.2	2.5	2.6	2.5	2.5	2.6	2.7	2.7
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.4	4.0	4.0	4.0	3.9	3.9	3.8	3.7
<i>Average</i>	2.9	2.7	2.3	2.4	2.4	2.4	2.5	2.7	2.7	2.7	2.7	2.7	2.7	2.7
SOUTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albania	4.4	4.2	4.8	4.6	4.6	4.3	4.1	3.9	3.9	3.9	3.8	3.8	3.9	3.9
Bosnia	N/R	5.6	5.2	4.9	4.5	4.2	4.1	4.0	3.9	3.8	3.8	3.7	3.7	3.7
Bulgaria	4.0	3.6	4.0	3.7	3.6	3.1	3.1	3.2	3.2	3.2	3.1	3.2	3.2	3.3
Croatia	4.6	4.4	4.7	4.3	3.8	3.7	3.5	3.5	3.4	3.3	3.2	3.2	3.1	3.1
Kosovo	N/R	N/R	4.4	4.6	4.6	4.3	4.2	3.8	3.8	3.8	3.9	3.9	3.9	3.8
Macedonia	4.4	4.4	4.6	4.6	4.1	4.0	3.7	3.6	3.6	3.6	3.6	3.6	3.6	3.7
Montenegro	N/R	N/R	4.6	4.6	4.7	4.6	4.5	4.3	4.2	4.2	4.1	4.1	4.1	4.1
Romania	3.6	3.8	4.1	4.1	4.0	3.7	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5
Serbia	4.8	5.4	5.4	4.5	4.1	4.1	4.0	4.4	4.4	4.5	4.5	4.4	4.3	4.3
<i>Average</i>	4.3	4.5	4.6	4.4	4.2	4.0	3.9	3.8	3.8	3.8	3.7	3.7	3.7	3.7
EURASIA: Russia, West NIS, and Caucasus														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	N/R	5.5	5.1	5.0	4.4	4.2	4.1	4.1	4.1	4.1	4.0	4.0	4.0	4.0
Azerbaijan	N/R	6.4	5.7	5.0	4.9	5.2	5.0	4.9	5.0	5.0	4.9	4.8	4.7	4.7
Belarus	N/R	N/R	N/R	5.7	5.5	5.3	5.6	5.6	5.8	5.9	6.0	6.0	5.9	5.9
Georgia	N/R	3.4	3.8	4.0	4.0	4.2	4.1	3.9	4.0	4.0	4.1	4.2	4.2	4.2
Moldova	N/R	N/R	N/R	4.6	4.2	4.2	4.3	4.3	4.2	4.3	4.3	4.2	4.3	4.2
Russia	3.4	3.4	4.1	4.3	4.3	4.0	4.4	4.2	4.3	4.3	4.3	4.4	4.4	4.3
Ukraine	4.0	4.2	4.1	4.4	4.3	4.0	3.9	3.8	3.7	3.6	3.6	3.6	3.5	3.5
<i>Average</i>	3.7	4.6	4.6	4.7	4.5	4.4	4.5	4.4	4.4	4.5	4.5	4.4	4.4	4.4
CENTRAL ASIA														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kazakhstan	4.6	4.4	4.8	4.7	4.3	4.1	3.9	4.1	4.1	4.1	4.0	4.0	4.0	4.0
Kyrgyzstan	4.6	3.9	4.1	4.3	4.3	4.0	4.1	4.2	4.1	4.1	4.1	4.1	4.1	4.1
Tajikistan	N/R	6.6	6.1	5.4	5.1	4.6	4.6	4.7	4.6	4.7	4.8	4.9	4.8	4.8
Turkmenistan	N/R	N/R	6.6	6.0	5.8	5.6	5.7	5.5	5.7	5.7	5.6	5.7	5.7	5.6
Uzbekistan	N/R	4.7	5.3	5.1	4.6	4.7	4.7	5.3	5.6	5.7	5.7	5.7	5.7	5.7
<i>Central Asia Average</i>	4.6	4.9	5.4	5.1	4.8	4.6	4.6	4.8	4.8	4.9	4.8	4.9	4.9	4.8
<i>Eurasia Average</i>	4.1	4.7	5.0	4.9	4.6	4.5	4.5	4.6	4.6	4.6	4.6	4.6	4.6	4.6

N/R=Country was not studied in that year

COUNTRIES RANKED BY SCORES

LEGAL ENVIRONMENT

SUSTAINABILITY ENHANCED	
Estonia	1.7
Hungary	1.8
Bulgaria	2.1
Lithuania	2.2
Poland	2.2
Latvia	2.4
Slovakia	2.8
Croatia	2.8
Czech Republic	2.9
SUSTAINABILITY EVOLVING	
Macedonia	3.2
Georgia	3.3
Bosnia	3.4
Slovenia	3.4
Romania	3.5
Kosovo	3.5
Montenegro	3.6
Ukraine	3.6
Albania	3.8
Kazakhstan	3.8
Armenia	3.9
Kyrgyzstan	4.0
Serbia	4.2
Moldova	4.3
Russia	4.6
Azerbaijan	4.7
Tajikistan	4.9
SUSTAINABILITY IMPEDED	
Uzbekistan	6.0
Turkmenistan	6.2
Belarus	6.9

ORGANIZATIONAL CAPACITY

SUSTAINABILITY ENHANCED	
Estonia	2.3
Poland	2.6
Lithuania	2.8
Slovakia	3.0
Hungary	3.0
Latvia	3.0
Croatia	3.0
Czech Republic	3.0
SUSTAINABILITY EVOLVING	
Bosnia	3.4
Romania	3.5
Ukraine	3.5
Macedonia	3.6
Kosovo	3.7
Albania	3.9
Armenia	3.9
Slovenia	3.8
Georgia	4.1
Kazakhstan	4.1
Moldova	4.1
Serbia	4.3
Bulgaria	4.3
Kyrgyzstan	4.3
Russia	4.3
Montenegro	4.4
Azerbaijan	4.5
Tajikistan	4.5
SUSTAINABILITY IMPEDED	
Belarus	5.1
Turkmenistan	5.3
Uzbekistan	5.4

FINANCIAL VIABILITY

SUSTAINABILITY ENHANCED	
Estonia	2.4
Poland	2.7
SUSTAINABILITY EVOLVING	
Lithuania	3.1
Czech Republic	3.1
Slovakia	3.3
Latvia	3.3
Hungary	3.6
Croatia	4.2
Romania	4.2
Ukraine	4.2
Slovenia	4.4
Bulgaria	4.5
Macedonia	4.5
Albania	4.6
Kazakhstan	4.6
Russia	4.7
Kosovo	4.8
Bosnia	4.8
Montenegro	4.9
SUSTAINABILITY IMPEDED	
Moldova	5.1
Armenia	5.2
Georgia	5.2
Kyrgyzstan	5.3
Serbia	5.3
Azerbaijan	5.5
Tajikistan	5.6
Turkmenistan	6.0
Uzbekistan	6.1
Belarus	6.6

COUNTRIES RANKED BY SCORES

ADVOCACY		SERVICE PROVISION		INFRASTRUCTURE	
SUSTAINABILITY ENHANCED		SUSTAINABILITY ENHANCED		SUSTAINABILITY ENHANCED	
Estonia	1.7	Poland	2.2	Estonia	1.6
Poland	1.8	Czech Republic	2.3	Poland	1.7
Lithuania	2.0	Estonia	2.3	Hungary	2.2
Latvia	2.2	Slovakia	2.5	Slovakia	2.2
Czech Republic	2.2	Latvia	2.5	Latvia	2.4
Slovakia	2.5	Hungary	2.7	Croatia	2.7
Bulgaria	2.6	SUSTAINABILITY EVOLVING		Czech Republic	2.8
Ukraine	2.7	Croatia	3.1	Lithuania	3.0
SUSTAINABILITY EVOLVING		Romania	3.1	SUSTAINABILITY EVOLVING	
Bosnia	3.1	Bulgaria	3.2	Bulgaria	3.2
Hungary	3.1	Ukraine	3.3	Macedonia	3.2
Croatia	3.1	Lithuania	3.4	Romania	3.2
Macedonia	3.3	Slovenia	3.5	Ukraine	3.5
Kyrgyzstan	3.3	Albania	3.7	Armenia	3.5
Romania	3.4	Macedonia	3.8	Kosovo	3.6
Armenia	3.4	Armenia	3.9	Slovenia	3.6
Albania	3.5	Kosovo	3.9	Kyrgyzstan	3.7
Montenegro	3.5	Bosnia	3.9	Moldova	3.7
Moldova	3.6	Kazakhstan	4.0	Serbia	3.7
Slovenia	3.6	Kyrgyzstan	4.0	Kazakhstan	3.7
Kosovo	3.7	Montenegro	4.0	Bosnia	3.8
Serbia	3.7	Georgia	4.1	Russia	3.9
Kazakhstan	3.9	Russia	4.2	Montenegro	3.9
Russia	4.0	Serbia	4.2	Albania	4.0
Georgia	4.3	Moldova	4.4	Georgia	4.4
Azerbaijan	4.6	Tajikistan	4.4	Azerbaijan	4.4
Tajikistan	4.9	Azerbaijan	4.6	Tajikistan	4.5
SUSTAINABILITY IMPEDED		SUSTAINABILITY IMPEDED		SUSTAINABILITY IMPEDED	
Uzbekistan	5.9	Turkmenistan	5.2	Turkmenistan	5.2
Belarus	5.9	Uzbekistan	5.4	Belarus	5.4
Turkmenistan	6	Belarus	5.5	Uzbekistan	5.6

COUNTRIES RANKED BY SCORE

PUBLIC IMAGE

SUSTAINABILITY ENHANCED	
Estonia	1.9
Poland	2.2
Slovakia	2.4
Czech Republic	2.5
Lithuania	2.7
Croatia	2.9
SUSTAINABILITY EVOLVING	
Bulgaria	3.1
Latvia	3.3
Hungary	3.3
Bosnia	3.3
Romania	3.6
Kosovo	3.7
Ukraine	3.7
Albania	3.8
Slovenia	3.8
Macedonia	4.0
Armenia	4.0
Kazakhstan	4.1
Georgia	4.1
Kyrgyzstan	4.1
Moldova	4.1
Montenegro	4.4
Tajikistan	4.5
Serbia	4.6
Russia	4.7
Azerbaijan	4.8
SUSTAINABILITY IMPEDED	
Turkmenistan	5.5
Uzbekistan	5.6
Belarus	6.0

NGO SUSTAINABILITY- COUNTRY RANKINGS

	2010	2009	2008	2007
SUSTAINABILITY ENHANCED				
Estonia	2.0	1	1	1
Poland	2.2	2	2	2
Slovakia	2.7	3	3	3
Latvia	2.7	3	4	4
Czech Republic	2.7	3	4	4
Lithuania	2.7	6	4	4
Hungary	2.8	6	4	4
SUSTAINABILITY EVOLVING				
Croatia	3.1	8	8	9
Bulgaria	3.3	9	8	8
Romania	3.5	10	10	10
Ukraine	3.5	10	11	11
Macedonia	3.7	12	11	11
Bosnia	3.7	13	13	13
Slovenia	3.7	14	15	15
Kosovo	3.8	15	14	13
Albania	3.9	15	15	15
Armenia	4.0	17	17	17
Kazakhstan	4.0	17	17	17
Kyrgyzstan	4.1	19	19	19
Montenegro	4.1	19	19	19
Georgia	4.2	21	21	19
Moldova	4.2	22	21	22
Russia	4.3	24	23	24
Serbia	4.3	22	23	22
Azerbaijan	4.7	25	25	26
Tajikistan	4.8	26	26	25
SUSTAINABILITY IMPEDED				
Turkmenistan	5.6	27	27	27
Uzbekistan	5.7	27	27	28
Belarus	5.9	29	29	29

DIMENSION SCORES 1997-2010

LEGAL ENVIRONMENT

NORTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Czech Republic	N/R	N/R	N/R	2.0	2.0	3.0	3.0	3.0	3.1	3.0	3.0	3.0	3.0	2.9
Estonia	N/R	N/R	N/R	2.0	2.0	2.0	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7
Hungary	2.5	1.0	1.0	1.0	1.7	1.4	1.3	1.3	1.5	1.5	1.5	1.5	1.7	1.8
Latvia	5.0	4.0	N/R	3.0	3.0	2.8	2.6	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Lithuania	4.0	4.0	4.0	4.0	2.0	1.6	1.6	1.8	2.0	2.1	2.1	2.1	2.2	2.2
Poland	2.0	2.0	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.3	2.2	2.2
Slovakia	4.0	3.5	3.5	2.5	2.5	2.6	2.5	2.3	2.3	2.3	2.5	2.6	2.8	2.8
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.7	3.7	3.7	3.5	3.5	3.5	3.5	3.4
<i>Average</i>	3.5	2.9	2.6	2.4	2.2	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4
SOUTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albania	4.0	4.0	4.0	4.0	4.0	3.6	3.5	3.4	3.6	3.6	3.6	3.7	3.8	3.8
Bosnia	N/R	5.0	5.0	4.5	4.0	3.5	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4
Bulgaria	4.0	4.5	4.5	3.5	3.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1
Croatia	6.0	6.0	6.0	4.0	3.0	2.8	2.8	3.2	3.2	3.0	2.9	2.9	2.8	2.8
Kosovo	N/R	N/R	3.0	3.0	4.0	3.3	3.2	3.0	3.0	3.2	3.3	3.4	3.5	3.5
Macedonia	4.0	3.0	3.0	3.0	3.0	3.0	2.9	2.9	3.1	3.1	3.0	3.1	3.2	3.2
Montenegro	N/R	N/R	3.5	3.5	3.7	3.7	3.4	3.3	3.3	3.3	3.4	3.5	3.6	3.6
Romania	4.0	3.5	3.5	3.0	3.0	3.0	4.0	3.8	3.6	3.5	3.5	3.5	3.5	3.5
Serbia	5.0	5.0	6.0	5.0	5.0	4.5	4.5	4.5	4.5	4.7	4.7	4.7	4.4	4.2
<i>Average</i>	4.5	4.4	4.3	3.7	3.7	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.3
EURASIA: Russia, West NIS, and Caucasus														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	N/R	5.0	4.0	4.0	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.9	3.9	3.9
Azerbaijan	N/R	7.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.9	4.8	4.7	4.7
Belarus	N/R	N/R	N/R	7.0	7.0	6.5	6.8	6.9	7.0	7.0	7.0	7.0	6.9	6.9
Georgia	N/R	3.0	3.5	3.0	4.0	3.9	3.7	3.5	3.3	3.3	3.2	3.2	3.3	3.3
Moldova	N/R	N/R	N/R	3.0	3.0	3.3	3.7	4.2	4.1	4.2	4.3	4.3	4.4	4.3
Russia	3.0	3.0	4.0	4.0	4.2	4.0	4.3	4.3	4.5	4.7	4.9	5.0	4.8	4.6
Ukraine	4.0	4.6	5.0	5.0	5.0	4.5	4.0	3.6	3.7	3.6	3.6	3.6	3.6	3.6
<i>Average</i>	3.5	4.5	4.5	4.4	4.6	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
CENTRAL ASIA														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kazakhstan	5.0	4.9	5.0	4.5	4.5	4.2	4.0	4.2	4.2	4.2	3.9	3.9	3.8	3.8
Kyrgyzstan	5.0	3.9	3.5	4.3	5.2	3.7	3.9	3.7	3.7	3.7	3.8	3.9	3.9	4.0
Tajikistan	N/R	6.5	6.0	5.0	4.8	4.6	4.3	4.3	4.5	4.8	4.8	5.0	4.9	4.9
Turkmenistan	N/R	N/R	7.0	6.5	6.5	6.5	6.7	6.5	6.6	6.5	6.4	6.4	6.3	6.2
Uzbekistan	N/R	5.6	6.0	5.4	4.4	4.3	4.2	5.2	5.5	5.8	5.8	5.9	6.0	6.0
<i>Central Asia Average</i>	5.0	5.2	5.5	5.1	5.1	4.7	4.6	4.8	4.9	5.0	4.9	5.0	5.0	5.0
<i>Eurasia Average</i>	4.3	4.8	5.0	4.7	4.8	4.5	4.5	4.6	4.7	4.7	4.7	4.7	4.7	4.7

N/R=Country was not studied in that year

DIMENSION SCORES 1997-2010

ORGANIZATIONAL CAPACITY

NORTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Czech Republic	N/R	N/R	N/R	3.0	3.0	2.9	2.9	3.2	3.2	3.1	3.1	3.0	3.0	3.0
Estonia	N/R	N/R	N/R	2.5	2.3	2.2	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.3
Hungary	2.5	2.0	2.0	3.0	2.8	2.7	2.9	3.0	3.0	2.9	3.0	3.0	3.0	3.0
Latvia	3.0	4.0	N/R	2.6	3.3	3.0	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Lithuania	4.0	3.0	2.5	2.5	3.0	2.9	2.9	2.6	2.5	2.6	2.6	2.7	2.9	2.8
Poland	1.0	2.0	2.0	2.0	2.0	2.2	2.2	2.5	2.6	2.6	2.6	2.6	2.6	2.6
Slovakia	2.0	3.0	2.0	1.5	1.5	1.7	2.0	2.3	2.8	2.8	2.8	2.9	3.0	3.0
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.5	4.2	4.2	4.2	4.1	4.0	3.9	3.8
<i>Average</i>	2.5	2.8	2.1	2.4	2.6	2.5	2.7	2.9	3.0	3.0	3.0	2.9	3.0	2.9
SOUTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albania	4.0	4.0	5.0	5.0	5.0	4.5	4.2	4.0	3.9	3.9	3.9	3.9	3.9	3.9
Bosnia	N/R	5.0	4.5	4.5	4.0	3.9	3.8	3.8	3.6	3.5	3.5	3.5	3.4	3.4
Bulgaria	3.0	3.0	3.5	4.5	4.5	4.5	4.4	4.5	4.5	4.5	4.3	4.3	4.3	4.3
Croatia	3.0	3.0	4.0	4.8	4.0	4.0	3.8	3.4	3.3	3.1	3.1	3.0	3.0	3.0
Kosovo	N/R	N/R	4.5	4.5	5.0	4.2	4.3	4.0	3.9	3.8	3.8	3.7	3.7	3.7
Macedonia	4.0	4.0	4.0	4.0	4.0	4.0	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6
Montenegro	N/R	N/R	5.0	5.0	5.0	4.8	4.8	4.7	4.7	4.7	4.6	4.4	4.4	4.4
Romania	3.0	3.5	4.0	5.0	4.5	4.0	3.8	3.8	3.8	3.8	3.6	3.6	3.5	3.5
Serbia	4.0	5.0	5.0	4.5	4.0	3.9	3.8	3.9	4.1	4.3	4.3	4.2	4.2	4.3
<i>Average</i>	3.5	3.9	4.4	4.6	4.4	4.2	4.1	4.0	3.9	3.9	3.9	3.8	3.8	3.8
EURASIA: Russia, West NIS, and Caucasus														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	N/R	5.0	5.0	5.0	4.0	3.9	3.6	4.0	4.0	4.0	3.9	3.9	3.9	3.9
Azerbaijan	N/R	6.0	5.8	5.2	5.0	5.0	4.8	4.7	4.7	4.7	4.6	4.6	4.5	4.5
Belarus	N/R	N/R	N/R	5.0	4.8	4.7	4.8	4.6	4.8	4.9	5.0	5.1	5.1	5.1
Georgia	N/R	4.0	3.5	4.0	4.0	4.0	4.0	3.8	3.8	3.9	3.9	4.0	4.1	4.1
Moldova	N/R	N/R	N/R	4.5	4.5	4.5	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Russia	3.0	3.0	3.5	4.0	4.4	3.9	4.3	4.0	4.1	4.3	4.1	4.3	4.3	4.3
Ukraine	4.0	3.7	3.5	4.0	4.0	3.5	3.9	3.9	3.7	3.7	3.7	3.7	3.6	3.5
<i>Average</i>	3.5	4.3	4.3	4.5	4.4	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
CENTRAL ASIA														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kazakhstan	4.0	4.0	4.5	5.0	4.2	4.0	3.8	3.8	4.1	4.1	4.1	4.1	4.1	4.1
Kyrgyzstan	4.0	3.9	4.0	4.0	4.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Tajikistan	N/R	6.0	6.0	5.5	5.0	4.5	4.6	4.8	4.7	4.6	4.6	4.7	4.6	4.5
Turkmenistan	N/R	N/R	6.0	5.8	5.5	5.3	5.3	5.2	5.4	5.4	5.2	5.3	5.3	5.3
Uzbekistan	N/R	4.2	5.5	5.3	4.8	4.5	4.4	5.0	5.3	5.3	5.3	5.3	5.4	5.4
<i>Central Asia Average</i>	4.0	4.5	5.2	5.1	4.7	4.5	4.5	4.6	4.8	4.7	4.7	4.7	4.7	4.7
<i>Eurasia Average</i>	3.8	4.4	4.7	4.8	4.5	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.4	4.4

N/R=Country was not studied in that year

DIMENSION SCORES 1997-2010

FINANCIAL VIABILITY

NORTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Czech Republic	N/R	N/R	N/R	2.0	2.0	2.0	1.9	2.7	2.8	2.7	2.8	2.9	3.1	3.1
Estonia	N/R	N/R	N/R	2.8	2.6	2.6	2.6	2.5	2.5	2.5	2.4	2.3	2.4	2.4
Hungary	2.0	2.0	2.5	3.0	2.8	3.0	3.3	3.3	3.4	3.3	3.5	3.5	3.6	3.6
Latvia	3.0	5.0	N/R	3.5	3.5	3.5	3.3	3.1	3.1	3.0	3.2	3.3	3.3	3.3
Lithuania	4.0	3.0	3.5	4.0	3.0	2.9	2.9	3.0	2.9	2.9	2.8	2.8	3.0	3.1
Poland	2.0	2.0	2.5	2.5	2.5	2.8	2.8	2.9	2.9	2.8	2.7	2.7	2.7	2.7
Slovakia	3.0	4.0	3.0	3.0	3.0	3.0	3.2	3.5	3.5	3.3	3.2	3.2	3.3	3.3
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.3	4.5	4.5	4.5	4.5	4.4	4.4	4.4
<i>Average</i>	2.8	3.2	2.9	3.0	2.8	2.8	2.9	3.2	3.2	3.1	3.1	3.1	3.2	3.2
SOUTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albania	5.0	5.0	5.0	5.0	5.0	4.8	4.6	4.5	4.5	4.6	4.5	4.5	4.6	4.6
Bosnia	N/R	6.0	6.5	6.0	5.7	5.5	5.4	5.0	4.8	4.8	4.8	4.8	4.8	4.8
Bulgaria	5.0	5.0	5.5	5.2	4.5	3.8	3.7	4.1	4.2	4.2	4.1	4.1	4.4	4.5
Croatia	4.0	5.0	6.0	6.6	5.0	5.1	4.4	4.4	4.4	4.3	4.2	4.2	4.1	4.2
Kosovo	N/R	N/R	6.0	6.0	6.0	6.0	5.6	5.3	5.2	5.0	4.8	4.7	4.8	4.8
Macedonia	5.0	5.0	5.0	5.0	4.0	4.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Montenegro	N/R	N/R	5.5	5.5	5.5	5.5	5.4	5.2	5.0	5.0	4.9	4.9	4.9	4.9
Romania	4.0	4.5	5.0	5.5	4.5	4.5	4.3	4.3	4.3	4.2	4.1	4.1	4.2	4.2
Serbia	5.0	6.0	6.0	6.0	6.0	5.5	5.4	5.6	5.6	5.6	5.5	5.3	5.3	5.3
<i>Average</i>	4.7	5.2	5.6	5.6	5.1	5.0	4.8	4.8	4.7	4.7	4.6	4.6	4.6	4.6
EURASIA: Russia, West NIS, and Caucasus														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	N/R	6.0	6.0	6.0	6.0	5.6	5.5	5.5	5.5	5.4	5.2	5.2	5.2	5.2
Azerbaijan	N/R	6.0	6.0	6.0	6.0	6.0	5.8	5.8	5.9	5.9	5.9	5.7	5.5	5.5
Belarus	N/R	N/R	N/R	6.0	6.0	5.7	6.2	6.2	6.4	6.5	6.6	6.6	6.6	6.6
Georgia	N/R	4.0	4.5	6.0	5.0	4.9	4.6	4.8	5.0	5.0	5.1	5.3	5.3	5.2
Moldova	N/R	N/R	N/R	5.5	5.3	5.2	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.1
Russia	4.0	4.0	5.0	5.0	4.7	4.4	4.9	4.6	4.7	4.5	4.4	4.5	4.7	4.7
Ukraine	4.0	4.6	5.0	5.0	5.0	5.0	4.8	4.6	4.4	4.3	4.2	4.1	4.2	4.2
<i>Average</i>	4.0	4.9	5.3	5.6	5.4	5.3	5.3	5.2	5.3	5.3	5.2	5.2	5.2	5.2
CENTRAL ASIA														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kazakhstan	4.0	4.4	5.5	5.5	5.0	4.8	4.7	5.0	4.9	4.8	4.6	4.6	4.6	4.6
Kyrgyzstan	5.0	4.2	5.5	5.5	5.5	5.0	5.0	5.0	5.1	5.1	5.1	5.1	5.1	5.3
Tajikistan	N/R	7.0	7.0	6.0	6.0	5.5	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Turkmenistan	N/R	N/R	7.0	6.0	5.5	5.3	6.0	5.8	6.0	6.0	6.0	6.0	6.0	6.0
Uzbekistan	N/R	4.4	5.5	5.5	5.1	5.5	5.5	5.7	6.0	6.1	6.1	6.1	6.1	6.1
<i>Central Asia Average</i>	4.5	5.0	6.1	5.7	5.4	5.2	5.4	5.4	5.5	5.5	5.5	5.5	5.5	5.5
<i>Eurasia Average</i>	4.3	5.0	5.7	5.7	5.4	5.2	5.3	5.3	5.4	5.4	5.3	5.3	5.3	5.3

N/R=Country was not studied in that year

DIMENSION SCORES 1997-2010

ADVOCACY

NORTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Czech Republic	N/R	N/R	N/R	2.0	1.8	1.8	2.0	2.2	2.2	2.4	2.4	2.4	2.3	2.2
Estonia	N/R	N/R	N/R	2.0	1.8	2.1	2.0	2.0	2.0	1.9	1.8	1.8	1.8	1.7
Hungary	3.0	1.0	1.5	3.0	3.5	3.5	3.3	3.3	3.2	3.2	3.3	3.2	3.1	3.1
Latvia	4.0	4.0	N/R	3.0	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.3	2.2	2.2
Lithuania	4.0	2.0	1.5	2.0	2.0	1.8	1.6	2.0	1.9	2.0	2.0	2.0	2.1	2.0
Poland	2.0	2.0	2.5	2.0	2.0	2.2	1.9	1.9	1.8	1.8	2.0	1.9	1.8	1.8
Slovakia	2.0	2.0	1.5	1.5	1.5	1.6	1.6	2.2	2.3	2.4	2.5	2.6	2.6	2.5
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.0	3.8	4.0	4.0	3.9	3.9	3.8	3.6
<i>Average</i>	3.0	2.2	1.8	2.2	2.1	2.1	2.2	2.4	2.4	2.5	2.5	2.5	2.5	2.4
SOUTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albania	4.0	4.0	4.0	4.0	3.0	3.9	3.6	3.4	3.3	3.3	3.3	3.4	3.4	3.5
Bosnia	N/R	6.0	5.5	4.5	4.2	3.9	3.6	3.3	3.3	3.1	3.1	3.1	3.1	3.1
Bulgaria	4.0	2.8	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.4	2.4	2.6	2.6	2.6
Croatia	5.0	4.0	4.0	2.5	3.0	3.0	3.0	3.4	3.5	3.4	3.2	3.2	3.2	3.1
Kosovo	N/R	N/R	5.0	4.5	5.0	4.1	3.8	3.5	3.4	3.6	3.9	3.9	3.8	3.7
Macedonia	5.0	5.0	4.5	4.5	4.0	3.6	3.3	3.1	3.1	3.0	3.0	3.1	3.2	3.3
Montenegro	N/R	N/R	3.5	3.5	4.5	4.7	4.3	4.0	3.8	3.7	3.6	3.6	3.5	3.5
Romania	4.0	3.5	4.0	3.5	4.5	4.0	3.8	3.6	3.4	3.4	3.3	3.4	3.4	3.4
Serbia	5.0	6.0	6.0	4.0	3.5	3.3	3.2	3.8	3.8	4.0	4.0	3.9	3.8	3.7
<i>Average</i>	4.5	4.5	4.4	3.8	3.9	3.7	3.5	3.4	3.3	3.3	3.3	3.4	3.3	3.3
EURASIA: Russia, West NIS, and Caucasus														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	N/R	6.0	5.0	5.0	4.0	4.2	3.8	3.7	3.8	3.8	3.7	3.6	3.4	3.4
Azerbaijan	N/R	6.5	6.0	5.5	5.0	5.0	4.8	4.8	5.1	5.1	4.9	4.8	4.6	4.6
Belarus	N/R	N/R	N/R	6.0	5.5	5.4	5.7	6.0	6.0	6.0	6.0	6.0	6.0	5.9
Georgia	N/R	4.0	3.5	2.0	4.0	4.3	4.0	3.7	4.0	4.1	4.2	4.4	4.4	4.3
Moldova	N/R	N/R	N/R	5.0	4.2	4.2	4.1	4.0	3.9	3.9	3.8	3.7	3.7	3.6
Russia	3.0	3.0	3.5	4.5	4.9	4.2	4.5	4.2	4.2	4.1	4.0	4.1	4.1	4.0
Ukraine	4.0	4.4	5.0	4.0	4.0	3.5	3.4	3.1	3.1	3.0	2.9	2.9	2.8	2.7
<i>Average</i>	3.5	4.8	4.6	4.6	4.5	4.4	4.3	4.2	4.3	4.3	4.2	4.2	4.1	4.1
CENTRAL ASIA														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kazakhstan	5.0	4.5	4.5	4.5	4.3	4.0	3.6	3.6	3.8	3.8	3.7	3.8	3.8	3.9
Kyrgyzstan	5.0	3.5	3.5	3.5	3.0	3.3	3.8	4.0	3.8	3.6	3.6	3.6	3.5	3.3
Tajikistan	N/R	6.5	6.0	5.5	5.0	4.5	4.5	4.6	4.6	4.9	5.1	5.2	5.1	4.9
Turkmenistan	N/R	N/R	6.5	6.3	6.3	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.0
Uzbekistan	N/R	4.6	5.5	5.2	5.1	4.9	5.1	5.6	5.8	5.9	5.9	5.9	5.9	5.9
<i>Central Asia Average</i>	5.0	4.8	5.2	5.0	4.7	4.6	4.6	4.8	4.8	4.9	4.9	4.9	4.9	4.8
<i>Eurasia Average</i>	4.3	4.8	4.9	4.8	4.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.4

N/R=Country was not studied in that year

DIMENSION SCORES 1999*-2010

SERVICE PROVISION

NORTHERN TIER												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Czech Republic	N/R	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3
Estonia	N/R	2.5	2.3	2.5	2.5	2.4	2.4	2.3	2.3	2.3	2.3	2.3
Hungary	2.5	2.0	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.5	2.6	2.7
Latvia	N/R	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.4	2.5	2.5	2.5
Lithuania	3.5	3.5	4.0	3.8	3.4	3.7	3.7	3.6	3.4	3.3	3.5	3.4
Poland	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.2	2.2	2.2
Slovakia	2.0	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.4	2.5	2.5
Slovenia	N/R	N/R	N/R	N/R	3.0	3.6	3.6	3.5	3.5	3.5	3.5	3.5
<i>Average</i>	2.5	2.4	2.4	2.5	2.5	2.6	2.7	2.6	2.6	2.6	2.7	2.7
SOUTHERN TIER												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albania	5.0	5.0	5.0	3.9	4.0	3.9	3.9	3.9	3.9	3.7	3.7	3.7
Bosnia	5.0	4.5	4.2	4.5	4.4	4.3	4.2	4.1	4.1	4.0	4.0	3.9
Bulgaria	4.0	3.0	3.0	2.8	2.9	3.2	3.1	3.1	3.1	3.1	3.2	3.2
Croatia	5.0	4.4	4.0	3.7	3.4	3.3	3.4	3.3	3.1	3.1	3.1	3.1
Kosovo	4.0	5.0	4.0	5.0	4.8	4.0	4.0	4.0	4.0	4.0	3.9	3.9
Macedonia	5.5	5.5	5.0	4.8	4.0	3.9	3.9	3.9	3.9	3.8	3.8	3.8
Montenegro	4.5	4.5	4.0	4.2	4.2	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Romania	4.0	4.0	3.5	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Serbia	4.0	4.0	3.8	4.2	4.1	4.5	4.5	4.5	4.5	4.4	4.3	4.2
<i>Average</i>	4.6	4.4	4.1	4.0	3.9	3.8	3.8	3.8	3.7	3.7	3.7	3.7
EURASIA: Russia, West NIS, and Caucasus												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9
Azerbaijan	4.5	4.5	5.0	5.0	4.8	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Belarus	N/R	5.0	5.0	4.9	5.1	4.9	5.1	5.4	5.5	5.5	5.5	5.5
Georgia	4.0	5.0	4.0	4.2	4.4	4.1	4.1	4.0	4.1	4.1	4.1	4.1
Moldova	N/R	5.0	4.5	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.4
Russia	4.5	4.5	4.3	3.7	4.0	3.9	4.1	4.1	4.1	4.1	4.2	4.2
Ukraine	2.5	4.0	3.0	3.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
<i>Average</i>	4.1	4.6	4.3	4.2	4.3	4.2	4.2	4.3	4.3	4.3	4.3	4.3
CENTRAL ASIA												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kazakhstan	4.5	4.7	4.0	4.0	3.9	4.1	4.0	4.0	4.0	4.0	4.0	4.0
Kyrgyzstan	4.0	4.5	4.3	3.9	3.8	4.1	4.1	4.1	4.0	4.0	4.0	4.0
Tajikistan	5.5	5.5	5.0	4.5	4.3	4.6	4.6	4.6	4.6	4.6	4.5	4.4
Turkmenistan	6.0	5.3	5.0	5.0	4.8	4.8	5.2	5.2	5.2	5.2	5.2	5.2
Uzbekistan	4.5	4.5	4.0	4.4	4.6	5.2	5.3	5.4	5.3	5.4	5.4	5.4
<i>Central Asia Average</i>	4.9	4.9	4.5	4.4	4.3	4.6	4.6	4.7	4.6	4.6	4.6	4.6
<i>Eurasia Average</i>	4.5	4.7	4.3	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.4	4.4

N/R=Country was not studied in that year

*Service Provision was not a dimension studied in 1997 or 1998

DIMENSION SCORES 1999*-2010

INFRASTRUCTURE

NORTHERN TIER												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Czech Republic	N/R	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.9	2.8	2.8
Estonia	N/R	2.5	2.0	1.9	2.0	1.7	1.7	1.7	1.7	1.6	1.6	1.6
Hungary	2.5	2.0	2.5	2.5	2.4	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Latvia	N/R	3.0	3.0	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.4	2.4
Lithuania	3.0	3.0	2.5	2.3	2.2	3.0	3.1	3.0	2.9	3.0	3.0	3.0
Poland	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.7	1.7	1.7
Slovakia	1.5	1.5	1.5	1.7	1.9	2.2	2.2	2.2	2.2	2.2	2.3	2.2
Slovenia	N/R	N/R	N/R	N/R	3.8	4.2	4.1	4.0	3.9	3.8	3.7	3.6
<i>Average</i>	2.3	2.4	2.4	2.3	2.5	2.6	2.6	2.6	2.5	2.5	2.5	2.4
SOUTHERN TIER												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albania	5.5	5.0	5.0	4.6	4.4	4.2	4.1	3.9	3.9	3.9	4.0	4.0
Bosnia	5.0	5.0	4.8	4.5	4.5	4.4	4.3	4.1	4.1	4.0	3.9	3.8
Bulgaria	3.0	3.0	3.0	2.5	2.5	2.9	3.0	3.0	3.0	3.1	3.1	3.2
Croatia	4.0	4.0	4.0	3.9	3.6	3.2	3.1	2.9	2.8	2.8	2.7	2.7
Kosovo	5.0	5.0	4.0	3.7	3.5	3.4	3.6	3.5	3.4	3.5	3.6	3.6
Macedonia	5.0	5.0	4.5	3.7	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Montenegro	5.0	5.0	5.0	4.6	4.6	4.3	4.1	4.1	4.0	3.9	3.9	3.9
Romania	4.0	4.0	4.0	3.6	3.6	3.5	3.4	3.4	3.3	3.3	3.2	3.2
Serbia	5.0	4.0	3.0	3.4	3.4	3.7	3.7	3.8	3.7	3.7	3.7	3.7
<i>Average</i>	4.6	4.4	4.1	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.5
EURASIA: Russia, West NIS, and Caucasus												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	5.5	6.0	4.5	4.2	4.0	3.9	3.7	3.7	3.6	3.5	3.5	3.5
Azerbaijan	5.5	4.5	3.0	4.6	4.7	4.6	4.6	4.6	4.4	4.4	4.4	4.4
Belarus	N/R	5.0	4.5	4.5	4.8	5.0	5.3	5.5	5.6	5.5	5.4	5.4
Georgia	3.5	3.0	3.0	4.0	3.8	3.9	4.0	4.0	4.3	4.3	4.3	4.4
Moldova	N/R	4.0	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Russia	3.5	3.5	3.4	3.2	3.9	3.8	3.8	3.8	3.8	3.8	3.9	3.9
Ukraine	3.5	4.0	4.0	3.5	3.5	3.8	3.6	3.5	3.5	3.5	3.5	3.5
<i>Average</i>	4.3	4.3	3.7	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
CENTRAL ASIA												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kazakhstan	5.0	4.5	4.1	3.9	3.6	3.6	3.5	3.5	3.6	3.7	3.7	3.7
Kyrgyzstan	4.5	4.0	3.8	3.7	3.8	3.6	3.6	3.6	3.6	3.6	3.7	3.7
Tajikistan	6.0	5.0	4.8	4.1	4.1	4.3	4.2	4.2	4.5	4.6	4.6	4.5
Turkmenistan	6.5	5.7	5.5	5.2	5.0	4.6	4.8	5.0	5.0	5.0	5.2	5.2
Uzbekistan	5.0	5.0	4.6	4.7	4.5	4.8	5.5	5.6	5.6	5.6	5.6	5.6
<i>Central Asia Average</i>	5.4	4.8	4.6	4.3	4.2	4.2	4.3	4.4	4.5	4.5	4.6	4.5
<i>Eurasia Average</i>	4.9	4.5	4.1	4.1	4.1	4.1	4.2	4.2	4.3	4.3	4.3	4.3

N/R=Country was not studied in that year

*Infrastructure was not a dimension studied in 1997 or 1998

DIMENSION SCORES 1997-2010

PUBLIC IMAGE

NORTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Czech Republic	N/R	N/R	N/R	3.0	2.5	2.3	2.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Estonia	N/R	N/R	N/R	2.5	2.0	2.0	2.2	2.1	2.1	2.1	2.0	2.0	1.9	1.9
Hungary	1.5	2.0	2.0	2.0	2.8	3.0	3.2	3.0	2.9	3.0	3.2	3.3	3.3	3.3
Latvia	3.0	4.0	N/R	2.0	2.7	3.0	2.8	2.9	2.9	2.9	3.1	3.3	3.3	3.3
Lithuania	4.0	3.0	2.5	3.0	4.0	3.8	3.3	3.0	2.9	2.9	2.9	2.9	2.9	2.7
Poland	2.0	2.0	2.0	2.0	2.0	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	3.0	1.5	1.0	1.5	1.5	1.8	2.0	2.6	2.6	2.5	2.3	2.3	2.4	2.4
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.6	4.1	4.2	4.1	4.0	3.9	3.8	3.8
<i>Average</i>	2.7	2.5	1.9	2.3	2.5	2.6	2.7	2.8	2.8	2.8	2.8	2.8	2.8	2.8
SOUTHERN TIER														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albania	5.0	4.0	5.0	4.5	5.0	4.6	4.5	4.2	4.0	3.9	3.8	3.8	3.8	3.8
Bosnia	N/R	6.0	5.0	5.0	4.5	3.8	3.8	3.6	3.5	3.4	3.4	3.4	3.3	3.3
Bulgaria	4.0	2.8	4.5	4.0	4.0	3.5	3.4	3.3	3.2	3.1	3.0	3.0	3.0	3.1
Croatia	5.0	4.0	4.0	4.0	3.8	3.5	3.4	3.3	3.2	3	2.9	2.9	2.9	2.9
Kosovo	N/R	N/R	3.5	4.0	4.5	3.9	3.9	3.7	3.7	3.8	3.8	3.8	3.7	3.7
Macedonia	4.0	5.0	5.0	5.0	4.5	4.0	3.9	3.8	3.7	3.8	3.8	3.7	3.9	4.0
Montenegro	N/R	N/R	5.0	5.0	5.0	4.8	4.7	4.6	4.6	4.6	4.5	4.4	4.4	4.4
Romania	3.0	4.0	4.0	3.5	4.0	3.8	4.0	3.8	3.7	3.7	3.7	3.7	3.7	3.6
Serbia	5.0	5.0	5.5	4.0	3.5	4.0	3.9	4.5	4.6	4.8	4.8	4.7	4.6	4.6
<i>Average</i>	4.3	4.4	4.6	4.3	4.3	4.0	3.9	3.9	3.8	3.8	3.7	3.7	3.7	3.7
EURASIA: Russia, West NIS, and Caucasus														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	N/R	5.5	5.0	5.0	4.0	4.0	3.9	3.9	4.0	4.0	3.9	3.9	3.9	4.0
Azerbaijan	N/R	6.5	6.0	4.5	5.0	5.5	5.3	5.1	5.1	5.0	5.0	4.9	4.8	4.8
Belarus	N/R	N/R	N/R	6.0	5.5	5.2	5.6	5.6	5.8	6.0	6.0	6.0	6.0	6.0
Georgia	N/R	2.0	4.0	5.0	4.0	4.4	4.4	3.7	3.7	3.8	3.9	4.1	4.2	4.1
Moldova	N/R	N/R	N/R	5.0	4.3	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.1
Russia	4.0	4.0	5.0	4.5	4.5	4.4	4.6	4.5	4.7	4.7	4.7	4.7	4.7	4.7
Ukraine	4.0	3.9	4.0	5.0	5.0	5.0	4.4	4.1	4.0	4.0	3.9	3.9	3.8	3.7
<i>Average</i>	4.0	4.4	4.8	5.0	4.6	4.7	4.6	4.4	4.5	4.5	4.5	4.5	4.5	4.5
CENTRAL ASIA														
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kazakhstan	5.0	4.0	4.5	4.5	4.1	3.9	3.9	4.2	4.2	4.2	4.1	4.1	4.1	4.1
Kyrgyzstan	4.0	3.8	4.0	4.5	4.5	4.1	4.1	4.3	4.1	4.0	4.1	4.2	4.2	4.1
Tajikistan	N/R	7.0	6.0	5.0	5.0	4.5	4.4	4.4	4.3	4.4	4.4	4.5	4.5	4.5
Turkmenistan	N/R	N/R	7.0	6.2	6.0	6.0	5.9	5.8	5.7	5.7	5.6	5.6	5.5	5.5
Uzbekistan	N/R	4.8	5.0	4.8	4.5	4.4	4.3	5.4	5.7	5.7	5.7	5.6	5.6	5.6
<i>Central Asia Average</i>	4.5	4.9	5.3	5.0	4.8	4.6	4.5	4.8	4.8	4.8	4.8	4.8	4.8	4.8
<i>Eurasia Average</i>	4.3	4.6	5.1	5.0	4.7	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6

N/R=Country was not studied in that year

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