USAID
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2009 NGO SUSTAINABILITY INDEX

for Central and Eastern Europe and Eurasia

13th Edition – June 2010

Cover Photo: Volunteers work to preserve the Lietava castle in Slovakia during the project Naša Žilina (Our Žilina), an effort to which nearly 200 corporate volunteers contributed. Photo Credit: Pontis Foundation

The 2009 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

2009 NGO SUSTAINABILITY INDEX SCORES

COUNTRY	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image	Overall Score
NORTHERN TIER								
Czech Republic	3.0	3.0	3.1	2.3	2.3	2.8	2.5	2.7
Estonia	1.7	2.3	2.4	1.8	2.3	1.6	1.9	2.0
Hungary	1.7	3.0	3.6	3.1	2.6	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	2.9	3.0	2.1	3.5	3.0	2.9	2.8
Poland	2.2	2.6	2.7	1.8	2.2	1.7	2.2	2.2
Slovakia	2.8	3.0	3.3	2.6	2.5	2.3	2.4	2.7
Slovenia	3.5	3.9	4.4	3.8	3.5	3.7	3.8	3.8
Average	**2.4**	**3.0**	**3.2**	**2.5**	**2.7**	**2.5**	**2.8**	**2.7**
SOUTHERN TIER								
Albania	3.8	3.9	4.6	3.4	3.7	4	3.8	3.9
Bosnia	3.4	3.4	4.8	3.1	4	3.9	3.3	3.7
Bulgaria	2.0	4.3	4.4	2.6	3.2	3.1	3.0	3.2
Croatia	2.8	3	4.1	3.2	3.1	2.7	2.9	3.1
Kosovo	3.5	3.7	4.8	3.8	3.9	3.6	3.7	3.9
Macedonia	3.2	3.7	4.5	3.2	3.8	3.2	3.9	3.6
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	3.7	3.5
Serbia	4.4	4.2	5.3	3.8	4.3	3.7	4.6	4.3
Average	**3.4**	**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	3.9	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	6.0	5.5	5.4	6.0	5.9
Georgia	3.3	4.1	5.3	4.4	4.1	4.3	4.2	4.2
Moldova	4.4	4.1	5.2	3.7	4.5	3.7	4.2	4.3
Russia	4.8	4.3	4.7	4.1	4.2	3.9	4.7	4.4
Ukraine	3.6	3.6	4.2	2.8	3.3	3.5	3.8	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	3.8	4.0	3.7	4.1	4.0
Kyrgyzstan	3.9	4.3	5.1	3.5	4.0	3.7	4.2	4.1
Tajikistan	4.9	4.6	5.6	5.1	4.5	4.6	4.5	4.8
Turkmenistan	6.3	5.3	6.0	6.1	5.2	5.2	5.5	5.7
Uzbekistan	6.0	5.4	6.1	5.9	5.4	5.6	5.6	5.7
Average	**5.0**	**4.7**	**5.5**	**4.9**	**4.6**	**4.6**	**4.8**	**4.9**
Eurasia Average	**4.7**	**4.4**	**5.3**	**4.5**	**4.4**	**4.3**	**4.6**	**4.6**

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INTRODUCTION

USAID is proud to present the thirteenth edition of the NGO Sustainability Index for Central and Eastern Europe and Eurasia, covering developments in 2009.

For the thirteenth 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. The effectiveness of the NGO Sustainability Index model led USAID to expand the use of this tool to Africa; the first-ever NGO Sustainability Index for Africa will be published in 2010, covering nineteen African countries.

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: consolidation, mid-transition and early transition. More detail about the methodology used to calculate scores is provided in Sections 1 through 3 (pages 12-19).

In addition to separate reports on twenty-nine countries, this year's Index includes two articles examining trends affecting NGO sustainability in the region: the impact of the global financial crisis, and the rise in the use of social media and other new technologies. The 2009 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 1997-2009.

A publication of this type would not be possible without the contributions of many. Specific acknowledgements of the USAID field personnel and NGO implementers responsible for the Index appear on the following page. USAID would also like to thank the local NGOs who helped to organize expert group discussions and draft reports in many of the countries. We 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.

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EXECUTIVE SUMMARY

In 2009, NGOs across Central and Eastern Europe and Eurasia were at the forefront of the issues facing their societies, from elections to discrimination to environmental degradation. They persevered in their efforts to raise public awareness, advocate for policy change, and deliver needed services, often in the face of formidable obstacles. Differences between the countries surveyed in this report are great, but the challenges facing NGOs are often surprisingly similar. NGOs from Latvia to Tajikistan strove to improve internal governance, to raise their visibility in the media, and to secure stable sources of funding. NGOs experienced government pressure and criticism in countries as diverse as Moldova, Montenegro, Slovakia, and Belarus. The NGO Sustainability Index examines these and other key events and developments that affected the region's NGOs during the year.

OVERALL SUSTAINABILITY SCORES IN 2009

On average, NGO sustainability in the Northern Tier countries (the Baltic and Visegrad countries and Slovenia) was unchanged compared to 2008. The situation of NGOs worsened slightly in Hungary, Lithuania, and Slovakia, while it improved somewhat in Slovenia as the country's NGOs became more actively engaged in dialogue with the new government. In Hungary, the severe effects of the financial crisis combined with a serious political crisis to weaken NGOs. NGOs in Lithuania were also hit hard by the economic crisis, which consumed the government's attention and undermined the progress of reforms that might have benefitted the sector's development. The overall situation for NGOs worsened in Slovakia too. There, growing threats to free speech were among the factors creating a negative climate for NGOs.

In the Southern Tier (the countries of Southeastern Europe), the overall scores of the majority of countries remained unchanged. Croatia and Serbia saw their overall scores improve. Croatia's overall score increase reflected continuing progress in honing the legal environment and creating a solid infrastructure for NGO development. In Serbia the situation improved during the year as a result of greater cooperation with the government and passage of new NGO legislation. Albania was the only Southern Tier country to have a decrease in its overall score, primarily as a result of financial difficulties stemming from the continuing decline in international donor funds and the impact of the economic crisis on domestic resources.

The Eurasia region (Russia, West NIS, the Caucasus and Central Asia) also retained its average score from 2008. The country with the lowest overall score, Belarus, registered slight improvement, as did Azerbaijan, Tajikistan and Ukraine. In Belarus and Tajikistan, score increases were partly due to improvements in the legal environment. Ukrainian and Azerbaijani NGOs both improved in the areas of organizational capacity, advocacy, and public image. Only Moldova had deterioration in its score, largely as a result of the tense environment in the country during two hotly contested rounds of parliamentary elections.

POLITICAL DEVELOPMENTS AND NGOS

Political changes in some countries opened up new opportunities for NGOs. New governments in Bulgaria, Moldova, Serbia, and Slovenia showed signs of being more open to NGOs' input on policy issues. In Kosovo, NGOs participated actively in the newly independent country's decision-making processes and strove to keep elected officials accountable. The new Armenian prime minister set a promising tone by showing more recognition of NGOs, marking a departure from the tense environment that put a damper on NGO activities following the 2008 presidential elections. The caretaker government that assumed power in the Czech Republic moved to adopt two legislative amendments that should improve conditions for the NGO sector; a meeting between NGOs and the prime minister also resulted in a promise to increase the amount of funding for social services. In both Kyrgyzstan and Georgia, presidents declared new reform agendas, opening up possible avenues for greater civil society participation.

Development Levels Follow Geographic Patterns

As in previous years, levels of NGO sustainability in the region generally correspond with subregional divides. With the exception of mid-transition Slovenia, all countries of the Northern Tier are in the consolidation phase of NGO sector development. The Southern Tier countries are, on average, in mid-transition, although Bulgaria, Croatia and Romania are approaching the consolidation phase in their overall scores.

In Eurasia, the countries of the Caucasus, western NIS and Russia fall in the mid-transition phase, with the exception of Belarus, which remains in early transition. The average scores of the Central Asian countries place the region as a whole near the bottom of the mid-transition phase. Turkmenistan and Uzbekistan are in early transition. Kazakhstan and Kyrgyzstan continue to have the highest levels of NGO sector development among the Central Asian countries.

NGOs in several countries took advantage of opportunities to promote civic involvement in political processes. Operating in a tense political environment, Moldovan NGOs engaged in a variety of nonpartisan elections activities during two rounds of parliamentary elections and responded to fast-changing developments, such as providing assistance to victims of police abuse following demonstrations against election irregularities. In Latvia, NGOs were active in facilitating dialogue between candidates and civil society representatives in the run-up to local elections.

In some cases political dynamics undercut NGOs' efforts. The uncertainty in Hungary after the prime minister's resignation in April highlighted NGOs' lack of capacity to help address the country's severe economic and political challenges. In Romania, NGOs found it difficult to maintain productive dialogue with authorities as the coalition government collapsed and politicians' focus shifted to the presidential elections. Ukraine's ongoing political crisis and preparations for 2010 presidential elections hampered movement on legislation that might have improved the legal environment for NGOs, while parliamentary elections in Albania sidetracked the establishment of a new agency to support civil society.

TRENDS ACROSS BORDERS

This year's reports reflect some common experiences of NGOs across the Europe and Eurasia region in 2009, even in countries with quite different contexts for NGO development.

The economic crisis hits home. In the 2008 Index, country reports highlighted growing fears that the global economic crisis would have a negative effect on NGOs. The impact of the crisis was clearly felt in 2009, particularly in the form of reduced public funding and private donations. This topic is explored in more detail in a special paper featured on page 20. In some countries, tough economic times caused NGOs to make better use of scarce resources and created new opportunities to attract qualified staff and

to serve vulnerable populations. Some NGOs even contributed to the public dialogue about how to overcome the crisis. Financial difficulties also increased the appeal of low-cost techniques to reach constituencies and communicate across the NGO sector. The use of online tools, mobile networks, and social media continued to grow across the region, a trend examined in the paper on page 36.

Further definition of the legal environment. NGOs in several countries benefitted from the passage of new legislation that is expected to support the development of the NGO sector. In most cases, NGOs actively lobbied and advocated for these laws. In Serbia, the Law on Associations was finally updated for the first time since 1982. Kosovo NGOs welcomed the adoption of a new NGO Law, considered one of the most comprehensive in the region. New tax legislation in Bosnia allows taxpayers to take deductions for donations to NGOs. In Slovenia, a new resolution passed at the end of the year promised to help institutionalize NGO participation in the legislative process. In Azerbaijan, NGOs working together with the international community succeeded in influencing passage of an NGO Law that represented a significant improvement over earlier drafts, even though problematic provisions remain in the final version. The legal environment for volunteerism continued to take shape—in Azerbaijan with the adoption of a new law and in Montenegro with the government's adoption of a strategy for developing volunteerism. A revised draft Law on Associations and Foundations promised to bring Macedonia's NGO legislation in line with European standards, but the law was not adopted by year's end.[1]

NGOs reaching out and opening up. In several countries, NGOs employed more proactive and creative techniques to involve the public and the media in their activities, from recruiting volunteers for environmental clean-ups to organizing an NGO festival to holding events on traditionally slow news days. In addition to making greater efforts to engage stakeholders, NGOs also took steps to be more accountable to them. NGO sector experts in some countries noted improvements in financial transparency. In Tajikistan, NGOs' shift to using banking has resulted in increased transparency and more NGOs are conducting audits. A growing number of Montenegrin NGOs released annual reports. Turkmen NGOs showed more willingness to operate transparently and even some informal groups produced annual reports.

Complex situation of service provision. Even as authorities in several countries voiced greater support for NGO service provision, this was rarely accompanied by needed levels of political support or funding. The economic crisis made it more difficult for NGOs to recover costs and competition among service providers increased. Budget cuts in 2009 reduced government funding available for procuring NGO services in Hungary, Lithuania, and Bulgaria. In Romania, Slovakia, and the Czech Republic, NGOs faced greater competition in relation to government-supported service providers, while in Russia competition among NGOs for service provision contracts increased, raising incentives to improve the marketing and quality of services. NGOs in Serbia, Belarus, and Kosovo improved and expanded their provision of services. But in Uzbekistan, while NGOs increased their provision of services, a lack of government support limited their impact.

Resource centers active, but vulnerable. Many countries in the region have NGO resource centers that are funded by international donors or national or local governments. Resource centers continued to expand in 2009 in the Czech Republic, Slovenia, Bosnia, and Tajikistan. Making such centers sustainable and responsive to the evolving needs of NGOs, however, has emerged as a particular challenge. In Poland, resource centers have been established with EU funding, but NGOs find that the quality of training provided is not consistently high. Similarly, in Kazakhstan, government-supported centers that operate in four cities do not always supply the services that NGOs need. In Moldova, resource centers have shifted

[1] The revised Law on Associations and Foundations was enacted by the Macedonian parliament in April 2010. Among other improvements, the law allows NGOs to engage directly in economic activities and introduces the concept of public benefit status as a prerequisite for receiving tax benefits.

to providing more advanced services, which threatens to further increase the gap between well-developed and nascent NGOs. A network of resource centers in Turkmenistan grappled with its future after its main foreign partner withdrew from the country. In Ukraine, resource centers established a decade ago have disappeared. Donors and NGOs in the region will no doubt continue to struggle to find the optimal model for addressing NGOs' infrastructure needs.

REGIONAL AND COUNTRY TRENDS

The following is an examination of each subregion featured in the Index, with a closer look at developments that contributed to countries' overall scores, as well as, scores within specific dimensions.

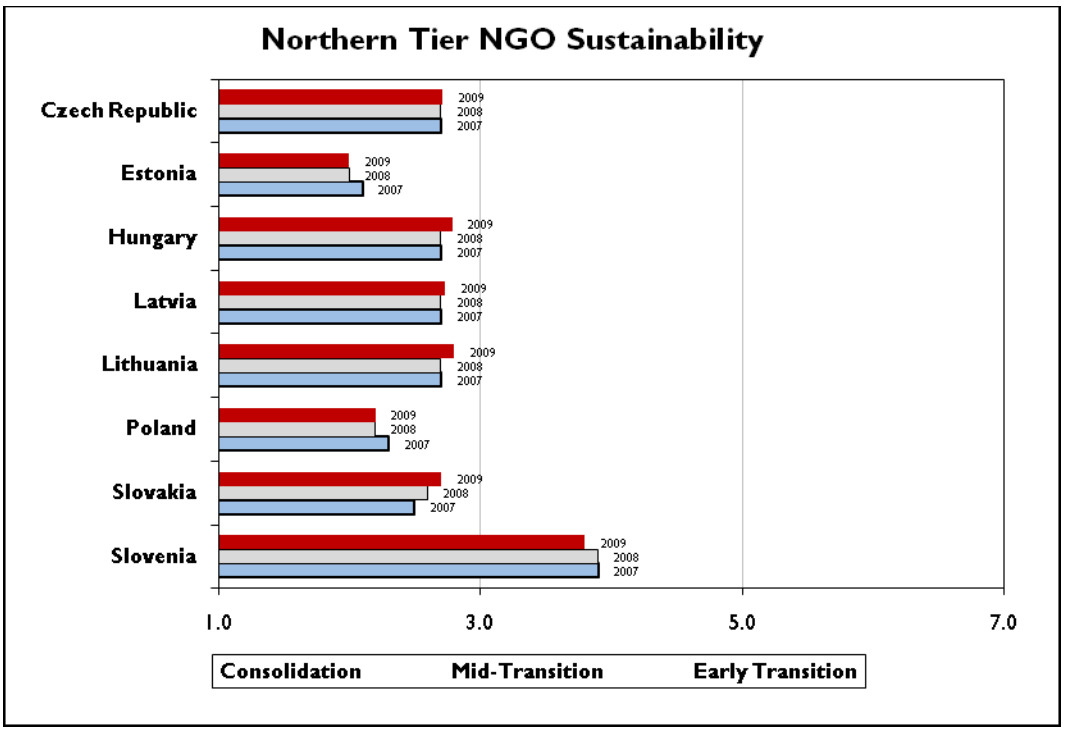
Northern Tier

Estonia and Poland remain the Northern Tier countries with the strongest levels of NGO sustainability, while Slovenia has the lowest.

Legal environment is the strongest dimension across the Northern Tier and all countries have a generally supportive legal framework for NGO development. NGOs continue to push for further improvements, however, and in some cases positive aspects of the legal environment came under threat. In Slovakia, the Ministry of Finance proposed a gradual decrease from 2 percent to 0.5 percent of businesses' tax liabilities that may be donated to NGOs. After several years of stalled progress in hoped-for legal reforms, Lithuanian NGOs are beginning to lose faith in their dialogue with the government. Hungarian NGOs experienced a setback now that individuals are no longer able to take tax credits for donations to NGOs. The amount companies can deduct for long-term donations was also reduced, and VAT (which NGOs must pay on in-kind donations) increased by 5 percent. Poland was the only Northern Tier country to show improvement in its score in this dimension, thanks to the expansion of NGOs' access to legal advice. For the first time Polish donors were also able to make VAT-free donations of goods to public benefit NGOs.

Organizational capacity, though generally strong among Northern Tier NGOs, was an area of slight deterioration in 2009. Economic difficulties forced Lithuanian NGOs to reduce programs, activities and staff, and some NGOs faced eviction as municipalities sought to privatize city properties. In Slovakia, as well, the financial pinch affected NGOs' ability to provide staff with adequate salaries and training opportunities. In contrast, organizational capacity among Slovenian NGOs improved as regional NGO support centers actively trained NGOs in project development, and the newly established Association of NGO Managers launched capacity building activities.

Half of Northern Tier countries experienced declines in their financial viability scores in 2009. In the Czech Republic, the financial crisis reduced the resources available to NGOs from foundations and corporations, and NGOs found it increasingly hard to compete with government-sponsored NGOs, academia, and businesses for public and private funds. Competition with businesses for public grants and tenders was an issue for Estonian NGOs as well, and those that depend on public-sector or corporate funding were especially hard hit in 2009. Lithuanian NGOs felt the effects of the crisis on all fronts, as government, business, and individual sources of funding diminished. In Slovakia, some NGOs managed to generate impressive support from individual donors, but experienced greater difficulties obtaining EU funds due to administrative requirements and delays.



Capacity for advocacy is generally high in the Northern Tier and the situation was dynamic in several countries in 2009, though this did not influence the average score. Despite political turmoil in Hungary, NGOs launched visible advocacy initiatives, tackling corruption, campaign financing, and other issues. Latvian NGOs took an active role in keeping civil society on the agenda during a governmental reorganization. NGOs in the Czech Republic successfully advocated for legislative changes that benefit the NGO sector and made progress influencing community- and regional-level development plans. Polish NGOs stepped up their cooperation with the government and improved channels of communication with the public. The advocacy score also improved in Slovenia, where NGOs enjoyed better access to decision makers and increased input in the legislative process. The prime minister's participation in the climate change talks in Copenhagen was the result of environmental NGOs' advocacy. NGOs in Lithuania, on the other hand, saw several advocacy efforts falter and found that their concerns were low priorities for the government.

The economic crisis was one of the causes of the decline in service provision scores in half of Northern Tier countries, which led to deterioration in the average score. In the Czech Republic, budget cuts eliminated some services and NGOs were at a disadvantage compared to GONGOs in the competition for funds. While the need for NGOs' services continued to grow in Lithuania, local governments responded to the economic crisis by reducing the use of NGOs as providers of social services. The Act on Social Services dealt a blow to NGOs in Slovakia in its first year of implementation by assigning service providers by area of residence rather than allowing citizens to choose providers, a move that favored public providers. And government cutbacks in human services in Hungary disproportionately affected NGOs, who are more likely to be dependent on such funding in comparison to other types of service providers.

The infrastructure for NGOs in the Northern Tier is generally strong and provides NGOs with reliable sources of training and information. In the Czech Republic, NGOs had greater access to training and consulting, though the quality of such services was uneven. The situation also improved in Slovenia, where EU Structural Funds and the establishment of new regional support centers enhanced training and

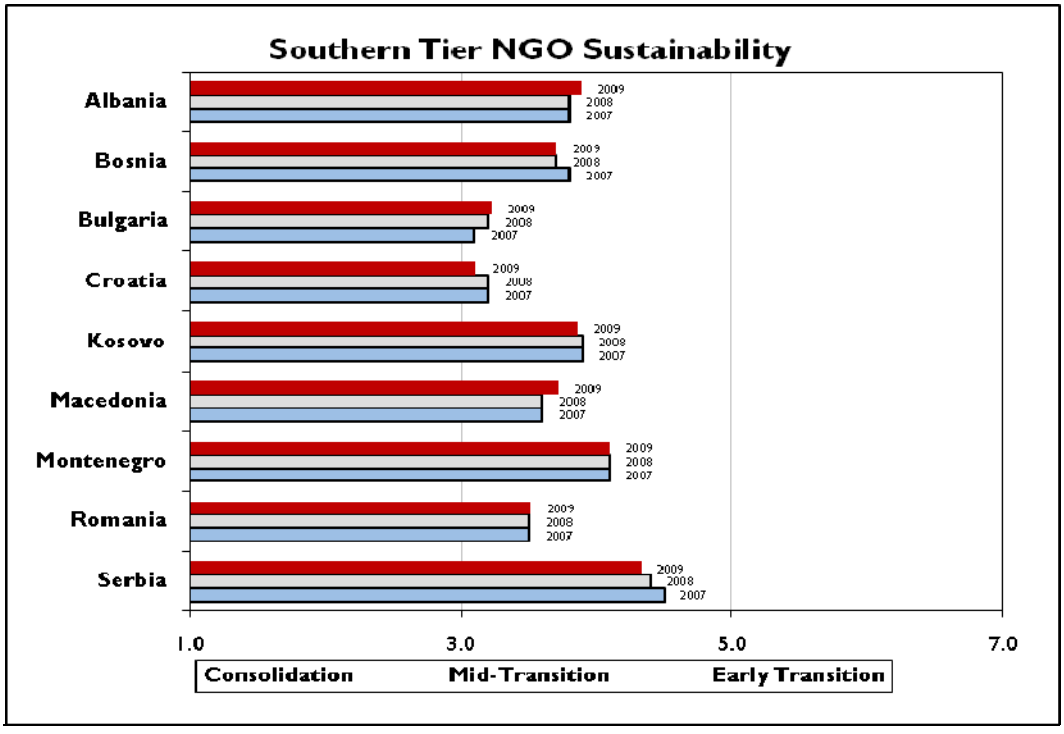
networking opportunities for NGOs. In Slovakia, however, NGOs continue to lack a strong countrywide network and their presence on the Internet declined.

NGOs in the Northern Tier countries are usually proactive about promoting their public image and enjoy relatively positive media coverage, though this does not always translate into broad public recognition. In two countries, Estonia and Slovenia, the situation improved during the year. The economic crisis enhanced public and media interest in social issues and NGOs' work in Estonia. A new electronic newspaper focused on NGOs launched in Slovenia and NGOs increased their presence on the Internet. In Slovakia, NGOs received threatening letters and phone calls from citizens and racist, nationalistic views expressed by a political party contributed to the increasingly hostile operating environment.

Southern Tier

Bulgaria and Croatia continue to have the highest overall scores among the Southern Tier countries. Serbia once again had the lowest overall score, though it showed improvement in 2009.

The legal environment in the Southern Tier countries continues to be the strongest dimension for NGOs in the subregion, but the year was characterized by progress in some countries and backsliding in others. Serbia in particular experienced dramatic improvement with the new Law on Associations and better cooperation between government and NGOs at the national level. Continued progress in bringing legislation into compliance with EU standards boosted the score in this dimension for Croatia. In both Macedonia and Montenegro, meanwhile, NGOs faced government hostility and harassment and, in the case of Montenegro, legal action as a result of voicing independent views. Government pressure on NGOs was also an issue in Kosovo, dampening optimism about the progressive new NGO Law. Lack of progress on reversing the previous year's negative changes to the Tax Code led to a score decline in Albania.



In the area of organizational capacity, which has tended to be weak in the Southern Tier, the situation was largely unchanged in 2009, though Bosnia and Romania improved their scores. Bosnian NGOs were increasingly coordinated in their activities and came together to develop a proposal of measures to address the financial crisis. NGOs also used technology in new ways to disseminate information and stimulate support for their initiatives. The improved score in Romania reflected NGOs' active efforts to stimulate volunteerism and reach out to new constituencies. The increased access to EU Structural Funds allowed some Romanian NGOs to woo back former staff.

Southern Tier countries, like their Northern Tier counterparts, suffered in the area of financial viability. Bulgaria experienced the most dramatic drop in score; factors included a decline in donations to community foundations, the continuing withdrawal of international donors, delays in the disbursement of EU funds, and corruption in the distribution of public funds for NGOs. In Romania, while private donors continued to be generous toward NGOs, the financial crisis nonetheless affected corporate, individual, and foundation support. In both Albania and Kosovo, decreasing donor funding combined with weak domestic funding options constrained NGOs' financial viability. In contrast to the negative tendencies elsewhere, the outlook brightened in Croatia as mechanisms for government funding became more streamlined and decentralized and as new EU and other regional funding opportunities opened up to Croatian NGOs.

Southern Tier NGOs tend to be stronger in advocacy than other areas, and with a few exceptions, NGOs have gradually improved cooperation with government counterparts in recent years. The average advocacy score for the subregion showed slight improvement in 2009. NGOs in Montenegro succeeded in pursuing more effective advocacy efforts despite increased government harassment. While Kosovo NGOs' opinions were not always taken into consideration in policy decisions, NGOs demonstrated increasing coordination and tenacity, particularly at the local level. Serbian NGOs successfully lobbied for the passage of new legislation on NGOs and anti-discrimination, as well as regulatory reforms related to access to information and other issues. In Macedonia, where government mistrust of NGOs is a persistent issue, NGOs were unable to have a significant influence on the content of legislation and the advocacy score worsened.

The average score in service provision did not shift in 2009. NGOs are becoming increasingly sophisticated in their provision of services, but the lack of sustainable funding mechanisms is an obstacle in many Southern Tier countries. In Bulgaria, the situation worsened as a direct result of the financial crisis, which reduced public resources for contracting NGO services. In Kosovo, on the other hand, local governments stepped up their cooperation with NGOs in the provision of social services. This was also the case in neighboring Serbia, where NGOs provide a wide range of services to vulnerable groups.

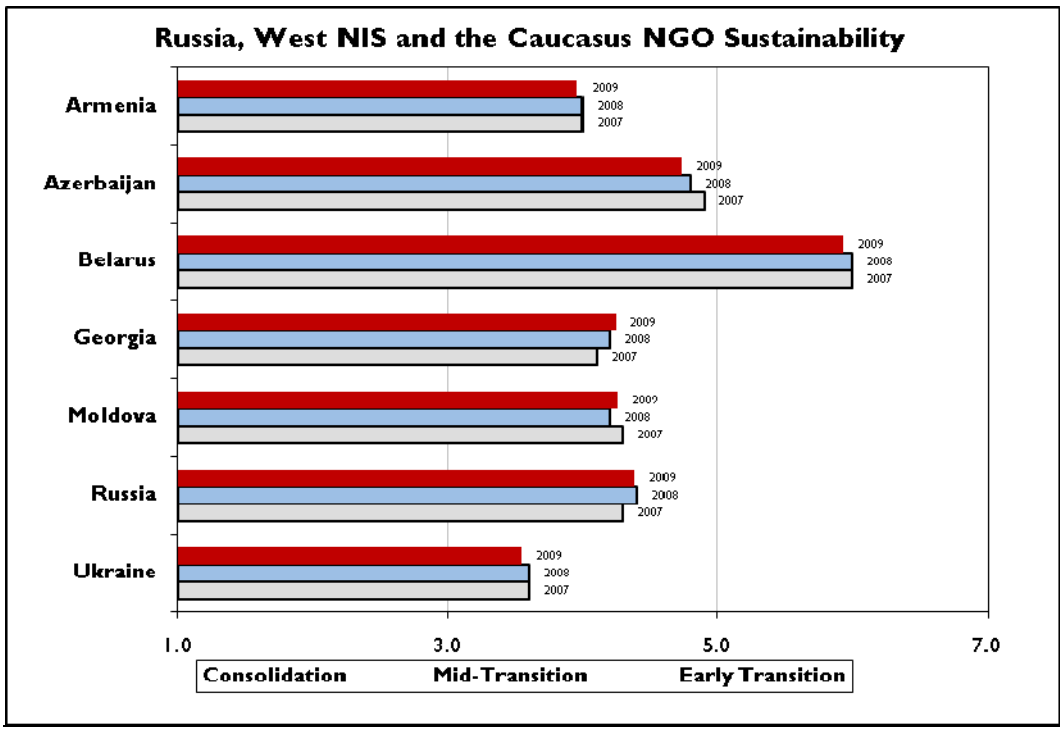
Most countries in the Southern Tier have relatively strong infrastructure for NGO sector development, including resource centers, community foundations and networks of local trainers. The situation in this dimension was relatively fluid during the year, with more than half of Southern Tier countries experiencing changes in score. NGO infrastructure improved in Bosnia, Croatia, and Romania. In all three countries, local-level resource centers promoted NGO sector development in diverse regions, and intersectoral partnerships expanded. In the case of Romania, EU Structural Funds helped to encourage the establishment of partnerships between NGOs and central and local government bodies. Albania and Kosovo suffered declining infrastructure scores; funding problems weakened resource centers in Albania and in Kosovo the low level of resource centers' activity reduced NGOs' access to training, especially in the Serbian language.

The situation with NGOs' public image in the Southern Tier did not change in 2009. NGOs are becoming increasingly savvy about attracting media coverage, but continue to encounter problems ranging from a lack of media professionalism to government resistance to their work. Bosnia, Kosovo, and Serbia all had

improved public image scores. Serbian NGOs benefitted from a more supportive government attitude and took proactive steps to engage the media, though journalists still lack awareness of NGOs' role. The Bosnian media became more interested in NGOs' activities and even began to devote more coverage to NGOs' watchdog role, seeking NGO views on stories involving corruption and other controversial issues. NGOs in Kosovo used new media tools and other techniques to increase their visibility; one NGO facilitated debates between mayoral candidates that aired on national television. In Macedonia, meanwhile, public opinion polling showed that levels of public trust in NGOs fell compared to the previous year. One of the likely contributing factors was the trend of political parties creating NGOs and think tanks to propagate their ideologies.

Eurasia: Russia, West NIS, and the Caucasus

The situation of NGOs is fluid, but still difficult in the Eurasia region. Of the Eurasian countries, Ukraine has the highest level of overall NGO sustainability, while Belarus has the lowest.



The legal environment for NGOs in Russia, West NIS, and the Caucasus is still in the mid-transition phase, though in 2009 the number of countries with improved scores outnumbered those with declining scores. In Belarus, NGOs continue to face a restrictive legal environment, but noncommercial entities such as associations of entrepreneurs were able to register more easily. Azerbaijani NGOs successfully averted the inclusion of negative provisions in the new NGO Law, though the final version of the legislation still contained several provisions of concern to NGOs. In Russia, a presidential working group focused on improving the legal framework for NGO activities. Georgia and Moldova experienced setbacks in their legal environment scores. Moldovan NGOs faced difficulties and delays re-registering as required by the amended Law on Public Associations and NGOs involved in elections activities experienced government harassment. A legislative amendment threatened to restrict the ability of NGOs in Georgia to organize public demonstrations and gatherings.

In terms of organizational capacity, two countries improved in 2009. In Azerbaijan, NGOs demonstrated greater capacity to conduct strategic planning, to reach out to constituencies and to engage volunteers. Cooperation among NGOs, authorities, businesses, and the public improved noticeably in Ukraine. In Georgia, however, NGOs struggled to survive in the face of decreasing donor funding and often were reduced to only one or two employees, particularly in the regions of the country.

Financial viability remains poor in Russia, West NIS, and the Caucasus, where domestic funding sources are underdeveloped and donor resources have dwindled in recent years. In 2009, both Russia and Ukraine saw public and private funding for NGOs decline due to the financial crisis. Only Azerbaijan experienced an improved score in this dimension; NGOs actively sought funding from diverse sources and the government distributed $3.5 million in grants to NGOs.

The advocacy dimension improved in several countries, leading to a slight improvement in the average score. Armenian NGOs managed to lobby against proposed negative changes to several key laws and contributed to discussions on the state budget. Ukrainian NGOs were particularly active in the fight against corruption. In Azerbaijan, NGOs mobilized campaigns on anti-corruption measures and made recommendations on the tax system that were accepted by the government.

The environment for service provision is generally weak in this subregion and the situation did not change in 2009. Governments in the region usually lack mechanisms for outsourcing services to NGOs and it is rare for NGOs to recover costs. In Russia, where NGOs faced greater competition from other service providers for a shrinking pool of funds, the score dropped.

The infrastructure dimension is still one of the strongest of all the dimensions in Russia, West NIS, and the Caucasus, though Russia experienced deterioration during 2009 as resource centers for NGOs appear increasingly less sustainable and are unable to retain qualified trainers. In Belarus, the situation improved; leading NGOs began filling the need for resource center services and an NGO became the first in Belarus to redistribute foreign funds.

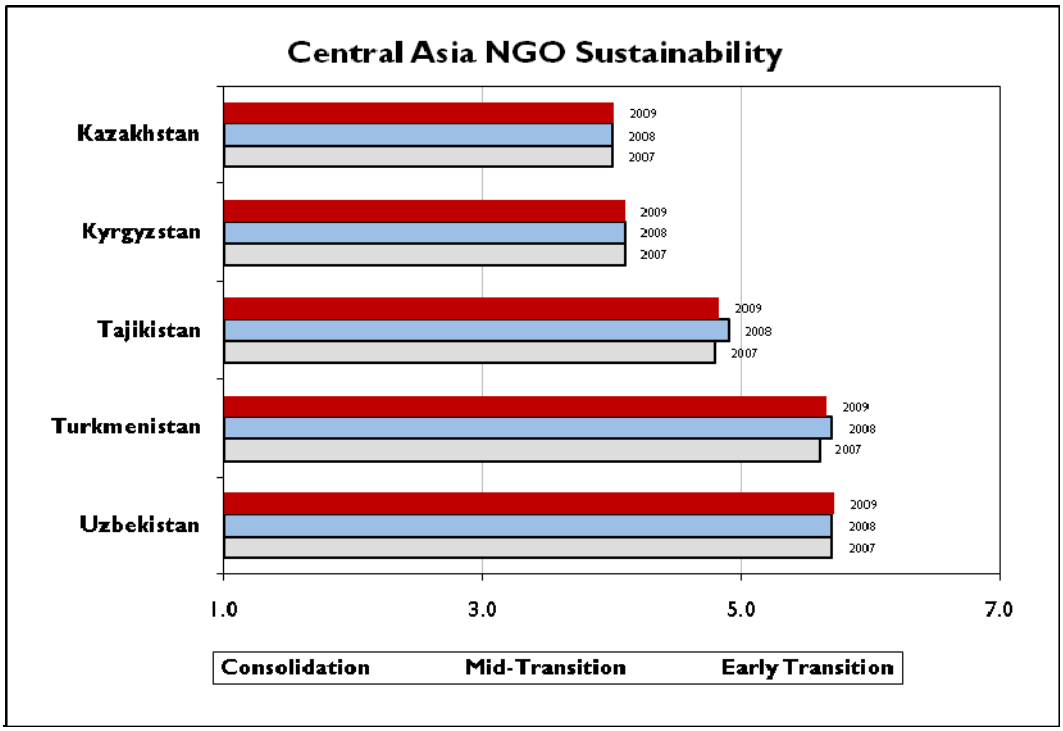
NGOs face numerous challenges to improving their public image, ranging from government opposition to their activities to weak media independence to poor NGO capacity in public relations. NGOs in Azerbaijan and Ukraine made progress during the year, however. The Azerbaijani media is paying more attention to NGOs and some NGOs have their own media programs. Ukrainian NGOs became more active in media relations and public outreach. In Georgia, meanwhile, NGOs took an increasingly backseat role amidst tumultuous political developments, failing to counteract prevailing public perceptions of NGOs as pro- or anti-government actors.

Central Asia

Average scores for the Central Asian countries are the lowest among the subregions covered by the NGO Sustainability Index. Uzbekistan and Turkmenistan are the lowest-scoring countries in Central Asia while Kazakhstan maintains the highest score.

Four of the five Central Asian countries experienced changes in their legal environment scores, although this did not affect the average score in this dimension. Positive changes were noted in Kazakhstan, Tajikistan, and Turkmenistan. In Tajikistan, the registration of some forms of noncommercial organizations has been simplified. A significant change to the legal environment for NGOs in Kazakhstan was the lifting of the ban on state financing of public associations. The government of Turkmenistan did not register any NGOs in 2009, but a new law enabled some organizations that had tried unsuccessfully to register as NGOs to register as “economic societies.” Several factors contributed to a decline in score in Uzbekistan, such as tighter tax rules for NGOs and more cumbersome reporting requirements.

Low levels of volunteerism, resource constraints and weak ties with constituencies are among the challenges in organizational capacity in Central Asia. During the year Tajik NGOs exhibited growing professionalism and took steps to improve transparency and internal governance of their organizations. Staffing problems brought down the score in Uzbekistan, a result of the strict new tax rules that made it more difficult for Uzbek NGOs to retain paid staff.



Like their counterparts in other subregions, NGOs in Central Asia faced threats to their financial viability during the year as a result of the financial crisis and changing donor priorities. The already difficult financial picture was not significantly affected, however, and scores did not change in this dimension.

The situation with advocacy in Central Asia varies widely, with very little advocacy activity in Turkmenistan or Uzbekistan versus relatively active NGOs in Kazakhstan and Kyrgyzstan. Advocacy scores improved in 2009 in Kyrgyzstan and Tajikistan. NGOs in Kyrgyzstan took a more strategic approach to advocacy and succeeded in establishing new structures for working with authorities. NGOs in Tajikistan contributed to policy documents and laws on women's rights, human rights, and the operation of small and medium-sized businesses.

Service provision is among the stronger areas for Central Asian NGOs. Tajikistan was the only country to show a change in this dimension, slightly improving its score as NGOs exhibited greater professionalism and as local authorities became more receptive to NGOs' contributions to addressing societal problems.

Infrastructure was the only area in which the average score changed in 2009, taking a turn for the worse. Both Kyrgyzstan and Turkmenistan experienced declines as NGOs lost key support structures. In Kyrgyzstan, where numerous information and resource centers were forced to close due to lack of funding, some NGOs responded by establishing informal networks in the regions. The closure of a key civil society support program in Turkmenistan forced a network of resource centers to cope with the loss of funding as well as legal status. Some adapted by providing more limited services, while others closed down.

Little movement was seen in the public image dimension in Central Asia, with the exception of Turkmenistan, which had improvement in its score. The government of Turkmenistan showed a somewhat more open attitude toward NGOs, and some Turkmen NGOs placed ads in newspapers as a way to publicize their activities.

CONCLUSION

The year 2009 did not produce significant changes in NGO Sustainability Index scores at the subregional level. Average scores for the Northern Tier and Eurasia stayed steady for the sixth year, while the Southern Tier average score has not changed for the past three years. The Northern Tier had the most countries with backsliding in scores, reflecting the fact that NGOs even in consolidation countries can be adversely affected by changes in economic and political conditions. Meanwhile, Eurasia had the most countries showing improved scores, proving that the situation continues to be dynamic in early- and mid-transition countries even if they have a ways to go before bridging the gap with their counterparts in Central and Eastern Europe.

The year saw progress in a historically low-scoring country, Belarus, and in two countries at the bottom of their respective subregions: Slovenia and Serbia.

While the year highlighted NGOs' vulnerabilities to global and national trends, it also demonstrated their ability to adapt and respond to those trends, whether by switching to lower-cost communications tools, pursuing more in-kind donations, or launching advocacy efforts to thwart negative legislation. It is perhaps promising that overall sustainability scores in the subregions stayed steady even as economies tumbled, but the year's financial difficulties will no doubt continue to have reverberations on various aspects of NGO sustainability.

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 NGOs. 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: Consolidation, Mid-Transition, and Early Transition. The Consolidation stage, the highest level of sustainability and development, corresponds to a score between 1 and 3 points; the Mid- Transition stage corresponds to a score between 3 and 5 points; and the lowest level of development, the Early Transition stage, corresponds to a score of 5 to 7 points on the scale.

LEGAL ENVIRONMENT

Consolidation (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.

Mid-Transition (3-5): 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.

Early Transition (5-7): 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

Consolidation (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.

Mid-Transition (3-5): 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.

Early Transition (5-7): 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

Consolidation (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.

Mid-Transition (3-5): 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.

Early Transition (5-7): 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

Consolidation (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.

Mid-Transition (3-5): Narrowly defined advocacy organizations emerge and become politically active in response to specific issues. Organizations at the Mid-Transition 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.

Early Transition (5-7): Broad umbrella movements, composed of activists concerned with a variety of sectors, and united in their opposition to the old regime fall apart or disappear. Some countries at this stage have not even experienced any initial burst of activism. Economic concerns become predominant for most citizens. There may be an increase in passivity, cynicism, or fear 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

Consolidation (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.

Mid-Transition (3-5): 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.

Early Transition (5-7): 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

Consolidation (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.

Mid-Transition (3-5): 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.

Early Transition (5-7): 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

Consolidation (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.

Mid-Transition (3-5): 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.

Early Transition (5-7): 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: ARTICLES

"NEVER WASTE A GOOD CRISIS": THE 2008 ECONOMIC DOWNTURN AND POST-COMMUNIST CIVIL SOCIETY

Joerg Forbrig[1]

The year 2009 was to be one of celebrations for civil society in Central and Eastern Europe and Eurasia.[2] Twenty years had passed since civic action played a critical role in toppling communism and setting the region on the path towards democratic reform, economic and social change, and European integration. In the two decades since 1989, civic initiatives, nongovernmental organizations, foundations, and the actions of individual citizens had left an impressive mark on the fundamental, rapid, and often painful changes that had taken place in the region.

This was certainly most obvious in Central Europe, where ten post-communist countries had joined the European Union in recent years. In the Western Balkans, civil society was central to the emergence of the countries of the former Yugoslavia from the wars of the 1990s, gradually moving the region closer to Europe. Even in the former Soviet Union, where conditions have often been difficult and hostile, numerous civic groups and organizations have continued to remind political elites and ordinary citizens of the importance of human rights, democracy, citizen participation, and social justice.

Consequently, numerous events, commemorations and conferences took place throughout 2009, reflecting on the achievements of civil society and the many challenges remaining before it across the region. Unfortunately, these celebrations came to be overshadowed by the unfolding economic crisis. Pride in past successes has given way, in many cases, to anxiety over what the future will hold for civil society and the region. How strongly would this economic downturn—the worst since the early 1990s for many countries—affect the region? How would citizens respond, and would there be significant political fallout? Would democratic institutions, still comparably new in most countries, weather the storm, or falter under the onslaught of the economic crisis? And would civil society find the responses, ideas, and resources needed to help political systems and societies beleaguered by the global meltdown?

As some of the dust stirred up by the economic recession finally begins to settle across Central and Eastern Europe and Eurasia, it is becoming clear that the region, and its civil societies, have come to an important impasse. Although previously present, several long-term trends and challenges for civil society were accelerated and reinforced by the crisis. And new and pressing issues resulting from the economic downturn have also been added to the agendas of NGOs and other civic actors in post-communist Europe and Eurasia. Some of the problems experienced present themselves differently in Central Europe, the

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[2] Throughout this essay, Central and Eastern Europe and Eurasia will refer to the post-communist countries of Europe and the former Soviet Union. More specifically, reference will be made to Central Europe, as comprising the ten countries of the region that joined the European Union in 2004 and 2007; to the Balkans, as including all EU accession candidates in the former Yugoslavia and Albania; and to the former Soviet Union, as relating to Belarus, Moldova, Russia, Ukraine, and the three South Caucasus republics. Separate reference is made, where appropriate, to the five Central Asian states once part of the Soviet Union.

Balkans, and the former Soviet Union, and even within each of these subregions. Others, in turn, span the entire region. Nonetheless, there is a sense that the current situation might also be an opportunity to positively shape civil society in Central and Eastern Europe and Eurasia for many years to come. It is this sense, shared by many in the region, that one should "never waste a good crisis" that the following essay hopes to convey and consider in more detail.[3]

PRIOR TO THE ECONOMIC CRISIS: TRENDS IN POST-COMMUNIST CIVIL SOCIETY

The past two decades in Central and Eastern Europe and Eurasia were characterized by the dynamic and steady re-emergence of civil society. Thousands of NGOs, grassroots initiatives, professional and interest-based groups, advocacy and watchdog structures, think tanks, charities, and foundations emerged. They began to address the many social, economic, political, and cultural issues facing the region and to articulate the diversity of interests, both public and private, that were unleashed with the modernizing push of post-communist transformation. Civil society was seen as an essential component of newly emerging democracies, as a critical check and balance on fledgling political institutions, and as a key contributor and agent of change. However, even prior to the economic crisis, the growth, increased capacity and confidence, and prominence of civil society had started to weaken. Some might even say it had gone into reverse.[4]

First and foremost, by the mid-2000s, the broader political context of Central and Eastern Europe and Eurasia had begun to change. In Central Europe, ten countries joined the European Union in 2004 and 2007. Integration, and the conditionalities it brought with it, had long been a primary stimulus for the individual countries to undertake painful political, economic, and social reforms. But with EU membership achieved, transformation fatigue began to show, further necessary reforms remained untouched, and backsliding even set in on some accounts.[5] In the Balkans, EU accession remains a realistic prospect, enjoys broad public support, and serves as a motivation to continue the reform process. The problem here is that EU integration will only happen in the long term, which has had a sobering effect on the enthusiasm of many actors, some in civil society. By contrast, in much of the former Soviet Union, democracy and a European outlook seem to be fighting something of a losing battle. Authoritarian tendencies have been gaining traction under smart dictators who propose their own "managed" versions of democracy, fundamentally questioning Western and European notions of human rights, democratic participation, and an open civil society.

No less significant have been the recent changes in the global environment. For many years following 1989, Central and Eastern Europe and Eurasia were important priorities for the European Union and the United States. For both, the region was the primary theatre for a value-based foreign policy that advanced stability and security through soft power, support for human rights and democracy, integration with Western political institutions, and assistance to civil society. Over the past decade, however, this paradigm has increasingly given way to more traditional realpolitik, in response to new and hard

[3] U.S. Secretary of State Hillary Clinton in a speech at the European Parliament on March 6, 2009.
[4] Stagnation and even reversal in civil society development in many post-communist countries are, most broadly, reflected in the scores of the NGO Sustainability Index where, between 2006 and 2008, Belarus, Georgia, Hungary, Kosovo, Latvia, Russia, and Slovakia recorded deterioration. More anecdotal evidence can be found in the shrinking capacity and visibility of many policy think tanks across the region, verbal attacks of governments—as in Slovakia since 2006—against the NGO community, or the criminalization of civic engagement under the notorious article 193-1 of the Belarusian Penal Code.
[5] See, for example, Assya Kavrakova, "Comparative Report: The Unfinished Business of the Fifth Enlargement Countries," Open Society Institute Sofia and European Policies Initiative, Sofia, 2009, http://eupi.osi.bg/fce/001/0070/files/11_Comparative_report_online.pdf; and a collection of essays, "Is East-Central Europe Backsliding?" in the *Journal of Democracy*, vol. 18, no. 4 (October 2007), http://www.journalofdemocracy.org/articles/toc/tococt07.html.

challenges such as terrorist threats against the West, civil strife and armed conflict in many parts of the world, rising and often hostile nuclear powers, and the growing importance of energy security.

Concluding that Central and Eastern Europe poses little if any problem in this global perspective, the U.S. has increasingly been targeting other regions for political attention and direct assistance, while retaining a strong engagement only in select post-communist countries such as, Belarus and Georgia. The European Union, in turn, is still digesting its last rounds of enlargement, continues to struggle with institutional reform, and is confronting the challenges of an unprecedented financial crisis. It is finding it hard to muster the same energy that it once invested in Central Europe in its relationships with the Balkans and, especially, the former Soviet Union. Relations with resource-rich countries, such as Russia or Azerbaijan, see energy security trumping key values such as human rights and democracy. In 2009, six countries of the region—Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine—were invited to join the Eastern Partnership. This newest EU program expands on the former European Neighborhood Policy, but it has yet to become an attractive and well-funded instrument of cooperation with regional governments and civil society alike.[6]

These broader developments on the regional, European, and international stage have naturally left their mark on civil society in the countries concerned. After accession to the EU, civil society in Central Europe entered a phase of stagnation and, to some extent, regression. The region already boasted a comparably high level of civil society development on all key criteria, including a supportive legal environment, considerable organizational capacity, an established infrastructure providing assistance to civil society organizations, a high degree of advocacy activity and a growing role in service provision, emerging cooperation with both public and business sectors, and a relatively positive perception in society for NGOs and other civil society organizations.

However, it soon became apparent that the peak of civil society development had been reached and had passed—and this despite the rather favorable conditions. In some countries, such as Slovakia, the political climate for NGOs has worsened, while the misuse of NGO funds has damaged the public image of civil society in others, such as Hungary and Latvia. These might have been temporary setbacks, but a more fundamental question emerged. Civic activists and NGO professionals across the region observed how civil society, along with the general consolidation of democracy, had become highly institutionalized and professionalized. Much of its earlier charm, proximity to citizens, and visibility in the public sphere was felt to be lost. As a result, discussions emerged about the *raison d'être* of civil society, its place among citizens, its vision for society, and the nature and value of NGO work. Before long, calls for civil society in Central Europe to make an effort to reinvent itself were heard.[7]

Less philosophical questions were on the agenda of civil society in the Balkans, where more basic development issues continued to be the highest priority. While advocacy capacity and public image had long been among the strengths of regional NGOs, the region lagged behind on many of the other key parameters for a functional and vibrant civil society. Legal provisions regulating civic structures suffered

[6] In the European Commission's own words, the Eastern Partnership "put forward concrete ideas for enhancing our relationship with: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. This would imply new association agreements including deep and comprehensive free trade agreements with those countries willing and able to enter into a deeper engagement and gradual integration in the EU economy. It would also allow for easier travel to the EU through gradual visa liberalization, accompanied by measures to tackle illegal immigration. The Partnership will also promote democracy and good governance, strengthen energy security, promote sector reform and environment protection, encourage people to people contacts, support economic and social development and offer additional funding for projects to reduce socio-economic imbalances and increase stability." For more details, see the dedicated website at http://ec.europa.eu/external_relations/eastern/index_en.htm.

[7] This search for a new vision manifested itself in the discussions of the Civil Society Forum, held by the Trust for Civil Society in Central and Eastern Europe in Bratislava, Slovakia, in September 2009.

several setbacks, especially in Albania, Kosovo, Macedonia, and Montenegro. Across the region, with the exception of Serbia, governments continued to be unwilling to engage in consultation, dialogue, and cooperation with NGOs.[8] Accordingly, the organizational capacity of civil society has advanced only very gradually. Thus, in the Balkans, the primary task remained to make the many small steps towards more developed civil societies, along with the consolidation of the democratic institutions that are supposed to underpin them. For many actors in civil society, the main question was how to muster the day-to-day patience and stamina to continue working towards this goal—in many countries of the region, still a relatively distant prospect.

Bleaker still was the situation in much of the former Soviet Union, where challenges to civil society played out on a much more existential level. Since the early 2000s, a swathe of countries, including Azerbaijan, Belarus, Russia, and the Central Asian republics, have stealthily eliminated the remnants of the fledgling democratic systems put in place during the transitions of the early 1990s, and have moved towards various forms of neo-authoritarianism. Along the way, independent voices in society, be they in the media, business, or NGOs, found themselves increasingly marginalized and have experienced varying degrees of repression at the hands of the new strongmen in power. Their place as intermediaries between the state and its citizens came to be occupied by government-sponsored and ideologically aligned social organizations, or GONGOs,[9] while the remnants of independent civil society have essentially retreated into a form of dissidence very reminiscent of the Soviet era, in which they struggle for mere survival.

A few exceptions among former Soviet republics nevertheless provide a more promising environment for civil society. In Georgia and Ukraine, NGOs and civic initiatives received an enormous boost during the Rose and Orange Revolutions but have since lost much momentum, as a result of the politicization and polarization of Georgian society, and the stalemate between the fractious political elites that has plagued Ukraine. Both Armenia and Moldova have witnessed some gradual developmental improvements over the years, especially in the areas of advocacy, NGO infrastructure, and cooperation with public authorities. But the dilemma for these four post-Soviet republics continues to be that their indigenous democratic development, specifically that encouraged by the efforts of civil society, is not adequately nurtured through incentives and assistance from the European Union.[10] Civil society, therefore, fights an uphill battle to assert itself and the democratic choice for these countries.

Besides these more specific trends in individual subregions, three broad and challenging concerns face civil society across Central and Eastern Europe and Eurasia. First among these is its relationship with government. Even the most advanced civil societies in the region, mostly those of Central Europe, are only gradually encountering a cooperative attitude on the part of governments, which often see themselves as the only legitimate advocates of the public interest. Consultations with NGOs, openness to their criticism and suggestions, and practical cooperation on public policy issues are still the exception, and it is often at the local level that such relationships develop first. In the Balkans and the more democratic parts of the former Soviet Union, this problematic lack of interaction between civil society and government is even more pronounced, resulting perhaps from the still very fragile structures and insufficient capacities of both sides. The more authoritarian states of Europe's east, such as Belarus and Russia, in turn, have largely resolved this problem. Civil society, if remaining independent, is ignored at best and repressed at worst, and the GONGOs that those regimes put in its place act, to a large extent, as the government's transmission belts into society.

[8] See the relevant country chapters in the 2008 NGO Sustainability Index.
[9] GONGO refers to government-operated nongovernmental organization, typically set up by non-democratic governments to confuse the public about the meaning and effects of civil society, and to put competitive pressure on NGOs advocating democratic reforms.
[10] The primary EU assistance program for former Soviet republics is the European Neighborhood and Partnership Instrument; for more detail, see http://ec.europa.eu/world/enp/funding_en.htm.

A second issue civil society is grappling with is the increasing diversity of each country's stage of development. Immediately following the breakdown of communism, most of the tasks ahead were very similar across the countries of Central and Eastern Europe and Eurasia, involving the establishment of basic institutions of democracy, the switch to market economies, and the creation of the basic structures of a civil society. This made it possible to apply comparable approaches and models region-wide. However, as individual countries advanced in their transformation, differences in speed, policy choices, and local contexts have increasingly come to the fore, and they require much more individualized programming and solutions. In this sense, the once convenient, regional shorthand of "Central and Eastern Europe" or "post-communist countries" can no longer adequately encompass the highly differentiated reality on the ground. This places new demands on civil society to produce accurate analyses and creative approaches for tackling context-bound situations and challenges.

The third region-wide challenge is the financial viability of civil society. Foreign funding, through Western development agencies and foundations, was long a major resource for NGOs in Central and Eastern Europe. Domestic funding structures did not exist and economic prosperity had not arrived. With EU enlargement, most international donors exited Central Europe; gradually, civil society has been able to compensate with new sources of revenues. These include EU programs that civil society has learned to access, new indigenous donors, government support, and percentage allocations of individual (and sometimes corporate) income tax. A similar variety and volume of domestic resources has yet to emerge in the Balkans and the more democratic parts of the former Soviet Union, yet foreign funders have been preparing their exit from those territories nonetheless, likely leaving civil society in very dire financial straits.

Taken together, these various trends posed a formidable challenge for civil society already before the global economic crisis unfolded its impact in the region. Several of these were amplified by the economic downturn.

THE CRISIS: SHOCK AND UNCERTAINTY IN CENTRAL AND EASTERN EUROPE AND EURASIA

When the global economic crisis arrived in 2008 and continued to deepen throughout 2009, much of Central and Eastern Europe and Eurasia was taken by surprise. In recent years, the continent's eastern half had been a formidable boom region, and it had seemed that the long valley of tears that followed the breakdown of centrally planned economies had finally been left behind. Suddenly, however, the region found itself once again in the eye of an economic storm, and gloomy predictions abounded as to how post-communist countries would fare under such stress.

Economic figures for the region were indeed dramatic. Overall, economies in Central and Eastern Europe and Eurasia shrank by nearly 4 percent in 2009, following years that had seen average growth rates in the region of 7–8 percent. The results of this sudden drop were not, however, evenly distributed across the region. Hardest hit was Central Europe. GDP declined 15 percent or more in the Baltic states and 5–7 percent in most other countries, with only Poland retaining modest growth. Mixed results were seen in the Balkans: economic growth in Albania and Kosovo contrasted with recession across the former Yugoslavia. Even more pronounced were regional discrepancies in the former Soviet Union, as economies dropped by between 4 percent in Georgia and 15 percent in Ukraine, while the oil and gas belt from Azerbaijan into Central Asia continued to experience strong growth. This economic pressure forced

numerous countries to turn to the International Monetary Fund (IMF) for assistance. Some countries (Latvia, Hungary, Ukraine, and Armenia) had to ask for full-fledged bailouts.[11]

No less considerable, although different in extent, were the social consequences of this economic recession. Unemployment jumped by between 20 and 50 percent in Central Europe, reaching an average of 11.5 percent by the end of 2009.[12] In the Balkans and the former Soviet Union, unemployment rose by a somewhat more moderate 2 percent to reach an average of 10.3 percent.[13] Those fortunate enough to keep their jobs, meanwhile, faced drops in real wages, with cuts of up to 40 percent for public sector employees in the Baltic states. Adding pressure on individuals and families was the fact that savings rates across post-communist countries have traditionally been low, while the boom years led many people to take out mortgages and consumer loans. Remittances from migrant workers dropped sharply--by more than 30 percent in Armenia and Tajikistan, though somewhat less drastically in some of the new EU member states, such as Poland, Romania, Latvia, and Slovakia. Many Central and Eastern Europeans and Eurasians now find themselves increasingly exposed to the risk of poverty, especially traditionally vulnerable groups such as rural populations, the elderly, and specific minorities like the Roma. This is clearly reflected in opinion polls, which indicate, for example, that more than half of all Central Europeans feel that poverty in their countries has increased.[14]

Thus, it is foreseeable that an increasingly significant part of the population of the region will come to depend on social welfare services provided by the state. State budgets, however, are severely strained, as tax revenues across Central and Eastern Europe and Eurasia have plunged and budget deficits have sharply increased. In response, governments have taken a variety of policy actions. Some countries, such as Russia, have been able to mobilize large reserves to fill budget gaps. Others, especially Central European states with relatively sound economic prospects, have allowed themselves larger budget deficits to maintain social welfare programs, despite strained revenues. Most countries in the region, however, were forced to introduce austerity measures, including curbing social services. For example, Estonia cut sickness benefits and Lithuania capped remuneration during maternity leave, while Latvia has reduced its health care services drastically.[15]

The increasingly precarious situation of many citizens in Central and Eastern Europe, combined with these unpopular austerity measures on the part of governments, has come as a deep psychological shock to many in the region, which witnessed more than a decade of rapid development, economic growth, and increasing prosperity. Consequently, many observers expected that rising public discontent would generate significant political fallout across the region.

To date, however, these doomsday scenarios have not materialized. To be sure, citizens have been critical about the way their governments have handled the economic crisis. In the Czech Republic, for example, more than half of the population views the government's management of the crisis in a negative way.[16] This discontent has not, however, generated a broader political crisis in post-communist countries. Large-

[11] International Monetary Fund, World Economic Outlook Database, April 2010, http://www.imf.org/external/pubs/ft/weo/2010/01/index.htm.
[12] Eurostat, http://epp.eurostat.ec.europa.eu/.
[13] International Labour Organization (ILO), *Global Employment Trends*, January 2010, http://www.ilo.org/public/libdoc/ilo/P/09332/09332(2010-January).pdf.
[14] Eurobarometer, "Monitoring the social impact of the crisis: public perceptions in the European Union," March 2010, http://ec.europa.eu/public_opinion/flash/fl_286_en.pdf.
[15] United Nations Economic Commission for Europe, "Public Health in Europe: The 2007-2009 Financial Crisis and UNECE Activities," Discussion Paper no. 2009. 2, November 2009, http://www.unece.org/oes/disc_papers/ECE_DP_2009-2.pdf.
[16] Public Opinion Research Center (CVVM), "The Financial Crisis in the Eyes of the Czech Public," December 2009, http://www.cvvm.cas.cz.

scale protests like in Estonia and Ukraine have remained the exception, as have government breakdowns, such as those that occurred in Hungary and Latvia. Gains for political extremists, such as the recent electoral success of the right-wing Jobbik in Hungary or the aggressive anti-Roma rhetoric of the Slovak Nationalist Party, have also remained the exception, despite the fact that such parties have historically benefited during difficult economic times. Forecasts about national elections scheduled in the Czech Republic, Latvia, Slovakia, and Poland later in 2010 do not include any expectation of a political sea change. In sum, the new democracies of Central and Eastern Europe (as well as the neo-authoritarian regimes in parts of the former Soviet Union) have remained surprisingly stable under the onslaught of the global economic crisis.

Although signs of recovery are emerging across Central and Eastern Europe and Eurasia, with GDP growth in 2010 forecast at 2.3 percent region-wide, it will likely take years for post-communist countries to recover from this economic downturn, though individual countries' situations differ widely. In Central Europe, the return to economic growth is expected to be very gradual, with the sheer financial costs of the crisis continuing to bear heavily on state budgets, potentially for years to come. Whether new EU members filled budget gaps with debt that will need to be serviced or relied on IMF support in exchange for austerity measures, their capacity for delivering public policy and services will remain severely limited. This will likely prompt more fundamental discussions of the welfare systems that individual countries can afford to have and of the economic models that Central European states must put in place to be sustainable and competitive in the long term. These debates should open considerable space and opportunities for civil society.

In the Balkans and some former Soviet republics, such as Armenia, Georgia, Moldova, and Ukraine, economic recovery is also expected to be protracted. Across many of these countries, the crisis has illustrated that basic state capacities and structures are often deficient. Building these will be a key priority—not only for overcoming the current crisis, but also for development over the long haul. In this effort, too, civil society should find numerous ways to engage and make a constructive contribution.

Ironically, it is the neo-authoritarian regimes of the region, including those in Azerbaijan, Belarus, and Russia, that seem to be weathering the economic crisis best and that may well recover fastest, with growth rates in 2010 forecast between 2.5 percent in Belarus and 12 percent in Turkmenistan. Should these predictions materialize, the remaining non-democracies of Eurasia will return to their pre-crisis stability, defying the hopes of many that economic troubles would force some of these regimes to open up and liberalize. Additional opportunities and improving conditions for civil society in these countries are, therefore, very unlikely.

FEWER SOURCES, LESS FUNDING FOR NGOS

The most direct effect of the economic crisis on civil society in Central and Eastern Europe and Eurasia is a manifest, even expected, reduction in available financial resources. NGOs have traditionally relied on a mix of funding sources for their activities, ranging from international foundations, Western development aid,[17] and European Union programs, to domestic support from individuals, corporations, and governments. The combined funding available from these sources has, in many cases, already shrunk, and is most likely to decrease in the years to come. This development, however, is not equally obvious across funding sources or countries, nor is it in all cases a result of the economic downturn.

[17] The largest development assistance agencies active in Central and Eastern Europe include the United States Agency for International Development (USAID), the Swedish International Development Cooperation Agency (Sida), and the Matra Social Transformation Program of the Dutch government.

International funding has long been an important foundation for the work of NGOs in post-communist Europe and Eurasia. For over two decades, numerous private foundations, public entities, and development assistance agencies from both the U.S. and Europe provided considerable long-term support to civil society in the region. As democracy and civil society advanced, many of these donors prepared their exit from the region, and already prior to the economic crisis, most assistance agencies had left Central Europe, while some, such as the Swedish International Development Agency (Sida) or the Dutch Matra program, had started to scale back their programming in the Balkans or the former Soviet Union.

Among those that remain active in the region, crisis-related effects are not immediately apparent. In part, this is due to the modus operandi of donors, especially government-funded donors, which typically plan their programming in cycles of five or six years. This has meant that many donors had little leeway to make immediate adjustments in strategy and funding for the region. Accordingly, observers estimate that international funding in the Balkans and the former Soviet Union has decreased by only about 10 percent following the economic crisis. They predict, however, that the full effects of the downturn will become visible in foreign funding in two to three years.

Equally mixed are the effects of the economic downturn on those international foundations that remain active in post-communist Europe. Among U.S.-based foundations, some have been severely affected by the crisis and are scaling down their engagement, such as the Charles Stuart Mott Foundation. Others, in contrast, have responded to the crisis by ploughing additional resources into the area; the Open Society Institute, for example, announced a $100 million emergency fund for the region. Further mitigating against crisis-related drops in U.S.-based foundation support for the region is the fact that a number of programs, such as the Trust for Civil Society in Central and Eastern Europe, the Balkan Trust for Democracy, and the Black Sea Trust for Regional Cooperation, have been designed for the long term, with resources already committed by various consortia of funders. European foundations, in turn, have always been more operational than grantmaking in their programming. Possible decreases in their engagement, as discussed by the King Baudouin Foundation of Belgium or the Robert Bosch Foundation of Germany, among others, should not significantly lower funding for civil society in the immediate future.

By contrast, the domestic funding available to civil society in Central and Eastern Europe and Eurasia has been severely reduced by the economic crisis. For years, NGOs have understood that building local bases of financial support is critical for the long-term sustainability of their civil societies. Consequently, efforts had been made to mobilize local resources from governments and indigenous foundations, the business sector, and individual citizens. This development was particularly advanced in Central Europe, but in the Balkans and parts of the former Soviet Union, too, domestic funding was an increasingly important source of income for civil society. The economic crisis has dealt this trend a severe blow.

Government support to NGOs has been drastically cut across the region. Stark examples are Estonia, where proceeds from the gambling tax (a main source of funding for civil society) have decreased by more than 30 percent, and Lithuania, where NGOs report a drop of some 25 percent in government support. Russia has seen a decline of funding to social organizations on regional and municipal levels, with cuts of up to one third of previous levels, as observed in the city of Tyumen. Even where state funding remained available, NGOs were often forced to adjust their activities to directly address the consequences of the crisis, and payments for public grants and contracts have frequently been delayed.

Funding from corporate partners has suffered a similar decline. Across the region, businesses have frozen or cut their public relations and philanthropy budgets. The once-significant level of corporate giving to NGOs has dropped as a result of the difficult business climate—more moderately in Poland, more severely in the Czech Republic, Slovakia, and Serbia, and drastically in Ukraine and Russia. This has not, however, immediately severed relationships between the business and NGO sectors, as companies have

shifted to in-kind support and contributions of human capital, as reported in Bulgaria and the Czech Republic, among other countries.

Contributions from individual citizens have had a mixed response to the economic crisis, according to observers. In several countries, including Hungary, Lithuania, Poland, Romania, Slovakia, and Slovenia, individuals can assign between 0.5 percent (in Slovenia) and 2 percent (in Slovakia) of their income tax to an NGO of their choice. This mechanism generates considerable resources for civil society; in 2009 in Slovakia, this source of income for civil society amounted to over $72 million.[18] But the economic crisis has brought with it shrinking business revenues, drops in employment, and wage cuts, all of which will negatively affect this major source of revenue for civil society in Central Europe.

By contrast, and maybe somewhat surprisingly, donations from individuals have remained remarkably stable. Despite more difficult individual circumstances, a relatively high number of Central and Eastern Europeans—for example, 45 percent of Czechs and 50 percent of Poles—continue to regularly give to charitable organizations and NGOs.[19] Large charitable collections, like Guardian Angel in Slovakia, the Latvian Children's Fund, or Poland's Great Orchestra of Christmas Charity, have all reported stable donations throughout the financial crisis. This continued generosity of many citizens primarily benefits charitable organizations, however, while more classical advocacy NGOs or community foundations report more difficulties accessing donations from individuals.

Besides the international funding mentioned earlier and domestic sources of support, the European Union maintains various funding programs that benefit civil society. These are most relevant for the new EU member countries, but are also an important source of support in the Balkans. EU funding is probably least significant for the former Soviet Union, although the NGOs in some countries can benefit from some EU programs, alone or in partnership with NGOs located in EU member or candidate countries. Given their governmental and long-term nature, these programs have not been visibly affected by the economic crisis. However, these instruments—Structural Funds in Central Europe and the Instrument for Pre-Accession Assistance (IPA) in the Balkans—provide little leeway for a rapid reaction to the crisis. NGOs across the region complain that EU programs are overly bureaucratized, hard to access for all but a handful of very well-established organizations, often require pre-financing by implementers, and strongly depend on national and local governments' willingness to cooperate with civil society.

In sum, despite the variety of funding sources in many countries of the region, the funding situation for civil society in Central and Eastern Europe and Eurasia has deteriorated considerably under the impact of the economic crisis. A clear indication for this is provided by region-wide donors, such as the Balkan Trust for Democracy or the Black Sea Trust for Regional Cooperation, that have seen a surge in proposals, receiving up to 100 percent more applications last year relative to previous years. Many of these new requests come from NGOs that used to have solid funding from elsewhere.[20] Obviously, in volume and diversity, funding has become harder to access for NGOs in post-communist Europe.

THE ORGANIZATIONAL CAPACITY OF CIVIL SOCIETY: MUCH SHADOW, SOME LIGHT

Increased financial constraints are, naturally, reflected in changing organizational capacity. To be sure, NGOs in Central and Eastern Europe and Eurasia always had to live with stronger resource constraints

[18] Data from the Slovak tax authorities as reported on http://www.rozhodni.sk. Figures include corporate income tax, as Slovak companies can assign 2 percent of their income to NGOs of their choice.
[19] Public Opinion Research Center (CVVM), "The Czech Republic, Poland and Hungary: Public Views of Charity," September 2009, http://www.cvvm.cas.cz/.
[20] Personal conversations of the author with Alina Inayeh, Director of the Black Sea Trust for Regional Cooperation, and Ivan Vejvoda, Executive Director of the Balkan Trust for Democracy.

than their counterparts in more established democracies. They have learned to operate with very limited staff, who often hold other positions and draw incomes in other sectors like academia or business. Volunteers are an additional and flexible human resource. Operating mostly on a project basis, NGOs expand their structures and activities when funding is available, and contract when resources shrink. These structural features have enabled NGOs to go into "hibernation" during lean times and to re-emerge when conditions improve. The current crisis has clearly impacted the resources and capacity of civil society in Central and Eastern Europe and Eurasia, often negatively, but at times also positively.

The most drastic effect that can be observed across the region is the closure of some organizations. This is a trend that started some years ago, but it has been accelerated by the economic crisis. It usually affects smaller NGOs that were organized around individuals, unclear or narrow missions, and a single funding source. Albania and Hungary report such instances, but the disappearance of many weaker NGOs is a region-wide trend. Adding to this is the closure of regional offices, as has been observed in Latvia and Slovakia, or the separation of functional branches of NGOs, as in the case of day care centers in Lithuania. At the local and regional levels, this shrinkage is partly offset by the emergence of new groups of citizens who organize around the effects of the crisis in their immediate communities, as has occurred in Latvia. Overall, this trend is likely to result in a significant consolidation of organizational structures, a process welcomed by many in the region.

Among remaining organizations, staff salaries constitute a key expense, as many NGOs rely on some permanent core staff to ensure their work gets done. For example, 30 percent of Polish civil society organizations include employed personnel.[21] NGO employment has been considerably affected by the economic crisis, although with mixed results. On the one hand, many organizations—in Estonia, one-fifth of all NGOs—have been forced to cut staff. This further weakens civil society's often precarious human resource base. On the other hand, the current situation may slow the outflow of skilled personnel, as positions and salaries in other sectors (and countries) have become less lucrative. In some cases, as with Romanian and Polish organizations working with EU Structural Funds, or with NGOs in Russia and Ukraine more generally, employment in civil society is becoming more attractive and hiring specialists from other sectors has become easier. Hence, while staff numbers may be shrinking overall, NGOs may in fact be benefiting from increased staff quality and professionalism.

At the same time, most of the NGOs in the region have long relied heavily on volunteers. The readiness of citizens to contribute some of their time to civic organizations or projects varies starkly across Central and Eastern Europe and Eurasia. A considerable boost has been reported in Estonia, for example, where as many as 40 percent of NGOs have seen an increase in volunteering compared to before the economic crisis. In a very similar vein, several very successful volunteer campaigns have been held across the region, including "Follow the Volunteer" in Romania, "Volunteer Day" in Slovakia, and the "National Week of Volunteering" in Moldova. By contrast, other countries, such as Serbia and Poland, have seen sharp declines in volunteering; ordinary people are observed to be devoting more time to trying to make ends meet during the recession.[22] Generally, and notwithstanding the effects of the crisis, the recruitment of volunteers as a sustainable human resource remains a long-term task for civil society across the region.

A welcome and generally positive development accelerated by the economic downturn has been enhanced cooperation among NGOs. In some countries, like Ukraine, this has taken the very simple form of sharing offices and administrative costs. In others, NGOs are forming working coalitions, networks, and platforms to cooperate thematically: for example, on topics like corruption, election observation, and

[21] Association Klon Jawor, "Basic facts about nongovernmental organizations," Warsaw, 2008, http://www klon.org.pl/.

[22] Survey data from Poland suggests that volunteering declined from 19 percent in 2008 to 12 percent two years later; see CBOS Public Opinion Research Center, "Charity in Poland," February 2010, http://www.cbos.pl.

media support in Armenia, and within the EU Eastern Partnership initiative in Belarus. Such enhanced cooperation among NGOs in specific fields is also the order of the day for many NGOs in the new EU member countries and the Balkans. In order to access EU funding, both structural and pre-accession, it is not uncommon for three to five partner organizations to pool their otherwise insufficient resources and develop cooperative projects. The broad trend across the region indicates a more effective use of the limited resources that are available.

Whether it is staff development, recruitment of volunteers or cooperation and partnerships, the effects of the economic crisis also highlight an urgent need for improved strategic and long-term planning by NGOs. With few exceptions, this is seen as a continued deficit of civil society in Central and Eastern Europe and Eurasia. Many observers and activists hope, therefore, that the economic crisis will prompt better efforts among organizations to ground their work in sound planning and to pursue activities consistently over time.

ADVOCACY AND POLICY DEBATES: CIVIL SOCIETY'S WEAK RESPONSE

Perhaps most surprising in the wake of the economic crisis has been the comparably weak response by civil society in Central and Eastern Europe and Eurasia to the clear public policy challenges created by the crisis. There has also been a visible lack of NGO engagement in advocacy campaigns and policy consultations. Civil society in the region has a long tradition of engaging in public awareness and advocacy campaigns that have more than once led to fundamental democratic changes.[23] Although there are regional variations—activities are more advanced in Central Europe and the Balkans, less so in much of the former Soviet Union—advocacy groups, anti-corruption initiatives, media watchdogs, election monitors, and policy think tanks make up one of the region's strongest segments of civil society. It would have been reasonable, therefore, to expect strong advocacy efforts by NGOs in response to the economic downturn.

The reality, however, has been rather sobering. In some of the countries most affected by the recession, governments did indeed seem considerably frightened, and thus more inclined to listen to suggestions and ideas coming from civil society. As a result, think tanks, such as Providus in Latvia and Praxis in Estonia, recorded a hitherto unseen frequency of invitations to government consultations, over and above an already high level of interaction between civil society and the state. In Armenia and Georgia, too, NGOs reported a more cooperative attitude on the part of government authorities, especially on the local level. On the national stage, Slovenian NGOs were included in the government's "development dialogue" on responses to the financial crisis. In all these cases, however, it remains to be seen what tangible results will come of this improved cooperation between civil society and governments.

A rare example of a successful effort by civil society was, in the Czech Republic, the initiative "NGOs and the Crisis." A joint proposal was brought to a meeting of NGOs with Prime Minister Fischer in October 2009 that outlined how government and European funding, and improved cooperation between state and civil society, could address the effects of the financial crisis. The direct result of this initiative was the publishing of new rules allowing for faster disbursement of public funds to NGOs.[24]

In many other cases, however, it seems that civil society's attempts to contribute to overcoming the economic crisis were frequently frustrated by closed government doors. Hungary, one of the countries worst affected by the crisis, has seen a number of public initiatives aimed at a broader discussion of necessary economic and social changes in the country. After a group of economists published a plan

[23] See, for example, Joerg Forbrig and Pavol Demes (eds.), "Reclaiming Democracy. Civil Society and Electoral Change in Central and Eastern Europe," The German Marshall Fund, Washington DC, 2007.
[24] Czech government announcement on February 1, 2010, as quoted and summarized by http://neziskovky.cz/.

entitled “Recovery” in early 2008, a group called the Reform Alliance was formed by nine employers’ associations and the Hungarian Chamber of Commerce and Industry towards the end of that same year, with the aim of developing policy proposals for economic reform and recovery. Both of these initiatives, however, seem to have petered out without any impact on policy, owing most likely to political party struggles in the run-up to the April 2010 parliamentary elections.

In Bosnia, a coalition called Citizens’ Coordination emerged in early 2009 in response to rising civil discontent about the social and economic situation in the country. A network of twenty organizations representing farmers, war veterans, disabled people, and pensioners, among others, Citizens’ Coordination drafted a proposal to revamp Bosnia’s finances, reduce public spending, restart the national economy, and make necessary legislative changes. The proposal was not, however, considered by parliamentarians on formal grounds. In Lithuania, NGOs were excluded from a national accord established by the government to discuss responses to the crisis. Clearly, governments and public administrations across Central and Eastern Europe and Eurasia continue to find it hard to view civil society organizations as full-fledged partners, and even a challenge like the economic crisis has so far done little to imbue policymakers and state apparatuses with a more cooperative attitude towards NGOs.

Unwillingness on the part of governments, however, cannot alone account for the surprisingly weak response by civil society to the economic crisis. Instead, a number of weaknesses among policy think tanks and advocacy NGOs seem to have prevented a faster, stronger, and more successful response on the part of civil society.

In the first place, advocacy NGOs have been more affected than others by the changed funding situation. Many of the donors, especially American foundations that once provided strong support to think tanks and advocacy groups have scaled back their engagement, with very negative effects on capacity. In terms of expertise, the primary focus of existing policy think tanks is a range of domestic issues, from democratic institutions to economic reform to European integration. By contrast, their capacities to analyze and respond to challenges such as the economic crisis that are global in nature and defy national boundaries seem to be much less developed. Observers also point out that many advocacy NGOs and think tanks have become used to thinking in terms of very large antagonisms—the state vs. society, for example—that often obscure micro-level ideas, small-scale projects, and immediate solutions.

Given this somewhat disappointing response on the advocacy and policy side of civil society in Central and Eastern Europe and Eurasia, two major issues are clearly facing the region’s NGOs. On the one hand, efforts should be made to convince governments of the potential contributions civic organizations can make to mitigating social challenges, such as those brought about by the recession. On the other hand, investments in the capacity of civil society to better understand the issues at hand, develop practicable policy responses, and advocate for their implementation are clearly necessary.

SERVICE PROVISION BY NGOS: SOME SWIFT RELIEF EFFORTS, MORE LONG-TERM SETBACKS

The second area where one would have expected increased activities on the part of civil society in response to the economic crisis is in the area of direct social services. Central and Eastern Europe and Eurasia boast a considerable landscape of nonprofit groups, public benefit organizations, social service NGOs, and charitable structures that engage in the provision of public goods and services that are insufficiently supplied by states and markets. These range from educational and cultural work to health care assistance and welfare support for the most vulnerable groups. Consequently, civil society seemed well placed to respond to the precarious situation that many citizens were in as a result of the economic crisis.

Several large-scale help efforts were indeed initiated by regional civil society groups. In Latvia, the online charity portal Ziedot.lv launched a food bank, For a Fed Latvia, which started delivering food packages to needy citizens in September 2009. A joint initiative of the Latvian Association of Samaritans and the Soros Foundation Latvia, support has gone primarily to families with children that have been affected by unemployment during the economic crisis, as well as to disabled people and the elderly. Since the launch of this campaign, Ziedot.lv has collected roughly $580,000.

In Serbia, the radio station B92 launched a campaign, "Food for Everyone," in 2009 to collect donations and supply food to some seventy soup kitchens across the country. In its effort to help the most vulnerable groups, not least the many who fell into poverty as a result of the economic crisis, the campaign has so far collected food valuing $1.4 million and cash donations totaling $150,000. In neighboring Bosnia and Herzegovina, the Open Network began in 2009 as a public-private initiative to provide financial assistance to vulnerable social groups, while the NGO Mission Armenia stepped up its supplies of hot meals, social services, and health care assistance through its twenty-five centers across the country.

In contrast with these swift and much-needed responses by civil society to the deepening social crisis, conditions for the long-term provision of social services by Central and Eastern European and Eurasian NGOs have not improved, and in many cases have even deteriorated significantly. Social work by charitable organizations depends on several critical conditions created by governments, such as a legislative framework and financial contributions. On both accounts, however, the economic downturn has not spurred positive changes.

Many countries of the region, especially in the Balkans and in the former Soviet Union, do not have any detailed regulations that cover NGO contributions to social welfare provision, quality controls, procedures for contracting out such services, or government funding. Countries that have the least-developed practices of cooperation between the state and civil society on social services include Belarus, Moldova, and Russia. Other countries are only just beginning to discuss possible frameworks and approaches, such as Armenia and Croatia, where consultations on cooperation between the state and civil society started recently.

Where the necessary regulations are in place, especially in Central Europe, their quality is said to have declined since the onset of the economic crisis. One exception is Hungary, which in 2009 abolished a number of legal provisions that favored local government and religious organizations over NGOs as social service providers. In Slovakia, by contrast, regulations were adjusted in the opposite direction. Under the new Social Services Act, in force since 2009, public institutions providing social services have privileged access to government funding, while support for "non-public" providers such as NGOs has been severely reduced.[25] A similar bias towards the state administration in social service delivery—or re-centralization—has increasingly been observed in the Czech Republic and Lithuania, among other countries.

A second and more obviously crisis-related development is reduced budget allocations for social services. The situation was particularly extreme in Latvia, where scores of schools and hospitals were closed, but cuts—often directly affecting social service NGOs—have been widespread. Thus, the city government of the Bulgarian capital, Sofia, cancelled an assistance program for disabled people, while shrinking subsidies in Estonia threatened the existence of NGO-run women's shelters. Hungarian and Romanian nonprofit organizations have reported similar problems. This dramatically impacts particularly vulnerable social groups such as children, women, victims of domestic violence and trafficking, refugees, disabled

[25] In May 2010, the Constitutional Court of Slovakia rendered unconstitutional parts of the controversial Social Services Act and demanded that lawmakers remove those passages that put civil society organizations at a disadvantage.

people, and the Roma minority. The crisis, thus, further reduces the few safety nets provided by civil society to the least protected among Central and Eastern European citizens.

Taken together, these elements clearly indicate that the economic downturn has negatively affected NGOs' provision of social services in the region. A few successful relief campaigns and the ongoing work of numerous charitable initiatives notwithstanding, civil society has not been able to expand its contribution to social justice. The responsibility squarely lies with governments across the region, which provide neither the regulatory frameworks nor the financial resources that would enable a stronger role for NGOs in service provision. In this respect, the crisis has not been the catalyst for change many had hoped for.

AN OPPORTUNITY FOR CIVIL SOCIETY

Nearly two years after the most severe economic crisis in two decades hit Central and Eastern Europe and Eurasia, there are finally signals that the worst may be over for the region. Full-fledged recovery will, however, take several years, and the repercussions of this recession will likely be felt for much longer: on states, their budgets, and their capacity to deliver; on markets where the crisis exposed serious distortions in regional economies; and on individual citizens, many of whom suffered in terms of both material well-being and confidence. Civil society can once again play a central role in helping post-communist countries regain their pre-crisis momentum, as it did on so many other occasions in the region's recent past. The downturn offers a considerable number of opportunities that NGOs should seek to make use of.

In the first place, there is increased demand among the public at large for what civil society has to offer. At a time when both confidence in states and markets has been weakened, society is looking for alternative ideas, approaches, and solutions. Many people see the crisis as a "provocation," and their willingness to engage with the burning issues of the day has grown stronger. In some cases, citizens have turned to grassroots action, with crisis-ridden Latvians organizing themselves at the community level and Slovak truck drivers staging protests against road tolls that threaten their business. This reflects a strong public interest in addressing concrete social, economic, and political issues, and in organizing constituencies around them. Such a stakeholder-driven approach, with membership aligning along concrete problems and interests, has traditionally been weak in civil society in post-communist countries. The current situation offers chances for NGOs to become a stronger voice for societal concerns.

There also seems to be a growing interest among citizens to hypothesize about the broader future of their societies. For two decades after 1989, the pursuit of independence, adoption of Western standards of democracy and the market economy, and integration with Europe were the primary goals of development. Now that countries have made significant strides in this direction, a search for new models seems to be underway to illustrate how individual societies can refine themselves beyond those broad blueprints. In Central Europe and the Balkans, in particular, many pressing questions revolve around issues of sustainable development, education systems and knowledge-based economies, diversity and migration, aging societies and social welfare systems, relationships between neighboring countries, and the region's role in Europe and the world. This provides a natural role for NGOs that want to remain in touch with the pulse of society and act as incubators for new ideas. In order to meet this expectation, civil society will have to again move closer to citizens, take their concerns seriously, and feed public debate with ideas and visions that represent their interests. Citizens will reward such a new overture to society; the crisis has already demonstrated this in several cases. It should pay off not only in the form of increased volunteering and donations but, importantly, also in an improved public image for and more trust in NGOs. This would be a much-needed boost, since levels of confidence in civil society have traditionally been weak in post-communist countries.

The economic crisis also provides an impetus for the further improvement and development of the organizational structures of civil society. The scarcity of resources will take its toll on the most unsustainable organizations, especially those that have long depended on a single source of funding. Those remaining will be pushed to re-evaluate their resource base and programming, emphasize efficiency, diversify their sources of support, and weed out some activities while focusing more strongly on others. Mergers among NGOs will be inevitable, as is closer cooperation among organizations active in the same thematic field or geographic area. Regional partnerships will assume greater importance, as the crisis has had effects extending across borders, and international cooperation will grow in significance, as the recession has highlighted the interdependence between local issues and global developments. Overall, increased movement in the direction of these trends will be much welcomed by many observers in the region, as these adjustments are, after two decades of civil society's continued growth and development, considered to be overdue.

This partial re-orientation of civil society will largely be a function of the changing funding environment. Domestic resources will, in all likelihood, recover only very gradually. Contributions from individuals and businesses will depend on how quickly individual countries manage to return to economic growth, while government budgets will remain strained for many years to come. This will push NGOs to use all their creativity in seeking new sources and forms of revenues, from in-kind support to membership dues to fees for services, and it may result in a much-needed push towards genuine philanthropy. At the same time, pressure will be growing on those international institutions and programs that remain active in the region. They, too, will have to respond to increased needs and requests for assistance. The various larger, longer-term, and region-wide funding programs, in particular, would be well-advised to review their assistance in light of challenges facing civil society in individual countries, and make adjustments accordingly. The European Union, given the volume of its resources, needs to find ways of making these available to a broader range of civil society organizations, which should lobby for greater flexibility and accessibility of existing funding, and less bureaucratic and financial hurdles for NGOs requesting support.[26] In a similar way, other donor institutions are, or should be, reviewing their assistance to NGOs, and civil society organizations need to use these openings to make their case convincingly.

Opportunities should also arise in NGO relationships with governments, but this is likely the biggest challenge for civil society. Across much of Central and Eastern Europe and Eurasia, policymakers and state apparatuses have long remained reluctant to treat civic organizations as equal partners, yet their own capacity has been weakened by the economic crunch. The first reaction of many governments was, unfortunately, a push towards the marginalization of civil society and greater centralization of public resources and administration. NGOs will have to work hard against this trend. In so doing, they will be helped by the protracted vulnerability of state apparatuses, given that their budgets are likely to remain strained, and by the widespread public perception that governments are increasingly less able to deliver necessary public goods and services on their own. Given these cross-pressures on the state, opportunities should arise for civil society to enter into new partnerships with public administration.

These challenges and opportunities may well be building blocks for a new vision of civil society demanded by many in the region. For such a re-orientation to succeed, however, civic activists and organizations in Central and Eastern Europe and Eurasia will have to break out of some of their coveted routines and habits of the last two decades. NGOs will have to take a hard new look at themselves, their work with citizens, their stance vis-à-vis government, their relationships with one another, and their position in the regional, European, and global environment. Civil society is under pressure to explain

[26] In late 2009, the European Commission launched a public consultation on the review of EU financial regulations. Among the most important questions addressed by contributors were: access to relevant information, co-financing requirements, grants management, application procedures, and ceilings for smaller grants. For further detail, see http://ec.europa.eu/budget/library/consultations/FRconsult2009/draft_report_en.pdf.

itself better to states, markets, and citizens alike, to break out of a narrow project focus and provide a space for broader participation and deliberation, to take clear positions and forcefully advocate for these in the political realm. In all these respects, the economic downturn may well turn out to be an important turning point for civil society, more so in Central and Eastern Europe, less so perhaps in Eurasia—a chance to re-invent and reinvigorate itself. Indeed, it is a crisis not to be wasted.

THE QUIET REVOLUTION: HOW TECHNOLOGY IS CHANGING THE CIVIL SOCIETY LANDSCAPE IN CENTRAL AND EASTERN EUROPE AND EURASIA

Ari Katz[1]

The use of technology in promoting civil society development and democratization has produced some attention-grabbing headlines and compelling news stories in recent years. The dynamic nature and accessibility of new technology provide citizens and NGOs with creative and innovative ways to communicate, collaborate, and participate in the governance process and civil society development.

Technological development moves fast. Facebook went from 1 million to 400 million users in five years. Twitter grew from about 2 million to 20 million users in a year. Internet usage has expanded significantly, for example, in Kazakhstan growing from about 3 percent of the population to nearly 34 percent between 2005 and 2009.[2] The use of Internet and mobile phones has become an indispensible element of life, rather than a rare pursuit of the elite. This is the change currently taking place in Central and Eastern Europe and Eurasia, where first basic Internet access and then social networking have transformed not only ways of communication but methods of governance and concepts of citizen participation. Civil society throughout the region has been a bit slower to recognize the value and new uses of these technologies, but dramatic events in Moldova and Iran in 2009, and the Kyrgyz Republic in spring 2010, have awoken NGOs and governments alike to the power of technology tools.[3]

Though intents, methods and results were mixed, the 2009 protests in Iran and Moldova first generated excitement in the public consciousness about how social media could be used for democracy campaigning in the developing world. In Iran, youth activists used mobile phones with cameras to post eyewitness accounts of post-election turmoil to YouTube, Twitter and Facebook that captivated the online world and gave firsthand insight onto how a repressive government was lashing out at protesters. A brief youth uprising in response to flawed elections in April in Moldova was quickly—and perhaps

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[2] For comparison, in the same period, Internet usage grew in Kyrgyzstan from 11 percent to 40 percent, in Russia from 15 percent to 42 percent, in Georgia from 6 percent to 30.5 percent, in the Czech Republic from 35 percent to 64 percent, in Bosnia from 21 percent to 38 percent, and in the United States from 68 percent to 76 percent. These figures are from the International Telecommunications Union and represent the percentage of the population which has used the Internet in the last twelve months. Mobile phone subscriptions have grown even faster. In 2005, 10 percent of the Kyrgyzstan population had mobile phones; in 2009, the number was 81 percent. In Northern Tier countries, there were well over 100 mobile subscriptions per 100 people in 2009.

[3] The results of Moldova's April 2009 parliamentary elections, which gave a majority of seats to the ruling Communist Party, were disputed and the country was wracked by significant unrest. After the parliament failed to elect a new president, new parliamentary elections were called in July, causing the Communist Party to lose its majority. Following Iran's June 2009 presidential election and its disputed results favoring incumbent Mahmoud Ahmadinejad, supporters of opposition candidate Mir Hossein Mousavi took to the streets in Tehran and other major cities. During April 2010 in Kyrgyzstan, anger at the state of the economy, rising utility prices, repressive government policy, and media censorship caused violent demonstrations to break out across the country, resulting in the ouster of President Kurmanbek Bakiyev and the creation of an interim government.

overenthusiastically—dubbed the "Twitter revolution" when some organizers posted updates and rally calls to the microblogging[4] service for the whole world to witness and follow.

While these events are only the latest examples of how the Internet has transformed citizen participation and organization, they underline the new ways civil society groups can take advantage of inexpensive and easy-to-use electronics coupled with rapidly increasing Internet bandwidth. Most significantly, the impact of these events on civil society development was that individual citizens who might otherwise have been powerless realized that new instruments for action were easily within their reach. Cell phone images, flash mobs, and videos played themselves out on CNN and in the *International Herald Tribune*, demonstrating how citizens' voices could be amplified on a national or international level through technology. These technologies can create shared national experiences—accelerating and broadening the audience for the relaying of critical information and enabling rapid, coordinated responses to specific events, such as a rigged election.

This democratization of information control is exhilarating, but there are also reasons to temper the excitement. In many countries covered by this Index, bandwidth and computing power are still limited and the use of technology for collaboration and rapid coordination have yet to catch on beyond a small elite in the capital. Technology has changed NGOs' capacities and impact, but often in less dramatic ways than those covered in the press. Many small organizations are still only learning to navigate the online world. From their starting position, the jump from traditional forms of communication to email is as monumental as and no less important than the transition for more mature organizations from email to social networks.

It is equally important to recognize that while technology can be used to disseminate information and enhance citizen participation, it can also be used for purposes of repression, censorship, and intimidation. During the Iran protests, for example, government agents used the same social networks to follow the coordination of activists, track rallies, and direct a response of repression. Bogus accounts disseminated false information to the same masses, obstructing organization and calling into question the trustworthiness of the network. Therein lies the key to the understanding of technology in development: very simply, technology is a tool that amplifies impact.

In many ways, the real technological revolution in the civil society sector has been much more subtle than the Iran and Moldova examples. The application of basic technology has played a major role in assisting NGOs to achieve fundamental goals and objectives, making them better communicators, more efficient organizers, and strengthening their connections to people. In this way, the sweeping application of new technology tools in the NGO community will continue to transform the ability of citizens to participate in the development of their communities on a tangible local level, and to change fundamentally the way that NGOs do business.

While events such as those in Iran and Moldova highlighted democratic activism specifically, many NGOs and other civil society actors in Central and Eastern Europe and the former Soviet Union have organized around themes that are not necessarily political in nature. Instead, many aim to provide useful services to the marginalized, such as improved education or promotion of women's rights or responsible social behavior. While social networking has recently captivated international imagination and stimulated innovation, technology applications for simple capacity development have proven equally important. Whether through public Internet access facilities or through their own equipment purchases, NGOs have begun to employ a new range of tools to increase their effectiveness: they use email to contact distant colleagues, spreadsheets for budgeting and accounting, Internet forum boards to generate discussion on

[4] Microblogging services like Twitter allow users to post brief (usually 140-character) bits of text or links, which appear as an ongoing feed of users' latest thoughts, updates and events.

critical issues, and Internet access to find newer and better information. This quiet revolution has fundamentally altered both internal and external organizational behaviors, and has accelerated NGOs' development by allowing quicker access to more diverse resources and audiences than had previously been possible.

This article will explore this quieter side of the intersection of technology and civil society, while also investigating the potential for new social networking technologies to accelerate change in the Europe and Eurasia regions. By surveying representative examples from different countries and NGOs with different missions, it will attempt to distill an understanding of how exactly technology is changing the civil society landscape, which tools have gained broad adoption, and which are just beginning to change the landscape.

HOW TECHNOLOGY IMPACTS NGOS WITHIN EUROPE AND EURASIA

In many ways, the civil society sector in Europe and Eurasia has not generated the spectacular stories demonstrating the triumph of technology as in South Asia, the Middle East, and Africa in recent years. There is no regional equivalent of Ushahidi (http://www.ushahidi.com/), the headline-grabbing, crisis-mapping tool that came out of the Kenyan post-election violence in early 2008 and was instrumental in directing the response to the recent Haiti earthquake. However, on a grassroots level, it is clear that there are several key areas where civil society has effectively mobilized the potential of technology, developing new technical acumen and capacity with each new technical advancement.[5]

While depending on their missions, organizations may start out using technology in different ways, there are roughly sequential tiers of sophistication from the most simple to the advanced in applying methods facilitated by newly available tools. First, there is the basic adoption of technology to gain access to information created by others and to simplify basic administrative tasks. Next, many organizations find they can use technology to better communicate with and engage stakeholders. The third tier is using technology to add innovative new activities that help NGOs achieve their missions by leveraging new tools to reach far wider audiences and process information in different ways than would have been previously possible.

First, and critically for a region with many small, local NGOs, technology has dramatically expanded **access to information**, in many cases providing a path to new sources of funding. Where NGOs may be dependent on foreign donors, as is the case in much of Eurasia, technology enables isolated, resource-starved NGOs to connect with those who can financially support their missions. For those in areas otherwise out of reach from the latest information, technology serves as an invaluable link to the world.

Next, many organizations have experienced how establishing a useful online presence can help them **better connect with their beneficiaries**. For example, among local organizations whose primary activity is service provision to a targeted population, effectiveness can be measurably increased with communication and presentation skills that enable them to target their message to beneficiaries and expand its reach to a broader audience, expanding their client base. More advanced organizations have

[5] This paper will use the term "technology" to mean "information and communication technologies" (ICTs). This term generally can be broken down in three ways: **hardware** such as computers, peripherals and mobile phones, **desktop applications** such as word processors and spreadsheets, and **Internet applications** such as browsers, Facebook, Twitter and cloud software (cloud computing is the growing trend of hosting applications and storing data on remote servers that can be accessed through the Internet, rather than on local media like a hard drive. The phenomenon allows users greater mobility and more reliable access, as the failure of a device does not mean that information is lost). The common thread between all these disparate items is that they are electronic means of facilitating *access to information* and *communication* between people and groups located at a distance.

graduated to interactive websites and text messaging that not only connect them to beneficiaries, but also **connect beneficiaries to each other**, placing an organization at the center of an issue-based community for advocacy and public awareness. Technology can help organizations encourage others to take action on a local or even national level. In some cases, this approach can provide new means of gathering funds. Northern Tier NGOs have begun to use mobile technology to expand and diversify their fundraising efforts.

Finally, technology enables **new forms of information collection, processing and dissemination** that were never before possible. For civil society organizations, this means efforts to monitor government and promote transparency can be enhanced measurably. Examples are understandably less frequent and have resulted in disappointment, particularly in the Eurasia region, where with the exception of a few courageous human rights groups, the severity of authoritarian governments in much of the region has to a large extent limited the ability of NGOs to use technology to facilitate reform or exert critical scrutiny and monitoring. In the Northern Tier, however, there have been some encouraging examples of the use of new technology to focus public attention on government.

In the following section, we will explore each of these steps in greater detail in order to gain an understanding of which tools are most commonly used and how each activity is approached across Central and Eastern Europe and Eurasia.

TECHNOLOGY EQUALIZES ACCESS TO CRITICAL INFORMATION

The most basic benefit of the Internet and mobile technology is the democratization of information. Among the areas where this has had the most impact is in access to funding sources among small organizations that have struggled to find funding for their projects.

NGOs in isolated and remote areas distant from the donor community struggle to identify funders. The Reproductive Health Center, an NGO in Tiraspol, Moldova, provides an example of how Internet access can make a considerable difference for local initiatives. Located in the Moldovan breakaway republic of Transnistria, Tiraspol and its NGO community are off the radar of most donors, forcing NGOs to be particularly creative in seeking funding sources. The Reproductive Health Center's staff of health educators raises public awareness on maternal and child health care and family planning, but had difficulty identifying funding for its outreach activities. Donor announcements often did not reach the NGO community in Tiraspol, or would only reach previous grantees. Members of the center's staff found training opportunities in computer and Internet use at a local public access center in mid-2009. Once they gained the skills to search online, they found a grant competition listed on the UNICEF website and applied. By October, UNICEF had awarded the center a grant to conduct a series of seminars on family planning at Tiraspol State University.

In rural Tajikistan, several agricultural NGOs—previously set up in part to bring grant funds to extension and training efforts—received training to use the Internet and subsequently installed connections in their offices. They discovered an immediate benefit in that they could provide new services to local farmers. At one of the Internet access sites, farmers frequented the office to type up mandatory government reports, saving them considerable time. Another NGO helped farmers in Vahdat, a small community just outside of Dushanbe, to find online information on common livestock diseases, helping them to diagnose problems and take preventive action. In the absence of veterinarians, the Internet helped farmers save their livestock and support their livelihoods.

This entry-level stage of engagement with technology is growing in the region and its significance should not be underestimated. Without access to the Internet, organizations such as those described above would be less able to provide their vital services. As institutional donors increasingly distribute their grant

information electronically and NGOs similarly learn to access it, the Internet helps strengthen civil society in isolated societies without easy access to the outside world. As more information becomes available online, even populations in remote areas gain quantifiable benefit from basic access.

TECHNOLOGY IMPROVES NGO OUTREACH TO STAKEHOLDERS

Technology helps organizations connect to their constituencies, provide better services, and create online communities for knowledge exchange. It is in this category that we have seen the most extensive use of and experimentation with new technologies. Some organizations in the region have discovered that by establishing an electronic presence, they are better able to target their activities and reach their primary beneficiaries. Other organizations have been able to get their messages out more efficiently, or connect with potential donors on a larger scale.

To date, in much of the region, social media tools have been underutilized by the civil society sector, but are gradually becoming increasingly prevalent. Slower technology uptake has meant that these networks have taken longer to reach a tipping point in which they become an integral part of social dialogue and may be tapped to reach vast audiences. In the meantime, more basic uses of the Internet cannot be discounted as means for reaching stakeholders.

In Tbilisi, Georgia, the Young Teachers and Psychologists Association (YTPA) works with children to communicate more effectively with their parents. In March 2009, the organization launched a basic website that lets visitors know about the services it offers. Within weeks, principals from four schools independently contacted the organization seeking training for their students. Shortly thereafter, five more schools signed up for the courses, and YTPA ultimately reached nearly 900 students through the initiative. Remarks by Executive Director Nana Chopliani underscore the motivation behind posting the information online. “We decided to develop a website since every serious organization in Tbilisi needs one,” she says, “but honestly, we had no idea how much it would impact our NGO so soon after its creation.” By opening a window to a broader audience and providing a mechanism to contact it, the technology transformed the impact of the organization.

Where Internet penetration among the public is higher, one finds more innovative uses of the Internet as a place for connecting beneficiaries with each other. GURT, a Ukrainian civil society support organization, received support from the Mott Foundation to pursue an evolving range of technologies to accomplish its mission—starting out with a basic email list of twenty people whose names were collected at a conference, and ultimately graduating to a 6,000-strong electronic bulletin list through which announcements are made about trainings, conferences, publications and grant opportunities. GURT is exemplary in the way its use of technology has expanded along with technology trends. Its website (http://gurt.org.ua/) started out as a static page featuring as its only content a picture of the organization's staff. It has now graduated to an interactive portal, where 2,500 registered members can post information about activities and exchange experiences. Instead of being a one-way source of information, the GURT portal now represents a community where civil society organizations from around the country participate in ongoing dialogue. Different NGOs use the site’s blogging features to comment on ongoing campaigns and issues, and users can comment on news articles posted. Information is transmitted from sources much faster, and the lack of an organizational filter means that discussions about responses to problems can take place more organically.

In Romania, the mission of the Foundation to Support the Development of Civil Society (FSDC) is to support the work of colleague NGOs with training, meetings, research and information sharing. Recently, the organization realized that it had fallen behind the technology curve and its website was not reaching stakeholders effectively. “We were unsatisfied with the old database since we could not transform it into an e-platform,” said Executive Director Ionut Sibian, describing how in 2008 the organization set out to

redevelop the site. After a strategic planning process identified the website as the organization's key means for providing news, information, and resources to Romanian NGOs, FSDC decided to focus on making the portal more interactive, transforming it from a simple information outreach tool to a knowledge-sharing destination. With a focus on usability, FSDC modeled the site on a popular Romanian news site. The new site was continuously updated with sector-relevant content and became a community of users. Registered NGOs could post their own news and event information while FSDC placed its own trainings, workshops, and resources online through live feeds, video content and a series of blogs. Today, the new interactive website at www.stiriong.ro receives over 50,000 hits per month and between 10,000 and 17,000 unique visitors. FSDC adds relevant content for NGOs on a daily basis and expects to offer live streaming for training events in the near future. Technology allowed FSDC to create an active participatory forum in place of simple information sharing—a dramatic example of how new communities form at the nexus between information and interaction.

Growing mobile phone usage also opens up new possibilities for connecting to those who might support an organization's mission. In the westernmost areas of Eastern Europe, text messaging has begun to be used as a direct fundraising tool. NGOs in Eastern Europe are just starting to take steps that make use of this promising new tactic. Some NGOs have begun to use tools such as the Donors Message Service (DMS), a portal in the Czech Republic that allows organizations to set up a "short code" number through which they can receive donations from mobile phone users by text message.[6] The project was developed as a partnership between the Czech Donors Forum and the Association of Cellular Networks Operators, initially to facilitate an annual Easter donation campaign called "Help the Children" of the Civil Society Development Foundation. The ongoing success of this campaign made donating to worthwhile charities easy and the service multiplied both the number of donors engaged in the issue and the total funds received. After its start in early 2004, it was made available to other organizations, and gained international recognition for serving as a platform for response to the Asian tsunami disaster in December 2004. The Czech branch of the Adventist Development and Relief Agency (ADRA) collected over $9 million from Czech mobile users in response to the Asian tsunami, representing nearly 1.5 million text messages. As NGOs began to rely on the service, several joined together to advocate successfully for removing VAT (value-added tax) from donation messages in 2006.

In Bulgaria, the national chapter of the Red Cross was one of the pioneers of SMS fundraising. Starting in 2004, the Bulgarian Red Cross used a short code SMS on the campaign **"**One SMS, one hot meal for one Bulgarian child," which ran for four weeks three times a year and continued for three years, collecting over $72,000 for the initiative. The campaign generated media coverage for the NGO and built longstanding linkages with municipalities throughout Bulgaria.

While these examples demonstrate the viability of text messaging as a fundraising tool, in much of the former Soviet Union, there remain significant barriers to widespread use of SMS for this purpose. These include banking regulations that do not provide for the transfer of funds through nontraditional means and lack of a legal or tax framework that would allow mobile telecoms to collect donations or NGOs to receive them.

Text messaging is also emerging as a cheap way to speed and multiply connections with large groups, though it takes some time for users to gain competence in using SMS effectively to connect with beneficiaries. In the Eurasia region, NGOs have recently begun experimenting with SMS to address limitations in connecting to those who demand their services. Dnipropetrovsk, Ukraine NGO Doroga Zhyttya's target group of tuberculosis and HIV/AIDS patients receive medication free of charge from the

[6] Users send a text message to a specific short code number (a phone number with fewer digits than normal phone numbers, making it easier to remember and associate with a particular initiative), and then the donation amount is added to their phone bill.

Ukrainian government, but the treatment is ineffective if patients do not adhere to a strict regimen of doses. Doroga Zhyttya was looking for ways to help its beneficiaries stick to their schedules, and became acquainted with the application FrontlineSMS. Initially developed for monitoring elections in Nigeria, FrontlineSMS allows structured sending and receiving of text messages using a laptop coupled with a single mobile phone. Doroga Zhyttya initially tested the technology in early 2009 with a group of twenty patients, sending out coded messages three times a day that discreetly reminded participants to take their medication. The experiment worked—participants expressed that they were more likely to remember their medication through this medium. An added benefit for participants was ongoing engagement with the NGO. Using FrontlineSMS, participants could respond with text messages asking for more information or assistance. After success with this pilot group, the NGO decided to expand the activity to 200 more clients.

Another Dnipropetrovsk NGO, the media resource center Tamarisk, picked up the text messaging technology to reach out to its target audience. Tamarisk regularly organizes trainings and roundtables on civic issues for NGOs and media representatives, but outreach was weak to those outside the city who have limited access to email. Tamarisk did, however, have a large contact list including mobile phone numbers gathered from previous events. The organization began using FrontlineSMS in spring 2009, blasting invitations to a large group of its participants. At the first event following adoption of the technology, 60 percent of attendees related that they had learned about the meeting by text message. Participants were enthusiastic about the ease with which they had received the information, and Tamarisk made further efforts to expand its phone number list.

These experiments with text messaging signal the growing awareness of the potential of this technology. While many throughout the region remain unconnected to the Internet, a growing majority have mobile phones. There is growing interest in and understanding of the technology, but obstacles remain. Sending text messages frequently can become expensive and to date, unlike in parts of Eastern Europe as mentioned above, mobile providers in Eurasia do not provide discounts for charitable messages.

ONLINE TOOLS FACILITATE ADVOCACY, PUBLIC AWARENESS, AND MOBILIZATION

In much of Eastern Europe and Eurasia, new forms of civic mobilization are slowly surfacing in a region where such activity has traditionally been difficult and encountered repression. Some organizations have demonstrated success in using new technology to generate public awareness about issues and press for change. This requires a more sophisticated understanding of how online and mobile tools can be used to foster decentralized communication among large groups.

Even basic Internet access can make a significant impact. In Kyrgyzstan, where travel and communications are difficult over mountainous terrain, in-person communication and coordination among groups is almost impossible. The League of Female Voters decided to use online discussion forums to help overcome this challenge when the group was organizing a campaign to legislate quotas for women members of parliament. A series of online discussions using a basic open source forum tool linked nearly thirty women leaders from six cities who otherwise would not have been able to communicate simultaneously. The activists discussed methods for collecting signatures on a petition for introducing amendments to the Election Code. A follow-up forum reviewed using local media to attract a wider audience for the effort. Though part of a larger campaign effort, the forums met the need of facilitating communication between multiple parties located far from each other. Following the discussions, more than 30,000 people signed the petition. In 2007, the Election Code was amended to require at least 30 percent of candidates on electoral lists for parliamentary elections to be female.

In Comrat, Moldova, graduates and community members of School No. 6 mobilized around a planned school closure for lack of funds. Upon learning of the plans to shutter the school in May 2009, a group of

Comrat residents registered an association, and then used a public access Internet center to create a wiki—an easily edited website that can be used as a common group space for planning and sharing resources—so that they could jointly strategize activities. They then created an email list and assembled a database of graduates both in Moldova and abroad, beginning a campaign to keep the school alive. By rallying this new network, group organizers were able to raise enough money to purchase electronics for the school, including a computer, printer, and digital camera. Following up on this success, the association then created an official website for the effort, using it to convey a sense of professionalism and legitimacy when reaching out to local businesses and the alumni group. By October, money had been raised to repair the school's roof, the installation of which was done by group members.

In more technologically advanced countries, social media has begun to be used for advocacy. The Russian blogosphere has gained respectable gravity and rallied democracy activists in a country where public protest is sometimes violently repressed. Roman Dobrokhotov, from the youth democratic movement "We" (http://www.wefree.ru), has been using Google Groups, a Live Journal blog (http://dobrokhotov.livejournal.com/) and the Russian social network Vkontakte to link together those interested in greater transparency and rule of law in the country. These online tools are dynamic, multifunctional and easy ways to facilitate collaboration between activists, helping both bring important issues to light and serving as the basis for planning and publicizing events. On his LiveJournal blog, Dobrokhotov keeps a running commentary on public issues and engages visitors in discussion through their comments. Dobrokhotov and his associates have organized numerous public demonstrations and have been arrested repeatedly.

Under repressive conditions, activists have devised creative ways to employ technology for public expression. In Russia, SMS and online forums are being used in organizing flash mobs, where young people come together seemingly suddenly in a public place, usually to make a political statement.[7] Though many of these gatherings have been broken up by police who have learned to monitor the websites, they represent one of the few remaining public forms of political opposition under an increasingly authoritarian Russian government. Still, the two sides play a cat-and-mouse game. In May 2010, organizers of a gay pride parade in Moscow used blogs and websites to mislead authorities seeking to stop the demonstration by providing false information about the time and location of their event. The organizers instead created a thirty-person flash mob that lasted for ten minutes on a main street. According to event organizer Nikolai Alekseev, "[f]or the first time in five years, the gay parade took place in Moscow without being arrested by the police and assaulted by protesters."[8]

Mobilization and the spreading of updated information are critical in times of crisis. The recent Kyrgyz revolution of April 7, 2010 underlines how during such events, a mix of different tools fills the need for urgent public information sharing, yet still does not serve as a catalyst for events themselves. With the most vibrant civil society environment and highest level of Internet penetration in Central Asia, Kyrgyzstan could be an indication of how civil society uses technology to mobilize around an urgent event, yet some have dubbed the events the "analog revolution" for the absence of any visible technology component which pundits could cite as evidence of the democratizing power of technology. The truth is a bit cloudier. In fact, individuals and organizations depended on a range of technologies—both traditional and cutting edge—for information and coordination. During the wild uncertainty of the first two days, the online forums at local Internet service provider Elcat were buzzing with information on the whereabouts of politicians, the status of the police, and the moving locations of groups of looters. Calls went out for "citizen patrollers" to guard important areas of the city from looting. Users packed Internet cafes and

[7] The term "flash mob" was first used in 2003 to describe an event in Manhattan organized by *Harper's Magazine* editor Bill Wasik.
[8] "Moscow Pride 'A Success,' Gay Activists Say," June 4, 2010, http://www.pinknews.co.uk/2010/06/04/moscow-pride-a-success-gay-activists-say/.

logged in from home. Reports came in from the regions as well. With the main television station first under strict government control and then looted, the best source of information became the Internet. Sources were unclear, but with such a mass of people checking the same few places online, reliable information was quickly identified and rose to the top, while rumors were frequently shot down. Eventual interim president Roza Otunbayeva was among those tweeting throughout the events. Even though events were perhaps not orchestrated online, many people stayed informed and aware during an extremely volatile period thanks to technology.

TECHNOLOGY PROVIDES NEW TOOLS TO COLLECT AND PROCESS INFORMATION FOR PUBLIC CONSUMPTION

At their most advanced, new technologies can be used to manage information in unprecedented ways. It takes longer periods of time and more advanced data manipulation skills to master these tools, but such experimentation is taking place in the region. Data about voting, public expenditures and government activities can be centralized and made available online—creating public information about topics that have more often in the region been hidden behind layers of bureaucracy.

In many ways, the ultimate success of civil society serving as a public watchdog depends not only on NGOs' efforts, but on the willingness of governments to be engaged or at the very least, to tolerate closer public scrutiny. Technology can provide a way to engage government constructively, opening dialogue and putting out public information for open discussion.

In Poltava, Ukraine, NGOs worked with the city government to increase the transparency of local government activities. By first conducting a joint public roundtable, NGOs and local government worked out a definition of which services should be provided on the city's website and which information should be available. Based on this discussion, the city council passed corresponding legislation and shortly thereafter began posting all government resolutions and important documents on the website. It also created space for commentary and discussion on the documents, as well as capabilities to send recommendations and inquiries to the relevant agencies. To ensure full access, the city installed a touch-screen kiosk in city hall through which residents could freely use the site.

Similarly, the Albanian youth movement Mjaft! (Enough!) works to raise awareness about corruption, crime, poverty, and government shortcomings in Albania. Though its staff consists of just thirty people, Mjaft! has 1,000 active volunteers, 10,000 members, and 500,000 subscribers to its news and information updates. This diffuse network is linked primarily by mobile devices and a Facebook page. In addition to organizing spontaneous events and demonstrations, Mjaft! uses SMS and multimedia messages to capture questionable activity by public officials, list parliamentary votes for public scrutiny, and record images of protests for distribution to subscribers and mainstream media outlets.

Montenegro's independence vote in 2006 inspired the region's largest text messaging for transparency initiative to date. The Center for Democratic Transition (CDT) set up a system to collect election monitoring reports on the hour from 200 observers posted around the country. These updates were automatically entered into a database, providing reliable real-time reporting on the progress of the referendum. These were coupled with hourly press conferences so that CDT could announce turnout figures as the day progressed, and it would become clear from a neutral viewpoint whether the required threshold of 50 percent voter turnout had been reached. When votes were counted, CDT monitors quickly texted in the results from their precincts. Shortly after voting concluded, CDT was able to project the actual result within a 2 percent margin of error.

The Fair Play Alliance in Slovakia has possibly taken the application of technology to transparency the farthest in the region. The alliance was formed to promote transparency in government by expanding

access to information, and specifically shedding light on and documenting how public money is transferred through contracts and subsidies to the private sector. Public officials go to great lengths to obscure their private commercial interests and relationships. To facilitate the effort to illuminate officials' finances, the NGO created a public online database that investigates the motives behind public contracts and political financing. The Fair Play Alliance credits its database with new laws on political party financing, after connections were made by journalists using the database between certain individuals and procurement results. The NGO now aims for politicians to voluntarily disclose their assets on the database.

THE EFFECT OF TECHNOLOGY ON NGOS SO FAR

Though momentum is gathering and some of the results recounted above are encouraging, less innovation in applying technology has come out of Central and Eastern Europe and Eurasia than perhaps in other regions. Throughout Africa, South Asia and Latin America, NGOs have capitalized on the penetration of mobile phones to spread information, promote transparency, monitor crises and plan responses, and interact more richly with stakeholders. Ushahidi, which has gained considerable acclaim over the last year, was initiated in Kenya and employed recently in Haiti. The Question Box (http://questionbox.org/) was developed in India as a tool to give the illiterate in rural India access to the wealth of information on the Internet and has since been expanded to Uganda. The open source tool FrontlineSMS helped to mobilize and coordinate thousands of monitors for Nigerian and Mexican elections.

Meanwhile, throughout Central and Eastern Europe and Eurasia—except perhaps at the region's western extreme— such stories of creativity are largely absent. That does not mean that new technologies have not been useful to NGOs in their work. But to date, the same access and technology is mainly being used to make more traditional activities and initiatives more efficient, rather than creating new paradigms and relationships.

It is also important to recognize that while NGOs have capitalized to some extent on the opportunities presented by computers, mobile phones, and the Internet, technology's effect on civil society has not been limited to those who belong to officially registered NGOs. In situations that call most for rapid organization, interestingly, it has been individuals who have been quickest to act. This trend was witnessed prominently in the events in Moldova in 2009 that were prematurely named the "Twitter revolution," as well as in the events in Kyrgyzstan in April 2010. In both cases, no NGOs seized the moment to activate their networks. Instead, in Moldova, a few genuinely concerned activists emailed their friends about gathering on Chisinau's main square, and the communication multiplied outward through many different means, from word of mouth to the Internet, including some mentions on Twitter. While Twitter was in no way the organizing tool, it was used as one tool among several in conveying events in real time. Likewise, in Kyrgyzstan, individuals were gathering and posting information online and started the call for volunteer defense groups, rather than established organizations taking the lead.

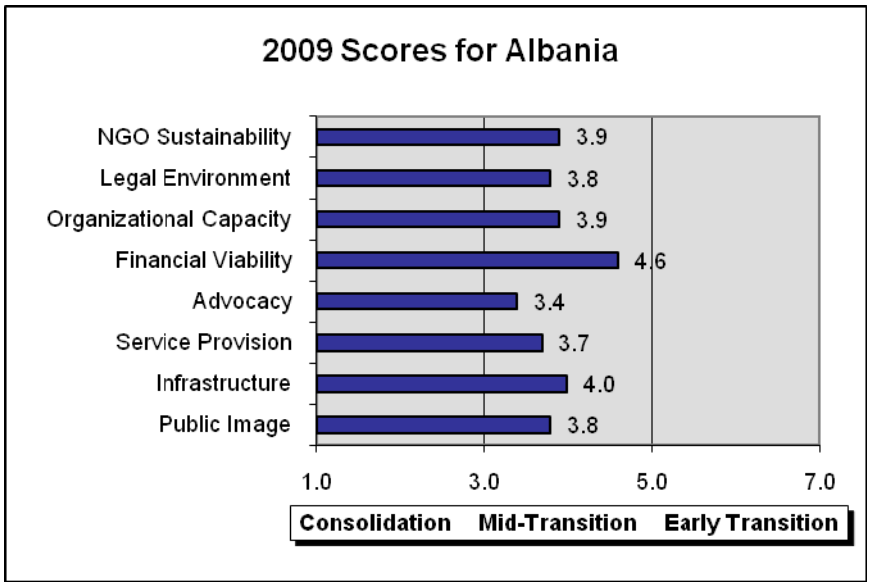
As with technology itself, NGOs' uses of new tools are evolving rapidly. In a region where information has traditionally been difficult to find, the Internet has clearly made important information more accessible and linked those who otherwise would never have collaborated. The significance of basic computer and Internet access cannot be underestimated. The more widespread both shared and private Internet access becomes, greater segments of the community gain the ability to participate in and gain from an information society. Service providers can rely on connecting with their beneficiaries, distributing information, and issuing calls for activism using inexpensive online tools rather than through expensive printing and travel.

Fully maximizing the use of technology will take time. While there are some impressive examples of mobilization through the use of technology, the trend has been relatively slow to develop. Mobile

technology is just beginning to shift the ways organizations contact and engage with their stakeholders, and this practice will only grow as mobile penetration multiplies. The technologies touched on in this survey have drastically lowered the barriers to sharing information and collaborating online. And while this may not always produce the same provocative news story that a Twitter-incited revolution might, the consequence is just as great: technology has fundamentally and unalterably changed the way that the civil society sector can carry out its work.

SECTION 5: COUNTRY REPORTS

ALBANIA



Capital: Tirana

Polity:
Emerging Democracy

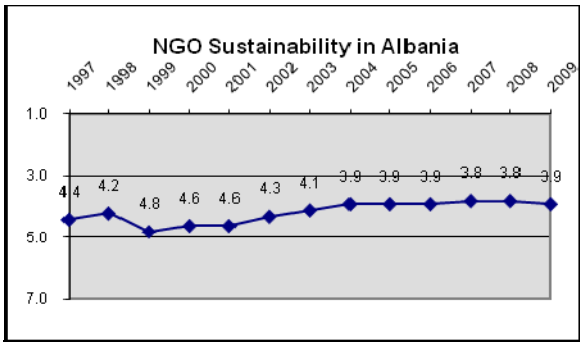
Population:*
3,659,616 (July 2010 est.)

GDP per capita (PPP):
$6,300 (2009 est.)

NGO SUSTAINABILITY: 3.9

In 2009 the Albanian NGO sector remained largely unaffected by positive developments such as Albania's eligibility for a second Millennium Challenge Corporation Threshold Program, membership in NATO, and entrance into force of the Stabilization and Association Agreement between Albania and the EU. NGOs remain heavily dependent on donor funds, and their ability to provide effective services and engage in successful advocacy efforts remains weak. Access to government and private funding is limited. Most NGOs orient their operations to match available funding rather than carrying out their own strategic visions or missions. Some NGOs showed improvement, but overall the sector is still weak.

NGO sector legislation still lacks enabling provisions on taxation and NGO engagement in economic activity for public benefit. Moreover, legislation does not provide incentives to private businesses to support NGO activities. The impact of the global economic crisis affected Albania's economic performance in 2009 and reduced domestic funding for NGO activities.

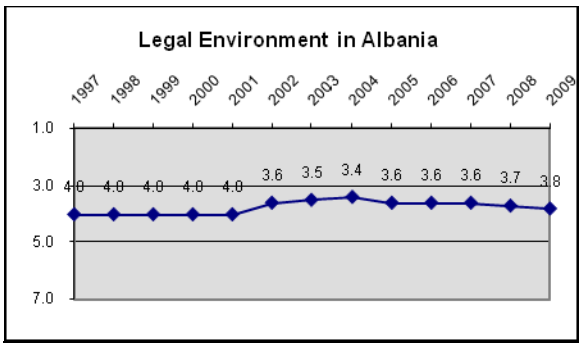


NGOs, particularly those in rural areas, need to develop greater capacity in project development, proposal writing, coalition building, and advocacy. Four years after prominent NGO leaders moved to elected and appointed

* 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/.

positions following the 2005 elections, it is hard to discern who has replaced them as spokespersons for civil society. NGOs do not coordinate or cooperate as effectively as they might with local and central government authorities.

LEGAL ENVIRONMENT: 3.8



The tax laws affecting NGOs did not change during 2009 despite NGOs' efforts to reverse negative changes adopted in 2008, such as the obligation to pay 20 percent VAT on grants and service contracts. The NGO working group established in 2008 put intensive efforts into opening a dialogue with the government, initially focusing on the ambiguity of the criteria for the application of VAT to grants. In February 2009, a group of NGO representatives met with Prime Minister Berisha and agreed to establish a new working group with representatives from the NGO sector, Ministry of Justice, Ministry of Finance and the prime minister's cabinet to address the flaws in the Tax Code. The process was stopped due to the June parliamentary elections, which consumed the government's attention. The expectation of further amendments to the NGO Law also slowed down changes to the tax laws.

The law prevents the state from dissolving NGOs for political reasons. NGOs have not complained of being harassed by the government or tax officials. In principle existing legislation allows NGOs to compete for government contracts at the local and central levels, but the regulatory framework for the subcontracting of NGOs by the government remains incomplete. For instance, while the NGO Law allows NGOs to compete for contracts, the Law on Public Procurement prohibits their participation in public bidding.

In March, after intensive lobbying by NGOs in close cooperation with GTZ, parliament passed the Law on the Establishment of the Agency for Support to Civil Society. The agency's role is to support sustainability and development of local NGOs and to provide financial assistance for organizations that promote civic initiatives and volunteerism. Due to the government's focus on the June 2009 general elections, however, it overlooked this agency, which has not yet become operational due to a lack of funding and implementing regulations.

Economic activities of NGOs continue to be subject to VAT; only organizations with public benefit status are eligible to apply for VAT waivers, and only NGOs working in the health and education sectors are considered to be eligible to apply for public benefit status.

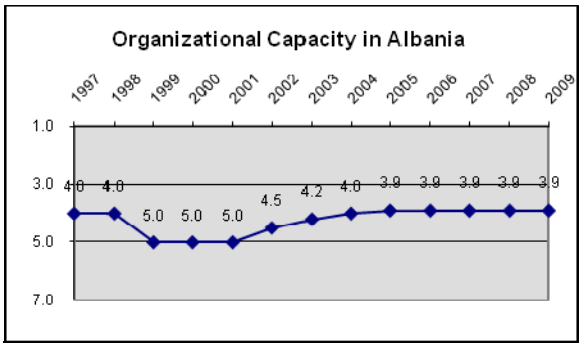
NGOs located outside the capital are still required to come to Tirana to complete the registration procedure. Capable lawyers trained on NGO legal issues are located primarily in the capital, leaving smaller cities underserved. With no support from donors, legal advice is available only for a fee and the demand for it remains low.

ORGANIZATIONAL CAPACITY: 3.9

The number of constituent-based NGOs remains limited. Most NGOs lack solid management structures, do not conduct strategic planning, and fail to build strong membership and support bases. They often adapt their strategic visions to those of donors.

Only a handful of NGOs demonstrate strong organizational capacity. These NGOs have outlined clear strategic visions, possess well-established structures and policies, and clearly divide responsibilities between the decision- and policymaking bodies and the executive body. Strong advocacy NGOs such as Mjaft!, the women's association Refleksione, and the Albanian Helsinki Committee are among the most successful and active organizations. They have created issue-based networks such as the Coalition for Women's and Youth's Participation in Decision Making and the Network against Gender Violence and Trafficking. As a result of their efforts, an increased rate of denouncements of violence against women occurred during the last year.

Some small, ineffective NGOs that lack stable management systems and financial resources were unable to survive the decrease in donor funding. Other NGOs cut back their permanent paid staff, hiring staff only for specific donor-funded projects. Quite often boards of directors are not functional or are uninformed about the organization's development. Only a limited number of organizations such as Mjaft! are

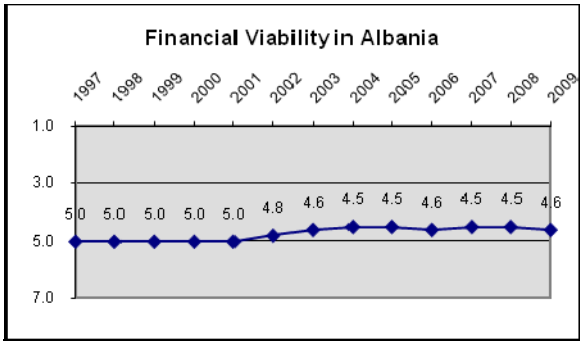


capable of involving volunteers in meaningful numbers. Businesses and universities rarely promote volunteering.

A number of NGOs have basic information technology, but their resources do not allow for upgrading their equipment. A limited number of NGOs such as Mjaft!, Institute for Development and Research Alternatives (IDRA), Partners Albania, Co-Plan, and Helsinki Committee have websites and publicize their successes and achievements regularly through newsletters or press releases. The better-equipped NGOs are in Tirana, while NGOs in secondary cities still lack computers, printers, and fax and photocopy machines, as well as Internet access.

FINANCIAL VIABILITY: 4.6

NGO sector resources are insufficient to meet financial needs. Only rarely do NGOs charge fees for their services or engage in economic activities.



The decrease in donor funding makes it difficult for NGOs to maintain financial viability. In addition, NGOs lack a well-coordinated strategy for cooperating with donors. NGOs also face difficulties in accessing funds due to most donors' unclear and complicated application procedures.

Funding from the government and private businesses is very limited. Central and local governments contract out some social services to specialized NGOs, but these cases are few and sporadic. Funding for NGOs is included in the state budget, but not allocated because of delays in establishing the agency that will manage the funding.

There are no tax incentives to encourage local philanthropy for NGO projects. Some individual initiatives exist, but they are far from being a viable funding source for NGOs. The Albanian Disability Rights Foundation (ADRF) receives some core annual funding from the Vodafone Foundation for the production of wheelchairs. Local businesses are unwilling to engage with NGOs in any sort of membership outreach

activities or philanthropy development programs. The concept of corporate social responsibility within the business community is underdeveloped.

Most NGOs still do not have capacity to comply with financial reporting requirements as they lack resources and sometimes they will be required to conduct financial audits or prepare and publicize annual reports. Those that carry out these functions do so mostly because of donor requirements.

Although Albania became a NATO member and moved closer to EU accession, donors lack a clear strategy for assisting NGOs during the accession process. The majority of NGOs have poor knowledge of EU programs and complain that the application procedures are very bureaucratic and that EU funding is unofficially earmarked for EU-based NGOs. Other donors are withdrawing or are in stand-by mode in the hope that EU funds will become accessible. The current Instrument for Pre-Accession (IPA) calls for 15–20 percent cost-sharing, which makes it difficult for most NGOs to participate. Only a handful of NGOs with sound financial management systems in place have access to diverse sources of funding.

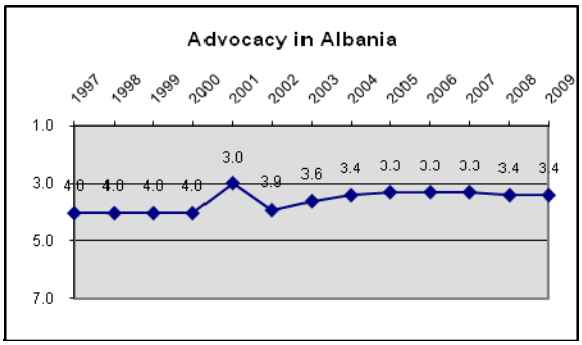
ADVOCACY: 3.4

In 2009, NGOs had fewer opportunities for advocacy primarily because of the parliamentary elections and the lack of donor funds for advocacy-related projects. Despite these constraints, NGOs had a growing role in some aspects of public life in Albania. They engaged in advocacy, watchdog and monitoring roles, mainly in the areas of women's rights and services for trafficking and domestic violence victims. The involvement of civil society in the lobbying and drafting stages of policy development was encouraging, but the government's focus on the elections hindered progress on several NGO initiatives.

Many women's rights NGOs promoted women's political empowerment. Primarily as a result of NGOs' advocacy for the gender quota in the Electoral Code, which requires that political party lists include at least 30 percent female candidates, in the 2009 parliamentary elections women achieved 15 percent representation, a 7.1 percent increase.

NGOs monitored six major TV stations and five major newspapers for political bias and issued reports on campaign coverage, as a result of which media outlets made visible efforts to be unbiased. Two local organizations conducted professional political opinion polling, which strengthened their capacity to conduct opinion polling as well as the culture of polling.

A local NGO conducted a parallel vote tabulation which provided real-time results, increased confidence in the election outcome, attracted public attention, and offered an additional incentive to vote. More than 450 monitors were deployed in all sixty-six counting centers to observe and report election results. All major media cited the preliminary results provided by the independent parallel vote tabulation. Violations observed during the election campaign, however, undermined public confidence in the elections and overshadowed improvements. The opposition party rejected the election results and refused to participate in the current parliament.



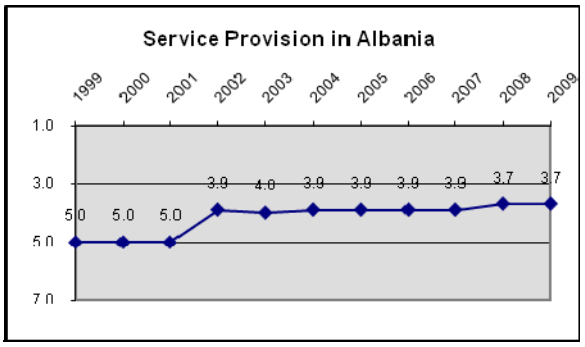
The Network against Gender Based Violence and Trafficking worked with five local governments on the implementation of the Law on Measures against Violence in Family Relations and the establishment of regional referral systems for domestic violence victims.

Four local governments allocated budget resources for the first time to support initiatives for preventing and combating domestic violence. The National Coalition of Anti-Trafficking Shelters created a confidential, case-based database to more accurately track individual cases and produce reliable information on trafficking in persons. This coalition has become a leading voice advocating for continued support in the fight against trafficking in persons.

Thirty-four business organizations came together in an ad-hoc coalition and engaged in a visible and well-coordinated advocacy effort to promote establishment of administrative courts.

Advocacy against corruption became a less prominent area of NGO initiatives during the year due to the focus on the elections and a lack of donor funding.

SERVICE PROVISION: 3.7



Although central and local government bodies are recognizing NGOs as potential service providers, they do not provide adequate funding for these services. NGOs continued to offer a range of services for disabled people, abused women, abandoned children, the elderly, and youth. NGOs' services included day care centers, counseling, community services, information centers, centers for elderly people, and rehabilitation and integration centers. Despite the increase in quantity, the quality of services falls far short of quality standards for such services. NGO service providers need training and resource materials to ensure the effective implementation of quality standards. The fees NGOs charge for services do not recover their full costs.

With donor funding, two NGO networks provide services to victims of domestic violence and human trafficking. The government has not supported these services, despite repeated promises, and fails to conduct monitoring to ensure that the service is provided adequately. In addition, experts have noted deterioration in the quality of services provided by the shelters for trafficked women. Quite often domestic violence victims and victims of trafficking are treated the same because of the lack of proper shelters and a shortage of funding.

Due to the decrease in donor funds, the number of NGOs providing services to their constituents has remained stagnant and the government lacks a strategy to fill in the gap. Although official standards exist for social services and services for children and the disabled, they lack specificity, and the government does not have an adequate inspection system in place to ensure compliance by NGO service providers. The media reported on several cases in which NGOs abused the funds allocated to them by the government to provide social services. In other fields there are no standards for services and quite often there is abuse of funds.

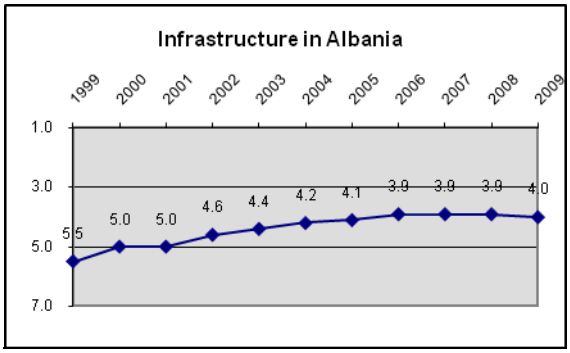
The Social Services Inspectorate at the Ministry of Labor and Social Affairs and Equal Opportunities monitors the quality of the services delivered by NGOs. Some of the service centers set up under the World Bank Social Service Delivery project have closed because of lack of funding and the low capacity of NGOs that were running them. Local government funding supports only a handful of the remaining centers.

INFRASTRUCTURE: 4.0

NGO infrastructure generally deteriorated during 2009, but coordination and collaboration between NGOs began to increase. There are few resource centers outside the capital city where local NGOs can access information, receive capacity building support and use computers and the Internet. NGOs such as Partners/Albania Resource Center and the Albanian Disability Rights Foundation continue to provide trainings and consulting services to local NGOs, but it is difficult for NGOs from remote areas to access their services, and because of reduced funding, the services these NGOs provide have decreased. Several resource centers have moved to smaller offices and can no longer offer their facilities for use by small NGOs.

Local grantmaking organizations operating with international funds, such as the Regional Environmental Center and the Open Society Foundation for Albania, address locally identified needs and provide assistance to local NGOs to implement community projects. There are no local grantmaking foundations or intermediary support organizations.

Despite the challenges mentioned above, NGOs are becoming increasingly aware of the benefits of working together and communicating with one another. Several coalitions, such as the Network against Gender Violence and Trafficking, the Disability and Development Coalition, Women's Millennium, and the Network of Legal Clinics are aware of the necessity to target and involve all relevant stakeholders at the national and local levels. These networks convene on an ad-hoc basis to address specific issues. ADRF continues to operate at the district level through a network of lawyers, offering free legal aid to people in need and trying to establish networks to address issues of importance to the disabled community.



PUBLIC IMAGE: 3.8

NGOs have increased their visibility in the media and obtained wider coverage of their events and press releases, but not in a systematic way. Business associations such as the Association of Builders, Konfindustria, the American Chamber of Commerce in Albania, and Regional Development Centers appear quite often in the media and release statements about specific government actions.

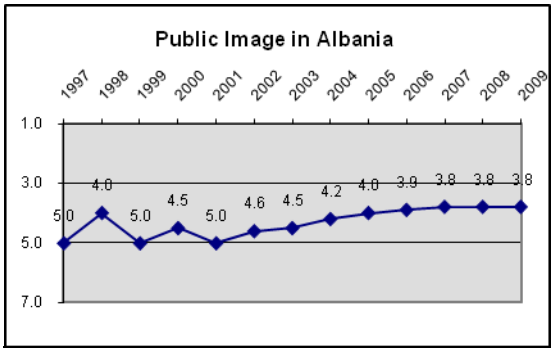
The level of interaction between NGOs and the media has improved. Increasingly, NGO leaders and experts are invited to offer their expertise on TV and radio programs. More and more media outlets rely on NGOs as information resources to address issues of public interest. In several cases media and NGOs have engaged in joint efforts to address specific issues, such as wheelchair users' access to education or awareness-raising campaigns for signing of the UN Convention on the Rights of Persons with Disabilities.

While media outlets generally portray NGOs' role positively, this relationship depends very much on the personalities of NGO leaders and their ties with media outlets and their owners.

Reputable NGOs such as the Helsinki Committee, Transparency International/Albania, IDRA and the Mjaft! Movement regularly publicize their activities and promote their public images.

During the elections, NGO representatives' opinions and statements received more coverage. The Election Monitoring Coalition

released several statements on and after election day. Two NGOs, the Elections to Conduct Agency and KRIIK–Albania, conducted parallel vote tabulations and posted the results online, and the media covered these activities extensively.

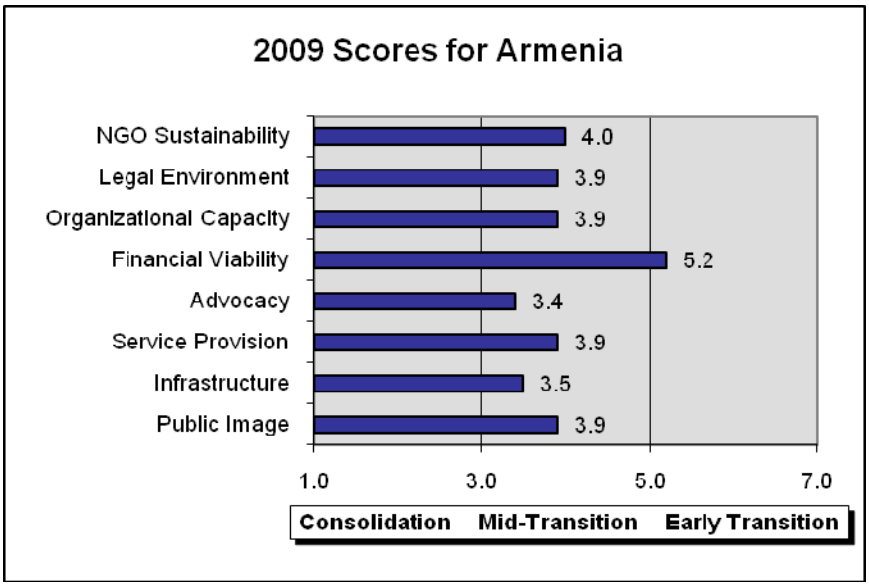


The media widely covered the release of the Transparency International report on corruption, which scored Albania ten places below its 2008 score. The release of the "Corruption Perception Survey" conducted on an annual basis by IDRA has become a public event that receives significant media coverage. According to the 2009 survey, as in 2008 civil society scored 48.3 points on a 100-point scale measuring the contribution that different institutions have made in the fight against corruption. Civil society was in second place following the media, which scored 63.6 points.

The government often invites business associations to participate in roundtable discussions as sources of expertise, but the level of interaction and trust between the business associations and the government appears to be low.

Efforts to establish a code of ethics for NGOs over the last year failed. Only a limited number of NGOs publish annual reports and are transparent about their finances.

ARMENIA



Capital: Yerevan

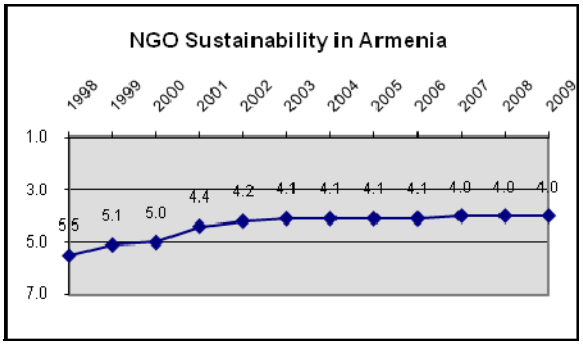
Polity:
Republic

Population:
2.966,802 (July 2010 est.)

GDP per capita (PPP):
$5,900 (2009 est.)

NGO SUSTAINABILITY: 4.0

The estimated number of registered public organizations in Armenia, including membership NGOs, foundations, and associations, is upwards of 4,000. Only 10–15 percent of these registered organizations, however, are actively pursuing their missions at any given time, and only a small number is mission-driven and working independently of international donor funding. The prevailing legal framework still adversely affects NGO sustainability and does not allow for the growing diversity and complexity of the NGO sector.



The ripple effect of the post-presidential election unrest from March 2008 continued through 2009. While the general atmosphere returned to normal, some NGOs remained reluctant to take risks and move forward on their missions, while others successfully regained momentum in implementing their activities.

The prospects for international funding continue to dwindle, leading to a gradual weeding out of weaker NGOs and a consolidation of activities among NGOs. NGOs are seeking to leverage their program resources by actively partnering with one another. A greater number of NGOs started to plan their activities more strategically. NGO training providers noted greater demand for training in institutional capacity building.

NGOs are pushing harder on both open and closed doors in national and municipal government through focused advocacy initiatives. As in 2008, the public perception of NGOs remained generally positive. While their active participation in the 2007–2009 election cycles contributed to their image, NGOs' more concerted efforts to match their missions to public concerns also helped to improve the perception of their role among communities and citizens. NGOs were also successful in

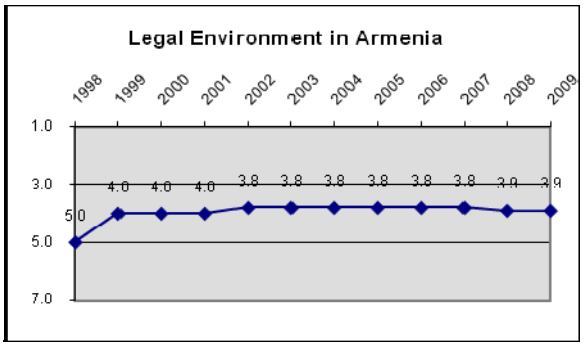
developing cooperative relationships with the government, especially in the regions. A network of sixty NGOs that formed in 2008 was active in formulation of the 2010 state budget.

LEGAL ENVIRONMENT: 3.9

Three laws regulate the NGO sector: 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 based in the Ministry of Justice.

NGOs claim that the registration process is corrupt and difficult in practice. Some NGOs reported that they were asked to pay "fees" to accelerate the registration process. Eventually officials registered NGOs, although with delays and additional bureaucratic obstacles. The process is somewhat expensive and burdensome, particularly for NGOs that have to travel from the provinces in order to register, although official seals confirming registration are now available in provincial offices. New NGOs made less than half a dozen complaints about the registration process.

Controversial draft amendments to the NGO Law initially prompted fears of a less liberal operating environment and were the subject of discussions and rumors that had a disruptive impact on the NGO sector. Many groups mobilized around this issue, leaving some with fewer resources for their regular activities. As a result of NGOs' active advocacy efforts, parliament did not adopt the proposed detrimental changes by the end of the year. An exodus of lawyers experienced in nonprofit sector law to the private sector and other more lucrative practice areas caused concern among NGOs and reduced the already sparse legal capacity in the NGO sector.

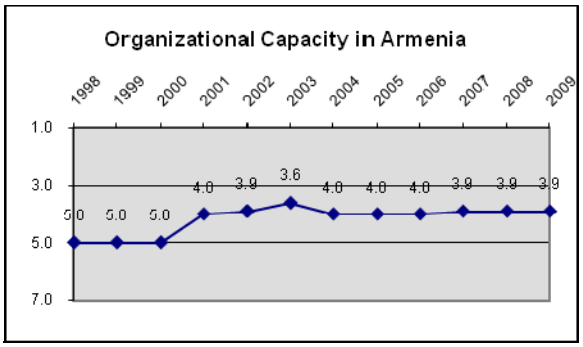


The legal framework continued to prevent NGOs from generating income and failed to provide beneficial tax exemptions. NGOs registered under the Law on Public Organizations are prohibited from engaging in direct income-generating activities, although foundations may. In addition, the Law on Public Organizations only permits NGOs to register as general membership organizations, which prevents the adoption of organizational structures such as boards of directors or advisory councils.

ORGANIZATIONAL CAPACITY: 3.9

NGOs continued to improve their organizational capacities in response to the increasingly competitive environment created by the decline in grant opportunities. NGOs put more emphasis on diversifying their menu of services and on reaching out to their direct beneficiaries and broader communities.

Observers noted a healthy but ad-hoc trend of organizations leveraging their missions and strengths to attract funding. NGOs with sector-specific expertise such as, disability support services or environmental protection worked jointly with groups focused on broader reform issues, such as anti-corruption, election observation, and media support. A number of organizations, for instance, observed the Yerevan mayoral elections in May by partnering with groups that had funding but lacked human resources or expertise.



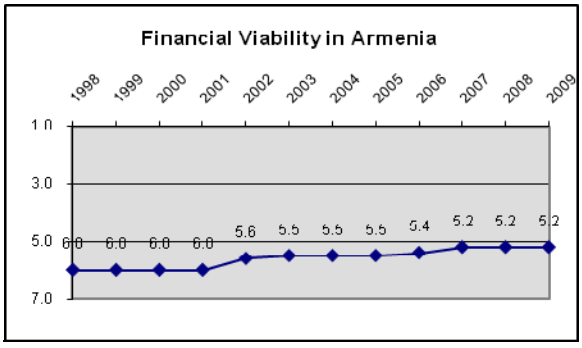
The decline in funding has led to improved planning and strategic programming practices, which have become institutionalized in stronger national-level NGOs. The quality of NGO personnel has improved and, as a result of donor requirements, a number of NGOs now have clearly defined staff responsibilities. NGOs also use opportunities to bring volunteers on board and to hire students as staff members and interns. NGOs have come to rely on volunteers to maintain program continuity and to enhance organizational capacity. University students increasingly recognize the benefits of volunteerism as a way to prepare for the workforce in a declining economy. Some Armenian diasporans also sought to volunteer in Armenia; according to several organizations, this was also a byproduct of the global recession, as people had lost their jobs in their home countries.

Though many NGOs continue to be driven by charismatic leaders, more organizations, especially youth-led groups, are adopting a more inclusive approach toward management and leadership within the organizations and across coalitions. NGO boards continue to be poorly integrated into organizations and do not contribute to improved accountability or impact, except in a few cases. At the same time, a greater number of activists are informally creating groupings for targeted activities.

Many NGOs have adequate equipment for their operations. NGOs demonstrated considerable technical advancement, particularly in increasing their online presence through the use of blogs. NGOs enjoyed increased Internet access and mobile network speed, particularly in large cities. Access to the Internet is spotty in rural parts of the country.

FINANCIAL VIABILITY: 5.2

Although the economic situation and the impact of the economic crisis were not favorable for NGO funding, NGOs started earning income from more diverse sources, including from smaller private donors and foundations. NGOs now actively seek private funding as well as support from international donors that have not had a strong presence in Armenia in the past. Local sources of NGO funding are still limited, although NGOs report more support from local businesses. More NGOs began acquiring fundraising skills and tapped into international resources for building fundraising capacity. North American and European experts made several trips to conduct fundraising trainings and consultations and to build local capacity for fundraising activities. NGOs tended to target private individuals because businesses lack tax breaks or other incentives to engage in philanthropic activities.



The government continues to provide small-scale funding to NGOs, primarily in the areas of social services for vulnerable populations and public awareness campaigns about issues such as hygiene and health. Recipient organizations tend to be pro-government and noncontroversial. NGOs have increased opportunities to receive funding to provide services from local self-governing bodies. A mechanism for social partnership is now in place in seventeen

municipalities, including six new ones during the year.

Many organizations fear that they will be targeted by the tax authorities if they engage in economic activities, although in the last year an increasing number of NGOs began establishing affiliated for-profit entities that were used to generate income from entrepreneurial activities. The government justifies its heightened oversight of economic activity by claiming that nonprofit organizations will evolve into de facto for-profit organizations hiding behind their nonprofit status. NGOs often fear that by providing accurate records, they will attract excessive attention from the tax authorities. As a result, their financial disclosures may not always reflect reality.

NGOs' financial management systems have noticeably improved and more NGOs have effective systems in place.

ADVOCACY: 3.4

Many NGOs take part in decision making at the community and regional levels; during 2009 they became more active at the national level and started pressing for reforms. National government agencies began recognizing NGOs' capacities to contribute to the decision-making process, but do not yet involve them systematically.

NGOs make regular, substantive contributions to legislation and ongoing policy and political issues. NGOs were able to turn a very negative draft of the Freedom of Information Law into a progressive piece of legislation by working in close collaboration with the National Assembly and Ministry of Justice. The prime minister invited NGOs to participate in discussion of the Anti-Corruption Strategy and accepted their suggestions. The Ministry of Education established a public monitoring group for boarding schools for special needs students and invited specialized NGOs to participate. The Office of the Prosecutor General established public consultation groups with broad NGO participation.

A noteworthy advocacy success in 2009 was NGOs' prevention of the passage of controversial amendments to the NGO Law proposed by the Ministry of Justice. On November 26, the Justice Ministry, at the urging of NGO representatives, several MPs, and the National Assembly Standing Committee on Human Rights, agreed to table the controversial amendments to the NGO Law and restart the process to include public consultations. The Justice Ministry made an unprecedented public acknowledgement of the shortcomings of the process. A coalition of NGOs developed a coordinated approach prior to the parliamentary hearing on the draft amendments, and produced materials for journalists, MPs and attendees of the hearing (available at www.armenianngo.net).

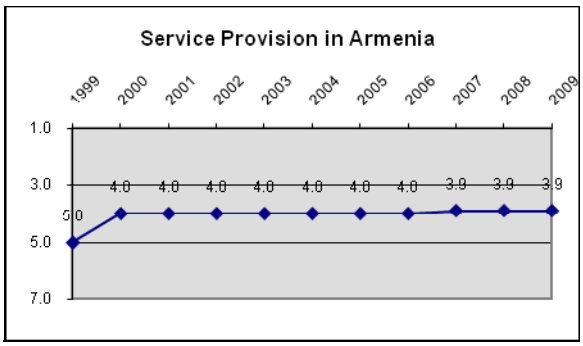
At the end of 2008, a group of sixty organizations formed a collaborative network to work with the National Assembly. In December 2009, the NGO Araza, which coordinates the network, initiated a discussion on the 2010 state budget involving around forty NGOs and government officials, MPs and Central Bank representatives. The government asked the NGOs to present recommendations and to work with authorities on the 2011 budget. The network will monitor the approved 2010 state budget and use its budget performance report to begin organizing parliamentary hearings on state expenditures in early 2010. Issue-based NGOs working in the social services sector, health care, consumer rights and other fields contributed to the budget discussion.

At the same time, ongoing activities began bearing fruit. A full package of recommendations on the country's mental health legislation, proposed by the Mental Health Foundation of Armenia in 2006, was fully approved in 2009.

Municipal government bodies were active in soliciting NGO input on policy and program implementation. After the successful adoption of social partnership policies and budget allocations in seventeen cities, another three municipalities made local budget disbursements to NGOs. Local government agencies in these cities sought NGO participation in grant selection committees.

SERVICE PROVISION: 3.9

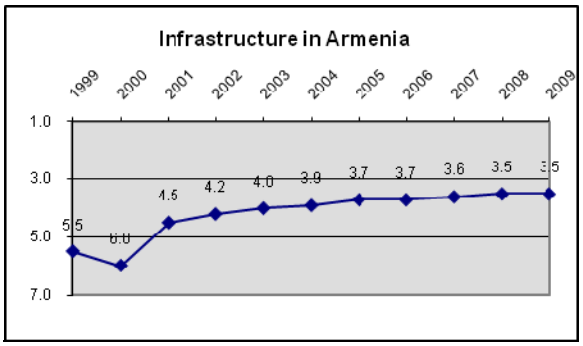
Service provision by NGOs continues to grow and to improve in quality and transparency, including financial reporting and equitable access to services and commodities. NGO services include soup kitchens, medical assistance to the elderly and vulnerable, legal advising, capacity building and grant management. NGO services enjoy broad public recognition.



The National Assembly and some cabinet ministries demonstrated interest in technical and policy advice provided by the NGO network coordinated by Araza. The government has begun showing more recognition and support of NGOs through providing grants and contracts. The Protection of Consumer Rights NGO signed a partnership agreement with the Ministry of Agriculture to conduct monitoring of resellers and importers of food items.

To some extent, NGOs are developing social partnerships with national ministries. After the appointment of the new cabinet and at the urging of the new prime minister, ministries began tapping into the wealth of NGO expertise. Examples of areas where the government took advantage of NGO capacity include anti-corruption measures, development of the legal environment governing service provision, and approaches to the economic crisis.

INFRASTRUCTURE: 3.5



Intermediary support organizations (ISOs) operate throughout Armenia with donor funding, and continue to bolster their service portfolios. ISOs provide quality services with the support of UNDP, OSI, and the EU. ISOs' client bases diversified to include small businesses, local governments, international organizations, and Armenian diaspora entities. USAID-supported ISOs were certified as U.S. government contracting-compatible organizations, and they continued to increase their service revenues.

NGO coalitions have become easier to build now that NGOs have a better understanding of the benefits of having coalitions and networks, partly as a result of continued capacity building. While previously donors may have conditioned support by requiring coalition building, efforts from within the NGO sector suggest that NGOs

are coming together at their own initiative. During 2009 NGOs formed coalitions around business advocacy, elections, disability issues, and amendments to the NGO Law. Although coalition initiatives are gradually less donor-driven, their sustainability still depends greatly on donor funding.

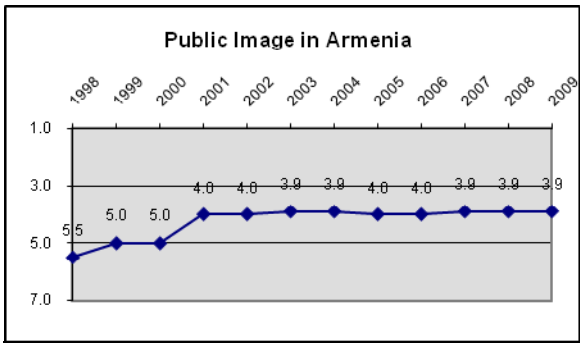
PUBLIC IMAGE: 3.9

Media coverage of NGOs has improved, as has the public perception of NGOs, especially within the business community. Many NGOs managed to establish more collaborative media relationships through proactively engaging the media in their issues and taking a more professional approach to the media. A larger number of organizations have long-term PR plans, press kits, media databases and other tools for long-term engagement with media outlets. The public perception of NGOs' involvement in the Yerevan elections fell short of the generally positive trend throughout the year, largely as a result of contentious observation efforts in specific communities and a general election fatigue. In general, media coverage is more positive in major cities, including Yerevan and the regional centers of Lori and Kapan.

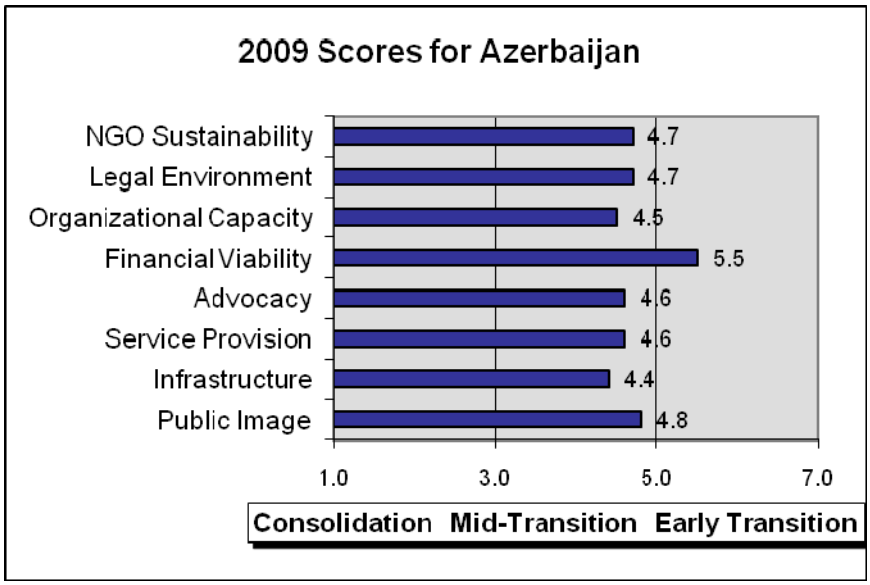
Environmental protection coalitions such as EcoLur and other advocacy groups began taking a more active role in representing themselves by producing audio-video materials, which they posted on social networking sites and their own websites. An increased number of citizens accessed these materials thanks to the availability of mobile Internet access. NGOs continue to engage in self-censorship, driven by a fear of being politically persecuted or punished through methods such as denial of registration or excessive tax or financial audits. Generally NGOs continue to conduct public relations in a reactive mode, rather than proactively building relationships.

The government's perception of NGOs has improved and government entities recognize that NGOs can be an asset in their policy agendas, as evidenced by greater efforts to turn NGOs into GONGOs or PONGOs (NGOs created or co-opted by political parties). Prime Minister Sarskisian actively participated in an event organized by Freedom of Information Center (FOICA) in September, and the center used this fact to generate greater interest in its activities.

NGOs lack effective self-regulation and publish annual reports only in isolated cases. Some NGOs such as Internews Armenia, Protection of Consumers Rights, and Transparency International initiated limited reporting and financial disclosures on their websites and in publications. As a trend, however, self-reporting was sporadic. NGOs operate in a regulatory vacuum in which members, beneficiaries and public authorities demand accountability only in the pursuit of politically motivated objectives. At the end of the year, however, with the pending push to place a new layer of accountability on the NGO sector, NGOs themselves began vocalizing the need for greater transparency.



AZERBAIJAN



Capital: Baku

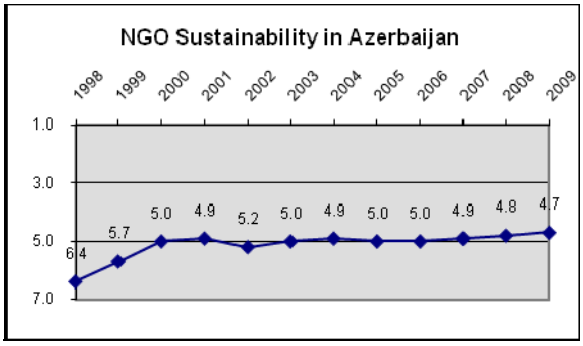
Polity:
Republic

Population:
8,303,512 (July 2010 est.)

GDP per capita (PPP):
$10,400 (2009 est.)

NGO SUSTAINABILITY: 4.7

In 2009 NGOs remained active in their efforts to mobilize their constituencies, engage in policy dialogue, monitor and evaluate government effectiveness, and improve service delivery in communities. Government and NGO figures for the exact number of registered NGOs vary from 2,600 to 3,220. Most sources agree that only 70–80 percent of registered NGOs are active.



Despite progress in certain areas, the NGO sector faces restrictions due to latent government interference, especially during election periods. In some cases, local officials attempt to control the activities of NGOs and create obstacles if NGOs fail to inform authorities in advance about their activities. The majority of NGOs are still dependent on funding from international donors, although many are making serious attempts to diversify their sources of funding.

The Council on State Support to NGOs (the State NGO Council) is demonstrating a strong willingness to cooperate with foreign organizations on adopting international best practices, and receives substantial technical assistance from various donors. In the first two years of its activity the council allocated a total of $4 million in grant assistance to 430 NGOs on a competitive basis.

In some cases officials required NGOs to change their charters, denied registration with limited explanation, and demanded multiple submissions of registration documents. NGO representatives from distant regions have to travel to Baku for registration-related proceedings. International and local NGOs combined efforts to create a more favorable legal environment for the development of the NGO sector. The Law on Volunteers was adopted in July.

NGO experts are frequently invited to debates on legislation and issues of concern to society. NGOs demonstrated their capacity for influencing the legislative process. A group of active NGOs created the Civil Society Defense Committee when parliament was preparing to vote on a series of controversial amendments to the NGO Law. As a result of their efforts, the final version of the NGO Law represented a significant improvement over the initial draft

.

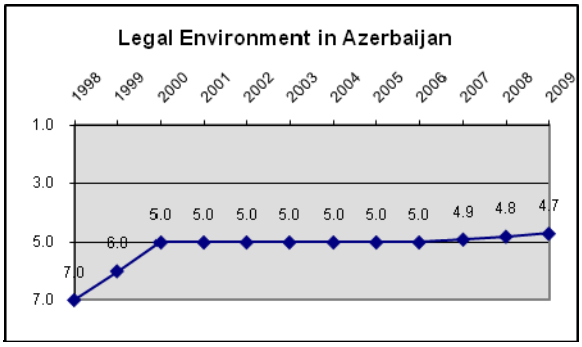
LEGAL ENVIRONMENT: 4.7

Thanks to the joint efforts of the international community and NGO activists, many restrictive provisions were removed from the draft NGO Law before its adoption on June 30. These included significant fines for NGO managers for infractions, and for individuals or legal entities "speaking or acting" on behalf of an unregistered NGO. The law also reduced the required minimum capital for foundations from 50,000 AZN to 10,000 AZN ($62,300 to $12,500), and retained the legal right of foreigners living in Azerbaijan to establish NGOs.

Several provisions of the amended NGO Law are of concern to NGOs. The law introduces new financial reporting requirements that may impose a substantial administrative burden on NGOs. It also specifies that foreign NGOs may only operate in Azerbaijan on the basis of an agreement negotiated with a government agency, but does not provide clear criteria for the agreement.

The NGO registration process remained burdensome and there were some lengthy delays in registration at the Ministry of Justice. A total of 119 NGOs were registered in 2009. NGOs and their representatives are allowed to operate freely, without harassment by the central government, unless they demonstrate serious criticism of the government or its actions or implement projects that the government does not like. No cases of NGOs being dissolved were reported in 2009.

NGOs are exempt from income tax on all revenues received from grants, gratuitous transfers, membership fees, and charitable contributions. Certain supplies and imports are exempt from VAT. Local NGOs pay 22 percent of their consolidated payroll to the State Fund of Social Insurance. If a bilateral agreement exists between Azerbaijan and a donor country, the donor's NGO grantees are exempted from this tax. NGO employees are required to pay income tax and social insurance tax on their salaries.



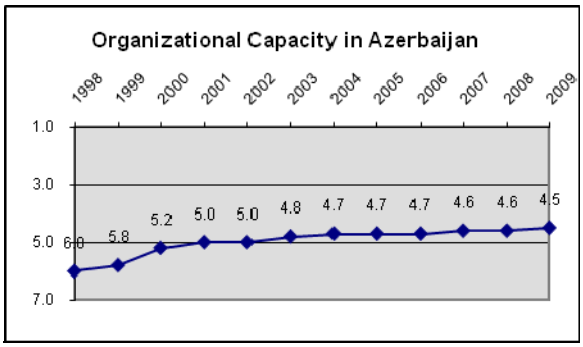
A December 25 presidential decree instructed that NGOs must register grants with the Ministry of Justice before making any transactions with grant funds. New amendments to Article 223-1 of the Administrative Code were enacted in February, which increased the fine for failure to submit a copy of each grant contract to the Ministry of Justice from 50AZN ($62) to between 1,000–2,500AZN ($1,240–$3,100). Some NGOs think that this will make NGOs more responsible in terms of reporting, while others consider the amendment a tool for strengthening governmental control over NGOs.

The new Law on Voluntary Activity adopted in June addressed multiple problems faced by volunteers and the NGOs that host them. Before the adoption of this law, the laws did not contain the concept of voluntary work and even contained sanctions for the use of labor without a labor contract. The new law defines the areas in which volunteers may work (such as legal and cultural education, environmental protection, and provision of assistance to vulnerable groups)

and enumerates the rights and duties of volunteers and hosting organizations.

NGOs are allowed to compete for government tenders, but this mechanism needs improvement.

ORGANIZATIONAL CAPACITY: 4.5



NGOs are becoming more skillful in constituency outreach. Over the course of the year NGOs organized workshops and conferences on issues relevant for Azerbaijan. The number of NGOs capable of governing themselves and organizing their work in a structured manner is increasing. More NGOs restructured their internal management and expressed interest in adopting international best practices, though this was also driven by donor requirements.

More NGOs are becoming focused on well-defined missions, although some continue to engage in activities outside of their missions to secure grants. NGOs continue to be somewhat weak in their strategic planning. Some NGO leaders lack adequate training in strategic management and are only able to plan for short-term activities.

Most NGOs have permanent access to basic office equipment, although rural-based organizations still face difficulties in this regard. The State NGO Council is trying to mitigate this problem by funding equipment needs for almost all of its 430 grantees.

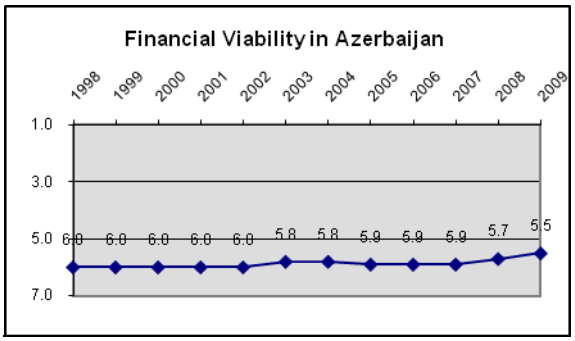
Many NGOs improved their reporting skills and expanded access to information about their programs through their websites and frequent public presentations. Few NGOs make their financial information available to the public.

Volunteers are recruited and engaged on a much broader scale in NGO activities. Few NGOs can afford to employ permanent staff. In some cases NGOs recruit employees based on the immediate demands of current projects and grants. Some NGOs that secured long-term donor support worked towards reducing personnel turnover, complaining that employees leave to work for international organizations, embassies or private companies because of higher salaries and opportunities for career development.

FINANCIAL VIABILITY: 5.5

NGOs actively submit project proposals to local businesses, the State NGO Council, ministries and other government agencies. The State NGO Council is funded from state monetary reserves and is developing partnerships with bilateral and multilateral donors to sustain long-term public financing. The government plans to disburse $3.5 million in grants to NGOs in 2010.

Barriers to the growth of local philanthropy include a lack of understanding about the concept of social responsibility, absence of tax incentives, and companies' lack of specific goals, strategies, and capacity. Local businesses prefer to continue established partnerships with a limited number of NGOs. As in previous years, local businesses created endowments for the families of victims of the Karabakh war, gave food to disadvantaged people, and organized Novruz and New Year celebrations and concerts for orphans and disadvantaged children. Some foreign oil companies and joint ventures are successfully cooperating with local NGOs.



Some NGOs that maintain stable donor partnerships have good financial management policies, but many NGOs, especially in the regions, do not. In February the Ministry of Finance approved the National Accounting Standards for NGOs, Municipalities and Private Enterprises, which are in full compliance with internationally accepted standards. In July, parliament set the deadline for the transition to the new system by June 2010. The Ministry of Finance is working closely with NGOs like the Young Accountants Union to prepare practical recommendations on the application of the new standards. OSI, USAID and the State NGO Council are funding programs to train NGOs in financial management.

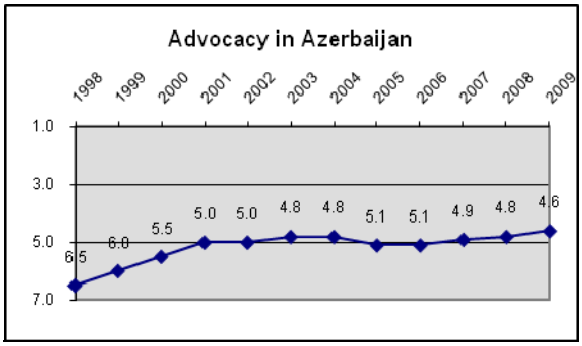
NGOs complain that it is difficult to retain professional accountants. Qualified and experienced bookkeepers prefer to work in private companies. Most NGOs cannot afford to hire an external auditor unless this is required and funded by the donor.

ADVOCACY: 4.6

NGOs demonstrated improved skills in building coalitions to respond to the changing needs of their communities. Advocacy coalitions successfully worked on a number of important issues. A coalition led by the Citizen Labor Rights Protection League began an advocacy campaign designed to improve the implementation of the National Strategy and Action Plan for Combating Corruption. The Economic Research Center (ERC) conducted its annual calculation of the consumer price index and shared its results with key government ministries. ERC's findings provide reliable data on the inflation rate and help the government to strengthen its anti-inflation policy. The Azerbaijan Marketing Society leads an advocacy campaign aimed at increasing knowledge of the WTO accession process among business leaders.

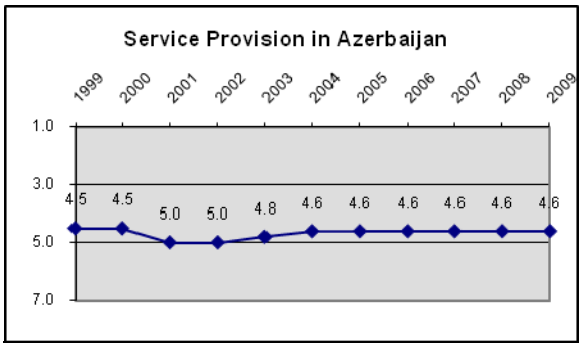
The law allows NGOs and coalitions to work on legislative initiatives and present them to parliament through MPs or by collecting 40,000 signatures; NGOs may present proposals or recommendations directly to parliament. The Center for Economic and Social Development (CESD) presented policy recommendations on the tax system, which parliament approved in June. CESD experts drafted an anti-financial crisis concept and proposed it to the government. Some ministries have already applied policy recommendations from the concept paper.

In June a group of active NGOs created the Civil Society Defense Committee, with almost sixty members, in order to protest draft amendments to the NGO Law which had the potential to undermine civil society development. The government took into consideration most of the committee's recommendations.



The Independent Consumers' Union began implementing an advocacy program in five regions aimed at strengthening the capacity of municipalities and supporting participatory practices such as public debates and budget hearings.

SERVICE PROVISION: 4.6



NGOs continue to organize and facilitate seminars, workshops, trainings, and public education and awareness projects. The quality and relevance of NGOs' events are improving. More NGOs try to maintain contact with the communities they serve after the completion of projects. NGOs' tendency to build on the success of projects is growing. Some NGOs try to register as resource centers upon program completion in order to perpetuate their services.

Public recognition of NGOs' services is growing. NGO experts are often invited to prepare recommendations for the development of state programs. Government officials and private companies are interested in research conducted by NGOs, although they rarely solicit specialized policy research from NGOs.
A few NGOs charge fees for their services, although this is not a widespread practice. NGOs provide free services with donor support, such as legal services to socially disadvantaged segments of the population. Fee-based services include training in computer skills, English language, and accounting.

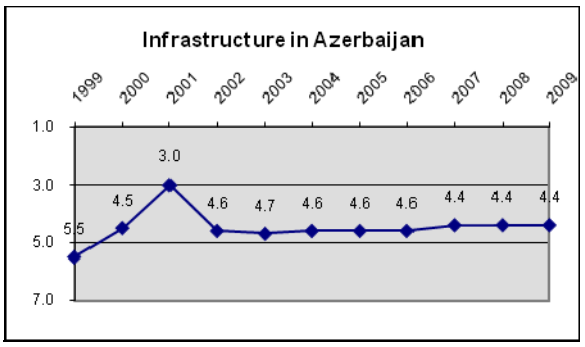
The government continues to provide grants to NGOs to enable them to offer services to their communities and clients. The priority areas for the NGO Council's 2010 grant program are protection of human rights, environment and health, support of socioeconomic development of rural areas, access to education for vulnerable children, and institutional development of civil society organizations.

INFRASTRUCTURE: 4.4

The number of local trainers is insufficient to meet the needs of NGOs. The Youth Education Center, the National NGO Forum, and Youth for Development are among the organizations with good training programs for NGOs. International organizations are helping NGOs to compile quality training materials and adapt them to local needs. Training materials on NGO management, project design, proposal writing, advocacy techniques, and civic engagement are available in Azerbaijani. NGOs in Baku and the regions organized seminars on topics relevant to the development of the NGO sector, such as youth and civil society and the media's role in the development of the third sector.

UNDP and the State NGO Council signed an agreement on strengthening the management capacity of NGOs. Local trainers will be equipped to organize seminars and workshops in five regions of Azerbaijan through the resource centers of the National NGO Forum.

Some NGOs cooperate actively with the government. The Ministry of Justice has a public council composed of NGO representatives who have the right to monitor any penitentiary institution and to report directly to the minister. The State Oil Fund and the State Committee of EITI (Extractive Industry Transparency Initiative) invited the Coalition for Increasing Transparency in Extractive Industries to establish a multi-stakeholder group to improve the country's EITI policy implementation. The NGO alliance Call for Health and the Azerbaijan Harm Reduction Network are assisting the parliamentary commission on social affairs in drafting legislative amendments on HIV/AIDS prevention.



A number of NGOs working in the same fields are joining coalitions and operating joint websites.[1] The popular online resource www.resurs.az and the National NGO Forum of Azerbaijan site www.mqfxeber.az provide information on NGO vacancies and trainings as well as a virtual space for debates and exchange of views.

A newly established network of local NGOs, the Alliance for the Development of Municipalities, is actively sharing information about the activities of municipalities, NGO initiatives with local government, and municipal elections.

NGOs released an increasing number of publications, including the Citizen Labor Rights Protection League's handbooks on laws to combat corruption, the Young Accountants' Union publication on best practices in international accounting standards, and the Azerbaijan Marketing Society's business guide to the world trade system.

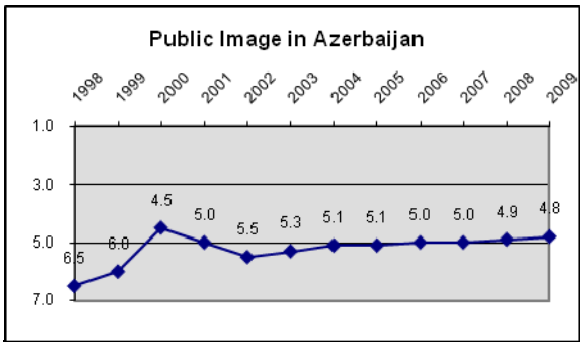
PUBLIC IMAGE 4.8

In 2009, media coverage of the NGO sector continued to increase. NGOs worked proactively with the mass media, prepared press releases, and organized press conferences. A number of NGOs maintain up-to-date websites.[2] The new information portal www.qhtxeber.az (NGO News), which provides updates on NGO activities, was launched with the assistance of the State NGO Council.

NGOs are developing relationships with journalists to encourage positive coverage. More donors (including government agencies) require NGOs to develop communication strategies and media relations plans. Newspapers, news agencies and online journals frequently highlight NGO activities, the results of NGO research, and interviews with civil society leaders. Some news agencies cover NGO activities on a regular basis.

The State NGO Council continues to publish its own monthly journal, Civil Society, which it posts on the official council website, www.cssn.gov.az. The State NGO Council began compiling materials to publish a book which will contain information on all successful NGO activities in the country. In December 2009, the presidential administration and the State NGO Council presented awards to the best media agencies covering NGO activities in Azerbaijan in 2009. The government also presented awards for the best local NGO projects.

Government officials consult certain NGOs on issues in their areas of expertise. The Azerbaijan Diplomatic Academy under the Ministry of Foreign Affairs held its first meeting between students and civil society leaders and plans to organize such gatherings on a regular basis. The authorities often challenge information from some NGOs, namely human rights groups.

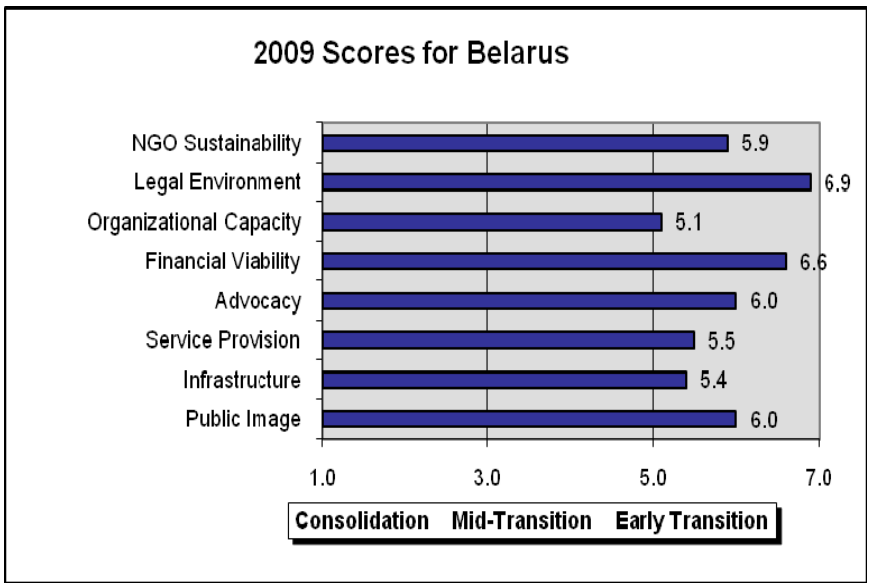


The NGO Foundation on Assistance to Entrepreneurship and Market Economy has its own television program, Economic Forum, broadcast twice a month. The program offers discussion with public figures, government officials and NGO leaders on topics such as anti-

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

The NGO sector lacks a code of ethics. Only a few leading NGOs disclose their annual financial reports and are committed to developing transparency practices, although some improvements were visible in 2009. A coalition of NGOs including Towards Civil Society, Multimedia Information Systems and Technologies Center, and Aran Regional Development Center made public its 2010–2012 strategic plan.

BELARUS



Capital: Minsk

Polity:
Republic in name

Population:
9,612,632 (July 2010 est.)

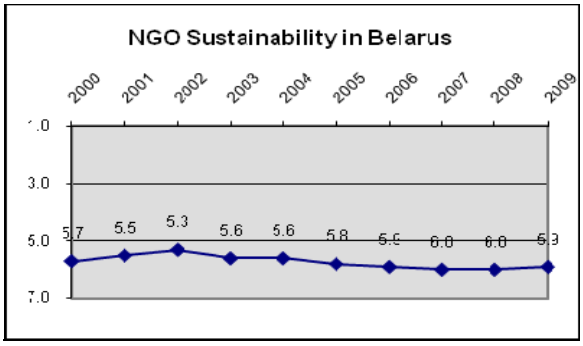
GDP per capita (PPP):
$11,600 (2009 est.)

NGO SUSTAINABILITY: 5.9

According to the Ministry of Justice, 2,216 NGOs are registered in Belarus, in addition to twenty-two unions and associations of NGOs and eighty foundations.[3] Some NGOs adapt to the hostile environment by registering as institutions or associations, which are not counted for statistical purposes as NGOs. The number of registered NGOs is decreasing. Fifty new NGOs were registered in the first six months of 2009, while about the same number of NGOs self-dissolved.

The government exercises strict control over NGOs. Article 193-1 of the Criminal Code, which imposes criminal liability for participating in the activities of an unregistered organization, is still in force but the government has publicly stated its readiness to review it.

The world financial crisis affected the NGO sector positively in one respect—NGOs calculated their 2009 project budgets in foreign currency, and the 20 percent devaluation of the Belarusian ruble in January made pay in the NGO sector more attractive in comparison with other sectors. Social service NGOs have started considering local fundraising as a potentially significant source of funding. For civic education and human rights NGOs, local fundraising remains problematic. NGOs must register all of their project money at the Department of Humanitarian Activities. The government began requiring that NGOs obtain letters of support from the ministries relevant to their projects.

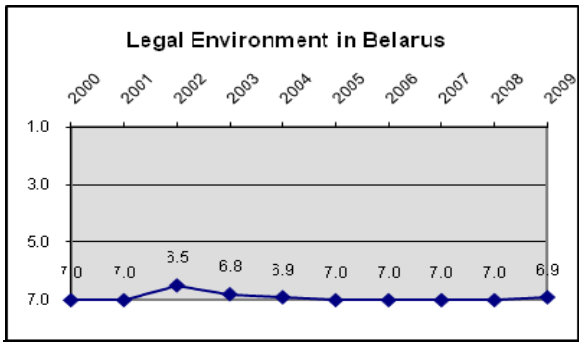


NGOs have become more tenacious in pursuing channels of communication with the government. They advocated for NGO participation in government coordinating and advisory commissions and conducted several advocacy campaigns, which unfortunately did not achieve positive results. Coalitions and networks engaged in more active networking;

the year 2009 witnessed the sixth Congress of the Assembly of Democratic NGOs.

NGOs provide unique services, but there is no state mechanism to contract social services out to NGOs and NGOs do not recover costs. Though NGOs became more active in electronic media, the public is still unclear about the concept of an NGO.

LEGAL ENVIRONMENT: 6.9



Presidential Decree No. 1 introduced the simplified declarative principle of registration on February 1 for all economic entities, including noncommercial organizations such as institutions and associations. Some NGOs such as the Right Alliance, Green Network, the Association of Small and Medium Business, and the Association of Leaders and Publishers of Regional Press used this opportunity to legalize their activities.

The business community noted favorable changes in registration of noncommercial organizations of entrepreneurs as NGOs, funds, and unions. NGOs founded by known activists continued to be refused registration. Lawsuits on refusals of NGO registration were generally decided in favor of the registration body. The following NGOs were twice refused registration: the Assembly of Democratic NGOs, the human rights NGOs Nasha Vesna and Berasteiskaya Vyasna, youth NGOs Social Democrats and Modes, and cultural and educational NGO Spadchyna in Grodno.

Registered NGOs must have a legal address in nonresidential premises. NGOs receive no discounts for renting state property. Most NGOs whose activities were not designated by a special state commission as having a "humanitarian nature" saw their rents increase tenfold in the past year and a half. In October, Presidential Edict No. 518 "On some issues of rent and free use of property" was issued (it entered into force in 2010). According to the edict, NGOs will have rental discounts. The Republican Confederation of Entrepreneurship participated in developing the draft edict.

The Ministry of Justice declared its intent to simplify the NGO registration procedure and to amend the Law on NGOs. The Chamber of Representatives considered these amendments, which independent experts say expand the range of legitimate grounds for refusal of registration.

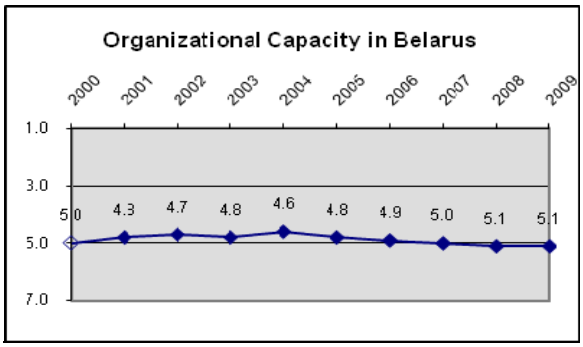
Property owners and government representatives found excuses not to provide space for NGOs' events. Local officials did not provide space for the Movement for Freedom's meetings aimed at nominating delegates to Euroforum, a youth network, and NGOs had to postpone the conference "Forum of Eastern Partnership Civil Society: Agenda for Belarus." For the first time in several years, however, NGOs managed to hold major events: the sixth Congress of the Assembly of Democratic NGOs, the fourth Congress of the Belarusians of the World organized by the NGO Batskauschyna (Fatherland), and the conference "Participation of Belarusian Civil Society in the Eastern Partnership Initiative."

Article 193-1 of the Criminal Law still subjects the activities of unregistered NGOs to criminal punishment. Under this article, the prosecutor issued two warnings each to the Union of Poles in Belarus and the Brest affiliate of the Young Front. Later in 2009 the administration declared its readiness to review Article 193-1 and to change the criminal punishment to administrative punishment, but has not changed the law to date.

Available local lawyers (though they are few), the increased competence of NGO activists, and special Internet courses meet NGOs' needs for legal support.

ORGANIZATIONAL CAPACITY: 5.1

Most NGOs actively seek to build constituencies for their initiatives. For example, the NGO Third Sector's e-newsletter last year was 90 percent targeted at NGO representatives, while now 60 percent of recipients are not affiliated with an NGO. NGOs actively involve young people, pensioners, and university lecturers. Cooperation of NGOs with state institutions is expanding.



Strategic planning has become the norm for bigger, mature NGOs. Some NGOs perform strategic planning together with donors. Regional NGOs, however, are less successful in having a clear understanding of their missions and development strategies. Office rent problems and the lack of diversified sources of funding demonstrate the weakness of NGOs' strategic plans.

Most NGOs have no clear division of functions between governing and executive bodies. The governing bodies of the Assembly of Democratic NGOs and the Minsk Capital Association of Entrepreneurs and Employers each consist of about fifty people who do not exercise real oversight.

Transparency of NGO activities is low primarily due to the hostile legal environment, with some exceptions. The NGO Health into XXI Century publishes the results of its activities and financial reports on its website. Most NGOs rely on one donor, which fosters a lack of transparency.

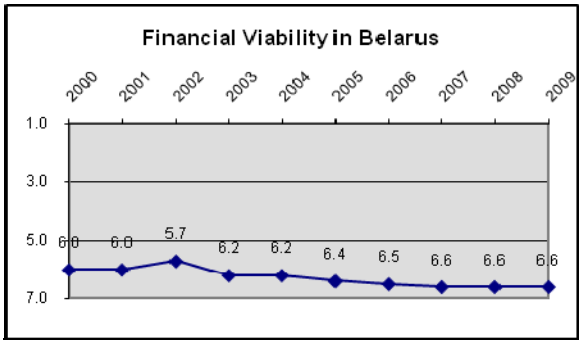
Fewer staff moved from NGOs to businesses. People working for NGOs received reasonable financial incentives from ongoing projects, but NGOs have limited permanent staff. Donors introduced restrictions on the amount of project funds that can be spent on salaries. More volunteers are involved in NGOs' activities and they are better managed. Several NGOs base their activities exclusively on voluntary work, like the Grodno branch of Belarusian Children's Hospice. Red Cross branches created effective volunteer teams. The ABC of Entrepreneurship in Minsk had considerable growth in the number of volunteers.

Space rental and utility payments are unreasonably high for NGOs. In many cases NGOs rent office space only to have a legal address. For example, an NGO in Gomel rents three square meters of a utility room in a stairway. NGOs' equipment is aging, especially in the regions. Purchasing office equipment has become an unpopular budget item for most donors.

FINANCIAL VIABILITY: 6.6

Fundraising is not a regular practice for most NGOs, with some exceptions. The NGO Health into XXI Century raises funds for assistance to sick children. The Belarusian Association of UNESCO Clubs established a volunteers' camp by investing funds raised from a factory. Mothers against Drugs from Pinsk raised money from local businesses, bought a house, and equipped it as a rehabilitation center for drug abusers. The Velcom mobile phone company sponsored the international contest "Wings of Childhood" organized by the Belarusian Association of Children and Young People with Disabilities, in partnership with the trade union

of Belarusian State University. The Belarusian Children's Hospice demonstrates effective fundraising practices. Pro-democracy, human rights, and civic education NGOs fail to raise local funds. Local authorities harass the few businessmen who sponsor ads of NGOs' events in the independent press, putting their businesses at risk.



Many leading NGOs successfully raise funds from international donors, but only projects that address the state's national priorities are able to complete the obligatory registration procedure for donor funds. Membership dues are the only legal source of funding for many NGOs, covering a minor part of their expenses.

Registered NGOs submit annual reports on their activities and volunteer projects to registering bodies, and provide accurate reports to donors.

But often even NGO leaders are not fully aware of their organization's finances. NGOs do not practice independent financial audits. Leading NGOs are developing sound financial management systems. When regional branches of the Belarusian Association of Children with Disabilities experienced serious problems in financial management, specialists went to the regions to conduct trainings.

As in past years, the state funds the activities of GONGOs like the Belarusian Union of Young People Belaya Rus and Pioneer Organization, but such state funding is decreasing.

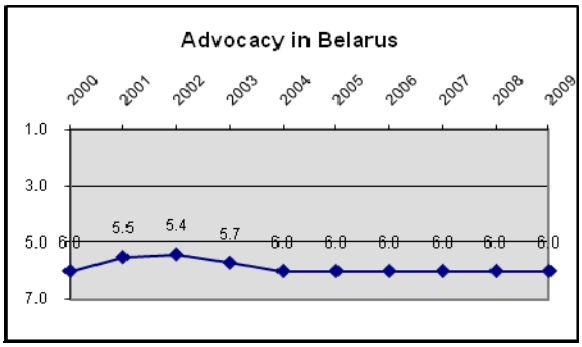
State organs contract NGO specialists and experts, but the money paid for the service goes to the specialist and not to the NGO she or he represents. The only possibility for an NGO to earn such income is to establish an independent commercial structure. A number of NGOs, primarily NGOs of people with disabilities, have established commercial structures, but they are at risk because of the financial crisis, the unfavorable business development situation, and the low competitiveness of their products. The Minsk branch of the International NGO of Ecologists built and sold houses made of straw building blocks, virtually the only success story in 2009.

ADVOCACY: 6.0

Lines of communication between NGOs and policymakers are growing due to the participation of NGOs in state-created public advisory councils. The presidential administration created one such council. A public coordinating council on mass media issues has also been formed. The Republican Confederation of Entrepreneurship initiated the creation of a public advisory council on anti-corruption issues.

Councils on the issues of people with disabilities have been formed in Gomel and Pinsk, a Council on the Development of Entrepreneurship has been formed in Vitebsk, and the Minsk executive committee created an oblast council on NGOs and political parties.

Cases of local advocacy are becoming considerably fewer, however, due to the restrictive environment and because NGOs are too weak to engage sufficient numbers of active citizens.



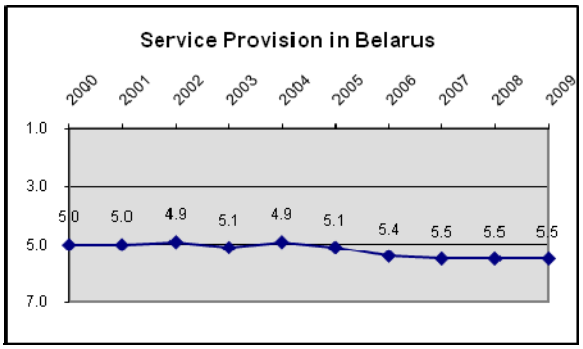
Many independent ecological and human rights organizations were not allowed to take part in public hearings on the construction of a nuclear power station in the town of Ostrovets. Russian nuclear power expert Andrei Ozharovski, coordinator of the Ecoprotection group, was kept under arrest for seven days for hooliganism in Ostrovets before the opening of public hearings.

NGOs conducted a series of public awareness campaigns. Amnesty International conducted a campaign for the abolition of the death penalty. The Assembly of Democratic NGOs conducted the campaign "Stop 193-1" for the abolition of criminal liability for the activities of unregistered NGOs. Organizations of people with disabilities are lobbying for the accession of Belarus to the International Convention on the Rights of Persons with Disabilities. The fund named after Lev Sapeha is lobbying for the laws on local self-government to conform to the norms and principles of the European Charter of Local Self-Government. The NGO Protection of Birds is lobbying at the international level for the absorption of greenhouse gases through the preservation of marshes. "Budzma!" launched a national cultural revival campaign.

The government made changes in over twenty regulations at the initiative of entrepreneurs' associations. The Belarusian Association of Journalists managed to make several changes to the new Law on Mass Media (although international pressure also played an important role). NGO ACT initiatives to promote social contracting resulted in research on the issue by the Ministry of Labor and Social Protection. NGO coalitions lack solidarity and public support. NGOs have weak capacity to use available advocacy mechanisms; NGOs did not submit a single public complaint to the secretariat of the Aarhus Convention in Belarus, even though there were numerous violations of the convention.

The Belarusian Institute for Strategic Studies (BISS) in cooperation with the Brussels-based Office for Democratic Belarus (ODB) put forward a policy proposal "What Eastern Partnership Should Bring to Belarus," addressing how the Eastern Partnership framework may contribute to the social transformation and Europeanization of Belarus.[4] The proposal received broad media coverage and both the EU and the Belarus government drew from its ideas.

SERVICE PROVISION: 5.5



NGOs provide basic social services and services in areas such as economic development and environmental protection. The variety of services is not growing due to the restrictive legal environment, but some NGOs, especially in the social sphere, are providing services with higher quality and an individual approach to the client. These services are in demand by NGOs' target populations. Belarusian Children's Hospice started offering the service of respite care for terminally ill children. The Belarusian Association of Parents of Children with Disabilities introduced new techniques for care of children with disabilities. ACE produces regular publications on civic education. BISS conducts research and issues publications related to social and economic issues.

The sector's product line has only slightly diversified. Business associations expanded their seminars to the student community and initiated a club of young entrepreneurs in Vitebsk. More consulting services and information are available on NGOs' websites.[5]

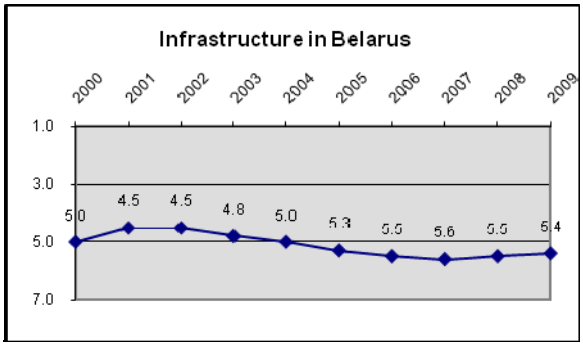
NGOs are gradually shifting to providing services that reflect the needs and priorities of their constituents. Often leading NGOs implement activities after having assessed needs,

though legal restrictions and lack of resources limit the possibility of conducting surveys. Some NGOs' services are aimed at social changes, and constituents are reluctant to use them openly. The world financial crisis highlighted new needs, such as the need to provide foreign language training, but even in large towns NGOs are not ready to meet such needs. In small towns and villages markets for NGO services are nonexistent. NGOs are increasingly providing goods and services to constituencies broader than their own memberships. Church organizations and Belarusian State Pedagogical University invite NGO experts on women's issues and disability issues to conduct lectures and provide consulting. The Belarusian Association of Parents of Children with Disabilities possesses unique literature and technologies; even the presidential administration refers people who seek assistance in disability issues to this NGO.

Even though some goods and services are in demand, NGOs fail to recover costs by charging fees for services. The procedure is so confusing that NGOs prefer to avoid cost recovery.

The government at the national and local levels recognizes the value that NGOs can add in the provision of social services, but in most cases this recognition is symbolic.

INFRASTRUCTURE: 5.4



NGOs, especially in the regions, feel the need for ISOs and resource centers. Local NGOs that position themselves as resource centers implement unregistered projects and their activities lack transparency. In Grodno Oblast, resource centers are in five or six towns, but only a narrow circle of NGOs has access to them. The former association of resource centers is in the process of discussing options for the continuation of its operations. Leading NGOs such as Green Network have started providing resource center services. The consortium Euro-Belarus and the Third Sector have expanded informational services for their members and partners.

NGO Vzaimoponimanie is redistributing funds provided by the German foundation Erinnerung, Verantwortung und Zukunft. This experience, the first of its kind in Belarus, could be a valuable model for other organizations. Local NGOs re-grant small sums among initiative groups and other NGOs, but the selection criteria are not transparent and information cannot circulate openly because these activities are not official.

In March the Assembly of Democratic NGOs held its congress with 330 participating NGOs, the first such event since 2004. In September the Association of Civic Education held the Week of Non-Formal Education with events in five oblasts; for the first time, other NGOs and business education organizations took part. The consortium Euro-Belarus involved nine organizations in preparation for the Civil Society Forum in Brussels. At a November conference, NGOs discussed the agenda of the Forum of Civil Society of Eastern Partnership for Belarus.

Professional capacity building organizations provide good quality services. NGOs such as the Belarusian Association of Children with Disabilities and the Belarusian Association of Journalists train their own trainers in capacity building. Last year new training topics responded to the need to develop capacity in the use of new media. Capacity-building NGOs discussed creating an association as well as developing the market for their services. Intersectoral partnerships are still underdeveloped. One factor is the requirement to register NGO projects at the Department of

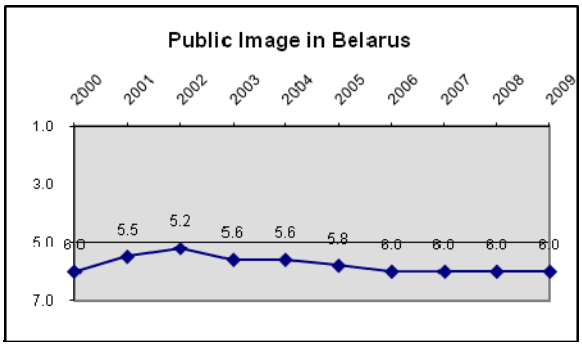
Humanitarian Activities and to obtain letters of support from relevant ministries. Social service organizations are more successful compared with other types of NGOs in registering their projects, but even they do not have officially signed partnership agreements with ministries. Social NGOs like Belarusian Children's Hospice provide the rare examples of partnerships with businesses that result in financial support.

PUBLIC IMAGE: 6.0

Most NGO activities are not covered or only slightly covered by the media. When NGOs manage to create news, journalists from state-owned media prefer not to mention their names. Not only is there an unwritten rule to hush up the role of NGOs, but NGOs themselves fail to work effectively with journalists. Most NGOs lack professional PR specialists. Only a few NGOs possess a public communications strategy. Exceptions include the Association of Bird Protection and Belarusian Children's Hospice.

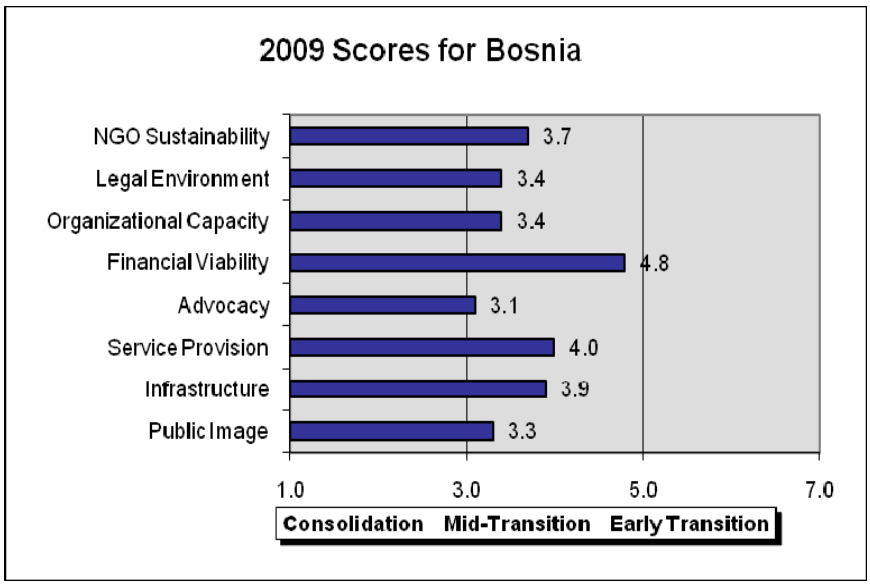
Media covered the events of the Association of People with Disabilities in Wheelchairs and the Week of Non-Formal Education organized by the Association of Civic Education. Electronic media covered some Green Network events. The public often does not consider such activities to be NGO activities, though. Sometimes NGOs manage to not only attract attention to their causes but to receive full media coverage.

Many well-known NGOs, such as ACT, Syomaya Hran (Seventh Facet), and the Third Sector, created their own Internet portals and made efforts to reach beyond their members and target groups. Web platforms operated by activists (Generation.by), young professionals (CDMAG), and an association of NGOs (Budzma!) also try to reach broader target groups. IPM Research Centre's web platform (http://research.by) provides information and analytical support to Belarusian and foreign companies and international organizations. Many NGOs fail to inform the public regularly about themselves and their activities. Registered NGOs often fail to do so because of weak PR capacity and lack of resources. Unregistered initiative groups fear detection by law enforcement. Most funding for NGOs comes from abroad, so NGOs' PR efforts are aimed primarily at foreign donors. This is especially true for unregistered initiative groups whose missions often do not address community priorities.



Authorities engage in dialogue with NGOs while taking decisions on key economic and social development issues, even if international organizations and the changing political environment often drive such dialogue. Public advisory and coordinating councils often have little influence on decisions. IPM Research Centre and BISS facilitate a dialogue on economic and social development issues with civil society structures and state organizations. IFLT actively participates in forums related to Eastern Partnership, and the Research Institute of the Ministry of Labor invited an ACT representative to help with the development of a social contracting framework.

BOSNIA AND HERZEGOVINA



Capital: Sarajevo

Polity:
Emerging Federal Democratic Republic

Population:
4,621,598 (July 2010 est.)

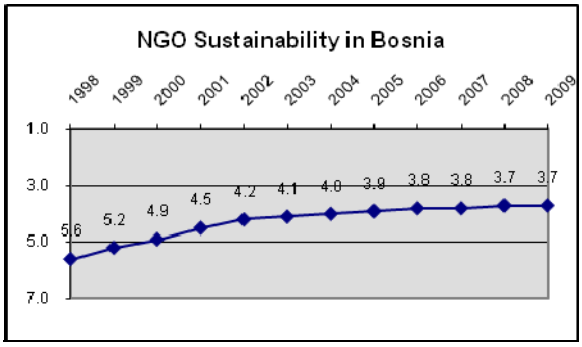
GDP per capita (PPP):
$6,300 (2009 est.)

NGO SUSTAINABILITY: 3.7

The overall level of NGO sector sustainability did not improve significantly in 2009, though there were some improvements in organizational capacity, infrastructure and public image. NGOs' organizational capacities seem to have increased in response to EU requirements, the EU integration process, and the new IPA (Instrument for Pre-accession Assistance), which places greater emphasis on strategic planning. NGOs are also becoming more specialized.

New types of NGO coalitions emerged in 2009. NGOs of diverse backgrounds demonstrated capacity to interact with the parliament and to demand participation in decision making. NGOs increased their level of visibility and benefitted from a generally positive public image. The year 2009 also saw the start of a successful public-private initiative, the Open Network.

Although more work needs to be done to increase citizen involvement and philanthropy, there is a clear increase in informal support for diverse NGO initiatives, which can be attributed to the greater use of Internet tools. Resource centers have expanded their capacities in providing information services.



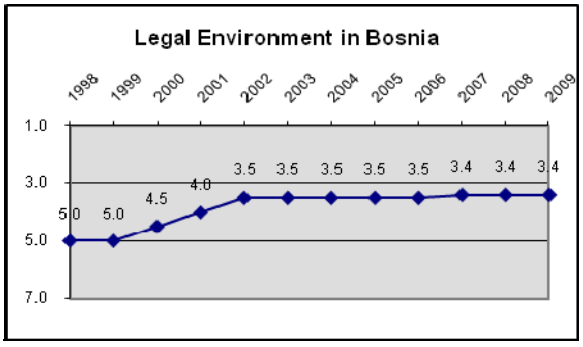
Financial viability remains the most challenging obstacle to overall NGO sustainability. Local support mechanisms still leave much to be desired and the new EU funding instruments are a challenge for NGOs given their relative inexperience and lack of skills compared to large regional and international organizations. Only politically nonthreatening organizations receive local government support.

The number of registered NGOs in BiH was estimated to be 12,189 in 2008.[6]

LEGAL ENVIROMENT: 3.4

The legal environment related to the NGO sector was unchanged in 2009. Little progress has been made since 2007 when the Council of Ministers signed the Agreement on Cooperation with the NGO Sector. The civil society sector has organized a coalition of NGOs, Network Plus, to support the provisions of the agreement. In addition, sixty municipalities have signed agreements with local NGOs, laying a foundation for more structured cooperation.

In 2008 the Ministry of Justice established the Department for Cooperation with the NGO Sector. The main role of the department is to create a stimulating environment for civil society development through establishment of an institutional network, monitoring regulations on participation of citizens in lawmaking, and supporting NGO capacity building. The department remains understaffed, but it is demonstrating potential to meet the responsibilities of its mandate. Electronic communication between NGOs and the department has increased.



Under the rules on consultations in legislative drafting adopted in 2006, there have been several instances of successful NGO participation in legislative drafting. The Department for Cooperation is spearheading efforts to draft a national volunteerism law, and fifty NGOs participated in the consultative process. A previous initiative to develop such a law faltered in 2007. A Law on Volunteerism already exists in the Republika Srpska, and an initiative to adopt a volunteering law is underway in the Federation of BiH. A working group of local and international NGOs has finalized revisions to the draft law and has begun lobbying members of parliament. The impact a national law would have in relation to entity-level legislation is still unclear.

Registration and the procedure to change an organizational statute take significantly longer than prescribed by legislation due to registration authorities' inefficiency. In 2009, a working group on amendments to the Law on Associations and Foundations was formed to simplify procedures and clarify the distinction between mutual benefit and public benefit organizations.

The Law on Personal Income Tax and the Law on Company Profit Tax, adopted in 2007 in each entity, entered into force in 2009. Local support to the NGO sector has not yet increased despite the available tax deductions for donations constituting up to 1.5 percent of personal earnings and 3 percent of corporate earnings. The Law on Lottery and Games of Chance, adopted in the Republika Srpska in 2008, has also not resulted in increased support for NGOs. The Parliament of FBiH recently adopted draft amendments to the Law on Games of Chance which allows some percentage of funds collected through games of chance to be used to fund projects for persons with disabilities and for sport-related activities. Only a narrow spectrum of associations such as humanitarian, sports, and veterans' organizations fall under the definition of public benefit organizations and are able to benefit from these laws.

ORGANIZATIONAL CAPACITY: 3.4

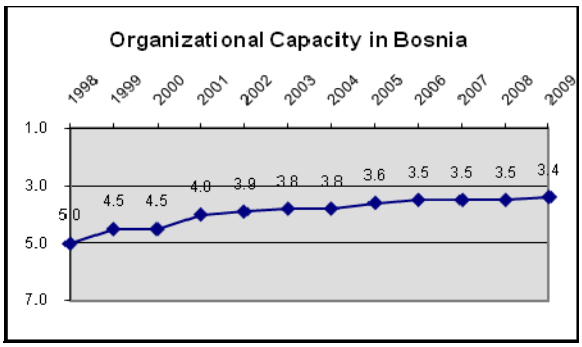
Positive changes in 2009 contributed to greater coordination and professionalism within the NGO sector. Many organizations had clearly defined missions and improved access to

modern equipment. Greater capacities for strategic planning have been demonstrated in some cases, and local NGOs have improved their capacity to create networks and act in a coordinated manner on issues of public interest. Wider usage of new information technologies aided these developments.

The European Commission noted a significant increase in local NGO proposals for funding in 2009. Given the complexity of the EU application procedure, this reflects improvements in organizational capacities of BiH NGOs. The EU integration process and the new IPA (Instrument for Pre-accession Assistance), which places greater emphasis on strategic planning, is also pushing organizations to work on their proposal writing capacities. Partially as a result, issue-based coalitions have emerged aiming to provide joint services.

Cooperative actions on issues of public interest increased. The Citizens' Coordination (CC) coalition initiated by the organizations DOSTA (Enough), Zasto Ne, and ACIPS is a loose network of diverse civil society associations representing labor unions, veterans, pensioners, persons with disabilities, farmers, professional associations and other NGOs.[7] Despite the diverse interests of its members, the CC acted in a unified manner and developed a joint proposal of measures needed for BiH to overcome the financial crisis. CC lobbied the government to have its proposal presented at the emergency parliamentary session in May 2009. The proposal was not properly considered under parliamentary procedure on the grounds that it was not distributed to the parliamentarians in a timely manner. Still, this was the first large-scale, cross-sector civil society action of its kind.

Informal NGO coalitions and activist networks increased at the local level. DOSTA is an



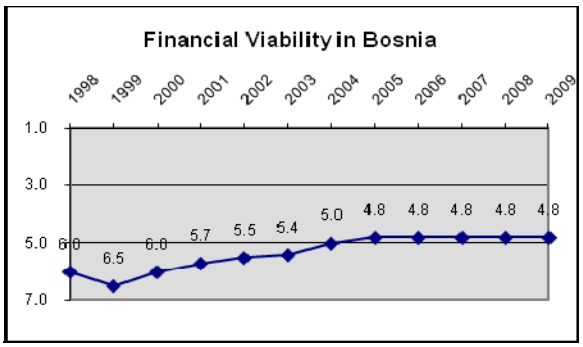
informal citizens' social movement that pressures the government on all levels to be responsible and accountable. It is known for organizing protests and other actions on behalf of marginalized groups of citizens. DOSTA has grown from around 100 activists to over 3,000 supporters throughout the country, a 300 percent increase in four years. Several other NGOs are directly involved in DOSTA's work.

Another positive trend is the visible increase in the use of new technologies such as Internet forums and online petitions. NGOs use the Internet more than any other method to disseminate information to the public. The Center for Civil Society Promotion Resource Center website has 7,000 individual visits per month.

Recruitment of volunteers by NGOs has slightly increased, yet few organizations have made it a practice to recruit interns or volunteers. NGOs generally remain unable to sustain full-time staff, and most employees work on a volunteer or project basis. Few donors provide grants to address this issue. Furthermore, many organizations lack transparency in the operation of their executive boards and other leadership positions. Many NGOs still need to build up their strategic planning skills.

FINANCIAL VIABILITY: 4.8

Financial viability remains the most difficult aspect of NGO sustainability. The continuing withdrawal of "traditional" donor funding continues to propel competition among NGOs, forcing smaller and less competent NGOs to close. Public support mechanisms and regulations are still underdeveloped. Instead of following set guidelines and criteria, the government commissions that allocate public benefit funds seem to base many of their



decisions on political interest and allocate large percentages of funds to predetermined beneficiaries such as religious communities, sports organizations and veterans' associations. The methods of allocation remain nontransparent and subject to corruption. The government tries to satisfy NGOs by providing minimal funding, while expecting NGOs to implement fully developed projects. Additionally, there are no monitoring and evaluation mechanisms.

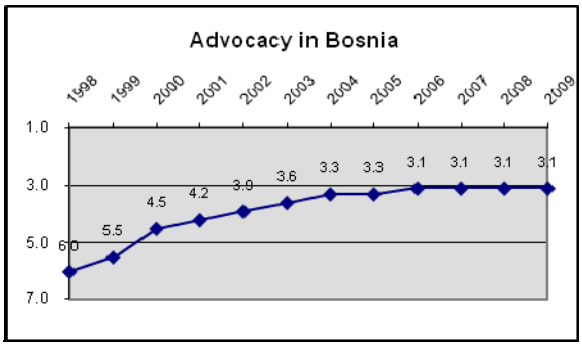
NGO capacity to access EU funding, specifically the IPA funds, remains poor. The pre-accession assistance is primarily awarded to consortia of larger international firms and agencies. Local NGOs tend to participate as local partners handling project logistics or administration. Most NGOs still lack the capacity to fully utilize the benefits of local philanthropy, and need to raise awareness among individuals and businesses about tax-deductible contributions. In most cases, membership fees and donations do not contribute greatly to overall NGO financing. The attitude of average citizens is that NGO donations are superfluous. Nor is the NGO sector capable of generating funding through supplementary economic activities; organizations and enterprises receiving subsidies monopolize the economic fields in which some NGOs could engage.

In the one positive example of a public-private initiative, the Open Network, introduced by the public radio station Kameleon in cooperation with fifty-two other radio stations, established agreements with fourteen leading domestic production companies. The companies allocated a portion of their profits to the Open Network fund in return for free airtime for advertisements. The 2.5 million BAM ($1.9 million) raised in a six-month period will finance surgeries for low-income individuals suffering from serious illnesses.

ADVOCACY: 3.1

NGO advocacy activities became more diverse, using methods such as policy papers, public announcements, and street actions. The government has invited NGOs for consultations in several instances. The NGO sector still lacks capacity for structured and effective advocacy efforts, however.

The 2008 demonstrations sparked by the murder of a student in Sarajevo drew the government's attention to juvenile delinquency. A new law in Sarajevo Canton prohibits minors from being in clubs or public places after 11 p.m. without their legal guardians. In the last local elections, voters elected a different political party in Sarajevo Canton, possibly as a result of sustained advocacy activities.



The Employment Strategy in the Federation of BiH was adopted largely as a result of NGO advocacy efforts. More than 100 NGOs organized by Centers for Civic Initiatives (CCI) took part in developing this document. CCI also lobbied for the adoption of the Law on Lottery and Games of Chance, and successfully lobbied against the decision of the Tuzla Canton government to terminate allowances for children

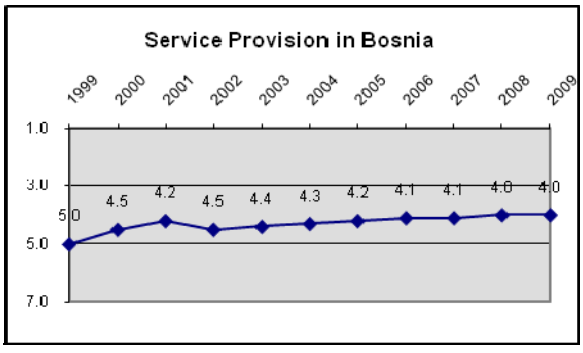
of unemployed parents. In Zenica-Doboj Canton, the local government contracted Medica to conduct specialized education on gender equality. The Romani NGO sector also had successful collaboration with the government following BiH's joining of the Decade of Roma Inclusion in 2008. Finally, as a result of intense public pressure partly generated by NGO advocacy efforts, the Council of Ministers and BiH Parliament sped up the implementation of measures required by the Roadmap on Visa Liberalization for BiH.

NGO participation in decision-making processes is still insufficient and ad hoc. Both the government and the NGO sector lack sufficient knowledge about the existing mechanisms for NGO participation. The Council of Ministers has the right to return any legislative draft which did not go through the NGO consultation process, but to date has not used this mechanism. The organization ADI in Sarajevo provided technical advice to the Ministry of Justice on the implementation of the consultative procedures.

Despite some successful advocacy initiatives in 2009, NGOs are still excluded from decisions of greater political importance or sensitivity, such as the Butmir Process of discussion on constitutional reform taking place between political party leaders and the international community. Despite the involvement of a large spectrum of organizations representing some 800,000 individuals, parliament did not adopt the Citizens Coordination proposal for overcoming the economic crisis, claiming that the proposal was not delivered on time. NGOs demanded that Federation Prime Minister Nedad Branković resign due to his failure to improve the economy, the nontransparent privatization of state property, and instances of corruption. He resigned in 2009, but it is questionable whether this was the result of NGO advocacy or party politics.

SERVICE PROVISION: 4.0

The government recognizes NGO expertise in analysis and identification of target groups' needs, but the government does not sufficiently recognize the benefits of utilizing NGOs to provide basic services. This is particularly evident at the local level of governance, where officials consult NGOs on issues related to their specific areas of expertise, but engage these organizations as service providers only in isolated instances.



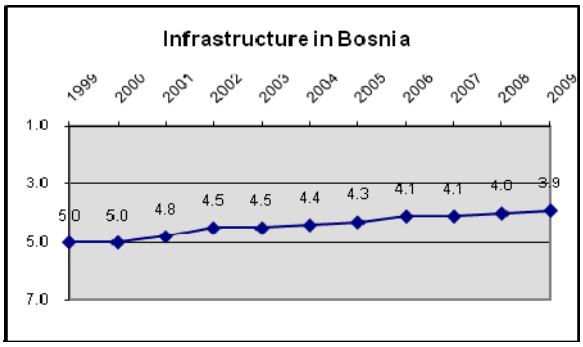
The range of goods and services provided by the NGO sector is still underdeveloped and services in spheres other than social services remain underfunded. Most service-providing NGOs are in the medical field, offering free health consultations, education, physical examination, and testing.

With the influx of EU funding and its related guidelines, which encourage government collaboration with NGOs, the government is slowly beginning to realize it has vested interests in developing this cooperation. In Zenica, the safe house Medica participated in creating minimal operational standards for safe houses to provide services to victims of trafficking. The Ministry of Human Rights and Refugees led an evaluation of safe houses in BiH, and signed contractual agreements with the three organizations receiving the highest scores.

As the result of a successful civic initiative to establish a Strategic Plan for Prevention of Domestic Violence in the Federation BiH for 2009–2010, a coalition of NGOs created a hotline for victims of domestic violence in the Federation.

INFRASTRUCTURE: 3.9

Expansion in the use of technology had a significant impact on overall NGO infrastructure. The public more actively participates in Internet forums, some of which are operated by NGOs and which also serve as resources for NGOs to more effectively monitor issues of public interest. The Internet is the favored tool for the communication and organization of initiatives by both individuals and organizations.



The Civil Society Resource Center established by the Civil Society Promotion Center (CPCD) continues to facilitate information flow among NGOs. It provides information on grants and on education and consultancy services. The number of visitors to the resource center's website increased 30 percent in 2009. Additionally, CPCD has put in place six regional resource centers within local NGOs for support to organizations working in rural areas.

The previously mentioned Open Network introduced by public radio station Kameleon is a good example of a public-private partnership, although it also reflects the preference of local donors to support humanitarian activities as opposed to a diverse range of initiatives.

NGOs formed issue-based coalitions as well as coalitions that focus on strategic development of the NGO sector. The largest NGO coalition, Network Plus, has over 370 NGO members. Its mission is to promote and advocate key public policies relevant to development of civil society, intersectoral cooperation and good governance. NGO cooperation on specific project activities also increased. The Citizens' Coalition brought together a wide spectrum of civil society associations who came to a consensus about the measures needed to lead the country out of the economic crisis. The development of local networks such as DOSTA, with active members throughout BiH, is also important for rallying local support.

NGOs continue to establish greater cooperation with the government. In addition to the existing Agreement on Cooperation signed by the Council of Ministers, sixty municipalities drafted and signed agreements with local NGOs.

PUBLIC IMAGE: 3.3

The NGO sector is well covered by the media, especially in larger urban centers. Positive media coverage of NGOs continued to increase in 2009. The media showed greater willingness to follow and support the work of the NGO community, although this willingness extends only to NGO work that does not threaten government interests. Still, there were slight improvements in the media's awareness of NGOs' watchdog role. Some media cover more controversial issues, such as organized crime and corruption in the health, education and public administration sectors, and recognize NGOs as relevant sources of information.

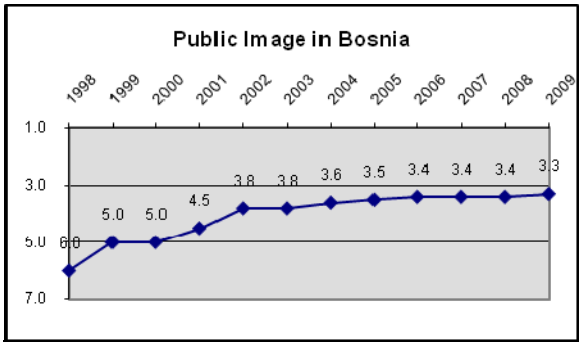
The NGO presence in the media has not significantly increased, but the quality of reporting on civil society initiatives has improved. Media ask for statements by NGO representatives on diverse issues. The media closely followed ACIPS' monitoring of visa regime liberalization. The calls for the resignation of the FBiH prime minister and NGOs' demands for accountability were followed by the media daily. NGOs are

frequently invited to talk shows and TV debates to represent students on educational reform issues. NGO representatives have become active contributors to political news magazines.

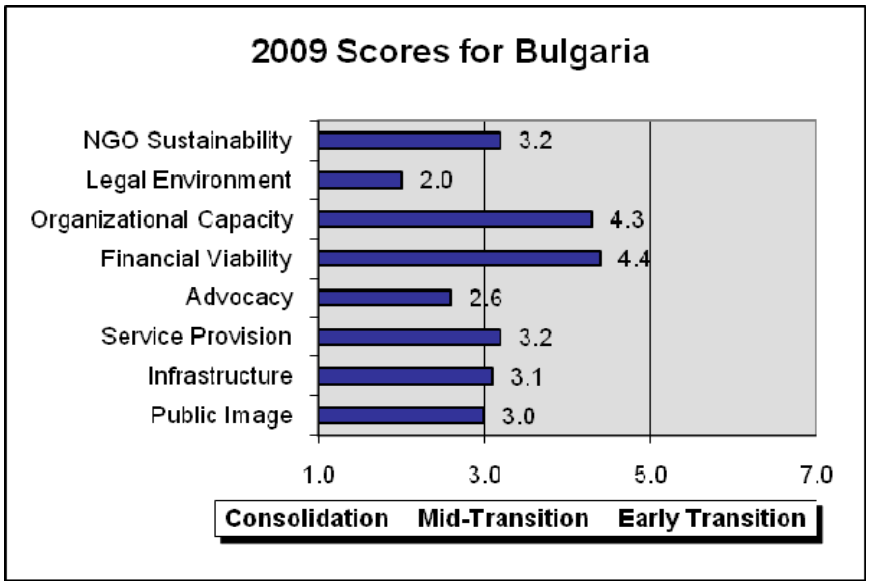
Political control of media channels remains a problem, especially in Republika Srpska, where the ruling political party controls a large percentage of media outlets. This has a negative impact on the perception of NGOs that oppose ruling party actions. Transparency International in Banja Luka, which has put sustained pressure on the RS government for its lack of transparency, suspended its activities in 2008 and is still facing considerable obstacles to presenting its work through the media in RS.

NGOs themselves are showing growing awareness of the importance of communicating to the public through the media. Instead of using media only when holding a press conference with sensational news or when celebrating anniversaries, NGOs tend to communicate with the media on a regular basis, informing journalists and editors on the progress of their projects as well as providing information on important policy developments.

The public shows greater understanding of and support for NGOs' work. Web technology allows the public to find information about NGOs and to participate in NGOs' activities and debates. NGOs still lag behind when it comes to self-regulation, transparency in their internal operations, and the publishing of annual reports.



BULGARIA



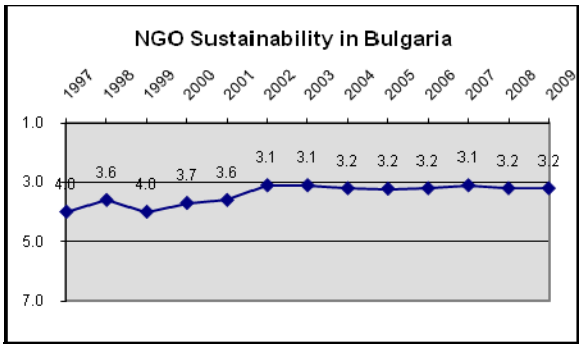
Capital: Sofia

Polity:
Parliamentary Democracy

Population:
7,148,785 (July 2010 est.)

GDP per capita (PPP):
$12,600 (2009 est.)

NGO SUSTAINABILITY: 3.2



The environment for NGOs in Bulgaria deteriorated somewhat in 2009, though this did not affect the overall score. The deterioration of NGOs' financial situation affects all other areas of their operations. It threatens organizational capacity as paid staff is forced to leave the sector and as NGOs focus on solving their organizational crises rather than fulfilling their missions. It also undermines the potential of NGOs to provide effective services.

The financial crisis led to a sudden decrease in donations to NGOs—a decrease of between 30 to 50 percent, based on data from community foundations. Other NGOs that sought to develop local philanthropy to diversify their funding are probably reconsidering whether it is worth the effort. Problems connected to EU funding in Bulgaria have had a serious effect on NGOs. The EU Civil Society Development Program was cancelled at the end of 2008, leaving a number of NGOs without funding in 2009, while the EU Operational Program on Administrative Capacity did not announce a single grant competition for NGOs in 2009, compared to more than $28 million provided the previous year. In addition, those NGOs that managed to get EU funding are faced with serious liquidity problems as these programs require NGOs to first cover their costs and then receive reimbursement.

As of October 2009, more than 1,500 new associations and foundations were registered, increasing the total number to more than 30,500. This number does not include the more than 3,800 chitalishta (traditional Bulgarian community centers). More than 7,400 of the associations and foundations are registered in the Central Registry of Public Benefit Organizations with the Ministry of Justice. This number includes sports clubs, almost all of which are registered as associations in order to receive support from the state, and schools' boards of trustees, which are legal entities.

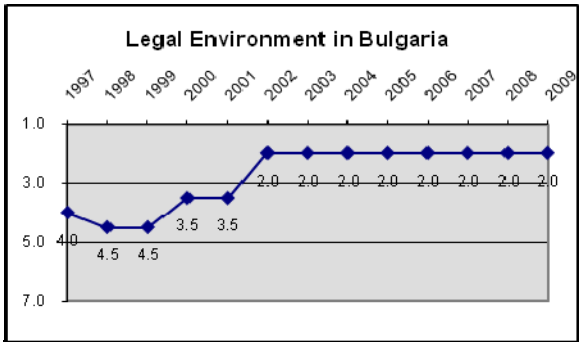
LEGAL ENVIRONMENT: 2.0

Overall the legal environment for NGOs did not change much in 2009, with the exception of two developments. The first was the adoption of the Law for Prevention of Conflicts of Interest, which put some restrictions on the ability of national and municipal officials and their relatives to take part in the management of NGOs. This affected a number of NGOs that had such individuals on their boards.

The second change was an amendment in the tax laws allowing any EU-based public benefit NGOs to benefit from tax-exempt donations. This amendment is mostly neutral for Bulgarian NGOs, although in the future it might create more competition for donations, as they will compete against NGOs from elsewhere in the EU. To date NGO experts are unaware of any cases in which Bulgarian citizens or companies donated to foreign NGOs.

The NGO Law creates sufficient freedom for NGOs. The registration process is more or less fast and easy. There are no concerns about state involvement in NGO management. Most of the problems in the area of the NGO legal environment stem from the poor implementation of laws and the generally low level of administrative capacity in various institutions. Some courts ask for certificates showing that NGO board members have no convictions on their records, even though such a certificate is not legally required. Another example is the management of the EU Structural Funds to which NGOs can apply. In some cases the procedures were changed several times during the program implementation, or program administrators required organizations to provide documents beyond the program requirements.

A second important issue related to administrative impediments involves the Central Registry for PBOs. The registry should respond to registration applications within fourteen days; a lack of a decision is considered to be a "silent denial" of registration. In numerous cases the Central Registry prolongs its decision for a month. In addition, the Central Registry does not update its electronic database of registered NGOs and their annual reports. If an organization has changed its board and informed the registry about it, this information is usually not publicly available until two years later. This undermines the transparency function of the registry. Sometimes officials in the Central Registry interpret the NGO Law as not allowing public benefit organizations to carry out economic activities.



In Sofia there is sufficient legal expertise on NGO issues, but in smaller towns it can be more difficult to find quality legal advice. Still, NGOs can seek advice from other organizations or specialized NGOs.

In addition to changing the taxation of donations, the government in its 2010 proposals for tax amendments called for creation of two new state funds whose donors would receive preferential tax treatment. Individual donors to the funds will be able to deduct donations up to 50 percent of their incomes; companies will be able to deduct up to 50 percent of profits. This proposal would create an incentive for donors to support the funds at the likely expense of the NGO sector. VAT continues to be charged for text messages of a philanthropic character (SMS donations).

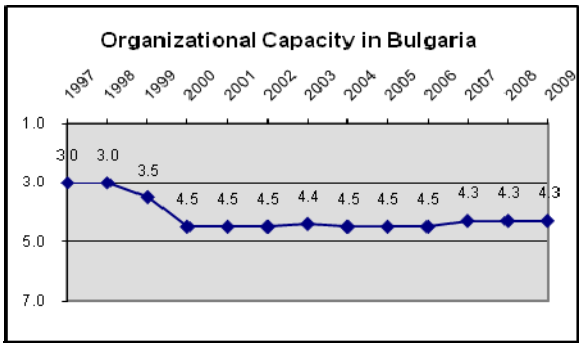
NGOs are allowed to conduct economic activities and to take part in public procurement procedures. Even though there are limitations on NGOs' economic activity (it has to be related to the declared purpose of the NGO and in addition to its main nonprofit activity), in practice tax authorities do not care whether the activity is related as long as it can be taxed.

ORGANIZATIONAL CAPACITY: 4.3

With regard to constituency building, there are signs of improvement in some areas and decline in others. Many NGOs are managed or controlled by a very limited number of people who fail to engage others in their activities. On the other hand, there are some positive tendencies in the environmental sector as more young people show support for environmental campaigns. Informal movements and online social networks also increased. The trend toward informal groups and social networks raises the question of whether NGOs have lost the people's trust.

A number of organizations had to revise their strategic plans in light of the withdrawal of donors, an indication that their initial planning was poor. In addition, experts doubt that many organizations have planned what they will be doing in future years. Organizations might have formal missions but they lack real strategies.

Boards are predominantly formal, meeting once or twice a year, with no real leadership, or input into the NGOs' work, or familiarity with the



problems the organization is facing. Very often the board chair acts as the NGO's chief executive.

Organizations face serious challenges in keeping paid staff. There are many examples of NGOs that have just one administrative assistant. While volunteers are increasing, they cannot replace paid staff.

A number of NGOs have moved to lower-rent offices due to financial difficulties. Technical equipment is not a major issue for NGOs. In 2009 Microsoft began supplying software to NGOs for a modest fee, while the use of Skype has decreased telephone expenses.

FINANCIAL VIABILITY: 4.4

In 2009 NGOs were focused on survival rather than development. The financial crisis affected the NGO sector in Bulgaria in different ways. A survey among community foundations showed that they had a decrease of between 30 and 50 percent in the volume of donations, with the largest decrease in smaller towns.

Companies have increased their donations of goods and services, but decreased their monetary donations. The crisis may have been an opportunity for some smaller organizations who gained access to corporate social responsibility programs which previously targeted bigger organizations with larger grants.

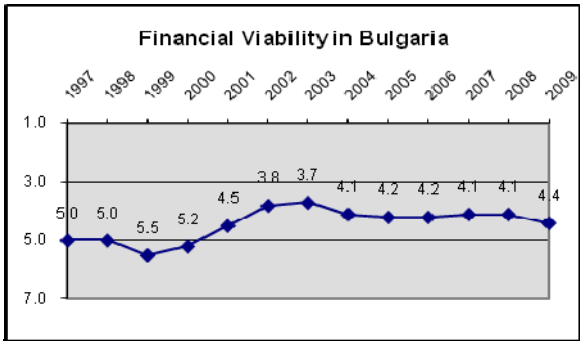
Two other factors affected the situation in Bulgaria. The first was the continuing withdrawal of donors. The Bulgaria Fund of USAID, implemented by the Balkan Trust for Democracy, exhausted its resources. EU funds for NGOs were also limited, as the last PHARE Civil Society Development Program was cancelled at the end of 2008. In addition, this year there was no EU Operational Program for Administrative Capacity funding for NGOs compared to the 37 million BGN ($28 million) given last year.

The second important factor was the serious delay in certain project payments, especially those that were EU funded. The traditional way of financing projects with PHARE funding was to provide 80 percent of the grant during the project implementation and reimburse the remaining 20 percent after the final report was

submitted. For many of the programs this last reimbursement takes a long time, in many cases exceeding a year. With the EU Structural Funds the situation is even worse. Except for a small advance payment of about 20 percent, NGOs have to carry out the activities before receiving reimbursement. For small organizations this is very hard, especially considering the delays in reimbursement and the extensive financial reporting requirements.

In January 2009 the Center for the Study of Democracy published a report on corruption and organized crime in Bulgaria which provided data on how the state's distribution of funds for NGOs has led to politicians using NGOs to get funding. The report also noted that the large amount of NGO funding channeled through the state raises the risk of corruption.

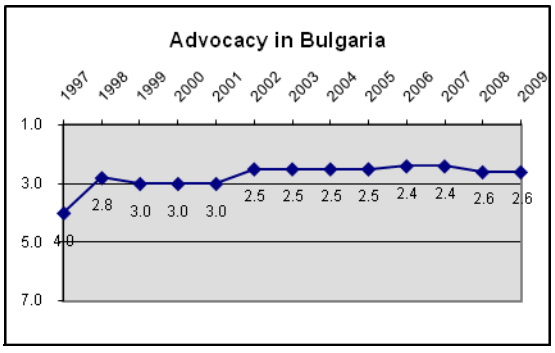
The decrease in potential sources of funding reduces the diversification of income, but there are some new avenues for NGOs. State institutions increasingly contract NGOs for specific expertise. There is also an increase in volunteers. Sofia municipality announced a call for NGO projects, although this is part of an EU-funded project so it is not clear whether it will be a regular practice. Some corporate programs were launched but these tended to be aimed at smaller organizations, and the amount of available funding was small. Not many NGOs engage in fundraising from individuals or companies. There are organizations which have managed to build a loyal core of supporters, but those are usually exceptions.



Few NGOs publish their financial reports. While there are accounting standards for NGO reports, the information they provide is not user-friendly so it is hard to understand how an NGO spends its funding.

The America for Bulgaria Foundation has become operational and will provide an opportunity for a number of NGOs, but this cannot compensate for the negative trends in the area of financial viability.

ADVOCACY: 2.6



The new government has shown some signs of a more positive attitude towards NGO participation in decision making. For example, the government made all Council of Ministers decisions public and accessible online.

The newly adopted Law for Prevention of Conflicts of Interest is intended to stop the direct involvement of politicians in the work of NGOs. It prohibits politicians or their relatives from serving in the management structures of NGOs with which they interact.

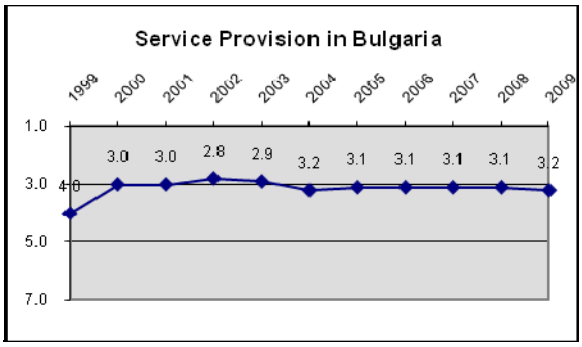
There are both positive and negative examples of NGO-government partnerships. The Ministry of Environment and Waters includes NGO representatives in working groups and holds a one-day meeting with NGOs each month. On the other hand, the Ministry of Justice for the first time attempted to withdraw the Bulgarian Helsinki Committee's permission to inspect prisons.

The Civic Participation Forum, an initiative of more than fifty local and national organizations, joined efforts to improve the mechanisms for civic participation in decision making. In 2009 the ODA (Official Development Assistance) Platform, which advocates for the government to carry out its obligation to provide a certain percentage of Bulgaria's GDP for international development, was formally established. Its unsuccessful efforts so far demonstrate how the lack of effective dialogue makes it extremely difficult for NGOs to influence some institutions.

As for advocacy for legal reform, NGOs have so far been on the defensive, trying to protect themselves from negative changes in the legal framework rather than pushing for improvements. No state institution has a specific mandate to develop, improve or sustain relations with NGOs.

SERVICE PROVISION: 3.2

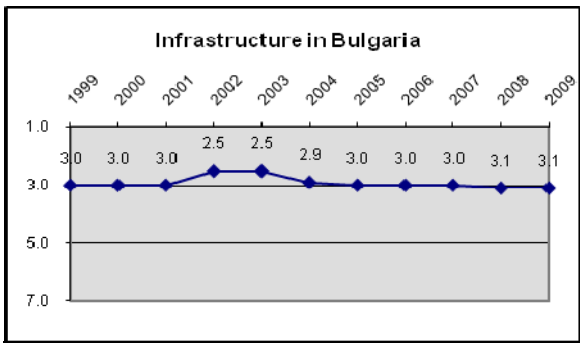
The situation with service provision worsened in 2009 as a result of the financial crisis. The funding for social services comes predominantly from the national budget, which transfers the funds to municipalities, which in turn provide services directly or contract NGOs or other entities. The national budget suffered a decrease of around 10 percent compared to the rather optimistic figures in the 2009 Budget Law. Because of this the state withheld part of the planned budget for provision of services, which in turn affected all service providers. In November Sofia municipality, the largest in the country, stopped a program that provided personal assistants to people with disabilities because of lack of funding. The funding for other social services, some of which are provided by NGOs, was also reduced.



The government recognizes the importance of NGOs in certain areas of service provision, especially social services. Sometimes NGOs are too few to meet the high demand for services in certain towns, while some local authorities still do not fully trust NGOs. NGOs are barred from engaging directly in the provision of health services.

The services NGOs offer are often determined by the possibility of state financing or donor funding. NGOs cannot charge fees for the services they provide to the elderly or other vulnerable groups, for example, because these groups are usually among the poorest in the country.

INFRASTRUCTURE: 3.1



The financial crisis has affected local grantmaking. Community foundations face serious challenges; although they are still functioning, they are few in number and no new community foundations have appeared.

Thematic coalitions are especially active in the area of social protection. Examples include the National Network for Children and the Social Policy Platform. In addition, a coalition of

NGOs formed to monitor the national and European Parliament elections. There is no national NGO umbrella group and often NGOs are not included in important debates because institutions claim they do not know who is a legitimate representative of civil society. In general, NGOs still face problems uniting on a long-term basis for the protection of joint interests.

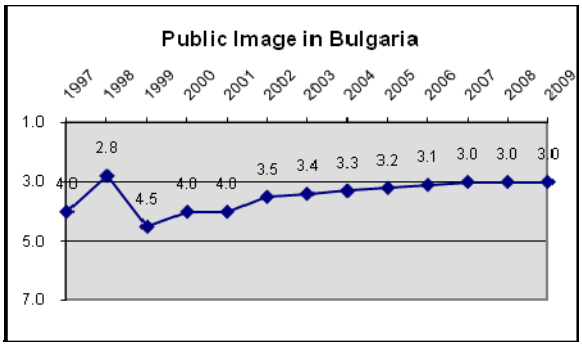
There were several good examples of partnerships between NGOs and the state. Transparency International was invited to monitor the procurement procedure in two ministries.

There is access to training for NGOs, but most of the trainings are fee-based.

PUBLIC IMAGE: 3.0

The public perception of NGOs did not change in 2009. The majority of the population still does not fully trust NGOs. Low public trust is the result of the lack of positive media coverage of NGOs and NGOs' insufficient PR efforts, as well as some negative incidents, such as profit-making schemes designed as charitable activities. According to an Open Society Institute omnibus survey in October 2009, only 22 percent of respondents stated that they trust NGOs. In addition, most NGOs are not known to the public. According to research carried out for the CIVICUS Civil Society Index in spring 2009, more than 51 percent of respondents did not know an NGO or could not point out an NGO they trust, while another 10 percent did not trust any NGO.

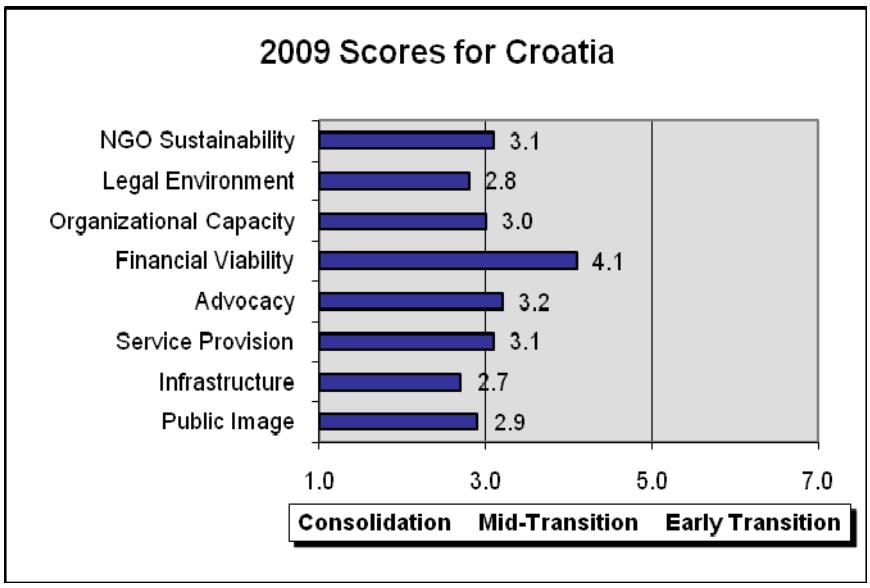
Even when the media publicizes an NGO event, it does not report who was the event organizer, so the NGO remains unknown to the public. NGO activities are better covered at the local level, while at the national level politicians are the focus of media attention. In addition, TV outlets are reluctant to publicize companies that organize charitable events because they are afraid this will be considered covert advertising. As a result, news coverage of fundraising events is inadequate.



To some extent the government has a positive attitude toward the work that NGOs do, which is shown in the increased number of contracts for NGO services and in the number of consultative bodies with NGO participation. Businesses also increasingly interact with and support NGO initiatives. A number of companies have already built partnerships with NGOs, participate in various corporate social responsibility programs, and consider these activities an important part of their public relations.

What NGOs are missing is some form of self-regulation. All public benefit NGOs are required by law to submit their annual reports to the Central Registry, but the registry does not publish them on the Internet quickly. In addition, a number of NGOs do not put their reports on their own websites, and a significant number of NGOs do not even have working websites.

CROATIA



Capital: Zagreb

Polity: Presidential/Parliamentary Democracy

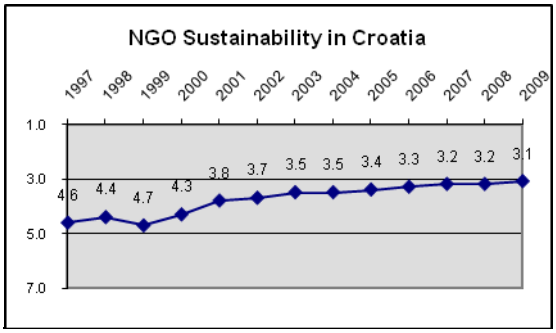
Population: 4,486,881 (July 2010 est.)

GDP per capita (PPP): $17,600 (2009 est.)

NGO SUSTAINABILITY: 3.1

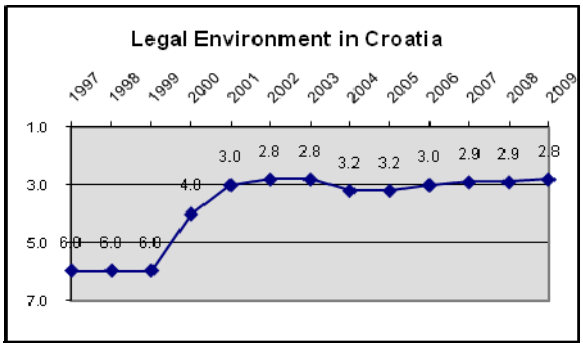
The adoption of policy documents such as the National Strategy for the Creation of an Enabling Environment for Civil Society Development, the Operational Plan for Implementation of the Civil Society Strategy, and the Code of Good Practices in Public Financing of NGOs further improved the legal, institutional and financial frameworks for civil society and increased the transparency of government grantmaking. These documents provide a framework which enables NGOs to structure their activities more effectively and provides them with the opportunity to plan their activities in accordance with their goals and relevant government assistance. This framework has led to a more sustainable and proactive approach by NGOs.

Financial viability remains the weakest aspect of NGO sustainability in Croatia. Despite the harsh impact of the global financial crisis on the Croatian economy, NGOs received significant support from local and national governments and other domestic sources. Initial signs that NGOs are adjusting to the financial crisis are visible. Since the majority of foreign donors closed their offices in Croatia, EU pre-accession funds remain the only significant foreign funding source in the country, yet some other opportunities are emerging.



In 2009, there were more than 37,000 registered civil society organizations, including NGOs, sports and religious organizations.

LEGAL ENVIRONMENT: 2.8



The legal environment for NGOs in Croatia slightly improved as a result of progress achieved in the process of preparing for EU accession. The legal framework has been harmonized with acquis communautaire, the legal basis of the European Union, which encompasses EU treaties, laws, declarations, resolutions, and international agreements.

The Code of Good Practices in Public Financing of NGOs, adopted in 2007, proved to be a valuable tool for standardizing funding procedures. The code regulates state administrative bodies' basic standards and practices in the procedure of allocating state budget funds to NGOs for the implementation of programs and projects in the public interest. Donors are complying with the provisions of the code, ensuring that available resources are used efficiently, rationally, and transparently when allocating funds to NGOs. A manual for implementation of the code was published in cooperation between the government Office for Cooperation with NGOs and the National Foundation for Civil Society Development (NFCSD), providing useful examples of good practice and suggestions to relevant stakeholders.

The Code of Consultation was adopted in 2009 and emerged from the goals of the National Strategy, which was adopted in 2006. The final text of the Code of Consultation was the result of a broad consultation process that the Office for Cooperation with NGOs and the Council for Civil Society Development conducted with numerous NGOs. The code should help ensure the involvement of NGOs in decision-making processes, as it defines and recommends the ways in which the consultation processes should be managed in order to involve representatives of all interested parties.

Humanitarian organizations, political parties, trade unions, chambers of industry, religious communities, and medical and cultural institutions remain exempt from the 23 percent VAT (which used to be 22 percent), 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 are permitted by law to compete for government contracts and procurement opportunities at the central and local levels, an opportunity used primarily by social services NGOs.

ORGANIZATIONAL CAPACITY: 3.0

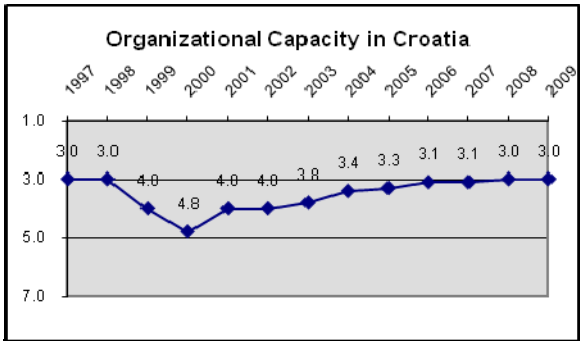
In 2009, NGOs maintained their organizational capacities through training and technical assistance supported by different mechanisms, mainly EU pre-accession funds. The National Foundation for Civil Society Development established the Program of Regional Development and Strengthening of the Capacities of Civil Society Organizations on the Local and Regional Levels. 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 training.

Several Croatian universities continued to offer courses that focus on NGOs, covering subjects

such as marketing and accounting for nonprofit organizations.

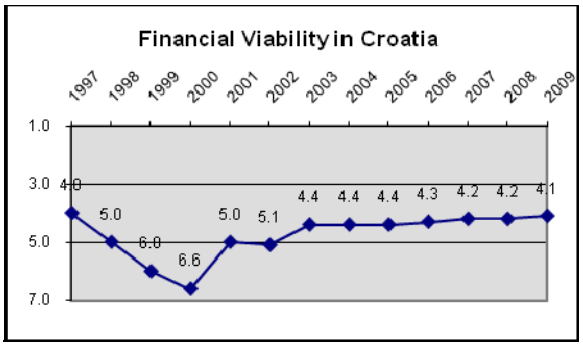
NGOs are starting to recognize strategic plans as necessary. NGOs have also advanced in terms of introducing clear divisions of roles and responsibilities in management and supervisory structures, although there are still cases of conflicts of interest among steering committee members who are also employees or members of NGOs. Many NGOs promote their transparency and openness through websites, annual reports, and public events.

There are hopes that the recent decrease in the employment rate as a result of the global financial crisis could result in a higher number of people engaged in NGO-related activities, improving the labor market for NGOs, and stopping or at least reducing the significant migration of professional personnel from the NGO sector to other sectors. The financial instability of smaller NGOs leads professional and educated staff to migrate to bigger NGOs that can offer long-term employment.



FINANCIAL VIABILITY: 4.1

The NFCSD retained its position as the largest donor oriented towards institutional support, enabling NGOs to focus more on their basic activities and programs rather than working from project to project. The NFCSD has continued to decentralize its funding, signing agreements with four regional foundations responsible for managing community grants programs in their specific regions, 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 four regional foundations, streamlines the process of funding short-term civic initiatives at the local level.



Various ministries and government offices implement grant programs from state budget sources. The Ministry of Health and Social Welfare supported disabled persons' NGOs, the Ministry of Culture supported cultural NGOs, and the Ministry of Science, Education and Sport supported scientific and professional NGOs.

Along with the EU Instrument for Pre-Accession Assistance (IPA), the Europe for Citizens program was recently opened to applicants from Croatia. The aim of the program is to give citizens the opportunity to participate in constructing a more integrated Europe, develop a sense of European identity, and enhance mutual understanding between Europeans by promoting cultural and linguistic diversity. The Office for Cooperation with NGOs coordinates the program and functions as the Europe for Citizens Contact Point. Numerous presentations of the program made information available to all interested NGOs.

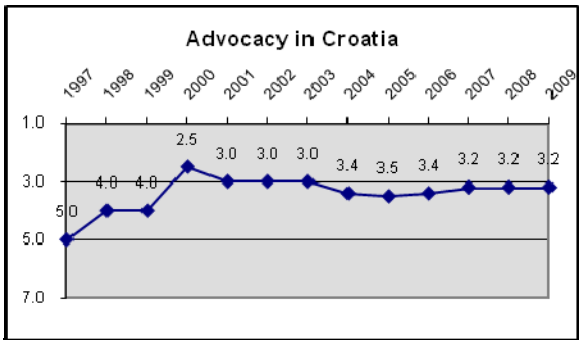
The Anna Lindh Foundation, which is funded by forty-three Euro-Mediterranean countries and aims to promote intercultural dialogue and respect for diversity, was another source of NGO funding. The foundation leads regional initiatives and supports local NGO activities. In early 2009, the Croatian national network of the Anna Lindh Foundation, entitled the Croatian

Network for Cooperation in Euro-Mediterranean, was established at the recommendation of the Ministry of Foreign Affairs and European Integration. The NFCSD heads the forty-four member network and coordinates its activities to promote human rights and fundamental freedoms.

Even though the business sector increasingly engages in socially responsible behavior, in some cases businesses used the economic situation as an excuse not to increase the level of donations to NGOs. In other cases businesses were truly hard hit by the recession and remained minor supporters of NGOs in 2009.

ADVOCACY: 3.2

NGOs and national and local governments continued to cooperate. NGO representatives regularly participate in parliamentary committees on human rights, prevention of corruption, security, environmental protection, minorities, youth and other issues. Several NGO representatives are members of the Croatian National Television (HRT) Program Council, the body that regulates the programming of the only national public television network. The NGO members of the council orchestrated a public debate regarding alleged human rights violations that occurred within HRT when certain journalists were reportedly subjected to internal censorship, contributing to a wider discourse on the mass media and their role in society.



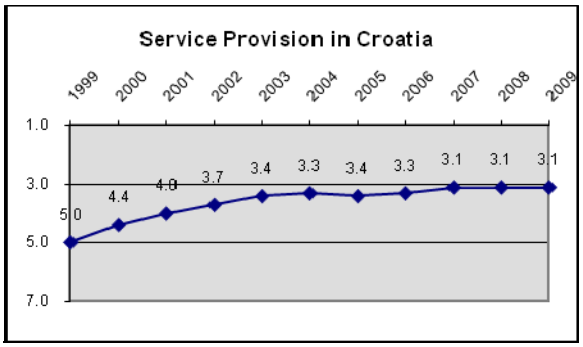
The government and a small group of NGO representatives developed a number of legal reform initiatives. NGOs are actively recommending policy changes and participating in implementation of the National Strategy for the Creation of an Enabling Environment for Civil Society Development. Priority issues for the sector still include the NGO-government consultation process, NGO public benefit status, and improvements to the Law on Funds and Foundations.

Large and well-developed advocacy NGOs are effective advocates for the public interest, are increasingly organized around formal or informal coalitions, and take part in EU-based platforms, alliances and networks. For example, women's rights groups are engaged in an anti-domestic violence campaign, Transparency International Croatia advocates against corruption, and Green Action (Croatian members of the international Friends of the Earth network) stages protests and actions related to the problem of pollution. Smaller NGOs still lack the capacity and professional knowledge for such activities.

The main obstacles to establishing stronger partnerships between NGOs and state institutions are NGOs' weak influence on the decision-making process (although this depends on which level of government NGOs are interacting with), local authorities' lack of capacity and lack of interest, the uncertain sustainability of civil society organizations, and the lack of adequately trained staff both in NGOs and government.

SERVICE PROVISION: 3.1

In 2009, very few NGOs used self-financing activities, including providing services for fees, as their primary source of funding. Some new networks of service providers are emerging in the areas of community and rural development, such as the informal Network for Rural Development, which focuses on social contracting on the local and national levels.



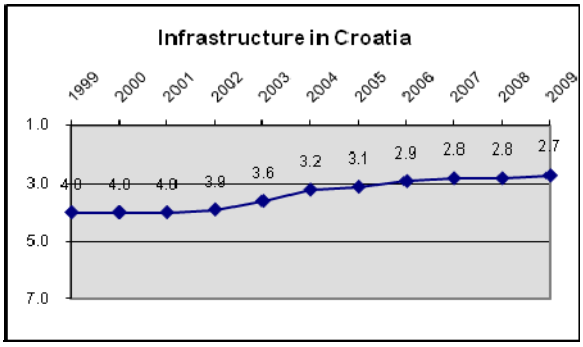
The Office for Cooperation with NGOs has launched a process of consultations with administrative bodies and other relevant stakeholders on improving the system of contracting NGOs to provide social services with funding from the state budget and gambling revenues. A working group was formed that will seek to elaborate the Proposal for Improvement of the System of Contracting Social Services of Public Interest with Civil Society Organizations, a document that will serve as a guide for all stakeholders in establishing more transparent and efficient social services provision.

While specialized NGOs could provide many social services, complementing or matching state efforts, in many cases local authorities and other relevant stakeholders lack sufficient interest. Training organizations continue to be the most successful in terms of cost recovery.

INFRASTRUCTURE: 2.7

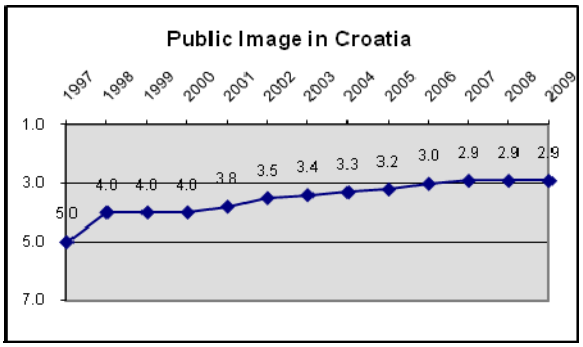
As the strongest grantmaking organization in Croatia, the NFCSD continues to provide support services to NGOs. The NFCSD program operates through focal points in key regions and provides various types of training, networking, technical assistance, and clearinghouse services. The NFCSD Program for Regional 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. Newly established community foundations are active in raising funds and distributing grants for smaller NGO projects. The NFCSD also supports capacity development of these smaller foundations.

The NFCSD Cross-Sectoral Cooperation Program, implemented through IMPACT–European Centre for Cross-Sectoral Partnership in Zadar, aims to establish the first center of excellence in Southeastern Europe for training on cross-sector cooperation, promoting partnerships between the public, business and NGO sectors on both national and regional levels. The core of IMPACT's operation consists of training programs for representatives of the public, business and NGO sectors; the organization of public discussions concerning cross-sector cooperation; and interdisciplinary research, expert assistance, consulting services and publishing.



The NFCSD, together with the IMPACT Centre and in cooperation with European Citizen Action Service, established a regional representation office in Brussels, the IMPACT Office for Cross-Sector Partnership and Civic Dialogue. The office will collaborate with different European associations and networks to develop partnerships and joint initiatives with NGOs from the Southeast Europe region, as well as advocate for NGOs from the region and defend their interests with the European Union institutions.

PUBLIC IMAGE: 2.9

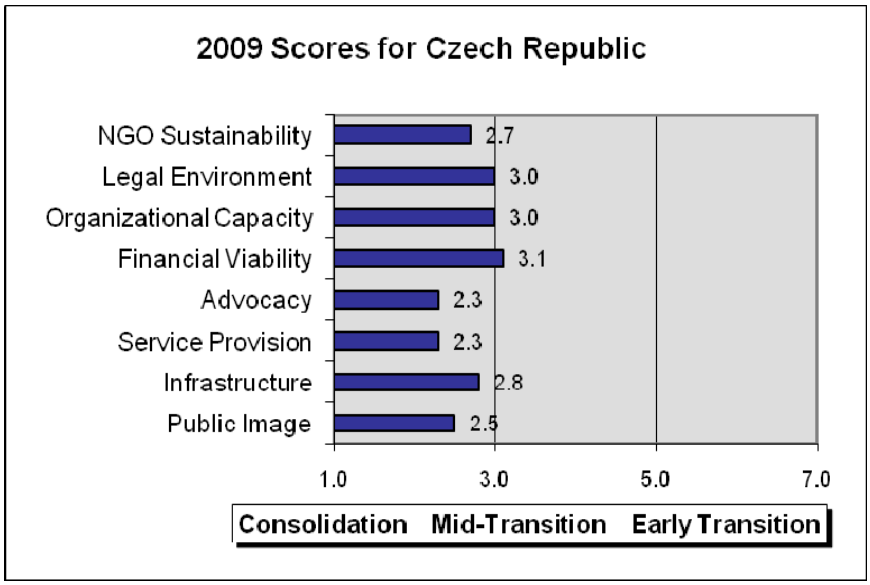


The public image of NGOs continued to improve gradually as a result of NGOs' increasing efforts to inform the public about their role in society and their advocacy efforts. For example, Transparency International Croatia used jumbo posters focusing on the fight against corruption, and women's rights groups aired TV spots on the problem of domestic violence.

The NFCSD continued to support almost thirty projects focused on nonprofit media, broadening the audience for information about NGO activities. These projects included radio and TV shows as well as major Internet portals. The new Non-Profit Media Cooperation Program will provide long-term financial support for the most influential and advanced not-for-profit media projects.

Both commercial and public media outlets recognized NGO leaders as experts on specific issues. Media coverage of NGO activities was mostly positive, although sometimes criticism prevailed. This was mainly because of the lack of a proactive approach by NGOs, but sometimes also resulted from the lack of funding that NGOs dedicated to media activities. The planned comprehensive digitalization of TV channels and the anticipated increase in specialized and content-heavy programs as a result of this process may provide new possibilities for the promotion of NGOs.

CZECH REPUBLIC



Capital: Prague

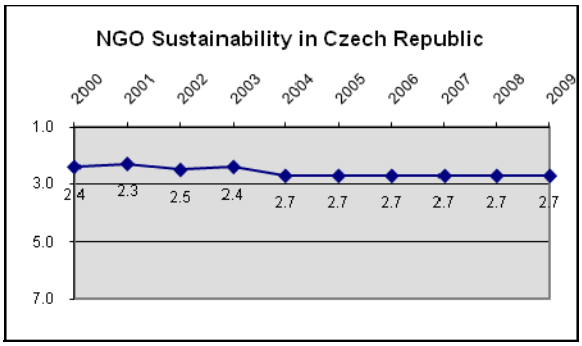
Polity:
Parliamentary Democracy

Population:
10,201,707 (July 2010 est.)

GDP per capita (PPP):
$25,100 (2009 est.)

NGO SUSTAINABILITY: 2.7

The Czech Republic's nonprofit sector consists of civic associations, foundations, endowment funds, public benefit organizations, church-related legal entities, and organizational units of civic associations, such as trade associations. At the end of September 2009, there were 105,758 nonprofit organizations operating in the Czech Republic. The most widespread types of nonprofit organizations are civic associations, which number 68,057.



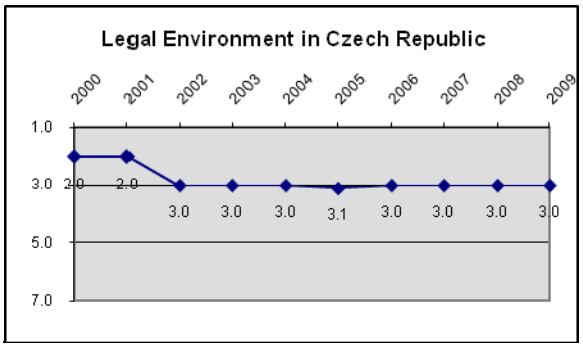
During the year, the political situation in the country changed significantly. In March 2009, the Chamber of Deputies passed a vote of no confidence in the current government and a caretaker government was formed. Elections were planned for autumn 2009, but were later cancelled by the Constitutional Court. The caretaker government will continue to function until elections are held, probably in the spring of 2010.

This cabinet has proven to be more helpful to the NGO sector than those of previous governments. In its few months of existence, two legislative amendments concerning the NGO sector were adopted, and at the end of the year, NGO umbrella organizations had the opportunity to meet with the prime minister. The result of the meeting was an increase in the amount of funding designated for social services in the government's 2010 budget, to a similar level as in 2009.

LEGAL ENVIRONMENT: 3.0

Czech legislation has not yet clearly defined the term "nonprofit organization," which creates interpretation problems. In 2009, the government approved an amendment to the Law on Foundations and Endowment Funds that allows foundations to engage in fundraising

activities, and an amendment to the Law on Public Benefit Organizations that makes some important technical changes to the law. The NGO sector supported the amendments, but both still need to be approved by the parliament.



A central public register of nonprofit organizations still does not exist. Registration files for nonprofit organizations are kept in the location of registration. Many civic associations cease operation without going through a legal procedure and without deregistration; as a result, statistics on Czech NGOs are not completely accurate.

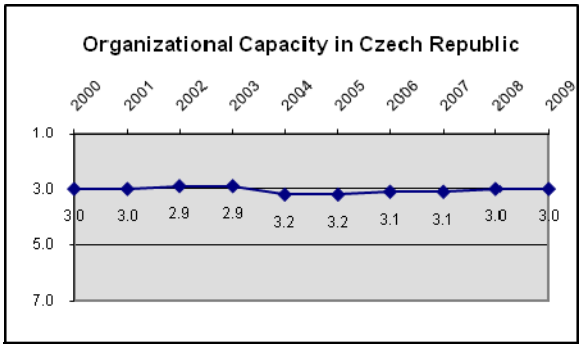
The Czech Republic has only a small group of NGO law specialists. Legal consultancy services are available in Prague and some regional cities, but in rural or more isolated regions access to these services is limited. The legal aspects of the management of NGOs are taught at colleges and several universities. This facilitates the training of qualified NGO managers, but it does not provide the necessary training for lawyers who might specialize in the nonprofit sector. The Czech Republic also still lacks experts who can comment on new legislation and as a result there is no professional platform for doing so.

According to taxation laws, subsidies, grants, and donations for NGOs are tax-deductible, and individuals and companies may deduct donations from their tax base. The current maximum allowed deduction, however, is inadequate to motivate potential donors. In 2009, the situation worsened when the tax rate was lowered; with a smaller tax bill, individuals and companies were less motivated to offset their tax liabilities through charitable donations. The tax environment in the Czech Republic is further complicated by inconsistent interpretations of the tax law. For example, a lawyer, an economist, an accountant and a financial office may all interpret it differently.

ORGANIZATIONAL CAPACITY: 3.0

Reduced financial support from EU funds has forced NGOs to develop new skills in the search for new funding; some research and locate new donors, while others strengthen their individual and business fundraising capabilities. The most professional NGOs are planning strategically. Most other NGOs are aware of the need for strategic planning, but the majority still lacks written strategic plans.

Presenting a defined mission is a condition for the registration of all legal nonprofit entities. However, not every organization defines its mission clearly. By law, nonprofit organizations are obliged to define their management structures, including the responsibilities and duties of management bodies, in their founding documents, but these principles are not followed in practice. The majority of donors also require a clear operating structure as part of the grant procedure.



Certain forms of NGOs such as public benefit organizations, foundations, and endowment funds are obliged by law to act transparently and publish their annual reports, including economic reports and statements from independent

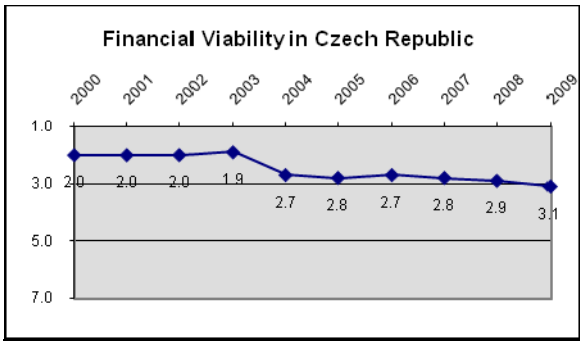
auditors, but not all of them fulfill this requirement. On the other hand, a number of civic associations regularly publicize their reports, although they are not obliged to do so.

The majority of nonprofit organizations have their own employees, but these employees do not always have clearly defined job descriptions and are often only hired for particular projects. Compared to previous years, the employment rate in the nonprofit sector decreased in 2009 due to the economic crisis, and the sector still lacks qualified managers.

Volunteerism is gradually developing. Thanks to the Law on Voluntary Service, accredited volunteer centers prepare and educate volunteers, but NGOs are still not fully qualified to manage volunteers and work with them.

Thanks to financial support and in-kind donations, the NGO sector has sufficient office equipment, but it is often not of an acceptable quality. Most NGO employees are able to use computers and can communicate over the Internet. Still, the sector lacks specialized software, and NGO employees do not always have a high level of knowledge and skills.

FINANCIAL VIABILITY: 3.1



NGOs receive the majority of their finances from domestic sources of support, including EU Structural Funds (which are considered domestic funds, as the Czech Republic is an EU country). The number of NGOs supported by public sources decreased significantly in 2009, for a number of reasons.

More public resources are going to regional offices and town halls to distribute, often to the organizations they have established. According to statistics, the number of organizations created by the government that are receiving government funds has increased over previous years. Projects established by regional offices and town halls and evaluated in 2009 were found to be more successful than those established by NGOs.

Grant programs are tailored more and more to academia and businesses rather than NGOs. Additionally, the impact of the economic crisis extended to the nonprofit sector in 2009. Proceeds from foundation assets were significantly lower than in previous years. Large corporations, especially international ones, follow the concept of corporate social responsibility, but support from businesses decreased in 2009 due to the economic crisis. Instead of funds, corporations and individual entrepreneurs increasingly provided voluntary support in the form of human capital. Individual donors still constitute the smallest group of donors to NGOs. Despite the crisis, financial support from individual donors did not decrease.

As a result of the crisis, the financial security of NGOs shortened significantly to several months or at most one year. The vast majority of organizations do not maintain financial reserves. Pressure to strengthen NGOs' earned income increased in 2009. NGOs usually sell their services or products, although some (mostly in the social and health care areas) charge only minimal fees.

A lack of financial and marketing management skills has negatively affected NGOs. NGOs are very interested in social entrepreneurship, but most are not particularly skilled at marketing strategies and do not identify with the notion that their primary focus should be on generating their own income.

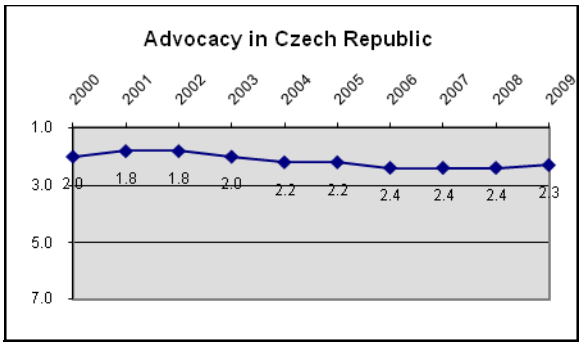
Donors commonly require annual reports, bookkeeping and audits; however, NGOs' financial management is usually not systematic, and the sector lacks economists and financial managers.

ADVOCACY: 2.3

Communication between the public administration and NGOs is effective at the central level. In 2009, the Government Board for Nonprofit Organizations (RNNO), composed of NGO and government representatives, was active and continued to provide the government with information and policy ideas concerning the nonprofit sector. RNNO also assisted with the passage of the two amendments to laws covering the NGO sector.

At the regional level, NGOs have even more influence and are often asked to submit information for community planning activities or the creation of regional development strategies. In 2009, the NGO Association and the Association of Regions of the Czech Republic agreed to promote cooperation between local governments and local NGOs, though the agreement has yet to bear results.

In 2009, NGOs organized campaigns to encourage solutions to sociopolitical issues in various areas such as the disabled, development aid, human rights, socially excluded groups, violence against children, abused women, and homeless people. In 2009, in connection with the twentieth anniversary of the Velvet Revolution, a student initiative published an appeal to the citizens of the Czech Republic inviting them to become more involved in community life.

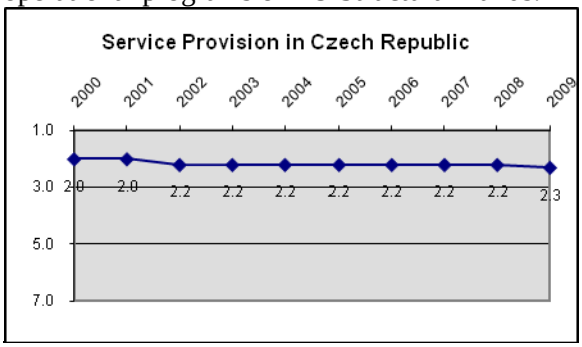


NGOs still do not perceive lobbying as a priority and most do not have a clear lobbying strategy. Nevertheless, they realize that lobbying is necessary in some situations, and some strong interest groups manage to lobby effectively. Public authorities may acknowledge NGOs as official partners, but often only verbally. At the end of 2009, NGO umbrella organizations managed to arrange discussions with the prime minister about possible ways of financing NGOs in the economic crisis. The result was a proposal to adjust the distribution of subsidies, which should speed up the process of transferring government funds to NGOs.

SERVICE PROVISION: 2.3

Most NGO services are of a high professional standard, though the balance between quantity and quality differs in various regions of the Czech Republic. In 2009, as a result of the economic crisis, some services were abolished.

NGOs try to survey the needs of the public; however, for the most part, they do not have the capacity to conduct marketing surveys investigating the actual needs of the public or target groups, so they often estimate the needs. These needs are often connected with priorities declared by the public administration and operational programs of EU Structural Funds. In



2009, programs financed by EU Structural Funds required NGOs to indicate an existing need that the program would fill, forcing organizations to identify and target a market niche.

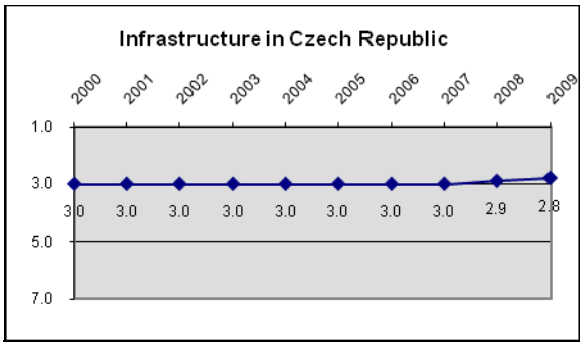
As in the past, NGOs offered public benefit services, mainly in the areas of health care, social care and leisure. Promotion of services via the Internet grew again in 2009.

NGOs generally use appropriate methods to ensure cost recovery. They usually do not calculate the prices of their products using actual expenses; instead, they estimate the price of their products according to the amount that clients and users are willing to pay.

In 2009, the difference between service organizations and GONGOs deepened. The service market is artificially regulated in favor of GONGOs at the expense of NGOs, which get much less funding.

INFRASTRUCTURE: 2.8

The Czech Republic has a growing number of resource centers across the country. Regional administrative offices perform some functions of service organizations such as training and database creation.



NGO membership in coalitions is limited, and those coalitions that exist do not generally represent the entire NGO sector. Some issue-based and regional coalitions work quite efficiently; however, the government and the public administration have been calling for integrated representation of the whole NGO sector. Coalitions with a specific focus such as facilitating donations are developing to solve particular problems.

In 2009, training courses and counseling available to NGOs significantly increased, though their quality is uneven. Some NGOs have established a large number of education programs within the framework of EU funds. Training courses are usually held in Prague and other large cities, but given the size of the country, they are accessible to all applicants.

At the local level, intersectoral partnerships have formed to address the specific needs of stakeholders, and they work efficiently in some regions. Partnerships between NGOs, business, academia, the public sector, and the media continued developing in 2009.

PUBLIC IMAGE: 2.5

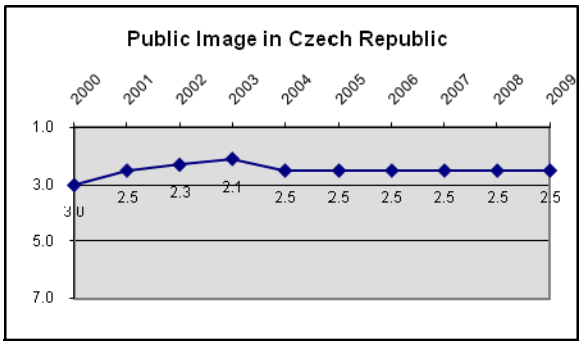
The media provided strong coverage of NGO activities in 2009, with reports that were usually neutral or positive. NGOs often appear in regional media, where most coverage focuses on local events. The media provide time to NGO staff members who are considered to be experts on specific issues.

Increasingly, the public realizes that NGOs generally represent their needs, and appreciates NGOs' work. Philanthropy is rooted in society and is slowly growing.

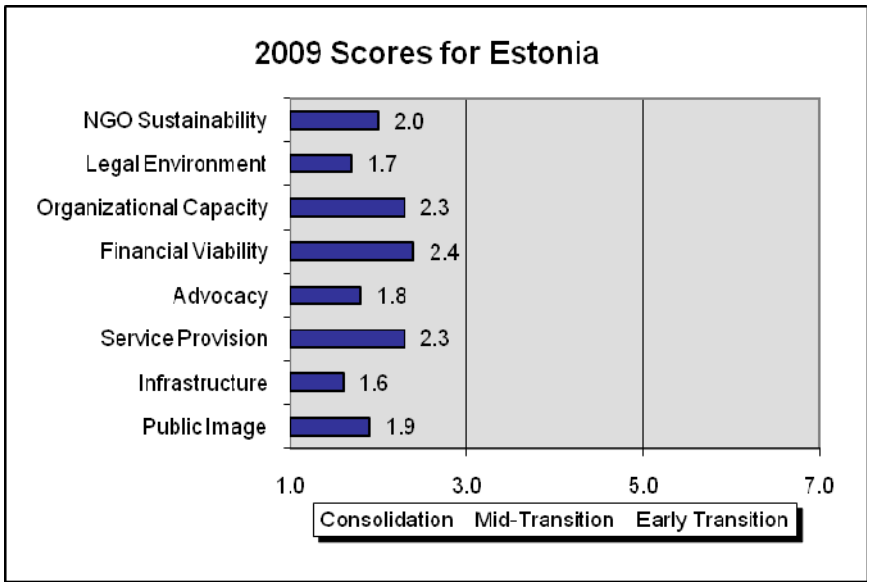
The government generally perceives NGOs positively. The state and public administration describe NGOs as partners and colleagues, although their relationship is not equal in practice. Corporations include NGOs in their corporate social responsibility concepts, and cooperate with them by providing support for certain issues or regions.

NGOs are beginning to appreciate the relationship between their sustainability and public relations, and are approaching the public to promote their activities. Due to the lack of financial and human resources, NGOs' ability to systematically and effectively develop public relations activities is limited. Recently, however, there have been several competitions to identify the best NGO public benefit campaigns, and organizations responded positively. The winners advertised that status in an effort to improve their image.

The majority of the most important and powerful NGOs have ethical codes and standards for services. They publish them in their informational and promotional materials and in annual reports. Inaccurate data and a lack of financial information in annual reports, however, negatively influence NGOs' perceived transparency and trustworthiness.



ESTONIA



Capital: Tallinn

Polity:
Parliamentary Republic

Population:
1,291,170 (July 2010 est.)

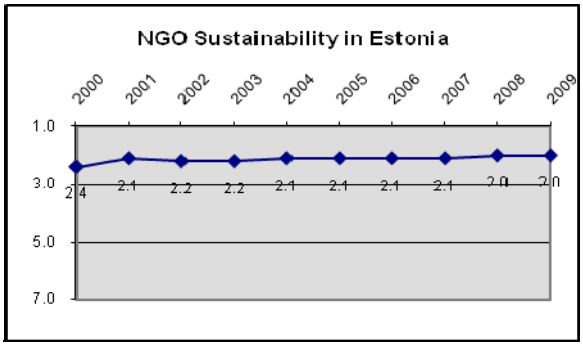
GDP per capita (PPP):
$18,700 (2009 est.)

NGO SUSTAINABILITY: 2.0

The global economic crisis influenced the sustainability of Estonia's NGO sector in 2009. According to Statistics Estonia, Estonia's GDP decreased by 15–16 percent in 2009 compared to the previous year. The setback for the NGO sector has not been as severe as initially feared, however. Estonian NGOs have always had to manage with relatively limited financial resources. Many NGOs say that they have seen much worse times. Also, the peak of the crisis may not have reached the sector yet, as many organizations have still been working on the grants they received in previous years.

Nevertheless, the majority of NGOs have had to make cuts to their budgets, and that means fewer services to their target groups. At the same time, the need for NGOs' work in the fields of both advocacy and service provision has grown as the number of people in vulnerable situations has expanded. Larger workloads combined with smaller budgets can seriously hamper NGOs' sustainability in the long run.

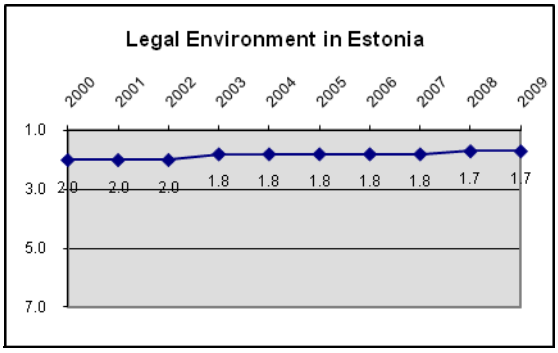
On a more positive note, Estonians' willingness to volunteer, engage in charitable activities and participate in public life has been growing during the economic crisis. Organizations also note that the crisis has forced them to think through their activities and find ways to be more efficient. Estonian organizations widely cite the Obama administration catchphrase, "Never waste a good crisis."



The number of registered NGOs in Estonia is 30,267; 813 of these are foundations and 29,454 are associations.

LEGAL ENVIRONMENT: 1.7

In general, Estonia's legal environment continues to be favorable for NGOs, without undemocratic restrictions. NGO registration can be accomplished by mobile phone. Reporting and other communications with the authorities are similarly easy.



Some legislative changes were enacted concerning the roles and responsibilities of NGO board members that give more control to NGO members over the board. At the end of the year, the Center of Registers and Information Systems announced a wide-scale training program that will help NGOs prepare for amendments to the law that were made in 2008 and will come into force in 2010. These amendments will make nonprofit associations' annual reports public and require that the reports be presented electronically. This will help the sector become more transparent and will remove defunct organizations from the public registry.

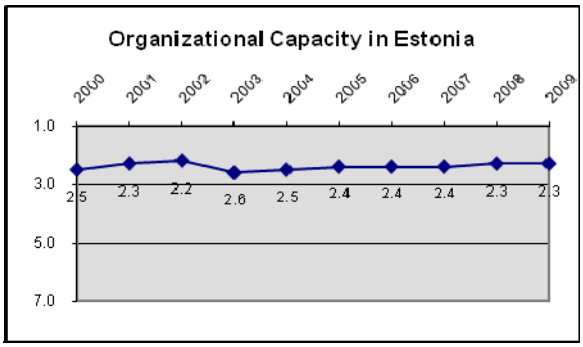
Despite these positive changes, NGOs have developed more quickly than the legal environment. The issue of NGOs' earned income has become problematic, as the laws are not clear and tax officials' ability to distinguish between for-profit and social enterprises is often questionable. This becomes important when an NGO wants to apply for or keep its public benefit status, which gives it a right to waive taxes on certain distributions and allows individuals to deduct donations to the NGO from their taxable income. The Tax and Customs Board makes the decision of whether an organization is charitable and is eligible for public benefit status, but its officials tend to interpret the term "charitable" very narrowly.

Competent lawyers on NGO issues are almost nonexistent. NGOs and officials who want to ensure that their activities are in accordance with the law often find that no one can provide clear answers.

ORGANIZATIONAL CAPACITY: 2.3

The economic crisis has had a mixed effect on NGOs' organizational capacity. A study conducted by the Network of Estonian Nonprofit Organizations (NENO) showed that as a result of reduced budgets, one-sixth of NGOs have foregone or postponed investing in organizational development. The same study indicated that one-fifth of NGOs have had to reduce their staffs.

At the same time, 40 percent of NGOs say that they now have more volunteers than in 2008; only 4 percent indicate a decline in volunteers. Based on these findings, it appears that almost half of Estonians have done some sort of volunteer work that benefits others within the last twelve months. Many people are unaware

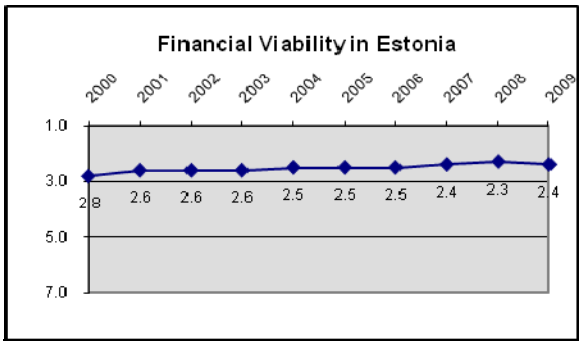


that their activities can be labeled "volunteerism," however. The e-Bank of Happiness was opened in September (www.onnepank.ee) to assist with the exchange of good deeds and promote nonmonetary donations.

NGOs' awareness of the need to develop their capacity is still on the rise. Two funders play an important role here: the National Foundation of Civil Society (financed from the state budget) and the NGO Fund (financed by the Norwegian and European Economic Area Financial Mechanisms). Both provide funds for capacity-building activities and demand from their applicants a thorough analysis of their organizational capacity. A number of umbrella organizations run training and counseling programs for their members, focusing on issues such as strategic planning and management.

In general, Russian-speaking NGOs tend to lag behind in their development. Some positive initiatives were established this year: NENO launched a program for Russian-speaking NGOs, translating the information these groups need into Russian. Other umbrella organizations are preparing similar projects in their sectors, and more Russian-speaking consultants are working with the network of regional development centers.

FINANCIAL VIABILITY: 2.4



The NGOs hit hardest by the economic crisis were those who received funding primarily from the public sector or from businesses. For example, the distributions from the gambling tax, one of the major sources of funding for Estonian NGOs, decreased more than 30 percent. Although NGOs understand the need for retrenchment, they often view the decision-making process for budget cuts as nontransparent. NGOs that receive their income from sources like EU funds, membership fees, and individual donations did not feel the decline as strongly.

NGOs' poor financial management skills have also become more apparent during the economic downturn, as many organizations have no other way of coping with diminishing funding sources besides reducing their activities. As a positive effect of the crisis, however, some NGOs focused on developing new financial models or building nonmonetary assets.

Another result of the crisis is increased competition for public grants and tenders. NGOs may be forced to compete with businesses in areas where businesses formerly had no interest. On one hand, the competition complicates the situation for NGOs, but it also ensures better quality for beneficiaries. Some new funding opportunities have also emerged; most notable among them is the Emergency Fund financed by George Soros that is designed to help NGOs and their target groups overcome the crisis.

The government prepared a concept draft outlining public funding issues for NGOs based on a thorough analysis of existing practices. The document should harmonize funding practices between different public institutions, increasing transparency and efficiency and making it easier for NGOs to apply. Implementation should begin in 2010.

ADVOCACY: 1.8

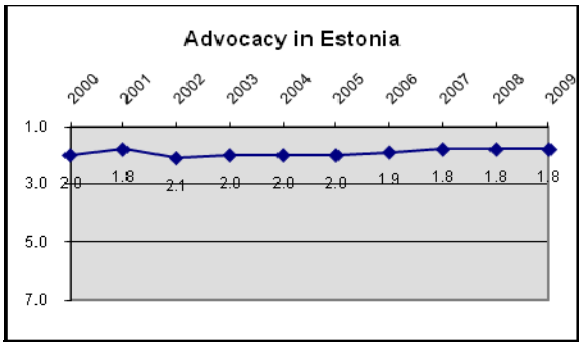
Consultations between NGOs and government continued at a stable rate in 2009. The government's consultation portal, www.osale.ee, is continually being upgraded; in addition to being able to comment on draft laws and strategy papers posted by ministries, people are

also able to post ideas and seek others' support for petitions. A number of joint working groups for public officials and NGOs (mostly umbrella organizations) in every ministry facilitate discussion of sectoral strategies.

Some NGOs even note experiencing "consultation fatigue" because the public sector is better at sending out draft laws than at setting clear goals for involvement, identifying the necessary stakeholders, providing them with concrete questions, or giving them feedback. Short deadlines are also a persistent problem.

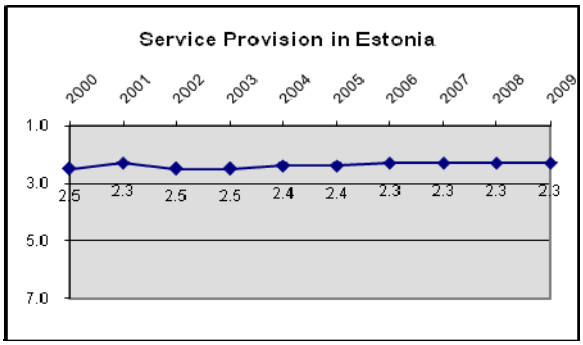
Estonia experienced two elections in 2009: European Parliament elections took place in June, and local elections were held in October. NGOs launched "Good Campaigning Practices" guidelines for political parties and monitored their compliance. In addition, NENO developed the NGO Manifesto (www.ngo.ee/28229), proposing various activities to local governments that are aimed at strengthening civil society. Many other NGOs conducted nonpartisan election activities; for example, the Estonian Debating Society organized a series of online debates between top politicians, as well as critical thinking trainings for voters. Similarly, Transparency International Estonia trained people to be election observers.

The most notable civic initiative of the year was "My Estonia," which was run by the same team that organized a nationwide cleanup day the year before. On May 1, more than 11,000 people gathered in 400 spots all over Estonia to discuss their vision for the future of their communities and for the country as a whole. Approximately 5,000 ideas were submitted to the "My Estonia" website (an analysis of the ideas is featured in English at www.ngo.ee/29957), the majority of which are implementable by the communities themselves. As a result, a number of new networks have sprung up.



The Civil Society Development Concept (EKAK in Estonian) serves as a strategy agreement between NGOs and the public sector. Over the past few years, dissatisfaction among the NGO community with its slow implementation has grown. At the end of 2009, consultations on a new activity plan for 2011–14 were announced, which should address NGOs' current dissatisfaction by making the new implementation plan more concrete than its predecessor.

SERVICE PROVISION: 2.3



At the end of the year, the Ministry of Interior drafted a concept paper for outsourcing public services to NGOs. At year's end, the draft was still under discussion and had not yet been presented to the government. A survey was conducted in 2009 among local governments showing that 60 percent of local governments are already outsourcing public services. The volume of such contracts has doubled in two years from 54 million EEK ($4.7 million) in 2006 to 108 million ($9.4 million) in 2008, although the amount may decline a bit in 2009 because of local governments' reduced budgets.

Today, NGOs essentially help to fill the gaps in local governments' abilities to provide certain services. According to the survey, the most

popular fields of services provided by NGOs are sports (20 percent), social services (18 percent), and culture (17 percent).

The public sector often views outsourcing as a favor to NGOs, rather than as an opportunity to improve the quality of services provided. As a result, it looks for the cheapest opportunities, while NGOs emphasize the need for longer-term contracts and sufficient funding to guarantee quality. Service providers usually have no financial reserves, and the sustainability of services suffers, as NGOs lack the resources to finance development activities.

Outsourcing services depends significantly on the perceptions of local government leaders. There are governments that have systematically developed services based on the needs of citizens, and have found ways to outsource them to NGOs. Other governments have not acknowledged the potential of cooperation with NGOs in service provision.

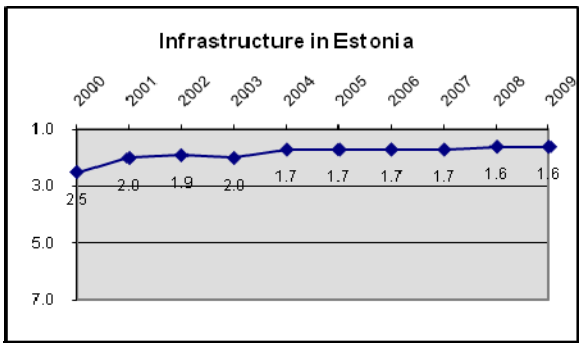
INFRASTRUCTURE: 1.6

Infrastructural building blocks have been in place for years and NGOs function well within the established framework. Regional development centers exist in every county, providing consulting and basic training for NGOs free of charge. Still, these centers could develop themselves more to keep pace with the ongoing development of the third sector.

At the national level, NENO serves as the umbrella and advocacy organization for public benefit NGOs, dealing with issues common to all organizations, such as funding and working within the legal environment.

In addition, there are sectoral umbrella NGOs that serve as development and advocacy bodies on behalf of their members, such as the Estonian National Youth Council, the Estonian Council of Environmental NGOs, the Estonian Roundtable for Development Cooperation and many others.

There has also been a rise in regional networks, partly because of the above-mentioned “My Estonia” initiative, and partly as a result of the work of the National Foundation for Civil Society, a foundation financed from the state budget that supports the establishment of a favorable environment for civil society and runs special grant contests to enhance regional cooperation.



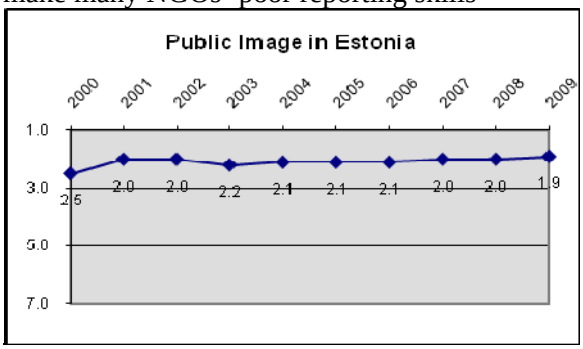
PUBLIC IMAGE: 1.9

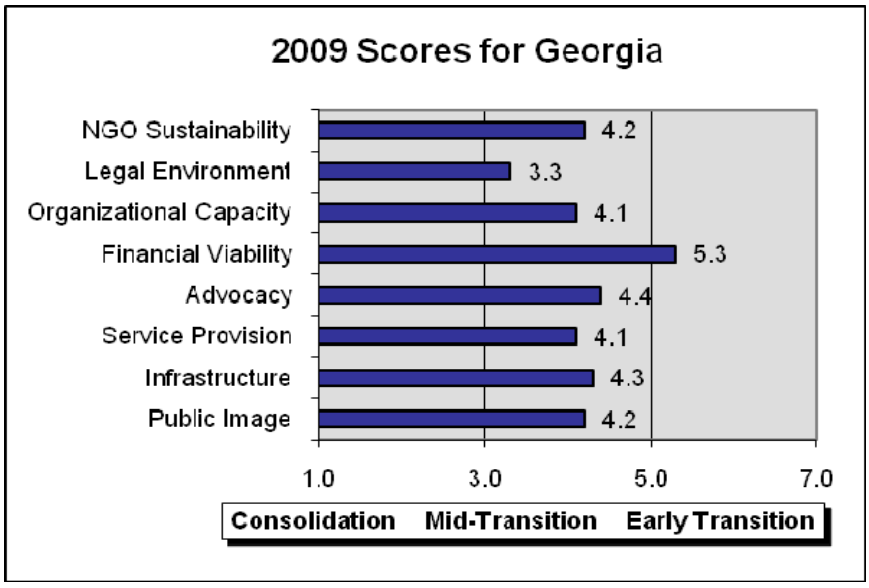
Public image is probably the fastest-developing aspect of Estonia’s NGO sector. This is an area where the economic crisis has had a rather positive impact, as people are now more interested in social issues. Additionally, the media is often seeking positive stories that can balance the negative news resulting from the bad economy. It is increasingly common for NGO representatives to be covered in news stories and features, but media coverage focuses largely on the emotional aspects of NGOs’ work, ignoring analysis and other data.

NGOs are also becoming more professional in their public relations; besides utilizing websites, blogs, and social networks like Facebook and Twitter, many are running their own newspapers and magazines.

There have been no major scandals concerning the NGO sector in Estonia, but it is expected that the change in the law making associations’

annual reports public beginning in 2010 will make many NGOs' poor reporting skills apparent. So far, NGOs have only had to present their annual reports to the Tax and Customs Board (whose officials hardly read them) and it has been up to the NGOs themselves to decide whether to publish the reports on their websites.





Capital: Tbilisi

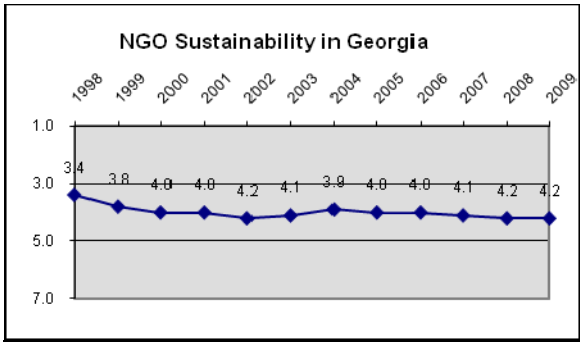
Polity:
Republic

Population:
4,600,825 (July 2010 est.)

GDP per capita (PPP):
$4,400 (2009 est.)

NGO SUSTAINABILITY: 4.2

During major rallies and street protests in spring 2009, the modest, almost invisible role of Georgian NGOs reflected their diminishing influence. An estimated 10,000 NGOs are registered in the country, but most of them exist on paper only. The number of active organizations continues to decline. One notable trend in the last several years is the growing divide between larger, more professional organizations and smaller, institutionally weak NGOs, which make up the majority of the sector.



In general, the public sees NGOs, and NGOs see themselves, as split into three categories, none of them particularly appealing to the public. The first category includes those NGOs considered to have political agendas that are tied with the opposition parties or with the government. These politically biased NGOs were the most visible during the political crisis of 2009. A second group is comprised of NGOs whose mission is monitoring and reporting on human rights violations. With the exception of a few leading watchdog organizations, these NGOs are seen as weak because they gain no traction with officials who might have the power to act on and correct the rights violations.

The third and largest group of NGOs is seen as simply trying to stay above the fray because they consider the public manifestations of discontent "not their game." These NGOs kept low profiles during the spring 2009 public protests because they did not want to appear to be politically engaged, regardless of whether they were or not. As a result the public was mostly unaware of this group.

Following the 2008 conflict with Russia, the government declared it would pursue a "second wave" of democratic reforms. The government has increased its interaction with NGOs and

sought to improve its relationship with the NGO sector, which has produced mixed results. Several new forums have appeared in which NGOs have been invited to participate, such as the Commission on Constitutional Reform, the Anti-Corruption Council, parliamentary committee hearings, and discussions on the strategy on occupied territories, led by the Ministry of Reintegration. The central government does more listening to the concerns and opinions of NGO leaders, but does not actively solicit NGOs to consult on issues of public interest or act on NGOs' proposals. Active NGOs have more opportunity to state their positions, but their role is more informative than truly consultative or collaborative.

Because 2008 was an election year, elections-related NGOs and those involved in civic education were the most visible. Following the conflict with Russia, media attention shifted from elections-related NGOs to service-providing NGOs that work primarily with internally displaced persons (IDPs) affected by the conflict.

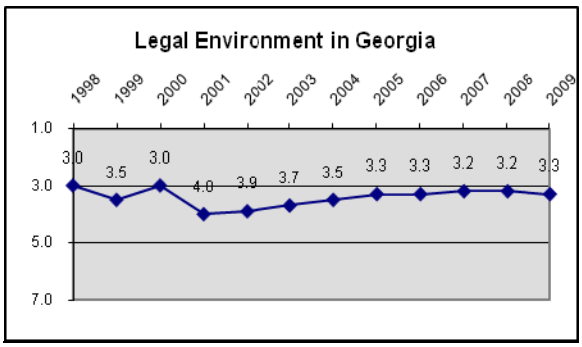
One positive trend in 2009 was the establishment of student groups and youth interest groups that are operating on their own initiative, with little or no donor funding. Such groups have sprung up in almost all of Tbilisi's public universities and the same trend has been noted in the regions. These nascent groups have sprung up organically and have not yet captured the attention of the donor community.

LEGAL ENVIRONMENT: 3.3

The legal environment did not change significantly in comparison with previous years, but the score decreased slightly because of the possible threat to the right to assemble. The legal environment is generally progressive and friendly to NGOs. It is easy to register NGOs, and NGOs are usually not threatened by authorities using legal means.

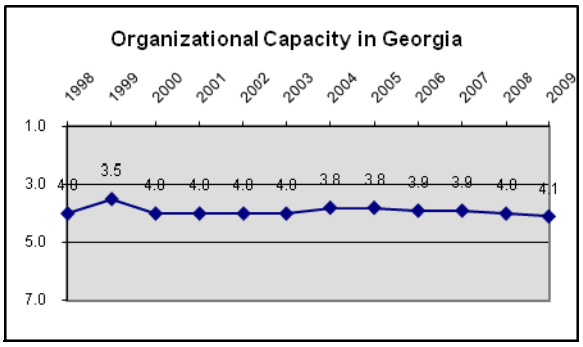
No new initiatives were introduced in 2009 to further improve the legal framework. The Civil Society Institute, an NGO that works on legal issues, completed work on a draft law on state grants which would allow the state to allocate public funds to NGOs, and continues to lobby for it in the parliament.

Tax incentives for corporate and individual donations are limited and do not offer enough incentive to stimulate domestic philanthropy. There are still no tax exemptions for NGOs on income generated through economic activities. Additionally, NGOs in the regions report facing numerous administrative barriers in securing VAT refunds. Tax authorities in Tbilisi and those in the regions reportedly administer VAT inconsistently, and not all regional tax authorities know how to refund VAT once it is paid by tax-exempt entities.



In 2009 parliament introduced an amendment to the Law on Assembly and Manifestations, which if enacted could threaten the rights of NGOs to stage public demonstrations. The measure would grant authorities additional discretion to disperse meetings, with a potential penalty of detention for up to three months. The amendment could hamper some NGOs, as demonstrations and gatherings are one of the main outlets for public dissent and a key tool for watchdog NGOs.

ORGANIZATIONAL CAPACITY: 4.1



In general the organizational capacity of the sector continues to deteriorate. The gap is widening between the "elite" NGOs with developed management and organizational structures and other NGOs. While the sector has generally declined across Georgia, the situation is particularly bad in the regions, and the gap between Tbilisi-based NGOs and those based outside of the capital is significant. Very often NGOs are staffed by only one or two people, especially in the regions. It is hard to speak of organizational capacity and development among such small organizations.

Decreased donor funding over the last several years contributed to the shrinking of staff in many NGOs, to the point where often decisions are made primarily by one person on behalf of the organization. NGOs cannot compete with business or government in terms of salaries for top managers. The few experts who remain in the NGO sector can command high salaries, and are often out of reach for the small organizations that need them. Management professionals often prefer to freelance rather than to be committed to a particular organization.

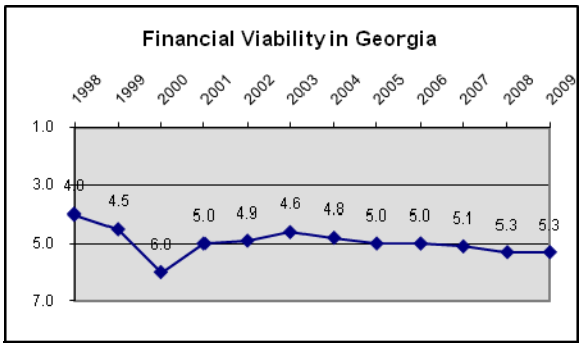
Because of NGOs' shrinking human capital, the few people left working in NGOs are expected to act as subject area experts, managers, and fundraisers all at the same time. This problem is especially acute for NGOs in the regions, which operate mostly from project to project. Another problem that prevents NGOs from engaging in long-term strategic planning is that shrinking resources force them to deviate from their primary missions to seek funding in areas with richer resources, sometimes in unrelated fields.

In the recent post-conflict environment, more donor funding became available for NGOs; the effect of this increased funding on organizational capacity remains to be seen.

FINANCIAL VIABILITY: 5.3

Ninety-five percent of NGO funding still comes from foreign donors. Several national ministries, including the Ministry of Health and the Ministry of Education, increased their outsourcing of services to NGOs in 2009. Overall, this increase only helps a limited number of NGOs, and the contracts contribute less than five percent of the affected NGOs' budgets.

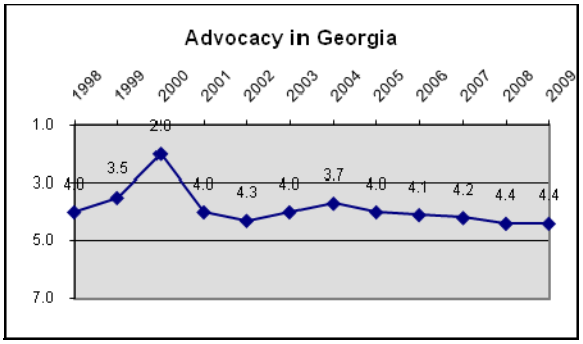
On the local level, more municipalities have begun to outsource service provision to local NGOs, but donor grants still make up the largest percent of funding sources. For an NGO to have a dedicated fundraiser on staff is a luxury, because most donors do not fund this position. In virtually all organizations, NGOs' top managers combine fundraising responsibility with organizational management. Furthermore, NGOs are unable to generate sufficient revenues by collecting membership dues, since very few organizations have large enough membership bases to sustain them, even partially.



The greatest innovation in the financial viability of the sector in 2009 was the establishment of the Civil Institutionalism Development Fund, created by presidential initiative in June. The core principle behind the establishment of the fund was for the government to finance the NGO sector as part of a "second wave" of democratic reforms. The NGO community cautiously greeted the initiative. Several experienced NGOs offered their expertise in setting up the fund, but the fund's management did not welcome their input, and the operational structure and the mission of the fund were developed without much input from the NGO sector itself. The benefit of the fund is that it targets new NGOs—even those that are not yet registered, which breathes some new life into the sector. Donors, in contrast, typically prefer to fund established, well-run NGOs. While the fund is a good first step, the amount of funding is relatively small, totaling only 840,000 lari ($501,000). The fund issued ninety-one grants in 2009 to a wide variety of NGOs and initiative groups throughout Georgia.

NGOs have had considerable difficulty securing financial resources from businesses. NGO leaders typically have difficulty establishing communication with private companies, especially top managers who make decisions on allocating resources. Another issue is that businesses do not seem to trust the NGO sector, perhaps because they are not well informed about NGOs' activities, either individually or as a sector. In addition, the business community's sense of social responsibility may be underdeveloped. Businesses are more apt to act as sponsors for specific social, educational, and cultural events like concerts or sports tournaments rather than to provide ongoing operational support to NGOs. One business owner commented, "I think that supporting NGOs should be the priority of the aid agencies, and to some extent the priority of the government. The priority of business is to grow business, get good services, get high quality products and good prices, and pay taxes and train your employees."[8] Business owners also point out that existing tax legislation is not sufficient to spur them to engage in philanthropy.

ADVOCACY: 4.4



On the local level, advocacy has become much more productive than on the central level. Local authorities are much more willing to cooperate with NGOs and utilize their expertise in discussing and setting community priorities. For instance, in Samtskhe-Javakheti, a region in southern Georgia with a large population of ethnic minorities, the regional development plan was developed in consultation with NGOs and with the public. In Ninotsminda, a town in the Javakheti region, some 80 percent of local priorities that NGOs reportedly suggested to their municipal authorities were reflected in the following year's budget.

On the central level, communication between the government and NGOs improved over the past year, but NGOs' actual impact is still modest. NGOs found that while the government was better at listening to their opinions, it still did not really take those opinions into consideration while making policy. Sector leaders report that it is almost impossible for them to advocate on a pressing political issue and succeed. NGOs' advocacy efforts are more successful in the areas where they are backed by international actors, such as in the implementation of the Civic Integration Strategy and Action Plan.

Another problem with NGOs' ability to advocate effectively is that the government is not reaching out to the wider NGO community and trying to enlarge the circle of NGOs with

which it consults. Newer NGOs seem unable to gain the attention of government officials who might be open to their advocacy.
Very few NGOs have the capacity to produce professional expert analyses and then advocate for their positions based on their findings.

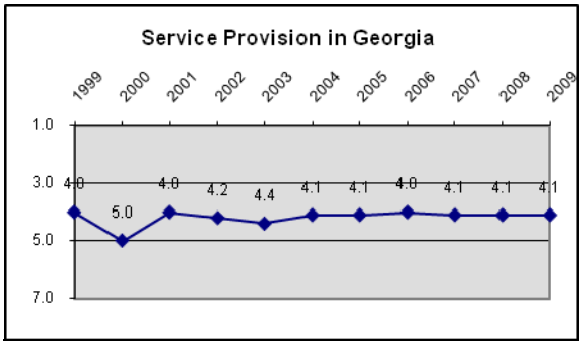
Smaller NGOs usually commission expert opinions from external experts. However, as soon as funding dries up, the experts leave and the NGOs have not increased their own capacity to produce professional, topic-specific analyses.

SERVICE PROVISION: 4.1

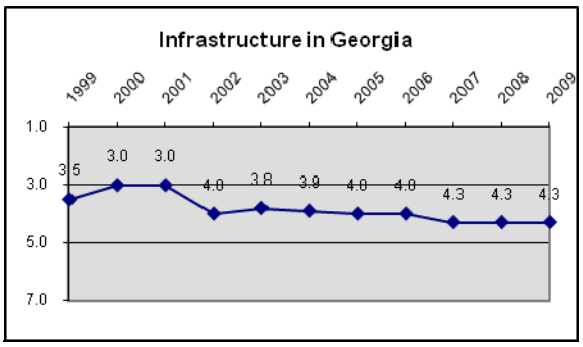
NGOs offer a range of services in areas such as legal aid, social welfare, education, and health care. In 2009, the amount of services outsourced by state agencies slightly increased, although not enough to reduce NGOs' dependence on foreign donors. The trend was most evident in the Ministry of Education and Science (MES) and the Ministry of Health and Social Welfare. For instance, the MES completely outsourced teacher training to resource centers accredited by the MES for this purpose. The Ministry of Health signed new contracts with NGOs working with vulnerable populations.

Although increased outsourcing provides a source of revenue and increased visibility for NGOs, the government typically awards contracts to "known" NGOs. In some cases tenders are not publicly announced.

Most service provision NGOs do not charge clients for services. Another issue with service provision is that there has been little analysis of existing needs, especially with regard to IDPs. Although assistance to IDP populations increased tremendously following the 2008 conflict, there was no real analysis conducted to reveal the actual needs of the IDPs before assistance and services were rendered, nor are there many capable local service providers in this field.



INFRASTRUCTURE: 4.3



In the regions, there are practically no resources available for NGOs such as resource centers or other means for accessing information technology, training, or technical assistance. In Tbilisi, the infrastructure supporting the sector started to improve in the past year, as two local grantmaking organizations with international donor funds have initiated support structures for new NGOs.

The Eurasia Partnership Foundation has initiated a new "NGO clinic," where foundation staff provide consultations to citizens who are considering establishing an NGO, or who work for newly founded NGOs. Clinic users can obtain help with NGO management, project management, fundraising, and other issues related to the operations of an NGO. The Open Society Georgia Foundation has created a resource center in its office that is open to the NGO community, and plans to carry out

trainings in various aspects of NGO management, as well as strategic planning and advocacy. Nevertheless, these are small scale initiatives and do not influence the overall situation in the sector.

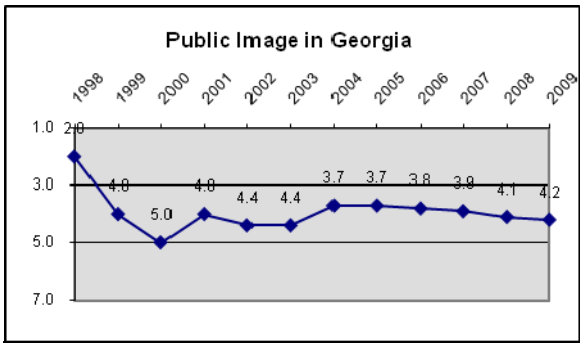
A new trend in the past year has been the creation of coalitions bringing together NGOs that focus specifically on IDP issues, including the protection of rights of IDPs. Besides this initiative, no progress was made in networking or building local constituencies. The coalition Transparent Aid for Georgia, which monitors the transparency of foreign aid pledged to Georgia after the August 2008 war with Russia, remains the most visible group that carries out large-scale monitoring, advocacy, and awareness-raising campaigns.

PUBLIC IMAGE: 4.2

During a time of political upheaval, most of the NGO sector sidelined itself from the debate and became essentially invisible, apart from making a few public statements. Major problems within the sector itself, including the polarization of NGOs, the heavy political bias of some organizations, and an intolerance of internal dissent contributed to the sector's diminishing public image.

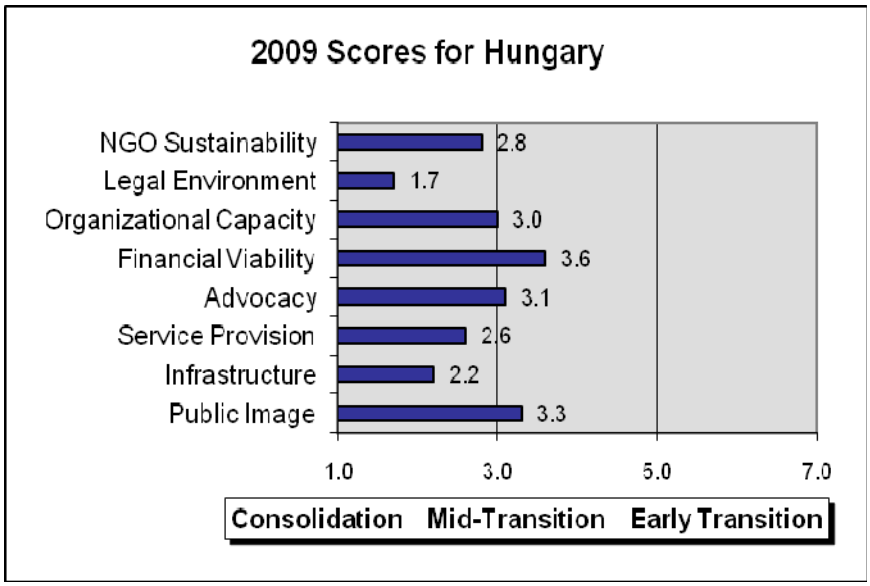
In the public's mind, the most visible and outspoken NGOs are connected either to an opposition party or position, or to the government. In 2009, Georgian media, both those characterized as "pro-" and "anti-government," used the term "NGO" quite frequently, but typically without defining for their viewers, readers or listeners who or what the NGOs are. With the exceptions of national media outlets Kavkasia and Maestro, most media outlets provided little information about the activities and findings of watchdog NGOs.

In the last few years, the NGO sector lost its best-known leaders and proponents as many left the sector to join the government or political parties. Without new faces to replace these well known leaders, the media tend to invite the same NGO leaders to provide commentary and analysis in the news over and over again. Depending on the content of the analysis, the public tends to associate these NGO spokespeople either with the government or with the opposition.



In the regions, there is more cooperation between NGOs and the media than on the national level, partially because international donors require that activities implemented by NGOs be covered in the press.

HUNGARY



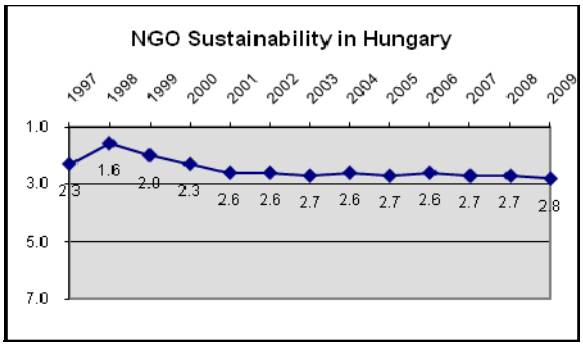
Capital: Budapest

Polity:
Parliamentary Democracy

Population:
9,880,059 (July 2010 est.)

GDP per capita (PPP):
$18,600 (2009 est.)

NGO SUSTAINABILITY: 2.8



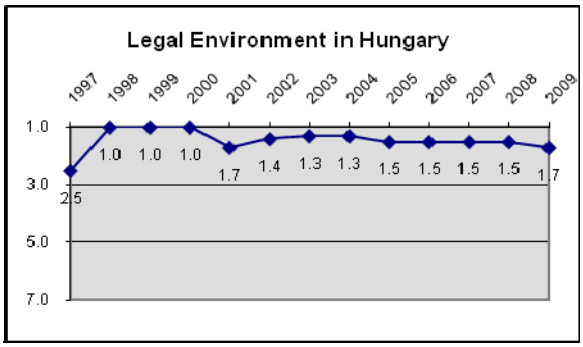
Hungary has 62,407 registered NGOs, including 22,075 foundations and 32,670 associations. The country has been severely affected by the financial crisis, which in 2009 was coupled with a serious political crisis. In March, Ferenc Gyurcsány, the prime minister and leader of the governing Hungarian Socialist Party, resigned. In April, after lengthy negotiations with the Socialist Party, the Alliance of Free Democrats decided to support the independent Gordon Bajnai as prime minister. Bajnai appointed a so-called "provisional expert government," emphasizing that he did not have political ambitions and took office for only one year to ensure an economic recovery. As a result, the Socialist Party had to govern in the minority during a year when the country faced serious economic troubles and mounting unemployment.

Further symptoms of social and economic troubles included a series of organized attacks on Roma people in the northeastern region of Hungary; the failure of an NGO-initiated campaign for more transparent election financing; and a joint call by major embassies to the Hungarian government warning of the decline in foreign investors' trust due to the government's lack of transparency. All of these events left a bitter mark on civil society, which showed little capacity for dealing with the challenges. Furthermore, civil society organizations were hit hard by difficulties in funding from the EU Structural Funds and other government resources. There were also some promising signs, however, of increased advocacy capacity at the national level and an increase in investments in NGOs' organizational capacity.

LEGAL ENVIRONMENT: 1.7

The legal environment for NGOs experienced a major setback in 2009. In past years, individuals who contributed to NGOs could take a tax credit of 30 percent of the donation, up to approximately $400. In 2009, however, individuals were no longer allowed to claim any tax credits for their donations. Meanwhile, companies can deduct 50 percent of the amount of a donation to prominent public benefit organizations (PBOs), up to 100 percent of their pre-tax income. (PBOs achieve the designation "prominent PBO" if they perform certain government responsibilities such as providing education or social services). If a company commits to a long-term donation to a PBO or prominent PBO, 20 percent of such donations are eligible for a tax deduction each year. This is a significant step back from previous years, when companies were able to deduct 100 percent or 150 percent of their donations to PBOs and prominent PBOs, respectively, without further limitations, from up to 20 percent of the tax base.
In addition, NGOs still have to pay VAT on in-kind donations, including those delivered through alternative mechanisms such as text message donations, and the VAT was increased from 20 percent to 25 percent in 2009.

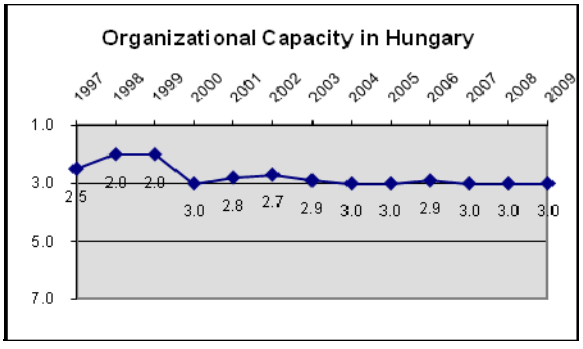
A positive development in 2009 was the adoption of the new Civil Code, which includes some progressive and long overdue changes in foundation governance and operation, but these changes are not scheduled to come into effect until mid-2010.



As of June 30, 2009, the so-called public benefit company as a separate legal form was discontinued. This change was long awaited and was a largely positive development for the NGO sector. All public benefit companies had to either transform into a type of nonprofit corporation or terminate their operations. The problem is that the Tax Code is not clear about whether they can receive tax-exempt income from their public benefit activities and if so, under which conditions.

There was little progress on the official NGO registry that the government began developing in 2008. An online database was introduced in 2008, but is not yet up to date or searchable as planned.

ORGANIZATIONAL CAPACITY: 3.0



Funding sources that were focused on building organizational capacity continued to increase in 2009. The Norwegian Financial Mechanism held two more rounds of funding for NGO capacity building, supporting the development of over eighty NGOs around the country. In addition, a major EU Structural Fund project, the Social Renewal Operative Program, assisted hundreds of organizations through its funding for regional centers that support local civil society development. Several hundred NGOs have applied for these funds; when applying, they had

to think through their own plans for institutional development, an immediate positive effect of the increased options.

As a relatively new phenomenon, for-profit providers have also begun to operate in the organizational capacity field, in part by bidding for state-sponsored projects and in part by providing NGO capacity building services for free as part of their corporate social responsibility activities. There are still questions, however, about the quality of the support, as some regional centers reported that not enough capacity building experts are familiar with NGO development.

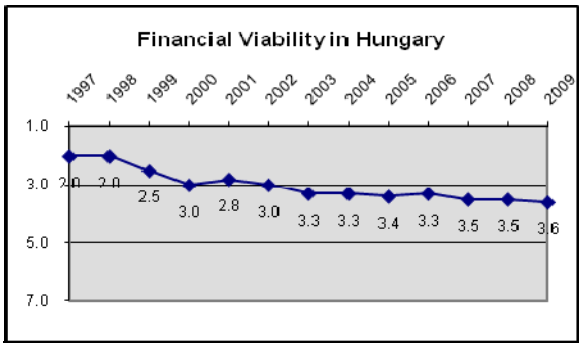
Despite increased support, the actual capacity of NGOs continued to shrink; downsizing and even bankruptcy among previously well-established organizations seemed to be more common than in earlier years. Concrete data from the Statistical Office on the number of NGOs that closed in 2009 will not be available until spring 2011.

FINANCIAL VIABILITY: 3.6

A large number of NGOs are still dependent on government funding, but more are using a variety of fundraising tools besides proposal writing. For example, they employ direct mail and cause-related marketing campaigns. Strategic partnerships between companies and NGOs are becoming increasingly visible to the average citizen.

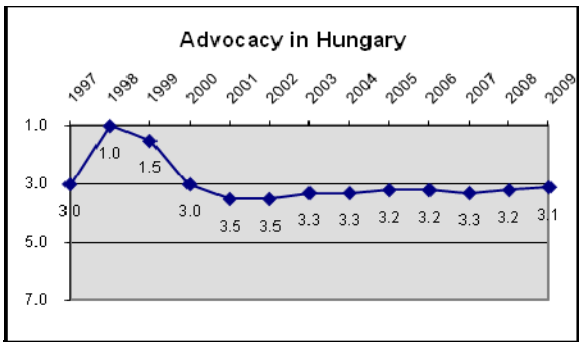
NGOs that were awarded EU funds experienced a number of problems, including unilateral modification of the terms of the contract, rejection of financial reports, and withholding grant payments without clear justification. Okotars Foundation commissioned an analysis of the regulatory framework and scrutinized more than fifty contracts. The research revealed serious issues surrounding the legal underpinnings of the funding and misinterpretations of the rules underlying grant awards.

At the same time, many NGOs that receive government funding are now facing the difficulties of reporting on their programs, deciphering unclear reporting guidelines and working with inexperienced program staff on the donor side. Many are experiencing delays in final payments. Given the volume of these projects, many NGOs had to advance payments of up to several hundred thousand dollars, typically by taking out loans. Because of the financial crisis, these loans are no longer available for the newer rounds of proposals; as a result, many NGOs are less able to access government funds.



ADVOCACY: 3.1

In 2009, there were several occasions when NGOs achieved important changes at the national level due to well-placed, highly visible actions or campaigns. For example, during the political turmoil surrounding the appointment of the provisional expert government, Transparency International succeeded in challenging the appointment of the Minister of Economy. The initial candidate owned a company that had once been found liable by the Company Court for participating in a cartel. TI Hungary publicly stated that an official with such a history could not be expected to effectively battle corruption, and the proposed minister was subsequently asked to step down.



The Hungarian Civil Liberties Union won a number of strategic lawsuits. The biggest political ramifications came from a lawsuit the group filed on behalf of a newspaper against a state-owned company, which resulted in a Supreme Court resolution stating that the salaries and wages paid by state-owned companies should be made public. Following this judgment, the salaries of certain managers of the Budapest Transport Company were publicized by another newspaper, leading to the collapse of the company's top management. The incident was a major factor in the disintegration of the socialist-liberal coalition governing Budapest.

These examples indicate a kind of advocacy that has previously not existed or been successful in Hungary: a political, but not politically biased, action based on legal and moral principles that can lead to serious changes in the political establishment and the country's governance. Unfortunately, not all initiatives were successful: an effort led by TI and Freedom House to bring all parties to agreement on transparent rules for election campaign financing failed.

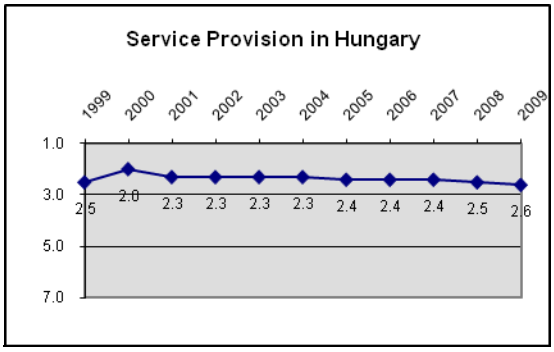
There is also an important new initiative supported by a coalition of NGOs to challenge the financing practices of the European Social Fund in Hungary, which is the implementing agency of the EU Structural Funds. Based on the Okotars Foundation analysis mentioned in the Financial Viability section, NGOs organized demonstrations against the fund and its relevant ministry, and were subsequently invited to discuss their problems with the fund's managers. NGOs anticipate a long battle with the bureaucracy to improve financing regulations.

SERVICE PROVISION: 2.6

In 2010, further cuts were made to the per-capita levels designated for human services such as social services, education, and health care. This resulted in reductions of up to 50 percent of the providers' budgets. While local governments and churches are likely to find other sources to support their services, NGOs are more vulnerable.

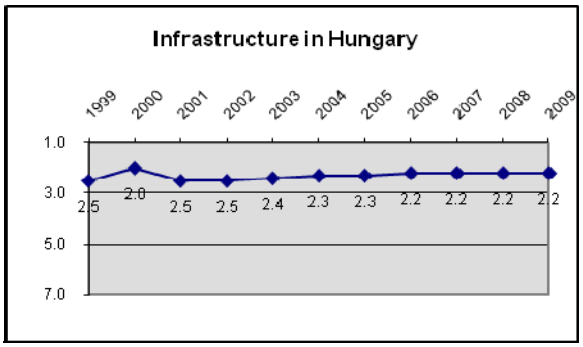
There were some positive developments relating to NGO providers of social services this year. For example, a government regulation that had prescribed additional conditions for NGOs to run services and biased the system against NGO providers in favor of local government and church providers will be abolished in 2010. Due to the overall decrease in the public sector's financial resources, however, the effect of this change is questionable.

The question of service quality has become a central issue, and seminars on quality



management were held throughout the year. There seems to be an increasing demand for quality assurance among service providers; in fact, the Ministry of Social Affairs was considering introducing quality assurance requirements for its grant funding schemes. This is likely a result of increased competition for scarce resources.

INFRASTRUCTURE: 2.2



New resources available to NGOs show a shift in the government's support of the sector. The government's Social Renewal Operative Program (an EU Structural Fund project) has a clear mandate to strengthen regional resource centers supporting NGOs. This is in line with a general trend of shifting public administration and social service provision responsibilities to the regions, but it puts national support organizations in a difficult position. Before, they served as umbrella organizations for the county level. Now they will need to compete with the strengthened regional-level support organizations, which serve as umbrellas for the counties in their respective regions.

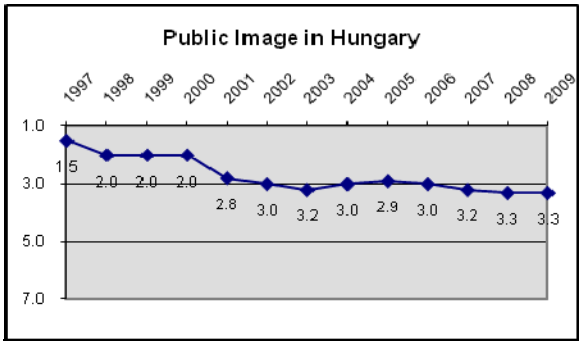
The major funders, the Norwegian Financial Mechanism and the CEE Trust, also seem to prefer directly supporting local organizations through their grantmaking programs. Some national-level support NGOs must seriously reconsider their role in supporting the sector.

In 2009, there were good examples of network and coalition building among NGOs. While Hungary has some large NGO networks, they are mostly viewed as old-fashioned and inefficient, and for many years were largely financed by the state rather than their members. Now the country has a growing number of smaller, more independent, issue-based networks. Examples include coalitions focused on improving public financing practices and promoting the interests of nonprofit service providers, and a network forming among NGOs to prepare for the Hungarian EU presidency in 2011.

PUBLIC IMAGE: 3.3

The general image of the sector has not improved, and there is still a sense among the public that civil society is simply a vehicle for political parties to garner votes. This was reinforced by the internal crises of both the liberal and socialist parties, during which major figures left and founded various social movements or NGOs to support their ideas.

In 2009 a new group, Media Union, was launched. Over 200 media outlets and PR agencies have joined to promote one cause every year. In 2009 the campaign was entitled "No Excuses," with a focus on sports and a healthy lifestyle. While this is the highest impact social advertising campaign to date, such campaigns can also have an adverse effect. Many companies join them as part of their corporate social responsibility activities and then consider that they have contributed enough, rather than supporting smaller NGOs with equally important causes.

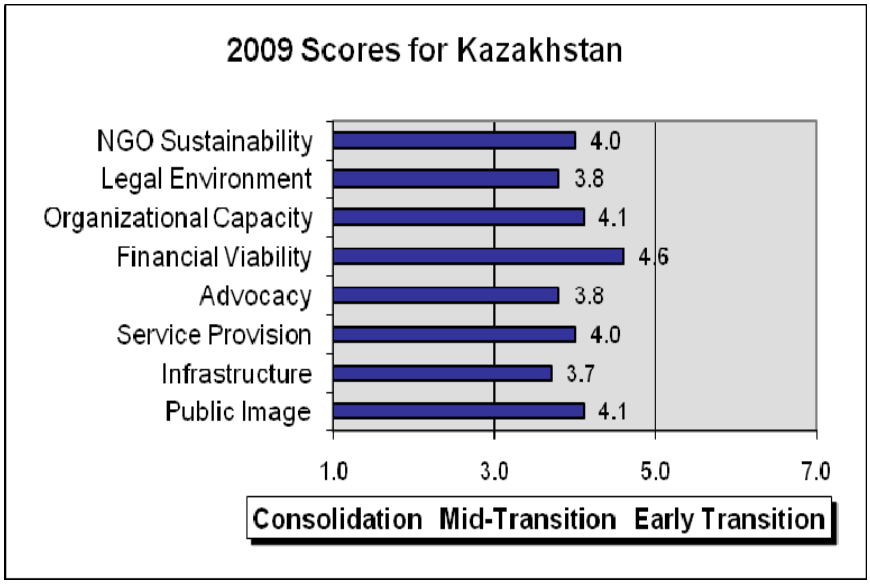


VEKE, an organization advocating for better public transport systems, managed to maintain a constructive and unbiased image in the midst of Budapest's public transport scandals. Unfortunately, most NGOs lack the capacity to fend off political labeling. Either they do not view political independence and accountability

as important or they do not have the skills to put those qualities into practice.

In general, NGOs do not seriously concentrate on presenting a transparent, accountable face to the public. This year, several major controversial issues were in public discourse, including the Roma, European elections, and the H1N1 flu, but there was no authoritative and credible opinion to which people could turn if they wanted to hear the "real story." This is an indication that NGOs as well as the investigative media have a long way to go before they are sources of reliable information to the public.

KAZAKHSTAN



Capital: Astana

Polity:
Republic

Population:
15,460,484 (July 2010 est.)

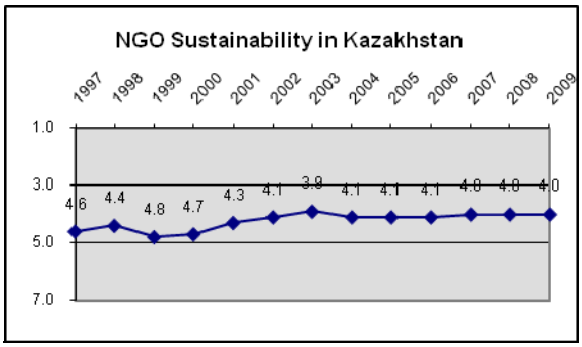
GDP per capita (PPP):
$11,800 (2009 est.)

NGO SUSTAINABILITY: 4.0

According to the Ministry of Culture and Information, Kazakhstan is home to 29,262 active noncommercial organizations, including public associations, foundations, associations, religious groups, cooperatives, chambers of notaries, and lawyers. Of these, 7,307 are public associations, the most common legal form of NGO. Kazakhstani NGOs are mainly distributed among the following sectors: ecology, children and youth, women's issues, health, culture, art, science, education, legal rights, social rights, NGO capacity building, and disabled adults and children.

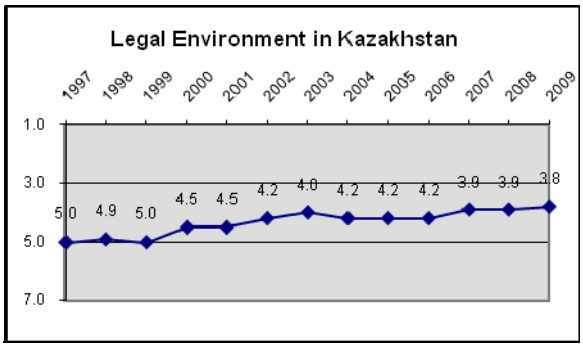
Many third sector experts note that the most active NGOs number 200. These NGOs have permanent staff, several projects underway, and multiple funding sources, and take part in research, polls, conferences, seminars and working groups.

The fourth Civic Forum was an important event for NGOs in 2009. Over the course of the summer, sessions of the Civic Forum were held



in all of Kazakhstan's fourteen oblasts. In what has already become a tradition, participants established "dialogue panels" in which NGOs could advance the issues of their target groups through dialogue with representatives of state ministries, hear ministers' reports, contribute to the National Report on NGO activities, and develop solutions to issues of import. At the same time, however, many of the forum's participants wondered how to evaluate the extent to which the proposals developed are implemented, as well as what means could be used to advance them.

LEGAL ENVIRONMENT: 3.8



In 2009 there were several positive modifications to the legal framework for civil society in Kazakhstan. The ban on state financing of public associations was removed from the Law on Public Associations, consistent with removal of a similar provision from the constitution in 2007. The government reduced burdensome reporting requirements by eliminating supplemental forms that required detailed reporting on transactions and expenditures connected to foreign funds. In accordance with the new rules for compilation of tax reporting on corporate income tax, starting in 2009 NGOs receiving foreign funds need indicate only their total expenses in various categories.

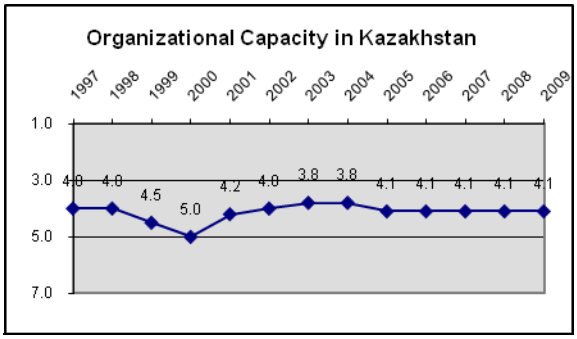
A new Tax Code went into effect on January 1, 2009 and contains two very significant changes contributing to NGO sustainability. The first change expands the category of organizations to which corporate donors may make tax deductible contributions to include private social institutions such as school, hospitals, libraries, museums and amateur sports facilities. The second significant change provides a basis for valuation of donated goods and services. Prior law permitted such types of donations in principle but did not contain a method for determining value, which discouraged in-kind donations.

In September the government released its National Plan for Human Rights. Leading human rights advocacy organizations and their international partners proposed draft text and recommendations relating to freedom of association. The final plan notes a number of provisions of Kazakh law that conflict with the country's obligations under leading international human rights treaties and international best practice, including the current ban on informal (unregistered) associations, and recommends steps to bring national legislation into line with international law.

ORGANIZATIONAL CAPACITY: 4.1

Most NGOs lack boards of directors and most decisions are made by executive bodies. Only a limited number of NGOs have strategic plans, leaving them unable to develop long-term programs. Some experts believe that many of the leaders responsible for the growth of the third sector in the 1990s are leaving NGOs. New employees fail to plan their activities according to strategic plans, develop boards of directors or train staff.

According to the results of research carried out for the 2009 National Report, one-quarter of the NGOs surveyed reported that one of the key factors hindering third sector and NGO development and leading to inefficiency was the lack of qualified staff.[9] On average, NGOs have five permanent employees. Thirty-one percent of NGOs polled considered one of the weaknesses of NGO organizational development in Kazakhstan to be the lack of a tradition of volunteerism.



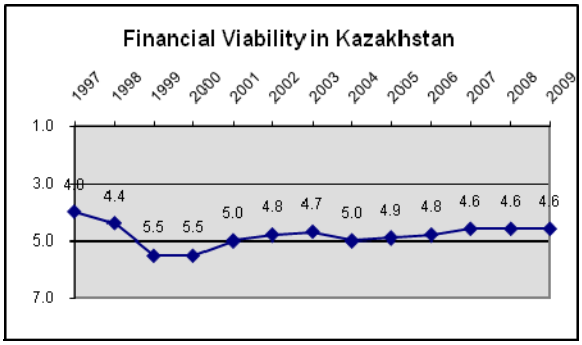
With the decline of international donor activity in Kazakhstan, programs aimed at NGO capacity building also declined. For example, NGOs are unable to train their staff or to receive quality capacity-building consulting. International donors and state bodies that issue contracts to NGOs do not reimburse for expenses incurred for institutional development such as equipment upgrades, staff training, or on-the-job training. Most NGOs' equipment, such as computers and fax machines, is outdated.

FINANCIAL VIABILITY: 4.6

Most NGO sector experts believe that the annual volume of funding available to NGOs either decreased or remained at previous levels due to the influence of the worldwide financial crisis. NGOs are finding it difficult to raise funds due to the financial crisis, and international donors cut back their funding to NGOs in 2009.

NGOs are trying to diversify their sources of funding. According to the research published in the 2009 National Report, fifteen sources of funding were identified among the NGOs polled. Many NGOs had several sources of funding, including government agencies, international organizations, private businesses, other Kazakhstani NGOs, foreign companies, urban residents, educational institutions, Kazakhstani businesses and banks, business associations, rural residents, religious groups, and NGOs from neighboring countries.

Despite the fact that the state finances NGOs in all regions of Kazakhstan via both local and national executive bodies, the mechanisms of state financing are problematic. Monitoring has been done for projects carried out under state social contracts, but little information is available about actual project results. In 2009, NGOs were able to receive funding from five ministries on the national level, as well as from another three on the local level. The overall volume of funding to NGOs via state social contracts through national-level ministries for 2009 amounted to 1.2 billion tenge ($8 million), a 45 percent increase over 2008. Social contracts tend to be short-term, however, and do not help NGOs to implement long-term programs.



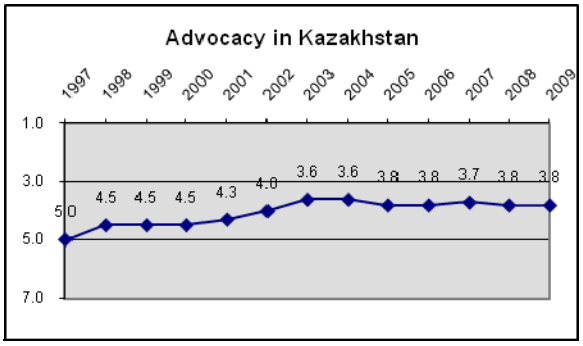
NGOs and the Ministry of Culture and Information conducted roundtables involving NGOs, state officials and other interested stakeholders on improving the system of state social contracts. As a result, representatives from NGOs, state bodies and members of parliament formed a working group at the end of 2009 to develop a draft law to change the social contracts system.

Many NGOs are building their capacities in the area of financial management, as they have revenues from service contracts as well as grants. NGOs offering paid services keep separate accounts for grant revenues and commercial services.

ADVOCACY: 3.8

Semi-annual Civic Forums at which the Kazakhstani government facilitates a dialogue between the authorities and NGOs provide an opportunity to advance NGO interests. In November, the fourth Civic Forum took place, at which several ministries presented reports to delegates. In addition, the forum saw the selection of seven areas for dialogue between government and civil society, and the creation of recommendations for each area. These areas

included the improvement of state social orders, standards for social services, civil society development in the context of Kazakhstan's OSCE chairmanship, effective cooperation between local state bodies and NGOs, provision of social services to communities, civic participation as a tool for transparency, and corporate social responsibility.



State structures, as in 2008, continue to work with NGOs. Ministries and akimats (local executive bodies) have included joint work with NGOs in their work plans. Some akimats have NGO cooperation councils where NGOs present alternative reports in specific policy areas.

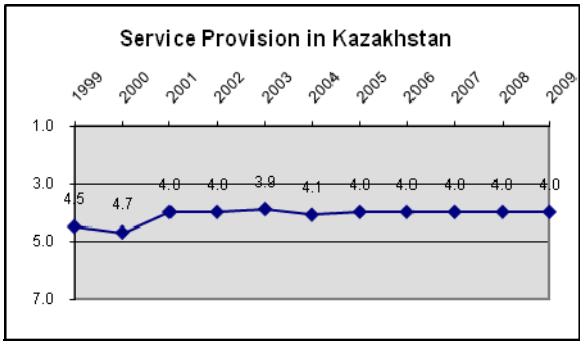
A coalition of more than fifty NGOs working in defense of disabled people's rights took part in writing the 2009 UN Human Development Report for Kazakhstan, with a focus on disabled people. The coalition lobbied for Kazakhstan's ratification of the International Convention on the Rights of Persons with Disabilities. Several local advocacy campaigns had successful results. In Ust-Kamenogorsk, the ZUBR Foundation promoted the government's adoption of a more customer-oriented approach in its system of e-governance. In the same city, the Local Self-Government Development Center lobbied for the establishment of a state bureau on free legal aid. The Women's Rights Center in Almaty successfully advocated for the removal of obstacles to citizens' access to court hearings.

The social committee of the Shymkent maslikhat (locally elected representative body), made up of representatives of NGOs, state bodies and the local assembly, organized a social research project on youth policy. They carried out public opinion polling and organized public hearings during which participants discussed the results of the research and recommendations for changes to youth policy. The group distributed its report to youth groups, students and other public hearing participants, developing thirteen recommendations for the Shymkent municipal Department of Internal Policy and the city's akim (head of the local executive body), who agreed to implement more than half of the recommendations.

SERVICE PROVISION: 4.0

The overall situation in the area of service provision did not change in 2009. Most NGO services contracted to the state are in areas such as youth, education, social services and research. One of the problems NGOs face with service provision is that of public communications. People often fail to understand the role of NGOs and the services they provide.

NGOs increasingly perform paid services for state bodies and provide paid services on a contract basis. NGOs providing services strive to improve the quality of those services, putting in place systems of monitoring and evaluation such as polling the end users of services.



According to research data in the 2009 National Report, more than half of the 271 NGOs polled saw their end users as urban residents, while other recipients of NGO services included rural

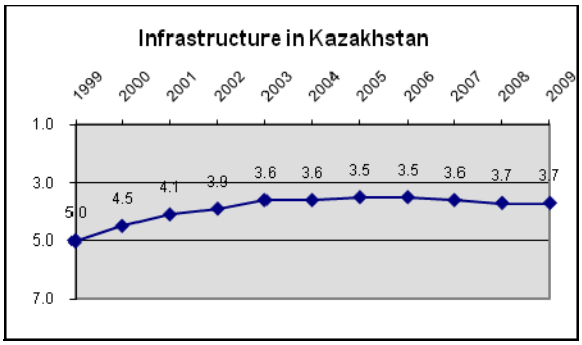
residents, local state bodies, other NGOs, national government, international organizations, Kazakhstani businesses and banks, and international organizations.

INFRASTRUCTURE: 3.7

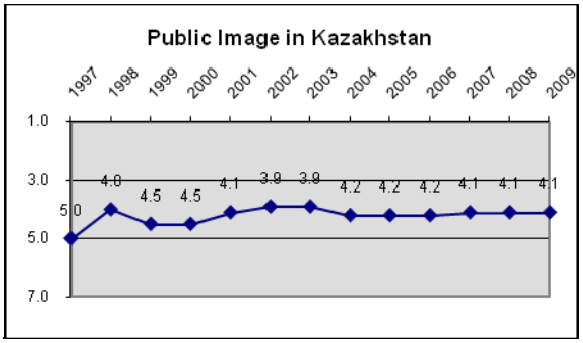
The most active information and resource centers in Kazakhstan are in Astana, Almaty, Aktobe and Kostanai, but the services provided by NGO resource centers are not consistent or high quality, and do not meet the real needs of NGOs at the local level. The Ministry of Culture and Information, as well as local authorities, support the activities of these centers. Resource centers provide services including disseminating informational bulletins and organizing training seminars, but what NGOs need from these centers are things like consulting on organizational development, strategic planning, training in proposal writing, and assistance in organizing events and creating partnerships with other sectors. There is a need for capacity building for the centers themselves, in order for the staff to offer higher quality services to NGOs.

Tax law amendments adopted in November 2009 allow Kazakhstani NGOs to give grants just as foreign organizations do. The list of grant donors was amended in December with only BOTA Public Foundation added as a domestic NGO. Other Kazakhstani NGOs may be included in the list of donors, which would relieve grant beneficiaries of their obligation to pay corporate income tax on grants received. A number of organizations are capable of administering grant programs. In 2009, the Social Services Program of BOTA Foundation started a program of grants to local NGOs working to improve the lives of children from impoverished families. Over the next four years, the Social Services Program will invest up to $10 million in NGOs that demonstrate the institutional and professional capacity to systematically improve the effectiveness of the child welfare system in serving children suffering from poverty.

Cooperation councils are a good basis for the development of partnerships between sectors, with especially positive examples of council development seen in local maslikhats. At the councils all deputies, NGOs, state bodies and businesspeople discuss city issues, arrange public hearings, discuss development plans, and lobby solutions.



PUBLIC IMAGE: 4.1

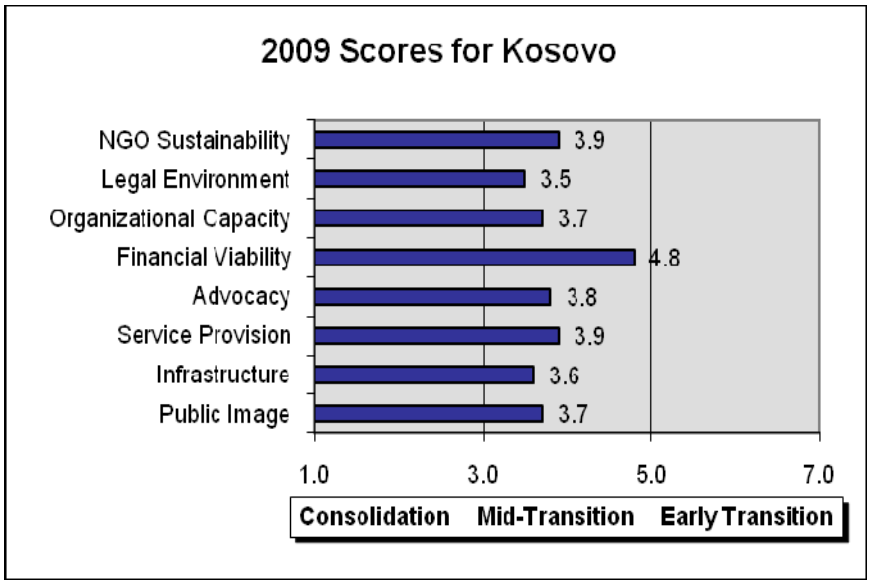


Research carried out in conjunction with the 2009 National Report shows that the key problem hindering NGO development and activities is insufficient media coverage. The media tends to be interested in political intrigues or the criminal world, but not in social issues. When the media does cover NGO activities, it is usually to cover only the event or activity rather than providing analysis, although this situation began to improve in 2009 as the media began publishing and broadcasting more analytical

pieces on NGO activities. In the run-up to the Civic Forum in 2009, there was a fair amount of coverage of NGO activities on television and the Internet. Some media publish material about NGOs only on a paid basis. NGOs lack skills in dealing with the media.

Some NGOs publish annual reports. Only a few NGOs have their own websites, while many use mailing lists or electronic newsletters. NGOs tend to lack the funds to maintain a website in two or three languages. NGO publications generally are associated with specific projects and are not long-term endeavors.

KOSOVO



Capital: Pristina

Polity:
Republic

Population:
1,815,048 (July 2010 est.)

GDP per capita (PPP):
$2,500 (2007 est.)

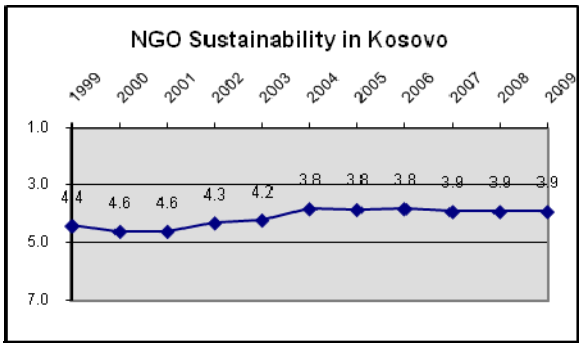
NGO SUSTAINABILITY: 3.9

A year after the declaration of Kosovo's independence, the challenges facing the new country have begun emerging. NGOs played a vital role as watchdogs, protectors of the interests of different sectors of society, and providers of social services. During 2009, Kosovo's number of NGOs reached a total of approximately 5,000.

NGOs contributed to the difficult task of building a government in ways ranging from providing expertise to organizing protests and demonstrations. A series of NGO initiatives accompanied the policymaking process. NGOs engaged in protests, petitions, and civil disobedience strategies in reaction to the increase in electricity costs, the privatization of the Kosova C power plant, and a bill on meat imports. NGOs also monitored the local elections and the work of the Assembly of Kosovo and the government.

There is still confusion about the division of powers between UNMIK, the Kosovo government, and the new European Union Rule of Law Mission (EULEX). The latter has built a presence in the country and has been working with courts, police, and customs authorities. In September, EULEX signed a controversial protocol on customs with Serbia, which NGOs harshly criticized.

A tough electoral campaign in Pristina shook up the current governing coalition made up of Prime Minister Thaci's Democratic Party (PDK) and President Sejdiu's Democratic League of Kosovo (LDK). PDK declared the coalition broken, but after a brief flirtation with business tycoon Behgjet Pacolli's New Kosovo Alliance (AKR), returned to the alliance with LDK.



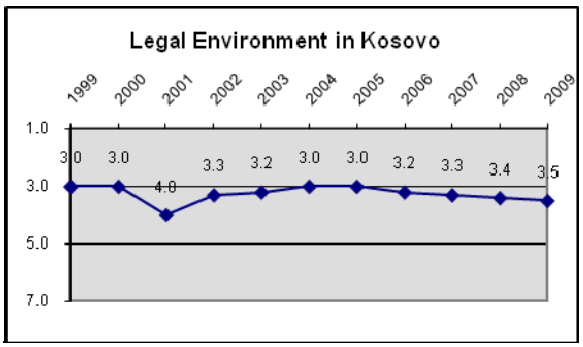
The much-anticipated Law on NGOs passed on February 12, 2009. This piece of legislation is a milestone for the legal protection of NGOs and the formalization of relations between NGOs,

the government, and other actors. A consortium of NGOs gave their feedback on the law, which members of the assembly and NGO representatives debated at length. Civil society leaders assessed the law as one of the best NGO laws in the region.

A few coalitions between NGOs were created, all of them ad hoc and short term. The only formal NGO network in Kosovo, CiviKos, and the biggest NGO resource center, the Advocacy Training and Resource Center (ATRC), reduced their activity this year, making information sharing among NGOs difficult. No visible improvements were made in deepening communication and cooperation between NGO representatives of different ethnic backgrounds or based in different regions. A handful of cooperative initiatives had a cross-ethnic character, but they were limited both in number and in impact.

LEGAL ENVIRONMENT: 3.5

The four-year downward trend in the legal environment continued. Despite the new NGO Law and fairly easy registration procedures, NGOs experienced difficulties in dealing with the administration.



Procedures for registering an NGO are easy, although not necessarily quick. NGOs complain of persistent problems with having their statutes approved or changed. The NGO Registration Office often returns statutes to NGOs for changes several times, which delays the overall process. The NGO Registration Office lacks flexibility and a constructive approach towards NGOs. Representatives of NGOs blame the lack of efficiency on the poorly prepared staff. Additionally, NGOs from outside Pristina incur unnecessary expenses due to the delays. Serbian NGOs, especially those based in the enclaves, have to travel back and forth several times in order to deal with Registration Office requests.

A major development in the legal environment was the adoption of the new NGO Law. The Law on Freedom of Association in Non-Governmental Organizations was passed by the Assembly of Kosovo on February 12, and promulgated by presidential decree on March 6. NGOs continued to provide feedback until the day before the discussion of the law in the assembly. Most NGOs have welcomed the new piece of legislation and consider it more comprehensive than other NGO laws in the region.

Despite the protection of the new law, NGOs have experienced direct or implied pressure from government institutions. In most cases when an NGO criticizes the government in public, authorities react by pressuring and intimidating the NGO in various ways. In several instances, tax officials have checked NGO tax records that were up to five years old. The Tax Administration of Kosovo communicates not through official written requests, but through phone calls and other informal channels.

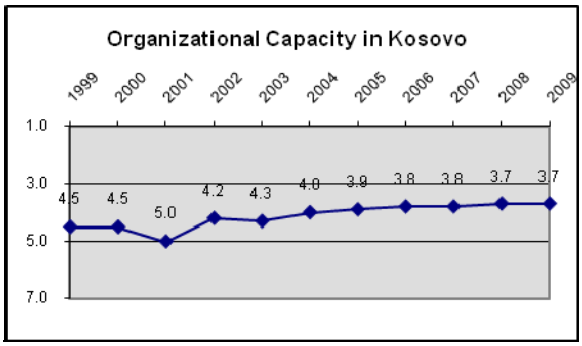
Legal advice for NGOs is available but limited. Although there are a large number of law firms, an extremely small number of lawyers have deep knowledge of the NGO legislation, especially concerning tax regulations for NGOs. Nevertheless, NGOs' demand for legal advice is low. It is unclear whether this is because NGOs do not need such advice, or because they do not have the ability to pay for it.

ORGANIZATIONAL CAPACITY: 3.7

While NGOs showed slight improvement in involving citizens in their activities, this year technical advancement of NGOs slowed down.

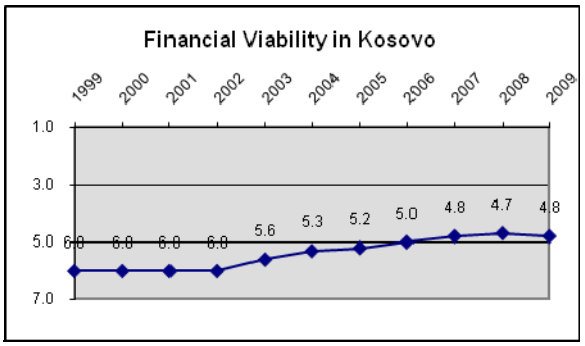
Women's NGOs remain the organizations with the largest constituency base, but youth NGOs have started to build a considerable pool of activists. In fact, a trend of activism is developing among young people. Most of the volunteers that serve in the NGO sector are young. Nevertheless, citizens' participation rate in NGO activities is far from satisfactory. NGOs' lack of clear organizational profiles and missions might influence the low participation rate. NGO experts estimate that the number of NGOs which have clear missions and strategic plans is limited to around thirty. The rest of NGOs engage in activities that tackle issues which donors are funding. The disorganized state of most NGOs is primarily the result of bad management. Governing boards are often nonfunctional. The phenomenon of people serving on several boards remains a worrisome tendency because it is virtually impossible to deal effectively with the large number of pressing issues affecting several organizations at the same time.

During 2009, a number of partnerships and coalitions started or continued their work. The coalition Democracy in Action gathered eleven NGOs from around Kosovo to monitor the local elections in November. The Kosova Women's Network continued its work in empowering women and disadvantaged groups and has more than eighty member organizations across Kosovo. A few other NGOs have been in talks about future cooperation and partnership.



Compared to 2008, technical advancement has slowed down. Although NGOs have access to basic office equipment, Internet, phone, and fax, the technology they use is often outdated. The number of donors that fund the purchase of equipment is extremely small. NGOs are usually given old equipment from donors' offices when donors update their own equipment.

FINANCIAL VIABILITY: 4.8



Financial viability suffered to some extent in 2009, mostly due to a further decrease in donor presence on the ground. The withdrawal of a major donor like the Olof Palme International Center left a considerable number of NGOs unprepared. Most international donors decreased the amount of funding available for their activities in Kosovo. For example, the Swedish International Development Agency drastically reduced its funding.

NGOs continued to look for diverse funding sources for their projects and a considerable number of active NGOs appear to understand the importance of funding diversification. NGOs that have relied on one primary donor experienced great difficulties after several key donors cut funding or completed their activities

in Kosovo. The reduced number of donors meant that NGOs had less choice in funders. Most grant money that NGOs receive comes from international donors. Local support is feeble and often limited to nonmonetary donations. Central and local governments provide in-kind support for the activities of NGOs through the provision of services or event venues. The private sector has started to offer its support through nascent philanthropy initiatives. A few corporations have dedicated parts of their budget to public benefit initiatives.

NGOs are attempting to build lasting relationships with donors and other financial supporters. The most active NGOs that have enjoyed visible success from past projects have managed to build a loyal base of financial supporters. Unfortunately, these NGOs are still a minority in the sector.

Intensive contact with donors, especially international donors, has helped NGOs develop good financial management systems. Detailed financial management records and independent financial audits have become the norm in the sector, and are also prerequisites for receiving donor funding.

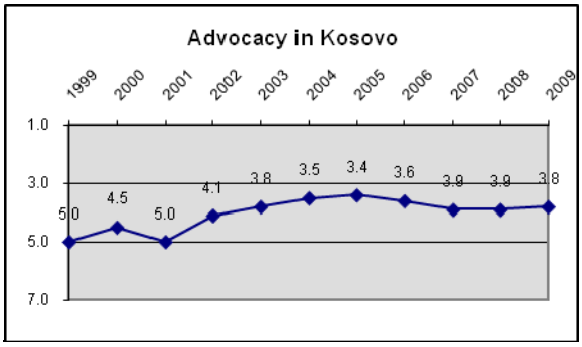
ADVOCACY: 3.8

Advocacy initiatives increased during 2009. NGOs created several issue-based advocacy coalitions and attempted to influence policymaking processes—and at times succeeded. Lobbying at the local level, although less visible than initiatives aimed at the central government, was more intensive and more successful. At both levels NGOs used direct lines of communication, although often these were informal, such as prominent civil society figures reaching policymakers through personal ties.

Overall, there was more consultation between NGOs and the government compared to 2008. Every strategy and law requires feedback from civil society, and NGOs have become more aware of the importance of contributing to policymaking processes. The results are not always tangible, however, because NGOs' opinions are not always taken into consideration, and their role remains strictly advisory. NGOs point to the lack of legal mechanisms guaranteeing civil society's contribution to the policymaking process.

An initiative worth mentioning is the Consortium for Strengthening of Civil Society Advocacy initiated by Kosova Democratic Institute (KDI) and Balkan Investigative Reporting Network (BIRN). The consortium monitors the Kosovo Assembly and notifies NGOs about advocacy opportunities.

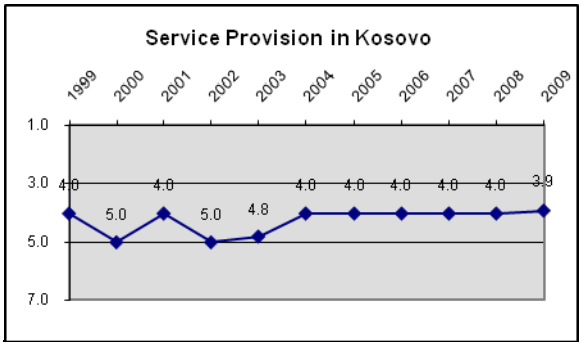
The civic initiative FOL '08 formed an ad-hoc coalition focused on the increase in electricity tariffs. More than 10,500 citizens signed a petition but the coalition did not succeed in putting the issue on the legislative agenda. Other NGO advocacy and lobbying initiatives focused on access to government documents.



The Association of Kosovo Meat Producers and Processors and the Kosovo Chamber of Commerce conducted advocacy on primary and secondary legislation about the import of meat after the government issued an administrative direction containing a provision that reserved for international companies the exclusive right to import meat. According to the Kosovo Chamber of Commerce, the direction created a monopoly in the meat market. Under pressure from interest groups and the media, the government agreed to change the provision so that it included Kosovo companies as well.

SERVICE PROVISION: 3.9

The line of NGO products and services has increased in range and specialization. An overwhelming number of NGOs at the national and local levels offer products and services in areas such as governance, accountability, economic development, and human rights. One example is the consultancy services provided by NGOs to the government, such as GAP Institute's participation in the functional review exercise sponsored by DFID in preparation for the public administration reform that is expected to commence during 2010. Local NGOs also provide more tangible products and services including legal assistance, shelter, relief, and health care, reflecting the immediate needs of their constituencies.



Most NGO services, especially research, studies, publications, and trainings, are made available to a broader constituency than NGOs' own memberships. NGOs market these products through the media, the Internet, newsletters, and ever-growing social media networks.

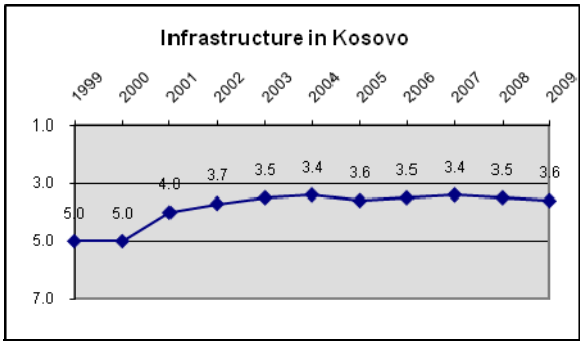
Government structures—mostly at the local level—have started to cooperate with local NGOs in the provision of social services for vulnerable groups such as children, single mothers, and trafficking victims. NGOs specialized in dealing with disadvantaged groups and which operate services such as shelters and orphanages, such as Handikos and SOS Kinderdorf, form the core group of NGOs benefiting from government funding.

The rate of cost recovery from the provision of services and products remains low. Although NGOs have expanded their services, they have little knowledge of the ability of beneficiaries to pay for their products. Even sought-after NGO products and services are still being provided for free. NGOs recover costs to some extent by charging application fees and at times charging for access to publications.

INFRASTRUCTURE: 3.6

The infrastructure for NGOs deteriorated in 2009. The only NGO resource center in Pristina, ATRC, was almost inactive except for issuing a newsletter of calls for proposals. CiviKos, an open forum for all civil society organizations in Kosovo, was also inactive due to changes in leadership. A few smaller resource centers are open in other towns, but they are not proactive about engaging with NGOs in their areas.

Trainings have decreased in number because of the inactivity of the two main NGO resource centers. As a consequence, there was less training in local languages, especially in Serbian. Currently, only one NGO center operates in the Serbian-populated enclaves, while a new network of minority NGOs is in the process of formation. A growing number of private companies are offering trainings in areas of interest for NGOs across Kosovo.

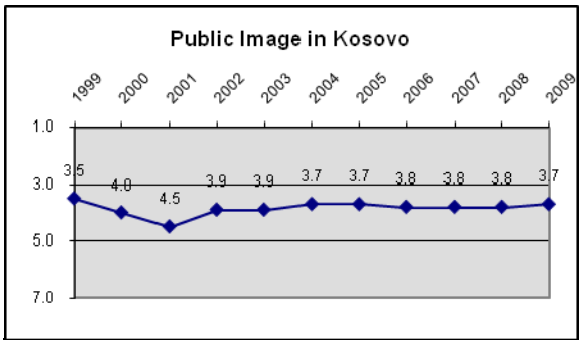


NGOs can apply for funds from several local grantmaking organizations: ATRC, Center for Civil Society Development, Kosovo Civil Society Foundation, Kosovo Foundation for

Open Society, Forum for Civic Initiatives, and Foundation for Democratic Initiatives, among others.

Communication between NGOs in Kosovo is not well coordinated and tends to be ad hoc, depending on the needs of individual organizations. Networks of NGOs that work on common issues are rare. The Kosova Women's Network is a rare exception to the trend of casual information sharing between NGOs. This network has formal channels of communication that include regular meetings, mailing lists, and a newsletter.

PUBLIC IMAGE: 3.7



Throughout 2009, NGOs enjoyed an improved public image. There was more coverage of their activities, and they became more media-savvy. This positive trend applied mostly to Pristina-based NGOs, however; NGOs located in the enclaves did not experience much improvement.

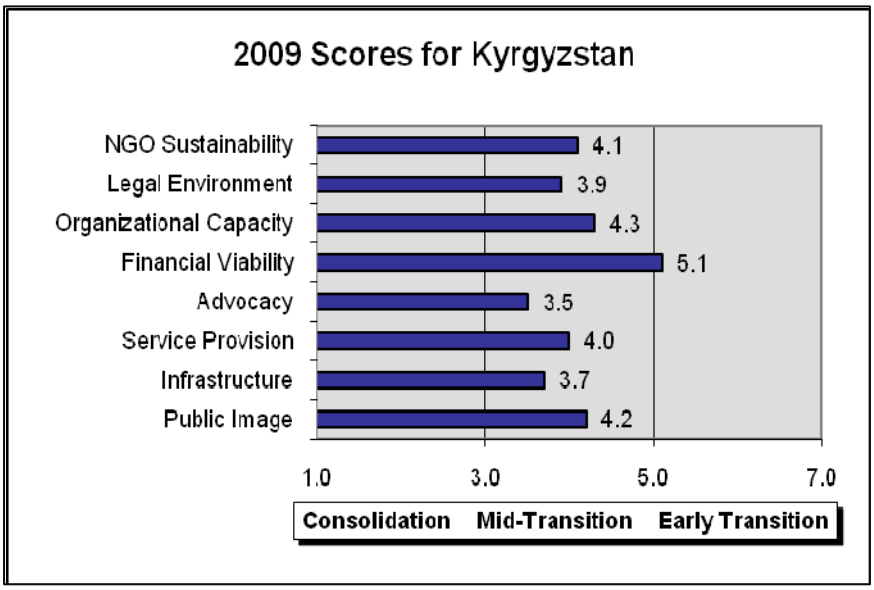
Compared to 2008 when Kosovo's independence declaration eclipsed almost everything else in the media, NGOs found it easier to attract media attention. In 2009 NGOs had to share the media's attention with the local elections campaign, but they started holding events during the weekend, which helped ensure media coverage. NGOs have started using inexpensive new media tools such as Facebook, Twitter, and YouTube.

National media, having a wider range of issues to pick from, covered NGOs less than the local media. Nevertheless, both national and local media supported NGOs' PR campaigns by airing ads and public service announcements for free. One of the major successes in terms of media coverage was BIRN's facilitation of debates between mayoral candidates in all municipalities, which aired during prime time on the national public broadcaster, RTK.

At the same time, the media continued to frame events using a superficial and sensationalistic approach, without focusing on substantive issues. In other instances, the media ignored NGO activities or engaged in self-censorship to protect the interests of certain influential groups or persons.

The public had a relatively positive perception of the NGO sector. Humanitarian NGOs and those working with women and young people remain the most popular. NGOs working in advocacy or political activism are seen with skepticism, and are sometimes accused of treason or money laundering. The government shares this negative perception, seeing NGOs as noisy and unrestrained.

KYRGYZSTAN



Capital: Bishkek

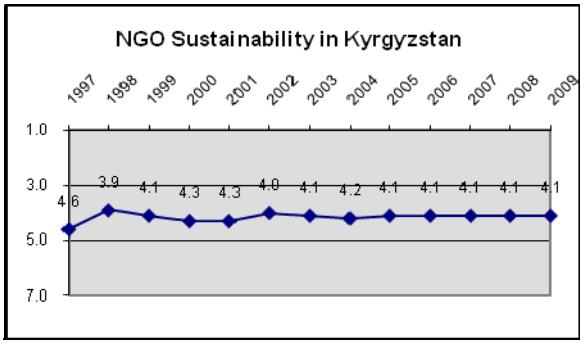
Polity:
Republic

Population:
5,508,626 (July 2010 est.)

GDP per capita (PPP):
$2,100 (2009 est.)

NGO SUSTAINABILITY: 4.1

The overall sustainability of NGOs in Kyrgyzstan remained the same as in 2008, although NGOs faced various challenges and threats. Reliable information about the number of NGOs is not available. Three years ago, according to the Ministry of Justice, more than 15,000 nonprofit organizations were registered in Kyrgyzstan.



Proposed amendments to the Law on Noncommercial Organizations surprised and threatened the NGO sector. If adopted, these amendments would have undermined NGOs' independence from the state and subjected them to tremendous pressure and control. NGOs influenced members of parliament with a nationwide awareness-raising and advocacy campaign, and the bill is still under examination.

According to the new tax policy, the government changed the licensing system, significantly reducing the list of types of entrepreneurial activities for which individuals can obtain licenses. After the reduction of the list, allowed activities included mostly trade and personal services, not activities that NGOs are engaged in. Activities like training and translation were removed from the list and many NGOs and their freelance service providers such as translators, interpreters, facilitators, experts, and trainers were forced to search for other contracting methods, which adversely affected their budgets and income. This reform had a negative effect on state revenue, and in March the government reconsidered the decree.

According to the Election Code amended in 2009, NGOs are not allowed to nominate candidates for precinct election commissions (PECs). To overcome this obstacle, NGOs involved in election monitoring during presidential elections in July and local elections in October worked closely with community-based organizations to nominate NGO experts as

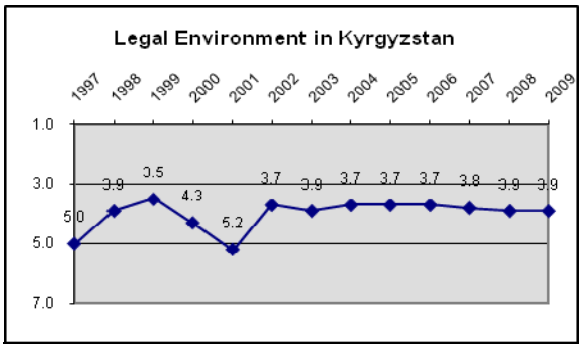
voters' representatives to the PECs. For the first time a group of NGOs, the Union of Civic Organizations—made up of six large organizations and networks—signed an official memorandum with the Central Election Commission to conduct a joint informational campaign to increase citizens' activity in the local elections.

The country's "renewal course," announced by the president in the beginning of 2009, gave NGOs hope that they might be able to establish greater cooperation with state bodies and local governments. In May a group of NGOs met with the president to discuss interaction between the state and civil society organizations. The meeting resulted in a signed memorandum aimed at institutionalizing effective interaction. The Ombudsman's Office and the Ministry of Interior demonstrated their readiness to enter into mutually beneficial partnerships with the NGO sector, establishing public councils to increase state bodies' accountability to society and to promote citizens' interests. New government reforms announced in the fall, however, showed that implementation of the memorandum will not be easy. The reforms abolished some government structures and now NGOs may work only with individual officials rather than with entities such as departments and divisions. Nevertheless, the spirit of the reform leaves some room for NGO initiatives and activities for the country's development.

LEGAL ENVIRONMENT: 3.9

The legal environment for NGOs' operation did not change significantly, although NGOs encountered several threatening developments. Reform in the licensing system canceled licensing of some activities widespread in the NGO sector such as trainings, consultations, and translation. The removal of these activities from the licensing list prevented individuals from providing such services, and NGOs and businesses were unable to buy such services from individuals. Only legal entities such as consulting firms were allowed to be contracted for these services. The cost of licenses also increased significantly. Both private sector and civil society institutions criticized this reform, and while the original list was not fully restored, freelance services were reinstated on the list.

The most challenging event in the legal environment occurred in February when a group of MPs initiated amendments to the Law on Noncommercial Organizations. If adopted, this bill could facilitate greater state control over programs and financing of both local and international NGOs. The proposed amendments include the creation of a state body that would be entitled to revise NGOs' internal documents, participate in all NGO events, ban NGO financing by international NGOs, and stop an NGO's activity or even liquidate an organization at its discretion. Other amendments would prohibit NGOs from participating in policy making, prohibit NGOs from participating in the election process, and limit foreigners' right to act as NGO founders. Informational and advocacy campaigns launched by NGOs led to a united voice against the initiative, and the parliamentary committee did not consider the bill. The president's secretariat signed a memorandum on behalf of the president suggesting that parliament revise the amendments based on civil society feedback and recommendations.



NGO registration remains easy and inexpensive. Many communities and business entities established and registered new associations and foundations.

Another challenge faced by the NGO sector was the government's attempt to put domain

management under state control. According to a presidential decree, the State Agency on Intellectual Property has been authorized to control all kg domains. This decision was not coordinated with the Internet Corporation for Assigned Names and Numbers (ICANN) and was criticized by NGOs and electronic mass media. NGOs stated that government control over kg domains will lead to significant limitations of citizens' right to freely search for and disseminate information.

During 2009 many human rights defenders launched attempts to change laws which limit freedom of assembly. Several civil actions were submitted to the Constitutional Court but did not yet yield results.

The Tax Code adopted in 2008 introduced a new real estate tax that caused much concern among citizens, private sector entities and NGOs. NGOs are not exempt from the tax, which could have a particularly negative effect on rehabilitation and crisis centers, health care facilities, and education and social service establishments managed by NGOs, which might be classified as production facilities subject to a higher tax rate. Following a public outcry, in spring 2009 the president declared a moratorium on enforcement of the real estate tax.

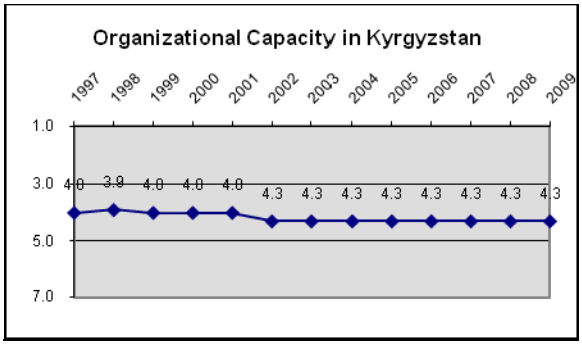
The Social Contracting Law established a legal basis for financial support of NGOs from the state budget. Effective enforcement of this law is hindered by state entities' lack of understanding of the law, weak bylaws and normative documents on the principles of NGOs' involvement in social service provision and state bodies' conduct of grant competitions, and a lack of budget appropriations to ministries for social contracting of NGOs. In partnership with the State Agency on Social Welfare (previously known as the Ministry of Labor and Social Development), several NGOs are working to change this situation.

ORGANIZATIONAL CAPACITY: 4.3

A high level of competition for declining donor funding led to the closure of dozens of small and weak NGOs. Those weak NGOs that did not close became more donor-driven, going from one donor program to the next regardless of their missions.

Governing bodies in many NGOs are ceremonial and do not influence strategic decision making. About one-third of NGOs have no members; they are registered as public or charity foundations or nonprofit institutions and are managed by one person.

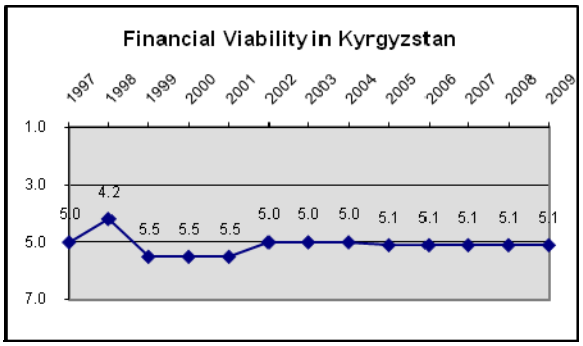
There have been challenges in introducing a culture of strong internal governance for NGOs. During 2008–2009, the Association of Civil Society Support Centers (ACSSC) offered organizational audits. Only twenty-seven NGOs have completed the audit process and are working on further institutional development. These organizations may have good potential for establishing partnerships with government and the private sector, as many state bodies, corporations and donors are searching for strong and sustainable organizations with effective management and constituency building.



Large and strong NGOs often play the role of resource centers for smaller NGOs. Many local organizations are willing to participate in networks and associations, but often expect to gain better access to financial resources. As a result it is primarily strong NGOs and organizations located in the capital and large cities that are active in networks. Nevertheless, small local NGOs gain from these networking opportunities through learning best practices and obtaining informational support.

The NGO sector is experiencing a need for qualified and experienced staff. The Academy of Management under the president, with the support of the Hanns Seidel Foundation, educates students about nonprofit management, but the number of students does not meet NGOs' needs. NGOs are interested in practical training for employees and increasing their capacities, but lack sufficient resources to educate their staffs or modernize their office equipment. NGOs suffer from high employee turnover and weak technological development. International NGOs provide capacity development assistance for particular NGOs.

FINANCIAL VIABILITY: 5.1



The situation with NGO financial sustainability remained the same as in 2008. International donor funding remains the main source of financing. Funding from donor agencies like USAID, DFID, and the European Commission has slightly decreased, but large international NGOs have launched new programs. Tax incentives for philanthropy have not changed and corporations' giving tends to be limited to specific occasions or direct sponsorship of health, educational and cultural institutions. Some corporations have established subsidiary foundations to conduct grantmaking and prefer to donate equipment or provide scholarships.

The Social Contracting Law mentioned above has not been enforced as expected and only a limited number of NGOs received funding to implement projects.

NGOs are learning to charge fees for their services and projects in order to ensure some institutional sustainability. These efforts are not necessarily successful, especially in the case of service provision. Many customers prefer to contract individual experts rather than organizations in order to lower costs. Donors' small grant programs do not support cost recovery.

Income generation among NGOs is not well developed due to a lack of business skills and poor access to financial resources. Generally proceeds made from subsidiary enterprises only cover NGOs' operational expenses and a very limited number of organizations are able to pursue their own self-financed projects.

Membership fees are a valuable source of income only for business associations, which are clearly focused on providing services for members. In other public associations, membership fees provide less than 1 percent of annual budgets.

Volunteers' contributions are important for NGOs implementing projects on social issues, awareness-raising, and advocacy, but NGOs have no methodology and little capacity to track volunteers' contributions to projects or to measure the value of their work in financial terms.

ADVOCACY: 3.5

Limited access to information and mass media, the ban on political meetings, and exclusion from policy- and decision-making processes significantly decreased the space for NGO advocacy, forcing NGOs to search for other opportunities and advocacy approaches. One of the most effective advocacy campaigns was organized by several leading NGOs in response to MPs' initiative to change the existing Law on Noncommercial Organizations. In addition to

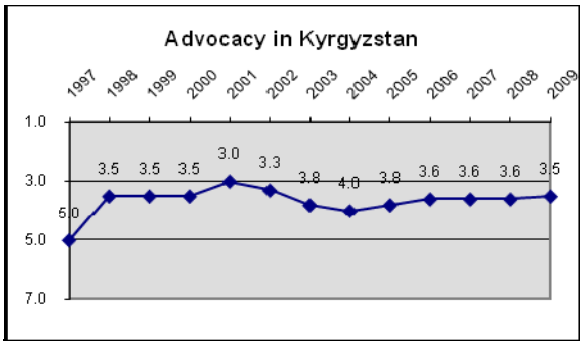
hundreds of local NGOs, several international NGOs and intergovernmental institutions like UNDP and OSCE were involved in the campaign. The parliament did not yet examine the bill, but the analysis prepared by legal experts provides a basis for MPs to make an informed decision.

NGOs and businesses were among the actors that criticized the new real estate tax, leading to the president's announcement of a moratorium on enforcement of the tax.

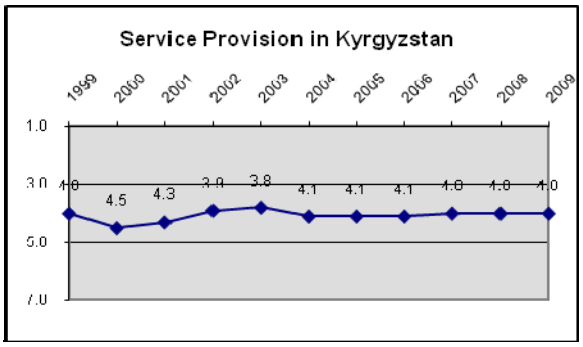
During 2009 NGOs managed to establish two valuable structures supporting their advocacy activities. Under the Ombudsman's Office, public councils were created to address human rights, gender and other issues. These public councils respond on ad-hoc issues but also work toward strategic goals, such as revision of the Domestic Violence Law. Another body to increase citizens' influence, the Civic Control Council, was created under the Ministry of Interior. Active and recognized human rights defenders participate in these structures.

Compared to previous years, coalition building among NGOs became more stakeholder-oriented. To ensure campaign effectiveness, advocacy NGOs pay more attention to influencing key stakeholders rather than just increasing public awareness. NGOs employ more intelligent approaches, and advocacy networks are characterized by quality rather than quantity.

In May 2009, twenty-six NGOs reached an agreement with the president's secretariat to work toward effective interaction between state bodies and civil society organizations. The so-called Open Agreement is aimed at increasing civil society participation in policymaking and policy implementation.



SERVICE PROVISION: 4.0



The Social Contracting Law was expected to provide valuable financial resources for NGOs. One of the reasons it failed to fulfill this expectation was NGOs' weakness in service development and marketing. A limited number of organizations are experienced in assessing constituency needs and organizing services to meet these needs. In general NGOs do not have enough capacity to market and promote their services and products. Nor are there state standards on social services, so NGOs working on social issues have no indicators to evaluate services.

The development of NGOs' social services is also limited by insufficient tax incentives. The existing Tax Code does not provide any privileges to NGOs. Only small NGOs whose volume of services does not exceed the established limit are VAT-exempt, which does not motivate NGOs to develop new services or expand existing services.

The Ministry of Labor and Social Development has supported twenty-four NGOs working with children. In addition, some state and local self-government bodies use social contracting mechanisms to obtain expert assessments and evaluation of their social programs. Some

services such as expert surveys and program evaluations are in demand by state and self-governing entities. International organizations and agencies recognize the NGO sector's expertise and consultative support to programs in various fields. Such service provision does not support organizational sustainability, however, because clients prefer to contract individuals rather than organizations.

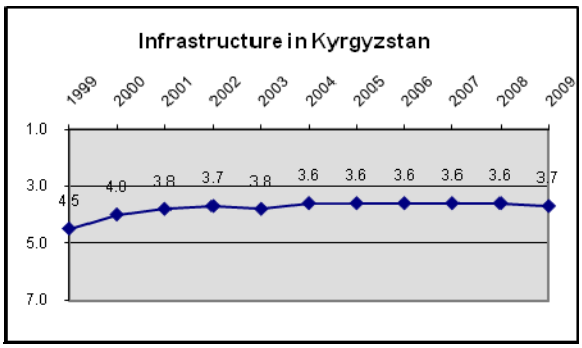
NGOs focused on capacity building suffer from a very limited market. Local NGOs cannot offer capacity-building services without support from international NGOs and agencies. Capacity-building NGOs are more active in providing services for business associations.

Human rights organizations' services are gaining more public recognition. Legal support in court and rehabilitation for torture victims are unique services which are not available from other private or state entities. Through their activities and services, human rights defenders help citizens to overcome problems, and are making a significant impact in decreasing social tensions. These services are provided free of charge with the financial support of donors or NGOs' own resources, which limits the number of service recipients. A similar situation exists regarding NGOs that provide social services. Due to the poor financial status of the recipients, service provision is maintained with donor support and stops when external financing ceases.

INFRASTRUCTURE: 3.7

During 2008–2009, many information and resource centers were closed, such as some of those that operated under NDI and Soros Foundation-Kyrgyzstan programs. Others were reduced or redesigned to provide fee-based services in order to decrease centers' dependence on grants. These changes decreased NGOs' access to resources such as information, best practices, and technology. Informational support for local NGOs is provided through electronic bulletins, but this approach does not provide full coverage due to limited Internet access in villages.

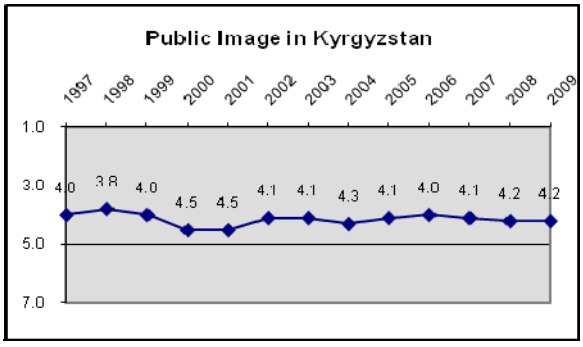
To overcome the lack of information and technical support, many NGOs operating in the same area establish informal networks allowing for exchange of information and provision of mutual support. One of these networks emerged under the Ombudsman's Office, where public councils became a venue for human rights defenders' cooperation. These human rights NGOs have managed to establish an effective system of information sharing, division of responsibilities, and support. In responding to detentions of human rights defenders, for example, some human rights NGOs work with the mass media and civil society organizations, while others apply to the Prosecutor's Office or other government structures.



The number of local grantmaking organizations did not increase. Moreover, some grantmaking organizations started to apply for grants provided by international NGOs operating in Kyrgyzstan, which increases the competition between grantmaking organizations and other NGOs. Decreased grant opportunities and a high level of competition almost blocked the access of small local NGOs to financial resources.

PUBLIC IMAGE: 4.2

NGOs' weak public image has two main causes: a lack of NGO capacity and efforts to conduct effective PR, and negative coverage in the state-controlled media. Few NGOs manage to establish effective relationships with mass media outlets and actively promote their missions and activities. Most NGOs are weak in planning and implementing PR activities and do not use modern PR tools and technologies. Usually annual reports are like program reports and do not expose NGOs to a wider constituency.

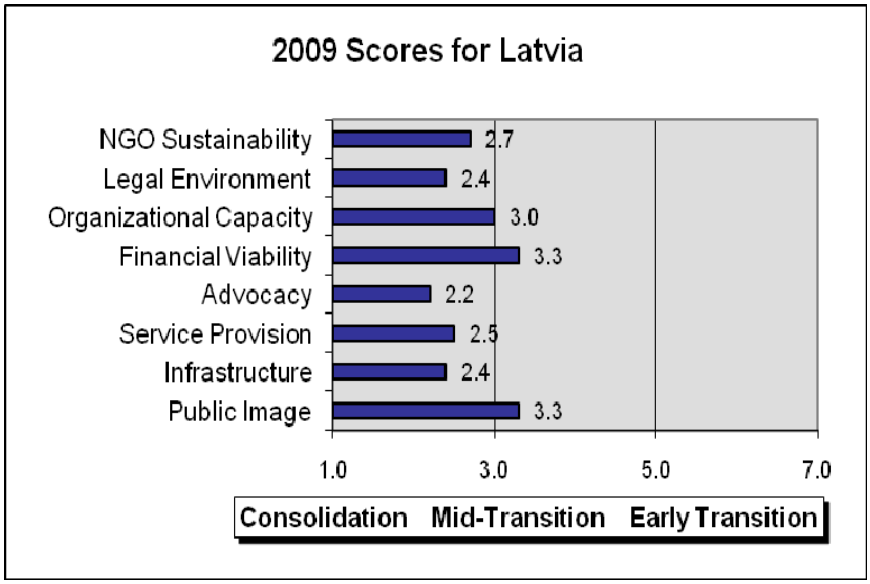


The reduced number of independent media outlets, strong state control, and profit-oriented newsmakers do not provide a solid ground for socially conscious journalism and social advertising. In many cases NGO activities are interpreted by the media as political events or actions of people who are able only to criticize.

NGOs' work in social protection, infrastructure rehabilitation, health care and other spheres is appreciated by their constituencies. Residents of communities where these NGOs are active are aware of NGOs' efforts to improve their living conditions, but the rest of the public does not share this awareness. Similarly, beneficiaries of human rights defenders' work—such as people who receive legal support, or torture victims who benefit from rehabilitation—appreciate the impact of human rights defenders on citizens' lives. Human rights defenders' efforts to improve the legal environment for civil society, however, such as advocating for freedom of assembly, are negatively reported (if reported at all) by the pro-government mass media.

Few national and municipal officials are ready to establish partnerships with NGOs, especially in the areas of policy- and decision making. Leading NGOs undertake efforts to overcome this situation by establishing dialogue and cooperation with open-minded officials. International agencies contribute to this process through organizing joint events such as roundtables and workshops where representatives of government and civil society can exchange and discuss opinions.

LATVIA



Capital: Riga

Polity:
Parliamentary Democracy

Population:
2,217,969 (July 2010 est.)

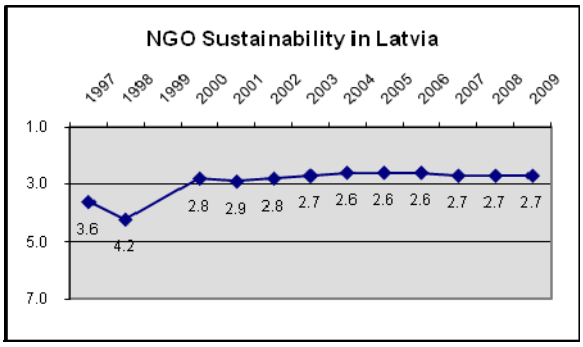
GDP per capita (PPP):
$14,500 (2009 est.)

NGO SUSTAINABILITY: 2.7

As of November 2009, Latvia had 11,669 registered NGOs, including 10,344 associations, 747 foundations, seventy-three open society foundations, fifty-nine sports organizations, and eighteen political organizations.

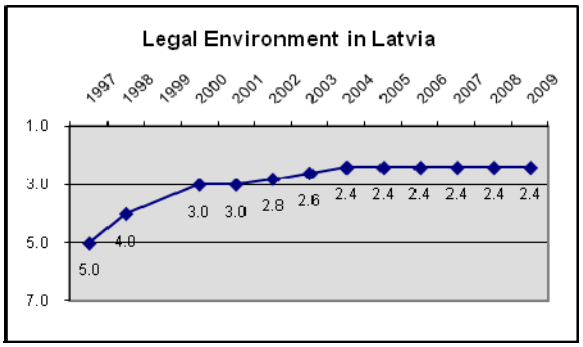
As result of the economic recession, more citizens have chosen to form NGOs as a way of addressing their communities' needs, and statistics show that twenty new organizations were established every month in 2009. At the same time, NGO support organizations are frequently asked to provide information on how to properly terminate an NGO that is unable to sustain its activities.

In the beginning of 2009, a new government was established that promised to provide a concrete and feasible plan for reducing civil service expenditures. In the middle of the year, the government held municipal elections and completed an administrative regional reform project, outlining completely new administrative boundaries for the country. Before this reform was completed, many regional developments were in turmoil due to the uncertainty of administrative divisions.



State officials increasingly accept the participation of NGOs and other civil society groups in decision making. In the beginning of 2009 when the new government was established, NGOs were actively involved in preparing proposals for the government that emphasized citizen engagement. Almost all of their suggestions were included in a subsequent government declaration. Citizens also appear to be more interested in the political process, organizing protests and pickets with clearly defined demands that can be fulfilled by government officials.

LEGAL ENVIRONMENT: 2.4



In 2009, NGOs suggested a few important changes to the Law on Associations and Foundations. For instance, NGOs proposed a change to a regulation set by the State Register of Enterprises defining a quorum for the annual meetings of relatively large organizations, which would allow organizations themselves to define a quorum in order to ensure that the assembly is legitimate.

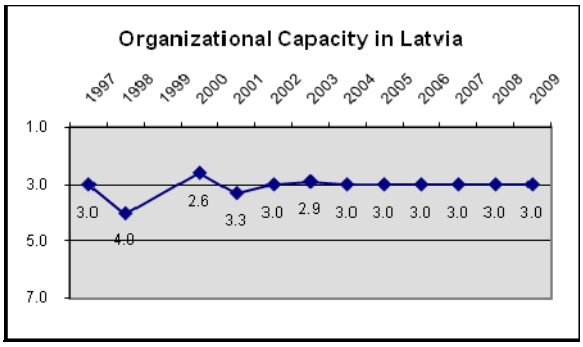
In 2009, several amendments to the Public Benefit Law were implemented that impacted organizations with public benefit status. In particular, in an effort to reduce the budget deficit, parliament reviewed amendments in June that reduced the income tax exemption from 85 percent of the donated sum to 25 percent for businesses making donations to public benefit organizations. For a few months, tax exemptions were reduced, but in the autumn, the parliamentary budget commission decided to restore the previous amount.

There is an ongoing debate in Latvia about changing the legal status of NGO employees who administer projects supported by state funding. The proposed change would force them to register as officials, with the obligation of annually declaring their income to the state revenue service in the same manner as regular state officials. NGOs are actively trying to prevent passage of these amendments.

ORGANIZATIONAL CAPACITY: 3.0

Most Latvian organizations understand the need for strategic planning. Umbrella organizations and NGO resource centers are increasingly providing consultations on organizational capacity building; these networks have reported that NGOs are requesting consultations on good governance issues and their applicability to daily activities. In 2009, Civic Alliance-Latvia provided 175 unique consultations to NGOs on a variety of topics that included legal issues, organizational governance, and establishing an NGO.

Funding requirements also help build NGOs' capacity. Several international donor programs such as the European Economic Area and Norwegian Financial Mechanisms require applicants to submit three-year capacity building plans with their proposals, forcing NGOs to strengthen their organizational functioning and plan for the future.



Nevertheless, organizational capacity is strongly linked to NGOs' financial viability, and the NGO sector in Latvia has been heavily impacted by the economic crisis. Funding challenges have emerged that influence personnel recruitment and other elements of organizational capacity.

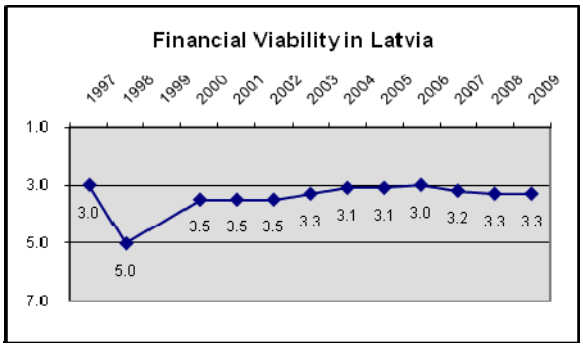
At the end of 2009, during a meeting of the council responsible for overseeing the implementation of the memorandum of agreement between NGOs and the government, several NGOs raised complaints about the

country's system of volunteer management. Odin Vita, an NGO that coordinates volunteers for social programs, analyzed relevant legislation, and concluded that the current system is insufficient. In response, the council established a working group on the matter that will collaborate with the Ministry of Justice to establish a united volunteer management system.

NGOs are using websites and social networks more often, as well as communication tools like Skype and Twitter.

FINANCIAL VIABILITY: 3.3

The amount of funding available to NGOs shrank in 2009. NGOs aiming to strengthen democracy or fight corruption have difficulty raising funds for their activities compared to organizations working in the fields of health, children, and animal rights, whose programs tend to show more concrete and immediate results.



Financial support from donors like the European Economic Area and Norwegian Financial Mechanisms, which have a longer investment in NGOs' organizational capacity, are valued and rare support mechanisms for Latvian NGOs. Such funding is limited, however. For example, the European Economic Area and Norwegian Financial Mechanisms' last call for proposals received over 200 submissions, but only ten projects were awarded grants. Sector observers noted that this was not due to the poor quality of the other projects, but to the limited amount of funding available.

In 2009, the state institutions administering EU Structural Funds allowed NGOs to take part in decision-making processes as equal partners. NGOs issued comments about the Structural Funds' programs and their implementation. NGO representatives involved in the process found it difficult and time consuming, however, and few were able to take full advantage of the opportunity.

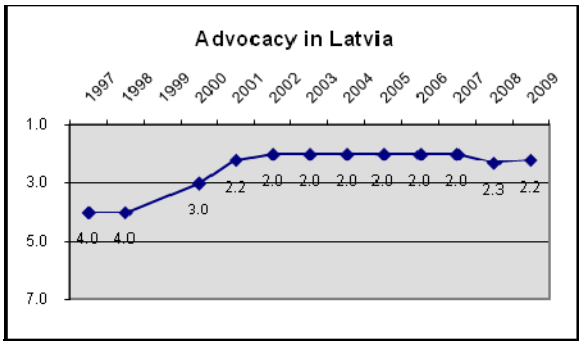
Despite the economic downturn, philanthropic organizations have experienced excellent results in collecting donations from the general public for specific projects. For example, a national campaign organized by the Latvia Children's Fund in cooperation with Latvian National Television collected about 50,000 Latvian lats ($97,000); at the same time, Ziedot.lv, an online charity portal, collected about 300,000 lats ($580,000) in cooperation with Latvian Independent Television.

ADVOCACY: 2.2

In 2009, NGOs organized advocacy campaigns and initiatives in a more professional manner than in previous years. In 2008 and 2009, the ministries that planned and implemented civil society policy were completely reorganized and functions were assigned to the Ministry of Justice, which initially failed to create a special division for civil society issues or to specify the amount of funding dedicated to the sector. During the reorganization, NGOs engaged in a variety of advocacy activities—speaking with policymakers, writing newspaper articles, attending meetings—to ensure that civil society remained on the political agenda. In response, the Ministry of Justice recognized that civil society was being overlooked and spoke openly about the need to provide more attention and funding.

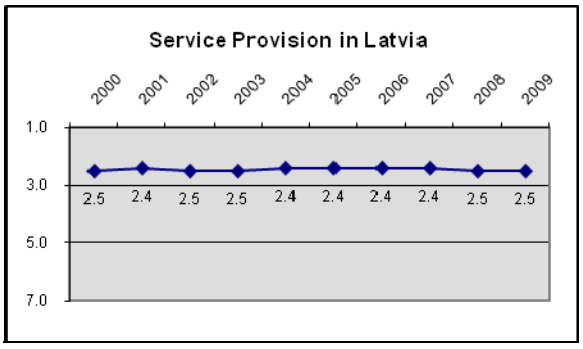
Most fields have an organized network of NGOs that cooperate to achieve common aims. For example, youth organizations are united in the National Youth Council of Latvia; thanks in part to their efforts, a youth law they supported has been adopted. Umbrella organizations also exist in the fields of agriculture and farmers' rights, the environment, women, and the rights of the disabled.

Similarly, NGOs have begun commenting more frequently on legislation in cases where state institutions have made or are preparing to make important decisions concerning NGOs, but have failed to negotiate with the NGO sector. For example, the government decided to reorganize the foundations that administer NGOs' international funding. The decision was made during a closed-door government meeting and NGOs were unable to explain the measure's negative consequences. In response, a number of advocacy organizations identified the government's decision as a violation of the law and organized advocacy activities highlighting its consequences. In what was considered one of the NGO sector's most visible successes, the government repealed the decision.



Municipal elections took place in June 2009. Before the elections, NGOs arranged panel discussions between candidates and civil society members to talk about crucial issues and highlight the candidates' suggested solutions. These events helped promote increased awareness among politicians about the usefulness of the NGO sector, as well as greater cooperation between the two groups.

SERVICE PROVISION: 2.5



In response to current needs, NGOs provide services for people who do not receive them from state institutions. The services cover many fields, but are particularly focused on social issues. According to government statistics, there were 405 organizations in the register of social service providers at the end of 2009.

Religious and charity organizations created or expanded programs to provide food to people who have been hard hit by the crisis. For example, the Salvation Army organized a soup kitchen for the poor, and the Red Cross and other charity organizations are distributing food parcels to those most in need. The funding for these groups comes from different sources; some collect donations on the street, while others receive donated food from farmers and supermarkets.

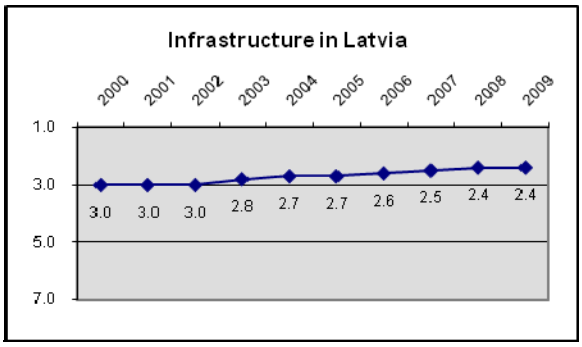
Sector observers say that the main problem with NGO service provision is quality and the question of whether services will be delivered over the long term. Often, NGOs do not accurately evaluate donors' support; after donors withdraw funding, NGOs have difficulty continuing to provide quality services, particularly when clients cannot afford to pay the full price. There is also a lack of coordination between different service providers to identify and provide services according to society's needs. Frequently, services are designed and established without analyzing the market. In some fields, services may overlap, while in others, no services are provided at all.

INFRASTRUCTURE: 2.4

At the end of 2009, municipalities, NGOs, and local enterprises collaborated in working groups to design a development strategy for each region. Based on these strategies, the groups began applying for funding from LEADER, an EU program administered by the European Commission to support rural development projects.

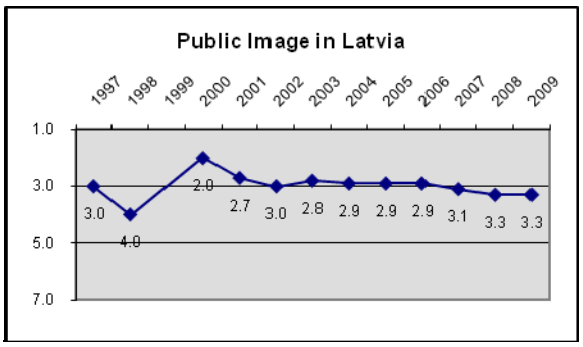
NGOs also began creating coalitions to work together more efficiently to achieve common goals—by sharing space, for example, or jointly utilizing a skilled professional. In a recent initiative, a number of groups joined together to form a network against poverty and social exclusion. The year 2010 is the year of anti-poverty in the EU, and NGOs united to build stronger connections among their programs in order to better accomplish their advocacy and communication goals.

Some longstanding NGO networks established in 2004 (when Latvia entered the EU) with the aim of fostering a coordinated NGO voice in different fields have been affected by the economic crisis. For example, the NGO network working on development cooperation has been under threat due to state budget cuts.



Some state institutions have closed their regional units, forcing the NGOs in those regions to visit Riga to accomplish some administrative tasks. On the other hand, Latvia has a network of five state-supported NGO resource centers that has been operational since 2006, as well as a few other resource centers that have been actively providing technical assistance to other NGOs. Sector representatives say the network is well developed and provides organizations with access to information on funding opportunities and legal advice, as well as project writing consultations.

PUBLIC IMAGE: 3.3



There are slight differences in the way NGOs are portrayed in the national and regional press. The regional press is more cooperative about publishing information provided by NGOs, while the national press is more interested in NGO representatives who can serve as experts in their fields, rather than simply as members of civil society.

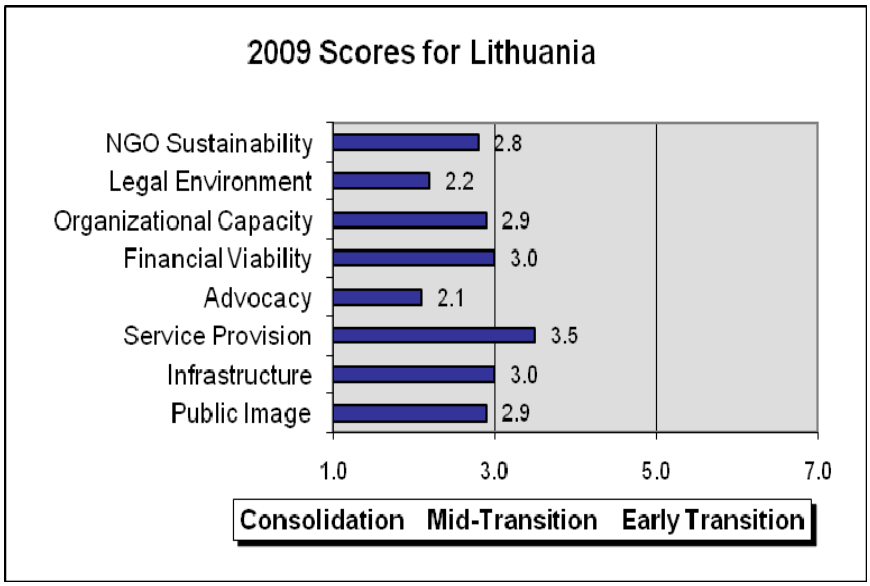
Politicians and government officials generally view NGOs positively. Even in long-term strategy documents, the government largely incorporates NGOs as equal partners in assisting with the country's development. The public, too, views NGOs positively; as citizens engage in more community activities, they increasingly recognize NGOs' efforts to promote the public interest.

More NGOs are using blogs to express their views and public statements. Occasionally, due to weak cooperation between organizations working in the same field, several simultaneous social campaigns with different messages are launched, causing confusion for citizens. Around

Christmas, for example, the media is overwhelmed by multiple campaigns by different charity organizations, which may be seen as a waste of resources.

One of 2009's most highlighted activities was a public protest that occurred in Riga in January. The meeting was originally organized by a political party to highlight a recent government decision, but it ended with a group of activists becoming violent and demolishing buildings and shops. Politicians subsequently threatened to revise regulations on demonstrations. In response, NGOs identified these measures as attempts to limit citizens' freedom of speech and organized a "white ribbon campaign" to support citizens' right to peaceful participation in the policymaking process. The campaign received major media coverage.

LITHUANIA



Capital: Vilnius

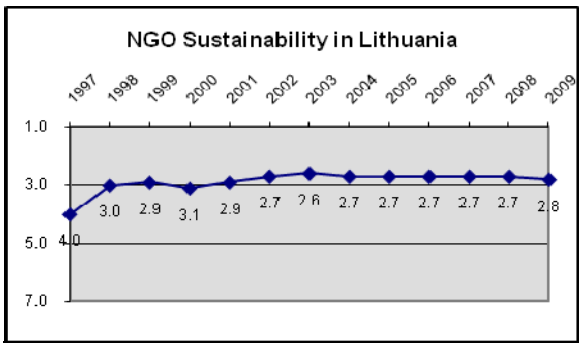
Polity:
Parliamentary Democracy

Population:
3,545,319 (July 2010 est.)

GDP per capita (PPP):
$15,400 (2009 est.)

NGO SUSTAINABILITY: 2.8

The year 2009 can be characterized as one of backsliding for Lithuanian NGOs, as the effects of the economic crisis became increasingly obvious in the sector. Organizations in the capital and bigger towns felt the recession first, followed by NGOs in the regions.

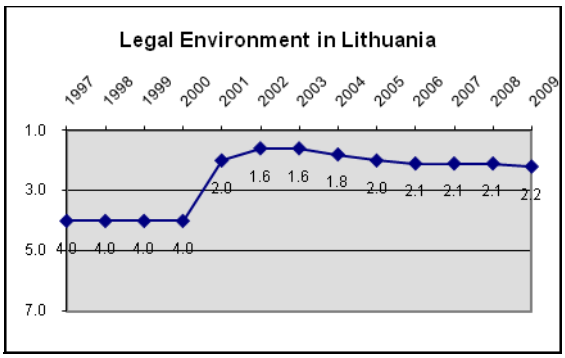


Alongside the economic situation, a lack of continuity in the government's policies towards the sector made matters worse. A change in cabinets a year and a half ago raised hopes in the sector, as the incoming government declared stronger support for civil society than had preceding ones. However, economic realities have captured the full attention of the government, rendering NGOs a low priority and reducing the government's capacity to seriously pursue the reforms necessary for sustainable development of the sector.

As the budgets of most organizations have decreased significantly, the situation of NGOs has worsened in all parameters and threatens to deteriorate further. The government's deficit reduction efforts even extended to proposing a cut in the personal income tax earmark for NGOs, from 2 percent to 1 percent of a person's tax obligation. The parliament rejected the proposal; however, it was a blow to the morale of the sector, which expects further decline and sees no light at the end of the tunnel.

LEGAL ENVIRONMENT: 2.2

Despite extensive preparatory work in previous years to improve the legal environment for NGOs, no actual legal reform has taken place. The government has not adopted the Concept Paper on the Development of Lithuanian Nongovernmental Organizations, which was initially drafted in 2007 and aims to clarify the concept of NGOs' relationship to the state.



Additionally, plans for establishing a structural division of NGO affairs within the Ministry of the Interior have been abandoned, the legal framework for the regulation of NGOs continues to be ambiguous, and the issue of public benefit status has not been resolved. The lack of substantive progress in changing the legal environment weakens the sector indirectly as well as directly, since NGOs are losing their optimism and faith in dialogue with the government.

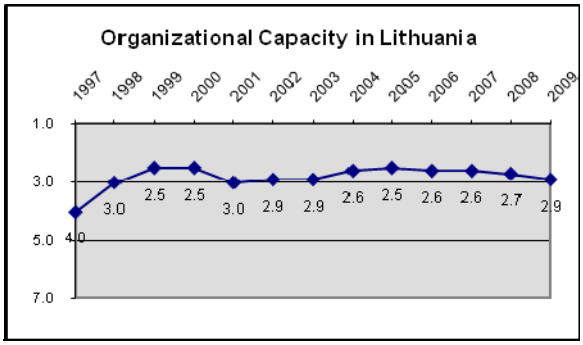
Accounting and reporting requirements are increasingly burdensome and costly, and are uniform regardless of the amount of the grant or the size and capacity of the NGO. Registry requirements, such as filing bylaw changes, can also turn out to be expensive for NGOs. NGOs are often unaware of the financial implications of certain aspects of their organizational design, such as the number of founders, even though such information is available on the Web and they can receive consultations from qualified lawyers at the NGO Law Institute. The institute, which provides about 90 percent of its consultations free of charge, receives few inquiries from NGOs, possibly because the services are underpublicized, or because NGOs have limited capacity to focus on prevention and to proactively seek information.

ORGANIZATIONAL CAPACITY: 2.9

In many ways NGOs' organizational capacity changed little in 2009. Elements such as the development of local constituencies, use of volunteers, and strategic planning efforts have remained stagnant, largely because many organizations continue to work on a project-to-project basis and lack institutional support. Nonetheless, the economic recession is affecting all aspects of NGOs' organizational capacity.

In exceptional cases, organizations have managed to mobilize themselves, optimize their work, and successfully expand local constituencies for their initiatives. The Food Bank and Save the Children serve as examples of organizations which have succeeded in strengthening during a period of crisis. But as funding diminishes, many larger national organizations resort to restructuring and reorganizing in order to become more efficient and to ease financial constraints. It is becoming common, for example, to relinquish daycare centers formerly integrated into the structure of organizations and to close down local chapters. A disabled persons' NGO, Viltis, one of the biggest national organizations in Lithuania, is rapidly turning into a GONGO.

Some promising programs initiated in former years failed to materialize. The National Program for Encouraging Youth Volunteering, for example, which was a joint NGO-government initiative developed in 2008 to support participating NGOs, failed to be adopted after a new government came into office in 2009.



The declining number of organizations is another consequence of the recession. Many organizations stop running programs and

activities, but do not close down, mainly due to the complicated legal procedures of liquidation. Additionally, the lack of paid staff and an erosion of enthusiasm contribute to weak volunteer recruitment.

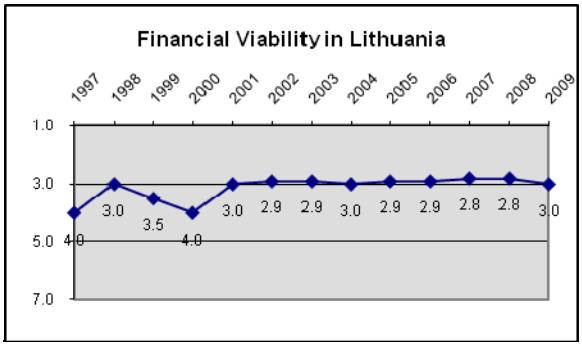
Office space availability has improved in the regions, where maintaining empty premises is burdening local governments and increases their willingness to rent at prices that just cover utility costs. In bigger towns, and especially in the capital, local governments are trying to reduce budget deficits by all available means, including reviewing privatization lists of municipal properties. Some municipal administrations are taking steps towards evicting NGOs from their rented offices in central urban locations. On the other hand, the availability of office equipment and mobile technologies helps NGOs, and many smaller organizations have opted to move their offices to private apartments.

FINANCIAL VIABILITY: 3.0

According to an Internet survey on NGO finances that about fifty NGOs voluntarily filled out (www.publika.lt), funding from government sources decreased by approximately 25 percent compared to 2008. Those NGOs that do have local government contracts found that payments were often delinquent, creating serious financial problems for the organizations. Local sources of funding have diminished, too; businesses have reduced their corporate giving and individuals became less able to contribute as salaries have been cut and unemployment has grown.

Nevertheless, a core of supporters remains loyal, giving less, perhaps, and changing the mode of assistance from financial to material, but not completely withdrawing support. NGO funding from the 2 percent personal income tax earmark has grown; in 2008, the total amount collected was 59 million litas (approximately $24 million). Although the government proposed cutting the earmark limit from 2 percent to 1 percent, creating considerable anxiety in the sector, the parliament rejected the proposal, affording NGOs a little breathing room.

NGOs are increasingly attempting to generate income through service provision. Examples include community foundations that write project proposals for a fee and NGOs that rent out office equipment.

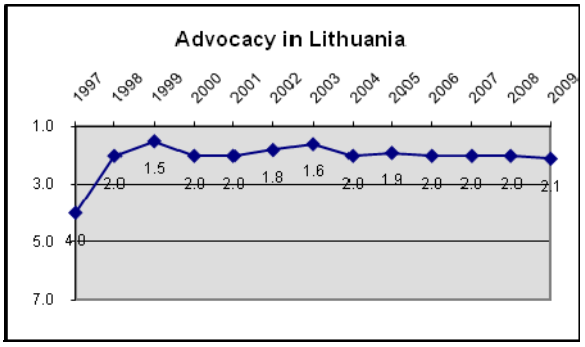


EU funds have been the only reliable funding source for NGOs, but accessing them has not been smooth. Only 20 percent of the Norwegian Financial Mechanism funds allocated for strengthening NGOs' capacity had been drawn down by the end of 2009. The disparity between organizations that are able to access EU funds and those that are not is big and still growing. Even the "strong" NGOs have discovered that administering the Norwegian funds is complicated and expensive; the Civil Society Institute declined the grant it was awarded when it evaluated the administrative burden of complying with the requirements.

ADVOCACY: 2.1

The hopes of the NGO sector to establish productive communication channels with the government, which voiced strong support for the sector when it came to power in 2008, remain unfulfilled. No tangible results have been achieved despite ambitious goals and occasional dialogue through initiatives such as the Open Government Project and growing NGO

representation in various working groups established in the prime minister's office. Although mechanisms exist for NGOs to raise their concerns and problems with the government, these issues seem to be a low priority in the current climate.



For example, NGO advocacy for easing bureaucratic requirements of the EEA/Norwegian Financial Mechanism, aimed at the Ministry of Finance, failed. Nor did NGOs succeed in gaining a place at the table in negotiating the National Accord, an agreement signed by the government and the nation's most important business, labor, and social groups outlining policies and initiatives to overcome the recession. The NGO sector's points of view are not represented in the document.

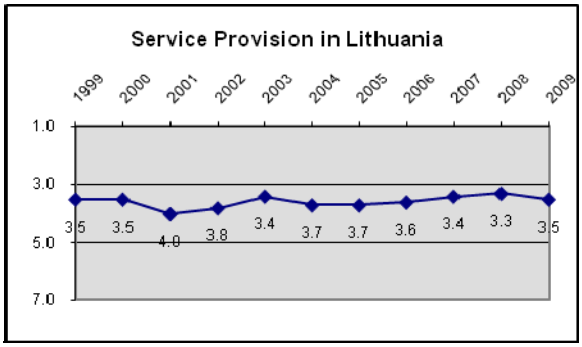
NGO cooperation with local governments has strengthened, however, especially on social projects, and the voice of NGO alliances is now better heard at the local level.

NGOs did not have specially earmarked funding for advocacy campaigns as they had within the framework of programs such as the EU EQUAL program, which came to an end in 2006. Nevertheless, NGOs ran some visible broad-based advocacy campaigns, such as one linked to the Gender Loops program (related to gender mainstreaming in education) and another on alcohol control, and there have been signs that the culture of participation in political advocacy is becoming established. For example, student organizations protested against the Law on the Protection of Minors against the Detrimental Effects of Public Information, which was criticized for its restrictions on public information about sexual orientation.

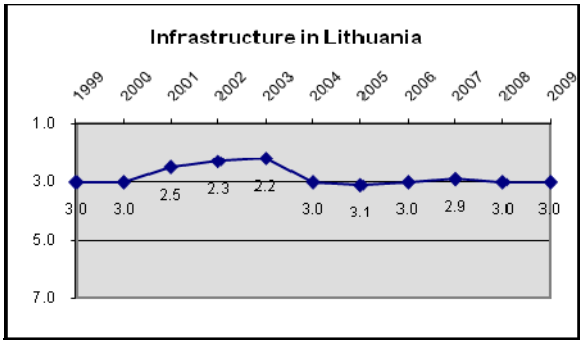
SERVICE PROVISION: 3.5

The need for social services in Lithuania continues to grow. NGOs have responded by expanding both the variety of the services they provide and the number of clients served. Nonetheless, even though the sector is better prepared to provide services, opportunities to sell them have lessened significantly. The difficult economic situation has reshuffled local governments' priorities, and they increasingly exclude NGOs from their social service plans.

A survey on social services recently carried out by the Ministry of Social Security and Labor revealed that local governments are very conservative, averse to innovation, and protective of their own organizations. The Ministry's Social Affairs Council has taken action in support of NGOs by forming a working group to better involve NGOs in service provision. It has also established a funding principle for NGO projects within the Social Services Infrastructure Development Program (which finances regional social services projects) that frees organizations from the typical obligation to contribute financially to a project's implementation. Networks that could help NGOs access these funds at the municipal level, however, do not exist. So far, NGOs remain isolated as service providers, and there is no effective mechanism to change the status quo.



INFRASTRUCTURE: 3.0



In operational matters, NGOs can easily access first-source information and obtain consultations from relevant ministries and agencies. The Ministry of Justice receives many inquiries from both NGOs and citizens on issues related to registration, operation, and reorganization. Local action groups—independent organizations formed on a territorial basis and representing local governments, businesses, and NGOs—are taking over some of the functions of the declining NGO resource centers, providing information and technical support to smaller local NGOs.

There is evidence of better cooperation among NGOs, as well as stronger networks that facilitate information sharing and coordination of activities. One such network is the NGO Confederation for Children, which unites about seventy NGOs. Besides facilitating information exchange, the confederation engages in advocacy at the national level and has contributed to securing funding for its members.

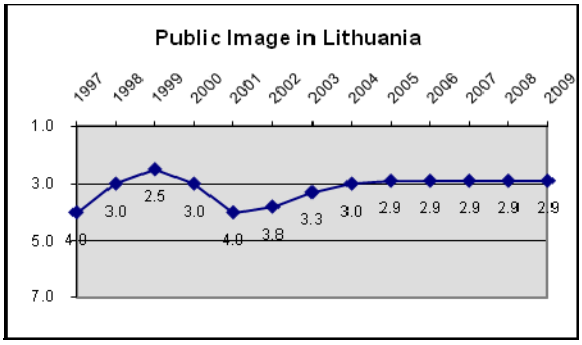
Local grantmaking organizations were not firmly established financially before the recession hit. Community foundations have continued raising some funds, but the scope of their activities is modest. Initiatives were undertaken to establish national foundations funded by local capital, such as Pilietines atsakomybes fondas (the Civic Responsibility Foundation), and fundraising programs through dedicated websites (www.aukok.lt), but these have not managed to attract significant support.

While the NGO sector's partnerships with the government are stagnant or in decline, cooperation with businesses has produced significant new initiatives. A leading telecommunications company, TEO, has allied with the sector in promoting volunteering, and Iki, one of the biggest food retail chains in Lithuania, has helped the Food Bank expand its services to victims of the recession.

PUBLIC IMAGE: 2.9

Based on the results of an August 2009 survey commissioned by the Lithuanian Lawyers Association and funded by the EEA/Norwegian Financial Mechanism, a little more than half the population (53 percent) does not know what an NGO is, and 43 percent cannot name a single NGO. The survey indicates that there has been no significant change in the public perception of NGOs since a similar study was carried out several years ago, and demonstrates that NGOs are failing to publicize their activities and promote their public image. Social advertising materials do not tie sponsoring organizations to the message, and the public remains uninformed about NGOs' role in raising public awareness.

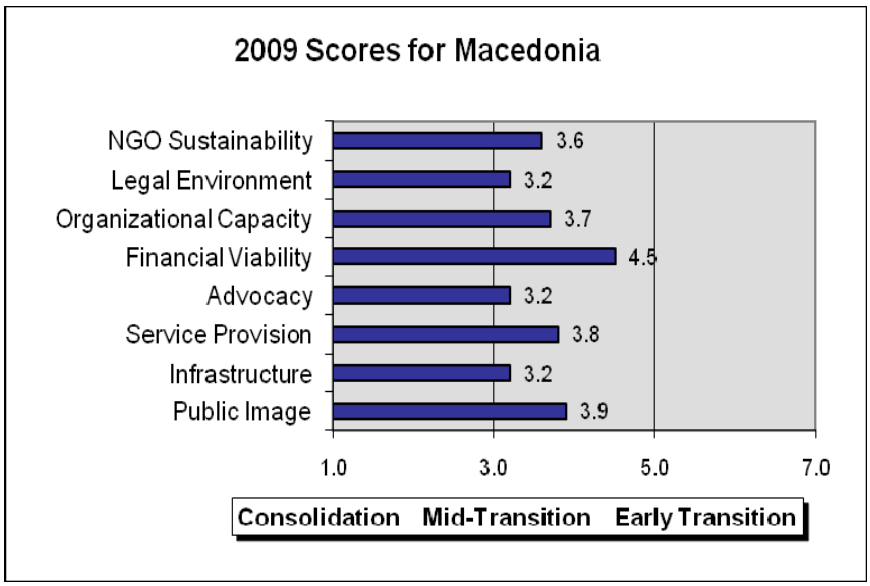
Large-scale campaigns that garner strong support in society are often initiated by NGOs that remain invisible.



As the pool of donors diminishes, NGOs lose the incentive to invest in reporting. Organizations that continue reporting on their activities put information on their websites instead of publishing paper reports.

Technology has also changed NGOs' relationships with the media. As the mass media converts to electronic formats, it becomes easier to communicate news; but while there are many news sources, many do not have broad circulation. The number of people who read and comment on NGO blogs is limited and is not increasing.

MACEDONIA



Capital: Skopje

Polity:
Parliamentary Democracy

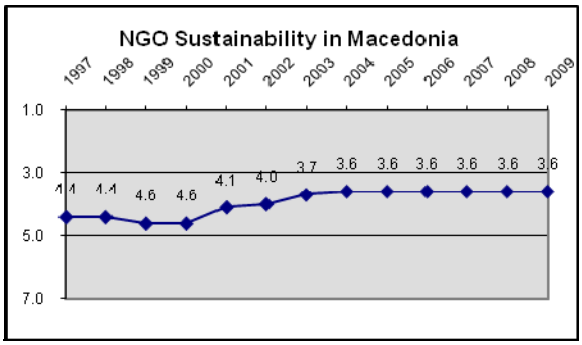
Population:
2,072,086 (July 2010 est.)

GDP per capita (PPP):
$9,000 (2009 est.)

NGO SUSTAINABILITY: 3.6

The political climate in Macedonia in 2009 grew increasingly tense with the economic recession and with delays in progress toward Macedonia's NATO integration and EU accession. These factors exacerbated social and political divisions in society and limited the space available for government-NGO cooperation, affecting the functionality and sustainability of the NGO sector.

The revised Law on Associations and Foundations has not yet been adopted. The government has continued with the practice of including NGOs in decision making to a limited extent and to maintain the appearance of a participatory process. NGOs operate in an atmosphere of government intolerance, which creates mistrust toward NGOs, as does the tendency for political parties to form new NGOs and think tanks to represent their ideologies. NGOs remain almost entirely dependent on donors. More local grantmaking organizations emerged and launched local grant competitions. NGOs continued to provide services in a variety of fields, such as social protection and education.

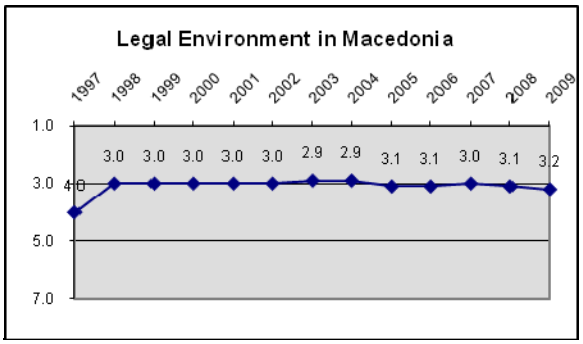


The year was marked by the emergence of several civic movements, and some NGOs raised their voices in reaction to extreme conservative groups.

The Central Register of Macedonia has registered a total of 9,830 citizens' associations and foundations, although it is not clear how many are active.

LEGAL ENVIRONMENT: 3.2

In 2009 the legal environment deteriorated somewhat as a result of the postponement of adoption of the draft Law on Associations and Foundations and government hostility toward NGOs. The tendency for political parties to form NGOs and think tanks to promote their ideologies increased.



The draft Law on Associations and Foundations that was expected to be adopted last year is still under consideration by parliament, where NGOs continue to lobby for final changes. The government fast-tracked preparation of the draft, and the process lacked transparency and involved few NGOs. The Ministry of Justice did not organize public hearings on the draft law as expected, but allowed NGOs to provide input only under tightly controlled conditions. The draft has some positive aspects, such as introducing public benefit status, allowing NGOs to conduct economic activities without the need to set up companies, permitting legal entities and foreigners to establish associations, and providing citizens the right to association without the need to register a formal legal entity.

There is an initiative before the Constitutional Court to examine some of the provisions of the Law on Lobbying, which limits NGOs' ability to participate in policymaking processes.

Intolerance of independent views differing from those expressed by the government creates an atmosphere of mistrust toward NGOs. In some cases mistrust of NGOs developed into serious threats, as in the case of the NGO Green Coalition. An individual seeking to pressure the coalition threatened its members and was convicted on criminal charges.

Local legal capacity varies depending on the capacities and experience of individual lawyers. Without a cadre of expert legal professionals, NGOs lack needed support for their advocacy for reform of the legal framework affecting their operations.

An NGO must establish a business entity in order to conduct economic activities, although this is expected to change with the adoption of the revised Law on Associations and Foundations. NGOs are taxed on all income from economic activities and on the same terms as other legal entities. The professional Association of Taxation Workers sought to promote taxation policies that are more favorable to NGOs.

NGOs can easily obtain VAT reimbursement but continue to experience delays in receiving VAT-free donations as provided for by the Law on Donations and Sponsorships and the bylaw on tax deductions. The delays are mainly due to the procedure for confirmation of projects' public interest.

ORGANIZATIONAL CAPACITY: 3.7

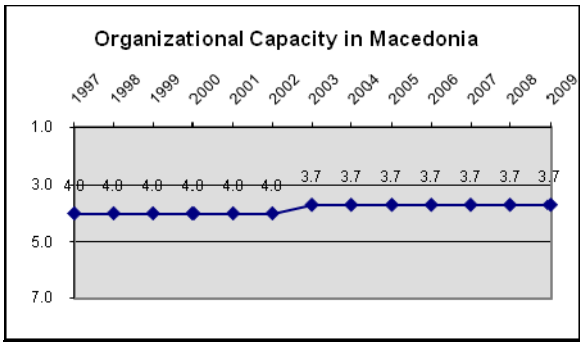
Mechanisms to facilitate communication between NGOs and their constituencies are lacking, but some NGOs developed mechanisms specific to their missions. Youth Council Ohrid initiated "on the street" project activities with young people. Srce za Zivotnite mobilizes its constituencies through its Facebook profile, which has almost 13,000 fans. Federation of Farmers in the Republic of Macedonia conducted fifteen forums with farmers from different agricultural sectors in various regions. The trend of introducing paid membership fees

may lead to increased responsiveness to constituencies' interests.
NGOs develop strategic plans, but some do so only to fulfill a donor requirement. NGOs apply for funds even though the proposed projects do not conform to their missions. Where NGOs have developed strategic plans, they often fail to prioritize building organizational capacity.

Professional and developed NGOs have a clearly defined organizational structure, but some NGOs lack a clear division of responsibilities between executive or governing boards and staff members.

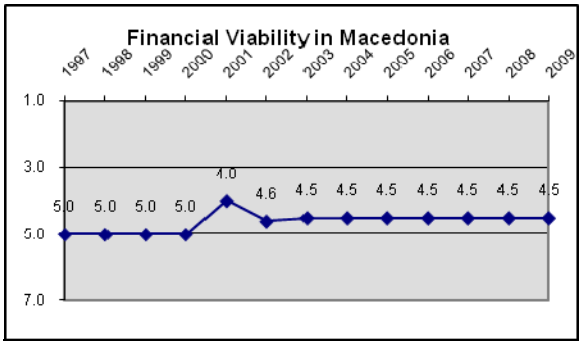
NGOs tend to recruit youth and students as volunteers. Some NGOs, such as those working with people with disabilities, cannot afford paid staff and most of their activities are conducted by members and volunteers.

Generally NGOs have basic, but outdated office equipment. A number of NGOs that work with the disabled are facing difficulties obtaining offices and office equipment.



FINANCIAL VIABILITY: 4.5

Financial viability remains a crucial issue for NGOs. Foreign funding is the main source of NGO financing. Despite an increasing trend of NGOs organizing fundraising activities, local sources of funding such as NGOs' economic activities, philanthropy, membership fees, tax benefits, and funding from local and national governments are still insufficient to contribute to NGOs' sustainability. Fewer NGOs are active due to the withdrawal of foreign donors from Macedonia, a lack of civic engagement, and the economic recession. The government funding process remains nontransparent.



Although NGOs still lack strong capacity to fundraise and the culture of philanthropy is undeveloped, the number of fundraising initiatives increased. The Centre for Institutional Development-CIRa in cooperation with the First Children's Embassy Megjashi collected €40,000 for protection of child sexual abuse victims. The organization Polio collected donations through the organization of two telethons and a fundraising concert. The National Foundation for Transplantation fully relies on local fundraising.

The global financial crisis affected fundraising. Even companies with available funds decided not to donate due to uncertainty about the future. The diminishing trust in NGOs as a result of the government's negative attitude also influenced donations. Some NGOs, especially those involved with election monitoring, decided not to seek or accept donations from companies in order to avoid association with a particular political group.

The Ministry of Labor and Social Policy supports some NGOs in the area of social protection, but the funds are minimal and were reduced in 2009. Certain NGOs choose not to obtain government funds because to do so would affect the neutrality of their work.

Some NGOs reintroduced membership fees. Coalition of Youth Organizations SEGA three

years ago introduced a two-tiered membership fee for its member NGOs. Since SEGA introduced sanctions for nonpayment, the collection rate is almost 80 percent.

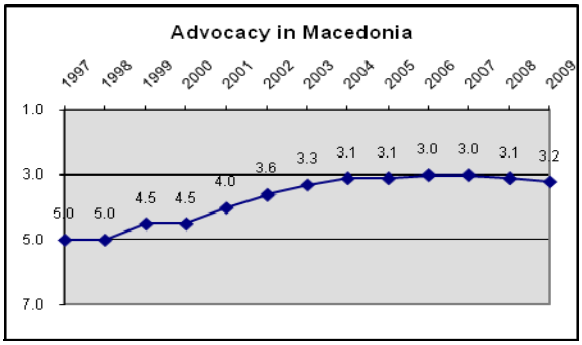
ADVOCACY: 3.2

Government cooperation with NGO initiatives was lacking. Despite past cooperation, the parliament rejected NGO MOST's offer to help organize and fund the parliament's open days, but took over the assessment of the parliamentarians that was previously carried out by MOST.

The Law on Lobbying adopted last year restricted NGOs' possibilities to conduct advocacy. By introducing laws in an expedited procedure without public debates, the government and parliament limited the participation of NGOs. The impression of experts is that the government includes NGOs in decision making only to maintain the appearance of a participatory process. In most cases NGOs did not influence the content of legislation. NGOs participated in a Ministry of Justice working group to draft a new anti-discrimination law, but the version adopted by the government and sent to parliament was not the version endorsed by the NGO community.

There were some examples of NGO-government cooperation. Coalition SEGA worked with the Agency of Youth and Sports to develop an action plan for implementation of the National Youth Strategy. Disabled persons' organizations have been actively involved in the revision of the National Strategy on Equal Opportunities for Persons with Disabilities. The Republic Center for Support of Persons with Intellectual Disability (PORAKA) achieved an important change in the new Law for Social Protection regarding the rights of persons with moderate intellectual disabilities, and started to develop local disability action plans in partnership with local governments and NGOs.

Frequent changes of government at the local level forced NGOs to rebuild their credibility with each new administration. Local authorities lacked consistent criteria for financing NGOs or a clear strategy for cooperation with NGOs. One positive example of cooperation between NGOs and local governments was the Swiss Agency for Development and Cooperation project "Community Forums" in which twenty municipalities engaged local stakeholders to identify local needs and priority projects.



In response to a campaign by conservative groups for the abolition of abortion and the government's promotion of higher birthrates, the association of citizens Akcija Zdruzhenska and the Movement for Social Justice–Lenka, in cooperation with other NGOs, initiated the campaign "I don't fall for!"

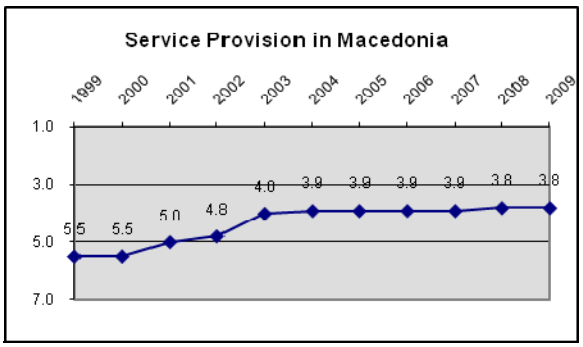
The civic movement Ploshtad Sloboda (Square Freedom) reacted to the violence used against students who protested against building religious objects on Skopje's main square. The student movement Sloboden Index (Free Index) fights for students' rights. More than 3,000 individuals joined the initiative Citizens for European Macedonia (CEM). Pro-government media and blogs characterized mass movements as political and labeled participants as traitors, enemies, and viruses.

NGOs such as Accession Watch monitor the EU accession process and the achievement of requirements for EU membership. Foundation for Open Society Macedonia (FOSIM) assessed the Macedonian education and training system in relation to EU benchmarks.

SERVICE PROVISION: 3.8

NGOs provide services in a variety of fields. Although most NGO services are well designed and tailored to their users, the range of services offered is increasing faster than the quality. NGO service providers are often considered to be rivals of state-established service providers. There is a lack of political will to accept NGOs as service providers and a lack of coordination among NGO service providers. Service providers are driven by constituencies' needs and do not consider the sustainability of services or the ability of constituents to pay.

NGOs continued to provide educational services to the Roma. Interventions implemented by FOSIM became governmental policy for Roma support in secondary education. NGOs also offered direct support to families at risk. Foundation Fokus from Veles provided clothes, snacks and school supplies for students. FOSIM created a national emergency fund to provide school supplies to children free of charge.



NGOs are expanding their range of social protection services, but sustainability is not supported on either the national or local levels. The newly adopted Law on Social Protection (which NGOs were not involved in preparing) did not bring any changes regarding NGO service provision.

Sometimes the state provided NGOs with facilities and funds in order to establish new services, as in the case of a psychological counseling center for domestic violence victims run by the Association for Emancipation, Solidarity and Equality of Women-ESE. In 2009, several local affiliates of PORAKA obtained financial support from local government to provide day care centers for people with intellectual disabilities. Although these are positive steps, the level of government support for service-providing NGOs is still inadequate.

NGOs expanded into new areas of service provision such as corporate social responsibility and public administration training. Association Konekt and other NGOs supported the work of the National CSR Coordinative Body as well as the Ministry of Economy. Center for Institutional Development-CIRa provided trainings to public administration bodies.

A draft law on free legal advice is under review that would limit NGOs to helping clients apply for state legal aid. The provisions of the draft are restrictive in comparison to the current practice of providing comprehensive legal aid, including court representation, for certain target groups.

INFRASTRUCTURE: 3.2

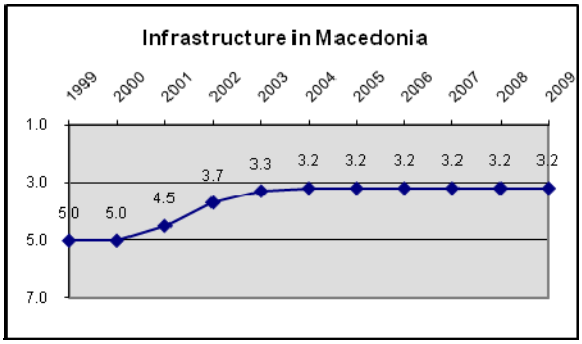
FOSIM will support the well-known resource centers that long served as NGO support centers through the end of 2009, after which these centers will need to independently apply for grants in order to ensure their sustainability. Albeit on a smaller scale, they will continue to support NGOs by promoting coalition building, networking on local and national levels, advocacy and lobbying, and encouraging intersectoral partnerships to address community problems. MOST formed an advocacy center which seeks to improve the capacities of NGOs for advocacy.

Basic and advanced capacity-building training for NGOs is available. In 2009 some NGOs assumed the role of training providers for civil servants.

More local grantmaking organizations appeared. Coalition SEGA and Fokus Foundation from Veles announced requests for applications for local initiatives. Coalition SEGA awarded two grants in Shtip and Resen, while Fokus Foundation supported eight NGOs from three municipalities. This year, Local Community Development Foundation from Shtip, the first community foundation in Macedonia, launched its first grant round from funds raised from local companies and individuals. The Swiss-funded Civica Mobilitas program began to support NGOs with €2 million in grants over three years, using local organizations for grantmaking.

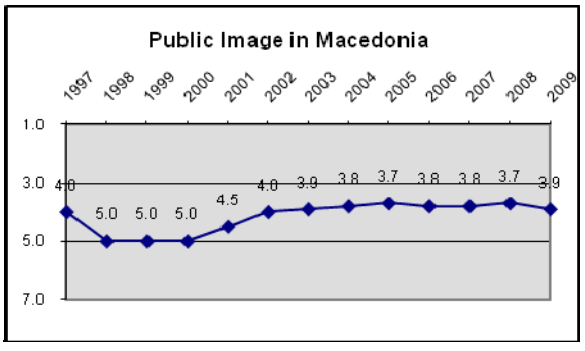
NGOs continue to form networks at the national and regional levels. Several alliances of NGOs such as the National Council of Disabled People and Macedonia without Discrimination are sharing information and promoting issues of common interest. NGOs are also members of regional NGO networks. For example, CIRa is a member of a regional network of local grantmaking organizations. No single network or coalition is considered to represent the NGO sector as a whole.

Partnerships between NGOs and local businesses, government and the media are limited by a lack of understanding among these actors about their roles. Partnerships that occur are usually initiated by NGOs and last as long as the NGO financially supports them. This year companies that work on corporate social responsibility showed increased interest in cooperating with NGOs. An NGO initiative is underway to create a forum on corporate social responsibility issues.



Macedonia launched implementation of the EU Instrument for Pre-Accession Assistance (IPA) Civil Society Facility, which will support local initiatives and capacity building and facilitate networking between NGOs, businesses, trade unions, and other social partners with counterparts in the EU. An EU-Macedonia joint consultative committee on civil society was formed that has two Macedonian civil society representatives.

PUBLIC IMAGE: 3.9



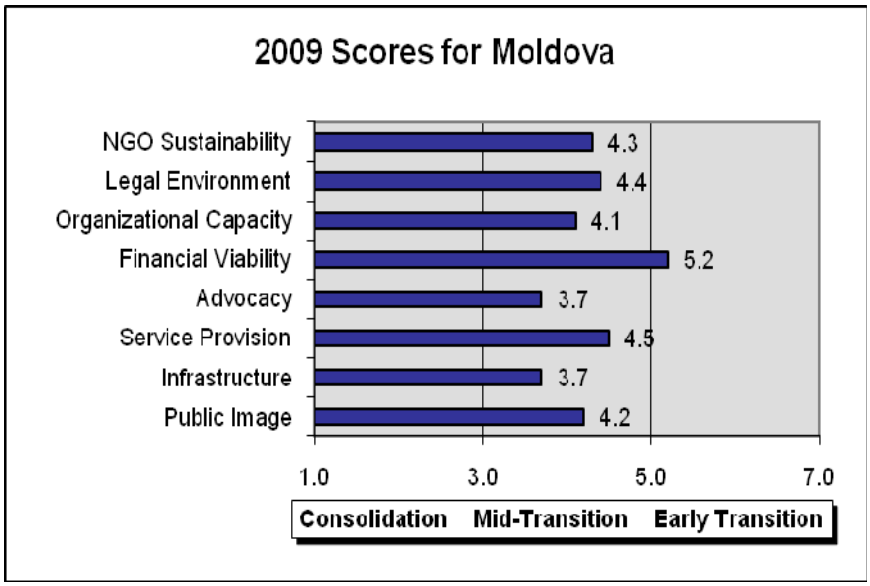
NGOs enjoyed less recognition as organizations that have credibility and contribute to democratic development. The deteriorating public image of NGOs was a result of the public's lack of understanding about the sector, the politicization of NGOs, and the appearance of GONGOs in recent years. The ongoing use of NGOs as instruments of political parties contributed to the worsening of NGOs' image.

According to the Democracy and Governance Survey commissioned by USAID, NGOs maintained their position as the most trustworthy institution in the country, but 36.8 percent of respondents reported that they have trust in NGOs, compared to the 54.6 percent of respondents who trusted NGOs in 2008. Nevertheless, the number of citizens demonstrating mistrust toward NGOs considerably decreased. In 2008, 38.5 percent of respondents said that they do not have trust in NGOs; in 2009 the number dropped to 21.8 percent. As for the perceived effectiveness of

NGOs, in 2009 42.7 percent of respondents reported that NGOs are effective, while in 2008, 54 percent of respondents said that NGOs are effective.

Some NGOs have developed their capacities to publicize the services that they provide. The Macedonian Institute for Media is one organization that supports the NGO sector in these efforts. The media in general follow and report the events organized by NGOs, even though coverage in the pro-government media is usually negative.

MOLDOVA



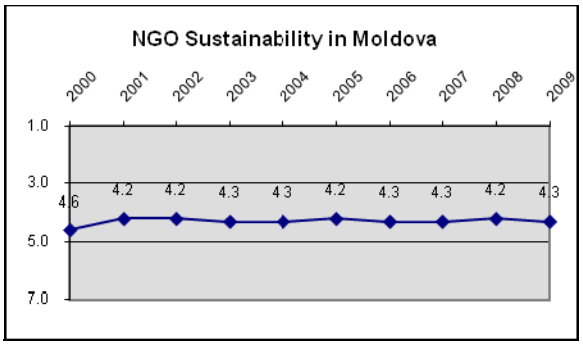
Capital: Chisinau

Polity:
Republic

Population:
4,317,483 (July 2010 est.)

GDP per capita (PPP):
$2,300 (2009 est.)

NGO SUSTAINABILITY: 4.3



Two rounds of parliamentary elections in 2009 generated significant changes in Moldova's civil society sector. Street protests in response to widespread allegations of electoral irregularities in the April 5 elections turned violent and hundreds of protesters were arrested; many later reported that they had been tortured in police custody. Since the parliament elected on April 5 failed to elect a president as required by the constitution, the legislature was dissolved and early parliamentary elections were held on July 29, 2009. The elections and instability at the national government level stalled many projects at the national level.

The government elected on July 29 has repeatedly sought the input of NGOs. Authorities are discussing reactivating the National Participation Council in some form, which would enable the third sector to be included in the policy development process.

More than 8,000 NGOs are registered at the national and local levels, which translates into more than two organizations per 1,000 inhabitants. While they are generally concentrated in urban areas and in the center of the country, the number of NGOs working at the local level is almost the same as that working at the national level. Almost half of NGOs work either in the social or educational sectors.

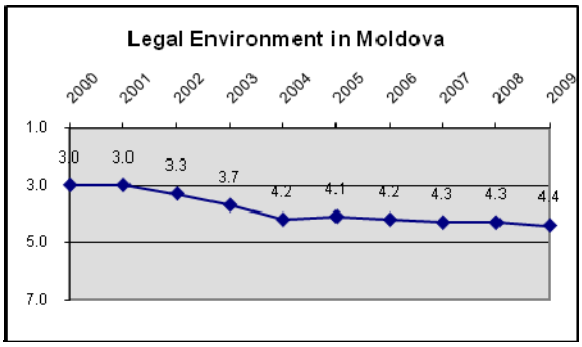
The year saw an increase in the number of projects implemented by both national and local level NGOs in the Transnistrian region, as well as new partnerships with Transnistrian NGOs. The impetus for some of these initiatives came from increased donor interest in Transnistria.

LEGAL ENVIRONMENT: 4.4

The political uncertainty negatively affected the operating environment for NGOs. The National Democratic Institute submitted registration paperwork on three occasions between September 2008 and February 2009, but all three requests were refused. Eurasia Foundation Moldova and the International Republican Institute encountered similar registration barriers. At the end of September 2009, the new Minister of Justice expressed regret for the delays in the registration of these NGOs and officially presented registration certificates. He also declared that he will remove bureaucratic barriers in the work of the ministry and initiate close collaboration with NGOs.

After post-election street violence in April, the Fiscal Tax Inspectorate sent summons letters to at least ten members of the Coalition for Free and Fair Elections–Coalition 2009, a voluntary coalition of over seventy NGOs. The letters demanded that the NGOs reveal their sources of funding and provide financial reports for 2009, or risk having their bank accounts frozen. On April 21 the Ministry of Justice sent a letter demanding that within ten days eight of the coalition members as well as two other NGOs provide information about the steps they took to prevent and stop the violence that followed the April 5 elections. Between April and June 2009 the Information and Security Service monitored several leading human rights NGOs through direct observation and the interception of telephone conversations.

Despite changes to the legal framework for NGOs, registration remains problematic. After the entry into force of amendments to the Law on Public Associations, the Ministry of Justice (MoJ) insisted that NGOs re-register their statutes by changing the word "organization" to "association" in the case of public associations and the word "public" into "private" in the case of organizations registered as institutions. The fifth NGO Forum held in December 2008 adopted a resolution which proposed an amendment to the Law on Public Associations simplifying the re-registration procedure, but the parliament did not consider this amendment during the year. The re-registration process is still burdensome and dependent on the human factor within the MoJ, and in some cases takes more than six months.



The government is now using the electronic registry of NGOs, financed by UNDP and implemented last year by the MoJ. An online module which would permit interaction with the public and NGOs is not functioning yet.

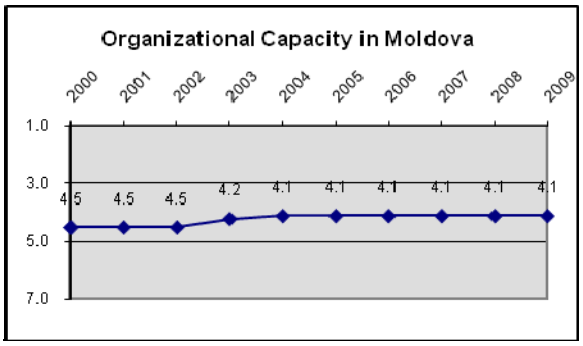
While Moldovan law enables NGOs to implement income-generating activities, procedural and legislative gaps create barriers to such activities. NGOs do not receive any tax exemption on grants or other sources of funding, and employees are required to pay income tax as well as a social insurance tax on their salaries. There is still no law enabling local and international businesses to receive tax incentives for funding charitable activities.

NGOs have limited access to legal services, especially in rural areas. The Ministry of Justice failed to continue to provide legal assistance to NGOs following the completion of a UNDP-financed civil society strengthening project in 2008.

During 2009, a consortium of civil society organizations actively promoted a draft percentage law, a nondiscrimination law, a law on public benefit organizations, and amendments to the Law on Charity and Sponsorship, but parliament did not act on these initiatives.

ORGANIZATIONAL CAPACITY: 4.1

A lack of significant donor-funded organizational support led most NGOs to continue following short-term development strategies. The few strategic planning efforts that NGOs undertook were mainly donor driven. Even if most NGOs have a written mission and strategic objectives, these exist mostly on paper.



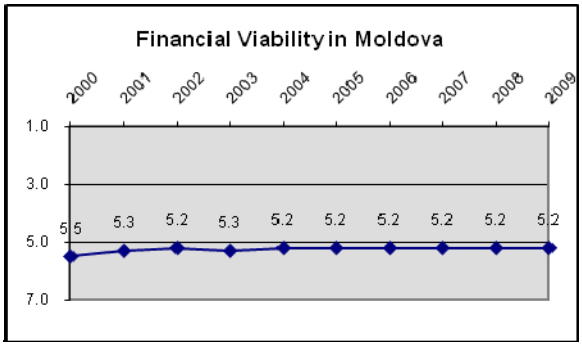
While the law requires all NGOs to have a board in order to register, most organizations do not understand the board's importance or function. Only a few of the most developed NGOs have a functional board and a clear division of responsibilities between the board and management staff. Experts and leaders from some prominent NGOs moved to political party work or took positions in the government. Only a small percentage of NGOs have permanent paid staff, and only a few of these, most of which are based in the capital, have teams that are larger than ten or fifteen people. In rural areas, employees usually work on a voluntary or project basis.

Volunteerism increased due to election-related projects and initiatives. Most volunteers were young people. NGOs actively promoted volunteerism through various activities including the National Week of Volunteering and annual National Volunteer Festival. A coalition of NGOs has been lobbying for a draft volunteering law for the last four years. While the government discussed the draft in 2009, the law has not yet been adopted and voluntary work still has no legal status.

Many NGOs, especially outside of major cities, do not have the equipment necessary to implement activities, or their equipment is outdated and needs to be replaced. Technical progress and decreasing prices for electronic products and Internet services, however, have increased NGO access to IT, especially in rural areas.

FINANCIAL VIABILITY: 5.2

NGOs continue to be financially dependent on foreign donors and have weak internal financial management systems. The financial vulnerability of the sector was particularly obvious this year. Most donors prioritized the financing of elections-related projects; consequently, NGOs with a different focus or with weaker institutional capacities were less active. Most donors did not cover staff salaries, capacity development or technical equipment.



While some progress has been made in local fundraising initiatives, sustainable and well-structured mechanisms for public financing of NGOs have not yet been created. Government support for NGOs is sporadic and the total amount of government funding is difficult to about the impact of the world financial crisis on the financial situation of Moldovan NGOs.

Four out of five community foundations created in 2007 continued their activities in 2009. To date, NGO social enterprise initiatives and other

income-generating activities have been implemented mainly through donor funding, though some NGOs have made modest attempts to increase revenues by providing fee-based services or attempting to attract dues-paying members or domestic donors. Some NGOs succeeded in building good relations with business representatives and received assistance from local companies, though this was mainly in-kind.

Except for a number of organizations based in Chisinau, most NGOs still lack the capacity and human resources to comply with EU application procedures and eligibility criteria. At least forty-one EU programs and projects were active during the year, eight of which were managed by Moldovan NGOs.

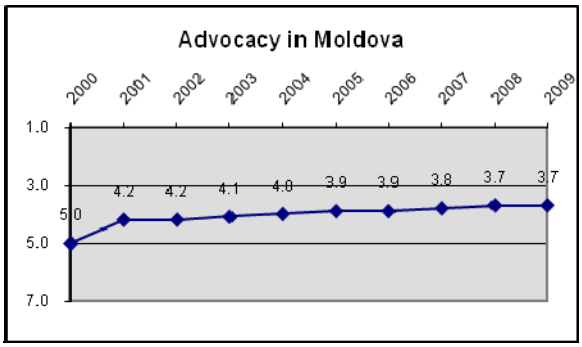
UNDP, the Global Compact Network Moldova, the American Chamber of Commerce in Moldova and the Eurasia Foundation organized the third annual International Conference on Corporate Social Responsibility. Private sector representatives actively participated and made financial contributions to the conference, which provided a platform for communication and relationship building between NGOs and businesses.

ADVOCACY: 3.7

The overall environment for NGO advocacy was enhanced by the parliament's passage in December 2008 of a resolution approving the Strategy for Civil Society Development for 2008–2011. The strategy is based on the principle of active civil society involvement in the decision-making process, outlines principles of cooperation between public authorities and civil society, and identifies priorities for government support to the nonprofit sector.

The year's two elections drew government attention away from legislative advocacy initiatives, but the new government seems open to productive collaboration with NGOs. Roundtables with civil society representatives were among the first meetings on the new government's agenda. The newly elected prime minister invited NGOs to form a council of experts that would institutionalize cooperation between civil society and the government. Other public institutions such as the Ministry of Agriculture and Food Industry, the Ministry of Youth and Sports, the Ministry of Environment, and the Center for Combating Economic Crime and Corruption organized meetings with NGOs. Prominent NGO leaders took positions in the new government, reducing the level of advocacy skills and capacity within NGOs.

NGO representatives took positions against violations of the rights of detainees and the rights to freedom of assembly, association and expression. NGOs developed analyses and reports on the April events and addressed petitions to international organizations. A number of NGOs engaged in nonpartisan election activities, such as civic and voter information campaigns, election observation, media monitoring and the provision of free legal aid to journalists and voters. Volunteers were involved in all these activities.

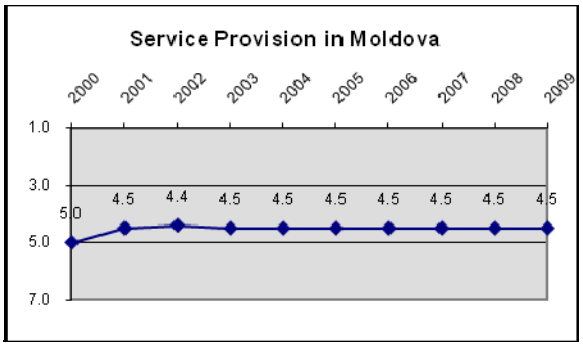


The 2008 Law on Transparency in Executive Decision Making, drafted with the active participation of civil society representatives, entered into force in March. The 2008 Law on Assembly, which was drafted after extensive consultation with civil society, was a significant step towards greater freedom of expression, but the law was not properly enforced. For example, when civil society representatives who were protesting peacefully on February 3 in front of the General Prosecutor's Office were attacked by masked persons, prosecutors who were

present did not intervene to stop the attacks and the police ignored protesters' calls for help. After this incident, the authorities and a group of human rights NGOs launched a dialogue. The new government has declared its commitment to respect and enforce the law.

The Soros Foundation Moldova sought to create a national cadre of advocacy trainers. In addition, advocacy issues are part of the second phase of the Public Policy Program implemented by CReDO in cooperation with an international partner organization. Program participants working in groups consisting of both NGOs and public sector employees developed eight draft policy papers, which were discussed during a national conference with the participation of both NGOs and government representatives.

SERVICE PROVISION: 4.5



NGOs continue to provide services mainly in the social sector, including social services, education, and environmental protection. The groups targeted for service provision are generally socially vulnerable populations, including people with disabilities, victims of family violence and human trafficking, street children, people suffering from abuse, people living with HIV/AIDS, and the elderly. The purchasing power of these groups is extremely low, and NGOs still have little capacity to market their services despite high demand.

Donor institutions and public and private organizations rather than individuals contract most NGO services. The range of services provided are aimed at the gaps donors are trying to fill, rather than the needs of constituencies. The protests that followed the April elections created a new group of beneficiaries—victims of police torture, who received medical and psychological assistance as well as legal services from members of the NGO community.

A number of NGOs have begun providing fee-based services such as training and specialized consulting, but fee-based services are far from a major fundraising source, especially when the fees charged are symbolic or just cover costs.

There are many types of services, especially in the social sphere, which the state cannot fully provide. The Strategy for Civil Society Development (2008–2011) addresses issues related to contracting with NGOs for the provision of social services, but there is still no legal framework for the government to contract for services. Currently no mechanisms exist for monitoring and evaluating NGOs' provision of services.

INFRASTRUCTURE: 3.7

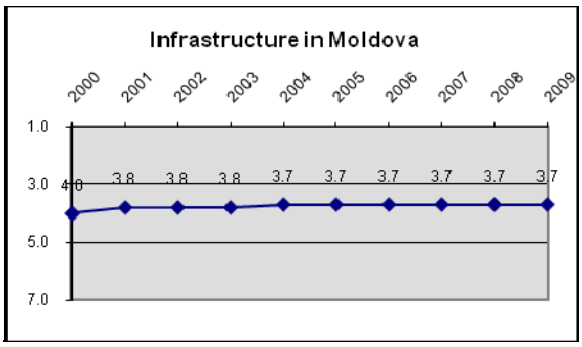
Many of the NGO resource centers created more than a decade ago have shifted from providing basic assistance to more tailored and high-quality consultancy services, partly due to demand from developed NGOs. There is an increasing need for high-level expertise in certain areas, but many NGOs that need these services are reluctant or unable to pay. Meanwhile, there is less informational and technical assistance available for nascent NGOs, especially at the local level.

Increasingly, issue-based NGO alliances and coalitions cover the functions of resource centers, offering training opportunities and informational and technical support for their members. For example, the Coalition for Nondiscrimination organized two seminars for

its member NGOs on conducting advocacy campaigns against discrimination and intolerance.

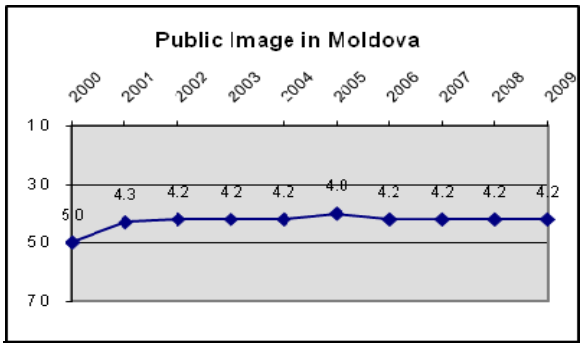
NGOs provide several long-term, high-quality capacity building programs. These include the Public Policy Program implemented by CReDO consultants in cooperation with international trainers, and the Management and Leadership Program implemented by the Center for Organizational Training and Consultancy.

Most training is still donor-subsidized and short term (one to three days), and includes neither an initial participant needs assessment nor follow-up activities. Donors continued to invest in national trainers and consultants in areas such as strategy development and organizational management.



NGOs revived the National Forum of NGOs and the National Council of NGOs. The National Forum of NGOs from Transnistria was organized for the second year in a row. The number of intersectoral partnerships is growing, especially at the local level. Specialized web portals (www.ong.md, www.civic.md), electronic newsletters and the Internet television station www.publictv.md are among the sources of information for NGOs.

PUBLIC IMAGE: 4.2



The July 2009 Barometer of Public Opinion published by the Institute for Public Policy showed a modest increase in the public perception of and trust in NGOs. Twenty-eight percent of respondents trusted NGOs compared to 21 percent in 2008, but levels of trust were still lower than they were between 2004 (when 36 percent trusted NGOs) and 2007 (when 31 percent trusted NGOs). NGOs continue to have among the lowest levels of public trust among institutions.

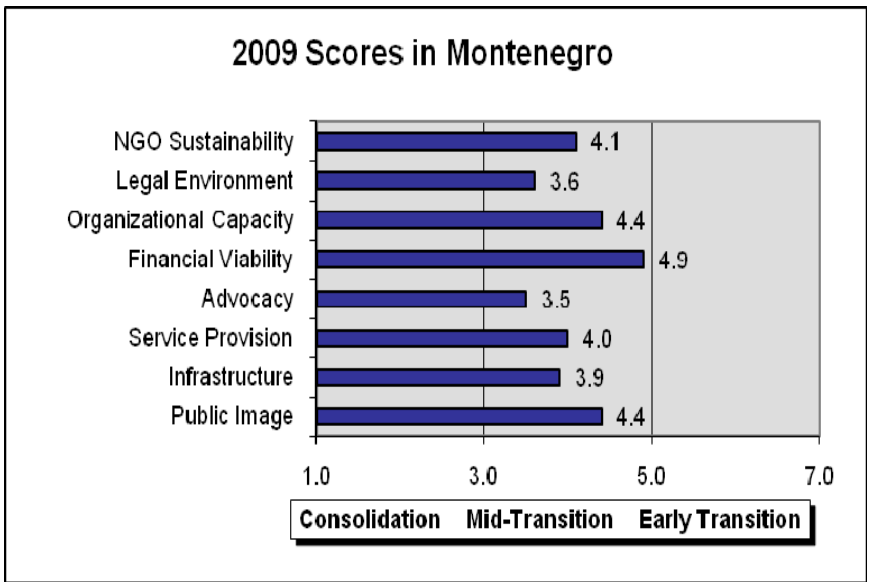
NGOs gained visibility due to their participation in the electoral process. The Coalition for Free and Fair Elections–Coalition 2009 garnered popular interest in their reports on topics including elections observation and exit-poll results. NGO representatives participated as experts or special guests on TV and radio news programs and talk shows. NGOs' civic and voter education activities involved close cooperation with local authorities, the Central Electoral Commission, the media and other elections stakeholders. NGOs also met with a European Parliament delegation that came to analyze the April events.

NGO visibility and transparency were among the main objectives of the Soros Foundation Moldova's Civil Society Program. Soros in partnership with the National Council of NGOs organized two Civil Society Cafés (informal meetings of stakeholders) on the subject of NGO transparency and media relations. At the end of the year, Civil Society Cafés were organized in Balti, Cahul and Soroca with Soros Foundation financial support.

NGOs took more creative approaches to constituency building, such as creating profiles for their organizations on online social networks such as Facebook. NGOs became more creative in attracting media interest by organizing

activities like street events and flash mobs, and the Internet television station www.publictv.md began to offer all NGOs free online publication of video materials.

MONTENEGRO



Capital: Podgorica

Polity:
Republic

Population:
666,730 (July 2010 est.)

GDP per capita (PPP):
$9,800 (2009 est.)

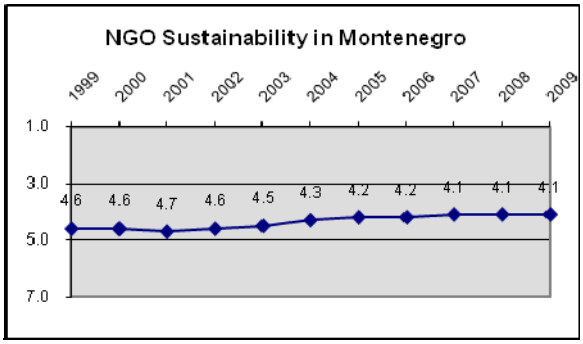
NGO SUSTAINABILITY: 4.1

Close to 4,500 NGOs are registered in Montenegro, although only a few hundred are active. Over the course of the year, setbacks in the development of NGOs were balanced by improvements.

State harassment of NGOs increased noticeably, as seen in the increasingly hostile rhetoric used by government officials against NGOs that express criticism of the state, and legal action by the state against NGOs. Government officials initiated a wave of libel actions against independent media outlets and NGOs following several early court rulings in favor of the government. These suits are very expensive for the civil society sector and may have a dampening effect on free speech.

On the other hand, NGOs have aggressively used all of the legal tools at their disposal to force the government to be more accountable. NGOs now regularly use the Free Access to Information Law and the various court processes open to them to force the government and political system to be more open, transparent, and responsive.

NGOs generally enjoy a high degree of access to policymakers in Montenegro, and often work with the government on common initiatives. NGO representatives participate in several important national bodies. The government formally signed the memorandum of understanding that sets out the Strategy for NGO-Government Cooperation.



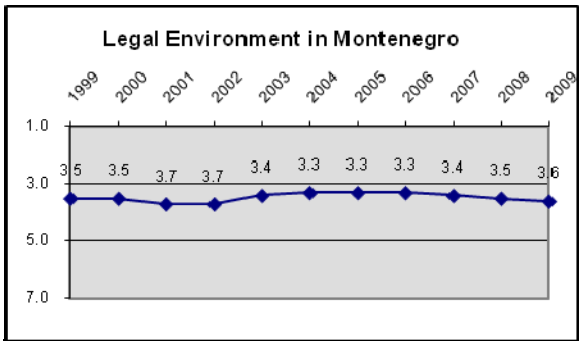
Financial sustainability of the NGO sector remains low, and most NGOs are concerned about the prospects for sustainability once foreign donor funding subsides. One local foundation, however, has begun to spark awareness about philanthropy, and another NGO is publishing a series of newsletters on corporate social responsibility. There has also been an

increase in public-private partnerships and cross-sector initiatives.

Despite the increase in official government rhetoric against NGOs, public trust in the sector remains high. An influential Montenegro Corruption Assessment report by Management Systems International (MSI), commissioned by USAID, was released in August 2009. The report stated that NGOs and independent media outlets are the only actors that fight against corruption in Montenegro. This report was highly publicized in the press.

LEGAL ENVIRONMENT: 3.6

In 2009, deterioration in state protection of NGO rights and freedoms undermined the legal environment for NGOs. The threat of dissolution for political or arbitrary reasons increased, even though the law guarantees protection to NGOs.



There was a noticeable rise in open hostility on the part of the government towards the NGO sector. In a highly publicized speech to mark the third anniversary of Montenegro's independence, the prime minister specifically referred to NGOs as enemies of the state and of democracy. Top-ranking government officials openly discounted two key international reports[10] that called attention to Montenegro's failings in the fight against corruption and the important role played by NGOs in fighting corruption, stating that the information presented in these reports was not reliable because it came from Montenegrin NGOs.

There has been a noticeable trend of the state taking legal action against civil society actors. One court found the main daily newspaper guilty of libel in a case where a visiting op-ed contributor (an opposition MP) wrote about his doubts regarding the legality of the government's contract award in the privatization of a steel factory. The newspaper was handed a large fine. A city mayor sued an NGO for personal libel damages relating to a case where the NGO accused the mayor of selling municipal land to a property developer for approximately fifteen times less than its market value, despite the municipal assembly having ruled the transaction illegal and despite the clear presence of incriminating sale documents.

The 1999 NGO Law continues to provide simple registration procedures. NGOs can earn income from the provision of goods and services, and receive tax exemptions on grants and income under €4,000. An amendment to the NGO Law adopted in 2008 specifies that the limits apply to total income and not just profit. Figures from the Ministry of Finance show that the state has performed financial inspections on a total of 182 NGOs and has forced twenty-four NGOs to shut down operations and reopen as businesses. However, with close to 4,500 NGOs registered in Montenegro, these figures suggest that the financial police have little political will, resources, and capacity to comprehensively monitor the economic activities of NGOs.

With no financial incentive to specialize in NGO law, few lawyers are capable of offering legal advice to NGOs. However, several NGOs have engaged lawyers as full-time or part-time staff in order to cope with increased demands to prepare and submit free access to information requests, legal complaints, court cases, and other types of legal actions.

The 2008 amendment to the Lottery Law, which specifies that NGOs are eligible to receive up to 60 percent of all lottery funds collected, came into effect in 2009. The government distributed lottery funding to NGOs, which has improved the sector's chances of financial sustainability. The Procurement Law continues to allow any

legal entity, including an NGO, to compete for government contracts and procurements at both local and national levels. The government again released public grant funding to NGOs in 2009.

In 2009, the legal framework for volunteerism improved somewhat with the government's adoption of a general strategy for developing volunteerism.

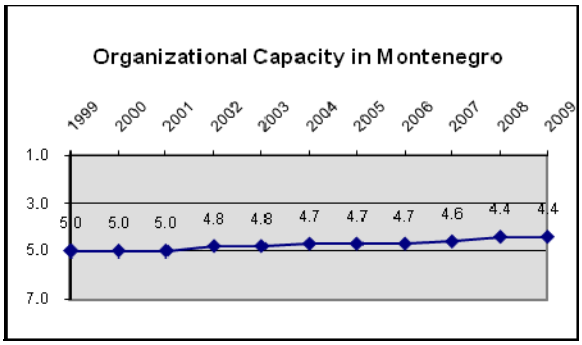
On paper, NGOs enjoy a range of tax exemptions. Membership dues and donations are not taxed as long as they are unrelated to an organization's economic activities. An NGO is exempt from real estate tax as long as its real property is used for the organization's statutory goals. Dividends on NGO income are not taxed and corporate and individual donations to NGOs are tax-deductible. In addition, the VAT Law provides broad exemptions for all services rendered by NGOs as well as "public interest" services, including educational, cultural, sporting and religious services, as long as the exemption is not used to distort market competition. Few NGOs are knowledgeable enough about tax legislation to apply for and pursue exemptions, however. Tax legislation remains overly complicated and confusing, and NGOs are not given any official guidance on how to comply.

ORGANIZATIONAL CAPACITY: 4.4

There is a wide capacity gap between the small number of large, professional NGOs and the large number of small, institutionally weak NGOs. Stronger and more organizationally capable NGOs continue to edge out small NGOs in the competition for dwindling amounts of donor financing.

Only a handful of NGOs have democratic governance or operations, and few have independent governing boards of directors. Only the top tier of NGOs has the resources to employ full-time staff. The NGO sector is not seen as attractive for employment due to its financial instability, and many interns or part-time employees seek full-time employment in the private or state sectors after spending a period of time in the NGO sector.

The lack of a full-time, professional staff in most NGOs means that only a handful of the most developed NGOs are able to develop solid constituencies for their work. Internal communication within NGOs is weak, with decision makers often not sharing information with others involved in the organization. Many NGOs lack an established mission statement or a strategic plan, while those that have them are often involved in a plethora of activities and services beyond the organization's designated mission.

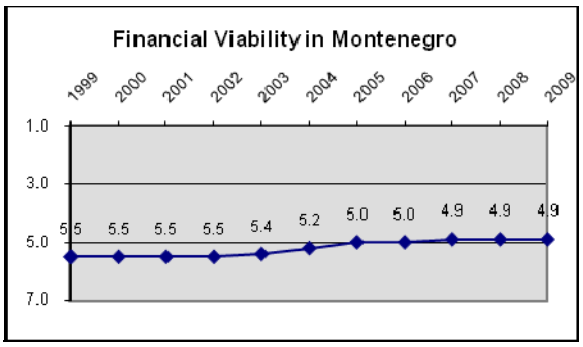


Volunteerism continues to be weak due to cultural factors such as the lack of a volunteering tradition and the legacy of socialism. It is anticipated that the government's new volunteerism strategy will spur development of legal mechanisms to allow NGOs to engage volunteers without the current heavy tax burdens on per diems and travel expenses.

NGOs that have Internet access and modern office equipment, such as relatively new computers and software and functional fax machines, are usually NGOs with access to donor funding. Even the smallest and most underdeveloped NGOs tend to have telephones and fax machines, if not a computer terminal. Internet access has not yet penetrated all areas in the north of Montenegro.

FINANCIAL VIABILITY: 4.9

Financial sustainability of the NGO sector remains poor, and most NGOs are concerned about the prospects for sustainability beyond donor funding. The majority of the NGO sector remains dependent on international donor funding, and only the top tier of NGOs has a guaranteed stream of income that extends past one fiscal year.



There was a slight improvement in the area of philanthropy in 2009. One local foundation has begun to spark awareness about philanthropy by giving out awards to corporations and individuals who have generously supported charitable causes. The same NGO published a book entitled History of Philanthropy in Montenegro aimed at reviving philanthropy. Another NGO has begun a project with the Organization for Security and Cooperation in Europe (OSCE) to promote corporate social responsibility in Montenegro by forming a team of twelve trainers that will help companies develop socially responsible programs and by publishing a series of newsletters dedicated to raising awareness about social responsibility, with a specific focus on corporate and individual philanthropy.

There has also been an increase in public-private partnerships and cross-sectoral initiatives. One NGO is implementing a joint initiative with three private print media outlets to investigate, write, and publish a series of investigative journalism pieces on corruption. Another NGO has partnered with a Slovenian energy company to launch a campaign about energy efficiency in Montenegro.

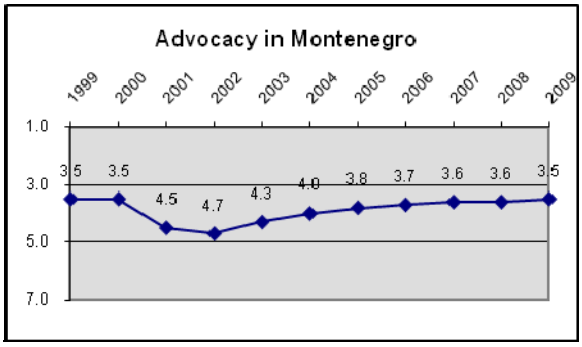
NGOs are also receiving grants from domestic donors such as national and local governments. The parliamentary grants program for NGOs was as poorly managed in 2009 as in previous years. The parliamentary commission that manages the grants distributed funds to many weak or inactive NGOs without any control mechanisms such as financial reporting or program evaluation. However, the government's distribution of lottery funding to NGOs has improved the sector's chances of financial sustainability.

Active, experienced NGOs with a steady stream of multiple-donor funding tend to have the most developed financial reporting and control systems. The number of NGOs publishing annual reports with financial statements increased in 2009, largely due to members of the 200-plus member NGO Coalition "Together towards the Goal" fulfilling pledges made under the NGO Code of Conduct signed in 2007. Although independent financial audits are still rare in the NGO sector, the state has increased slightly its rate of financial inspections of NGOs under the new amendment to the NGO Law.

ADVOCACY: 3.5

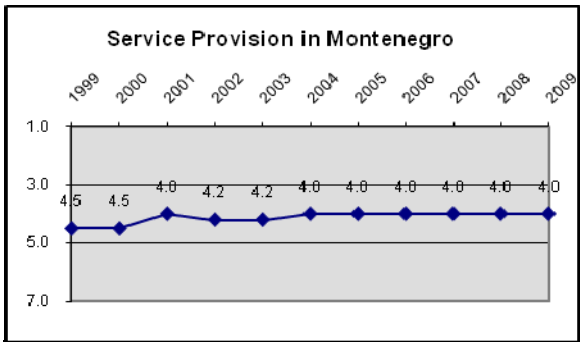
NGOs continue to become more effective at advocacy, lobbying, and watchdog efforts. Representation of NGOs in the political lobbying process improved slightly this year. There are now NGO representatives sitting on the managing board of the public service broadcaster, the board of the National Commission for the Fight against Corruption and Organized Crime, and on an important parliamentary committee on EU integration. In January 2009, the government formally signed the memorandum of understanding that sets out the Strategy for NGO-Government Cooperation.

There has been an increase in NGOs aggressively using all the legal tools at their disposal to force the government to be more accountable. NGOs now regularly use the Free Access to Information Law and the various court processes open to them to pursue cases, obtain valuable information, and force the government and political system to be more open, transparent, and responsive. One NGO alone submitted over 21,000 requests for information under the law in the past four years, and has sixty-five legal appeals underway at the Administrative Court pertaining to ongoing cases, published decisions, and challenges on request refusals, as well as forty-five cases at non-court or pre-court arbitration bodies. Another NGO successfully used the Free Access to Information Law to secure access to a complete set of documents from the Ministry of Finance pertaining to money transfers from state and local government budgets to political parties for regular and campaign expenses. These documents clearly showed a breach in political party financing laws by some of the major parties in Montenegro.



SERVICE PROVISION: 4.0

The product line of the NGO sector continues to be quite well diversified, with NGOs at both the local and national levels providing services in health, education, environmental protection, and governance. Among small NGOs that do not have sustained access to financing, service provision tends to be irregular at best. Larger, more developed NGOs provide services such as information and legal advice to citizens, but again, these services depend on the vagaries of donor financing.



NGOs must be certified in order to be service providers and receive government funding, but there is still no system for licensing NGOs to provide services in fields such as social services, education, and cultural preservation. For those NGOs that are already providing services, there is no control system in place to evaluate or monitor their work.

While still rare, there are some examples of NGOs charging fees for services such as graphic design or training. Some of these services are provided to other local NGOs and some to government bodies. The local market for such services remains small, however.

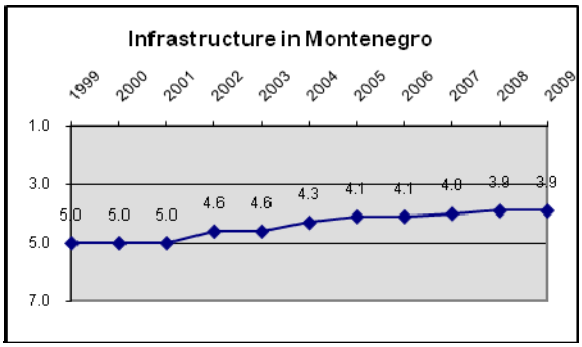
Most NGOs in Montenegro that practice advocacy or similar activities lack membership bases and their efforts are aimed at the wider public. The small number of associations that do have membership bases mostly engage in initiatives and advocacy to improve the situation of their members, such as disabled persons, refugees, minorities, market sellers, or alcoholics, rather than a broader constituency.

INFRASTRUCTURE: 3.9

The government Office for NGO Cooperation completed its second year of operations, but because it is underfunded and lacks a clear mandate, the support provided to the NGO sector was minimal. The office failed to address the issue of government representatives such as the prime minister verbally attacking the NGO sector, and did not establish any credibility as a negotiating body between the government and NGOs. On a positive note, if implemented fully, the Strategy for NGO-Government Cooperation could serve to formalize communication between government and NGOs and strengthen NGOs' role in policymaking.

Several intermediary support organizations and NGO resource centers in Montenegro provide NGOs with training, learning and networking resources, legal assistance, and project writing assistance, as well as access to technical services like Internet and fax. In reality, however, only NGOs in three municipalities, including the capital, have access to support services on a regular basis, as the rugged terrain of the country makes travel expensive and difficult.

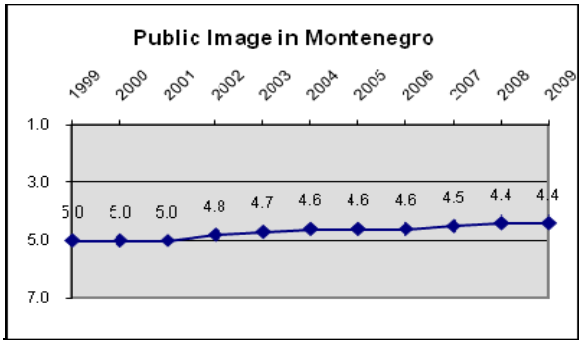
Resource centers outside of Podgorica cannot provide the same level of services and knowledge as their counterparts in the capital. This results in very different levels of NGO development. On a positive note, however, in November 2009 the European Commission signed agreements to establish a local technical support office that will provide technical assistance and advice to NGOs. Although it remains to be seen how effective this office will be, its creation is a definite step forward for NGOs.



The NGO sector is highly competitive, and the continuing decline in international donor financing has served to further sharpen the competition. NGOs share information with each other, but only in cases where cooperation or information-sharing will benefit both parties. While the range and quantity of training opportunities and trainers are largely satisfactory, NGOs suffer from serious training fatigue.

Intersectoral relationships have improved, with many of the larger, more developed NGOs at the national level working directly with private companies and private media outlets on joint initiatives.

PUBLIC IMAGE: 4.4



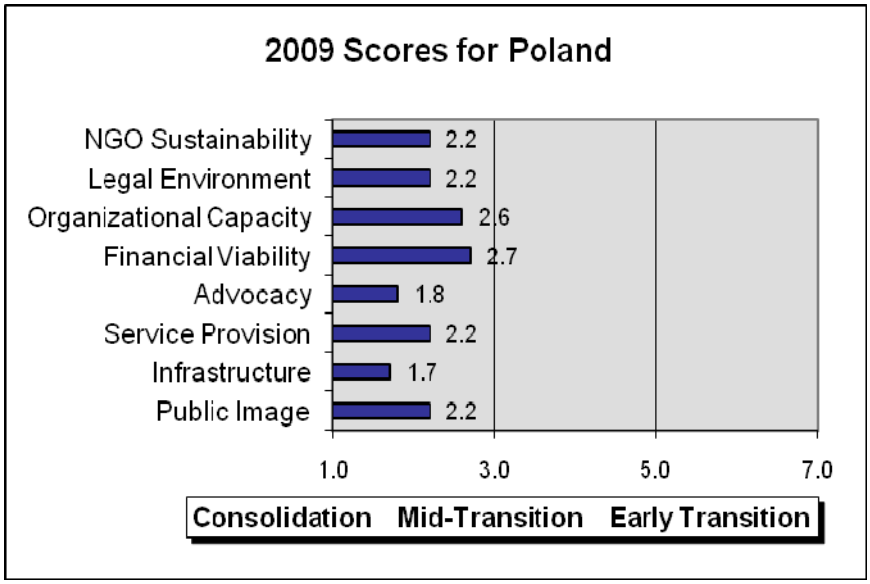
In 2009, the trend towards improvement in the public image of NGOs continued. Despite the increase in official government rhetoric against the civil sector in 2009, public trust in the sector remains high. The influential MSI Montenegro Corruption Assessment stated that NGOs and independent media outlets were the only actors that fight against corruption in Montenegro, and that there was very little political will to fight corruption in other sectors. The European Commission progress report for 2009 stated that

civil society organizations continued to have a high public and political profile.

The amount and quality of media coverage of NGOs and their initiatives increased again in 2009. In general, NGOs and media enjoy a mutually beneficial relationship, with a strong two-way flow of information. One NGO is implementing a successful joint initiative with three private print media outlets to publish a series of investigative journalism pieces on corruption.

The national NGO Code of Conduct signed by over 145 NGOs at the end of 2007 did not have a significant positive effect beyond a slight increase in the number of NGOs publishing annual financial reports, which will likely not change the public perception of NGOs as financially nontransparent.

POLAND



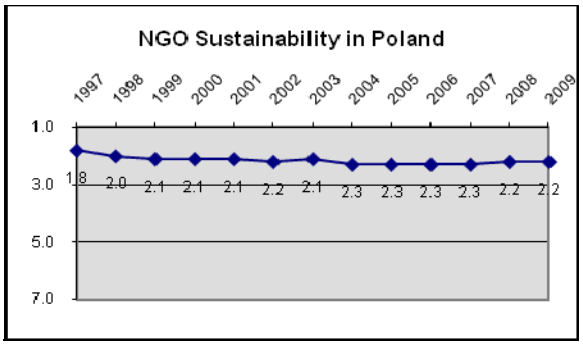
Capital: Warsaw

Polity:
Republic

Population:
38,463,689 (July 2010 est.)

GDP per capita (PPP):
$17,900 (2009 est.)

NGO SUSTAINABILITY: 2.2



By the end of the third quarter of 2008 (the most recent data available), Poland had about 73,000 registered NGOs, of which 63,500 were associations and 9,500 were foundations. The number of registered NGOs is growing every year, but because the registry does not remove NGOs that have ceased to exist, determining the actual number of active NGOs is impossible. The existing data also shows that the number of newly registered NGOs has been declining for some years.

Since most of the EU funding for 2008–2013 is managed by regional governments, Polish organizations tend to focus more and more on public funding. The increased availability of public money improved NGOs' general financial condition in 2009, but the trend has also had negative consequences. By focusing on seeking public funds and delivering contracted services, NGOs have been ignoring other funding sources and have become more distant from local constituencies.

The overall condition of Polish NGOs improved little in 2009. The only improvements—which were too small to affect the overall condition of the third sector—occurred in the areas of legal environment and advocacy. Awareness of the necessity of mutual dialogue between government and NGOs has increased, and some results of advocacy efforts were visible in 2009.

LEGAL ENVIRONMENT: 2.2

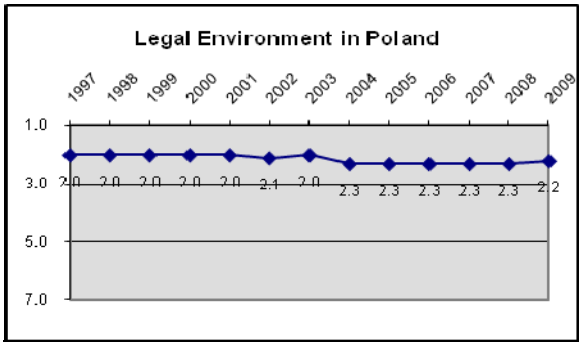
The legal environment governing the NGO sector improved slightly in 2009, mostly in the area of local legal capacity. A growing number of lawyers understand NGO sector specifics and, thanks to EU funding, there are more legal aid centers. The scale of free legal support for

nonprofits provided by the Pro Bono Center, established in 2008, has been growing.

Until the end of 2008, donors needed to pay VAT on donated items, while they could deduct VAT if they threw away the unused goods. This discouraged goods donations and was especially harmful to services for the hungry, such as food banks. At the end of 2008, the act on VAT was amended (effective in the beginning of 2009), enabling donors to pay zero percent VAT on goods donated to organizations with public benefit status.

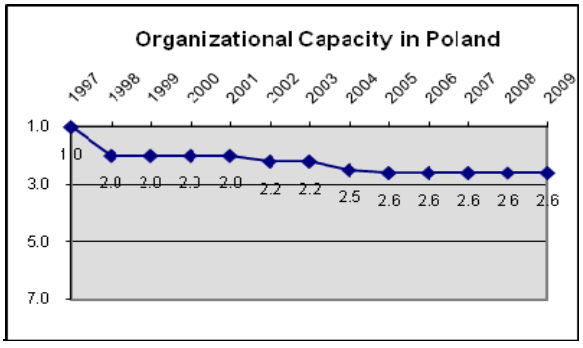
NGOs are legally allowed to compete for government contracts and procurements at the local level and increasing numbers of organizations do. NGOs are also allowed to engage in commercial activities, yet they generally prefer to earn income from the provision of goods and services through activities that do not generate a profit. Such activities exempt NGOs from various taxes put on commercial activities, yet put a cap on staff salaries.

The registration process has not changed; it still takes far too long and is quite complicated, which discourages many individuals from setting up NGOs.



ORGANIZATIONAL CAPACITY: 2.6

As in previous years, 2009 brought further technical advancement of NGOs, which can be attributed to several factors. Computer equipment prices have decreased, making technology more accessible to NGOs, and many companies regularly replace their equipment, donating older, but still good, equipment to NGOs.



There has also been some improvement in the area of employment. Larger organizations that are able to win large and multi-year EU projects can hire more staff, including higher-level specialists, and offer attractive salaries. Still, most NGOs hire people only for particular projects.

Strategic planning and constituency building deteriorated in 2009. It is difficult to develop a strategy without stable resources and most Polish organizations operate from one project to another. All NGOs have mission statements, but most try to make them as broad as possible in order to avoid blocking access to possible funding. Large and strong NGOs that have a chance of receiving funding from various sources analyze which might be most cost effective. Smaller organizations, especially those with only one source of funding, are engaged in small, straightforward endeavors and do not do any strategic planning.

The capacity of NGOs to build local constituencies has deteriorated as well. In most cases, the only time when organizations try to reach out to citizens on national or local levels is during the campaigns for 1 percent of citizens' tax liabilities. At the same time, 2009 was the second year in which taxpayers were allowed to specify an organization to which they want to pay 1 percent of their tax liabilities. Donors remained anonymous, however, which deprived NGOs of the opportunity to thank them and use the mechanism to build local constituencies.

NGO members' contributions in terms of work and membership fees are insignificant in comparison to funding from other sources. NGOs tend to be more oriented towards institutions or persons that can provide funding rather than towards their constituencies. Similarly, the professionalization of NGOs has had a negative impact on volunteering. Organizations see professional staff time as too precious to be used to train volunteers, who may come and go.

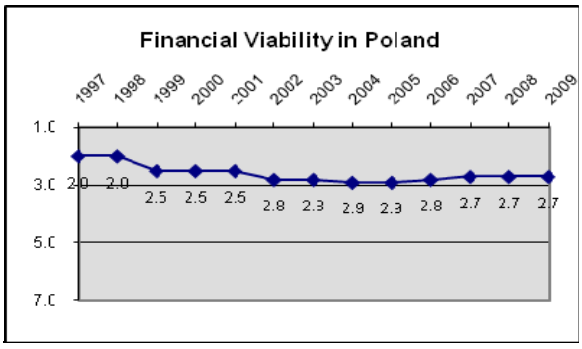
Additionally, citizens are less interested in being NGO members or volunteers. The level of volunteering in Poland has been deteriorating for several years. The decline in the unemployment rate has also lowered the volunteering rate, as many young people become volunteers only to get experience when they cannot find paid employment.

FINANCIAL VIABILITY: 2.7

The financial viability of Poland's NGO sector did not change much in 2009. NGOs receive most of their funding from local sources—largely from local and regional governments that, to a growing degree, are responsible for distributing EU funding. Growing numbers of organizations have access to this funding. The support of local businesses and local constituencies has decreased, probably due to the economic crisis. But NGOs in general have not greatly experienced the effects of the economic crisis, as they depend on public rather than private funds. The only real effect is that waiting times to receive public funding installments may have increased.

Because of the availability of public funding, many organizations stop looking for funding from other sources or end their engagement in commercial activities once they receive access to EU funding. Half of all NGOs have only one or two sources of income (mostly from local governments and membership fees). Over one-third of organizations charge fees for their services, and 7 percent conduct commercial activities.

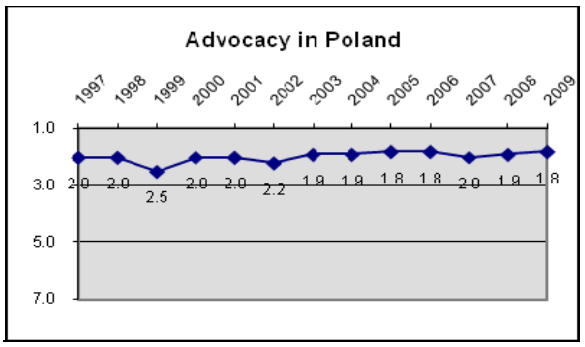
In 2009, for the second year, instead of paying 1 percent of their tax liabilities to organizations with public benefit status and then waiting months for reimbursement, citizens needed only to mark selected organizations on their tax returns. This further increased the amount of money transferred to the NGO sector, yet it was generally the largest, richest national NGOs with access to national mass media that received most of this funding. Additionally, the mechanism has resulted in a decrease in traditional donations from individuals.



A growing number of NGOs do proper accounting and have financial management systems in place; these systems are required by many grant institutions. Many public benefit organizations, however, eschew requirements to submit annual reports to the appropriate government departments, as there are no sanctions for noncompliance. Still, the quality of reports has improved; organizations are learning how to write project proposals and report on projects.

ADVOCACY: 1.8

Advocacy remains the strongest dimension of Poland's NGO sector, and it further improved in 2009. The cooperation between NGOs and governments at the central and local levels has



continued to grow, and not only in terms of funding. More and more local groups and "committees of dialogue" aim to increase communication between representatives of the public and the NGO sector. NGOs have established various coalitions that do not represent the interests of the whole sector but only the interests of NGOs in a given field. Observers of the sector argue that this is a natural outcome of a sector whose members represent a wide variety of interests.

In 2009, there was intensive cooperation between government and NGO representatives on the amendment of the Act on Public Benefit Activity and Volunteer Work, the main law regulating NGOs. For the first time, NGOs were invited to present their ideas about the legislation and were treated as equal partners of the government. The amended act is likely to be passed at the beginning of 2010.

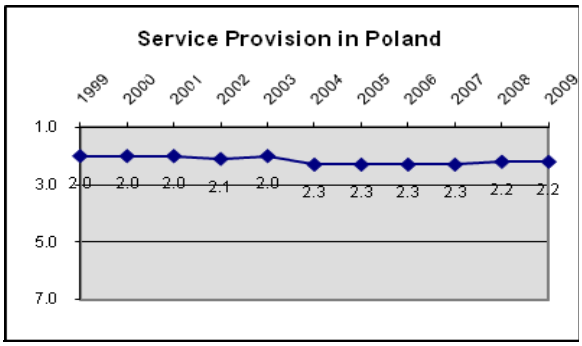
In 2009, an example of coalition-building was the cycle of seminars and research on the future of Polish foundations that was organized and conducted by the Polish Donors' Forum. During the seminars, which were attended by NGO activists, NGO experts from Poland and abroad, and representatives of the Polish public administration, participants discussed various aspects of the foundations' operations. During the final conference, various proposals for amending the Law on Foundations were presented.

Similarly, a coalition of organizations that work to assist people with disabilities was established in 2009, with the intent of drafting a proposal for a new law on the social and occupational rehabilitation of people with disabilities.

SERVICE PROVISION: 2.2

As in 2008, service contracting continued to improve as both local governments and NGOs became more familiar with contractual procedures. Since NGOs have greater public funding, they take on more public tasks and deliver services in a wider range of fields and to larger groups of beneficiaries than their constituencies.

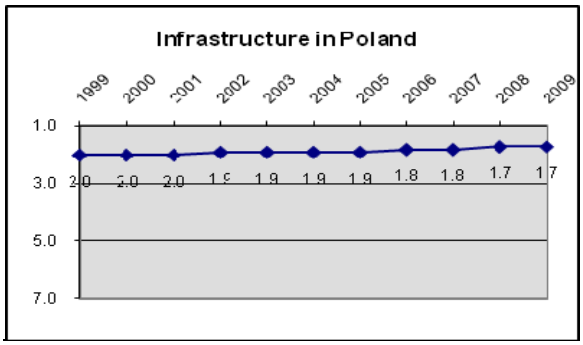
A small group of NGOs engaged in social entrepreneurship frequently seeks market niches and unmet local needs. In most cases, however, the kinds of services and products provided by NGOs do not reflect citizens' real and most pressing needs. Most of the services NGOs deliver are contracted or subsidized by public sources. They reflect the priorities of public administration officials at the local, regional, or national levels—or, to a growing degree, the EU level.



Overall, cost recovery did not change much in 2009, though NGOs gained some experience in charging fees for services to recover costs.

INFRASTRUCTURE: 1.7

The infrastructure of NGOs improved only slightly in the last year. There have been a number of intersectoral partnerships between NGOs and local governments, but partnerships between NGOs and business are still quite rare.



Support centers created within the framework of EU-funded projects provide numerous trainings, often free of charge, to NGOs. However, the quality of training is not always high.

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, including analyses of legal changes and announcements of upcoming conferences, trainings, and job vacancies. Readers post a large portion of the available information.

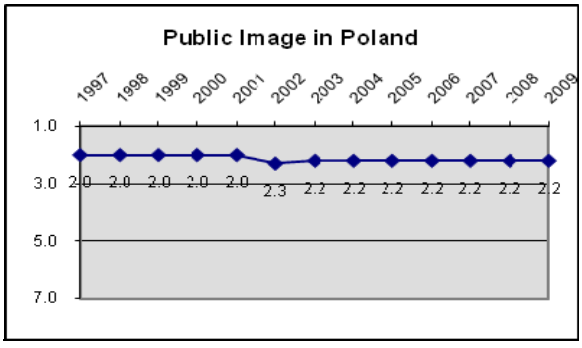
The number of local grantmaking organizations established by businesspeople hoping to invest in their communities has barely increased, as many of these professionals are facing financial difficulties and have fewer profits or reserves to donate.

Several NGO coalitions of organizations working in similar fields have formed with the aim of influencing government policies. 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 of the council; representatives from smaller, lesser-known NGOs are unable to get enough votes to win a seat, so council members tend to come from large NGOs and to represent their interests.

PUBLIC IMAGE: 2.2

The overall public image of NGOs did not change much in 2009. The media has become more interested in covering the work of NGOs, but primarily this is local media. Few journalists write articles about NGOs; if they do, they write about scandals in the sector or spectacular events organized by large charities. Commercial media promote their own foundations. The campaigns for 1 percent of citizens' tax liabilities have contributed to the growth of cooperation with the media, and various media (mostly local newspapers) give space to NGOs at a reduced price or for free during these campaigns.

A growing number of organizations invest in public relations. Public opinion polls show that most citizens still do not understand the notion of a nongovernmental sector, yet the percentage of those that do has been growing. People tend to identify only specific national charity organizations and actions that are popularized in the national media by celebrities. Few people are aware of the diversity of the NGO sector.

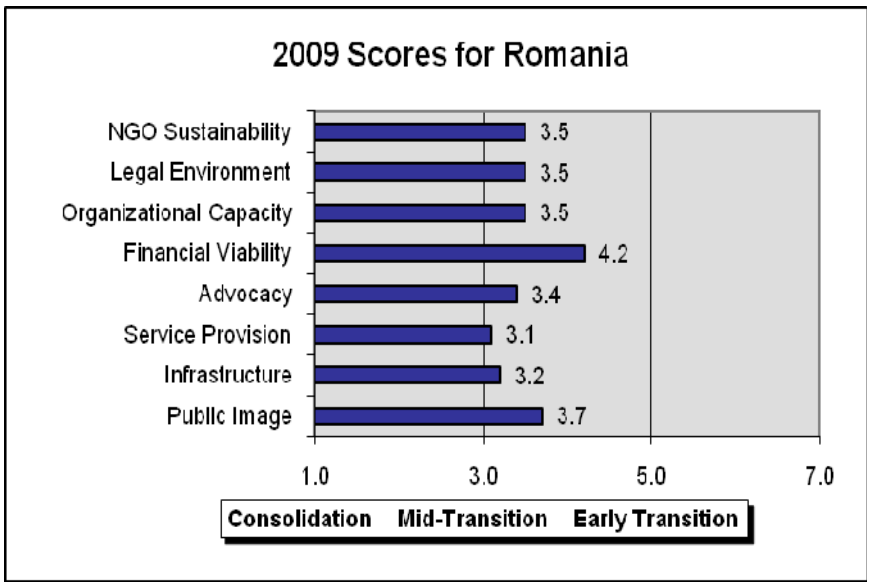


The government, however, increasingly appreciates the role of NGOs in providing

professional services and is beginning to look to NGOs for expertise and information.

More NGOs say that they publicize their activities and promote their public image, which generally consists of creating and maintaining a website. However, NGOs tend to concentrate on creating a good image among potential donors rather than seeking the support of local communities.

Due to a lack of sanctions, a majority of organizations do not submit financial reports as required, let alone engage in other actions to promote transparency. Few NGOs publish annual reports, and the documents they prepare are written in hard-to-understand language and are often difficult to find on their websites. Many websites do not contain contact details for staff, and the descriptions of activities are vague. Financial information or donor lists are often regarded as trade secrets.



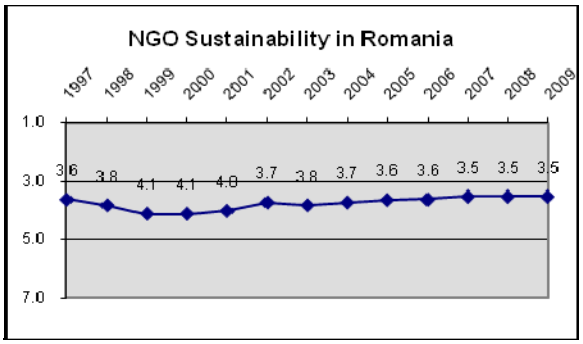
Capital: Bucharest

Polity:
Republic

Population:
22,181,287 (July 2010 est.)

GDP per capita (PPP):
$11,500 (2009 est.)

NGO SUSTAINABILITY 3.5



The overall state of the NGO sector remained the same as in 2008. The financial crisis impacted NGOs, especially organizations dependent on funds from the business sector. NGOs that regularly organized fundraising events reported significant decreases in donations. At the same time, NGOs continued to find alternative means of income generation through economic activities, stimulated by European Social Fund grants for social enterprise development.

Despite the bleak financial situation, the number of NGO initiatives was higher in 2009, especially in the fields of human rights and the environment. The NGO sector and its stakeholders pursued hundreds of partnerships within projects funded under the European Social Fund Development of Human Resources Program, making 2009 one of the most successful years in terms of partnership development. Dialogue with the central government was difficult in light of political instability, and most NGO advocacy initiatives were unsuccessful.

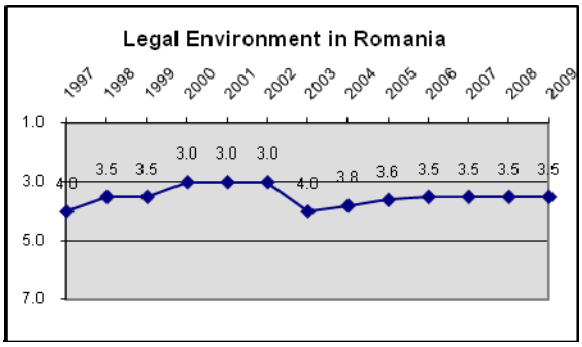
In 2009, the mass media promoted NGO projects, especially at the national level. The first NGO news portal, www.stiriong.ro, became the most important instrument for the exchange of information about and within the NGO sector.

According to data provided by the Ministry of Justice, as of December 2009 a total of 62,104 associations, foundations, unions and federations were registered in Romania.

LEGAL ENVIRONMENT: 3.5

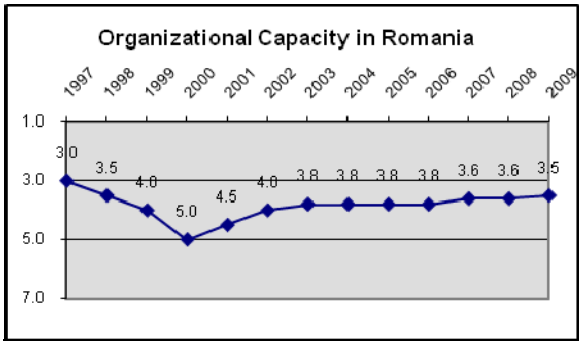
In September the government pushed through parliament a package of laws including the Education Code, sparking discontent among trade unions and NGOs who were denied the possibility to discuss the legislation. The Education Code provided the possibility for a taxpayer parent to redirect 2 percent of his or her annual income tax to a special account created for his or her child's education. At the beginning of September, the prime minister declared that the 2 percent donation in the Education Code was the same 2 percent that the Fiscal Code allows taxpayers to donate to NGOs. In other words, a taxpayer might have to choose between giving the 2 percent donation to an NGO or to his or her child. NGOs immediately started an advocacy campaign. Parliament adopted the Education Code with the contentious provision, but in November the Constitutional Court declared it unconstitutional.

An article referring to the obligation to conduct an impact assessment for certain draft laws was repealed, probably an attempt to avoid this kind of exercise before the adoption of the Civil Code and Criminal Code. Draft laws will not have impact assessments unless the provision is reintroduced.



According to a study released by the Romanian Donors' Forum, less than half of the forty-one county administrations used the provisions of Law 350/2005 to provide grants to local NGOs. NGOs continued to pressure local governments to put into practice the provisions of this law.

ORGANIZATIONAL CAPACITY: 3.5



NGOs' public campaigns were more visible than in previous years, but most aimed at attracting attention and financial support rather than constituency building. Except for civic advocacy and environmental organizations, the majority of NGOs have direct contact with their constituencies only when promoting a special action or protest. International donors have provided financial support for the development of national or local awareness-raising initiatives that provide people an opportunity to become involved in NGO activities. Among the most successful examples were the Provobis Caravan "Follow the Volunteers," which involved fourteen different communities around the country, and ONG Fest, the first national NGO fair in nine years. A volunteering fair was organized in May in Bucharest.

According to experts on volunteering, Romanians are open to working for the benefit of their communities but few organizations have strategies, procedures and dedicated staff for volunteer management. The number of volunteers has grown in recent years, especially related to environmental causes. An environmental campaign organized in a rural area of southern Romania set the record for the number of people volunteering on the same day when 4,000 people gathered to plant trees.

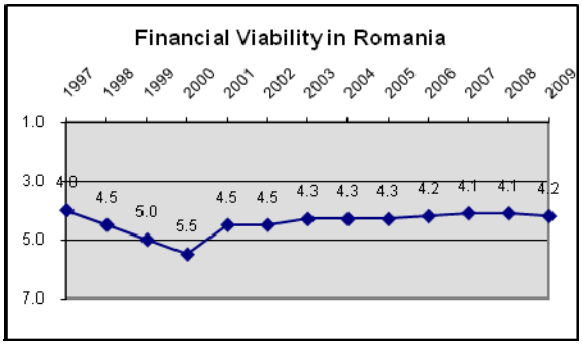
Strategic planning is a usual practice for large NGOs, but not for smaller organizations. The lack of strategic thinking has left many small and medium-sized NGOs unable to adapt to the economic crisis. As business funding dried up, NGOs found it difficult to identify alternative local sources. Many NGOs saw EU Structural Funds as an alternative to foreign donors, but the bureaucratic procedures combined with NGOs' lack of cash flow planning left them unable to implement all planned activities.

According to preliminary data from national research carried out by the Civil Society Development Foundation (CSDF) in 2009, most active NGOs have between one and five employees. Organizations that receive EU Structural Funds can afford to provide better salaries, and some former employees have returned to the NGO sector.

FINANCIAL VIABILITY: 4.2

NGOs showed increased interest in private sources of funding as a consequence of the disappearance of foreign donors. According to the Romanian Donors Forum, in 2008 the main private donors provided over €31 million to civil society initiatives. Gala Societatii Civile, an annual event rewarding excellence in the nonprofit sector, announced that in its 2009 competition 147 projects were registered totaling €21 million, compared to 115 projects worth €7.9 million in 2008. The sixth Gala Oameni pentru Oameni, an annual event rewarding corporate social responsibility initiatives organized by the Association for Community Relations (ARC) and AmCham, recognized 118 projects totaling over €24 million, compared to €11 million in 2008. Due to the economic crisis, however, NGOs dependent on corporate, individual or foundation support had to scale down their activities.

Public funding for NGOs did not improve. In 2009, the National Fund for Environment did not offer funding to environmental NGOs. At the local level, implementation of Law 350/2005 regarding state funding for NGOs remains problematic. According to the Donors' Forum, around 70 percent of the funding goes to religious and sport activities. Around 200 NGOs received funding from the European Social Fund. An increasing number of NGOs have started to develop activities in the field of social economy, taking advantage of both European and national funding. According to beneficiary NGOs as well as civil society experts, one of the best public funding mechanisms is the NGO Fund of the European Economic Area (EEA) Financial Mechanism funded by Iceland, Liechtenstein and Norway. Compared to similar programs, the NGO Fund has more flexible procedures and is complementary to other funding sources.



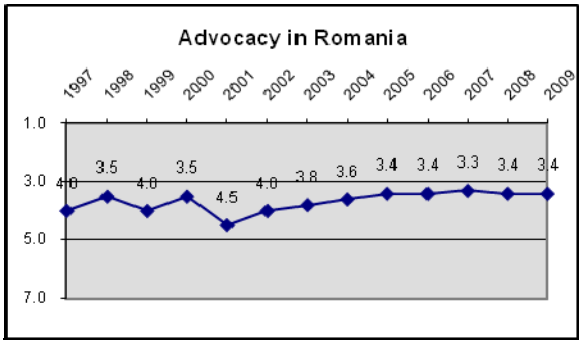
Some NGOs struggled to pay salaries and taxes. It has become more difficult to ensure co-financing of EU projects because of authorities' lack of capacity to manage EU funding programs. Due to the economic crisis, NGOs which had income generating activities such as providing services to the business sector were forced to revise their strategies.

The CSDF and the Romanian Donors' Forum mobilized quickly in defense of the law that allows individual taxpayers to direct 2 percent of their income taxes to an NGO of their choice, but the law's future remains uncertain. According to the National Authority for Fiscal Administration, the total amount directed to

NGOs by taxpayers increased by 12.3 percent, exceeding $28 million. An additional 200,000 taxpayers made use of this provision, on top of the previous 1 million who had already directed 2 percent of their taxes to NGOs.

ADVOCACY: 3.4

Dialogue with the central government was difficult given the political instability, but NGOs continued their advocacy and lobbying efforts with parliament and local government, and pursued litigation to advance their causes. The Coalition for a Clean Government called for political stability and spoke against early parliamentary elections, while another group of NGOs sued the government for organizing a referendum concurrently with the presidential elections. NGOs' positions on issues of public interest received wide media coverage.



As part of the new government's institutional reshuffling, the Directorate for Relations with the Associative Sector within the Prime Minister's Chancellery was dissolved. The College for Consultation of Associations and Foundations, a consultative body within the Prime Minister's Chancellery established in 2005, met once during the year; the new government stated its good intentions and NGO leaders proposed methods of cooperation. Several committees include NGO representatives. A representative of the College of Social Workers was included in the Committee for Adoptions, and the Institute for Public Policies (IPP) nominated a respected law professor to the High Council of Magistrates. The president has said that one-third of members of this council should be civil society representatives.

NGOs joined a coalition initiated by CSDF and ARC following the publication of the draft Education Code. The same coalition lobbied for simplification of the procedures for directing the 2 percent of income tax to NGOs and gained the support of two MPs who initiated changes to the Tax Code. Agent Green, an environmental group, lobbied the parliamentary subcommittee on the Criminal Code to include ecological crimes in the new code.

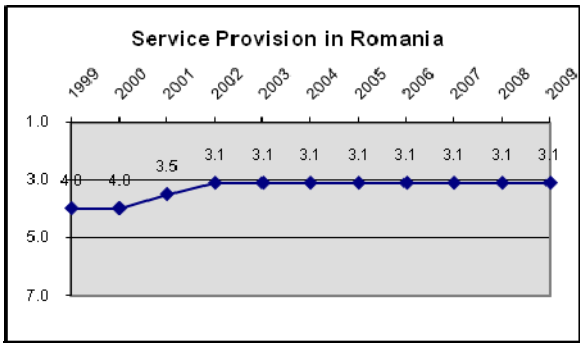
Some previous efforts of NGO campaigns have borne fruit. The Chamber of Deputies decided to publish MPs' expenses, which IPP has advocated for the last five years. Protests of the Patients' Association saved funding for long-term treatment of chronic diseases from being cut from the national health programs. Following an advocacy campaign carried out by associations of parents of children with autism, one MP announced that he would submit a bill to increase the coverage of treatment and services for persons affected by autism.

Some NGOs have used litigation to advance their causes. Greenpeace won a case against the Ministry of Economy, which will have to make public the list of sites where nuclear power plants may be built. The Coalition "Stop the Codes" ("Opriţi Codurile") sued the government and the Ministry of Justice for violating laws on transparency of the legislative process in their development of the Civil Code and Criminal Code. Pro Democracy Association Braila sued six local governments for not complying with freedom of information legislation. Centrul de Resurse Juridice has sued regional and national environmental agencies for lack of transparency in environmental impact studies and illegal licensing of new investment projects. NGOs organized several street demonstrations on issues related to protection of the urban environment and cultural heritage. A coalition of NGOs in Bucharest protested against the approval of zoning plans by the city council,

district councils and Ministry of Culture. Professional associations, trade unions and the government debated proposed reforms of the pension system, public sector employment and education.

SERVICE PROVISION: 3.1

NGOs are among the main providers of social services, although their weight is decreasing due to the development of county and municipal social services. At the end of 2006, for example, there were 1,164 accredited social services providers, two-thirds of which were NGOs. In 2009 there were 2,329 accredited social services providers, of which almost 50 percent were NGOs.



CSDF research shows that in some sectors NGOs are the main providers of services and are more cost-effective than public providers. In the area of home care for the elderly, NGOs had 18,056 clients in 2008, while public providers had 12,767 clients. Some home care services are delivered for a fee or are subsidized by local or central governments. NGOs provide most services within Roma communities and for vulnerable groups such as the disabled. In the regions where they operate, NGOs have better outreach than public providers.

While public service providers are financed from local and national budgets, NGOs are financed primarily by donor resources. EU funding for social services was one of the main start-up funding sources, but now NGOs struggle to sustain services. Local governments which acted as partners in such projects and committed to continue funding now face budgetary constraints.

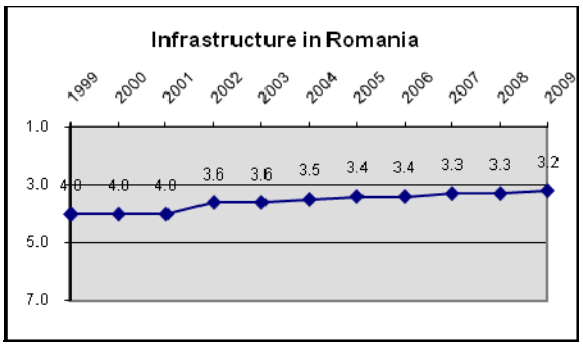
There is still no effective NGO network or coalition to promote increased public funding of NGOs. NGOs in Mures and Bihor counties and in Bucharest are working on models for joint planning and implementation of social services. The new Education Code foresees equal competition between public and private universities for public funding; this might provide a useful precedent for public funding of NGOs.

Local governments prefer to provide cash social benefits instead of effective family and child care services, which limits the funding available for social services. The Presidential Committee of Analysis of Social and Demographic Risks acknowledged the role of NGOs in social welfare and recommended that local authorities contract out services. The president of the Chamber of Deputies has shown some interest in working on the issue.

INFRASTRUCTURE: 3.2

Unlike in previous years, the most active resource centers were at the local level, providing support for the development of grassroots organizations. These centers cover only a few regions, however. Financial constraints forced some of the national resource centers to reduce their programs or services, affecting primarily the grassroots NGOs from regions without local resource centers.

Despite the rough financial year, the core of well-established intermediary support organizations implemented their strategic plans, including opening local offices and providing funding and training for NGO development. Even though the funds raised by ISOs were generally 20 percent less than in 2008, most of the funds came from local sources.



The number of training programs for NGO representatives increased during 2009, mostly due to the launch of the European Social Fund Development of Human Resources Program and other European programs. Local and grassroots NGOs chose from a wider variety of trainings in 2009, most provided free of charge. According to new legislation, starting with 2010 all certified trainings will need to be delivered by trainers certified by the National Council for Professional Training of Adults.

The voices of coalitions promoting various causes were loud in 2009 in areas such as human rights and the environment, and NGO coalitions' initiatives grew both at the national and local levels. Following EU models, coalitions started to become more institutionalized, acquiring legal status as federations. Twenty-nine new federations were established in 2009. Informal coalitions, however, promoted most NGO sector initiatives. Coalition for a Clean Government demanded the resignation of two ministers suspected of corruption. The Coalition "Stop the Codes" called for reexamination of the new Civil Code and Criminal Code. At the local level, environmental coalitions launched protests demanding national and local authorities' involvement in protecting the environment.

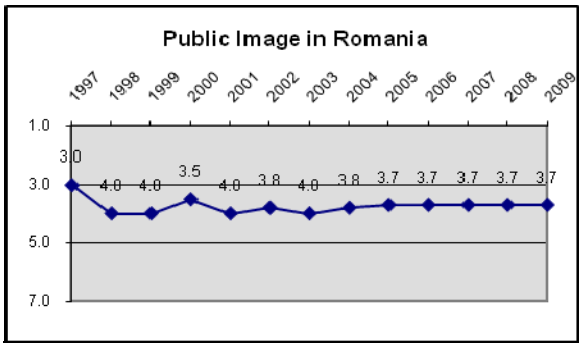
The number of intersectoral partnerships was at the highest level in ten years, driven by the need to forge stronger initiatives and by donors' demand for partnerships in project proposals. Actors in the social sector, predominantly at the local level, recognize the added value of public-private partnerships. The EU Structural Funds call for proposals led to the establishment of hundreds of NGO partnerships with central and local administrations. National authorities and NGOs conducted important national campaigns, such as "Stop the Poaching," an initiative of the Ministry of Environment, Save the Danube Delta Association, Coca Cola Romania, and the International Committee for Protecting the Danube. The number of partnerships was even higher at the local level.

PUBLIC IMAGE: 3.7

In 2009, NGOs paid more attention to the promotion of their activities; at the National NGO Forum organized by Centras and CSDF in May, over 150 participants named NGOs' image one of the sector's top ten priorities. Due to the economic crisis and opportunities provided by EU Structural Funds, PR experts and agencies became more interested in working with NGOs in order to access available funds.

As companies reduced their advertising budgets, NGOs enjoyed new promotional opportunities. Some media outlets promoted NGOs' projects and events free of charge. Outdoor promotion companies decided to offer advertising space to NGOs at minimal or no cost. NGOs' projects and activities benefited from promotion on television, radio, Internet, and in the print media.

Most medium-sized and small NGOs with limited resources disseminated information about their activities through the Internet using dedicated NGO sector portals such as www.stiriong.ro, discussion groups and free public relations portals.



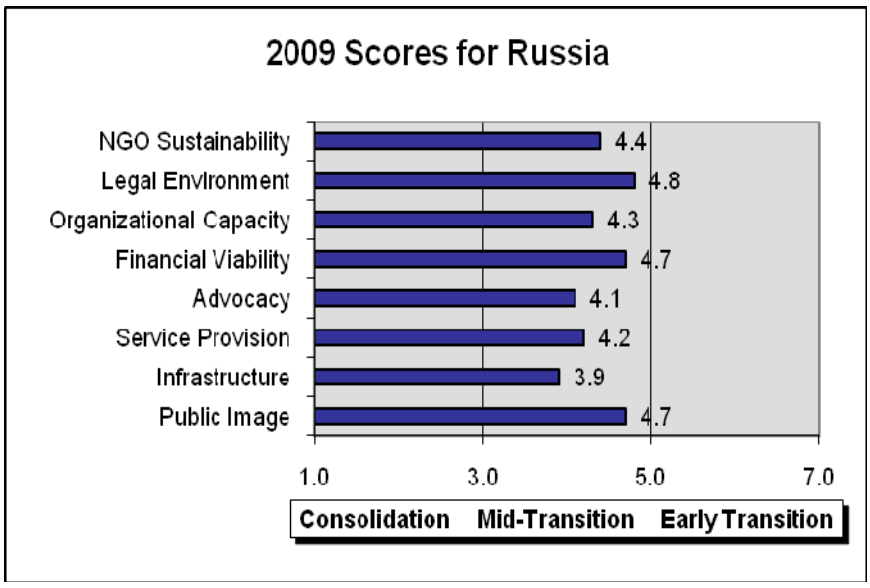
Only a small group of media representatives at the national level are willing to promote NGOs' activities. NGOs are more visible in local than in national media.

While many people are still unacquainted with NGOs, more young people are involved in volunteering. CSDF organized ONG Fest, a three-day event that gathered donors, companies, public institutions, 200 NGOs, and 30,000 visitors.

Despite the economic crisis, the number of companies developing CSR projects in partnership with NGOs slightly increased. NGOs specialized in areas such as social protection, health, and environment were the most in demand by companies.

Usually NGOs' activities and operations are quite transparent due to strict donor guidelines, but no ethics code has yet been adopted. NGOs report their activities to donors or when they apply for different financing sources, but few publish annual reports. The 2009 best annual reports competition organized by the Romanian Donors' Forum attracted approximately fifty reports from different types of NGOs, most of which fulfilled the jury's transparency and ethical criteria.

RUSSIA



Capital: Moscow

Polity:
Federation

Population:
139,390,205 (July 2010 est.)

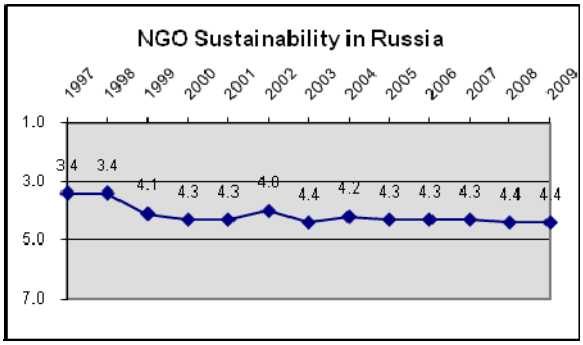
GDP per capita (PPP):
$15,100 (2009 est.)

NGO SUSTAINABILITY: 4.4

In 2009, the financial crisis and inconsistent government policy significantly influenced the development of the NGO sector. The state continues to formally recognize NGOs as social service providers but in practice does not view NGOs as valued partners. Government agencies do not see the value in involving civil society actors in consultations and decision-making processes, although this varies at different levels of government. Governments at municipal and local levels tend to be more responsive to civil society. According to the Ministry of Justice, more than 220,000 noncommercial organizations are registered in Russia.

Government tenders for service provision contracts lack transparency and do not provide for support of NGOs' organizational expenses. Many services that NGOs could provide are not procured through a competitive process.

In previous years the amount of state and regional support for NGOs increased in comparison to foreign funding, but the financial crisis significantly reduced government funding for NGO activities. NGOs worked hard to diversify funding sources, but these efforts did not bring any significant revenue. The number of professionals who sought work in the NGO sector increased as people lost jobs in other sectors.



Low public trust remained one of the major problems for NGOs. According to the latest report on the state of civil society in Russia published by the Public Chamber,[11] awareness about NGOs and civil initiatives increased over the last year but apathy regarding public participation remains prevalent. A 2009 survey from the Institute for Civil Society Studies at the Higher School of Economics points to a persistent lack of public trust towards government institutions and NGOs and among individuals. Seventy-six percent of respondents said that Russian citizens are totally unable to

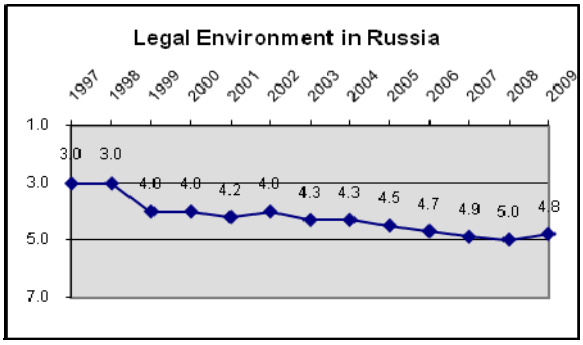
influence developments in the country and 59 percent believe that people are unable to exert any influence on what is happening in their city, town or village. Sixty-four percent of respondents do not feel any responsibility whatsoever for what is happening in the country.

According to NGO experts, national media paid almost no attention to NGO issues. Local media proved to be more accessible and inclined to cover the NGO sector. In 2009 several negative media reports about charitable organizations damaged the image of NGOs.

LEGAL ENVIRONMENT: 4.8

The legal environment continued to improve in 2009 even though certain legislative initiatives were not completed, such as work on drafting regional laws on charity support and laws on interaction between NGOs and the state.

Throughout the year the Public Chamber Commission on Charity and NGO Legislative Reforms, as well as the Ministry of Economic Development and the Presidential Council on Promoting Civil Society and Human Rights, involved the NGO sector in discussions of legislative changes. The Ministry of Economic Development prepared several draft laws and a concept on promoting charity and volunteerism which had been initiated by the NGO community.



The president signed a decree to create a working group chaired by Vladislav Surkov, first deputy to the head of the presidential administration. The group is tasked with preparing draft laws to improve the legal and regulatory framework for NGO activities. The legislature adopted several amendments to the Law on Noncommercial Organizations. One amendment provides an exemption from formal reporting for small NGOs with annual revenue less than 3 million rubles ($104,000) that do not have foreign funding or founders. Another amendment introduced mandatory government audits every three years instead of annually. In addition, refusal to register a foreign NGO representative office may no longer be based on criteria such as “threats to the unique character, cultural heritage, or national interests of the Russian Federation.” The working group is currently developing another set of amendments.

After a presidential decree in 2008 dissolved the Federal Registration Service (FRS) and transferred its functions to the Ministry of Justice, the NGO registration process seemed to become less complicated. In some regions registration bodies even work with NGO resource centers to organize information sessions on reporting requirements and document preparation, as well as “lessons learned” sessions to discuss mistakes and violations.

NGOs are still learning to adapt to the new regulations under the Law on Noncommercial Organizations. Many NGO leaders mention that strict reporting requirements motivate NGOs to keep their internal documents in order. Meanwhile, a number of legal changes introduced in previous years increased the number of administrative barriers and added to the workload of NGO lawyers. Strict reporting requirements led to the closures of NGOs that did not succeed in becoming registered organizations.

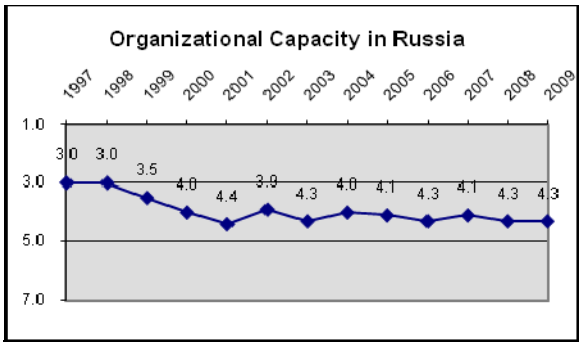
The absence of tax benefits hinders the NGO sector’s development. The government is considering additional tax breaks for NGOs and their donors.

NGOs established the Coalition for Promotion of Public Social Advertising in 2009. The coalition succeeded in promoting legislative changes and organizing public campaigns

opposing the adoption of amendments to the Law on Advertising that stipulated that only government social advertising was legal.

Government Decree 485, adopted in 2008, resulted in the exclusion of all foreign NGOs from the list of organizations eligible to provide tax-free grants to Russian recipients. Since adoption of the decree, no foreign NGOs other than intergovernmental organizations have succeeded in getting back on the list.

ORGANIZATIONAL CAPACITY: 4.3



NGOs' internal development practices leave much to be desired. Even though a majority of NGOs have adequate knowledge of strategic planning methods, project management, and ways to organize boards of directors, a limited number of the most sustainable NGOs apply this knowledge. The majority of NGOs have no access to modern technical and communications equipment.

Jobs in the third sector still do not offer stability or career potential. While staffs shrank as a result of fewer funding opportunities, NGO leaders claim that during the last year it became easier to hire qualified high-level specialists who lost jobs in other sectors. Last year the NGO sector witnessed an increase in the number of young people joining the NGO workforce, as well as an increase in volunteers with professional skills.

A number of professional NGOs emerged in some regions due to the support of international donor organizations, foundations and Russian businesses. These few NGOs play a leading role in the sector and their management and organizational capacities are rather developed. Sustainable NGOs have developed networks of businesses and individuals that provide ongoing support, but the amount of this support decreased. NGOs continue to increase their work with constituencies, but even well-developed NGOs find it challenging to involve citizens in their activities and to reach out to the wider public.

FINANCIAL VIABILITY: 4.7

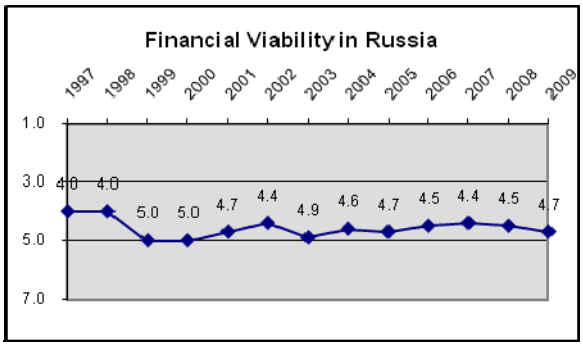
While the share of funding from regional and federal budgets has increased substantially in past years, in 2009 the financial crisis undermined opportunities for NGOs to receive funding from regional and municipal budgets. For example, in Tyumen, the municipal grant pool decreased by three times in comparison with 2008, and for the first time in ten years the local community foundation was unable to collect enough funds from its founders to conduct a grant competition.

Corporate and private donations decreased drastically even as NGOs intensified their efforts to recruit donors. Before the crisis some organizations proved to be very successful in securing private donations, but within the last year NGOs were able mainly to recruit volunteers and to obtain nonmonetary forms of support. The level of activity and financial viability of local foundations decreased, and some of them suspended operations, even though partnerships between local community foundations continue to develop and the foundations provide grants from available sources, including corporate and individual donations.

The size of the presidential grant pool for the NGO sector shrank and the majority of funds were aimed at providing support for citizens affected by the crisis, not at supporting NGOs' regular activities. In general, NGOs organized one-time fundraising campaigns for specific causes, which did not provide core funding. Even though membership fees are increasingly becoming a means of financing NGOs, they form a very small percentage of NGOs' total budgets.

Financial transparency of NGOs is improving due to incentives such as an annual competition of NGO reports conducted by the Federal Public Chamber and requirements to submit reports to the Ministry of Justice. Publishing annual financial reports is also becoming a clear trend in the NGO community. Still, many NGOs cannot afford accountants and lawyers, let alone professional independent audits.

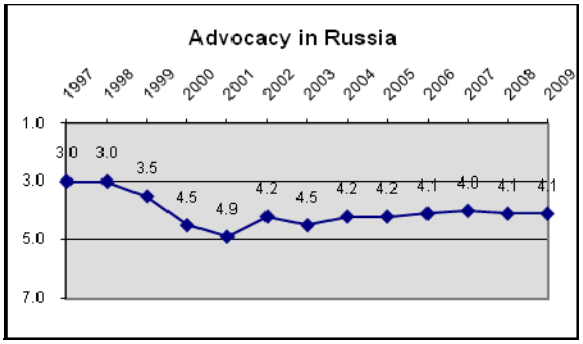
Government tenders and grantmaking lack transparency and do not cover NGOs' regular expenses. In 2009 the Siberian Center for Support of Public Initiatives organized a



campaign to convey to the federal government complaints about the Public Chamber grant competition. More than 500 member organizations from forty-three regions signed an open letter suggesting improved mechanisms for state support of NGOs.

The current policy environment does not encourage social entrepreneurship. A limited number of organizations, such as associations of disabled people, have established production facilities to generate additional income, but this type of activity is not widespread.

ADVOCACY: 4.1



NGOs have become more aware of the need to share information and create networks to protect their joint interests as interaction between NGOs, government officials and political forces has intensified. There are numerous successful joint actions, projects and programs between NGOs and government bodies at various levels. However, the majority of NGOs are not ready to consolidate efforts to convey their opinions to authorities. In the past year, few NGOs used the available opportunities to participate in the legislative process.

Issue-oriented coalitions exist in the spheres of housing, education, health care, disability issues, the environment, small business, and protection of public interests at the federal and regional levels. In June, the Housing Education Coalition organized a major conference in preparation for a public hearing on information policy in the housing sector. Over 120 people including government representatives, businesses, NGOs and mass media participated in the conference and the public hearing at the Public Chamber. The majority of coalitions, however, are supported by international donors and their sustainability is uncertain.

Direct contacts between NGOs and authorities remain limited. The existence of GONGOs further undercuts independent NGOs. Only in

certain regions with a well-developed third sector and more democratic government structures do NGOs have an opportunity to participate in political processes. NGOs' public advocacy campaigns focused on collecting signatures, preparing public petitions and letters, and organizing protest campaigns to protect citizens' interests in ongoing housing and health sector reforms. Several campaigns were organized to support NGO colleagues who faced legal prosecution.

Overall, political lobbying is practically nonexistent. NGO lobbying efforts in regions such as Vladivostok and the southern Russian republics are severely impeded. Even when direct contacts with politicians exist or where public councils are available, the effectiveness of these communication channels is poor.

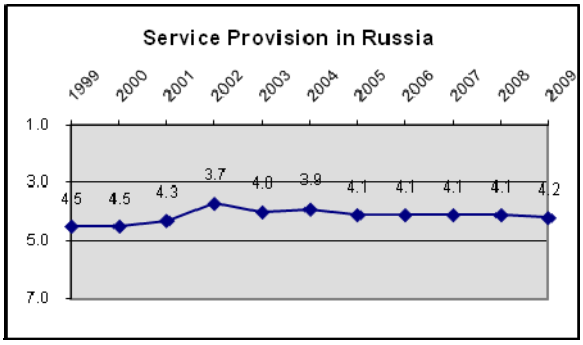
SERVICE PROVISION: 4.2

Over the past year, external factors inhibited expansion of the service market for NGOs. NGOs also had difficulty determining the appropriate market price and demand for their services. Many NGOs lack expertise in marketing their services to constituencies and to potential customers. While competition among organizations that deliver similar services to target groups continued to increase, the financial crisis worsened NGOs' chances to generate more income.

NGOs continue to provide a wide range of services, but service provision represents a very small percentage of NGOs' budgets and has not become a stable source of income. The majority of NGOs provide services only to their members and to limited constituencies.

Although the state has formally recognized NGOs as valuable service providers, it does not generally contract NGOs in such areas as health care and social services. The government underestimates NGOs' value and does not include NGOs in the implementation of socially important projects.

More NGOs are providing services to companies and government institutions, though their numbers remain small. The government's demand for independent professional expertise is increasing, but the supply of experts is limited. A few NGOs provide paid services to scientists, churches and government. Local governments and businesses frequently invite the Pacific Ocean Alliance to provide paid seminars and expert consultations on a variety of public housing reform issues such as multi-apartment management, the role of municipal governance, legislative reform and insurance issues.

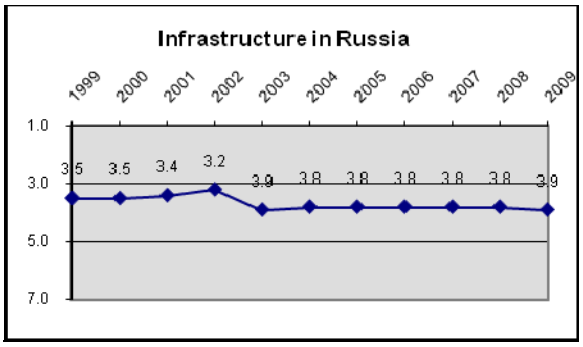


INFRASTRUCTURE: 3.9

Resource centers for NGOs still exist in almost every region. They provide technical and informational support to NGOs and serve as community development centers, aiming to promote contacts between NGOs and authorities, community governance bodies, large and medium-sized enterprises, and the media.

A number of regional resource centers and community development centers appeared as part of international programs and serve as training centers for NGOs. There is little funding to support NGO resource centers. Government bodies have established several NGO resource centers, but fail to provide continued core budget support. The lack of funding forces good

NGO trainers to move to other sectors of the economy.



The network of local community foundations distributing grants from local sources is growing. The Partnership of Local Community Foundations includes about forty member organizations, some of which also administer funds for businesses. Such foundations function only in a few regions and have funds only for small grants. The NGO community has also developed information networks both at the federal and regional levels. Several specialized information agencies serve the NGO community by disseminating news, grant opportunities, and legislative updates.

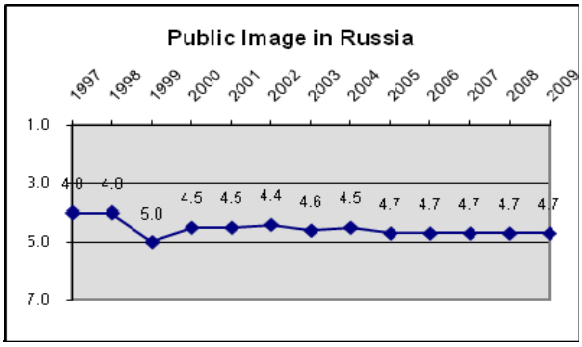
PUBLIC IMAGE: 4.7

NGOs have not become significant players in the public policy field. Even though public chambers are established in most regions, participation of NGO leaders is symbolic.

On the one hand, the public image of NGOs is slowly but steadily improving. Citizens have a better understanding of what NGOs do, though they are still suspicious of organizations supported by foreign donors. Gradually people have started to participate in NGO activities as volunteers and to contribute supplies and donations. So far these are one-time or individual actions but the trend is positive, especially among youth and among middle-aged, middle-class people. On the other hand, people are not ready to make charitable donations to NGOs or to try to solve problems through NGOs.

Professional NGOs are developing relationships with mass media, but publishing analytical materials in federal and many regional media is impossible due to the government's inconsistent position. NGOs have made efforts to develop and improve their public relations through distance learning, conferences, roundtables and working groups, and have increased the use of public service announcements as an instrument to promote social marketing projects.

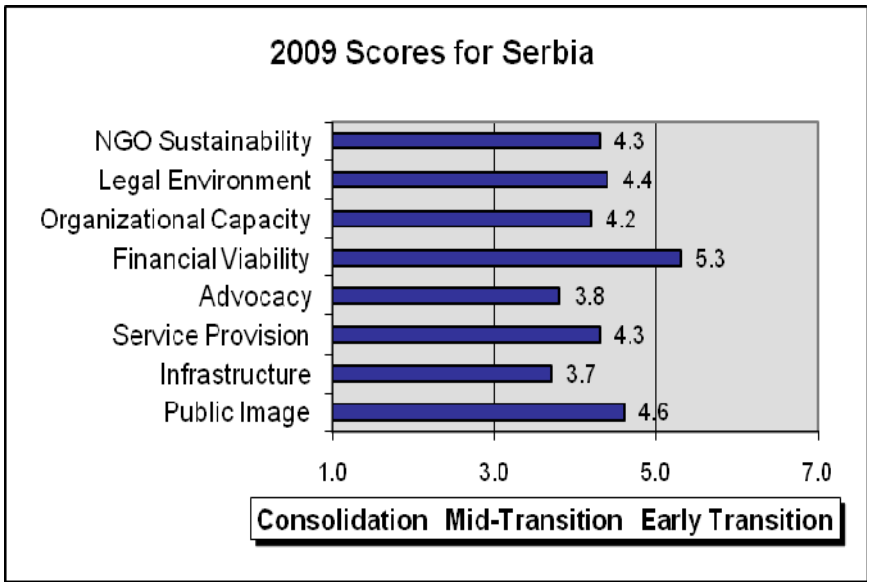
Media in general paid little attention to the NGO sector, but covered youth-related civic initiatives as well as volunteer work. There are still no institutionalized means of interaction between NGOs and mass media; often contacts with media are based on personal relationships.



In 2009 there was negative coverage of the charitable activities of certain NGOs, which did not help improve NGOs' public image. Nonetheless, reporters started to realize that isolated cases of criminal behavior do not mean that all NGOs are involved in fraudulent activities. In some articles reporters compared honest NGOs with their fraudulent counterparts.

In previous years, NGO initiative groups developed an ethical code that has been signed by 291 NGOs. However, NGOs often overlook the benefits of compliance with the code, which remains an evolving instrument and lacks effective monitoring and implementation procedures.

SERBIA



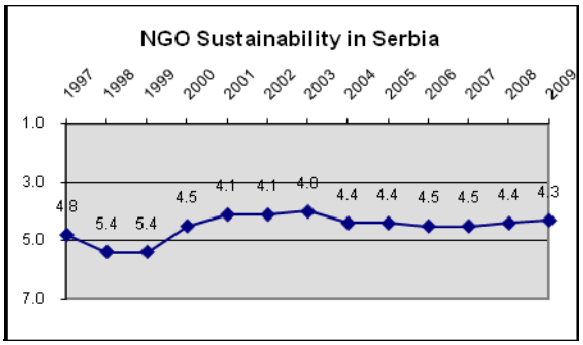
Capital: Belgrade

Polity:
Federation

Population:
139,390,205 (July 2010 est.)

GDP per capita (PPP):
$15,100 (2009 est.)

NGO SUSTAINABILITY: 4.3



The year 2009 witnessed several important developments for the NGO sector in Serbia. Foremost was the formation of a new, stable government—the first in almost a decade that experts predict will live out its full mandate. This means that NGOs have a credible partner with whom to interact, to press for changes, and to hold accountable. The worldwide economic crisis has affected Serbia in ways that have direct impact on the work of civil society. The resulting recession, inflation, increased unemployment, and workers' strikes make it harder for NGOs to solicit support, especially from businesses, and for NGOs to recruit volunteers, as citizens have become more anxious about earning money.

A series of specific events also had a direct impact on NGOs. These included passage of a new Law on Associations, developed by NGOs in cooperation with the government, in July. The law, which provides a much-needed regulatory framework governing the work of civil society, was the focus of NGO advocacy and lobbying of five successive governments over the course of nine years. The law's passage opens a new chapter in government-civil society organization relations.

The past year also saw a struggle for minority rights take center stage. A new Law against Discrimination was passed despite attempts by conservative elements to withdraw it from consideration. A subsequent attempt to organize a gay rights parade in September was met with fierce resistance and an uptick in extremist violence, eventually causing the government to cancel the event. The ensuing controversy, coupled with an outcry over the beating death of a French tourist in Belgrade by the same groups that threatened the parade, galvanized NGOs and citizens to take to the streets to demand government action. This prompted the police, public prosecutor and the Ministry of Justice to

launch a formal initiative against extremist violence.

At the end of the year, the mood among NGOs could once again be described as cautiously optimistic. The boost that NGOs experienced from the passage of the Law on Associations and closer cooperation with the government was followed by an increase in financial support from several ministries and municipalities. Still, areas such as the poor public image of NGOs demanded renewed attention.

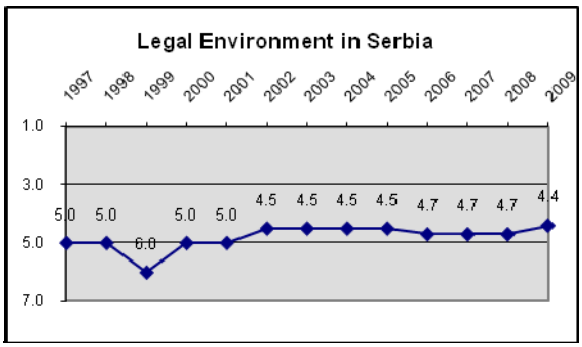
Data on the number of NGOs varies widely. The number of active NGOs is close to 2,100, including those that focus on human rights, the environment, peace, youth and other issues.

LEGAL ENVIRONMENT: 4.4

Analysts and civic activists alike consider the adoption of the new Law on Associations a huge success and a new chapter in the development of the NGO sector. The law's passage also garnered additional support among both government and NGOs for increased cooperation. The challenge now will be to ensure that the law is effectively implemented in a timely manner, including registration and re-registration of thousands of NGOs.

Other components of the legal environment remain similar to previous years. While large NGOs provide legal assistance and guidance to smaller organizations, there remains no legal support network for NGOs across the country. Local and regional NGOs report having more problems completing legal procedures compared to national-level NGOs. Current taxation laws continue to restrict the promotion of philanthropy and the development of the NGO sector. Despite the efforts of several strong organizations, tax incentives to promote corporate giving to NGOs are still insufficient. In addition, gifts to associations (but not foundations) exceeding 9,000 dinars ($120) are subject to a 2.5 percent property income tax.

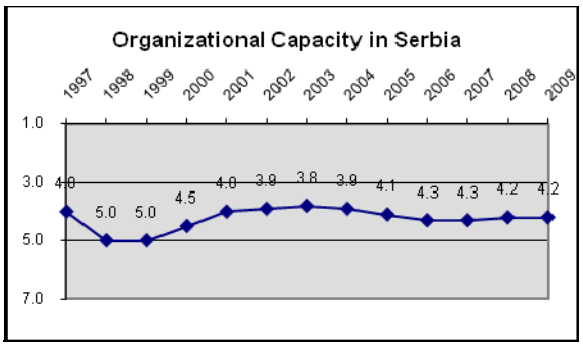
While current legislation formally allows NGOs to earn income from the provision of goods and services, many procedural and bureaucratic obstacles prevent them from doing so.



NGOs continue to complain about state-sponsored harassment, including visits from government tax inspectors to the offices of NGOs active in politics or human rights. The director of Radio Television of Serbia (RTS) filed charges on five separate occasions against NGOs because of their public criticism of RTS. On the whole, the operating environment has improved as the government and NGO sectors began to cooperate more at the national level. At the local level, however, NGOs often encounter a lack of government interest in their work. The city of Belgrade is a rare example of a municipality that funds NGOs regardless of their criticism of local government or its officials.

ORGANIZATIONAL CAPACITY: 4.2

NGOs' ability to develop strong constituencies showed no significant improvement. Working from project to project and a lack of continuity between activities have a negative impact on NGOs' ability to effectively reach out to the local community for support. NGOs are instead forced to concentrate on the priorities of donors, rather than the needs of their own organizations or communities. This tendency was especially apparent among NGOs at the local level.



Strategic planning is becoming a more common practice in NGO decision-making processes, but many NGOs stray from their plans for two main reasons. First, the majority of organizations lack the internal capacity, staffing and management skills necessary for effective division of labor and a strategic approach to NGO management. Second, minimal resources result in a constant struggle for funding, sometimes at the expense of previous plans.

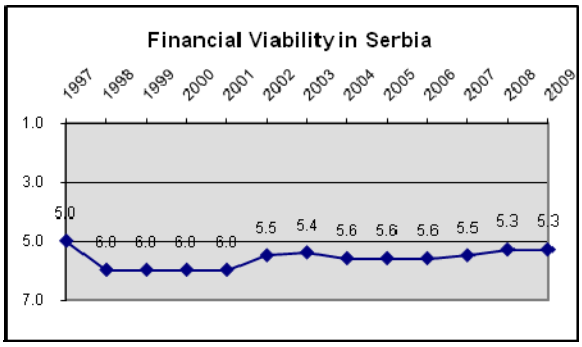
NGOs typically do not divide responsibilities between the board of directors and staff members; an NGO leader is often both the board's key decision maker and the person responsible for program implementation, a tendency inherited from previous generations. Only recently have some NGOs undertaken a comprehensive attempt to institute good governance practices, such as establishing an independent board of directors. Additionally, NGO activists often have to wear multiple hats due to a lack of steady funding.

Even the most active organizations have only a handful of permanently engaged staff. This also makes it difficult for organizations to effectively mobilize and manage volunteers. The worldwide economic crisis has made it even harder for NGOs to recruit volunteers, as citizens focus on finding employment and find little appeal in volunteering.

FINANCIAL VIABILITY 5.3

The financial viability of the NGO sector remained at the same level as last year, in part due to the worldwide economic crisis, which undermined previous progress. While NGOs have made some inroads in soliciting support from the government and business sector, they are still largely dependent on foreign donors. Though an increased number of organizations compete for grants, international donor requirements are often bureaucratic and demand a high rate of cost share, which is difficult to attain. EU grants are accessible to only a small number of NGOs that are able to simultaneously raise and administer funds from several donors. Resources provided by local government agencies are usually minimal.

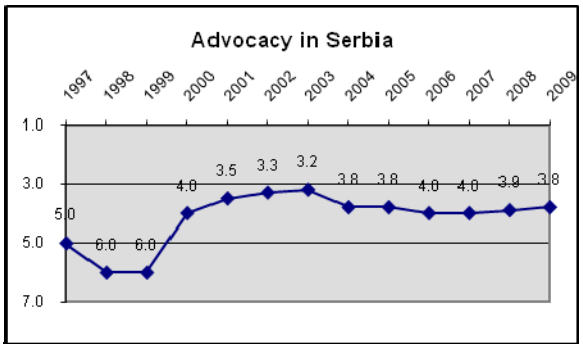
Despite NGOs' achievements during the previous year in raising awareness about and support for corporate philanthropy and corporate social responsibility, businesses in Serbia remain cautious about spending money during the economic crisis. NGOs' relations with the business sector remain strong, but only the largest corporations with advanced CSR standards continue to donate to NGOs.



NGOs lack professional full-time fundraisers who could cultivate a stable core of diverse financial supporters. As international donors withdraw from Serbia, even the strongest NGOs will have a difficult time ensuring sustainability for more than a short period of time. Donors have largely discontinued support for the purchase of office equipment, rent payments and other related administrative costs, which directly impacts day to day as well as long-term operations for many NGOs. National ministries such as the Ministry of Youth have slightly increased funds for contracting with NGOs, an improvement over previous years.

ADVOCACY: 3.8

NGO cooperation with the state improved on both the local and national levels and is slowly becoming more institutionalized. Increasingly, government institutions, including the Office for European Integration and the Ministry of Youth, include NGOs in policy discussions and decision making at the national level. NGOs are also cooperating with officials on advocating for the draft Law on Funds and Foundations, amendments to the tax laws, and the establishment of an office for NGO-government cooperation. Although the overall effect of advocacy campaigns was uneven, the NGO sector had slightly more influence on officials and policies than in the previous year.



Advocacy efforts helped to expand the space for civil society to act and for the government to address issues of importance to the public. Many municipalities have adopted local action plans designed by NGOs to improve educational opportunities for local Roma inhabitants. Several municipalities have established municipal councils dealing with issues that range from gender equality to Roma issues, a result of local NGOs' advocacy campaigns on these topics. NGOs often participate in or monitor the work of these councils.

At the national level, NGO advocacy efforts resulted in legislative reforms such as the adoption of the Law on Associations, as well as in national regulatory reforms governed by the Law on Social Housing, the Law on Free Access to Information, and the Law on Secret Data Classification.

The Law against Discrimination and the Law on Associations represent years of lobbying by Serbia's NGO community and both laws are fundamental to the development of the sector. The Law against Discrimination is particularly significant in that it provides a clear example that even politically sensitive issues can be successfully tackled.

NGOs continue to be excluded from policy discussions that are deemed politically sensitive. For example, even NGOs with significant expertise are sometimes avoided when issues of justice and human rights are discussed. NGOs were underrepresented or their arguments ignored in working groups related to the development of the draft Law on Volunteering. Initial attempts by NGOs to put the Law on Free Access to Information and the Law on Secret Data Classification on the parliament's agenda were ignored, but sustained lobbying and advocacy efforts ultimately resulted in the adoption of these laws.

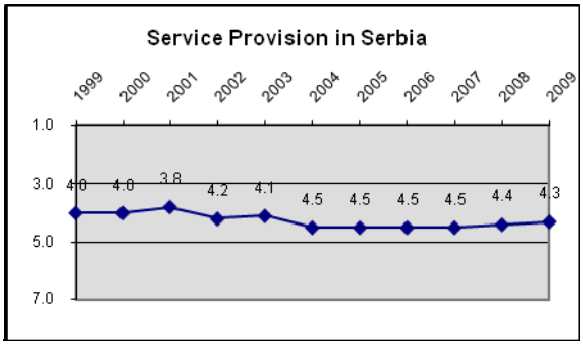
SERVICE PROVISION: 4.3

NGOs continue to provide a range of services across Serbia. NGOs are particularly active in serving the needs of vulnerable populations. For instance, NGOs typically provide training, research, legal advice and technical support as well as health and social services to these communities.

There have been noticeable improvements in the field of service provision, particularly involving cooperation with national and municipal authorities. NGOs are now more effectively providing psychosocial and housing support as well as support for the elderly and the disabled. For example, NGOs receive funding from municipalities and the national government for organizing services for the elderly unable to

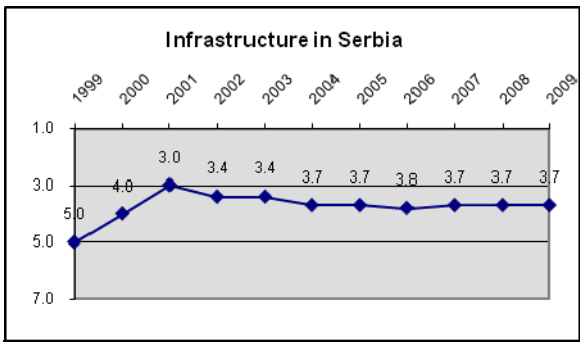
make routine visits to health care centers; provision of food and clothing to the poor; provision of psychological support to the lesbian, gay, bisexual, and transgender population; support for individuals with various types of physical and mental disabilities; establishment of safe houses for victims of gender-based and sexual violence; establishment of shelters for homeless children and trafficking victims; and empowerment of Roma.

NGOs also provide training, research and technical assistance in information technologies, business plan development, project management, business development, campaign advocacy, energy efficiency, and waste management and recycling. Legal advice is provided to victims of human trafficking and gender-based sexual violence, as well as to individuals discriminated against by public institutions. However, these initiatives require additional resources, and NGOs often lack mechanisms through which they can develop sustainable revenue streams for their efforts. Services that NGOs provide often reflect donor, as opposed to community, priorities. Moreover, since NGOs are eligible to compete for both municipal and national grants, some local agencies occasionally treat NGOs as competition instead of allies.



Some NGOs provide services beyond their immediate constituencies. For example, some organizations publish their analyses and reports and work with other organizations and institutions to develop policies and programs that help the wider community. Some universities and academic research programs initiated study areas, such as gender studies and conflict resolution, as a result of curricula developed by NGOs.

INFRASTRUCTURE: 3.7



NGOs lack effective and consistent support for their efforts to further develop their infrastructure. NGOs routinely decry the dearth of funding by local foundations or grantmaking organizations, the lack of consistently available training providers and services, and a shortage of legal advice that could help them more effectively develop their capacities. NGOs also claim that information is not exchanged or shared within the sector as often as it needs to be. A more effective communication mechanism within the wider NGO community could help organizers of broad social awareness events, such as the aborted gay pride parade, recruit additional support.

NGOs in the regions indicate that NGO infrastructure is significantly underdeveloped on the local level throughout Serbia.

While some organizations provide pro bono legal advice and other support to NGOs, Serbia lacks a specific organization that serves as a genuine resource center for the sector. The Federation of Nongovernmental Organizations of Serbia (FENS), which represents 500 NGOs, is the largest such network in the country. At its October 2009 annual meeting, however, FENS concluded that it must reorganize in order to

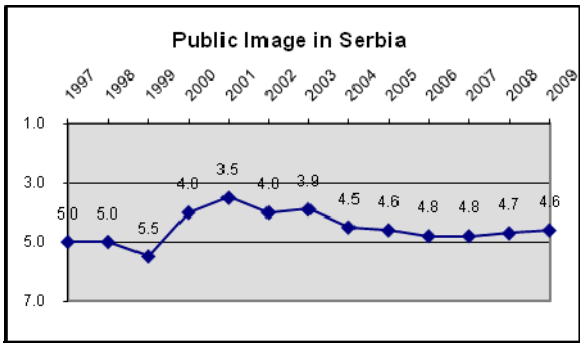
better support the NGO sector. While there are capable trainers available to help NGOs develop their internal capacities, few resources are available to actually pay for trainings.

PUBLIC IMAGE: 4.6

The public image of NGOs improved slightly over the past year. Though the sector still suffers the long-term consequences of aggressive state-sponsored attacks during the Milosevic years, Serbian society is starting to move beyond the propaganda of that era. One example was the close cooperation between EXIT, an internationally recognized music festival, and the "Respect the Planet" environmental campaign. A coalition of NGOs and EXIT conducted a large campaign to raise awareness of illegal dumping in Serbia and the consequences for local communities. The campaign involved hundreds of citizens and well-known musicians and celebrities, resulted in the collection of large amounts of trash, and received significant media attention.

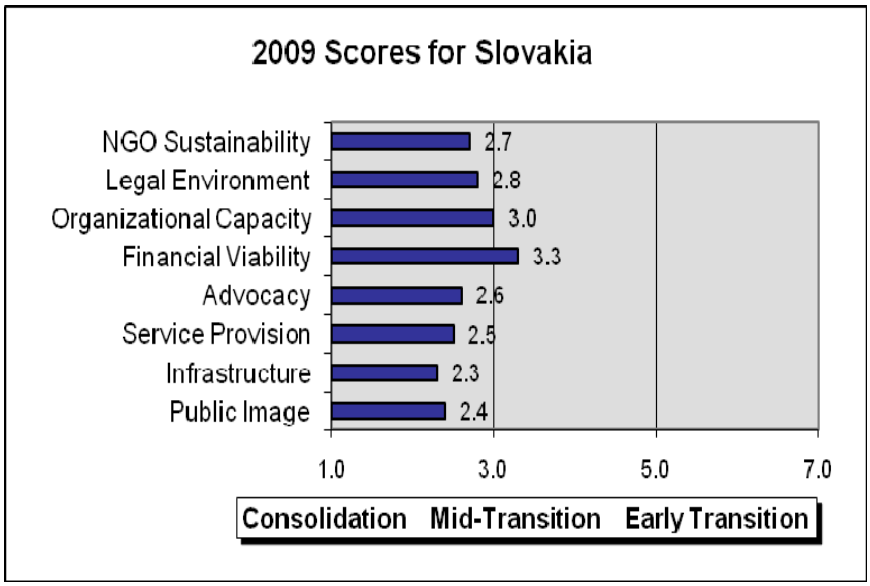
NGOs made more of an effort to engage media, but media rarely report on the activities of NGOs, contributing to citizens' lack of understanding of the positive role that the NGO sector can play and is playing in Serbia. Journalists themselves often do not understand the role of NGOs. NGOs organize media events, regularly participate in TV and radio shows, and have developed relations with some journalists, but need to improve in areas such as strategic communication and public relations.

The government shows signs of increased awareness of the role that NGOs play and a heightened willingness to engage them. Some government representatives openly regard NGOs as their partners. For example, both the deputy prime minister and the minister of public administration and local self-government attended the annual Federation of NGOs of Serbia meeting and cited the passage of the Law on Associations as a new chapter in government-NGO relations. They also announced the establishment of a government-sponsored Office for Cooperation with the Civil Sector, primarily due to NGO efforts to develop closer ties with the government. Nevertheless, some NGOs claim this is only symbolic and that the government could do more to support the work and development of the sector.



The business sector is changing its attitude towards NGOs, owing in part to the hard work of several NGOs that have promoted increased cooperation between business and the NGO sector, such as Smart Kolektiv's work with the Business Leaders Forum and BCIF's annual VIRTUS award ceremony honoring companies and enterprises distinguished for their corporate social responsibility. NGOs need to improve their business acumen and public relations skills to engage the support of business, however.

SLOVAKIA



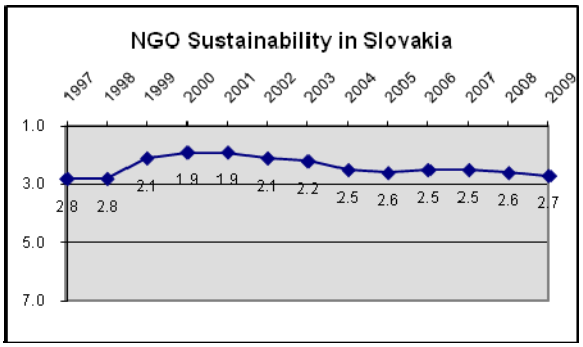
Capital: Bratislava

Polity:
Parliamentary Democracy

Population:
5,470,306 (July 2010 est.)

GDP per capita (PPP):
$21,200 (2009 est.)

NGO SUSTAINABILITY: 2.7



According to the Interior Ministry, Slovakia had more than 33,000 NGOs in 2009. The year was characterized by a growing sense of uncertainty, particularly in the areas of judicial independence, the enforceability of law, and NGOs' financial sustainability. The third year of Róbert Fico's government did not bring fundamental changes to the government's approach to the NGO sector. The government does not consider the NGO sector its partner, and this negative perspective became stronger after several anti-government protests.

In 2009, intimidation of judges and a growing climate of fear among the judiciary contributed to a sense that freedom of speech in Slovakia is being restricted, worrying members of the NGO sector. Similarly, the suppression of a demonstration by a group of human rights activists during the visit of Chinese President Hu Jintao created a fear that civil society is not free to state its views, especially when they are in opposition to official opinions.

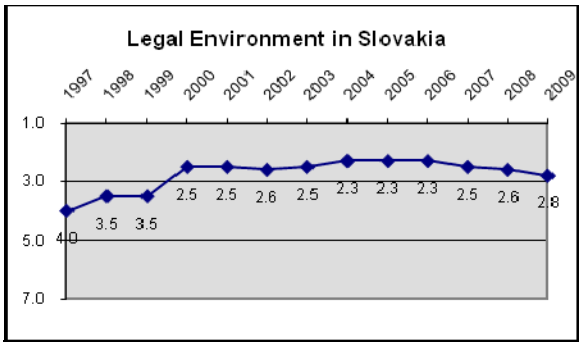
In the financial area, NGOs' uncertainties increased as the result of a gradual change in the assignation mechanism. It currently gives 2 percent of businesses' tax liabilities to NGOs, but beginning in 2011, the amount will be gradually reduced, which may result in a decrease in funds for NGOs. The financial crisis and the related issue of firms' lowered profits also had a negative effect on NGOs' financial health.

LEGAL ENVIRONMENT: 2.8

In 2009, several legislative initiatives affected NGOs. The Ministry of Finance proposed gradually decreasing the assignation of businesses' income taxes to NGOs, which is

currently at 2 percent, to 0.5 percent by 2019. The 2008 Act on Social Services, which prohibits citizens from freely choosing social service providers and instead assigns providers by area of residence, came into effect in 2009. The government negotiated an amendment to the act in December 2009 that was approved in January 2010 and continued to favor public rather than NGO service providers.

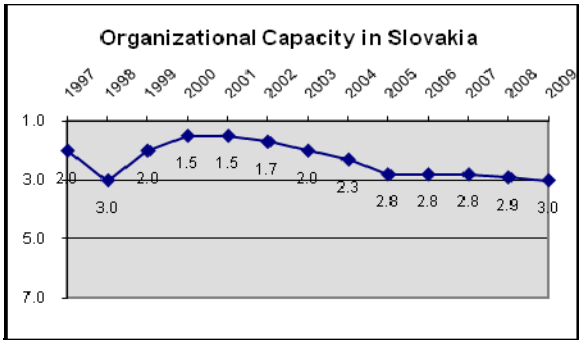
In 2008, 1st Slovak Nonprofit Service Center (1st SNSC) along with Partners for Democratic Change Slovakia (PDCS) organized meetings to discuss the legal framework for volunteerism. In 2009, 1st SNSC and PDCS drew up a list of requirements for the framework; subsequently, lawyers developed a legislative initiative which is currently subject to a comments procedure. The most significant issue is whether a member of an NGO who has certain duties toward the organization can be a volunteer at the same time.



The controversial 2008 draft Law on Associations has not proceeded to government negotiations. When the draft was first published in late 2007, a coalition of NGOs formed to voice opposition to it and as a result it was not submitted for government negotiations.

ORGANIZATIONAL CAPACITY: 3.0

A persistent problem with NGOs' organizational capacity is the increasing variety of roles employees are expected to play while still earning insufficient salaries. This situation is the result of the sector's long-term financial undervaluation, and to a certain extent of the economic crisis, which has forced NGOs to economize. Additionally, public and private donors rarely include enough funding for administrative expenses, including salaries.

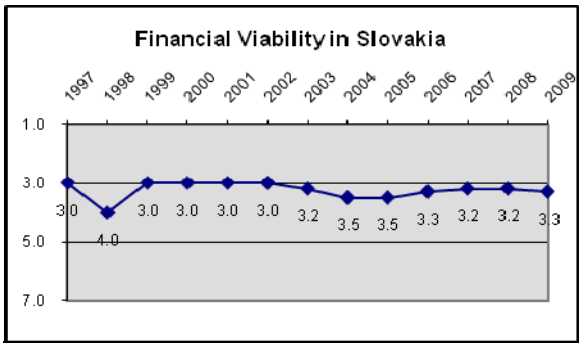


Since NGO employees are overworked and organizations are overburdened financially, staff training suffers and is generally inadequate. NGOs' technical equipment is often of low quality. Differences between NGOs in various regions have been deepening as a result of the economic crisis; some regions were much harder hit by the economic crisis than others, and this is reflected in local NGOs' capacity.

Volunteerism has been developing, thanks to the C.A.R.D.O. civic association, which organized a pilot program called "Volunteer Day" (Dobrovoľnícky deň) in 2009. Thirty-six organizations from nineteen cities participated in the campaign. Corporate volunteerism has also been developing thanks to the Pontis Foundation which, along with the Engage group of firms, organized the third annual volunteer event "Our Bratislava" (Naša Bratislava), and the first such event in Žilina. During these events almost 1,500 volunteers, including eighteen CEOs, volunteered in sixty NGOs.

FINANCIAL VIABILITY: 3.3

Slovakian firms are not motivated by tax bonuses or other incentives to donate part of their profits to NGOs, and most NGOs depend largely on funding from the 2 percent assignation mechanism for survival. In response to the eventual phasing out of the mechanism, NGOs will need to develop corporate and individual donorship.

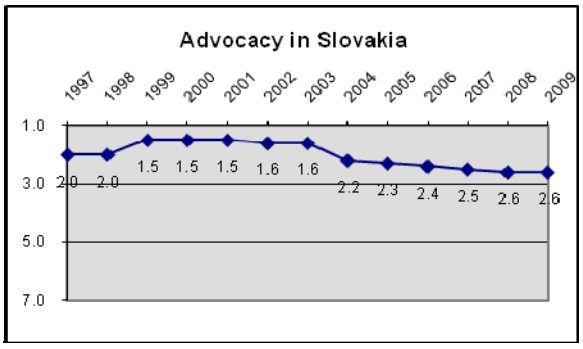


With individual donorship, traditional techniques such as the use of collection boxes or donor SMS still prevail. To address this, the Pontis Foundation launched a new web portal, www.dobrakrajina.sk. Similarly, the donor system "Good Angel" (Dobrý anjel) strengthened its campaign and collected almost €3 million last year, helping 2,300 families; the number has been increasing every year. Individual support can also be considerable. The "Daffodil Day" (Deň narcisov) campaign collected almost €925,000, and "An Hour to Children" (Hodina deťom) collected almost €530,000.

Over the course of 2009, acquiring money from European funds became more difficult. Calls for submission of proposals were issued belatedly, conditions changed during the course of the call, project evaluation was delayed, and the control rules were often unclear. Delayed payments and disproportionate administrative loads have also been persistent problems in financing projects from EU funds and the Norwegian Financial Mechanism.

Corporate foundations are still the biggest private providers of funds to NGOs. However, according to the Donors Forum, the economic crisis negatively affected a majority of firms in 2009, and several corporations chose to restrict or fully freeze their philanthropy budgets. In response, NGOs asked managers to contribute nonfinancial support by donating products, employees' time, or pro-bono services.

ADVOCACY: 2.6



There has been a slight improvement in civic associations' participation in decision making on major government projects, and Slovakian NGOs had a breakthrough in advocacy in 2009. The draft amendment to the Income Tax Act originally proposed full cancellation of the 2 percent assignation mechanism, but 1st SNSC consulted experts on nonprofit law and together with the Council of the Government for Nongovernmental Organizations was successful in convincing the Ministry of Finance to maintain 0.5 percent for NGOs in the draft amendment.

Additionally, 1st SNSC and the Ministry of Finance agreed that the Council of the Government for NGOs will be consulted before proposed changes to the assignation mechanism are submitted for official legislative proceedings.

In the social arena, a yearlong dialogue between NGOs and the state about the Act on Social

Services was developed through SocioFórum and the Association of Social Service Providers. At SocioFórum's annual conference, a draft amendment to the act was formulated with a particular focus on securing citizens' right to their choice of a social service provider. Participants in the conference fully supported a request submitted by a group of MPs to the Constitutional Court that some of the act's provisions be suspended. The Constitutional Court has not yet expressed an opinion on the submission.

In response to the decreased 2010 budget for development aid, the Platform of Nongovernmental Development Organizations pressured the Foreign Affairs Ministry, via the Foreign Affairs Committee of the National Council of the Slovak Republic, for a larger budget. The Finance Ministry has promised to increase the amount, but there has been no change so far.

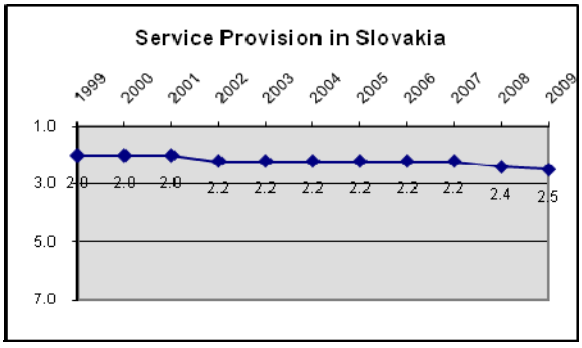
Several campaigns were launched in 2009, such as the campaign of the Socia Foundation, entitled "Here I Am Home" (Tu som doma). The campaign emphasized social services and a dignified life for seniors, and included photography exhibitions, authors' readings, and a conference. Another example was the campaign "Together at the Table" (Spolu pri stole), at which the Civil Association Návrat (Return) promoted the issue of foster families. Both activities attracted public attention and media coverage.

Despite several NGO sector activities, however, there is still a discrepancy between legal successes and actual enforcement of the law. The case of the Pezinok waste dump is an example. The civil initiative "A Waste Dump Does Not Belong in a Town" (Skládka nepatrí do mesta) won its case at the Supreme Court, which prohibited the operation of the dump; however, the Constitutional Court postponed the judgment's enforcement and the waste dump was opened again.

SERVICE PROVISION: 2.5

As in past years, the area of service provision stagnated in 2009. Most NGOs working in service provision focus on the social arena, which experienced threats to its financing in 2009 as a result of the earlier-mentioned Act on Social Services. The act distinguishes between public and NGO providers and prohibits citizens from freely selecting a provider of their choice. As a result, in some cases a public provider may be fully booked up with clients yet will still prefer to add a new client to its waiting list rather than recommend him or her to a nonprofit provider.

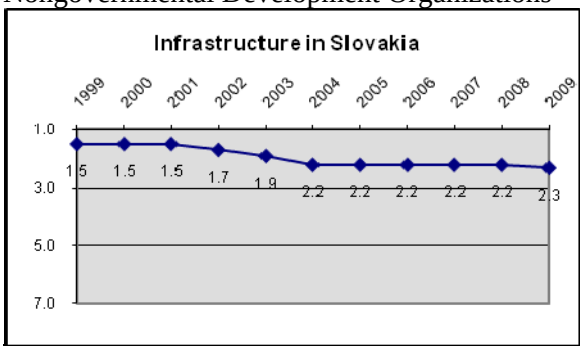
NGOs have been providing services in various areas such as human rights, education, health care, and sports, but cannot always afford to pay for publicity that will alert the public to their services. Nor do Slovakian service-providing NGOs conduct market evaluations in order to expand their niches. The services provided are relatively unsophisticated and do not extend beyond basic social needs.



INFRASTRUCTURE: 2.3

Several NGO platforms were active during the year and pushed for key changes. These include SocioFórum in the social area; the Association of Social Service Providers, focusing on changes

to the Act on Social Services; the Platform of Nongovernmental Development Organizations



in the development aid area; and the Donors Forum in the area of philanthropy. There was also an ongoing partnership between NGOs and the private sector. No single organization connects NGOs all over the country, and cooperation within the entire sector has been stagnating rather than developing.

The development of NGO web portals has also halted. Some NGOs curtailed their online presence; others are continuing their activities, but without providing any new services. And a few are continuing to grow, like www.changenet.sk, which provides a wide range of information about civil society and the nonprofit sector, and www.cpf.sk, which provides information about corporate donors.

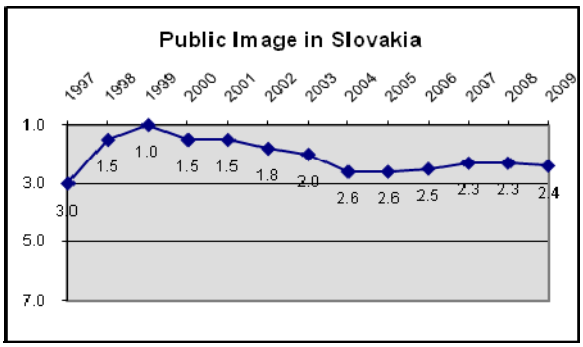
The creation and maintenance of social networks has been growing. NGOs used Facebook to start and maintain several ad-hoc coalitions in 2009, but the establishment of social networks is used for information exchange rather than for joint projects.

PUBLIC IMAGE: 2.4

During the year, the media monitored NGO-related topics that were especially attractive to spectators such as "An Hour to Children," a year-long national campaign for children, or "The Daffodil Day," a campaign to help the fight against cancer. Other NGO activities were also highlighted, such as research into how the public perceives development aid or "At One Table" (Pri jednom stole), a campaign to support foster parenthood.

In addition to media coverage of public campaigns, NGOs are given space within other events. In 2009, the civic association Voices organized a series of performances called Voices Live, during which they presented NGOs' activities in an interactive form. The newly established Orange Foundation presented an award to NGOs for the first time. NGO activities were also highlighted in a contest sponsored by the Socia Foundation called "Focused on Quality in Social Services" (Zaostrené na kvalitu v sociálnych službách). The Fair-Play Alliance presented the White Crow (Biela vrana) award, which highlights people who have undertaken personal risks to pursue justice.

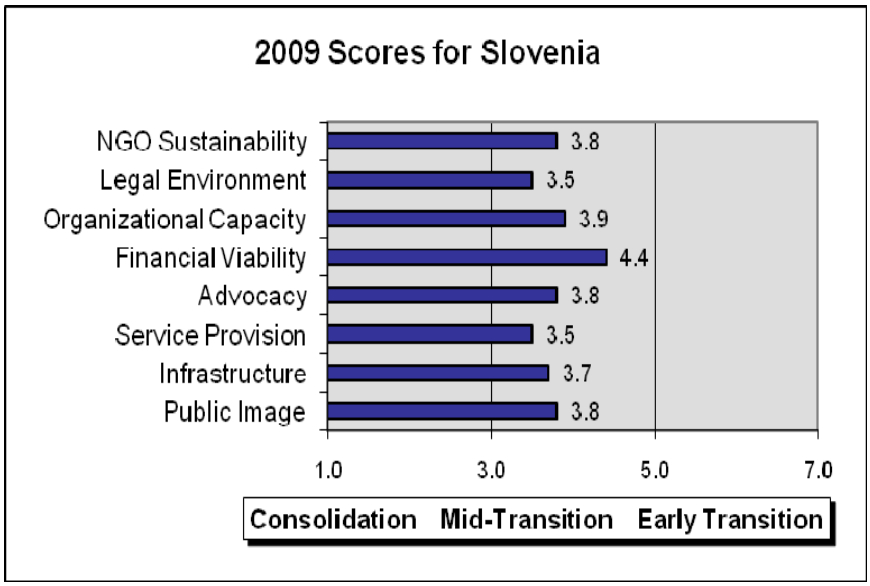
Publishing annual reports is not a regular practice. In 2009, of more than 30,000 NGOs, twenty-seven participated in the best annual report contest, nine fewer than in 2008. NGO representatives dispute certain criteria of this contest, which is organized by the Institute for Economic and Social Reforms (INEKO), such as the requirement to report on the number of square meters of office space or the list of lawsuits an NGO has faced.



Some members of NGOs who appear in the media encounter personal threats from the public, including threatening letters and telephone calls emphasizing the opinion of the government. The government influences public opinion through the political elite by legitimizing anti-NGO views. Nationalistic and anti-Romany opinions are then radicalized through statements of the Slovak National Party.

A recently blocked group on Facebook that posted anti-Romany and racist content, with a membership of almost 70,000 people, is one example.

SLOVENIA



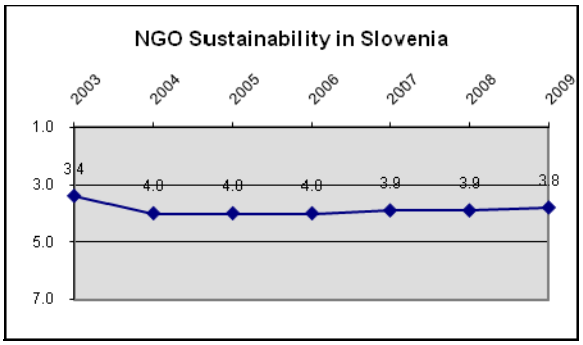
Capital: Ljubljana

Polity:
Parliamentary Republic

Population:
2,003,136 (July 2010 est.)

GDP per capita (PPP):
$27,900 (2009 est.)

NGO SUSTAINABILITY: 3.8



Due to parliamentary elections and a change in government at the end of 2008, the year 2009 resulted in NGOs and the government redefining their cooperation. NGOs were involved in political dialogue with the highest decision makers and became more active. Nonetheless, the real impact of these activities is not yet apparent.

Since Slovenia's NGO sector is used to dealing with a difficult financial situation, the global financial crisis has not affected it greatly. The level of donations to organizations decreased, but the level of assigned donations (in-kind gifts, or financial contributions to be distributed directly to beneficiaries) increased.

Slovenian NGOs say that the government missed a major opportunity to redefine the role of NGOs in the country's public space. NGOs wrote a memorandum outlining their potential contributions to the implementation of anti-crisis measures, but their ideas were not used at all.

Slovenia has approximately 22,000 NGOs.

LEGAL ENVIRONMENT: 3.5

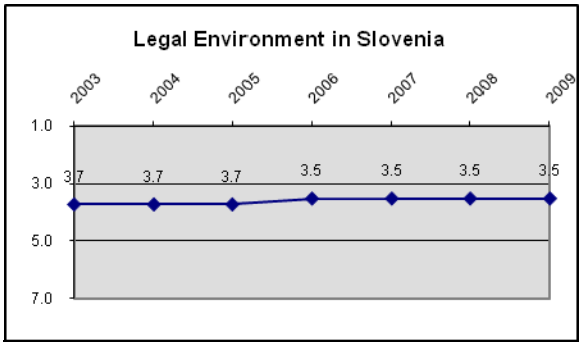
The year brought no major changes to NGOs' legal environment. At the beginning of the year the 2006 Law on Associations was slightly altered, largely to harmonize it with EU directives. In the past three years its shortcomings have become known, but they were not taken into account when the revision was passed this year.

The Resolution on Legislative Regulation, which sets minimum standards of consultation, was passed at the end of 2009. The main goal of

the resolution is to commit public officials who are preparing legislation to collaborate with the public, and to ensure a suitable timeframe for public debate. The resolution emphasizes key principles of good legislative policy, such as the need for legal regulation, proportionality, accountability, accessibility, and transparency when drawing up regulations and policies. The resolution presents a major opportunity for NGOs to provide comments and help shape emerging legislation.

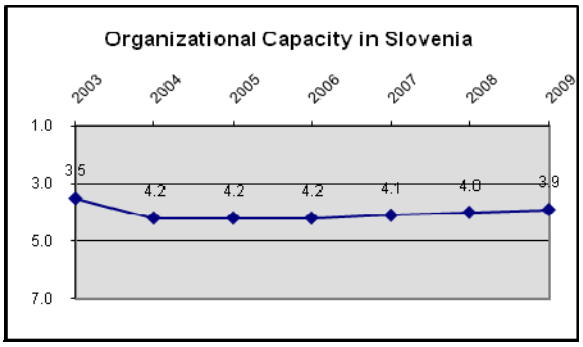
Changes to regulations concerning definitions of profitable and non-profitable activity were also passed. Among other things, a two-year-old decision stating that public funds were part of profitable activity, which meant stricter taxation for NGOs, was retroactively abolished.

A minor change concerning volunteers and their remuneration was also included in the Personal Income Tax Law. The Personal Income Tax Law passed in 2006 considerably changed the regulation of dependents; if a volunteer who was also a dependent (a minor or a student under twenty-six years of age) received a small payment, the parents were no longer able to declare him or her as a dependent. The regulation resulted in a decrease in volunteering among dependents. After the change, dependents can again receive limited payment and are thus more motivated to volunteer.



ORGANIZATIONAL CAPACITY: 3.9

In 2009, the Association of NGO Managers was established with the objective of building the capacity of NGO managers through specific trainings and sharing of experiences, strengthening the whole sector.



Due to the establishment of new regional NGO support centers, local and regional NGOs have better access to a variety of trainings. National and regional NGO support centers in 2009 implemented more than 120 workshops with more than 1,400 participants. Local grassroots organizations are now more aware of funding possibilities and have gained skills writing project applications. One of the regional NGO centers reported that with their help, six local NGOs received a total of €2 million through cross-border EU projects.

The majority of NGOs are aware of the importance of strategic planning, but rarely fully engage in it. If they manage to plan the development of their activities, their strategic plans still fail to outline the organization's structural development. The internal management structure of NGOs is defined in legislation that clearly outlines responsibilities. In practice, though, boards of directors are rarely active in fulfilling their strategic roles.

If the competence of NGO staff is increasing, the number of employees has remained more or less the same. There were some new employment options due to the financial crisis such as special programs for graduate candidates, co-financing of jobs for new graduates of social work programs, and 100 percent financing of public works in some regions, which brought approximately 200 new jobs.

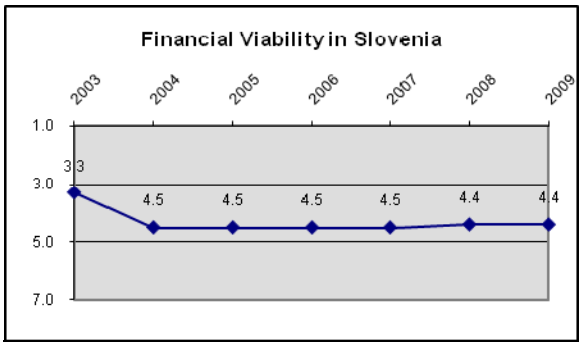
NGOs frequently use electronic communication tools. With the establishment of regional NGO support centers, which offer office facilities and rent technical equipment, NGOs have better access to computers and the Internet. They are also buying more technical equipment on their own as part of their projects.

FINANCIAL VIABILITY: 4.4

The extent of the effect of the financial crisis on NGOs is not fully clear. NGO income remained the same from 2008 to 2009, but funding from local sources is decreasing. On one hand, this is due to the fact that local governments need to reallocate their budgets because of the financial crisis; on the other hand, the number of local NGOs is increasing, while the amount of funding distributed at the local level remains the same. Furthermore, NGOs active in more than one municipality have to face different formalities to obtain funds in these municipalities, which results in a bigger administrative burden.

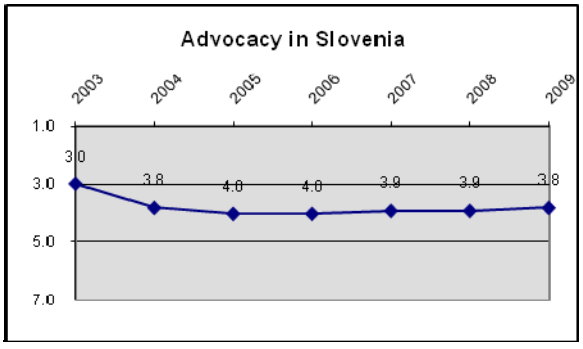
Cash donations decreased in 2009, although humanitarian organizations received more in-kind donations like food and clothes. As a consequence, they were able to expand their services, though organizational capacity has remained at the same level.

NGOs are becoming increasingly competent at obtaining EU funds. A key financial source is the EU Structural Funds (mainly the European Social Fund). NGOs in partnership with other EU countries can access funds directly from the European Commission as well. Furthermore, as pre-accession EU funds have opened to former Yugoslav countries, other NGOs from those countries are asking Slovenian NGOs to partner with them on EU projects.



In an effort to broaden funding sources, President Türk encouraged citizens to increase their donations to humanitarian organizations. In a similar vein, the campaign "It Doesn't Cost You Anything to be Charitable" promoted the use of the 0.5 percent law (citizens can donate 0.5 percent of their income tax to political parties, trade unions or public benefit organizations). Although the action was well received by the target groups, its impact will not be visible until the middle of 2010 when the dedicated amounts will be disseminated among beneficiaries.

ADVOCACY: 3.8



After last year's parliamentary elections and the subsequent change in government, informal communication with national decision makers became more common. NGOs now have better access to ministers and other politicians, and were included in the "development dialogue" on how to deal with the financial crisis, as well as in debates with different interest groups that were held by the prime minister. However, the real impact of improved access remains to be seen.

The earlier-mentioned Resolution on Legislative Regulation sets minimum standards of consultation, which may result in a more transparent and coherent consultation process. Even before it was passed, some results were visible when the Ministry of Labor, Family and Social Affairs was preparing a draft Family Code. After the consultation, the ministry sent feedback to all those who submitted comments to the draft that included explanations about why the comments were or were not accepted.

The NGO sector was very active in trying to open up a formal decision-making process and build constructive and stable dialogue with the government. At the prime minister's invitation, NGOs submitted a memorandum on the sector's potential contributions to anti-crisis measures, and established working groups corresponding to different support areas to better prepare for a dialogue with the government. The government responded slowly, however, and NGOs' proposals were not taken into consideration.

Environmental NGOs carried out the successful campaign "Act Now!" in order to pressure the prime minister to push for an ambitious and fair global climate deal, guarantee Slovenia's immediate transition to a low carbon path, and personally take part in the Copenhagen climate talks. With over 10,000 signatures and two visible media actions, the campaign was successful in triggering a parliamentary declaration on the climate deal and prompting the prime minister to attend the Copenhagen talks.

SERVICE PROVISION: 3.5

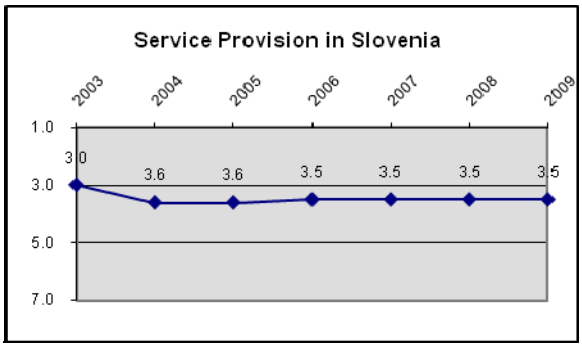
NGOs still carry out only a small percentage of public services, and mostly on the basis of short-term contracts, but the financial crisis stimulated debates about transferring more public services and functions to the NGO sector. The government plans to reorganize the system of public services and outsource some services to NGOs. The debate will continue into the next year, when the government and the NGO sector expect to reach a consensus on the reorganization.

Some organizations report that NGOs are retreating from service provision because they cannot compete with the private sector as a result of a lack of financial experience. If this is true, it could be a threat to the ongoing reorganization of public services.

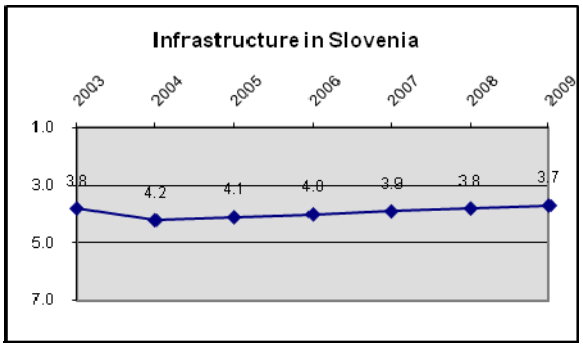
NGOs finance public services from public funds through different projects and long-term contracts. If the services are funded by public money, NGOs usually cannot bill for them, even though the project may not cover all its costs. NGOs solve this problem through private or corporate donations or volunteer work.

Because of the system of funding, NGOs' activities are more often project-driven than based on a genuine assessment of need. NGOs carry out public services mostly in the social field, working with people with health problems, both mental and physical, and with youth. Since these are public benefit organizations, they have to provide services to everyone in need rather than only their members.

Because of the financial crisis, there has been an increased demand for charities. The biggest charitable organizations in Slovenia, like the Red Cross and Karitas, receive in-kind and financial donations from the government and the private sector, which they then redistribute to beneficiaries.



INFRASTRUCTURE: 3.7



In 2009, four new regional NGO support centers were established, and consequently NGOs in those regions have better access to information, training, counseling, and technical assistance. These centers also promote the NGO sector among local governments, businesses, and the media.

One new community foundation, Community Foundation Courage, was established in the center of the country with a mission of collecting donations from local entrepreneurs and private citizens and awarding them as grants to NGO beneficiaries.

From the EU Structural Funds, the Ministry of Public Administration also finances twelve networks that work in different policy fields such as the environment, culture, international cooperation, and health. These networks operate as advocacy organizations on one hand, and on the other, conduct different types of trainings for their members.

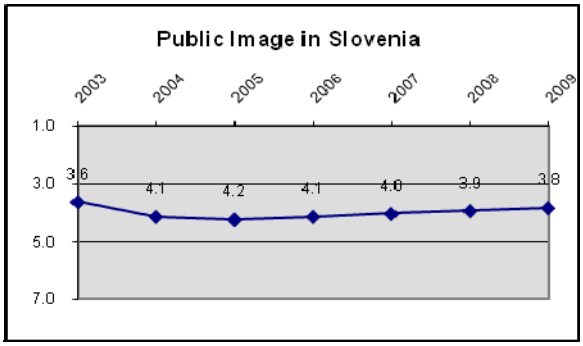
With financing from the EU Structural Funds, NGOs have access to a broad range of training and counseling. Several trainings of trainers aimed to improve the skills of existing and new trainers.

PUBLIC IMAGE: 3.8

Local NGOs receive relatively good media coverage, not only in local media but also in the local pages of national media. National NGOs, however, still face problems when trying to publicize their events and views.

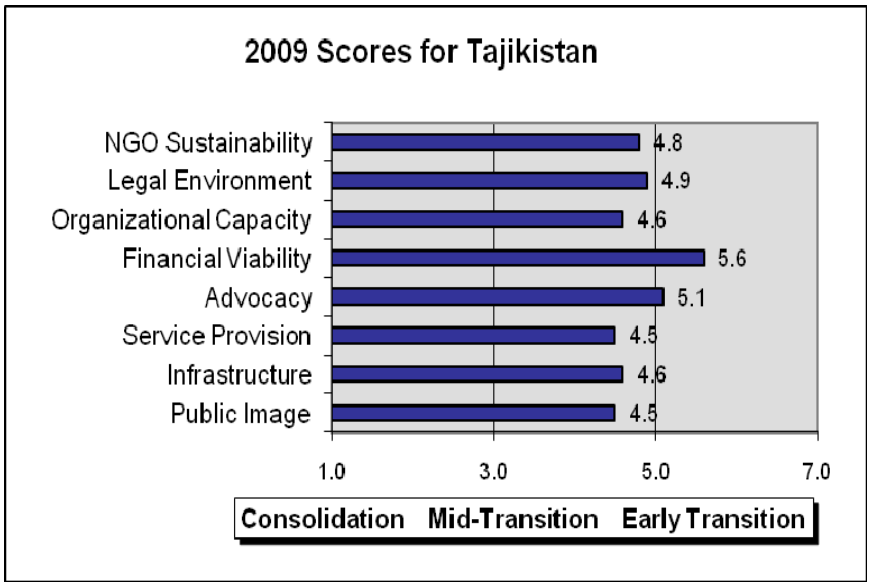
In 2009, a new NGO e-newspaper was established, www.cnvos.info, which covers important NGO events and publishes columns by different people connected with NGOs.

The number of NGOs with web pages increased significantly, which contributes to their improved visibility and public image. The public still has a rather bad perception of NGOs; the term NGO is often used negatively, with an implication that the organizations are simply engaged in money laundering or are squandering public funds. Additionally, the public does not connect local grassroots activity with NGOs and therefore does not recognize several important associations as NGOs. The sector as a whole suffers from a lack of recognition.



On the other hand, the public image of humanitarian organizations improved as a result of the recession. The media regularly report on their charitable work and their needs for financial and in-kind donations to help beneficiaries. Also, environmental NGOs dealing with climate change issues received a lot of media coverage in 2009. Most often, their representatives are used as shadow reporters and critics who comment on the government's decisions on large infrastructural projects.

TAJIKISTAN



Capital: Dushanbe

Polity:
Republic

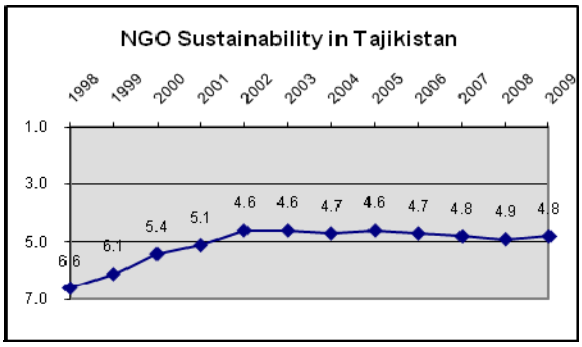
Population:
7,487,489 (July 2010 est.)

GDP per capita (PPP):
$1,800 (2009 est.)

NGO SUSTAINABILITY: 4.8

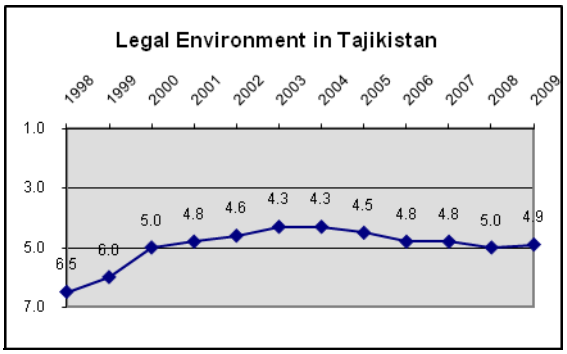
The general situation of NGOs in 2009 slightly improved. The unfavorable economic conditions in Tajikistan, which the global economic crisis worsened, affected the NGO sector negatively. The financial crisis resulted in an approximately 50 percent decrease in remittances from Tajik migrant workers in Russia and Kazakhstan, which had a significant impact on Tajikistan's economy. Moreover, the decreasing number of donor organizations, the main financial drivers of NGO activity, negatively affected the sector. Despite these problems, NGOs continued their activities. The number of NGOs officially registered with the Ministry of Justice increased from 1,700 in 2008 to 2,300 by the end of 2009. NGOs' activity has become much more substantial, transparent and relevant to national needs. They have started to pay attention to the development of employees' qualifications and skills and make better use of domestic funding resources. NGOs' social partnerships with government and other institutions have significantly improved. NGOs' direct participation in improving social and economic conditions has increased.

The number of issue-based organizations and coalitions increased, as did access to communication resources and effective collaboration with government institutions at both local and national levels.



The growth of the Tajikistan National NGO Association, the completion of NGO organizational audits in various areas of the country, the launch of websites and portals such as www.cso.tj and www.tajikngo.tj, and the publication of the first NGO directory, as well as a series of books and brochures on civil society in the Tajik language, were important events in the political and social life of the country.

LEGAL ENVIRONMENT: 4.9



The year 2009 could be considered a favorable year in terms of the NGO legal environment. A number of laws providing a comprehensive framework for NGOs' activities were adopted in 2008–2009: the Law on State Social Orders, the Law on Social Services, the Law on Commissioner on Human Rights in the Republic of Tajikistan (Law on Ombudsman), the Law on Public Initiative Bodies, and amendments to the Tax Code that allow businesses to reduce their taxable income for charitable contributions up to 10 percent of total taxable income. The new Tax Code provision has had a limited impact, however, because both NGOs and businesses lack awareness of this opportunity and the mutual benefits of cooperation. The new Law on Registration of Legal Entities and Individual Entrepreneurs has simplified the registration of some forms of noncommercial organizations as well.

The Law on Public Initiative Bodies and the Law on State Social Orders, both adopted in 2008, have the potential to facilitate civil society development and to encourage an increase in the number of NGOs and community-based initiative groups in rural areas. The laws are largely declarative, however, and lack clear implementation mechanisms. The Law on State Social Orders, for example, calls for wider NGO participation in the implementation of state social programs, but does not specify the mechanisms for this participation.

The current Law on Public Associations is overly general and lacks implementing mechanisms. It does not provide simple procedures for NGOs to register or expand the areas of their activities. The Tajikistan National NGO Association wants to initiate a new law on NGOs in order to organize and regulate NGOs' activities.

Governmental pressure on NGOs has decreased. Special training courses for state employees on civil society institutions, including media, NGOs and political parties, were held at the institution for the advancement of qualifications of state employees.

Tajik legislation allows NGOs to conduct economic activity to advance the purposes outlined in their charters, but local authorities sometimes use practical gaps in the legislation to create obstacles to NGOs' activities, such as requiring that NGOs obtain permission prior to the start of programs. Some officials in the control agencies and tax committees abuse their powers to interfere in NGO activities.

There is a shortage of lawyers who work in the NGO sector and a lack of special training courses for NGO employees to increase their legal knowledge. New legal consulting companies operated by NGOs as commercial entities have emerged and provide legal services to NGOs for affordable fees.

ORGANIZATIONAL CAPACITY: 4.6

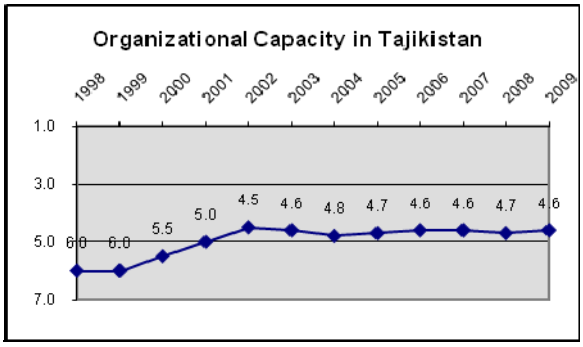
NGOs' organizational capacity improved during the year. NGOs' objectives and goals have become much more precise, transparent and concrete. NGOs are better at planning their work. Issue-based initiative groups have increased. NGOs now pay close attention to strengthening the roles of boards of directors, and make visible efforts to observe principles of transparency and accountability. This can be attributed partly to donors' requirements and

partly to the development of NGOs' professionalism. The number of permanent staff in the NGO sector has increased. Most NGOs submit their annual reports to oversight agencies (Ministry of Justice, Tax Committee, and the Republican Statistical Center) on time, and more NGOs have been publishing their reports in local mass media.

Many of the so-called nongovernmental initiatives established in 2008 continue addressing local needs and the interests of citizens' groups through the implementation of small community-based projects. Some of these initiatives united in new coalitions and associations, like Jamoat Support Centers.

Despite the economic crisis and financial problems that NGOs are facing, the number of volunteers engaged in the NGO sector has increased. NGOs remain the best place for workers to gain new experience in a short time.

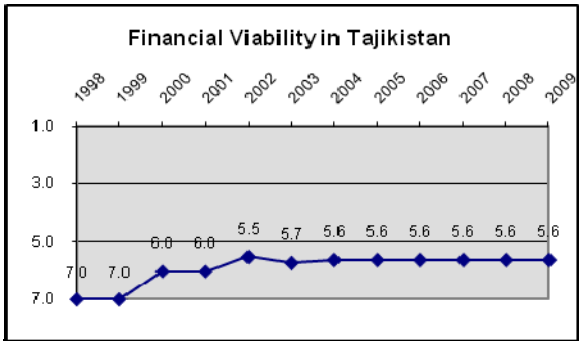
As a result of the growing role of jamoat (self-governance bodies) and initiative groups, the environment has become more supportive of NGO activities at the local level. In some areas of the country, namely in Rasht, Badakhshon, and Khatlon regions, the emergence of community-based organizations like the Social Union Development Village Organizations, parents' communities, and other new institutions was a positive trend. Such institutions, which directly deal with the solutions to social and economic issues and poverty in local areas, number about 1,000.



The economic crisis and low standards of living limit NGOs' access to internal resources and popular support. Local authorities are often unable to help NGOs. Though some businesses help finance NGOs' activities, such a practice is not regular or systematic. For the last few years, donor organizations have not been financing NGOs' institutional and professional development. The need for training NGO employees, particularly in new organizations, is acute.

FINANCIAL VIABILITY: 5.6

Despite the fact that foreign donors are the main source of NGO financing and internal financial resources are limited, the NGO sector has managed to take advantage of available opportunities as much as possible. Now NGOs pay more attention to village social problems and inform local populations how to obtain support from local authorities. In many cases, NGOs joined in coalitions to address significant problems. Such an approach enabled NGOs to be more effective in the resolution of social problems. International organizations contributed to the realization of community infrastructure activities, continuing the tendency in recent years for donors to focus on socioeconomic problems in rural areas. For example, NGOs have been involved in building small hydroelectric power stations; repairing, reconstructing and building schools and first-aid posts; and construction of roads, bridges and pipes.



The transition from cash operations to the use of banking services, which has been implemented by NGOs throughout the country, has led to

greater transparency in NGOs' financial activities. All monetary operations are now carried out through banks, which is one of donor organizations' requirements. NGOs are conducting more internal and external audits. NGOs have not only increased their knowledge and abilities in accounting and bookkeeping, but also train and assist newly established initiative groups in organizational and financial management.

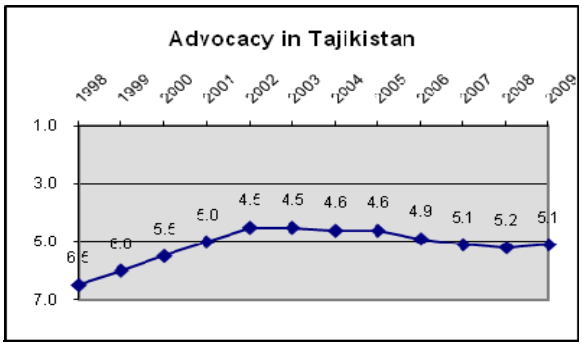
The main problem hindering the improvement of NGOs' financial viability is the absence of a unified national policy or strategy to improve civil society development. The NGO sector has initiated a national social partnership strategy for which it plans to lobby the government. One way to promote NGOs' financial viability could be for NGOs to introduce fees for services, but the public is not yet accustomed to paying fees for services that are provided by NGOs.

ADVOCACY: 5.1

Current legislation does not prohibit the implementation of programs related to advocacy and human rights, and the state has supported many NGO projects designed to address the population's social and economic problems at the national as well as local level. Certain issues related to the advancement of political and civil rights, in particular election rights, remain out of the government-supported framework.

Some NGOs have been involved in the process of developing and adopting significant policy documents. For example, NGO Mairam participated in the effort by the government of Kulob to adopt developmental programs. Ten NGO experts in gender issues and women's rights served as part of the working group of the government's Committee on Women's Affairs.

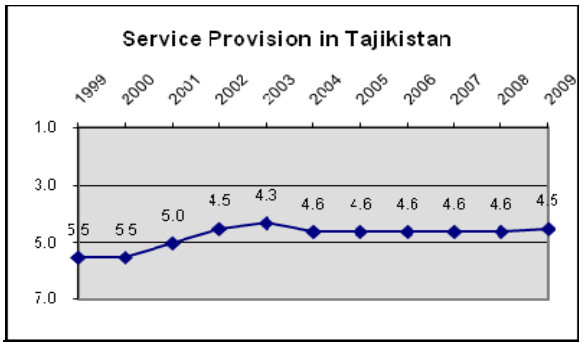
Adoption of the Law on Moratorium of Inspections of Small and Average Businesses' Activity and the Law on Commissioner on Human Rights (Law on Ombudsman) strengthened the legal environment and protection of the public interest. Many NGO representatives' suggestions were considered in the course of developing and adopting some laws, including the Law on State Social Orders and amendments to the Tax Code. For example, NGOs worked in cooperation with the National Association of Small and Medium-Sized Enterprises (SMEs) to achieve the provision enabling businesses to reduce taxable income for charitable donations up to 10 percent of total taxable income. Greater legal and professional knowledge could improve NGOs' abilities to advocate for improved NGO legislation and to defend the interests of their beneficiaries.



NGOs have formed associations focused on the protection and support of rights and interests of citizens, like the Tajikistan National NGO Association, which promotes the professional improvement of NGOs in Tajikistan. The Dushanbe Club of NGOs, however, became less active due to financial difficulties. On December 10, the second Tajikistan National NGO Forum was conducted. Representatives of the parliament, government, businesses, media outlets, international organizations, and the public participated. Two documents were developed and adopted during the forum, "Resolution of the Forum" and "Address to the President of the Republic of Tajikistan." These documents addressed a number of issues, including assistance to NGOs, public participation, political participation in the February 2010 elections, and professional development and strengthening of NGOs.

SERVICE PROVISION: 4.5

The environment for NGO service provision has improved, and NGOs extended their scope of activities. Local authorities in rural areas have adopted a more positive attitude towards NGOs and consider them to be a socially valuable tool and resource in dealing with social problems. On the other hand, NGOs themselves are becoming more professional in providing services and tailoring services to market needs.



NGOs provide services not only in the areas of education, public health, youth issues, and sports, but also in other spheres. For example, NGOs' activity on labor migration has been improving in cooperation with the Ministry of Labor and Social Protection and the Ministry of Internal Affairs. NGOs also work with farmers and implement various social orders for services they are licensed to provide. NGO activities such as decreasing poverty, creating new jobs, training and retraining of state employees, developing and conducting special courses on computers, language training, and training of adults in cooperation with relevant ministries are some of the examples of successful social partnerships.

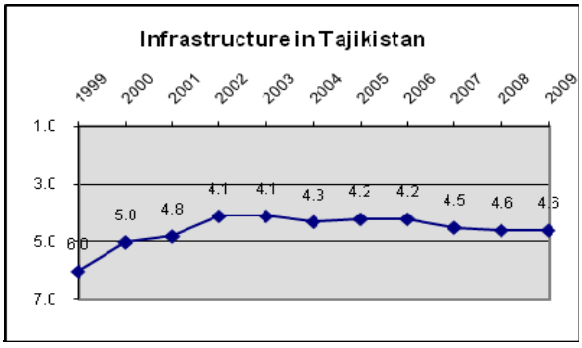
New NGO centers for legal consulting provide high quality services for low fees in comparison to government services. Some centers have already found clients.

The service market is not yet ready to support other kinds of services beyond NGOs' "traditional" activities. Fees are rarely paid for services because of the low income of the population as well as a lack of knowledge about the market-oriented economy.

INFRASTRUCTURE: 4.6

In addition to the seven active civil society support centers, which benefitted from the infusion of support from international donors and local resources, new associations and networks have emerged. UNDP established over 100 resource centers in local communities. These centers include specialized centers for women's and children's rights and centers for support of labor migrants. New coalitions have formed, such as From Legal Equality to Actual Equality, which consists of ninety-one NGOs; Khatlon Children with seven NGO members; NGOs' Association on Children's Rights, made up of fourteen NGOs; and the Association on Adult Training, with twenty-one NGOs.

NGOs' professional development has also improved due to the establishment of the Tajikistan National NGO Association, the launch of its website, and the publication of

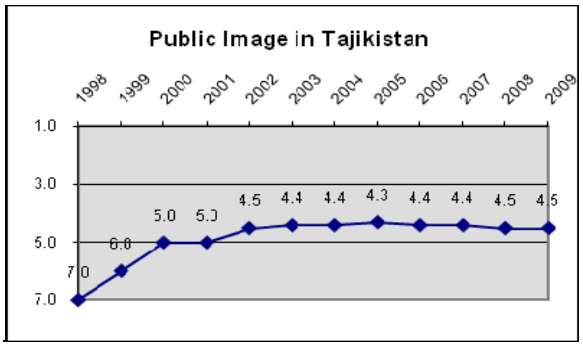


literature under the title "NGO Library." Tajik NGOs have more access to information about civil society available in Tajik and other languages. Some organizations promoted NGOs' development at the district level by allocating their own grants. For example, in 2009 the NGO Oshtii Milli allocated forty-eight grants ranging from $500 to $1,000, and NGO Fidokor allocated more than ten grants ranging from

$2,000 to $10,000 to organizations in the Rasht Valley and Khatlon region.

Because of the commercial nature of the independent media and a lack of cooperation by the state-run media, the situation with NGO partnerships with media outlets did not change. Roundtables conducted in the main cities of the country by the Tajikistan Development Foundation and the Academy of Mass Communication showed that the Tajik media is not yet socially oriented. As for businesses, they still conceal their actual income to avoid harassment and are not interested in any partnerships. The new provision on charitable contributions in the Tax Code needs to be explained fully and promoted among both NGOs and businesses.

PUBLIC IMAGE: 4.5

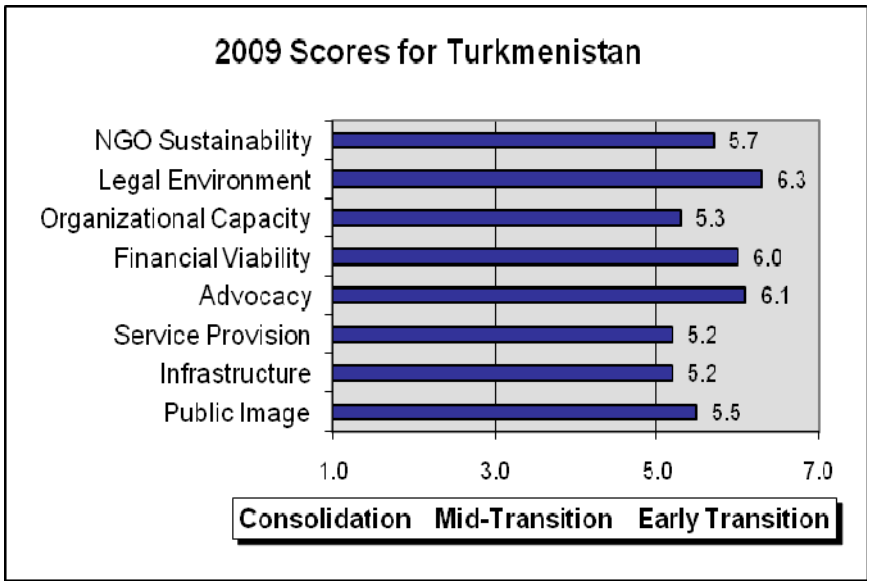


NGOs' public image in comparison to last year has not undergone substantive changes. NGOs' role in the country's political sphere has not improved, but the government recognizes that NGOs have contributed to and realized social and economic programs that have helped to reduce poverty and overcome social problems. In fact, NGOs began to actively participate in the realization of governmental programs. For the first time an NGO representative was awarded the state award Sharaf (Glory). Many representatives of the parliament and other high-ranking policymakers have been involved in the realization of NGO programs. The Commission on NGO Public Certification, for instance, included two presidential advisers, two members of parliament and a representative of the Ministry of Justice.

The second Tajikistan National NGO Forum held in December 2009 focused on the status of NGOs in the country as well as a number of other issues. The growth of the Tajikistan National NGO Association and the nationwide NGO portal www.cso.tj and specialized websites such as www.tajikngo.tj, as well as publication of a series of books and brochures on civil society and NGOs in the Tajik language, are considerable contributions to the coordination of NGOs' activity, and help to provide conditions for effective collaboration between the government and NGOs.

It remains difficult for NGOs to attract support for their activities from businesses. Despite business support for a number of films, reports, and TV spots about NGOs' activity, cooperation between NGOs and businesses is not regular or systematic.

TURKMENISTAN



Capital: Ashgabat

Polity:
Republic

Population:
4,940,916 (July 2010 est.)

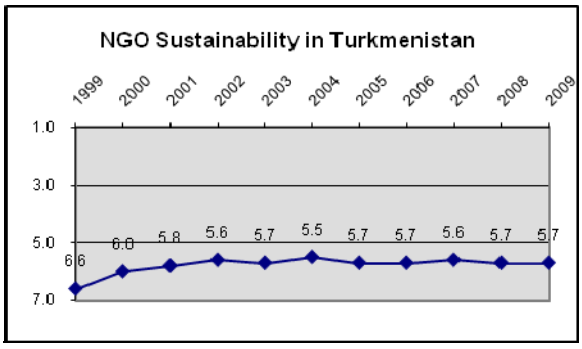
GDP per capita (PPP):
$6,900 (2009 est.)

NGO SUSTAINABILITY: 5.7

Several trends and factors, some of them contradictory, influenced NGO sustainability in Turkmenistan. Visible changes in the legal environment raised the NGO sector's expectations, and NGOs showed a growing understanding of laws and took them more seriously. A newly adopted Law on State Support of Small and Medium Entrepreneurship provided some groups with the option to register as for-profit juridical entities. Regional NGO support centers lost their financial support and legal status due to the withdrawal of Counterpart International from Turkmenistan following the completion of its activities.

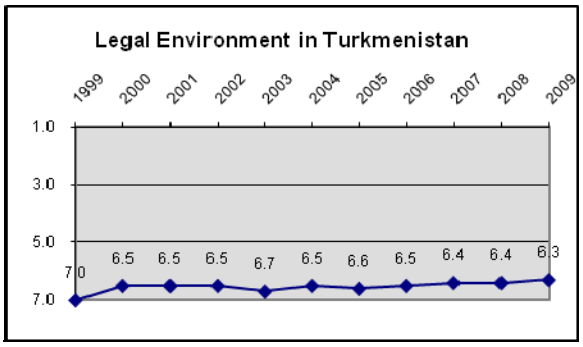
No NGOs were registered in 2009. As in previous years, eighty-nine organizations are on the Ministry of Adalat (Ministry of Justice) list of registered NGOs; about thirty of these are sports organizations. Only five or so registered organizations meet the definition of NGO. The notorious provision on the number of members or participants required for registration (500 for national organizations and fifty for international organizations) continues to restrict the creation of new entities. The arbitrary behavior of some officials continues to create barriers for repeat registration applicants. Since it is comparatively easy to register an enterprise, some informal groups prefer to form "economic societies."

Nonetheless, changes in the legal framework for NGOs are in the air. The government continues to adhere to its intentions to bring its legislation into compliance with international standards. A two-day roundtable on the improvement of NGO legislation organized by USAID, ICNL, the Turkmen National Institute for Democracy and Human Rights (NIDHR), and the Ministry of Foreign Affairs of Turkmenistan reviewed the best international models and prepared recommendations on changes to the 2003 Law on Public Associations (NGO Law) for the Mejlis (parliament). The new version of the law is anticipated in 2010.



With no legal status and no financial support, the Civil Society Support Centers must consider their futures. Some of the CSSCs reorganized into private enterprises of individual ownership, like the CSSC in Dashoguz, and continued rendering services, albeit at market prices. Some CSSCs are trying to register as economic societies. Others, such as the CSSC in Lebap, have collapsed under the pressure of circumstances. As a result of the CSSCs' reduced services, Resource Centers and Community Resource Points found themselves without access to the Internet and information, and initiative groups and local NGOs lost their networks.

LEGAL ENVIRONMENT: 6.3



The new Law on State Support of Small and Medium Entrepreneurship was adopted in 2009, providing the possibility for organizations to register relatively easily as for-profit entities. Lachin Ay, Ajaip Dunia, and Hemayat operate as economic societies providing social services. Lachin Ay and Ajaip Dunia have tried to register as NGOs, but have been unable to do so. Hemayat has been registered as an economic society since its founding. NGOs may establish enterprises and acquire assets for carrying out entrepreneurial activity.

Though the NGO Law generally allows registration, it is not easy for an organization to register due to the provision requiring a minimum number of 500 members or participants for national organizations and fifty for international organizations. In addition, many government officials are averse to NGOs, lack understanding of their role, and continue to create barriers to registration. Many NGOs find their applications are either turned down or the process is dragged out for years without resolution. The Ministry of Adalat (Ministry of Justice) did not report registering a single NGO in 2009.

Another flaw of the NGO Law is the provision restricting local NGOs' operations to a defined geographical area. Officials force NGOs to register as local entities instead of national NGOs and to narrowly define their scope. Accountants of Turkmenistan, which re-registered as the Union of Professional Accountants, became a local organization during re-registration, excluding many professional accountants in the provinces. NGO Agama, which is registered in Ashgabat as a local organization, cannot involve activists in the provinces despite its capacity to do so.

At a two-day roundtable on the improvement of Turkmen NGO legislation, representatives of government institutions and NGOs reviewed Turkmen legislation and recommended updating laws and procedures for registering NGOs. The amended NGO Law may come out in the spring of 2010.

Understanding of the law and the importance of legality in NGOs' operations has increased within the NGO sector. Many leaders and activists are trying to become familiar with relevant laws and norms and seeking help from legal experts, overcoming prior ignorance and fears of local bureaucrats.

The existing Tax Code is favorable to NGOs. All grants are tax-exempt. The law specifies that NGOs have the right to engage in entrepreneurial activities if the income from these activities goes toward the objectives stated in their statutes. Educational activities are specifically exempt from tax, but require a license, which is difficult to obtain. Four years after its initial application, the economic society Hemayat obtained a license to teach subjects

such as strategic planning, accounting, and financial management.

Civic groups obtain legal information directly from ICNL and the American Bar Association.

NGOs may also access legal information through Bosfor, which provides free access to its legal library and renders consultations.

ORGANIZATIONAL CAPACITY: 5.3

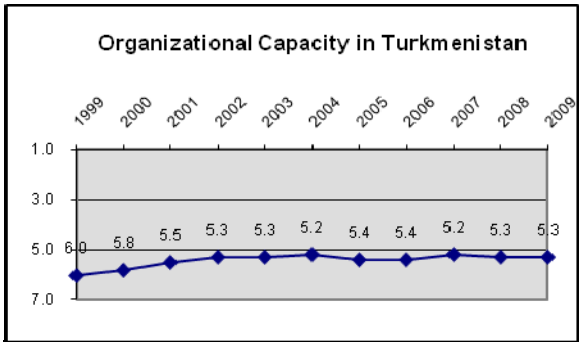
Many NGOs are actively seeking to build their local constituencies. Both registered and informal groups work intensively with local clientele on their activities. Many initiative groups can easily recruit and engage volunteers.

NGOs are limited to the very narrow aims and target groups specified in their statutes. NGOs such as Agama, for instance, have the capacity to broaden their constituencies but the "geographic factor" in the law restricts the involvement of people from other areas. In addition, the requirement that NGOs comply strictly with the terms of their charters hampers some NGOs, like Lachin Ay and Ajaip Dunia, which lack charter provisions explicitly authorizing growth of their constituencies.

Local authorities' interest in NGO initiatives varies significantly from region to region, and heavily depends on individual officials and their personal attitudes towards NGOs.

Most NGOs have clearly defined missions, but the majority of their activities are grant driven. NGOs often implement projects beyond their missions, tailoring projects to donors' priorities. Salaries of permanent staff depend on the availability of grant funds. There are no structures such as boards of directors in NGOs because the Ministry of Justice must approve NGOs' internal governance structures.

Many initiative groups received training on strategic planning and contend that they are capable of applying these tools in their operations. They cannot do long-term planning, however, due to the uncertainty of their situation. The majority of NGOs implement day-to-day activities and develop strategy simultaneously.



NGOs are trying to operate in an open and transparent manner, allowing contributors and supporters to verify the appropriate use of funds. Agama and several informal groups produce annual financial reports which are shared with members and participants at annual meetings.

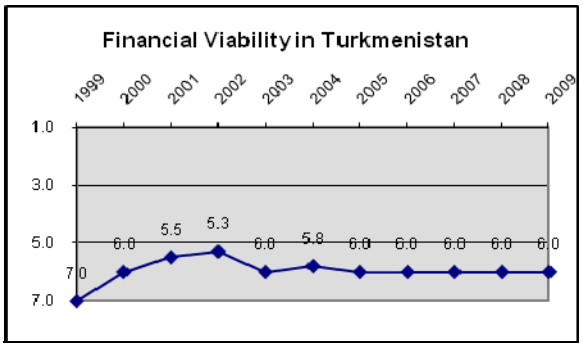
Currently, there are no designated training providers for NGOs. Hemayat obtained a license to teach strategic planning, accounting, and financial management, and may provide training for NGOs and their members. The majority of NGOs cannot afford this service, however.

The majority of NGOs have basic office equipment, including relatively new computers and software and functional fax machines, but updating available equipment remains a challenge. Internet cafes are in all provincial centers, but many districts do not have these facilities, to say nothing about villages. Internet speed remains slow and relatively expensive.

FINANCIAL VIABILITY: 6.0

The world financial crisis affected Turkmenistan, though to a lesser degree because of the role of hydrocarbon resources in its economy. Some grantmaking organizations lessened their activities due to the reduction of grant budgets, and the small pool of funding for the NGO sector became even smaller. Some large foreign businesses, however, became more active in the country and are interested in engaging in philanthropic activity.

Most NGOs still rely on donor grants. The number of in-country donors is low, fueling competition both between and within NGOs and informal groups, and resulting in a reluctance to share plans and projects. International donors operating in the country seek to distribute their available funds between GONGOs, NGOs, and informal groups. For example, World Bank grant winners included the Turkmen Society of the Blind and Deaf, the Lebap branch of the Public Union for Nature Protection of Turkmenistan, NGO Agama Club, and Lachin Ay. The average grant amount was approximately $6,000.



The NGO sector seeks to establish relations with different donors in order to ensure diversity of funding, but is becoming more aware that dependence on donors will not produce sustainability. Many NGOs and initiative groups seek support from local authorities and businesses. Typically community civic groups are able to raise some funds for specific activities. Cultivating relations with potential local donors is still not a regular practice, however.

Individuals and medium-sized and large businesses sometimes make donations to NGOs, but a lack of legislative incentives discourages businesses from making regular donations. There is little potential for legislation to improve in this area.

Some NGOs charge membership fees. The concept that NGOs should provide services free of charge prevails both among NGOs and the public. Agama and Keik Okara continue to charge for services to cover costs associated with organizing mountain climbing expeditions, and earn money from industrial alpinism. The law provides that NGOs have the right to engage in entrepreneurial activities if the income supports the objectives stated in their statutes, but requires NGOs to establish enterprises for carrying out entrepreneurial activity. Those NGOs such as Agama and Polyot that realize that they should charge fees for services are attempting to form enterprises to receive income legally.

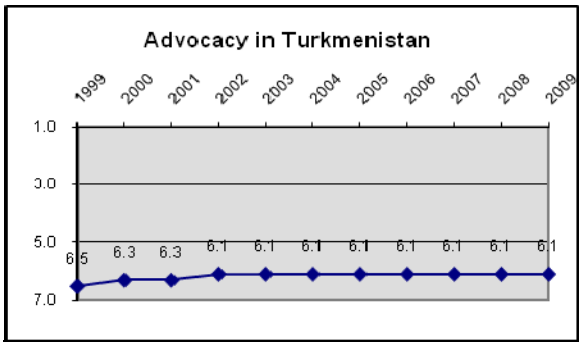
Government and private businesses continue contracting some NGOs as service providers. As a rule the government gives contracts to GONGOs, such as the Union of Entrepreneurs and Industrialists, Youth Organization, Women Society, or Nature Protection Society. Usually GONGOs implement joint projects with the government and a UN agency or other donor. The plan of cooperation between Turkmenistan and the UN often drives such initiatives. Registered NGOs have the right to compete for a government contract if it is published, but such announcements are rare.

ADVOCACY: 6.1

Currently, NGOs implement almost no advocacy activities. A major challenge for NGOs is their inability to express opinions on issues of public concern because the government does not tolerate the slightest criticism.

A roundtable in January continued the previous year's dialogue on the interaction between NGOs and government in the reform process. This was followed by a roundtable in September on improvements to legislation for NGOs. Government officials together with NGO participants, including the Union of Manufacturers and Entrepreneurs, the National Center of Trade Unions, the Women's Union of Turkmenistan, and Magtymguly Youth Union of Turkmenistan, reviewed the legislation pertaining to NGOs and recommended changes to the laws and registration procedures which were given to the Mejlis (parliament).

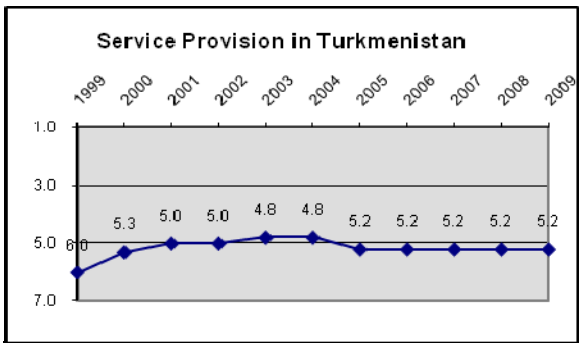
Women's Union of Turkmenistan, a GONGO, organized a national forum entitled "Business Opportunities for Rural Women" together with UNDP in February to provide a venue for government representatives, NGOs, UN agencies and project beneficiaries to discuss ways of improving the business environment for rural women.



In November Keik Okara carried out the action "Together against Gender Violence" with the financial support of the UNHCR Office in Turkmenistan. Volunteers implemented the activity and involved about fifty young people. In addition, representatives of other NGOs such as Lachin Ay, Agama, and the National Red Crescent Society took part.

The USAID Turkmenistan Community Empowerment Program, which promoted social partnerships between communities and local governments, completed its activities.

SERVICE PROVISION: 5.2



NGO service provision is heavily dependent on donor grants and sometimes the needs of NGOs' clientele may lose priority. Each year donors notify grantees of their current priorities, and grant seekers have to adjust their planned projects or sometimes change their target groups in order to win grants and continue their operations. There has been no needs assessment of potential target groups for NGO services.

Currently several organizations are working in the sphere of human rights at the national level. The activities of Bosfor are targeted at raising the legal awareness of the population. With the support of the U.S. and UK embassies, Bosfor organized several seminars on legal issues throughout the year and maintained a legal library with free access to documents and legal counseling.

Lachin Ay worked with teenagers on the development of life skills, and organized a summer camp for children and youth with the support of the International Organization for Migration (IOM) and the World Bank. A World

Bank grant allowed Agama to conduct seminars on social leadership and involve youth in its activities. An initiative group provided support to vulnerable populations.

Keik Okara formed a joint venture that provided new sewing, carpet weaving, and metal workshops for young people to generate income for former refugees living in a school in Mary province. Local authorities provided newly renovated premises to accommodate the workshops and U.S. State Department funding paid for the equipment.

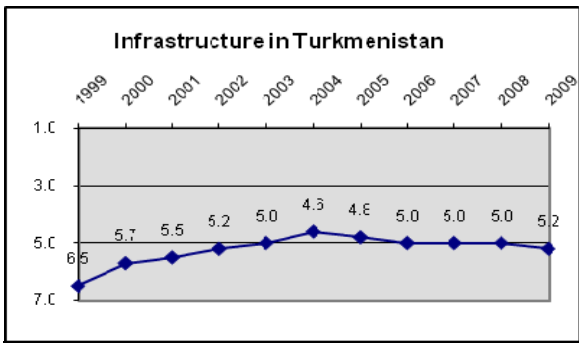
Civil Society Support Centers and their network of Resource Centers and Community Resource Points provided legal consultations, advice on projects and activities, training, and access to information and the Internet. Until September they held regular discussion groups with NGO representatives and community members. The closing of Counterpart International affected the CSSCs' legal status; CSSCs found themselves in limbo and reduced or fully ceased their activities. Resource Centers and Community Resource Points lost technical and financial support they had received through the USAID Community Empowerment Program, as well as access to the Internet, which they used to have through the CSSCs.

INFRASTRUCTURE: 5.2

In general the NGO sector is small and not cohesive. No organization or network is able to take responsibility for promoting the sector's interests. Interaction and information sharing between NGOs take place through personal relations. Because of the small number of NGOs in each sector, there is little incentive to create coalitions or more formal partnerships to support common interests. NGOs and informal groups compete for grants and are reluctant to share new plans and ideas.

No designated center or organization is focused on promoting development of the NGO sector or providing technical support. A few support centers such as those sponsored by the OSCE, the U.S. Embassy, and the UN Library in Ashgabat provide limited services including Internet access. The UN Library charges for Internet access hourly. Due to the heavy use of the U.S. Center, it allows only thirty minutes per visitor. The provincial towns do not enjoy such services. No organization provides information, technology, training and technical assistance for communities.

The countrywide network of CSSCs, Resource Centers and Community Resource Points experienced a significant blow when they lost their financial support and legal status. While the CSSCs are thinking about their futures and exploring different models in order to survive and continue providing their services, the Resource Centers and Community Resource Points either maintained very limited services such as photocopying, or ceased to function and collapsed. The closure of the USAID Community Empowerment Program was particularly felt in rural communities, where rural youth had enjoyed different activities and training organized by Resource Centers and Community Resource Points.



International donors' shift in focus from NGO capacity building to community development is affecting NGOs. NGOs sense a lack of interest among the international community in NGOs and their development. There are no local community foundations that provide grants to NGOs or re-grant international donor funds.

Although there are capable local NGO management trainers in Turkmenistan, there is

no institutional training provider either in the capital or other cities to provide advanced specialized training in areas such as strategic management, accounting, financial management, fundraising, volunteer management, or board development. Hemayat may start providing training for the NGO sector if NGOs can afford its services.

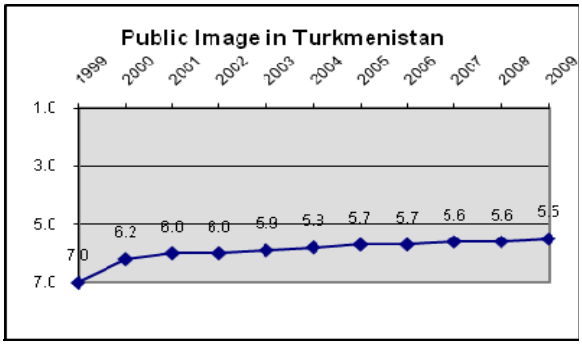
PUBLIC IMAGE: 5.5

Turkmenistan's mass media provides little coverage of NGO activities. Traditionally, sporting events organized by NGOs are covered in the newspapers. In spite of strict censorship, references to NGOs appear relatively often in the media, usually due to the presence of international donors, UN agencies and authorities at NGO events. For example, the media covered the roundtables on NGO legislation, as well as the participation of NGOs in the "Business Opportunities for Rural Women" forum organized by UNDP. Keik Okara enjoyed media coverage of its action "Together against Gender Violence," and other NGOs that participated in the event also received coverage.

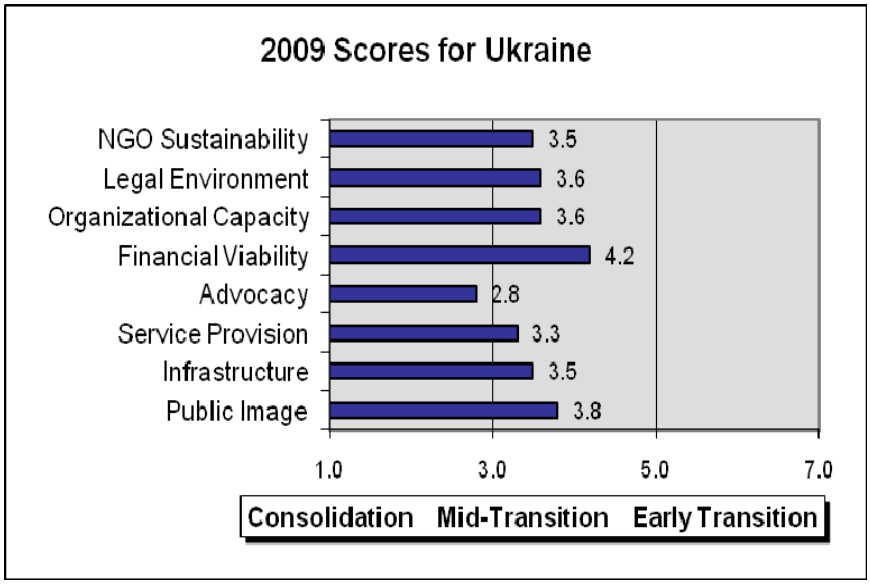
GONGOs like the Youth Organization and the Women's Association of Turkmenistan appear regularly in the media. The government still prefers dealing with GONGOs rather than with NGOs despite its growing realization of the NGO sector's role in society. In a sign of a warming in its attitude towards NGOs, the government invited Agama to participate in a tourism exhibition in the National Exhibition Center.

Generally NGOs do not promote their activities through the media, but some NGOs place ads in newspapers to raise public awareness about their activities. For example, Bosfor and Keik Okara placed such ads throughout the year. Bosfor's attempt to put an ad about its legal library in Neutral Turkmenistan failed, however, when the NGO was unofficially advised to abandon the advertisement so as not to incur undue scrutiny by the authorities.

The government controls all media in Turkmenistan, and the level of media interest in the activities of the NGO sector will change only when the media starts to see the government adopt a more favorable attitude. The anticipated changes in legislation related to the NGO sector may create the potential for closer cooperation with the media.



UKRAINE



Capital: Kyiv

Polity:
Republic

Population:
45,415,596 (July 2010 est.)

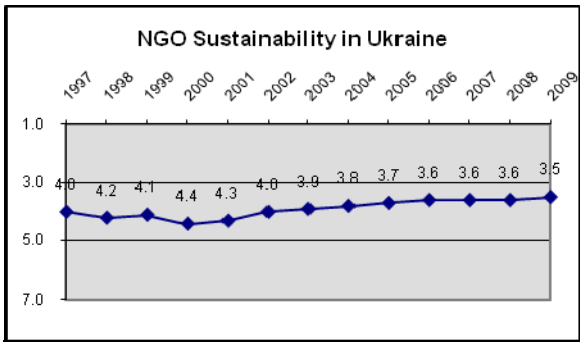
GDP per capita (PPP):
$6,400 (2009 est.)

NGO SUSTAINABILITY: 3.5

In 2009, the NGO sector strengthened its organizational capacity, increased its ability to implement advocacy campaigns, and improved its public image. The global financial crisis hampered NGOs' financial viability. Leading NGOs and civil society experts initiated legislative changes aimed at creating a legal environment more conducive to civil society development, but Ukraine's ongoing political crisis hindered these efforts. The government has endorsed its own action plan on civil society development.

According to government statistics, the number of registered associations is around 52,000, and the number of registered charitable organizations is near 11,000. The growth, as well as the number, of strong and experienced NGOs across the country remained high in 2009.

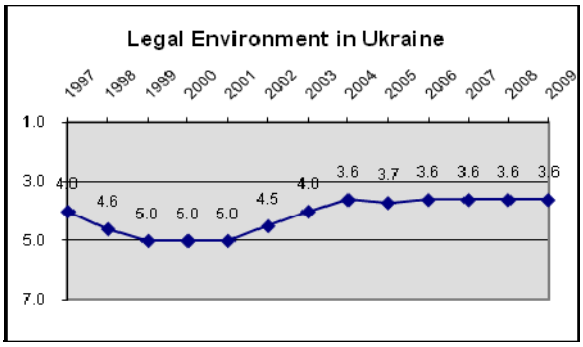
The financial crisis slowed NGOs' recent brain drain and forced NGOs to use available resources more effectively. The majority of experienced NGOs remain highly dependent on financial assistance from international donors. While the NGO service market is only in its initial stages, NGOs now have an understanding of what a service is and how it can and should be provided.



NGO infrastructure is relatively well developed, although there is still no national body that represents the interests of the sector. Strong and experienced NGO coalitions and networks that are focused on particular issues operate at the national, regional, and local levels and are generally successful in representing the interests of their target groups. Advocacy efforts by NGOs produced positive results, and the initiatives of regional NGOs became more innovative. NGOs also improved their interaction with the media in 2009.

LEGAL ENVIRONMENT: 3.6

NGOs must be registered with the Ministry of Justice and the state register. Local departments of the Ministry of Justice rejected the registrations of NGOs representing the lesbian, gay, bisexual and transgender community. Moreover, rejections of applications for not-for-profit status increased. Amendments developed by leading NGOs and civil society experts to eliminate the cumbersome Ministry of Justice registration process and replace it with a one-stop-shop mechanism failed to become a reality. The dissolution process for NGOs remains unclear. In 2009 the number of registered charitable foundations decreased.



Legal advice and information is available to NGOs in regions where NGOs have long operated. For instance, the Public Advocacy Center in Lviv city provides consulting to NGOs and citizens, produces information materials and delivers consultations in small towns and villages in the oblast. While the need for legal expertise has not been fully met, specialized networks of NGO citizen advocate offices focus on issues including corruption, migration, and HIV/AIDS. Many NGOs operate hotlines that assist both NGOs and the public.

No significant changes have occurred in NGO-related taxation, nor has the distribution of public funds become more transparent. NGOs continue to be inventive in finding ways to earn income while maintaining nonprofit status. On December 15, the Verkhovna Rada (parliament) approved changes to the Law on Social Services, cancelling the requirement for NGOs to obtain licenses to deliver services.

The parliament continued to ignore civil society proposals on regulations and draft laws endorsed by the Cabinet of Ministers. In 2009, key laws on donations and activities of charitable foundations and organizations were proposed but not endorsed or even reviewed. The draft laws on volunteerism and on public associations faced the same problem, even though the latter passed the expert review of both the OSCE and the Council of Europe. The Order of Civic Expert Review of Public Authority Performance has been continually postponed since its adoption by the Cabinet of Ministers in 2008. NGO experts' recommendations were taken into consideration in the development of the new draft Tax Code.

The Ministry of Justice issued the Decree on the Development of the Citizen Association Register. The register will keep track of NGOs and allow access to information about them. Some NGOs initiated the development of city charters in cities such as Ternopil and Zhytomyr that lacked them.

The Cabinet of Ministers and other governmental institutions continued to develop and endorse annual plans for the implementation of the Concept for Promoting Civil Society Development by Public Executive Authorities. NGOs contribute not only to the development and adoption of the action plans, but also bear responsibility for their implementation. Ten NGOs were included as co-implementers in the action plan of the Department of the Civil Service.

ORGANIZATIONAL CAPACITY: 3.6

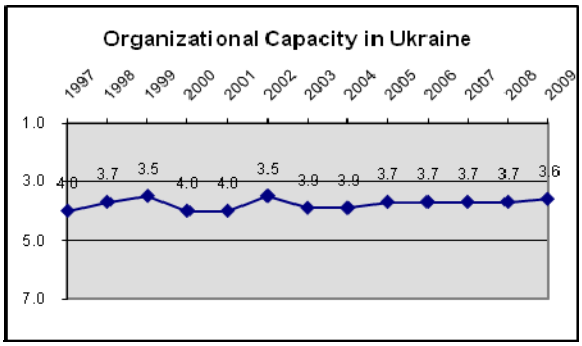
The financial turmoil of 2008–2009 forced NGOs to cooperate more closely with each other, especially when it came to office space and administrative costs. NGOs' access to the

Internet has increased, as has the number of NGO websites. In general, citizen participation in NGOs remains low. Though NGOs learned how to engage their supporters more actively, they tended to rely on one-time events. The lack of a long-term strategy for engaging new members and retaining supporters is a major obstacle to increasing membership in NGOs. The financial crisis also contributed to the loss of credibility of many institutions, including NGOs, and made citizens more politically passive.

New and young NGOs formulated their missions more professionally and developed strategic plans at the beginning of their activities. They enjoyed improved access to knowledge, experience, and information materials generated by the NGO sector. NGOs that work with international donors usually have clear-cut missions and strategic plans and focus on the needs of their clients and target groups. Often, however, plans continue to revolve around the short term and particular projects.

The capacity of NGOs to cooperate with each other, authorities, businesses, and the public increased in 2009. This was especially true of organizations addressing specific problems such as environmental protection, support for HIV/AIDS patients and financially disadvantaged people, rights protection, and youth engagement. For example, during the last two years the Agency of Private Initiative Development in Ivano-Frankivsk built its organizational capacity by working as a regional information and resource center for NGOs from four oblasts. The results of the NGO's work were recognized at the local and national levels.

Most NGOs try to assess the problems of their target groups and to gain support when planning future activities. NGOs have tried to be more open in their work, have built mechanisms for receiving feedback from their clients, and have kept track of services provided. At the same time, a study by CCC Creative Center revealed that only a small number of NGOs published hard copies of annual reports, even though many made public electronic versions. Though the majority of NGOs state that they conduct monitoring and evaluation of their programs and projects, only a small number of them engage external experts in these activities.

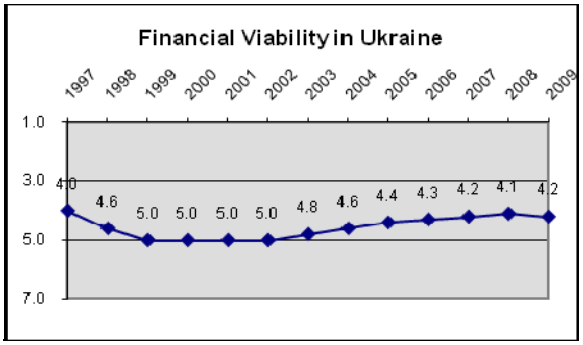


The financial crisis increased NGOs' ability to attract highly qualified personnel. It has become more popular among youth to start their careers by volunteering or working at an NGO, even though a study by the National Employment Center claims that only 3.5 percent of respondents would work for an NGO. NGOs remain uncompetitive in the labor market because of their low salaries and meager benefits, and turnover remains high. The lack of a training or leadership development system for NGO personnel does not help the situation. The organizational capacity of NGOs depends on the professional skills of NGO leaders.

The number of strong and experienced NGOs in the regions continued to grow in 2009. Moreover, many local and international donors noticed that initiatives and projects of regional NGOs became more innovative, creative, and interesting. Experts believe that the financial crisis has increased competition for resources and engaged all staff members in project preparation. For example, the Carpathian Agency of Human Rights (VESTED) in Uzhgorod implemented mechanisms aimed at long-term community development planning. The Green Cross Society from Lviv Oblast proposed the creation of a model to balance interests of the city with those of surrounding rural territories.

FINANCIAL VIABILITY: 4.2

Because of the financial crisis and the reduction in funds provided by traditional donors, the financial viability of the NGO sector weakened in 2009. The majority of experienced NGOs remain highly dependent on international donor support. The funding raised by NGOs from local business, local government grant programs, and corporate and private funds has shrunk. Membership dues and income earned through the provision of services account for an insignificant portion of overall NGO funds. Public funding decreased at all levels.



Due to the financial crisis, business income as reported by tax inspections during fiscal year 2009 decreased five times compared to fiscal year 2008. The private sector made fewer financial donations for charitable events and the majority of large companies cut down their social responsibility programs. Corporate and private foundations continue to provide funding to their own programs or directly to people in need, hospitals, or institutions for children. There are no open grant programs for NGOs and previous ones were depleted due to a lack of funds. Private or corporate foundations increasingly compete with other NGOs for funding. The Ukrainian Philanthropists' Forum, a leading professional association, continues to support effective charity development in Ukraine. In 2009, the organization prepared a manual for business representatives on launching charitable campaigns.

Some companies continued their charitable activities and engaged NGOs in the implementation of these programs. For instance, Kraft Foods contracted CCC to implement a program focused on promoting healthy nutrition in two schools in the city of Trostyanets. The program will expand to five city schools in 2010. East Europe Foundation received more than $300,000 from three different multinational businesses during 2009.

The most alarming trends in NGO financial viability include weaker financial management and internal fiscal discipline. These problems include late reporting, absence of documentation, and misuse of donor funds.

ADVOCACY: 2.8

NGO advocacy efforts brought some significant results. Cooperation between civil society and public authorities at all levels improved. Due to the lack of formalized procedures and genuine interaction between public authorities and NGOs, however, NGOs receive limited information from the authorities. The advocacy capacity of NGOs increased in spite of frequent staff turnover among policymakers and the lack of interest among people's deputies at the local level in establishing regular contacts.

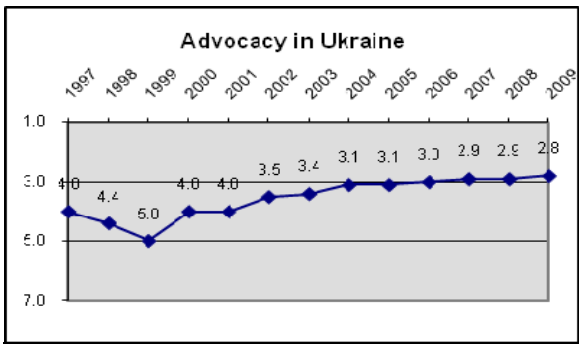
Civic councils, which were created to include representatives from ministries, oblast administrations, and other executive bodies in order to help NGOs contribute to the development of national policies, did not live up to expectations. The majority of these councils are inactive or controlled by the authorities, and new rules adopted in November set additional limits on NGO participation.

Several anti-corruption public advocacy networks established with donor support continued to monitor the work of public authorities. A coalition of NGOs engaged in monitoring higher education admissions concentrated on thirty higher academic

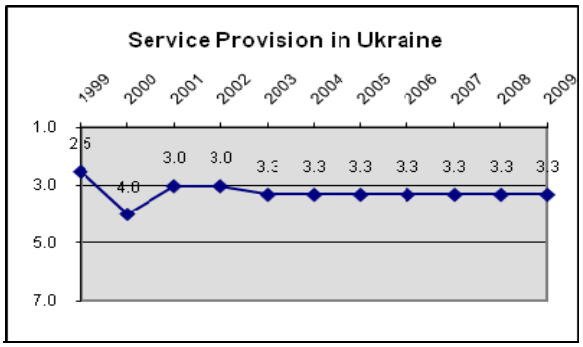
institutions across the country. The Ministry of Education included the coalition's recommendations in the admission rules for 2009 and 2010. A coalition of anti-corruption public advocate offices provided information and educational services in nine regions, maintained a national free anti-corruption hotline, and delivered legal assistance to citizens during legal proceedings. The coalition of NGOs that developed and submitted the draft Law on Access to Public Information managed to get the draft approved in the first reading by the Supreme Council and is preparing the draft for the second reading.

Successful NGO-initiated public advocacy campaigns focused on tobacco advertising, public monitoring of the external testing for university admission, and people living with HIV/AIDS. In October, the Verkhovna Rada adopted amendments to the Law on the National Budget 2009, including an excise tax increase on tobacco products, a significant achievement of the extensive advocacy campaign of a group of anti-tobacco NGOs. In September, on the initiative of the president, the Verkhovna Rada adopted a project with the goal of decreasing the harmful health effects of tobacco.

NGO advocacy campaigns had increased impact on decision making at the local, regional, and national levels. For instance, 114 NGO advocacy campaigns on combating corruption in the judiciary, education and regulatory reform areas resulted in the adoption of 130 resolutions, decrees, and regulations of the Cabinet of Ministers, oblast public administrations, public councils, and local authorities.



SERVICE PROVISION: 3.3



NGOs continue to develop services in areas where the state does not provide sufficient services or does not provide them at all. NGOs deliver a broad range of services and products, but these services' scope, quality, and marketing have, in general, not improved and cannot be considered highly professional.

The most common areas of NGOs' work include children and youth, human rights, social issues, NGO development, politics and economics, culture and art, business development, women, and the environment. The most common services and products include workshops and consultations, advocacy, information dissemination, education, study and analysis, social services, charity, policy development, and rehabilitation. With the repeal of Article 8 of the Law on Social Services, NGO providers will no longer be subject to licensing for all social services, but only for those types of services for which licensing is required of all providers, including state providers.

NGOs learned how to work better with businesses and to provide quality information and analytical services. Both businesses and public authorities are using NGOs for services more often. For instance, the Agency for Sustainable Development in the Luhansk Region received a request to help develop the town planning department website. Authorities often contract NGOs from other regions if these organizations are well known and professional. The Center of Public Expertise, for example,

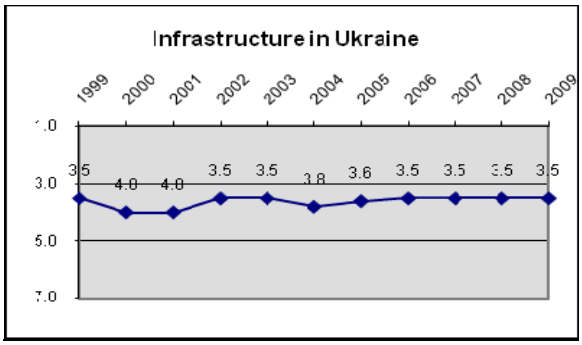
helps the social protection and employment departments in small towns to more effectively assess social budgets.

Some NGOs understand that services are not just about quantity, but also about quality. The Agency for Private Initiative Development from Ivano-Frankivsk conducted an evaluation of the performance of one-stop-shops and developed recommendations which the Cabinet of Ministers and the State Entrepreneurship Committee accepted for implementation.

The private and public sectors are interested in high-quality analytical materials developed by NGOs. The Odessa-based NGO Face-to-Face provided analytical expertise to a local transportation company after the company learned of the NGO's report on state subsidies for preferential fares for low-income groups such as the disabled and elderly.

INFRASTRUCTURE: 3.5

There is still no organization, coalition, or network of NGOs that represents the interests of the NGO sector at the national level. While there are strong and experienced national coalitions and networks of NGOs focused on human rights, people with special needs, the environment, HIV/AIDS, women's health, tobacco, combating corruption, and other issues, they cannot represent the interests of the entire sector.



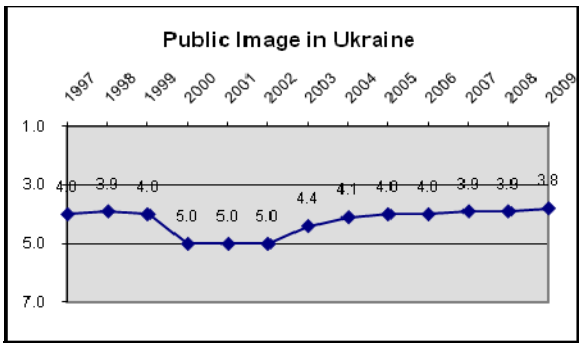
NGO resource centers that were established in almost every oblast more than a decade ago under various donor projects have vanished. The majority either changed their services or their role in the third sector simply diminished. There is a pressing need for such centers, especially in rural areas where small local NGOs need basic training and individual consultations on skills such as proposal writing, organizational and financial management, interaction with public authorities, and service provision. Both new and experienced NGOs feel the need for continued learning, specialized consultations from experts, and information on funding sources.

More Ukrainian NGOs are administering grant programs on behalf of international organizations, technical assistance projects and both local and international corporations. Despite increased partnerships among organizations in conducting joint activities and projects, NGOs still need to learn how to join their limited resources rather than duplicate the activities already carried out by other organizations.

PUBLIC IMAGE: 3.8

According to an expert panel that examined the level of democracy in Ukraine, initiated by the Democratic Initiative Foundation in September 2009, NGOs' effectiveness and democracy activity were found to be increasing. Civil society received 3.25 on a five-point scale (five being the best), compared to 2.5 in 2008. Experts think that one of the civil society victories in 2009 was to halt negotiations between two political parties on undemocratic changes to the constitution. A coalition of think tanks made public the details of negotiations between the two major parties in parliament (the Party of Regions and BYuT, the Bloc of Yulia Tymoshenko).

NGOs started to gain better media coverage of their activities due to donor requirements as well



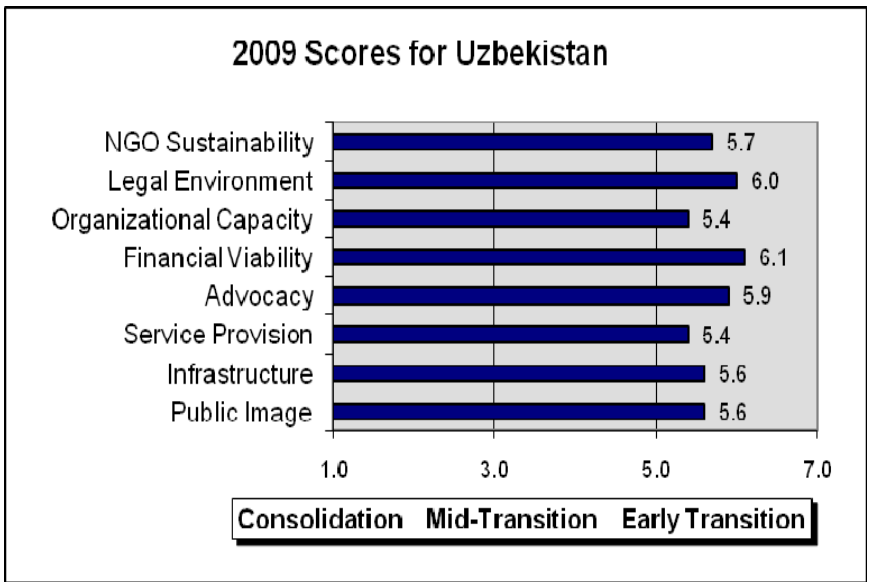
as a new tendency to employ professional communication managers. The leading television channels invited NGO leaders and experts to express their opinions on political, economic, and social issues, and the pool of experts courted by the mass media has expanded. Despite these encouraging steps, the cooperation could be more productive. Often the media is interested in the results of NGOs' monitoring of government performance, but they tend to be dissatisfied if this reveals no scandals.

Coalitions and networks of NGOs have been successful in engaging media in their events because they highlight trends pertinent not only to particular regions, but to the country as a whole.

NGOs are more often using innovative methods to communicate with the public. For example, a demonstration by environmental organizations to promote decreasing CO2 pollution generated significant media coverage on the eve of the UN Conference on Climate Change because the protesters dressed up as endangered animals. Celebrity involvement in the NGO sector lends a positive image to NGOs overall, but authorities and the public still hold a rather low opinion of NGOs.

While many NGOs supported and adopted the Declaration of the NGO Code of Ethics, its implementation is still lacking.

UZBEKISTAN



Capital: Tashkent

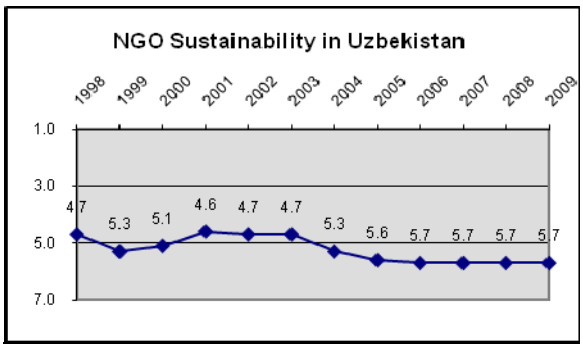
Polity:
Republic

Population:
27,865,738 (July 2010 est.)

GDP per capita (PPP):
$2,800 (2009 est.)

NGO SUSTAINABILITY: 5.7

In 2009, the status of NGOs in Uzbekistan underwent little change. NGOs operate in a challenging environment, even though government officials emphasize the progress achieved in civil society development and point to its necessity.



NGOs are becoming increasingly government-dominated. Large NGOs established by the government such as the Institute for Studies of Civil Society (ISCS) and National Association of NGOs (NANNOUZ) became stronger financially and organizationally, although NANNOUZ became the subject of a government inspection in November and virtually ceased its activities. All GONGOs have branches and resource centers in the regions and political and financial support in the center and in the provinces. The purpose of this policy is to make GONGOs the basis for the NGO movement. The government discourages and restricts GONGOs' independence, initiative and self-sufficiency in decision making.

The world financial crisis reduced remittances from Uzbek migrant workers living in Russia and other countries. Rising unemployment contributed to social discontent and protests. The government saw GONGOs as a stabilizing factor in society in these difficult conditions.

The official figure of 5,000 NGOs in Uzbekistan does not reflect the real situation, and the origin of the figure is not clear. There are no reliable statistics on NGO registration and activities. In each of the country's fourteen regions there are ninety to 110 NGOs, including branches of governmental NGOs, which make up 20 percent of all NGOs. A more realistic figure of the number of NGOs is 1,200–1,300, but about 40 percent of these NGOs are not active due to lack of funding and their own lack of capacity.

LEGAL ENVIRONMENT: 6.0

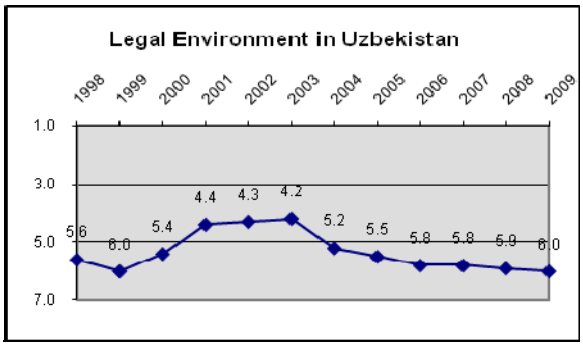
The basic laws on nongovernmental, noncommercial organizations, on NGO activities, and on charity are of a declarative nature, either because implementing regulations are absent or because the rules for funding and accountability of NGOs are specified in bylaws. During the year several aspects of the legal environment became more restrictive.

The government tightened tax legislation with respect to NGOs. NGOs are now forbidden to pay a single 7 percent tax with a simplified reporting system. Those NGOs that used to pay a single tax were required to recalculate for the last five years and return VAT and other taxes to the state, which led to the closing of about 20 percent of NGOs. Commercial organizations which employ less than twenty-five people still enjoy the right to pay a single tax.

The allocation of state funding to NGOs was transferred from the National NGO Association to the parliamentary commission and its social fund. Eighty percent of this funding goes to government-dominated NGOs.

On May 30, 2009, the Ministry of Finance approved the rules requiring recipients of humanitarian aid and technical assistance to submit bank statements and information to the treasury of the Ministry of Finance. Within one day of receiving a grant, recipients are required to complete the reporting forms and to provide proof of the bank transfer. Banks, however, provide information on account operations only within three days. The Ministry of Finance disqualifies the grantee from using the grant funds if the bank statements are delivered late.

Despite the statutory procedure for the free registration of NGOs, in practice it is quite complicated to register an NGO. In the regions annually only three to five NGOs are registered, while seven to twelve are closed down. The judicial authorities come to a decision on registration only after consultation with law enforcement authorities.

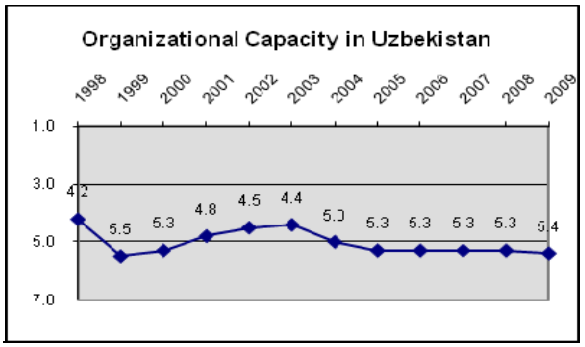


On January 1, 2010, the judicial authorities introduced new quarterly and annual reporting forms for NGOs. The forms contain fifty-eight different questions that NGOs must address. The financial and statistical reporting requirements for NGOs are similar to that of commercial organizations.

NGO officials are fined between $2,000–2,500 for late reporting, non-reporting, or carrying out activities without permission from the judicial authorities. This is twenty times more than the fine imposed on commercial organizations for similar violations. Even for some criminal offenses, the fine is half of the penalty for late NGO reporting.

ORGANIZATIONAL CAPACITY: 5.4

The requirement that NGOs pay social fund payments and other taxes for permanent staff makes it difficult for independent NGOs to increase the number of permanent staff. Independent NGOs have one or two full-time employees, compared to the twenty to fifty full-time employees of governmental NGOs. It is mainly volunteers who work in independent NGOs; their work is usually unpaid because they are not employed regularly. The limited number of permanent employees limits NGOs' strategic planning capacity and forces them to limit their activities to one or two priority areas.



State-supported NGOs are very active and conduct their activities without any problems. Their activities tend to be nonthreatening, such as presentations at conferences and roundtables that echo government views and do not address real problems. International organizations actively cooperate with governmental NGOs, because working with independent NGOs is always fraught with complications. The Ministry for Foreign Affairs and judicial authorities typically deny permits for carrying out activities with independent NGOs, such as conferences, seminars, and roundtables.

Some NGOs have boards of directors, but their work is formal and is limited to official functions.

Due to a lack of finances, independent NGOs have difficulties acquiring office equipment and use outdated equipment purchased with personal resources. Almost all NGOs have access to the Internet, but the government practices censorship and all critical independent sites are blocked.

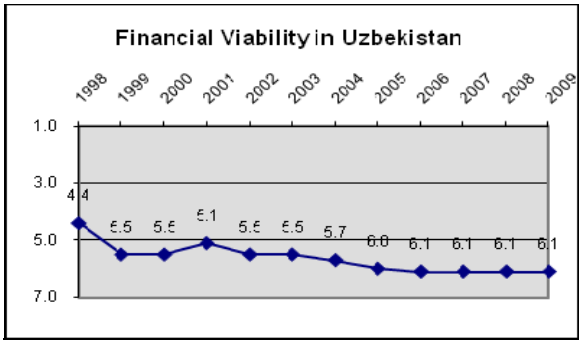
FINANCIAL VIABILITY: 6.1

Financial viability is an urgent concern of NGOs in Uzbekistan. The world financial crisis resulted in a threefold decrease in the amount of remittances from migrant workers. Hundreds of workers returned to Uzbekistan from Russia as the demand for their labor fell. NGOs have experienced more difficulties generating income and obtaining support from local businesses.

At a time when business does not support NGOs, and the government finances exclusively governmental NGOs, the funding of independent NGOs is becoming a matter of survival and depends on the potential for income-generating activities, or on the grant support of a few international organizations working in Uzbekistan. For example, UNICEF supports NGOs working on protection of children's rights and juvenile justice, UNDP works with NGOs in the areas of HIV/AIDS prevention, women's rights, and migration, OSCE supports NGO activities related to environmental and economic security, human rights, and agriculture, and GTZ works in the areas of migration, vocational education, and judicial reform.

A small number of NGOs charge membership fees, but these are too small to constitute a major source of funding.

It is extremely difficult for NGOs to receive grants from international organizations because the state has created a system of verification and control of incoming funds through bodies such as the Central Bank grant committee, the Ministry of Finance, and the Ministry for Foreign Affairs. The control process is not transparent. Typically international organizations provide support through commercial agreements for services, but these are subject to full taxation which can reduce the grant amount by as much as 50 percent.

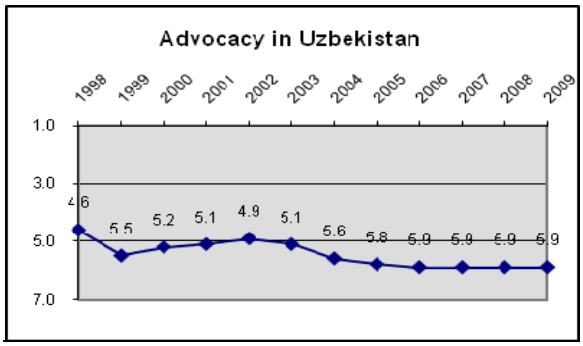


NGOs attempt to earn income by providing paid services such as consultations, provision of expert advice on commercial disputes, and preparation of documents. Self-financing does

not provide sufficient funds for NGOs' activities, however.

The activity of the parliament's public fund is not transparent. In theory the fund supports NGOs and other civil society institutions, but it distributes $2.5 million from the state budget among the seven or eight governmental NGOs for their activities and full-time employees. About 10 percent of the funds are distributed among small NGOs through contests and tenders for grants in the amount of $2,000. This of course does not resolve NGOs' financial problems.

ADVOCACY: 5.9



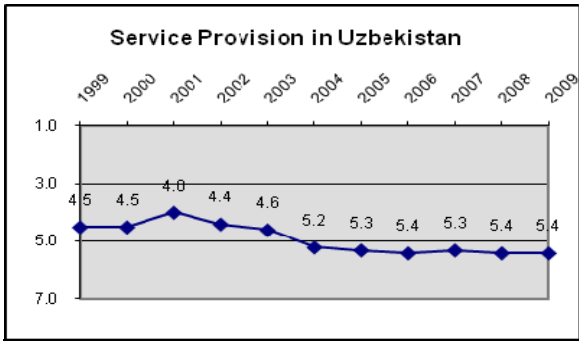
Some NGOs specializing in the development of the legal framework participate in working groups at the Ministry of Justice, Ministry of Agriculture and other bodies, but they do not have significant influence on government officials or decision-making processes. The small circle of NGOs that participate in such bodies includes the Legal Problems Research Center, NANNOUZ, the Ecological Forum, and the Bar Association. These organizations are involved in legislative issues such as amendments to the Civil Code and Tax Code, and the development of the Law on Juvenile Justice. The Legal Problems Research Center has developed the draft Law on International Commercial Arbitration, which is under consideration by the ministries.

Newspapers have discontinued the practice of publishing draft laws, limiting possibilities for NGOs to discuss draft legislation and provide recommendations to parliament.

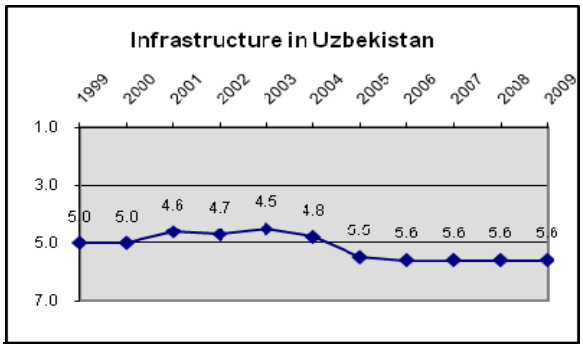
SERVICE PROVISION: 5.4

While the overall level of services provided by NGOs slightly increased in 2009, the proportion of NGOs in the service market is insignificant due to the general inefficiency of the NGO sector and a lack of effective government support for NGO service provision activities.

NGOs provided more services in the health care sector, in environmental protection, and in legal assistance, but educational services declined due to the introduction of compulsory licensing for educational activities. The procedure for obtaining a license for educational activities is very complicated. NGOs have virtually no chance of obtaining a license because of gaps and contradictions in the legislation, which specifies that agencies can be licensed to conduct educational activities, but judicial authorities do not register NGOs as agencies. The definition of educational services includes activities such as seminars, trainings, and training-of-trainers, which make up a significant part of NGO activities.



INFRASTRUCTURE: 5.6



NANNOUZ brings together about 350 NGOs, representing approximately 30 percent of operating NGOs. NANNOUZ has its own resource centers in the regions, but these are weak because of a lack of funding from the central office and modest local support. Other government-dominated NGOs, including the Institute for Studies of Civil Society, Ecological Movement, Camelot Youth Movement, and the Women's Committee also have developed networks of resource centers. These large governmental NGOs and their affiliates and resource centers in the regions represent 200–220 NGOs, which make up about 20 percent of all NGOs. These NGOs along with NANNOUZ receive about 90 percent of direct state funding, nearly $2.5 million, which enables them to organize and conduct their own trainings and maintain regional networks.

About 700–800 NGOs are independent, but they are also financially weak and vulnerable to interference from the authorities. These NGOs interact with only a few other NGOs and are not part of the coalition of government-supported NGOs.

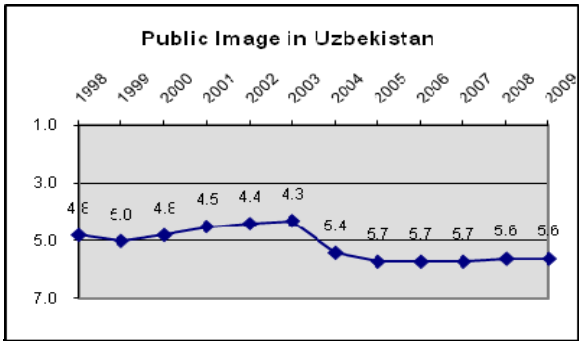
All the major NGOs have their own websites, which offer general information about their activities.

In some cases, large or well-known NGOs are included in state programs as partners with ministries or departments and participate in activities such as those focused on the development of the youth movement, protection of human rights, or legislative development.

PUBLIC IMAGE: 5.6

No data is available on NGOs' image in society, but informal surveys show that citizens' attitudes toward NGOs took a turn for the worse. This development was related to the vigorous activity of government-dominated NGOs and their full support of all government actions, which aroused public distrust in NGOs and their objectivity. The public does not make a distinction between independent NGOs and government-dominated NGOs, so this negative impression extends to independent NGOs as well.

The government subjects key organizations such as the Association of Businesswomen (ABU) to constant inspections. ABU activities involving more than 2,000 people are usually suspended due to this scrutiny. In November the government began an intensive inspection of NANNOUZ, which has almost stopped its activities.



Occasionally the mass media covers the successful work of some governmental NGOs related to civil society development. The Internet is becoming more popular and enables users to obtain reliable information about NGO activity.

REFERENCES

[1] These sites include www.eiti-az.org (Azerbaijan Coalition for Improving Transparency in Extractive Industries), www ngoalliance.net (Azerbaijan NGO Alliance for Children's Rights), www nbg.az (National Budget Group), www.anticorruption.az (Young Lawyers against Corruption), and www.gender-az.org (Azerbaijan Gender Information Center). The site www.municipality.az (created by the NGO AVCIYA) gives up-to-date information on municipal legislation, achievements in the local governance sector, and civic engagement initiatives.

[2] NGOs with websites included the Education Center for Youth (http://www.ecy-az.org), Reliable Future (http://reliablefuture.org), Economic Research Center (www.erc-az.org), Umid Humanitarian Social Support Center (http://www.umid-hsdm.com) and the Center for Economic and Social Development (www.cesd.az).

[3] Statistics are available at www.minjust.by.

[4] The Eastern Partnership is an EU initiative to provide a forum for discussion with the EU's eastern neighbors on trade and other issues.

[5] For example, http://ngo.by/, http://belngo.info/, http://eurobelarus.info/, http://centerpost.org/, http://basw-ngo-by.net/, http://actngo.info/, http://ponimanie.org/.

[6] UNDP, The Ties That Bind – Social Capital in Bosnia and Hercegovina, National Human Development Report 2009, Sarajevo.

[7] Citizens' Coordination includes twenty organizations; in 2009 around 500,000 citizens joined this network to express their dissatisfaction with the current social and economic situation and the government's performance.

[8] A quote from unpublished research on philanthropic donations commissioned by the Center for Training and Consultancy, a Georgian NGO, in February–March 2009.

[9] Ministry of Culture and Information of the Republic of Kazakhstan and Civic Alliance, National Report (Overview of the State of the Non-Governmental Sector in Kazakhstan and Perspectives for Its Development), Astana, 2009.

[10] The September 2009 Transparency International Report on Corruption and the August 2009 MSI Montenegro Corruption Assessment.

[11] The Public Chamber of the Russian Federation is a 126-member state oversight body that has consultative powers and is made up of civil society representatives, one-third of whom were directly appointed by then-President Putin in 2005.

ANNEX A: STATISTICAL DATA

COUNTRY SCORES 1998-2009

NORTHERN TIER													
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
Estonia	N/R	N/R	N/R	2.4	2.1	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.0
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
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
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
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
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
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
Average	**2.9**	**2.7**	**2.3**	**2.4**	**2.4**	**2.4**	**2.5**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**
SOUTHERN TIER													
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
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
Average	**4.3**	**4.5**	**4.6**	**4.4**	**4.2**	**4.0**	**3.9**	**3.8**	**3.8**	**3.8**	**3.7**	**3.7**	**3.7**
EURASIA: Russia, West NIS, and Caucasus													
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
Average	**3.7**	**4.6**	**4.6**	**4.7**	**4.5**	**4.4**	**4.5**	**4.4**	**4.4**	**4.5**	**4.5**	**4.4**	**4.4**
CENTRAL ASIA													
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
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
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
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
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
Central Asia Average	**4.6**	**4.9**	**5.4**	**5.1**	**4.8**	**4.6**	**4.6**	**4.8**	**4.8**	**4.9**	**4.8**	**4.9**	**4.9**
Eurasia Average	**4.1**	**4.7**	**5.0**	**4.9**	**4.6**	**4.5**	**4.5**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**

N/R=Country was not studied in that year

COUNTRIES RANKED BY SCORES

LEGAL ENVIRONMENT

CONSOLIDATION	
Hungary	1.7
Estonia	1.7
Bulgaria	2.0
Lithuania	2.2
Poland	2.2
Latvia	2.4
Slovakia	2.8
Croatia	2.8
Czech Republic	3.0
MID-TRANSITION	
Macedonia	3.2
Georgia	3.3
Bosnia	3.4
Kosovo	3.5
Romania	3.5
Slovenia	3.5
Montenegro	3.6
Ukraine	3.6
Albania	3.8
Kazakhstan	3.8
Armenia	3.9
Kyrgyzstan	3.9
Moldova	4.4
Serbia	4.4
Azerbaijan	4.7
Russia	4.8
Tajikistan	4.9
Uzbekistan	6.0
EARLY TRANSITION	
Turkmenistan	6.3
Belarus	6.9

ORGANIZATIONAL CAPACITY

CONSOLIDATION	
Estonia	2.3
Poland	2.6
Lithuania	2.9
Slovakia	3.0
Hungary	3.0
Latvia	3.0
Croatia	3.0
Czech Republic	3.0
MID-TRANSITION	
Bosnia	3.4
Romania	3.5
Ukraine	3.6
Macedonia	3.7
Kosovo	3.7
Albania	3.9
Armenia	3.9
Slovenia	3.9
Georgia	4.1
Kazakhstan	4.1
Moldova	4.1
Serbia	4.2
Bulgaria	4.3
Kyrgyzstan	4.3
Russia	4.3
Montenegro	4.4
Azerbaijan	4.5
Tajikistan	4.6
EARLY TRANSITION	
Belarus	5.1
Turkmenistan	5.3
Uzbekistan	5.4

FINANCIAL VIABILITY

CONSOLIDATION	
Estonia	2.4
Poland	2.7
Lithuania	3.0
MID-TRANSITION	
Czech Republic	3.1
Slovakia	3.3
Latvia	3.3
Hungary	3.6
Croatia	4.1
Romania	4.2
Ukraine	4.2
Bulgaria	4.4
Slovenia	4.4
Macedonia	4.5
Albania	4.6
Kazakhstan	4.6
Russia	4.7
Kosovo	4.8
Bosnia	4.8
Montenegro	4.9
EARLY TRANSITION	
Kyrgyzstan	5.1
Armenia	5.2
Moldova	5.2
Georgia	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

CONSOLIDATION	
Estonia	1.8
Poland	1.8
Lithuania	2.1
Latvia	2.2
Czech Republic	2.3
Bulgaria	2.6
Slovakia	2.6
Ukraine	2.8
MID-TRANSITION	
Bosnia	3.1
Hungary	3.1
Macedonia	3.2
Croatia	3.2
Albania	3.4
Romania	3.4
Armenia	3.4
Kyrgyzstan	3.5
Montenegro	3.5
Moldova	3.7
Kazakhstan	3.8
Kosovo	3.8
Slovenia	3.8
Serbia	3.8
Russia	4.1
Georgia	4.4
Azerbaijan	4.6
EARLY TRANSITION	
Tajikistan	5.1
Uzbekistan	5.9
Belarus	6.0
Turkmenistan	6.1

SERVICE PROVISION

CONSOLIDATION	
Poland	2.2
Czech Republic	2.3
Estonia	2.3
Slovakia	2.5
Latvia	2.5
Hungary	2.6
MID-TRANSITION	
Croatia	3.1
Romania	3.1
Bulgaria	3.2
Ukraine	3.3
Lithuania	3.5
Slovenia	3.5
Albania	3.7
Macedonia	3.8
Armenia	3.9
Kosovo	3.9
Kazakhstan	4.0
Kyrgyzstan	4.0
Montenegro	4.0
Bosnia	4.0
Georgia	4.1
Russia	4.2
Serbia	4.3
Moldova	4.5
Tajikistan	4.5
Azerbaijan	4.6
EARLY TRANSITION	
Turkmenistan	5.2
Uzbekistan	5.4
Belarus	5.5

INFRASTRUCTURE

CONSOLIDATION	
Estonia	1.6
Poland	1.7
Hungary	2.2
Slovakia	2.3
Latvia	2.4
Croatia	2.7
Czech Republic	2.8
Lithuania	3.0
MID-TRANSITION	
Bulgaria	3.1
Macedonia	3.2
Romania	3.2
Ukraine	3.5
Armenia	3.5
Kosovo	3.6
Kyrgyzstan	3.7
Kazakhstan	3.7
Moldova	3.7
Serbia	3.7
Slovenia	3.7
Russia	3.9
Montenegro	3.9
Bosnia	3.9
Albania	4.0
Georgia	4.3
Azerbaijan	4.4
Tajikistan	4.6
Turkmenistan	5.2
EARLY TRANSITION	
Belarus	5.4
Uzbekistan	5.6

COUNTRIES RANKED BY SCORE

PUBLIC IMAGE

CONSOLIDATION	
Estonia	1.9
Poland	2.2
Slovakia	2.4
Czech Republic	2.5
Croatia	2.9
Lithuania	2.9
Bulgaria	3.0
MID-TRANSITION	
Latvia	3.3
Hungary	3.3
Bosnia	3.3
Romania	3.7
Kosovo	3.7
Albania	3.8
Ukraine	3.8
Slovenia	3.8
Macedonia	3.9
Armenia	3.9
Kazakhstan	4.1
Georgia	4.2
Kyrgyzstan	4.2
Moldova	4.2
Montenegro	4.4
Tajikistan	4.5
Serbia	4.6
Russia	4.7
Azerbaijan	4.8
EARLY TRANSITION	
Turkmenistan	5.5
Uzbekistan	5.6
Belarus	6.0

NGO SUSTAINABILITY- COUNTRY RANKINGS

	2009	2008	2007	2006
CONSOLIDATION				
Estonia	2.0	1	1	1
Poland	2.2	2	2	2
Slovakia	2.7	3	3	3
Latvia	2.7	4	4	4
Czech Republic	2.7	4	4	6
Hungary	2.8	4	4	5
Lithuania	2.8	4	4	6
MID-TRANSITION				
Croatia	3.1	8	9	9
Bulgaria	3.2	8	8	8
Romania	3.5	10	10	10
Ukraine	3.5	11	11	10
Macedonia	3.6	11	11	10
Bosnia	3.7	13	13	13
Slovenia	3.8	15	15	16
Albania	3.9	14	13	15
Kosovo	3.9	15	15	13
Armenia	4.0	17	17	18
Kazakhstan	4.0	17	17	18
Kyrgyzstan	4.1	19	19	18
Montenegro	4.1	19	19	21
Georgia	4.2	21	19	16
Moldova	4.3	21	22	22
Serbia	4.3	23	24	24
Russia	4.4	23	22	22
Azerbaijan	4.7	25	26	26
Tajikistan	4.8	26	25	25
EARLY TRANSITION				
Turkmenistan	5.7	27	27	27
Uzbekistan	5.7	27	28	27
Belarus	5.9	29	29	29

DIMENSION SCORES 1998-2009

LEGAL ENVIRONMENT

NORTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
Average	**3.5**	**2.9**	**2.6**	**2.4**	**2.2**	**2.2**	**2.3**	**2.3**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**
SOUTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
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
Average	**4.5**	**4.4**	**4.3**	**3.7**	**3.7**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.4**	**3.4**
EURASIA: Russia, West NIS, and Caucasus	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
Russia, West NIS, and Caucasus Average	**3.5**	**4.5**	**4.5**	**4.4**	**4.6**	**4.4**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**
CENTRAL ASIA													
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
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
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
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
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
Central Asia Average	**5.0**	**5.2**	**5.5**	**5.1**	**5.1**	**4.7**	**4.6**	**4.8**	**4.9**	**5.0**	**4.9**	**5.0**	**5.0**
Eurasia Average	**4.3**	**4.8**	**5.0**	**4.7**	**4.8**	**4.5**	**4.5**	**4.6**	**4.7**	**4.7**	**4.7**	**4.7**	**4.7**

N/R=Country was not studied in that year

DIMENSION SCORES 1998-2009

ORGANIZATIONAL CAPACITY

NORTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
Average	**2.5**	**2.8**	**2.1**	**2.4**	**2.6**	**2.5**	**2.7**	**2.9**	**3.0**	**3.0**	**3.0**	**2.9**	**3.0**

SOUTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
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
Average	**3.5**	**3.9**	**4.4**	**4.6**	**4.4**	**4.2**	**4.1**	**4.0**	**3.9**	**3.9**	**3.9**	**3.8**	**3.8**

EURASIA: Russia, West NIS, and Caucasus	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
Russia, West NIS, and Caucasus Average	**3.5**	**4.3**	**4.3**	**4.5**	**4.4**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**

CENTRAL ASIA	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
Central Asia Average	**4.0**	**4.5**	**5.2**	**5.1**	**4.7**	**4.5**	**4.5**	**4.6**	**4.8**	**4.7**	**4.7**	**4.7**	**4.7**
Eurasia Average	**3.8**	**4.4**	**4.7**	**4.8**	**4.5**	**4.3**	**4.3**	**4.4**	**4.4**	**4.4**	**4.4**	**4.5**	**4.4**

N/R=Country was not studied in that year

DIMENSION SCORES 1998-2009

FINANCIAL VIABILITY

NORTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
Average	**2.8**	**3.2**	**2.9**	**3.0**	**2.8**	**2.8**	**2.9**	**3.2**	**3.2**	**3.1**	**3.1**	**3.1**	**3.2**
SOUTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
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
Average	**4.7**	**5.2**	**5.6**	**5.6**	**5.1**	**5.0**	**4.8**	**4.8**	**4.7**	**4.7**	**4.6**	**4.6**	**4.6**
EURASIA: Russia, West NIS, and Caucasus	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
Russia, West NIS, and Caucasus Average	**4.0**	**4.9**	**5.3**	**5.6**	**5.4**	**5.3**	**5.3**	**5.2**	**5.3**	**5.3**	**5.2**	**5.2**	**5.2**
CENTRAL ASIA													
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
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
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
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
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
Central Asia Average	**4.5**	**5.0**	**6.1**	**5.7**	**5.4**	**5.2**	**5.4**	**5.4**	**5.5**	**5.5**	**5.5**	**5.5**	**5.5**
Eurasia Average	**4.3**	**5.0**	**5.7**	**5.7**	**5.4**	**5.2**	**5.3**	**5.3**	**5.4**	**5.4**	**5.3**	**5.3**	**5.3**

N/R=Country was not studied in that year

DIMENSION SCORES 1998-2009

ADVOCACY

NORTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
Average	**3.0**	**2.2**	**1.8**	**2.2**	**2.1**	**2.1**	**2.2**	**2.4**	**2.4**	**2.5**	**2.5**	**2.5**	**2.5**
SOUTHERN TIER													
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
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
Average	**4.5**	**4.5**	**4.4**	**3.8**	**3.9**	**3.7**	**3.5**	**3.4**	**3.3**	**3.3**	**3.3**	**3.4**	**3.3**
EURASIA: Russia, West NIS, and Caucasus													
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
Russia, West NIS, and Caucasus Average	**3.5**	**4.8**	**4.6**	**4.6**	**4.5**	**4.4**	**4.3**	**4.2**	**4.3**	**4.3**	**4.2**	**4.2**	**4.1**
CENTRAL ASIA													
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
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
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
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
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
Central Asia Average	**5.0**	**4.8**	**5.2**	**5.0**	**4.7**	**4.6**	**4.6**	**4.8**	**4.8**	**4.9**	**4.9**	**4.9**	**4.9**
Eurasia Average	**4.3**	**4.8**	**4.9**	**4.8**	**4.6**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**

N/R=Country was not studied in that year

DIMENSION SCORES 1999*-2009

SERVICE PROVISION

NORTHERN TIER											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Czech Republic	N/R	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	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
Hungary	2.5	2.0	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.5	2.6
Latvia	N/R	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.4	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
Poland	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	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
Slovenia	N/R	N/R	N/R	N/R	3.0	3.6	3.6	3.5	3.5	3.5	3.5
Average	**2.5**	**2.4**	**2.4**	**2.5**	**2.5**	**2.6**	**2.7**	**2.6**	**2.6**	**2.6**	**2.7**
SOUTHERN TIER											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Albania	5.0	5.0	5.0	3.9	4.0	3.9	3.9	3.9	3.9	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
Bulgaria	4.0	3.0	3.0	2.8	2.9	3.2	3.1	3.1	3.1	3.1	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
Kosovo	4.0	5.0	4.0	5.0	4.8	4.0	4.0	4.0	4.0	4.0	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
Montenegro	4.5	4.5	4.0	4.2	4.2	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
Serbia	4.0	4.0	3.8	4.2	4.1	4.5	4.5	4.5	4.5	4.4	4.3
Average	**4.6**	**4.4**	**4.1**	**4.0**	**3.9**	**3.8**	**3.8**	**3.8**	**3.7**	**3.7**	**3.7**
EURASIA: Russia, West NIS, and Caucasus											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Armenia	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	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
Belarus	N/R	5.0	5.0	4.9	5.1	4.9	5.1	5.4	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
Moldova	N/R	5.0	4.5	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Russia	4.5	4.5	4.3	3.7	4.0	3.9	4.1	4.1	4.1	4.1	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
Russia, West NIS, and Caucasus Average	**4.1**	**4.6**	**4.3**	**4.2**	**4.3**	**4.2**	**4.2**	**4.3**	**4.3**	**4.3**	**4.3**
CENTRAL ASIA											
Kazakhstan	4.5	4.7	4.0	4.0	3.9	4.1	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
Tajikistan	5.5	5.5	5.0	4.5	4.3	4.6	4.6	4.6	4.6	4.6	4.5
Turkmenistan	6.0	5.3	5.0	5.0	4.8	4.8	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
Central Asia Average	**4.9**	**4.9**	**4.5**	**4.4**	**4.3**	**4.6**	**4.6**	**4.7**	**4.6**	**4.6**	**4.6**
Eurasia Average	**4.5**	**4.7**	**4.3**	**4.3**	**4.3**	**4.3**	**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*-2009

INFRASTRUCTURE

NORTHERN TIER	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Czech Republic	N/R	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.9	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
Hungary	2.5	2.0	2.5	2.5	2.4	2.3	2.3	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
Lithuania	3.0	3.0	2.5	2.3	2.2	3.0	3.1	3.0	2.9	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
Slovakia	1.5	1.5	1.5	1.7	1.9	2.2	2.2	2.2	2.2	2.2	2.3
Slovenia	N/R	N/R	N/R	N/R	3.8	4.2	4.1	4.0	3.9	3.8	3.7
Average	**2.3**	**2.4**	**2.4**	**2.3**	**2.5**	**2.6**	**2.6**	**2.6**	**2.5**	**2.5**	**2.5**
SOUTHERN TIER	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Albania	5.5	5.0	5.0	4.6	4.4	4.2	4.1	3.9	3.9	3.9	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
Bulgaria	3.0	3.0	3.0	2.5	2.5	2.9	3.0	3.0	3.0	3.1	3.1
Croatia	4.0	4.0	4.0	3.9	3.6	3.2	3.1	2.9	2.8	2.8	2.7
Kosovo	5.0	5.0	4.0	3.7	3.5	3.4	3.6	3.5	3.4	3.5	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
Montenegro	5.0	5.0	5.0	4.6	4.6	4.3	4.1	4.1	4.0	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
Serbia	5.0	4.0	3.0	3.4	3.4	3.7	3.7	3.8	3.7	3.7	3.7
Average	**4.6**	**4.4**	**4.1**	**3.8**	**3.7**	**3.6**	**3.6**	**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
Armenia	5.5	6.0	4.5	4.2	4.0	3.9	3.7	3.7	3.6	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
Belarus	N/R	5.0	4.5	4.5	4.8	5.0	5.3	5.5	5.6	5.5	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
Moldova	N/R	4.0	3.8	3.8	3.8	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
Ukraine	3.5	4.0	4.0	3.5	3.5	3.8	3.6	3.5	3.5	3.5	3.5
Russia, West NIS, and Caucasus Average	**4.3**	**4.3**	**3.7**	**4.0**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**
CENTRAL ASIA											
Kazakhstan	5.0	4.5	4.1	3.9	3.6	3.6	3.5	3.5	3.6	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
Tajikistan	6.0	5.0	4.8	4.1	4.1	4.3	4.2	4.2	4.5	4.6	4.6
Turkmenistan	6.5	5.7	5.5	5.2	5.0	4.6	4.8	5.0	5.0	5.0	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
Central Asia Average	**5.4**	**4.8**	**4.6**	**4.3**	**4.2**	**4.2**	**4.3**	**4.4**	**4.5**	**4.5**	**4.6**
Eurasia Average	**4.9**	**4.5**	**4.1**	**4.1**	**4.1**	**4.1**	**4.2**	**4.2**	**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 1998-2009

PUBLIC IMAGE

NORTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
Average	**2.7**	**2.5**	**1.9**	**2.3**	**2.5**	**2.6**	**2.7**	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**
SOUTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
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
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
Average	**4.3**	**4.4**	**4.6**	**4.3**	**4.3**	**4.0**	**3.9**	**3.9**	**3.8**	**3.8**	**3.7**	**3.7**	**3.7**
EURASIA: Russia, West NIS, and Caucasus	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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
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
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
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
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
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
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
Russia, West NIS, and Caucasus Average	**4.0**	**4.4**	**4.8**	**5.0**	**4.6**	**4.7**	**4.6**	**4.4**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**
CENTRAL ASIA													
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
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
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
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
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
Central Asia Average	**4.5**	**4.9**	**5.3**	**5.0**	**4.8**	**4.6**	**4.5**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**
Eurasia Average	**4.3**	**4.6**	**5.1**	**5.0**	**4.7**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**

N/R=Country was not studied in that year

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