



2018 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

FOR ASIA

5th EDITION – NOVEMBER 2019

EXECUTIVE SUMMARY

The *2018 CSO Sustainability Index for Asia* reports on advances and setbacks in seven key dimensions affecting the sustainability of the CSO sectors in nine countries: Bangladesh, Burma, Cambodia, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, and Thailand.

POLITICAL DEVELOPMENTS

Political developments, including elections and political systems, continued to impact CSOs in the region in 2018.

Elections were held in 2018 in several countries covered in this edition of the *CSO Sustainability Index*, including Bangladesh, Cambodia, Sri Lanka, Nepal, and Pakistan. Problematic general elections were held in Bangladesh and Cambodia, which resulted in landslide victories for the ruling parties in both countries. In the run-up to both elections, political and human rights activists were arrested and media outlets were silenced, which had a dampening effect on CSO advocacy. After a prolonged delay, the first local elections were held in Sri Lanka since the coalition government came to power in early 2015. In Nepal, the incumbent president was reelected for a second five-year term in March. In July, Pakistan held elections for the National Assembly and the four provincial assemblies. The election results included several historical achievements. For the first time, a candidate from the minority Hindu community won a seat in the parliament as a candidate with a mainstream party platform. In addition, a record number of women candidates ran in the direct elections for the National Assembly and provincial assemblies. In another first, in March, a Hindu woman was elected to the Senate (the upper house of parliament) for the first time in Pakistan's history.

Systematic challenges continued to stunt the development of democratic systems in Thailand and Burma. Thailand continues to be under military rule, and the prime minister has absolute power. While Burma has had a civilian-led government for the past two years, the military retains control of 25 percent of seats in parliament, as well as three powerful ministries, and much of the civil service is dominated by ex-military officials. In these contexts, CSOs have limited opportunities to influence public policies.

Sri Lanka experienced significant political turmoil in the last few months of the year. After a major political alliance withdrew from the coalition government, the president appointed a new prime minister and eventually dissolved the parliament, a move that was challenged in the Supreme Court. In December, the Supreme Court ruled that the dissolution of the parliament was unconstitutional, and the previous prime minister was sworn in again. CSOs played a vital role during this tumultuous period, organizing protests, engaging on social media, and filing petitions before the Supreme Court to challenge the actions taken.

In the Philippines, the administration has repeatedly threatened the declaration of a revolutionary government or the exercise of emergency powers, citing the alleged destabilization plot against the president and the need for greater authority to address increasing crime. In May, the Chief Justice of the Supreme Court was ousted in a controversial manner for allegedly not submitting all the required statements of her assets, liabilities, and net worth. This was seen as retaliation for the fact that she had issued dissenting opinions on several decisions involving government actions. CSOs mobilized thousands of supporters to protest her ouster.

ONGOING CONFLICTS

Long-standing conflicts continued to simmer in several countries in the region. In some cases, conflicts restrict CSOs' access to various parts of the country, while in others it drives the services that CSOs provide.

The conflict in Thailand's Deep South between the insurgent group Barisan Revolusi Nasional (BRN) and the Thai authorities continued in 2018, although there were some promising developments. In February, the MARA Patani, a pro-dialogue umbrella organization uniting six insurgent groups, nearly reached an agreement with Thai authorities on a ceasefire zone, but the Thai authorities ultimately refused to conclude the agreement. According

to news sources, in November BRN stated it had “slowed down its military operations as it is pursuing the political way.” In addition, the Malaysian prime minister committed to help end the violence in the South. The government suspects some organizations of being part of the separatist movement and therefore subjects them to heavy surveillance. Because of this strict monitoring, local communities avoid collaborating with CSOs in this area, making it difficult for CSOs to build strong constituencies.

In the Philippines, after decades-long peace negotiations between rebel groups in Mindanao and the Philippine government, the Bangsamoro Organic Law was passed by Congress and signed by President Duterte in 2018, leading to the establishment of the Bangsamoro Autonomous Region in 2019. In December 2018, however, Congress voted to extend martial law in Mindanao until the end of 2019. The president also deployed additional police and military to some areas outside of Mindanao to suppress “lawless violence” and acts of terror, causing some CSOs to express concern that this could be a precursor to nationwide martial law. CSOs provided humanitarian assistance in response to the ongoing violence in Marawi City in Mindanao, while increasingly observing the standards and principles developed by the international humanitarian community. Meanwhile, killings linked to the government’s so-called war on drugs, which began when President Duterte took office in mid-2016, had reached an estimated 20,000 by the end of 2018, straining CSOs’ abilities to provide services to the families of those killed.

Sri Lanka also made limited progress on post-war reconciliation and accountability in 2018. The parliament enacted laws criminalizing enforced disappearances and establishing an Office for Reparations. In addition, the president appointed commissioners to the Office on Missing Persons, which took steps towards operationalization during the year. CSOs played a key role in advocating for these government actions towards transitional justice.

The peace process in Burma, on the other hand, stagnated in 2018, and two prominent Ethnic Armed Organizations (EAOs) suspended their participation in the process at the end of the year due to conflicting interpretations of the National Ceasefire Agreement. CSOs play a limited formal role in the peace process, but seek to participate in other ways, including discussions and advocacy about reforms needed for improved health, education, livelihood, natural resource management, and justice and accountability.

CIVIC SPACE CONTINUES TO DECREASE

Civic space continued to be restricted in 2018 in several countries covered in this edition of the *CSO Sustainability Index*, with governments clamping down on freedoms of association, expression, and assembly. Government attempts to restrict civic space primarily manifest themselves in three dimensions of CSO sustainability: the legal environment, advocacy, and public image. The passage of restrictive legislation and the restrictive implementation of legislation governing CSOs and media are key components of government efforts to restrict civic space; this is often accompanied by increased harassment of civil society actors, which is also captured in the legal environment dimension. At the same time, governments often shut CSOs out of the policy-making process, resulting in a deterioration in advocacy. Finally, government officials often try to delegitimize CSOs and control media coverage of the sector, tarnishing the sector’s public image. Four of the nine countries covered in this year’s *CSO Sustainability Index for Asia* reported worse scores in all three of these dimensions in 2018, while other countries experienced restrictions in one or two of these dimensions.

In Bangladesh, the ruling party made a concerted effort to tighten its grip on power in 2018, including by introducing restrictive laws and regulations on civil society and media. Of particular note, in October 2018, the Digital Security Act (DSA) came into effect, which criminalizes various types of online speech, thereby severely weakening the ability of CSOs to engage in advocacy. According to local newspapers, since the DSA came into force, more than sixty people have been arrested, mostly for exercising their right to freedom of expression on the internet. Implementation of existing laws regulating CSOs also became more restrictive. For example, the registration of new NGOs under the Foreign Donations (Voluntary Activities) Regulations Act (FDRA) 2016, which is required for a CSO to receive foreign funding, has all but ceased except for those with political connections or government favor. The public image of CSOs also worsened. Before the national elections in 2018, the government alleged that many CSOs or members of civil society were involved in an anti-government conspiracy, and that they support or sympathize with corrupt opposition parties or coalitions. In order to avoid harassment after the DSA’s passage and because of their deteriorating public image, advocacy CSOs increasingly engaged in self-censorship in 2018.

The situation in Cambodia was similar, with the government taking concerted actions to shrink civic space and silence dissent. Authorities monitored and interfered in CSO meetings and activities in the run-up to the July elections on the pretext of security. In addition, many civic and human rights activists were arrested and convicted. CSOs were also subject to other forms of intimidation and threatened with closure and other penalties for non-compliance with laws. In May 2018, the government enacted a decree on social media and website control that prohibits overly broad categories of speech and empowers ministries to block websites that publish prohibited content. The Ministry of Interior arbitrarily blocked fifteen news websites for two days in July—the day preceding and the day of the national election—allegedly to comply with the election law’s prohibition on political party campaigning during this period. However, media outlets generally considered as “pro-government” remained accessible. The government also closed or coerced the sale of the last independent local newspapers in the country at the end of 2017 and beginning of 2018. As a result of these threats, continued harassment, and the closure of key advocacy channels, CSOs were effectively unable to engage in any direct advocacy during the year. Meanwhile, the government continued to cast CSOs in a negative light, often accusing them of being foreign agents, “color revolutionaries,” and “bad” actors. With the closure of independent media outlets, the government is able to push this narrative through its controlled media outlets as well as social media accounts without worrying about any counter-narratives painting civil society in a positive light.

In Thailand, the National Council for Peace and Order (NCPO), the military junta that rules the country, continued to restrict civic freedoms. An increasing number of human rights activists, journalists, and other members of civil society were harassed, charged, and imprisoned under various legal provisions in 2018. Media organizations were also subjected to state harassment, including temporary closures due to non-compliance with laws and regulations that prohibit the spread of information critical of the military government and the monarchy. While activists continue to speak out, advocacy decreased as the NCPO increasingly operated without transparency, making high-level decisions without public consultations. Even when public hearings were organized to gather public input on draft legislation or policies, CSOs reported that their comments and recommendations were not incorporated into the final versions. As more human rights defenders were charged under restrictive laws in 2018, journalists increasingly self-censored and the media provided less coverage of CSOs out of fear that the government would also consider them opponents, leading to a worsening of the sector’s public image. In addition, the government discredited human rights activists in the media during the year.

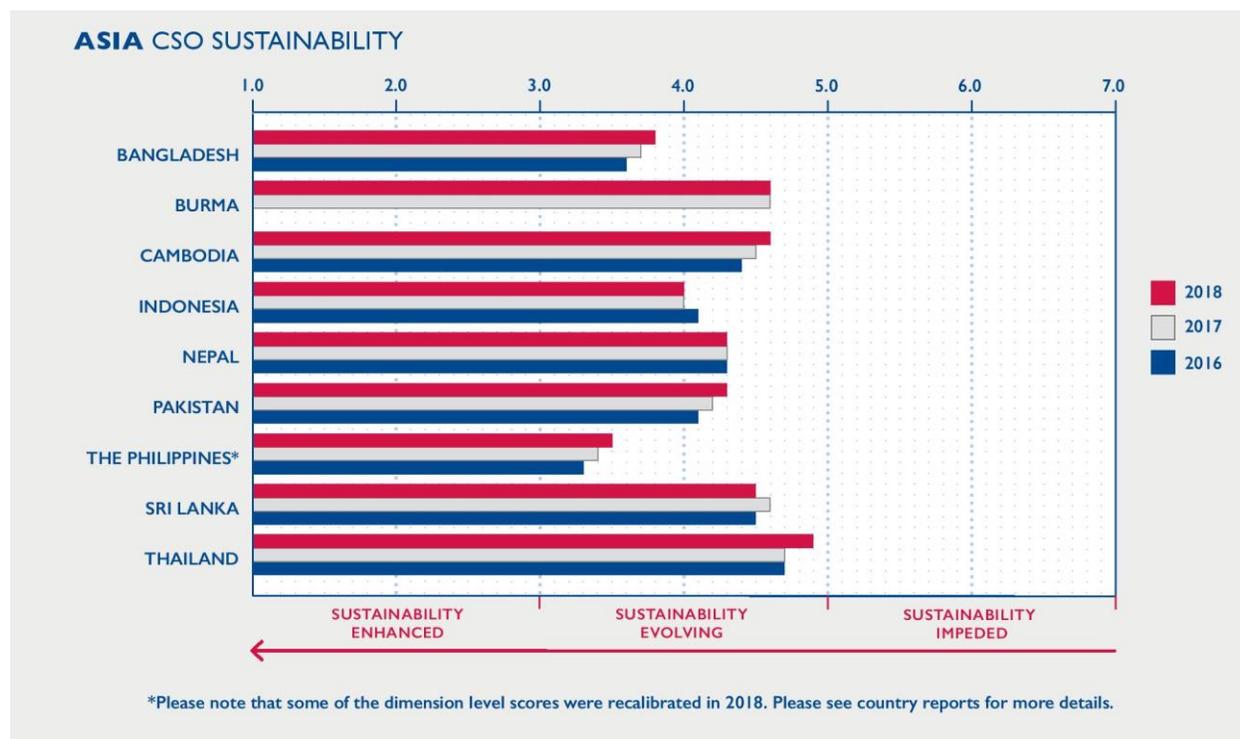
While the Philippines continues to have the highest level of CSO sustainability among the countries covered in this edition of the *CSO Sustainability Index*, it also reported deterioration in the legal environment, advocacy, and public image dimensions in 2018, as the Duterte government continued its crackdown on dissent. State harassment of CSOs, human rights defenders, activists, and lawyers representing marginalized groups increased. Extrajudicial killings have been an increasing problem, as well; according to Human Rights Watch, thirty-four human rights lawyers have been killed in the Philippines since 2016. In this context, CSO advocacy has declined as CSOs increasingly engaged in self-censorship and the number of organized groups participating in protests declined. The president perceives human rights activists and CSOs as critics of his public pronouncements and policies, particularly the war on drugs, and the military and police have accused some activists and organizations of being “communists” or “leftists.” In addition, the president verbally attacked major media companies, accusing them of bias in their coverage of government programs and the war on drugs. Following these attacks, the work of advocacy and service delivery CSOs received less national media attention.

Elements of closing civic space were also noted in other countries in the region, although to a lesser degree. In Sri Lanka, the sector’s public image deteriorated as negative statements about rights-based CSOs increased. The government also took measures to regulate the media in 2018, including imposing a ten-day, country-wide ban on certain social media platforms in response to anti-Muslim violence and replacing the heads of state-owned media. The legal environment also deteriorated, in part due to continued state scrutiny and surveillance of CSOs. In contrast to the other countries described above, however, CSO advocacy in Sri Lanka improved, as CSOs increasingly engaged with the government and public on issues like law reform, transitional justice, and the political crisis. In Burma, rights-based activists and organizations experienced increased state harassment, especially by the military and military-controlled ministries, leading to a decline in the legal environment.

Governments in Indonesia and Nepal took steps to limit freedom of expression. Despite the consolidation of democratic practices in Indonesia, censorship of online content continued. Social media platforms were blocked for reasons such as “fake news,” hate speech, terrorism, and pornography, and several individuals were convicted for their online posts. In Nepal, a bill was introduced that would mandate the registration of social media websites

with the Department of Information; social media sites that fail to register would have their services blocked. In addition, the chief editor of an online paper was arrested under the cybercrime law for reprinting news on corruption, and the communications minister reportedly directed state-owned media not to report any news that harms the government's reputation.

TRENDS IN CSO SUSTAINABILITY



The overall levels of CSO sustainability in the countries covered by this edition of the Index continue to fall in a very narrow band within the Sustainability Evolving range. At the higher end of this range are the Philippines and Bangladesh, with scores of 3.5 and 3.8 respectively, while Burma, Cambodia, and Thailand have the lowest levels of sustainability, with scores ranging from 4.6 to 4.9. No country reports a single dimension score in the Sustainability Enhanced category.

Overall CSO sustainability in these nine countries continued to demonstrate negative trends in 2018. While only three countries—Bangladesh, Cambodia, and Thailand—reported declines in their overall CSO sustainability scores during the year, most other countries reported deterioration in at least one dimension.

Thailand experienced the most significant deterioration in sustainability, with declines noted in all seven dimensions. As discussed above, state harassment dramatically increased, CSOs' ability to engage in advocacy decreased, and the sector's public image worsened. CSOs had less access to funding, which also resulted in a deterioration in their organizational capacity, with most CSOs struggling to retain staff. The diminished financial and human resources, together with increased state harassment and obstruction of CSOs' activities, also led to a decrease in service provision, while sectoral infrastructure weakened as intermediary support organizations and CSO resource centers struggled to offer services that CSOs could afford.

Bangladesh and Cambodia both reported deteriorations in four dimensions of sustainability. As discussed above, CSOs in both countries experienced worsening legal environments, engaged in less advocacy, and suffered from a worsening public image. In addition, financial viability deteriorated in Bangladesh, while organizational capacity deteriorated in Cambodia.

While overall sustainability in Pakistan did not change, four dimensions of sustainability—legal environment, organizational capacity, financial viability, and advocacy—worsened in 2018. The legal environment deteriorated

because of problems implementing the existing laws that govern CSOs, while financial viability decreased because of declining levels of foreign funding. The cumulative impact of the difficult legal and financial environments over the past several years drove down the sector's organizational capacity.

While the Philippines still boasts the highest level of CSO sustainability in the region, worsening trends were reported in the legal environment, advocacy, and public image, as noted above.

Sri Lanka was the only country to report an improvement in overall CSO sustainability, driven by positive developments in organizational capacity, advocacy, and the infrastructure supporting the sector. At the same time, the legal environment worsened as a result of delays in registration and continued state harassment, while negative statements by prominent government representatives tarnished the sector's public image.

Nepal also reported largely positive trends during the year, with improvements noted in advocacy, service provision, and the sectoral infrastructure, although these did not lead to a change in overall sustainability. CSOs made increasing efforts to conduct evidence-based advocacy in order to contribute to the laws being developed to conform to the new federalist structure and increasingly collaborated with local governments on service provision. In addition, local CSOs received subgrants from international organizations to work in various provinces and districts.

Mixed trends were noted in Burma. The legal environment governing CSOs deteriorated, as rights-based activists and organizations experienced more state harassment, especially by the military and military-controlled ministries. At the same time, the sector's organizational capacity improved due to the availability of donor-funded capacity-building opportunities and increased access to information and communications technologies, while the infrastructure strengthened with the establishment of new resource centers and increased coordination and networking among CSOs.

On average, financial viability continues to be the weakest dimension of CSO sustainability in the nine countries covered in this report. Foreign funding continues to be an important source of support for CSOs in Asia, although it generally benefits a small segment of the sector, generally those based in large cities with greater experience and capacities. Individual and corporate philanthropy exist but are still generally insignificant sources of funding. The level of financial support from the government varies significantly across the region. For example, the government in Bangladesh disburses hundreds of millions of dollars in grants and micro-credit loans to CSOs through different institutions, while the government in Burma does not provide funding to local CSOs.

Service provision continues to be one of the strongest dimensions of sustainability, with CSOs throughout the region providing services in a variety of areas, including health, education, legal assistance, environmental protection, small business development, and agriculture. CSOs in Bangladesh provide critical services to the more than one million ethnic Rohingya refugees in the country who fled a campaign of mass killings against them in Burma.

Sectoral infrastructure saw the greatest improvement in 2018, with four countries—Burma, Indonesia, Nepal, and Sri Lanka—noting positive developments in the infrastructure supporting their CSO sectors. In Burma, new resource centers were established in 2018 and several national-level CSO networks and coalitions became stronger. The improvement in Indonesia was fueled by an increase in cross-sectoral cooperation. Growth in grantmaking by intermediary support organizations contributed to the improvement in Nepal, while advances in coalition building and intersectoral cooperation were reported in Sri Lanka.

Organizational capacity continues to show mixed trends. Organizational capacity in Cambodia, Pakistan, and Thailand deteriorated in 2018 because of the increasingly difficult financial and legal environments, while it improved in Burma and Sri Lanka. CSOs in Burma reported improved capacities due to the availability of donor-funded capacity-building opportunities and increased access to information and communications technologies, while Sri Lankan CSOs credited advances in constituency building for their improved capacities. CSO sectors throughout the countries covered tend to have varied capacities, with a small number of organizations—generally better resourced CSOs based in cities—boasting strong internal management structures, strategic plans, permanent staff, and access to modern technologies, while other CSOs struggle in these areas.

As discussed above, the legal environment, advocacy, and public image dimensions all experienced widespread negative developments. Seven countries reported deterioration in legal environment, five in advocacy, and five in public image. While no countries reported improvements in legal environment or public image, three countries—

Indonesia, Nepal, and Sri Lanka—noted improvements in advocacy, as CSOs increasingly engaged with the government on pressing issues, including transitional justice, anti-corruption, and women’s rights.

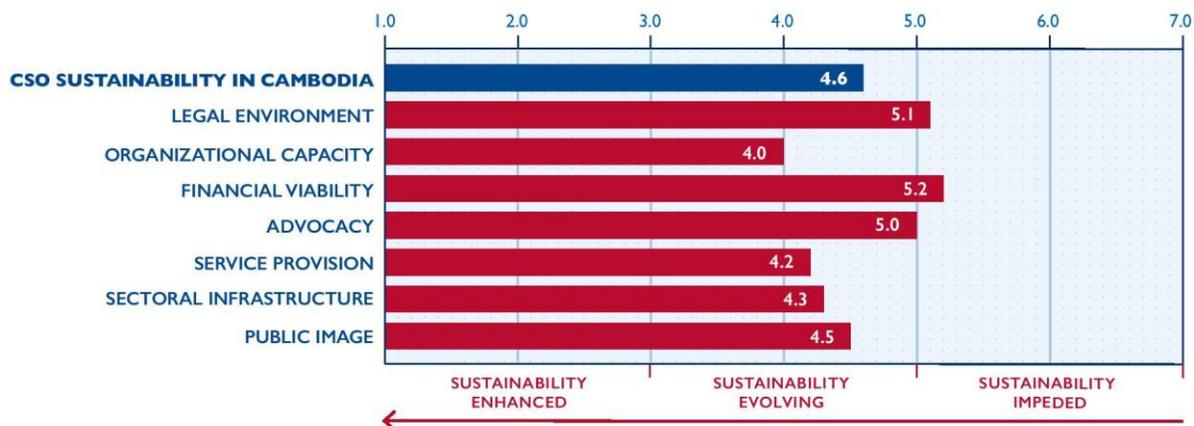
CONCLUSION

The country reports that follow provide an in-depth look at the CSO sectors in nine diverse Asian countries. We hope this annual survey continues to capture useful trends for CSOs, governments, donors, and researchers supporting the advancement of CSO sectors.

CAMBODIA

Capital: Phnom Penh
Population: 16,449,519
GDP per capita (PPP): \$4,000
Human Development Index: Medium (0.582)
Freedom in the World: Not Free (30/100)

OVERALL CSO SUSTAINABILITY: 4.6



CSOs in Cambodia continued to operate in a tense political environment in 2018. In November 2017, the Supreme Court banned the Cambodia National Rescue Party (CNRP), the major opposition party in the country, for allegedly being part of a so-called Color Revolution to overthrow the current government. In July 2018, general elections were held that resulted in the ruling party holding all seats in the National Assembly. Many international observers considered the elections to be deeply flawed. According to the Third Annual Report of the Fundamental Freedoms Monitoring Project (FFMP)—a joint initiative of the Cambodian Center for Human Rights (CCHR), the Cambodian Human Rights and Development Association (ADHOC), and the Solidarity Center (SC), with technical assistance from the International Center for Not-For-Profit Law (ICNL)—violations to the freedoms of association, assembly, and expression dramatically increased in the months leading up to the national elections. The CIVICUS Monitor noted that “the government moved to silence all forms of dissent in the country by systematically arresting and convicting political activists and human rights activists.”

The Ministry of Interior (MoI) arbitrarily blocked fifteen news websites for two days in July—the day preceding and the day of the national election. These news outlets included Voice of Democracy, Voice of America, Radio Free Asia, Vayo FM Radio, Monorom.info, The Independent Network for Justice, and the Phnom Penh Post, among others. The stated reason for blocking these websites was that it was White Day, the twenty-four-hour period prior to elections during which political parties are prohibited from campaigning. However, Article 72 of the Law on the Election of Members of the National Assembly (LEMNA) places no restrictions on the media. As noted in the Third Annual Report of the FFMP, “media outlets generally considered as being ‘pro-government’ (such as the Khmer Times and Fresh News Asia) were not blocked and remained accessible during this period. When asked about the blocking of websites, a MoI spokesperson stated that ‘[f]rankly speaking, we cannot control the concerned media outlets. That’s it.’”

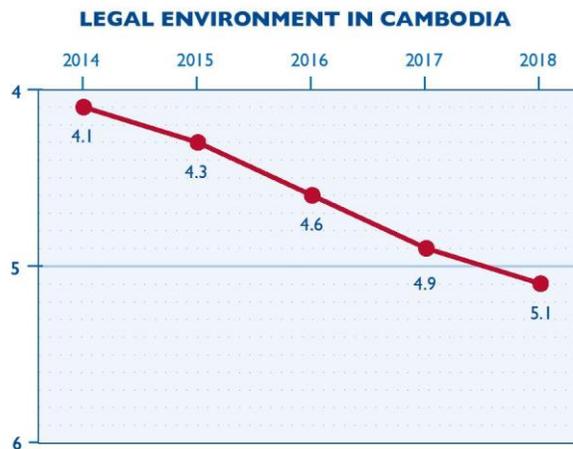
In response to these alarming developments, the international community placed sanctions on Cambodia. In June and July 2018, the US barred high-ranking government officials from the US and blocked their assets and property, while in October, the European Union (EU) informed Cambodia that it would lose its special trade status, which allows Cambodia to sell almost any goods to EU countries tariff-free.

Results from the FFMP’s CSO/Trade Union Leader Survey showed a decline in the number of CSO and trade union leaders who believe the Royal Government of Cambodia (RGC) recognizes them as competent partners in Cambodia’s development. In 2018, only 36 percent of respondents indicated that the RGC recognized them as competent partners, compared to 62 percent of respondents surveyed in 2016 and 48 percent in 2017.

The overall sustainability of CSOs in Cambodia deteriorated in 2018. The shrinking of civic space had a negative impact on the legal environment in which CSOs operate, as well as CSO advocacy and public image. Organizational capacity also declined during the year.

By the end of 2018, there were approximately 6,000 registered local and foreign associations and non-governmental organizations (NGOs) in Cambodia, 5,523 of which are local. In 2018, 289 new local organizations were registered. In addition to associations and NGOs, there are thousands of community-based organizations (CBOs), communities, and networks. Some of these groups register formally with relevant ministries, while others operate informally. Common fields of focus for both formal and informal CSOs include economic empowerment of communities, environmental protection, and issue-based organizing.

LEGAL ENVIRONMENT: 5.1



The legal environment governing CSOs deteriorated moderately in 2018, as the government took additional steps to shrink civic space.

The legal framework governing CSOs includes the Constitution of Cambodia, the Cambodia Civil Code of 2007, the Law on Associations and Non-Governmental Organizations (LANGO), the Tax Law, the Labor Law, and various regulations and *prakas* (proclamations). Several amendments were introduced to the Constitution in February 2018 that threaten the freedoms of association, assembly, and expression and provide a framework to amend the legal framework in a restrictive manner. For example, Articles 42(2) and 49(2) were amended to require political parties and Khmer citizens to “uphold the national interest” and refrain

from “conduct[ing] any activities which either directly or indirectly affect the interests of the Kingdom of Cambodia and of Khmer citizens,” respectively.

Under the LANGO, domestic NGOs and associations must register with the Mol. Foreign organizations must register and sign a memorandum of understanding (MOU) with the Ministry of Foreign Affairs and International Cooperation (MoFA); these MOUs must be renewed every three years. According to a quick survey about the registration process conducted by the Cooperation Committee for Cambodia (CCC) among nearly 200 of its members in 2018, government officials have imposed additional registration requirements without a clear basis in the LANGO and interpreted the new requirements differently. Some of these requirements include the need to update CSO bylaws to require annual general assembly meetings. In addition, there has been additional scrutiny of the MOUs that foreign organizations must sign with MoFA. As a result of these ad hoc requirements, the registration timeframe sometimes extends beyond the forty-five-day period stipulated in the LANGO.

Some types of CSOs register with other ministries. For example, faith-based CSOs may register with the Ministry of Cults and Religion, while media and journalism groups may register with the Ministry of Information. Groups that register only with the Mol may have difficulty getting recognition from other ministries. For example, an organization registered with the Mol that works on media programs may have difficulty getting a press card from the Ministry of Information.

Government officials seem to treat CSOs differently both during the registration process and when registering updates to their bylaws, depending on the type of work in which the CSOs are engaged. Organizations that work in collaboration with the government are generally able to complete these processes easily, while some CSOs working on sensitive issues, such as human rights and land disputes, encounter more difficulties in filing updates to their bylaws. This is also the case with foreign organizations renewing their MoUs.

Civic space continued to shrink in the run-up to the elections held in July 2018. Although the government did not formally suspend CSO operations or shut down organizations, authorities monitored and interfered in some CSO meetings and activities on the pretext of security. In addition, many civic and human rights activists were arrested and convicted during the year. For example, after being arrested in 2016 and kept in pre-trial detention, four human rights defenders from ADHOC were convicted in 2018 of bribing a witness in a case that was widely criticized as being politically motivated.

In March 2018, the government introduced a new provision in Cambodia’s penal code that makes insulting the monarchy subject to punishment of up to five years in prison and a \$2,500 fine. As of the time of writing, two individuals had been convicted and sentenced to prison under this provision, while several others had charges pending against them.

In May 2018, the government enacted the Prakas on Social Media and Website Control. It prohibits overly broad categories of speech and empowers ministries to block websites that publish prohibited content, thereby posing a threat to the right to freedom of expression online. Any business or organization, including CSOs, found to be in violation of the Prakas is subject to being shut down.

CSOs in different localities experience varying levels of harassment. For example, CSOs working in Kampong Thom enjoy more partnerships with the government on local development activities, while CSOs in Rattanakiri and other resource-rich provinces are subject to more restrictions on work related to issues such as land disputes and illegal logging. In Kampong Cham, CSOs require permission before they can organize meetings with other CSOs.

A few positive legal developments affecting civil society occurred during the last months of the year. First, the government cancelled an MoI directive from October 2017 that required all associations and NGOs to inform the MoI or local authorities of any planned activities at least three days in advance. Despite the repeal of the prior notification regime, the FFMP has reported that in practice CSOs are still being required to show proof of prior notification before being allowed to carry out activities. In addition, the government issued a new circular in October 2018 that includes CSOs in the law and policy making process. Finally, in November 2018, a decision was made to establish a government working group to address the concerns of CSOs regarding the implementation of LANGO.

Tax compliance is a concern for CSOs, as inadvertent non-compliance can lead to harassment. The Law on Taxation of 1997 provides CSOs with income tax exemptions. A prakas called the Declaration on the Implementation Guidelines on Tax Obligations of Associations and NGOs was issued in April 2018 that clarifies that such tax exemptions apply only to income exclusively received for religious, charitable, scientific, literary, or educational purposes. However, these exemptions require approval from the Ministry of Economy and Finance. Under Clause 10 of this prakas, domestic and foreign associations and NGOs are required to submit “monthly and annual tax declarations” regardless of whether they are exempt from taxes. As noted in the Third Annual Report of the FFMP, the annual tax declaration must be accompanied by several documents including: “information of bank accounts, financial reports, financial agreements, project activity plans, project implementation activity reports and relevant documents.” While it is a common requirement for associations and NGOs to submit tax declarations, civil society views the required supporting documents set forth in the prakas—some of which are undefined and many of which do not directly relate to tax issues—as overly burdensome.

Cambodia still lacks tax incentives for individual or corporate donations. Taxation on income from economic activity remains unclear.

In 2018, CSOs and the General Department of Taxation of the Ministry of Economy initiated a Joint Working Group on Taxation. Through this positive collaboration, CSOs raised awareness within the department of the sector’s tax challenges and increased CSOs’ tax compliance through national and provincial consultations.

CCC, Legal Aid of Cambodia (LAC), and DFDL Cambodia (a private law firm) continue to provide legal consultations and services to CSOs concerning the Tax Law, Labor Law, and the LANGO. Legal services continue to be based mainly in Phnom Penh, though CSOs in the far provinces can receive remote consultations by phone.

ORGANIZATIONAL CAPACITY: 4.0

The organizational capacity of CSOs in Cambodia deteriorated in 2018 as a result of the shrinking democratic space in the country, financial challenges, and the pressing need to comply with taxation and labor regulations.

CSOs continue to find it difficult to build strong constituencies. The public misunderstands the independent nature of CSOs’ work, a situation complicated by the fact that some CSOs adjust their efforts to win favor with political parties. NGOs and associations attempt to align their activities with donor programs as well as local community

needs. Communities often create their own community-based organizations (CBOs) and other types of CSOs, which are more aligned with community needs.

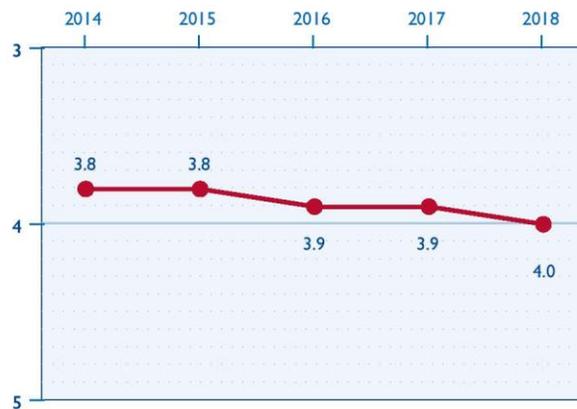
Most large NGOs and associations have strategic plans. It is difficult for smaller organizations to develop strategic plans because of their limited resources, most of which takes the form of project-based funding. Some organizations develop strategic plans to access donor funding but implement them flexibly according to ongoing needs. CSOs have improved their capacity to develop and implement programs and activities as a result of the experience they have gained over the years and the support of donors, partners, and capacity development organizations.

The law generally requires CSOs to identify formal management structures and to develop appropriate bylaws during the registration process. Most CSOs also develop policies to promote compliance with both legal and donor requirements, as well as to ensure quality services. Boards of directors generally provide some strategic direction to organizations, while executive directors undertake key management roles.

CSOs continue to struggle with staff turnover as a result of state harassment, financial shortages, and growing job opportunities in the private sector. At the same time, remaining staff have participated in ongoing capacity development opportunities and increased their professional experience, thereby improving organizational capacity. Organizations focused on youth have greater access to volunteers, while organizations focused on development issues generally access the services of volunteers on a case-by-case basis. CSOs also engage volunteers to address organizational needs through working groups and boards of directors.

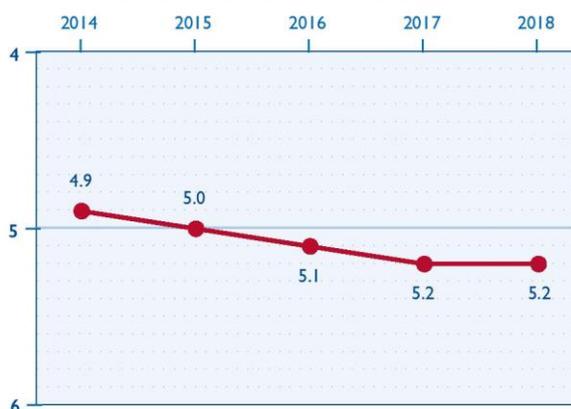
CSOs generally have access to information and communications technologies (ICT). Some ICTs are donated by partners or purchased through funded projects. Although some equipment is old, it is generally sufficient to support CSO operations. Some organizations use ICTs for online monitoring and evaluation and professional financial management, but staff still generally have limited abilities to use such technologies. Internet access is generally available, although it is slow in remote areas. CSOs often use email for formal communications, while social media—especially Facebook—is popular for wider, informal communication. Most people in Cambodia can access Facebook through smartphones, though they do so with caution due to potential government monitoring under the 2015 Telecommunications Law. Some youth groups and key CSOs organized meetings in Phnom Penh in 2018 to discuss cybersecurity and the threat of government surveillance.

ORGANIZATIONAL CAPACITY IN CAMBODIA



FINANCIAL VIABILITY: 5.2

FINANCIAL VIABILITY IN CAMBODIA



Financial viability continues to be the weakest dimension of CSO sustainability in Cambodia. CSOs still largely depend on funding from the international community, with the EU and US among the most important donors. The Civil Society Alliance Forum (CSAF), which was established by and is affiliated with the current government, has received several grants from China. Most traditional donors award funding based on their priorities and economic and political contexts and some limited their funding following the elections in 2018. CSOs are not subject to any legal restrictions in terms of their access to foreign funding.

While CSOs have made some attempts to diversify their income, these attempts have only resulted in small

contributions to overall budgets. Therefore, most CSOs still only have short-term funding available and are not sustainable in the long term.

Local financial support for CSOs is very limited, as the public generally considers CSOs as providers of services rather than partners. Some CSOs providing humanitarian services for children or educational or health services to vulnerable groups benefit from small levels of local support. Kuthea Bopha hospital is a rare example of an organization that has been able to raise funds successfully from local sources, including donations from some prominent individuals, such as film stars. It has also raised money by selling tickets to events and organizing lotteries. Another notable example is the Red Cross, which is governed by the prime minister's wife; it organizes an annual event that raises millions of dollars every year, much of which comes from elite tycoons. Some organizations, such as This Life Cambodia in Siem Reap, have developed online fundraising tools, but these attract few donations. A few membership organizations collect membership fees, but these still only amount to about 10 percent of these organizations' total income.

Since 2015, the Corporate Social Responsibility (CSR) Platform has fostered connections between the private sector and CSOs to enable them to learn from each other. However, these partnerships continue to be limited and focused on gaining reciprocal benefits, rather than providing deeper support to each other's missions. Huawei, a Chinese company, provides some support to CSAF.

Financial support from the government is generally only available to a few CSOs that demonstrate significant alignment with government policy. For example, the Ministry of Education awards grants to Kampuchean Action for Primary Education (KAPE) for its education-focused work. Some CSOs receive funding from international organizations—such as the Global Fund to Fight AIDS, Tuberculosis and Malaria—that is channeled through the government.

It is difficult for CSOs to earn income through economic activity, as the law does not clearly address whether CSOs can do so. CSOs cannot access loans from banks to start businesses. Moreover, the public believes that CSO services should be free of charge. Therefore, only a few CSOs, such as Hagar International, For a Child's Smile (PSE), Buddhist for Social Development Action (BSDA), and Community Rural Development Team (CRDT), have developed products and services to generate income, such as restaurants and tours for social, cultural, and environmental purposes.

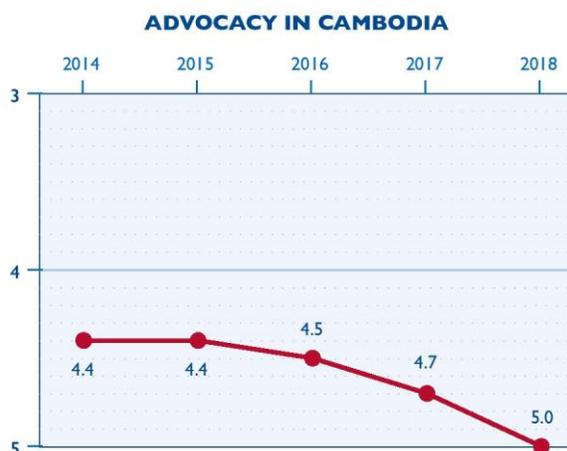
In 2018, CCC established the Civil Society Fund (CSF), which awarded its first grants in early 2019. Currently, the CSF receives all of its funding from the EU and Bread for the World, but it has identified local resource mobilization as a priority.

Most CSOs have financial management systems, though the level of sophistication—such as the use of professional software rather than only Excel templates—varies widely within the sector.

ADVOCACY: 5.0

CSO advocacy deteriorated significantly in 2018 as the harassment experienced in 2017 continued to have a chilling impact on advocacy. In 2018, CSOs were subject to intimidation and threats; labeled as associated with the Color Revolution; and threatened with closure and other penalties for non-compliance with laws, particularly in the lead up to the national elections. In addition, mass media and other key advocacy channels continued to be shut down, and CSOs refrained from organizing mass campaigns and gatherings. As a result of these threats and continued harassment, CSOs are effectively prohibited from engaging in any direct advocacy.

The FFMP's Third Annual Report notes three important trends related to advocacy in 2018 from its CSO/Trade Union Leader Survey. First, 87 percent of surveyed CSO



and trade union leaders routinely engage in self-censorship. Second, only 37 percent feel free to speak openly about all subjects in public, a decrease from 64 percent in 2016 and 61 percent in 2017. Finally, half (50 percent) reported feeling unfree to exercise the right to freedom of assembly, an increase from 23 percent in 2016 and 28 percent in 2017.

CSOs were less engaged in the elections process in 2018 than in previous elections. In mid-2017, the government barred the Situation Room, a temporary platform of CSOs monitoring and reporting about the election process, from working on the 2018 elections.

Many CSOs that fear or have experienced state violence and intimidation have limited their active engagement in public advocacy. Some organizations have even stopped using the term advocacy in favor of less sensitive terms or phrases like lobbying or supporting ideas. In 2018, some CSOs and networks only engaged in awareness-raising activities, such as for the Cambodia Sustainable Development Goals (CSDGs). Therefore, affected communities often had to lead issue-based campaigns, such as on land rights, by themselves. To prevent CSO engagement in these issues, the authorities often try to claim that CSOs are intermediaries or supporters of such conflicts and their associated turmoil and violence.

Some CSOs have adapted their advocacy approaches to the available civic space, including by using social media platforms like Facebook. Organizations like CCHR, Youth Resource Development Program (YRDP), Committee for Free and Fair Election in Cambodia (COMFREL), and Voice of Democracy (VOD) continue to broadcast shows focused on human rights and other issues through social media livestreaming.

In July 2018, Prime Minister Hun Sen called for national- and local-level multi-stakeholder engagement in sub-national democratic development reforms. The MoI committed to having dialogues with CSOs at least annually at national and provincial levels. The draft Development Cooperation and Partnership Strategy (DCPS 2019-2023) states the government's appreciation of CSOs' contributions to development in Cambodia. At the National Consultation Workshop, some key suggestions raised by CSOs resulted in government action.

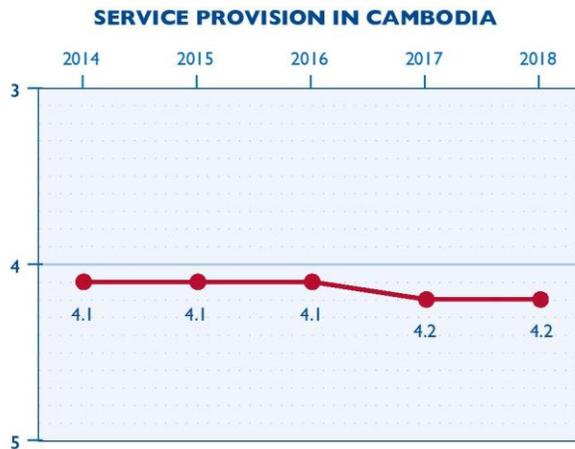
However, this acknowledgement and subsequent engagements are often only cosmetic. For example, while the RGC established a working group to deal with issues affecting CSOs, no CSOs are represented in the group. When CSOs asked to be included, the government responded that it is a government mechanism but that CSOs could create their own mechanism. Similarly, legislation is routinely enacted without consultation or input from civil society, or the public more generally, as seen in 2018 amendments to the LEMNA and the Nationality Law.

CSOs continue to participate in some formal government cooperation mechanisms, such as the Technical Working Groups (TWGs) for several areas, the Joint Monitoring Indicator (JMI) for development effectiveness, Implementation of Social Accountability Framework (ISAF) to improve public services at subnational levels, and other spaces through the National Strategic Development Plan (NSDP), CSDGs, and certain ministries. However, only a few CSOs participate in these mechanisms, and those that do have little influence on their agendas. In addition, CSOs organize some ad hoc meetings with relevant ministries such as the Ministry of Health and the Ministry of Labor and Vocational Training, while other CSOs invite government experts as guest speakers and vice versa.

In 2018, the Joint Working Group on Taxation, a formal working group involving CSOs and the General Department of Taxation, was established to address CSO taxation issues. While CSOs have raised their concerns, such as taxation of income generation and CSO contributions to the pension fund, limited action had been taken to address these issues by the end of the year.

SERVICE PROVISION: 4.2

CSO service provision did not change significantly in 2018. CSOs' areas of work include livelihood, health, education, relief, water and sanitation, economic development, and other human development areas. According to a 2012 CCC study, an estimated 20 percent of CSOs work in more sensitive areas, including governance, empowerment, advocacy, elections, and human rights. Some human rights organizations, such as ADHOC and the Cambodian League for the Promotion and Defense of Human Rights (LICADHO), continue to provide legal support to individuals and communities.



CSOs have made notable innovations to their interventions, including the introduction of mobile apps, information, education and communication (IEC) materials, and virtual platforms. For example, in 2018 CCC created an e-learning platform and knowledge management bank for provincial NGO networks.

Most CSO goods and services respond to local needs. However, people living in more remote areas may have limited access to CSO goods and services. CSOs tend to work directly with local partners to empower them to work directly with the ultimate beneficiaries. For example, International Development Enterprise (IDE) trains its target groups to build standard toilets. Membership-based CSOs prioritize their interventions around, but do not limit them to, the needs of their

members. For example, as a consortium, CCC, LAC, and DFDL Cambodia provide legal services not only to CCC members, but also to provincial networks and other concerned CSOs. CSOs provide goods and services to their beneficiaries without discrimination based on race, gender, or ethnicity.

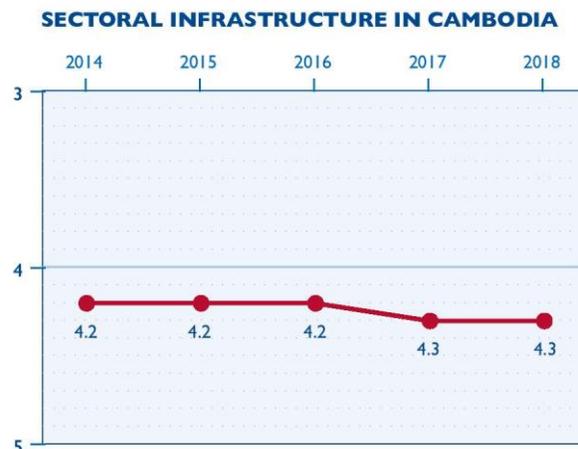
CSOs have limited capacity to recover the costs of the services they provide. Most CSO products and services are provided to constituents and other vulnerable groups free of charge. Some individuals remain confused about the role of CSOs in service delivery vis-à-vis that of the government and are therefore unwilling to pay for CSO goods and services. CSOs have limited knowledge of the market for their services and most do not explore alternative income-generating streams. In general, CSOs do not have the resources or skills to market their goods and services, except for some publications, consultancies, trainings, and capacity assessments. However, CSOs do create awareness of their goods and services through events, apps, IEC materials, publications, and platforms. CSOs generally are unable to operate successful social enterprises, although there are some exceptions in the areas of hospitality and ecotourism.

The government generally appreciates CSOs' role in service provision, and the draft DCPS 2019-2023 acknowledges the government's appreciation of CSOs' contributions to development in Cambodia. CSOs working in development and traditional service delivery tend to establish good relationships with relevant line ministries and local authorities, which enable them to promote their agendas, learn the government's priorities, and relay the concerns of their beneficiaries. CSOs providing health, education, and community services can use the ISAF to reaffirm community needs and encourage all stakeholders to adjust their interventions accordingly.

SECTORAL INFRASTRUCTURE: 4.3

The infrastructure supporting Cambodian CSOs did not change significantly in 2018.

A few CSOs—mainly international NGOs (INGOs) including VBNK Cambodia, Cord, and East-West Management Institute (EWMI)—provide training and technical support to CSOs, primarily their local partners, in areas such as monitoring and evaluation, organizational development, and procurement management. Umbrella organizations and networks, like CCC, the largest membership-based association of NGOs in Cambodia, also frequently organize capacity-building activities or refer their members to other sources of information or training. Other organizations, including Open Development Cambodia and Cambodia Development Research Institute (CDRI), produce and disseminate key development information. In 2018,



Development Innovations (DI) continued to be the only organization offering ICT-based capacity development and innovation services for CSOs; it charges some fees for these services. In general, local CSOs have adequate infrastructural support from INGOs, but they struggle to retain capacity because of the high rates of turnover among trained staff.

There are still no dedicated local grant-making organizations that award locally-raised funds to other CSOs. However, some organizations that receive EU and USAID funding re-grant a percentage of those funds to other CSOs in accordance with donor requirements. For example, the EU and USAID grant funds to CCC, World Vision, and EWMI, and have required them to subgrant part of the funds. As mentioned earlier, with funding from the EU and Bread for the World, CCC established the CSF in 2018 with a budget of €150,000 for ten sub-grants; the first grants were awarded in early 2019.

Collaboration among CSOs in the same field of work is more common than collaboration on a broader scale. CSO networks and umbrella organization working at the national level include CCC, NGO Forum on Cambodia (NGOF), HIV/AIDS Coordinating Committee (HACC), NGO Education Partnership (NEP), the NGO Committee on the Rights of the Child (NGOCRC), the Solidarity House (SH), the ChabDai Coalition, Star Kampuchea, and the Cambodian NGO Committee on CEDAW. In 2018, CCC and fifteen provincial NGO networks began collaborating formally to collectively address issues related to network functionality, resource mobilization, advocacy, and an enabling environment for networks. Although not very active during the year, the government's newly established CSAF held dialogues with civil society and sub-national government in every province, and established a membership scheme for NGOs. This caused confusion within the sector as to which platform should represent them in dialogues with the government. The CSO working group on taxation included representatives from around fifteen CSOs and a private firm. The working group was active in addressing taxation compliance issues, and ultimately was followed by the creation of the Joint Working Group on Taxation.

In 2018, CCC, NGOF, Voluntary Service Overseas (VSO) Cambodia, and Gender and Development for Cambodia (GAD-C) completed a project to develop the capacities of provincial NGO networks in knowledge management, advocacy, and resource mobilization in order to empower them to operate with minimal support from national networks.

More CSO leaders have become consultants and freelance trainers, offering assistance with capacity development, strategic planning, and project evaluation. CSOs turn to private firms for such services less frequently because they lack expertise with how CSOs operate. Donors generally do not allocate enough project funding to provide intensive capacity development for local partners. There were some exceptions, such as Bread for the World, which organized a range of capacity development opportunities for its local partners, specifically on results-based management, reporting, financial management, and governance. During the year, CCC and Advocacy and Policy Institute (API) began to collaborate formally with Wild Ganzen (based in the Netherlands) so that they can improve their resource mobilization capacity and pass that knowledge to their local partners. Most training documents are available in English and not yet well adapted to the situation in the country.

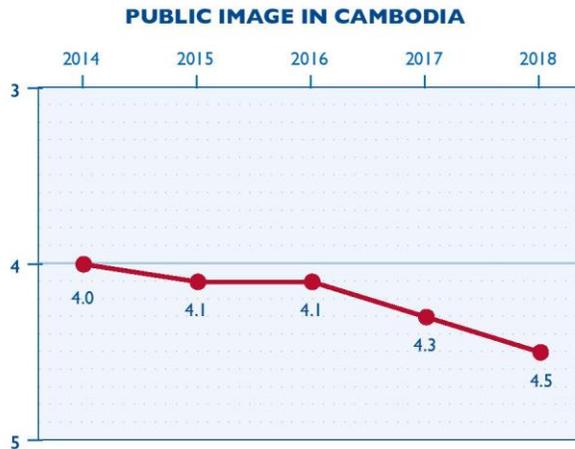
There was no notable collaboration between CSOs and the private sector in 2018. The government, development partners, and civil society have worked together to promote the government's sub-national democratic development agenda, particularly through the ISAF framework. The Phase II Implementation Plan of ISAF (2019-2023) has adopted multi-stakeholder partnerships as a key principle.

PUBLIC IMAGE: 4.5

The public image of CSOs declined in 2018, as civic space continued to shrink in the lead up to the national elections.

The RGC continues to cast CSOs in a negative light, often accusing them of being foreign agents, “color revolutionaries,” and bad actors. The RGC is able to push this narrative through its controlled media outlets as well as social media accounts, without worrying about independent media outlets offering a counter-narrative or highlighting the accomplishments of civil society since independent media outlets no longer exist. Despite this campaign of disparagement, many Cambodian citizens still support and rely on civil society.

In 2018, the media, both at national and local levels, provided little coverage of the activities and views of CSOs, except for a few instance in which a high-ranking government official was present at a CSO event. In May, before



the national elections, the government coerced the sale of the Phnom Penh Post, a major English-language daily and the last independent local newspaper in the country, to a Malaysian businessperson with reported ties to the Cambodian government. The sale was prompted by a questionable tax bill of nearly \$4 million. This development followed the government's closure of the Cambodia Daily, another prominent English-language newspaper, at the end of 2017. The shutdown of those popular media channels significantly reduced the space for civil society to communicate with the public and exercise their right to freedom of expression.

CSOs maintained their connection with media through phone interviews and online broadcasting services, although online channels are not widely accessed by the

public. After the national election, the government media targeted CSOs less and spread less disinformation about CSOs. Still, many CSO leaders engaged in self-censorship out of fear of being linked to the so-called Color Revolution to overthrow the government in 2017.

In general, the public appreciates and supports the roles and contributions of CSOs. For example, the FFMP has documented that Cambodian citizens feel as comfortable going to a CSO to report a human rights violation as they do going to a Commune Councilor or village leader. However, local communities do not necessarily show mass support of CSOs that get into trouble with the government.

CCC conducted the Study on Image of Civil Society Organizations Perceived by Cambodian Public in late 2018. According to the findings of this study, the public perceives CSOs as playing positive roles in community development projects to improve the lives of the poor. More importantly, because of their nature, the public believes that the work of CSOs can influence the government and contribute to the development of Cambodia as a whole. At the same time, the public expressed criticism that some CSOs were overly confident in their expertise and skills and unwilling to compromise with stakeholders, like technical units of the government. Additionally, the public believed that CSOs were increasingly involved in politics. For example, some former CSO leaders started and joined political parties. Some CSO staff members were also criticized for not demonstrating neutrality or independence in their work. The public recommended that CSOs should strengthen their staff policies on corruption and other misconduct and monitor staff attitudes as they work with communities or other stakeholders.

Some government officials still view CSOs as affiliates of the former opposition CNRP, while others appreciate the work of CSOs. The approach of government representatives toward CSOs is highly influenced by the top leaders. During election periods, the government typically associates CSOs—especially those working on human rights, fair elections, and other sensitive issues—with the opposition.

Many private sector representatives still have negative perceptions of civil society, believing that CSOs rely too much on the financial support of others; have not produced any concrete results, despite receiving great deals of financial support; are not innovative; and complain too much about the government and business sectors. Only a few businesses in Cambodia have supported the roles and activities of CSOs, particularly to promote multi-stakeholder partnerships, responsible business conduct, and CSR.

CSOs in Cambodia promote their organizations and activities to increase public awareness of their work. Traditionally, they do so by disseminating publications, particularly studies, narrative reports, and annual reports to their stakeholders. With the advancement of technology, more CSOs promote their organizations through social media and video documentation. A few CSOs also produce regular bulletins, brochures, campaign banners, and even apps, and widely distribute these products in hard copy and electronic form.

The Governance and Professional Practice (GPP) certification system, managed by CCC, is the only self-regulation system for CSOs in Cambodia that promotes good governance and accountability in the sector. From its inception in 2004 to the end of 2018, the GPP certification system received more than 230 applications for certification and awarded ninety-two certificates to qualified CSOs. In 2018, the GPP certification system underwent an impact assessment and revision process. The first-round assessment suggested the need for a new modality for the system

that meets five criteria: accessibility, flexibility, cost efficiency, shared ownership, and effective programming. The design of the new modality will be completed in 2019. In 2018, CCC also created a capacity development package for CBOs with the support of the CBO Working Group, an expert group focused on good governance and sustainability in CBOs. The CBO capacity development package will be provided to provincial NGO networks so they can replicate the training with their respective members in 2019.

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