



USAID
FROM THE AMERICAN PEOPLE



2014 CSO SUSTAINABILITY INDEX

FOR ASIA



The 2014 CSO Sustainability Index for Asia

**Developed by:
United States Agency for International Development**

**Bureau for Democracy, Conflict, and Humanitarian Assistance
Center of Excellence on Democracy, Human Rights, and Governance**

**Bureau for Asia
Office of the Assistant Administrator**

CONTENTS

Introduction..... ii

Acknowledgementsiii

Executive Summary v

2014 CSO Sustainability Indexxii

Country Reports..... 1

Bangladesh..... 1

Cambodia..... 9

Indonesia..... 18

Nepal. 26

Philippines 35

Sri Lanka 44

Thailand 52

Annex A: CSO Sustainability Index Methodology 60

Annex B: CSOSI Statistical Data for Asia..... 74

INTRODUCTION

USAID is pleased to present the first edition of the *Civil Society Organization (CSO) Sustainability Index for Asia*. The *Sustainability Index* reports on the strength and overall viability of the CSO sectors in Bangladesh, Cambodia, Indonesia, Nepal, the Philippines, Sri Lanka, and Thailand.

The *Index* relies on the knowledge of CSO practitioners and researchers, who in each country form an expert panel to assess and rate seven interrelated dimensions of CSO sustainability: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. The panel proposes scores for the dimensions of sustainability on a scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Dimension scores are averaged to produce an overall sustainability score. The *Index* groups all scores into three overarching categories—Sustainability Enhanced (scores from 1 to 3), Sustainability Evolving (3.1-5), and Sustainability Impeded (5.1-7). An editorial committee composed of technical and regional experts reviews the panel’s findings, with the aim of maintaining consistent approaches and standards so as to allow cross-country comparisons. Further details about the methodology used to calculate scores and produce corresponding narrative reports are provided in Annex A.

The *Index* is a useful source of information for local CSOs, governments, donors, academics, and others who want to better understand and monitor key aspects of sustainability in the CSO sector. The *CSO Sustainability Index for Asia* complements similar publications covering other regions, which include reports on twenty-nine countries in Central and Eastern Europe and Eurasia, twenty-five countries in Sub-Saharan Africa, seven countries and territories in the Middle East and North Africa, as well as Afghanistan and Pakistan¹. These editions of the *CSO Sustainability Index* bring the total number of countries surveyed to seventy.

A publication of this type would not be possible without the contributions of many individuals and organizations. We are grateful to the implementing partners, who played the critical role of facilitating the expert panel meetings and writing the country reports. We would also like to thank the many CSO representatives and experts, USAID partners, and international donors who participated in the expert panels in each country. Their knowledge, perceptions, ideas, observations, and contributions are the foundation upon which the *Index* is based.

¹ The *CSO Sustainability Index for Afghanistan* and *CSO Sustainability Index for Pakistan* are made possible by the support of the Aga Khan Foundation. The Aga Khan Foundation also provides funding for Mali and Kenya country reports for the *CSO Sustainability Index for Sub-Saharan Africa*.

ACKNOWLEDGEMENTS

Bangladesh	Wasiur Rahman Tonmoy, The Manusher Jonno Foundation
Cambodia	Senior Management Team of CCC and CSO Leaders of Cambodia, Cooperation Committee for Cambodia (CCC)
Indonesia	Sugiarto Santoso, Lusi Herlina, Frans Tugimin, Ibrahim Rustam, Konsil LSM
Nepal	Kedar Kahadka, Adarsha Tuladhar, Bishnu Pokhrel, Dipesh Grimier, Rekha Shrestha, Good Governance (GoGo) Foundation
Philippines	Sixto Macasact, Roselle Rasay, Caucus of Development NGOs in the Philippines (CODE-NGO)
Sri Lanka	Sabrina Esufally, Vérité Research
Thailand	Wichai Limpitkranon, The Kenan Institute Asia

Project Managers

Management Systems International, Inc.

Vanessa Coulomb
Allison Poyac-Clarkin

The International Center for Not-for-Profit Law

Cathy Shea
Jennifer Stuart
Margaret-Ann Scotti

Editorial Committee

USAID: Mariam Afrasiabi, Eric Bergthold, Mike Bradow, Gavin Helf

MSI: Allison Poyac-Clarkin

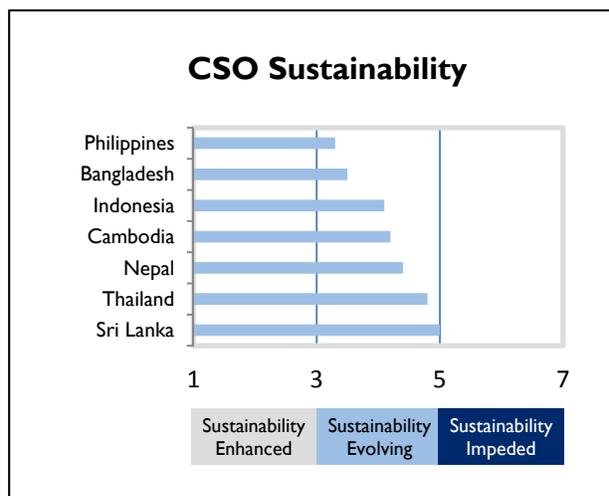
ICNL: Cathy Shea

Regional Expert: Paul McCarthy

EXECUTIVE SUMMARY

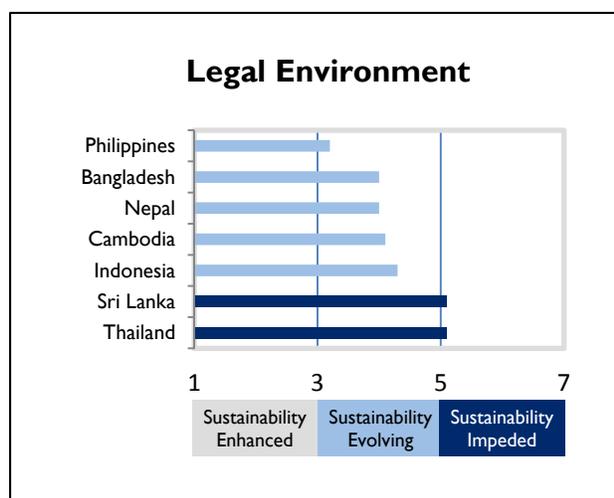
Whether fighting for labor rights in Bangladesh, responding to natural disasters in the Philippines, advocating for election laws in Indonesia, or providing crucial health services in Thailand, CSOs in the seven countries covered by this inaugural edition of the *CSO Sustainability Index for Asia* all play critical roles in their communities and countries.

The 2014 *CSO Sustainability Index for Asia* evaluates the strength and viability of the CSO sectors in Bangladesh, Cambodia, Indonesia, Nepal, the Philippines, Sri Lanka, and Thailand. Although all seven countries have overall sustainability ratings falling within the Sustainability Evolving category, the *Index* tells the story of a diverse region. On one end of the spectrum are the Philippines and Bangladesh, where CSOs enjoy the highest levels of sustainability among the countries covered in this edition of the *Index*. CSOs in both countries are strong advocates and provide a diverse range of goods and services. In addition, CSOs in the Philippines benefit from highly supportive legal and political frameworks and support from a number of CSO networks and associations, while leading CSOs in Bangladesh have pioneered sustainable funding models. CSOs in Thailand and Sri Lanka, on the other hand, have the lowest levels of sustainability. CSOs in these two countries operate under difficult legal and political environments and suffer from the perception that they serve their donors rather than beneficiaries.



The size of the sectors assessed in these countries also varies dramatically. In Sri Lanka, there are just 1,439 NGOs registered. While the Ministry of Interior in Cambodia reports 4,378 registered organizations, a study by the Cooperation Committee for Cambodia in 2013 found that only 1,315 registered NGOs and associations in the country were active. In addition, however, Cambodia is home to an estimated 25,000 unregistered and community-based organizations. On the other end of the spectrum, recent data indicates a total of more than 300,000 registered CSOs in the Philippines and nearly 140,000 registered CSOs in Indonesia. In Bangladesh, there are about 250,000 CSOs registered with various government authorities, fewer than 50,000 of which are active.

Legal Environment



CSOs in the Philippines benefit from the most supportive legal environment of the seven countries surveyed. The Constitution and other laws recognize the right of citizens and their organizations to participate in all levels of decision making. Registration is relatively easy and CSOs generally are allowed to operate freely and participate in matters of public interest. In addition, CSOs benefit from several tax benefits. At the same time, however, there were isolated but concerning incidents in 2014 where CSOs' freedom to criticize local governments and company policies, particularly in communities of indigenous peoples, was threatened. In addition, as a result of a scandal in which government officials and a business executive reportedly laundered funds

through CSOs to implement non-existent programs, the government adopted several measures in 2013 and 2014 to regulate more closely government grants to and contracts with CSOs.

CSOs in Sri Lanka and Thailand operate within the weakest legal environments and are the only countries covered in the *Index* that report scores for this dimension in the Sustainability Impeded category. In Sri Lanka, CSOs are subject to the oversight functions and reporting requirements of the NGO Secretariat, which is under the purview of the Ministry of Defense. CSOs—particularly those operating in the North and East that focus on political advocacy and documentation of rights violations and are perceived as being foreign funded—face significant intimidation and harassment due to the defense establishment’s scrutiny of their activities. CSOs in Thailand also operate in a difficult legal environment, and are subject to significant government oversight. In addition, since the coup in May, the military-led administration has exercised its power to suppress freedoms of expression, assembly, and association.

CSOs in the other four countries covered by the *Index* are generally protected from such harassment, although Bangladesh, Cambodia, and Nepal all report that CSOs face various administrative and bureaucratic obstacles. In Bangladesh, for example, some government officials at the central and local levels harass and exploit CSOs in order to collect bribes, while in Cambodia, CSOs—especially organizations working on human rights, democracy, anti-corruption, and other sensitive topics—face restrictions from local authorities that are not specified in the law. In Nepal, CSOs face bureaucratic difficulties with registration, which can take months to complete.

CSOs in Bangladesh, Cambodia, and Indonesia face potential threats that could deteriorate the legal environment in the future. In Bangladesh, the Cabinet of Ministers approved the proposed Foreign Donations Registration Act in December 2014. The Act would require NGOs receiving or planning to receive foreign funding to register with the NGO Affairs Bureau, submit to inspections and monthly coordination meetings with its representatives, and seek approval for all planned activities before receiving foreign grants. In Cambodia, CSOs are concerned that the Law on Associations and NGOs (LANGO), first proposed in 2011 and still under consideration in 2014, will introduce limitations on operating costs and burdensome registration and reporting requirements and thus restrict civil society’s ability to operate. In Indonesia, CSOs are concerned about the so-called Ormas Law, which was passed in 2013 but is not yet implemented, for giving the government wide powers to curtail CSO activities.

Organizational Capacity

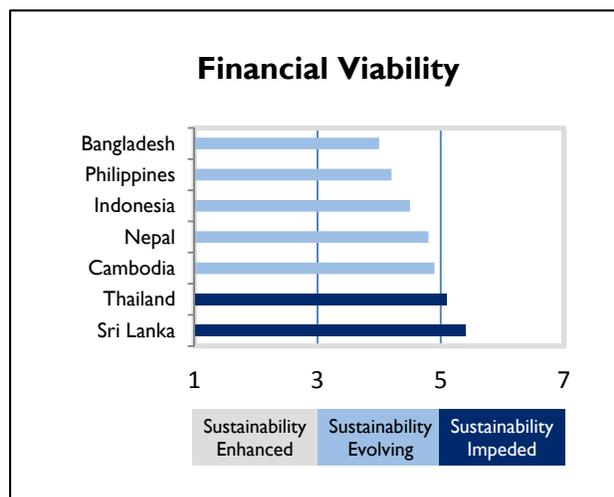
Organizational capacity is one of the strongest dimensions of sustainability among the seven countries covered in this report. CSOs in Bangladesh have the strongest levels of organizational capacity of those covered in the 2014 *Index*. Most CSOs in Bangladesh build constituencies by implementing programs focused on specific areas and have clear missions. In addition, an increasing number of CSOs understand the need to develop strategic plans to pursue their missions. Sri Lanka reports the weakest level of organizational capacity in the *Index*, where the restrictive operating environment led to the closure of a number of organizations that provided capacity-building support to CSOs, weakening organizational capacity in 2014.



Most countries covered by the *Index*—including Bangladesh, Cambodia, Indonesia, and Thailand—note that organizational capacity varies widely in the sector, based on factors such as the size of the organization, years of experience, and whether they are located in urban or rural areas.

While organizational capacity is one of the strongest dimensions of sustainability, CSOs still face significant organizational weaknesses. For example, dependence on foreign donors often leads CSOs to be more accountable to their donors than to local citizens or to take up project activities based on the availability of funding rather than commitment to a mission or strategic plan. At the same time, the lack of permanent funding means that most staff members are hired on a project basis, throwing the long-term development of organizations into question. Finally, while boards may exist, nearly every country reports weak governance as an issue.

Financial Viability



Mirroring trends in other regions, financial viability is the weakest dimension of sustainability in each of the seven countries covered by this report. Bangladesh reports the strongest score in this dimension. Although almost all Bangladeshi CSOs depend on financial support from foreign donor agencies or contracts with government agencies, and fundraising from local sources is limited, a few leading CSOs have sustainable funding models. For example, Bangladesh Rural Advancement Committee (BRAC) relies on social enterprises for 72 percent of its funding. Sri Lankan CSOs report the weakest financial viability. CSOs there also rely on international donors for funding, which decreased in 2014, while local sources of funding are almost non-existent. In addition, there is a broad-based public

perception in Sri Lanka that CSOs have significant financial resources, which makes people reluctant to pay for the goods and services they provide. Thailand also reports financial viability levels in the Sustainability Impeded category.

All seven countries report that the sector—or a significant portion of it—is significantly dependent on foreign donors; furthermore, Cambodia, Indonesia, the Philippines, Sri Lanka, and Thailand note that foreign donor funding is decreasing. A number of governments in the region seek to control or regulate the flow of foreign funding to the sector. In Bangladesh, the NGO Affairs Bureau must approve donor funding for NGO projects on a project-by-project basis. In Nepal, CSOs must obtain prior approval from the Social Welfare Council (SWC) on a case-by-case basis to receive any foreign or government assistance—financial, material, or technical. Once approval is granted, donors are obliged to release funds to CSOs through commercial banks in the country. In Thailand, foundations, associations, and NGOs require approval from the Ministry of Social Development and Human Security (MSDHS) for each project they plan to implement, especially if they seek to work on sensitive topics.

At the same time, most country reports note that local sources of funding are limited or virtually non-existent. The Philippines and Thailand are exceptions to this rule. While certain types of CSOs in both countries rely on funding from international donors, other types of organizations depend on local sources of funding, including membership fees, private philanthropy through corporate foundations, and revenue from products and services. Bangladesh, Cambodia, and Indonesia report that religious organizations have more success in raising local funds than other types of groups.

Corporate social responsibility (CSR) is a new concept in most of the countries covered by this report. The most notable examples of CSR and corporate philanthropy are in three of the most economically advanced countries, as measured by GDP per capita: Indonesia, the Philippines, and Thailand. Corporate philanthropy in Indonesia is growing; according to a recent study, companies allocated approximately IDR 12.4 trillion (about \$930 million) to CSR programs in 2014, an increase of 44 percent in comparison to 2013. Philippine Business for Social Progress, a non-profit consortium of over 200 corporations that provides grants and

capacity development to community-based organizations and NGOs, raises \$41 million annually for various anti-poverty and development projects. In Thailand, the BKIND Fund was launched in November 2014. BKIND is an equity fund with assets of approximately \$140 million that recruits public funding to invest in enterprises targeting the environment, social problems, good governance, and anti-corruption issues. However, only 0.8 percent of the entire fund is allocated to CSO projects.

Government funding is available in some countries including Bangladesh, Indonesia, and Thailand. In Thailand, for example, the Thai Health Promotion Foundation (Thai Health), an autonomous state agency, collects approximately \$125 million from the taxation of alcohol and tobacco each year, 10 percent of which is provided to CSOs and social enterprises working in the health field.

Advocacy

Advocacy is the strongest in the Philippines and Bangladesh. In the Philippines, CSOs have access to a variety of institutionalized mechanisms to participate in the policy-making process. For example, the Local Government Code of 1991 provides for at least 25 percent CSO representation in local bodies and the Government Procurement Reform Act (RA 9184) mandates participation of CSOs as observers in all phases of the procurement process. Many CSOs have open lines of communication with key cabinet members, many of whom were former CSO leaders themselves, and are able to organize periodic dialogues with them on advocacy issues, such as accountability of public officials and institutions or implementation of the government’s reform programs. In 2014, CSOs were



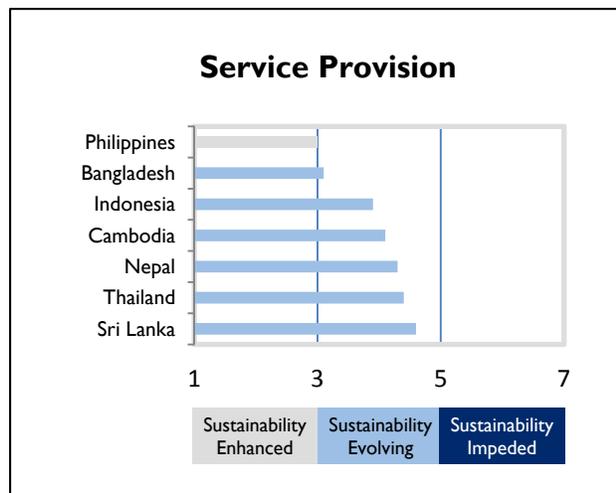
able to harness these advantages to pursue a variety of causes, including the adoption of the Freedom of Information Bill. In Bangladesh, CSOs are also strong advocates with direct lines of communication with policy makers. In 2014, CSO advocacy focused on such issues as disability, working conditions and salaries for garment workers, environmental protection, human rights, and violence against women.

Advocacy is weakest in Sri Lanka, the only country reporting a score in the Sustainability Impeded category in this dimension. Channels of communication between CSOs and the government in Sri Lanka are restricted. The risk of government harassment, particularly of CSOs engaged in human rights and governance issues, remained high. For example, CSO protests were often suppressed by mobs operating with tacit state support, as well as through legal channels such as court injunctions citing unlawful assembly. Despite these regulatory impediments and harassment, CSOs engaged on some advocacy issues during the year, including awareness of proposed constitutional, electoral, and governance reforms, as well as alcohol and cigarette taxation. Advocacy is also quite constrained in Thailand. With the exception of organizations selected by the junta to serve on the National Reform Council (NRC), CSOs are severely limited in their work and may be deterred from making statements that conflict with the junta’s view of reform.

CSOs’ ability to advocate successfully in Indonesia, Nepal, and Cambodia fall somewhere in between these extremes. In Indonesia, CSOs are recognized as important stakeholders in development and are generally effective at influencing the legislative process, but are weak at monitoring the implementation of legislation. In Nepal, there are some institutionalized mechanisms that foster CSO participation in policy making, but these laws are often weakly implemented. Instead, CSO involvement in policy making depends more on the discretion of the officials concerned. Finally, in Cambodia, there is no tradition of public deliberation within the political system and the Cambodian leadership routinely ignores civil society interests in its policy formulation. While the government holds some consultations with interest groups, they are not systematic

and rarely have influence on decision making. In addition, CSO protests and demonstrations were suppressed by government forces during the year.

Service Provision



Service provision is also a strong dimension of CSO sustainability. The Philippines (with a score in the Sustainability Enhanced category) and Bangladesh once again have the strongest scores in this dimension, while Sri Lanka has the weakest. CSOs in the Philippines provide a highly diverse range of goods and services that generally responds to the needs of the communities they serve. CSOs in Bangladesh play a critical role in service delivery, filling in gaps in government service provision in three major areas: economic development services through microcredit programs; human development services; and social services. While CSOs in Sri Lanka also offer a wide variety of services, their efforts are hampered by increased scrutiny and harassment by law enforcement officials in the North and East

provinces. Moreover, Sri Lankan CSOs rarely engage in scoping exercises or needs assessments to ensure the prioritization of community needs in service delivery.

CSO sectors in all seven countries covered by the *Index* provide a diverse range of services in areas including education, health, water and sanitation, environment, microcredit, agriculture, legal aid, women’s empowerment, and community development. While CSO services in all countries remain largely dependent on donor funding, CSOs increasingly pursue cost recovery services. In Cambodia, for example, some capacity development CSOs run fee-based training courses and other organizations have diversified their activities to include restaurants, tailoring, and vocational training.

With the exception of Sri Lanka, governments generally recognize the value-added of CSO services. However, this recognition does not necessarily come with financial support. In the Philippines, for example, contracting of government services to CSOs occurs only to a limited extent, and several government agencies have started contracting CSO employees to perform community organizing rather than contracting the services of CSOs themselves. In addition, political connections are reportedly a factor in awarding government funding for service provision in countries such as Bangladesh and Nepal.

Infrastructure

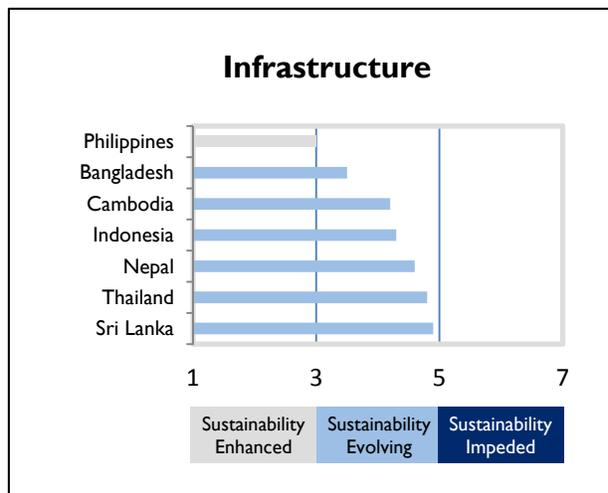
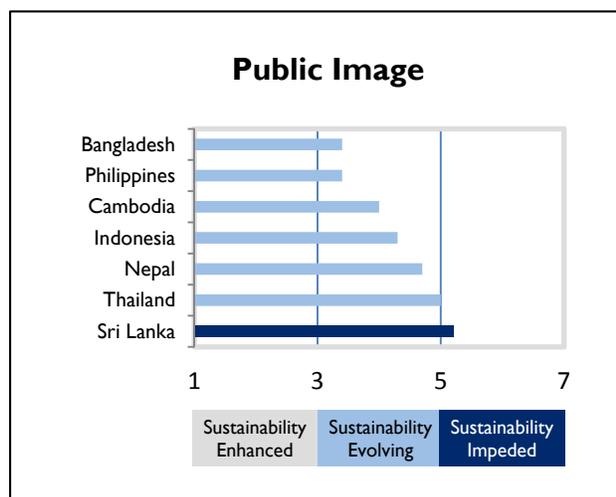
The infrastructure supporting CSOs is strongest in the Philippines – the only country to have a score in this dimension that falls within the Sustainability Enhanced category. CSOs in the Philippines have access to training, advocacy platforms, and other services from a number of CSO networks and associations. CSOs form coalitions, both at the local and national levels, around many issues. On the other end of the spectrum, the infrastructure supporting the development of CSOs is weakest in Sri Lanka, where there are no permanent resource centers that provide information services, research material, or training to CSOs; local grantmaking organizations are nearly non-existent; and information sharing among CSOs remains limited.

Elsewhere in Asia, CSOs generally have some level of access to services from intermediary support organizations or CSO resource centers. In Indonesia, more than ten organizations serve these functions. In Thailand, the Center for Civil Society and Nonprofit Management (CSNM) at the Faculty of Humanities and Social Sciences at Khon-Kaen University, which was established in October 2013, provides capacity building services, a CSO curriculum for undergraduate studies, and an annual CSO workshop.

CSOs in most countries covered by this edition of the *Index* have access to a variety of training and capacity-development services on such topics as accounting, financial management, strategic planning, organizational and resource management, project management, taxation, training of trainers, and fundraising. However, the availability of these services often depends on international donor funding. CSOs in Thailand note that many training courses, such as conflict management, are too theoretical and do not meet CSOs’ practical needs.

CSOs in Bangladesh, Cambodia, Nepal, and Indonesia routinely cooperate and share information through networks and consortia, although competition for funding can limit cooperation. In Thailand, NGOs formed coalitions in 2014 that dealt with less politically sensitive issues such as public health, children’s rights, and economic development.

Public Image



CSOs in Bangladesh and the Philippines enjoy the strongest public image, while Sri Lanka and Thailand have the weakest. In Bangladesh, the public image of CSOs is generally positive and continually improving due to CSOs’ strengthened engagement with communities on grassroots-level programs that provide services surpassing the quality of public services. CSOs have good relationships with media outlets, which feature CSO stories almost daily. In the Philippines, the government and business sector have positive perceptions of the CSO sector, viewing them as partners in development and good governance efforts. While the public supports particular CSOs and causes, the sector’s public image was impacted in recent years by a scandal in which funds were laundered through a few “fake” NGOs to

implement non-existent programs. At the same time, CSOs’ role in responding to a devastating typhoon in late 2013 led the public to view CSOs as more effective emergency responders than the government.

Sri Lanka is the only country with a public image rating that falls within the Sustainability Impeded category. The media, which is predominantly state controlled, propagates a predominantly negative image of CSOs, frequently portraying them as collaborating with foreign institutions seen as hostile to the government. As a result of the negative media coverage, the public often does not understand the role of CSOs. In addition, the government’s perception of CSOs was largely negative in 2014, particularly with respect to CSOs that were not aligned with government policies. In Thailand, the government—both the junta and the former elected government—and businesses view NGOs as largely funded by international donors and focused on

protesting government projects or environment issues. The public in Thailand is also suspicious of issue-based CSOs that voice dissent.

CSOs in Cambodia, Indonesia, and Nepal face challenges in securing positive media coverage. In Cambodia, independent CSOs find it difficult to promote public awareness of their work, in part due to government control and influence over the media. In Indonesia, news outlets, especially television and newspapers, are mostly owned by media conglomerates of politicians, who are not interested in publicizing the activities of CSOs. The media in Nepal often presents national CSOs as urban-based and out of touch with local communities; focused on stirring ethnic issues or promoting Christianity; associated with partisan politics; unaccountable to government or private donors; lacking in transparency; or characterized by poor internal governance, nepotism, and self-dealing.

These struggles in accessing positive media coverage, however, have different effects in different countries. In Nepal, the public's perception echoes media messages—that CSOs are donor-driven and lack transparency, accountability, and reliability. In Cambodia, on the other hand, the public highly appreciates CSOs whether they are working in service delivery or advocacy and CSOs scored better than other actors such as the legislature, executive, and judiciary in a study on Corruption and Cambodia's Governance System conducted by Transparency International Cambodia in 2014. The situation in Indonesia falls somewhere in between: a 2014 survey by Edelman Trust Barometer (ETB) found that the level of public confidence in NGOs increased in 2014 to 73 percent, but is still below the level of confidence in business and media.

Relations between the government and CSOs are difficult in all three countries, as there is generally a lack of mutual trust between the sectors.

Conclusion

The country reports that follow provide an in-depth look at the CSO sectors in the seven Asian countries covered by this *Index*. We hope this inaugural survey captures useful trends for CSOs, governments, donors, and researchers supporting the advancement of CSO sectors.

2014 CSO SUSTAINABILITY INDEX FOR ASIA

COUNTRY	CSO Sustainability	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image
Bangladesh	3.5	4.0	3.2	4.0	3.2	3.1	3.5	3.4
Cambodia	4.2	4.1	3.8	4.9	4.4	4.1	4.2	4.0
Indonesia	4.1	4.3	3.8	4.5	3.6	3.9	4.3	4.3
Nepal	4.4	4.0	4.5	4.8	4.0	4.3	4.6	4.7
Philippines	3.3	3.2	3.4	4.2	3.0	3.0	3.0	3.4
Sri Lanka	5.0	5.1	4.8	5.4	5.2	4.6	4.9	5.2
Thailand	4.8	5.1	4.0	5.1	4.9	4.4	4.8	5.0
Average	4.2	4.3	3.9	4.7	4.0	3.9	4.2	4.3

COUNTRY REPORTS

BANGLADESH



CSO SUSTAINABILITY: 3.5

Country Facts*

Capital: Dhaka

Government Type:
Parliamentary
Democracy

Population:
168,957,745

**GDP per capita
(PPP):** \$3,400

**Human
Development Index:**
142

Bangladesh² has maintained an impressive track record in both economic growth and development. In the past decade, the economy has grown at nearly 6 percent per year. Poverty has dropped by nearly one-third and more than 15 million Bangladeshis have moved out of poverty since 1992. At the same time, life expectancy, literacy, and per capita food intake have all increased. Bangladesh ranked 142 out of 188 countries in the 2014 UNDP Human Development Index.



² Capital, government type, population, and GDP in all reports are drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/bg.html>. Human Development Index rankings available at <http://www.undp.org/content/undp/en/home/presscenter/events/2014/july/HDR2014.html>

While poverty reduction in both urban and rural areas has been remarkable, the number of people living below the poverty line remains significant. According to the 2014 Bertelsmann Transformation Index (BTI), 76.5 percent of the population is living on less than \$2 a day. On the other hand, the country has become the world's second largest exporter of ready-made garments (RMGs) and has achieved self-sufficiency in rice production.

Following Bangladesh's independence in 1971, the absence of adequate public services and facilities created space for civil society to emerge. A variety of CSOs formed to work at the local and national levels and have become well-recognized and valued for helping to meet the needs of families struggling with poverty and other issues. CSOs' capacities, financial resources, skill, and motivation vary widely, with a few large and well-developed organizations—of which Bangladesh Rural Advancement Committee (BRAC) and Grameen Bank are the most notable—coupled with thousands of smaller, rural CSOs that also play a critical role in service delivery. Foreign support remains the primary source of funding for both public and private sector efforts to increase economic and human development.

Political instability was a key challenge to development in Bangladesh in 2014. General elections took place in January 2014, and political conflict between the ruling party and opposition parties paralyzed the country at the beginning of the year. The main opposition political parties boycotted the election and engaged in a series of violent strikes in a dispute over the composition of the government. Although CSOs originally planned to monitor the elections, they eventually decided not to after one of the major opposition parties decided to boycott the elections. Most CSO activities during the year were interrupted due to strikes and political violence. After the elections, daily life somewhat returned to normal, as the population had become desperate for the political unrest to cease. While political violence decreased after the elections, according to ASK (Ain o Salish Kendra), 124 persons were killed and 6,087 injured in political violence between January and August.

The collapse of the Rana Plaza garment factory in April 2013 drew widespread attention to the RMG industry and was followed by similar but small-scale incidents in 2014. In the aftermath of these incidents, CSOs working on labor rights and safety intensified their work with garment workers to advocate for greater safety and security, including better wages.

According to the NGO Affairs Bureau, as of March 2015, there were about 57,000 foreign and domestic NGOs working on social and economic development registered with the Department of Social Services in the Ministry of Social Welfare. Of these, 2,370 NGOs were also registered with the NGO Affairs Bureau in order to be eligible to receive foreign funds. As of June 2014, a total of 233 foreign NGOs from twenty-seven countries operate in Bangladesh, according to the Dhaka Tribune. At the same time, the exact number of CSOs in Bangladesh is unknown. The number of CSOs registered with various governmental authorities has been estimated to be around 250,000, with fewer than 50,000 active.

LEGAL ENVIRONMENT: 4.0

CSOs can register under five laws: Societies Registration Act of 1860; Trust Act of 1882; Voluntary Social Welfare Agencies (Regulation and Control) Ordinance of 1961; Co-operative Societies Act of 1925; and Companies Act of 1913, amended in 1914. In addition to complying with the provisions of these laws, CSOs must abide by the Foreign Donation (Voluntary Activities) Regulation Ordinance of 1978, amended in 1982, and the Foreign Contribution (Regulation) Ordinance of 1982. According to Transparency International Bangladesh (TIB), the greatest number of CSOs is registered as voluntary social welfare organizations under the Department of Social Services. CSOs specialized in certain thematic areas additionally can register with the Ministry of Social Welfare, Women and Children Affairs Department, and Youth Development Ministry. The registration process often is delayed for more than a year due to corruption, as well as political reasons.

Administrative rules from the various departments that register CSOs and local governments clearly articulate requirements for CSO operations, financial management, and governance. Some CSOs do not have strong

enough governance bodies or financial management capacities to comply with these standards. Many of these CSOs cease operating, though none had their registrations cancelled in 2014.

On paper, CSOs are allowed to operate freely within certain limits. For the most part, CSOs have the freedom to express their concerns on social and political matters. CSOs are represented in public debate and policy consultations with the government and get their voices heard at national and local levels. For example, Manusher Jonno Foundation (MJF) continues to advocate on various issues and TIB publishes a corruption index. However, the bureaucratic system and corruption sometimes hinder the operations of advocacy-oriented CSOs. For example, some government officials at the central and local levels harass and exploit CSOs in order to collect bribes, which some CSOs pay. While not a common occurrence, if a CSO's views oppose those of the political party in power, the operations of the CSO, and the lives of its leaders, could be in jeopardy. The scale of harassment is hard to measure as many CSOs are not willing to share these experiences publicly.

The Cabinet of Ministers approved the Foreign Donations (Voluntary Activities) Regulation Act in December 2014. According to the proposed law, NGOs receiving or planning to receive foreign funding must register with the NGO Affairs Bureau, submit to inspections and monthly coordination meetings with its representatives, and seek approval for all planned activities before receiving foreign grants. The draft authorizes the NGO Affairs Bureau to cancel the licenses of NGOs for irregularities and corruption. In addition, the draft law gives line ministries the authority to require revisions to NGOs' projects or to cancel them, and requires anyone involved in voluntary activities to receive prior approval before traveling out of the country in connection with their work on the project. The Act also includes a section that prohibits terrorist funding and trafficking in persons. In the case of a dispute under the law, an NGO can file an appeal with the prime minister's office. However, this ruling would be final, denying recourse to an independent judicial process. The draft law was pending parliamentary review as of the end of 2014.

CSOs engaged in social work and development services for the public enjoy exemptions from income tax, value-added tax (VAT), corporate tax, and other taxes. Individuals and corporate entities that donate to CSOs focused on any of twenty-two designated public benefit purposes are eligible for tax deductions from their income.

CSOs are allowed to generate income by selling goods and services or through microfinance activities, but must pay VAT on this type of income. CSOs are also allowed to compete for governmental and non-governmental contracts for socioeconomic development projects.

Legal practitioners have little knowledge about CSO law. A few practitioners in Dhaka provide legal advice to CSOs in the capital city, whereas CSOs in rural areas have great difficulty obtaining legal advice. Given this constraint, some national lawyers' associations at the district and *upazila* (sub-district) levels have begun teaching local legal practitioners about CSO law over the last few years.

ORGANIZATIONAL CAPACITY: 3.2

The organizational capacity of CSOs in Bangladesh varies by their size and years of experience. According to a recent governance study by MJF, large CSOs benefit from stronger human resources and financial capacity, as well as more years of experience implementing different projects, than small CSOs. However, many of these strong CSOs have programs to build the capacity of smaller CSOs. For example, MJF has a separate capacity development unit responsible for building the organizational and programmatic capacity of small organizations.

Most CSOs build constituencies by implementing programs focused on specific issues. CSOs typically launch informal community groups that help mobilize communities and implement grassroots programs. Large CSOs like BRAC, Dhaka Ahsania Mission (DAM), and Christian Commission for Development in

Bangladesh (CCDB) include formal and informal community-based organizations as part of their institutional set-up for grassroots-level programming.

Most CSOs have clear missions and an increasing number of them understand the need to develop strategic plans to pursue their missions. Some CSOs have strategic plans that they use to guide their programming in the area of social and economic development. Large CSOs are better able to implement their strategic plans, but most small and medium-sized CSOs are unable to do so because they lack long-term funding. Therefore, these CSOs generally only develop strategic plans to meet donor requirements. However, most CSOs at least have plans to achieve short-term objectives.

All registered CSOs have constitutions laying out their governance structures, as well as policies and manuals on financial, administrative, and human resource matters. CSOs are largely staff-driven and lack competent and active boards of directors. Most boards are weak at managing organizational policy and engaging in governance, and instead get involved in daily operations.

CSOs may have paid staff in both their headquarters and field offices. Few staff members are employed on a permanent basis. The employment of contracted staff depends on project funding. Staff turnover is high, though employees tend to remain in the CSO sector, rather than moving to the private or public sectors. Large and some medium-sized CSOs have job descriptions for permanent and contracted staff, while most small CSOs do not. Permanent staff members include professionals like accountants and IT managers. However, it is difficult to retain such staff. CSOs recruit volunteers from their constituencies and communities for their grassroots-level programs. These volunteers are mostly young people seeking work experience.

CSOs in Bangladesh usually have basic office equipment and facilities, including information and communications technology (ICT) like mobile phones and Internet connection. Some large CSOs have IT systems established for management information systems (MIS) and communication, including the necessary software. Large CSOs have additional office equipment like photocopiers and scanners. IT allows CSOs to increasingly engage stakeholders through online communication.

FINANCIAL VIABILITY: 4.0

Almost all CSOs depend on financial support from foreign donor agencies or contracts with government agencies like the Department of Social Services. Such contracts are awarded through competitive bidding for social, economic, and human development projects. Overall funding flows from development agencies to Bangladesh remained stable in 2014.

The NGO Affairs Bureau must approve donor funding for NGO projects on a project-by-project basis, which is an onerous process. The NGO Affairs Bureau approved 4.83 percent more funds in the first half of the 2014 fiscal year than in the entire previous fiscal year. According to recent statistics, between July and December 2014, the NGO Affairs Bureau approved \$355.1 million in funding. In 2014, the NGO Affairs Bureau approved 565 new projects and received requests for approval for \$404.86 million over what was approved in 2013, according to the Dhaka Tribune.

Fundraising from local sources is limited due to the weak capacity of CSOs. Few CSOs attempt to raise funds from individuals or businesses, though gradually the number of CSOs attempting to do so is increasing. Some CSOs have successfully received non-monetary support in the form of household materials, medicine, and food. Religious organizations in local communities are also able to raise donations, particularly during religious holidays such as Ramadan and Eid. Some volunteers work closely with CSOs in program implementation at the community and national levels. In disaster recovery operations, CSOs and businesses have contributed funds, human resources, and logistical support to affected populations.

Most CSOs have programs in various thematic areas and therefore seek grant funding from diverse sources. Almost all CSOs explore donor grant opportunities for any kind of development work. While CSOs have experience in pursuing foreign donor funding, few CSOs have the capacity to participate in bids for public contracts. Sometimes government agencies—both local and national—provide funding to CSOs specializing in certain areas to assist in policy development or the implementation of grassroots-level projects. For example, collaboration between the government and CSOs in tuberculosis, maternal and child health, family planning, child immunization, leprosy elimination, nutritional programs, and informal education has been efficient and effective.

Many CSOs engage in economic activities including microcredit programs and various fee-based services. CSOs with microfinance programs are generally financially stronger than other CSOs. Social enterprise development is a donor priority and CSOs have begun to pursue social enterprises to ensure their own financial sustainability and promote the economic development of their target groups. A few leading CSOs have sustainable funding models. For example, BRAC relies on social enterprises, which not only provide 72 percent of the funding for its programs (most of which is reinvested back into development interventions), but also provides sustainable livelihoods for Bangladesh’s rural poor. BRAC provides small loans to the poor without requiring collateral, while making a profit each year and staying completely self-reliant. Revenue from services, products, rent from assets, and membership fees also supplement the income of CSOs.

To ensure transparency and accountability, many CSOs—particularly those engaged in social development—publish annual reports with financial information and undergo external audits. Such CSOs have financial management systems and organizational policies to comply with audits and meet legal requirements.

ADVOCACY: 3.2

CSOs in Bangladesh are strong advocates and engage in constant advocacy efforts that contribute to policy development and implementation. CSOs have direct lines of communication with policy makers. For example, CSO representatives regularly participate in several government committees on national and local policies and strategies. For example, MJF participates in the Governance Coalitional Working Group, the Labor Law Reform Committee, and the National Occupation and Safety Council of the Ministry of Labor and Employment. Human rights advocacy was a top priority in the country in 2014. At the same time, the political turmoil hindered CSO advocacy and other CSO activities, especially for organizations perceived as politically biased.

In 2014, the government, in cooperation with development agencies and CSOs, undertook several significant policy initiatives, including a study of the IT sector for national development; the development of a national intellectual property policy; the development of the national Vision Ahead 2040; and contributions to the post-2015 United Nations Sustainable Development Goals. For all of these initiatives, the government invited relevant CSOs to meetings at various stages of planning and shared responsibilities with them.

CSOs are well recognized for their past contributions to the development of policies, such as the Child Labor Elimination Policy, Disability Welfare Act, Women Development Policy, Right to Information Act, and Hindu Marriage Registration Act. In 2014, CSOs specializing in disability issues worked with government bodies to develop rules to implement the Disability Act. After the collapse of the Rana Plaza, CSO advocacy led to better working conditions and salaries for garment workers. CSO coalitions also campaigned for environmental protection and basic human rights. Another prominent campaign during the year was the “We Can, Equality through Dignity” campaign to stop violence against women.

At the local level, CSOs continue to engage in advocacy related to discrimination and exploitation of minority groups, as well as land rights issues, including resettlement and eviction from government land.

Before the Foreign Donations (Voluntary Activities) Regulation Act was approved by the cabinet in December, CSO representatives took part in consultations with the government and provided a set of recommendations to the Chairman of the Parliamentary Standing Committee. For example, CSOs objected to giving the NGO Affairs Bureau the right to close down an NGO or evaluate projects. However, the version of the law approved by the cabinet still provides the NGO Affairs Bureau the right to cancel an organization's registration for violating the law.

SERVICE PROVISION: 3.1

CSOs play a critical role in service delivery in Bangladesh, filling in the gap in government service provision. CSO services fall into three major areas: economic development services, human development services, and social services. Economic development services include microcredit programs supporting enterprise development, agricultural production, handicrafts, and services that employ persons with disabilities. Human development services include providing training to marginalized groups to help them become employed and self-sustainable. This support also generates some income for CSOs. CSOs also provide services to educate and empower certain groups, including indigenous groups and the dalit (untouchables), who are socially excluded. Social services provided by CSOs include the provision of basic goods and services, as well as capacity building to communities to help them mobilize; participate and engage in development initiatives; and gain knowledge, awareness, and basic skills to manage their work. Such capacity building services have contributed to the country's development, but their impact is not ultimately sustainable due to constituents' dependency on services and contextual changes such as natural disasters and political unrest.

CSOs' responsiveness to community priorities and needs varies. CSO services at the grassroots level clearly reflect community needs as they seek to fill the gaps in public services. Some social services address well-defined community needs. Many services, however, remain driven by donor priorities and depend on the availability of funding. CSOs rarely conduct needs assessments or community self-assessments due to lack of resources and know-how. In general, CSOs provide goods and services to their own members. However, publications and workshop reports are broadly shared with other organizations.

CSOs that run microcredit programs often are able to expand their reach and cover more small-loan borrowers. Service charges and interest acquired from loans help these CSOs improve their financial sustainability.

The government provides some funds and technical support to local CSOs, but for the most part, these are given to groups with political connections. However, CSOs are involved in strengthening the government process for granting funds and awarding contracts. Some of these projects include Strengthening Government Social Protection (SGSP), Citizen Action for Results, Transparency and Accountability (CARTA) Program, and Social Engagement for Budgetary Accountability (SEBA).

INFRASTRUCTURE: 3.5

There are some infrastructure and facilities dedicated to supporting CSOs in Bangladesh. MJF, Shiree, and other intermediary support organizations (ISOs) are well-recognized for the technical services they offer CSOs in the country. Most of the foreign NGOs operating in the country also provide support to local CSOs. With the support of donor agencies, the government has also built several CSO resource centers that provide information, training, and other services. Most CSOs are able to access these resources and obtain technical assistance to build their own capacities. BRAC and MJF implement different projects in partnership with local CSOs to advance their organizational development.

ISOs receive funds from donor agencies and re-grant some funding to CSOs in amounts ranging from 8 million to 30 million taka (approximately \$100,000 to \$385,000). A primary role of ISOs is therefore to manage these grants and provide technical services to grantees in order to maximize results under these

grants. Though projects funded are based on donor priorities, CSOs try to design their projects to meet local needs as well.

The Right to Information Act of 2009, which covers information disclosure by both government and CSOs, has promoted sharing and learning in the CSO sector. ISOs help other CSOs facilitate information sharing and understanding of the global and local development context. CSOs also share information through networks, consortiums, and alliances, including ADAB, the Federation of NGOs in Bangladesh (FNB), the National Forum of Organizations Working with the Disabled (NFOWD), the Campaign for Popular Education (CAMPE), and Shishu Adhikar (Child Rights) Forum. However, CSOs are cautious in sharing information on program funding opportunities, unless donor agencies require CSOs to apply jointly for funding. Some networks and institutes are dedicated to representing the CSO sector and addressing issues relevant to the CSO community.

ISOs and development agencies offer various training services and facilities to support CSO capacity building in such areas as financial management, report writing, proposal writing, and monitoring. These facilities and services increasingly meet the changing needs of CSOs, although no significant new initiatives were launched during 2014.

Most ISOs as well as larger CSOs offer professional training and facilities relevant to CSO activities. Sometimes donors allow the cost of training to be included in CSO project budgets, or ISOs provide funding to select CSOs to build their professional capacities. Training materials for CSOs are available both in local and English languages, and training is conducted both in the capital city and at local levels. Some CSOs organize management training at regional levels. A few ISOs and training institutes have limited capacity to conduct advanced courses on accounting and financial management. To access more specialized training, CSOs must send staff abroad, typically with the help of donor funding.

Government-CSO partnerships are being carried out in the fields of health, education, public health, anti-corruption, and local governance. For example, TIB and the Anti-Corruption Commission (ACC) signed a Memorandum of Understanding to strengthen anti-corruption activities in the country. Few CSOs partner with or benefit from the business sector's corporate social responsibility (CSR) programs.

PUBLIC IMAGE: 3.4

Although no recent public opinion polls or surveys have been conducted, the public image of CSOs in Bangladesh is generally positive and continually improving due to CSOs' strengthened engagement with communities through grassroots-level programs that surpass the quality of public services. CSOs—particularly large ones—have built good relationships with print and online media outlets in order to promote their organizations and causes. However, the media is more likely to report on specific events, rather than analyze CSOs' role and impact in society. Journalists tend to be interested in CSOs for personal reasons, rather than because of a strategic orientation of their media outlets. CSOs have also become more familiar with social media such as Facebook and Twitter as tools to reach out to peers and stakeholders.

CSO events at the local and national levels are featured in print and online media almost daily, though sometimes the coverage is negative. Private news channels aligned with government parties tend to reflect on CSOs negatively, and CSOs have been subjected to negative campaigns. For example, in 2014, Grameen Bank was the target of negative propaganda that appeared to be politically motivated and that partly damaged the reputation of CSOs engaged in microcredit.

Despite these challenges, CSOs have become more visible in mass media over the last ten years as they have become more vocal, openly criticizing public policy and democratic governance practices. These political issues are now popular topics on online talk shows, which regularly feature CSO representatives.

The public perceives CSOs as either microcredit institutes or as organizations raising awareness on different human rights issues. The media sometimes uses these labels—both in positive and negative ways—which limits public understanding of CSOs’ role in the country.

There is little research on the government’s perception of CSOs. However, government agencies often do not favor CSOs that publicly pressure the government to increase transparency and accountability. Politicians and public officials often counter such CSOs by suggesting that CSOs are paid by foreign entities. The government also sometimes views CSOs providing services as agents fulfilling the agenda of foreign entities. The political party in power often harasses CSOs supporting the opposition party.

Larger organizations publish annual reports with financial statements, whereas small CSOs do not regularly publish annual reports. The majority of CSOs have still not adopted a widely accepted code of ethics or concept of self-governance. CSOs have renewed discussion on self-regulation due to growing concern in the sector about the need to differentiate themselves from unethical organizations, including off-shoots of political parties and entrepreneurs posing as not-for-profits to compete for foreign funds.

CAMBODIA



CSO SUSTAINABILITY: 4.2

Country Facts

Capital: Phnom Penh

Government Type: Multiparty Democracy under Constitutional Monarchy

Population: 15,708,756

GDP per capita (PPP): \$3,300

Human Development Index: 136

Cambodia has been ruled by the Cambodia People’s Party (CPP) since the Khmer Rouge regime was overthrown in 1979. Civil society was almost non-existent in the 1980s. The signing of the Paris Peace Accord in the 1990s paved the way for development partners, international non-governmental organizations (INGOs), and other stakeholders to join forces to help develop the country. In turn, CSOs mushroomed with support from international donors. Their accountability to the communities they serve has gradually increased over the past twenty years.



General elections in July 2013—the fifth national election since the Paris Peace Accord—produced a political deadlock. Several mass demonstrations, notably strikes of garment workers, resulted in violence and deaths. Subsequently, the Royal Government of Cambodia (RGC) attempted to suppress protests and demonstrations organized by labor unions and civic and political activists, severely curtailing the freedom of peaceful assembly. The situation somewhat improved after the political parties reached an agreement to end the deadlock in July 2014.

The capacity of CSOs varies depending on the type of organization. Registered organizations tend to have some administrative, financial, and operational management systems, while small and local CSOs are typically unregistered and lack such systems. Most CSOs depend on international donors for funding. Local philanthropy, mainly in the form of communities providing in-kind support, constitutes a limited source of support for CSOs.

The government recognizes the role of CSOs as partners in service delivery, but not policy making. CSOs have limited ability to advocate or lobby with the government. Despite the existence of strategic platforms with CSO representation, CSOs' ideas are rarely given much attention. Moreover, the rules of procedure for policy making do not require public consultation. Sometimes CSO activists are threatened and their demonstrations suppressed.

According to information from the Ministry of Interior (MoI), at the end of 2014 there were 4,378 registered organizations. However, a study commissioned by the Cooperation Committee for Cambodia (CCC) in 2013 showed that only 1,315 of 3,492 registered NGOs and associations in the country were active. An Oxfam report from 2014 found that nearly 25,000 unregistered and community-based organizations (CBOs) operate in Cambodia. The provinces of Siem Reap, Battambang, and Kampong Cham have the highest concentration of CSOs.

LEGAL ENVIRONMENT: 4.1

Cambodia has no law specifically regulating CSOs, though the Constitution of Cambodia, the Cambodia Civil Code of 2007, and various regulations and *prakas* (proclamations) for implementation all apply to CSOs. According to the Civil Code, CSOs operating in Cambodia register at the MoI, which classifies them either as NGOs or associations. Although the legal framework lacks clear definitions, the MoI deems CSOs serving society as NGOs and CSOs serving only their members as associations. Many community-based organizations (CBOs) operate without formal registration, though this is not clearly permitted in law. However, since unregistered organizations are not recognized as legal entities, they face certain limitations. For example, they cannot enter into contracts. INGOs must register with the Ministry of Foreign Affairs and International Cooperation, and renew their Memoranda of Understanding with the government every three years.

Registration is complicated by the uneven application of laws; strict documentation requirements (e.g., office addresses must be certified by local authorities and staff structure must be provided); and the solicitation of bribes by government officials. In addition, CSOs are expected to sign agreements with relevant government ministries that oversee their areas of work and must regularly report their organizational status—including changes in executive directors, organization names, addresses, and regulations—to the MoI. Registration is more difficult for small CSOs based in the provinces, as they must travel to the capital to register. In 2014, CSOs seeking registration with the MoI had to meet new conditions and requirements such as approval from a local municipality, which could provide the MoI more control over registered CSOs. Despite these bureaucratic impediments, CSOs are generally able to register.

In 2014, there were several recorded instances of CSOs—especially organizations working on human rights, democracy, anti-corruption, and other sensitive topics—being pressured in person, by letters, or through actions by local government officials. Moreover, local government officials in some instances have ordered CSOs to stop their activities or work under close supervision. For example, in 2014, the Preah Vihear Provincial Governor sent a letter to the MoI demanding the closure of the local office of a small NGO called Ponlok Khmer, which supports ethnic minorities' land rights. The letter accused the organization of inciting villagers to commit illegal activities. Ponlok Khmer requested a copy of the letter, but received no response. The organization was still operating at the time of writing this report. Some authorities restrict CSOs' activities if they do not have permission letters, despite the fact that these are not required by law. Similarly, authorities restrict CSO activities to particular geographic areas, although the law does not allow for this. In

addition, some CSO workers faced criminal charges in 2014. For example, seven Boeung Kak Lake community representatives were detained, arrested, and convicted following protests outside Phnom Penh City Hall in November. The activists were protesting a city decision to lease land to a private company with ties to the ruling party; the decision ultimately led to the overflow of a lake and extreme flooding.

At the same time, CSOs do not report being subjected to government audits or inspections and generally perceive that oversight of CSOs is not a high priority for most government departments. However, CSOs are concerned that the Law on Associations and NGOs (LANGO), first proposed in 2011, will introduce limitations on operating costs and burdensome registration and reporting requirements and thus restrict civil society's ability to operate.

The 2009 Law on Peaceful Demonstration does not require prior permission to organize a demonstration, but does require notification. However, in practice, prior permission to hold an assembly is required and almost never granted. This discourages would-be organizers who fear they will be investigated by local government officials or even arrested by local police. In 2014, the government viewed CSO initiatives in response to the political deadlock as connected to the opposition political party; as a result, demonstrations were stopped, often violently, and some activists were arrested.

CSOs can legally earn income and compete for contracts from the government.

Any organization can seek tax exemptions in accordance with the Law on Taxation of 1997. All CSO income—including income from business and government contracts—is exempt from taxation as long as it is used to further the organization's non-profit purpose. CSOs can also seek exemptions from withholding tax, but the process is unclear. Property such as vehicles can be exempt from tax, but such exemptions need to be authorized by several government institutions. Gifts and contributions to non-profit organizations are also exempted from tax. However, individuals and businesses do not receive any tax deductions for donations to CSOs.

There are some lawyers and law firms that are familiar with the laws and regulations affecting CSOs. Legal advice is primarily available in Phnom Penh.

ORGANIZATIONAL CAPACITY: 3.8

The organizational capacity of CSOs varies depending on the size of the organization. INGOs are well-equipped with human and material resources, while local CSOs operate with more limited resources and lower capacities in areas such as proposal writing, English language, long-term strategic planning, and constituency building. However, some local CSOs are very strong because they learned from international advisors or are offshoots of international organizations.

Although some CSOs strive to listen to their local constituencies and modify their programs based on local needs, dependence on foreign donors often leads CSOs to be more accountable to their donors than to local citizens or to take up project activities based on the availability of funding. Local CSOs find it difficult to develop strong constituencies due to their limited capacities and resources.

In general, CSOs do not have the requisite knowledge and capacity to develop their own strategic plans. CSOs with sufficient resources hire consultants to develop strategic plans. Even when CSOs have such plans, they do not always implement them over the long term as they are unable to generate sufficient funds or are driven by the availability of funding.

A review by CCC of the 2007-2013 results of Cambodia's NGO Governance & Professional Practices (NGO GPP) certification system identified governing bodies (boards of directors) as particularly weak among other indicators of organizational governance. Nearly all CSOs have defined structures, roles, and responsibilities,

but lack participatory and decentralized decision-making processes. While governing bodies are supposed to play a significant role in organizational leadership, many CSOs do not have clear terms of reference for their boards. Therefore, executive directors dominate both management and governance within organizations.

Most NGOs and associations hire staff on a contractual basis. Many professional staff move to large international organizations and UN agencies. At the same time, many local organizations do not have strategies to retain staff or succession plans to follow when long-serving directors leave. Many local NGOs and associations employ full-time staff rather than providing opportunities to local volunteers. There are more opportunities for international volunteers. To manage their staff effectively, many organizations have personnel policies developed in accordance with Cambodia's Labor Law.

Most organizations have functioning IT equipment, but have limited capacity to fully utilize it. In addition, equipment—which is often donated by other partners or funded through projects—is generally old. CSOs located in more remote areas of the country have limited access to electricity and the Internet. Although the increasing availability of mobile devices could help CSOs in these areas to access and share information, CSOs are concerned that a proposed Cybercrime Law could control social media platforms and other means of online sharing.

FINANCIAL VIABILITY: 4.9

CSOs generally rely on project-based donor funding while sustainable funding, even in the short term, is difficult to secure. Over the last two decades, foreign donors have been the most reliable source of funding for Cambodian CSOs. According to a 2012 study by Suárez and Marshall, about 60 percent of grants and contracts were provided by the United Nations, foreign governments, and INGOs. According to the same study, almost 56 percent of local NGOs secure donations from individuals—often foreigners—and 32 percent of local NGOs earn income through commercial activities. Commercial activities may include income from health clinics, restaurants, office rentals, sale of publications, and craft shops. Over 40 percent of INGOs receive bilateral foreign aid, although just 22 percent of domestic NGOs access such funds. Rarely, some NGOs access development partner funding that is channeled through the state. According to CCC, as of 2012, Cambodian government funding and support in the form of tax exemptions, subsidies, or project-based partnerships accounted for 3.8 percent of NGO income.

After twenty years of investment in Cambodia's civil society, and especially as Cambodia is expected to be declared a low middle-income country by 2018, many donors have started shifting their development priorities to other countries in Southeast Asia, notably Myanmar. With the resulting decrease in funding opportunities, including the phasing out of programs from Concern Worldwide and Trocaire, access to funding was more competitive in 2014. As a result, some CSOs have closed their offices or ceased some projects.

Some international development agencies channel their grants through the government, and in turn, civil society may receive some project funding from the government. However, the RGC does not have a formal high-level partnership with civil society that facilitates the transfer of government funds to civil society and there is no legal framework that requires the government to provide financial support to CSOs.

Local philanthropy, mainly in the form of in-kind support from communities, is limited, and generally targeted to religious and political aims. Corporate social responsibility (CSR) is a new concept in Cambodia and there is no systematic or legal framework to encourage local support from the private sector. A few foundations manage to mobilize funds from individual donors for their specific charities. Many financial contributions benefit the Cambodian Red Cross, one of the largest humanitarian organizations in the country, which benefits from strong bonds to the government. CSOs focused on issues such as children, health, and education also seem to have better access to local funding, including from private businesses.

To promote the sustainability of their programs, CSOs increasingly seek alternative forms of income, including charging for services and selling products. Some organizations have recently transformed their programs or projects into social enterprises. For example, the International Development Enterprise (IDE) has started a business producing and selling ceramic water filters, and several child-focused NGOs such as Friends International and Pour un sourire d'enfants (PSE) operate restaurants. Umbrella and membership-based groups have started to introduce membership fees, which can account for approximately 10 percent of their total incomes.

Large CSOs have sound financial management systems and conduct independent financial audits. Small CSOs tend to have weak financial management systems and do not conduct independent audits, placing their transparency in question. Mainly large organizations produce annual or semi-annual narrative and financial reports. Many local and small organizations do not make their financial reports publicly available, although their donors may audit funded projects. Though sometimes donors support capacity building in financial management, at times donors still complain about CSOs' lack of transparency and weak financial management.

ADVOCACY: 4.4

There is no tradition of public deliberation within the political system and the Cambodian leadership routinely ignores civil society interests in policy formulation. While the government holds some consultations with interest groups, they are not systematic and rarely have influence on decision making.

The eleventh draft of the Development Cooperation and Partnership Strategies (DCPS) 2014-2018 recognizes the CSO sector as a partner in providing social services and supporting community welfare, while other functions such as policy development, advocacy, and watchdog roles were not included. While the DCPS 2014-2018 formally allows CSOs to participate in the annual CSO-Government Dialogue, the dialogue has never occurred, despite many requests by CSOs and development partners. Technical Working Groups (TWGs) promote dialogue and partnership at sectoral and thematic levels. At the national level, NGOs are represented in sixteen of nineteen TWGs, enabling them to contribute in their respective fields.

Despite the obstacles noted above, through government-donor coordination meetings and sectoral TWGs, civil society occasionally has been able to channel the priorities and concerns of Cambodian people into higher-level national policy forums, such as the National Strategic Development Plan (NSDP 2014-2018) and Implementation Program Phase II (IP3-II).

In 2014, many peaceful gatherings organized by CSOs to address the political tension between political parties, as well as demonstrations by communities affected by land conflicts or by labor unions and garment workers seeking higher pay, were suppressed and participants were arrested. In addition, NGOs engaged in other forms of advocacy are also sometimes at risk of government threats or interference. For example, in 2014 the Executive Director of Transparency International Cambodia (TIC), leaders of the Labor Union, and other CSO representatives received anonymous threats. Although the cases were reported to local authorities, the senders were not found and brought to justice. Service delivery organizations generally maintain close relationships with the government and are therefore hesitant to be publicly critical of government actions.

CCC, the NGO Forum on Cambodia, and other networks bring CSOs together for joint advocacy campaigns. Networks such as the Cambodia Youth Network (CYN) and Community Peace Network (CPN) also try to link grassroots communities and organizations to the national level in order to advocate for change at all levels. In 2014, CSO networks coordinated several joint advocacy initiatives such as dialogues with government and coordinated media campaigns when the government rushed to adopt laws on the Status of Judges and Prosecutors, Organization and Functioning of the Courts, and the Supreme Council of Magistracy. However, the government did not address the concerns raised by CSOs.

In 2014, CSOs at both the national and subnational levels made important strides in building constituencies to support their advocacy work. Hundreds of CSOs jointly advocated for a peaceful settlement to the political tension, monitored the situation, and issued joint statements to release arrested human rights and trade union activists. CSOs also united successfully to shelve the first version of the Cybercrime Law released in 2014. However, the law was being redrafted at the end of the year, and CSOs remained concerned that it would undermine the environment for civil society in Cambodia if passed. At the subnational level, CBOs mobilized advocacy support from their communities on issues such as land grabbing, forced eviction, and human rights abuses.

SERVICE PROVISION: 4.1

Although CSOs operate in every province and municipality in the country, the highest concentration of CSO services in 2014 continued to be in Phnom Penh. Throughout the country, CSOs have made great efforts to diversify their goods and services and make them available to the wider community. In 2014, CSOs continued to focus on priority fields such as education and training; agriculture and animal health; health, nutrition and HIV/AIDS; child welfare and rights; and community development. INGOs have a strong presence in the education and health fields, while local NGOs focus on education and training, but have also diversified to other fields such as promotion of civic space, good governance, human rights, and environmental protection. Associations focus on agricultural and animal health, followed by the education and health fields and other approaches to promote human rights and development. In 2014, more CSOs became involved in micro-lending, including through self-help groups, microcredit schemes, rice banks, and animal banks.

CSO goods and services are generally responsive to the needs of their communities, in part due to the limited quality and availability of services provided by the government. Normally, CSOs conduct needs assessments and form entry strategies in a participatory manner before they decide to operate in an area. To ensure inclusive partnership in development, all CSO mandates complement the stated priorities of both the government and local communities. Small associations and CBOs located in the provinces tend to be more familiar with the concerns of the rural population.

In general, CSO services are likely to be accessible to their members and direct project beneficiaries, rather than the broader public. CSOs rarely use their products such as publications, expert analysis, and marketing information for income generation, instead making those products available for free to other sectors such as academia, churches, or government.

In order to increase their sustainability, more CSOs have started to introduce fees for services to some target groups. For example, some capacity development CSOs run fee-based training courses. Other organizations have diversified their activities to include restaurants, tailoring, and vocational training. However, CSOs tend not to charge market prices since communities expect services and products from the government or CSOs to be free.

CSOs working in humanitarian assistance, public service delivery, and community development have gained more support and recognition from the government at both central and subnational levels, particularly in comparison to organizations working in the areas of policy development and advocacy. In 2014, an NGO called Cambodian Disabled People Organization (CDPO) received a piece of land from the government to build an office. However, there are no reports of the government providing grants or contracts to CSOs to provide services.

INFRASTRUCTURE: 4.2

Several membership-based organizations fulfill the roles of intermediary support organizations (ISOs) or CSO resource centers. These include provincial NGO networks and a few NGOs, including TIC, Community Legal Education Center (CLEC), Open Institute (OI), Cambodia Development Resource

Institute (CDRI), Advocacy and Policy Institute (API), and Cambodian Center for Independent Media (CCIM). These organizations have developed various databases, computer applications, media broadcasts, smart device applications, and other means to make information accessible to stakeholders. For example, Cambodian Human Rights Center (CCHR) has created a website (sithi.org) which shares information on human rights issues in Cambodia. International donors have not begun to invest in separate, dedicated ISOs and CSO resource centers in Cambodia.

Throughout the country, development partners such as USAID, UNDP, EU, and AusAID, as well as INGOs such as the Asia Foundation, Oxfam, Diakonia, and Save the Children, operate small and medium size grant programs to benefit CSOs in Cambodia. These grants are typically only made available to the donors' local partners. The few local foundations in the country generally raise funds for their own projects rather than awarding grants to other organizations.

Cooperation among CSOs is increasing, but the depth of cooperation is still quite limited. In some cases, limited funding drives CSOs to compete with each other, while in other cases, funding opportunities facilitate cooperation by requiring collaboration. The extent of cooperation varies considerably by field of work—CSOs in some fields such as humanitarian assistance and public service delivery enjoy high levels of cooperation. In addition, cooperation is strong within umbrella organizations such as CCC and the NGO Forum. Cooperation among CSOs engaged in different fields of activity is generally limited, although there was some improvement in 2014. For example, approximately 150 NGOs from diverse backgrounds joined an advocacy campaign to improve the enabling environment for civil society, which included participating in a consultation workshop, developing a joint statement, and other activities.

In general, national-level NGO coalitions work more effectively than those at the subnational level as they tend to have greater capacity and clearer mandates. In 2014, many development-based and thematic-based coalitions, such as CCC, NGO Forum, CHRAC, and NGO Education Partnership (NEP), continued to function effectively since their roles as coordinators and conveners remained important to their members and other stakeholders. Many national-level coalitions also have good representation in the national TWGs and have better chances to engage in policy consultations or dialogues than coalitions at the subnational level. However, these umbrella groups lack evaluation mechanisms and opportunities to address complaints from members. Information is generally shared only within coalitions, rather than civil society at large. In addition, some shared information is not relevant to members or is communicated in English only. There is no government oversight of partnerships and alliances, although the proposed LANGO would introduce a process for registering and overseeing coalitions.

In 2014, many capacity development services were available that responded to various needs of institutions and CSO staff. In 2014, NGOs such as the Institute to Serve Development Facilitators (VBNK), Silaka, CCC, and API provided targeted participants with capacity building services on such topics as organizational development, fundraising, advocacy, and human rights. Most of the training was also accessible to CSOs in the provinces. For example, in 2014, CCC in collaboration with API provided two trainings on organizational development and advocacy to provincial NGO networks. Even though most of the trainings were conducted in English and required payment, discount rates or scholarships were available for provincial NGO participants. At the same time, some participants found that the trainings were not targeted to the needs and qualifications of participants. Over the last ten years, CSOs have implemented little of the knowledge and skills attained from trainings. Ongoing support and coaching are needed for participants to apply new knowledge in their work.

There are few formal mechanisms to ensure collaboration between CSOs and other development actors and there are no formal partnerships between CSOs and the private sector, although a few CSOs have started discussing CSR with businesses.

PUBLIC IMAGE: 4.0

In general, it is difficult for independent CSOs to promote public awareness of their work and issues and amplify their voices through media.

Cambodia generally ranks near the bottom of worldwide press freedom indices due to government control and influence over the media, threats and violence against journalists, and self-censorship by media practitioners. In 2014, Freedom House ranked Cambodian media as “Not Free” and Reporters without Borders categorized it as being in a “Difficult Situation” with a rank of 144 out of 180 countries. Television is owned or controlled by those affiliated with the dominant ruling political party, while some radio stations are owned by political parties (including the opposition party), NGOs, and independent entities. Most newspapers, with the exception of the foreign language press, are owned by politicians or others affiliated with political parties. Many CSOs utilize the broadcasting services of radio stations that are run by NGOs such as CCIM (known as Voice of Democracy), CCHR, CLEC, and Committee for Free and Fair Elections in Cambodia (COMFREL). In 2014, the government introduced a draft Cybercrime Law, which contained some provisions that could prove harmful to the freedom of expression and right to access information and could therefore have a significant impact on CSOs, which increasingly use online media to communicate with their stakeholders. Although the first version of the Law was shelved in 2014, CSOs remained suspicious about the government’s plans to reintroduce similar measures.

The public perceives CSOs as being more trustworthy than other sectors. A study on Corruption and Cambodia’s Governance System conducted by TIC in 2014 indicated that CSOs received the highest average pillar score (48/100) on the national integrity system compared to other actors such as the legislature, executive, judiciary, and other sectors. The public in Cambodia highly appreciates CSOs whether they are working in service delivery or advocacy. Because CSOs generally work directly with the public and communities, public perception and trust of CSOs are not influenced by government criticism of CSOs. However, the public image of CSOs increasingly is undermined by the small number of CSOs that were created to serve political parties or personal interests.

At the local level, over the last three decades, relations between CSOs and communities have grown stronger, and communities have increased their trust in CSOs. CSOs have become more visible as a result of their work within local communities even though many NGOs still lack the capacity to build broad constituencies for their organizations. Their profiles have risen as watchdogs for political, social, environmental, and economic issues, and they are regularly quoted in newspapers and on popular radio stations, such as Voice of America (VOA), Radio France International (RFI), and Radio Free Asia (RFA).

Besides having a close relationship with the media, CSOs also use ICTs for public relations purposes. Human rights NGOs such as LICADHO and CLEC use bulk messages to share information with their partners through mobile phones.

Since the general elections in July 2013, the environment for civil society has deteriorated. Increasingly, the government has criticized CSOs for causing “incitement” due to their associations with the political opposition, and for having a “main character symptom,” meaning that they amplify their voices only to absorb international aid. The private sector also has some negative perceptions of CSOs, especially those involved in advocacy and human rights.

The CCC-created GPP self-regulation system promotes institutional effectiveness, governance, and professionalism of NGOs in Cambodia. Since it was established in 2007, the GPP has received wide recognition for affirming good work, becoming a symbol of trust, providing a framework for sustainability, safeguarding against improper behavior, offering methods of self-improvement, and promoting accountability. By the end of 2014, GPP had granted sixty-three certificates to applicant NGOs while another almost 200 NGOs are going through the application process. The GPP’s visibility and credibility have driven INGOs and development partners to motivate their local partners to participate in the process. While the

certification system is now only available to NGOs, it is expected that a version will soon be available for CBOs as well. In general, all NGOs, but not all associations or CBOs, publish annual reports.

INDONESIA



CSO SUSTAINABILITY: 4.1

Country Facts

Capital: Jakarta
Government Type: Republic
Population: 255,993,674
GDP per capita (PPP): \$10,700
Human Development Index: 108

Indonesia is an archipelago consisting of more than 15,000 large and small islands. With 88 percent of its 250 million people identifying as Muslim, Indonesia has the largest Muslim population in the world. According to The Economist’s 2014 Global Democracy Index, the quality of democracy in Indonesia is in the “flawed” category, ranking forty-ninth out of 167 countries surveyed and sixth in Asia. However, Indonesia continues to rise in the ranking, improving from fifty-third in 2013 and sixty-seventh in 2012.



In 2014, Indonesia held its fourth general election and third direct presidential election since the fall of Suharto’s authoritarian New Order regime in 1998. Although the presidential election polarized the country, it was relatively free and democratic, resulting in Joko Widodo becoming the seventh President of the Republic of Indonesia. Widodo is considered a populist leader, distinguished from the mainstream political leaders who are primarily former generals or wealthy businessmen linked to the former New Order regime. During the campaign, Widodo was supported by various stakeholders and civil society activists. Other civil society actors conducted election monitoring. Since taking office, Widodo has been open to civil society, even recruiting some CSO figures to serve as key staff in his administration. CSOs have been

well known in Indonesian society since colonial times, mainly in the form of faith-based organizations and social organizations engaged in educational, cultural, and economic advancement of society. In the early 1970s, non-governmental organizations (NGOs) began to emerge and play a role in promoting community-based economic and social development in areas such as education, health, water and sanitation, handicrafts and other small businesses, cooperatives, and legal aid. During the wave of global democratization in the 1990s, CSOs were actively involved in advocating for women's rights and gender equality, civil and political freedoms, and democratic governance. CSOs have contributed to political reform in Indonesia and had some success in promoting democracy and human rights.

The collapse of the authoritarian New Order regime in 1998 and the ensuing transition toward democracy has brought many changes in Indonesia, including a tremendous growth in civil society. Political reform has opened up more opportunities for civil society to participate in public spheres and make the government more accountable. With the freedom of association recognized, the civil society sector has grown rapidly and intensely.

Nevertheless, the role of civil society is still considered weak vis-a-vis the state and the private sector for many reasons, such as CSOs' weak organizational management, human resources, and accountability, as well as their dependence on foreign funding sources. Faith-based organizations and trade unions have somewhat more capacity to influence government decision making.

According to data from the Ministry of the Interior in 2014, there were 139,957 CSOs (both associations and foundations) registered with state ministries: 65,577 CSOs, both in the capital and in the regions, registered at the Interior Ministry; 25,406 charity and humanitarian CSOs registered at the Ministry of Social Affairs; 48,866 foundations registered with the Ministry of Justice and Human Rights; and 108 foreign CSOs registered at the Ministry of Foreign Affairs. The number of unregistered CSOs is unknown, but may be in the thousands.

LEGAL ENVIRONMENT: 4.3

In Indonesia, there are two types of legal entities in the CSO sector: associations and foundations. The Law on Associations, or the *Staatsblad* (Statute) No. 64/1870, is a legacy of the Dutch colonial period. The *Staatsblad* only regulates associations of individuals, not associations of legal entities. Umbrella organizations or associations of CSOs therefore cannot gain status as legal entities with the Ministry of Justice and Human Rights.

In 2001, the government passed the Law on Foundations No. 16/2001, which was amended by Law No. 28/2004. This law defines foundations as not-for-profit legal entities engaged in social, religious, and humanitarian activities. The law regulates in detail the procedures for foundations' establishment and approval by the government, organizational structure and governance, financial reporting, dissolution, and other areas, and generally protects foundations from state interference. State inspections of foundations are only allowed by court order, and dissolution can only be done voluntarily or by court decision. The vast majority of development organizations, including charity and humanitarian CSOs, are registered as foundations.

According to the law, a foundation obtains legal status after its deed of establishment is approved by the Minister of Justice and Human Rights, which poses a burden on foundations located in remote areas. In addition, obtaining legal status is relatively expensive and can take between six and twelve months. Foundations must adopt organizational structures that are defined by law and must be approved by the Ministry.

Instead of registering with the Ministry of Justice and Human Rights, most CSOs instead choose to obtain a Registration Certificate from the Interior Ministry office in the regions. While the Registration Certificate

does not provide legal entity status, it does allow a CSO to operate, cooperate with the government, and receive government grants.

In 2013, the government passed Law No. 17/2013 on Societal Organizations, also known as the Ormas Law. As of the end of 2014, the law was not yet implemented. The law regulates “all organizations founded and formed by the society voluntarily on the basis of shared aspiration, will, needs, interest, activity and purposes in order to participate in the development with the intention to achieve the objective of the Unitary State of the Republic of Indonesia based on the Pancasila” (Article 1). Both Foundations and Associations fall under the category of “societal organizations with legal entity status,” while all other CSOs are categorized as “societal organizations without legal entity status.” The law contains provisions covering the scope of activities of societal organizations, registration procedures with the Interior Ministry, rights and obligations, and restrictions on societal organizations. Under this law, the Interior Ministry has the authority to suspend the activities of societal organizations that violate legal obligations and restrictions. If the organization does not comply with the imposed sanctions, the government can revoke its legal entity status based on a court decision. However, according to the Ormas Law, permanent dissolution of societal organizations should only occur based on a Supreme Court decision.

Many CSOs oppose the Ormas Law on the basis that it unduly restricts the freedom of association by giving government officials wide powers to curtail the activities of CSOs. The CSO Coalition for Freedom of Association filed a judicial review to the Constitutional Court demanding the repeal of this law. In December 2014, the Constitutional Court ruled that the law is constitutional, but canceled several of its articles, including those governing its purpose, some registration procedures, and the position and role of government in empowering CSOs. The Ormas Law recognizes that registration is voluntary. However, in practice, some local governments urge all CSOs to register, especially if they want to deal with the government, and one local government alleges that unregistered CSOs are illegal.

Law No. 36/2008 on Income Tax does not distinguish CSOs from commercial entities. The Law on Foundations and Law on Associations also do not set any conditions regarding tax incentives. As a result, in practice, most CSOs pay income and other taxes and do not receive any exemptions. Government Regulation No. 93/2010 provides limited income tax deductions for persons or entities that provide contributions to national disaster relief, research and development, educational facilities, sports facilities, and social infrastructure development.

Associations may not engage in economic activities. Foundations may only engage in economic activities by setting up business entities or putting shares in enterprises. The profit from a foundation’s economic activities must be used entirely for the purpose of program sustainability and financial independence of the organization.

Presidential Decree 54/2010 concerning Procurement of Government Goods and Services provides extremely limited opportunities for CSOs to participate in government development projects because such projects are considered businesses. CSOs therefore must meet the same requirements as companies, including obtaining a business license, bank guarantee, and the ability to pre-finance projects. Exceptions are granted only to groups of people directly involved in small-scale construction projects, such as building roads and bridges.

Legal advice for CSOs in Indonesia is limited. There is just one organization—the Indonesian Center for Law and Policies Studies (PSHK)—with expertise in CSO law. PSHK provides training in legal drafting to CSOs, government agencies, and members of parliament at the national level and some provinces in Indonesia. Other lawyers have begun to specialize in CSO law and assist CSOs in legal drafting skills and other matters in Jakarta and some provinces.

ORGANIZATIONAL CAPACITY: 3.8

Given the large number of CSOs in Indonesia, their organizational capacities are diverse. However, the vast majority of CSOs do not have adequate independent resources to build their organizational capacities.

Limited financial resources and dependence on foreign donors undermine the ability of many CSOs to continually develop their local constituency bases or implement medium-term plans. Rotation of leadership and professional development of staff are major challenges facing most CSOs in Indonesia. CSOs are generally not able to recruit or retain highly skilled human resources. In general, professional staff salaries in the CSO sector are far below salaries in the private sector. Many CSOs are led by one person, who retains power for a long time.

CSO governance is generally weak. Surveys by the Partnership for Governance Reform released in 2014 assessed governance in various sectors based on transparency, participation, accountability, fairness, efficiency, and effectiveness. The CSO sector received 4.97 out of a possible ten points, slightly better than the government (4.95) and business community (4.79).

An assessment conducted by the Indonesian NGO Council in 2014 found that 74 percent of its ninety-eight members—which are largely small and medium NGOs—have strategic plans. However, only 35 percent of groups with strategic plans involved beneficiaries and other stakeholders in the formulation of these plans. The assessment also found that 45 percent of the Council’s members have professional management staff and policies and procedures on management and staffing; comply with government regulations; and reflect principles of fairness, human rights, and gender sensitivity. The staff recruitment process in these organizations is open and defined, and job descriptions are clear.

Some large CSOs based in the capital and major cities, especially intermediary or resource organizations, are managed efficiently and transparently. Such CSOs have clear missions, engage in participatory strategic planning, and implement their strategic plans consistently. They publish annual reports with audited financial statements on their websites and have governing bodies (boards of directors) that have separate functions and responsibilities from the executive management. These organizations have permanent, well-trained staff and relatively modern equipment.

Most CSOs have computers, printers, Internet access, and LCD projectors.

FINANCIAL VIABILITY: 4.5

Financial viability is the most serious issue facing CSOs in Indonesia. According to the results of a survey conducted in the early 2000s by Catholic Relief Services and Cordaid, funding is one of the greatest needs of 89 percent of surveyed organizations, followed by training (87 percent), organizational management (71 percent), and broader international contacts (75 percent). The situation has not changed significantly in the past decade.

CSOs have relied on foreign funding for many years, while access to funding from government, the private sector, and the public remains very limited and few CSOs have cultivated a loyal core of financial supporters or developed philanthropy development programs. Although there is no official data about foreign donor assistance to Indonesian CSOs, foreign aid levels have steadily declined since Indonesia became a democracy in the late 1990s and a middle-income country, causing financial difficulties and forcing many CSOs to shut down.

Some CSOs—primarily larger CSOs with capital, as well as knowledge and skills in a particular field—try to stay financially viable through economic activity, such as publishing books; providing fee-based training to the public or other CSOs on topics such as fundraising and financial management; or launching small businesses. However, the proceeds from such activities are generally not sufficient to cover organizational costs.

Some faith-based organizations and trade unions are able to mobilize local resources. Islamic organizations, especially prominent ones such as Nahdlatul Ulama (NU) and Muhammadiyah, have established schools or hospitals that generate funds, and also benefit from government assistance. In addition, many religious CSOs are engaged in the distribution of *zakat*. Law No. 23/2011 on Zakat Management provides the opportunity for CSOs to assist in collecting, distributing, and utilizing *zakat*. Some faith-based organizations set up foundations that collect *zakat* and use it to provide for the poor in the fields of education, health, farming, and social development, but in general, a limited number of CSOs benefit from such support. Membership organizations like trade unions rely on membership fees collected automatically through monthly fee deductions. Many community-based organizations also rely on small membership fees.

Corporate social responsibility (CSR) has begun to grow as a potential local funding source for CSOs. A study conducted by the Public Interest Research and Advocacy Center (PIRAC) and Dompot Dhuafa about trends in corporate philanthropy in Indonesia in 2014 found that corporate contributions to social development programs are increasing. In 2014, companies allocated approximately IDR 12.4 trillion (about \$930 million) to CSR programs, an increase of 44 percent in comparison to 2013. Among the sectors of development that generally attract the attention of companies are social services such as education, health, the environment, and disaster relief assistance. Although companies or their corporate foundations typically implement the development activities themselves, the PIRAC study showed that communication and cooperation between the private sector and CSOs progressed in 2014.

In addition, Government Regulation No. 47/2012 requires companies engaged in the natural resources field to have CSR policies. In carrying out CSR, several mining companies have collaborated with CSOs on projects focused on such topics as informal education, health, and the environment. However, many CSOs are not willing to accept such funds because of the potential damage the companies are doing to the environment.

Some CSOs benefit from government funding to implement development projects. For example, since 2007, many CSOs and community groups in both urban and rural areas have participated in the National Program for Community Empowerment (PNPM Mandiri), a poverty reduction program involving citizens in planning, implementation, and monitoring and evaluation.

According to the 2014 assessment of the Indonesia NGO Council, as much as 54 percent of its members have sound financial management systems in accordance with the Financial Accounting Standards Guidelines for Nonprofit Organizations. According to the standards, organizations must undergo independent audits and publish the results on their websites. The standards also provide guidelines for organizational financial accounting and reporting systems.

ADVOCACY: 3.6

CSO advocacy activities encompass a wide range of fields including environmental protection, women's rights and gender equality, civil liberties and political rights, free and fair elections, and good governance. In line with the process of democratization, the government now recognizes CSOs as partners in implementing social development programs and stakeholders in development. In several provinces in Indonesia, there are multi-stakeholder forums in which the government, private sector, and CSOs address local development issues together.

In 2014, a number of CSOs engaged in advocacy and lobbying to influence three notable existing and draft laws being discussed in parliament. First, CSOs vigorously opposed the revised Law 22/2014 on the Election of Governors, Regents, and Mayors. This law changed the procedure of previous local elections—rather than direct election by the people, local officials would be elected by the local parliament. The Association for Elections and Democracy (Perludem) argued that the election of governors, regents, and mayors by the local parliaments is contrary to the spirit of the Constitution. In response to widespread objections by civil society, then-President Susilo Bambang Yudhoyono issued Government Regulation 1/2014 to reintroduce direct elections at the local level.

Second, the Civil Society Coalition for the Revision of Law 17/2014 on the People's Consultative Assembly, the House of Representatives, and the Local Representatives Council advocated to incorporate the principles of public participation in the process of drafting legislation, as well as transparency and public accountability of the legislative bodies. However, almost all of the CSOs' proposals were rejected.

Third, CSOs worked to block laws that undermine civil liberties and political rights. In 2014, the CSO Coalition for Freedom of Association was very active in advocacy and lobbying to overturn the Ormas Law. The Coalition requested the Constitutional Court to review the law, arguing that it was unconstitutional and should be repealed. In 2014, the Constitutional Court granted part of its demand to cancel several clauses that unconstitutionally impede the freedom of association.

CSOs are also active in advocacy and lobbying for local government regulations. In Lampung province, CSOs successfully advocated for Regulation No. 6/2006 on Integrated Services for Women and Children Victims of Violence. In some provinces, CSOs successfully advocated for the adoption of the Local Regulation on the Prevention of Trafficking.

In general, CSOs are fairly effective in influencing the legislative process. For example, in the formulation of draft laws and local regulations, some proposals presented by CSOs in public hearings are promoted by members of the national or local parliaments. However, implementation of laws and regulations is relatively weak in Indonesia. Some laws and regulations have not been fully implemented, and CSOs do not effectively monitor implementation of laws. Moreover, CSOs are generally weak in policy advocacy and in mobilizing other CSOs.

SERVICE PROVISION: 3.9

CSOs in Indonesia actively serve the needs of and seek to empower poor and marginalized communities. CSOs provide services in a variety of fields including education, health, HIV/AIDS, water and sanitation, small business, microcredit, agriculture and animal husbandry, environment, women's empowerment, legal aid, and cooperatives. A number of CSOs provide more complex services, such as assistance to people who suffer human rights violations; environmental protection; and protection of the rights of women and indigenous peoples. Other CSOs engage in civic and voter education, election monitoring, education, and promotion of democracy. There are also several watchdog organizations, such as the Anti-Corruption Watch, Parliamentary Watch, Government Budget Watch, and Democracy Watch.

Although CSO services are very diverse, their impact is limited and services are unsustainable due to limited resources and dependence on foreign donors. If a donor program ends, the service usually ends, and sometimes CSO operations even cease. CSO services also have limited coverage, compared to the size of Indonesia.

In general, CSOs provide services based on the emerging needs of society. CSOs usually design programs based on participatory approaches. Some CSOs are familiar with and practice planning methods such as Participatory Rural Appraisal (PRA). CSO services are generally provided to the community at large, although some CSOs, such as labor unions and cooperatives, provide services only to their members. CSO services for the poor are usually provided for free. If a fee is imposed, it is usually not enough to recover the entire cost of the service.

Several large CSOs have set up enterprises or consulting companies to cover some of their programmatic and institutional costs. Economic activities include selling agricultural products, publishing books, providing consulting services, and conducting project evaluations or surveys.

In some provinces and districts, local governments recognize and even contract with CSOs. In South Sulawesi province, for example, the local government provided funding to CSOs to provide training on HIV/AIDS prevention to village heads. Some local governments entrust CSOs with program evaluation.

However, local government cooperation with CSOs is not yet widespread in Indonesia. At the national level, some CSOs are sub-contractors for government development projects. Experts and consultants from the CSO sector are also recruited to social development projects.

INFRASTRUCTURE: 4.3

More than ten organizations are considered intermediary support organizations or CSO resource centers. These include the Partnership for Governance Reform, KEHATI (biodiversity) Foundation, Tifa Foundation, Indonesia for Humanity Foundation, and the Indonesia NGO Council. Most are based in Jakarta and actively channel funds from international donors or provide capacity building services to small and medium-sized CSOs around Jakarta. CSO capacity building services are also available in Yogyakarta, for example from the Satunama Foundation. However, these organizations can only provide limited support considering the size of the sector.

ISOs and resource centers offer training on various topics, such as accounting, financial management, strategic planning, organizational and resource management, project management, taxation, training of trainers, and fundraising. However, these organizations rely on international donors to fund these services. In addition, some large CSOs have in-house experts, consultants, trainers, and facilitators that are contracted by international agencies and governments through community development projects. Training materials are usually available in the national language, Bahasa Indonesia. In 2014, CSOs had access to training on such topics as fundraising, strategic planning, financial management, policy advocacy, and gender.

There are a number of CSO associations, such as small business development associations and associations of women's CSOs. In addition to channeling funds to their members, these associations provide training in such areas as advocacy, investigation and monitoring of the environment and human rights violations, gender analysis, PRA, small and medium enterprise development, and legal drafting.

The Indonesia NGO Council has ninety-eight members in fourteen of Indonesia's thirty-four provinces. The NGO Council provides information services, publications, and training in order to develop its members' capacities and raises and channels funds to its members. The Council also provides recommendations to international donors on funding priorities, enforces the NGO Code of Conduct, and develops NGO accountability standards.

Intersectoral partnerships between CSOs and local businesses, the government, and media are still nascent and marked by suspicion. However, the sectors have started to communicate and cooperate. For example, the Indonesia Philanthropy Association (PFI) unites prominent individuals, CSOs, family foundations, and companies that provide, serve as intermediaries for, or receive grants for social development and humanitarian programs. PFI aims to strengthen the infrastructure and space for philanthropy in Indonesia in order to promote the role of civil society in social development, humanitarian efforts, and environmental protection.

PUBLIC IMAGE: 4.3

News outlets, especially television and newspapers, are mostly owned by media conglomerates of politicians, who are not interested in publicizing the activities of CSOs. However, CSOs that have broad political impact receive media coverage. In 2014, the media actively covered CSO work associated with anti-corruption and election monitoring. Indonesia Corruption Watch (ICW), for example, received significant media coverage of its efforts against corruption and practices that undermine accountability, including attempts by politicians to reduce the authority of the Corruption Eradication Commission (KPK).

A 2014 survey by Edelman Trust Barometer (ETB) found that the level of public confidence in NGOs increased in 2014 to 73 percent, following a downward trend between 2011 (61 percent) and 2013 (51

percent). The current level of confidence is still below the level of confidence in business (82 percent) and media (78 percent), but is higher than the level of confidence in government (53 percent). According to ETB, the increase is due to three factors: increased transparency and better reporting by NGOs driven to win funding from international donors; the growing partnership between NGOs and businesses; and the public's recognition of the importance of developing civil society and multi-stakeholder partnerships to advance positive change in Indonesia. Faith-based organizations, such as NU and Muhammadiyah, have high levels of public trust.

Relations between government and CSOs are weak, as there is a lack of mutual trust. Many government officials and politicians at national and local levels view CSOs, particularly advocacy-oriented CSOs that target government policies at national and local levels, as anti-government forces. Many in the government consider CSOs that receive foreign funds to be foreign agents. However, some local governments cooperate with CSOs engaged in community development and service provision, viewing them as partners and stakeholders in development.

Cooperation between the business sector and the CSO community is limited, though growing. The private sector perceives CSOs as having weak financial management and lacking financial transparency. Businesses are therefore reluctant to distribute CSR funds to or through CSOs. However, several multinational companies do channel their CSR funds through CSOs.

CSOs' public relations capacities are very weak. Their annual reports are not appealing to a wide segment of the population, and information on their websites might not be updated. CSOs rarely issue press releases and even when they do, the media does not publish them. CSOs rarely advertise their activities through national or local media. To obtain media coverage, CSOs sometimes invite journalists to particular events or organize press conferences. Some CSOs have begun to actively build their public relations through social media, such as Twitter and Facebook, but their accounts are not professionally managed.

Law No. 20/2008 on Public Information requires CSOs that receive central or local government funding, foreign aid, or public donations to publicly disclose information about this funding. However, in general only a few CSOs undergo independent audits and publish their narrative and financial reports.

Various initiatives aim to improve the transparency and accountability of CSOs. These include the NGO Association for Enforcement of Code of Ethics, established in 2002; Transparency and Accountability of NGOs (TANGO) established in 2004; and the Working Group on CSO Accountability, which met between 2008 and 2010. These initiatives led to the establishment of the NGO Council in 2010, which focuses on self-regulation among its members. The NGO Council has devised and implemented the NGO Code of Ethics and NGO Accountability Minimum Standards, although members do not fully comply with them.

NEPAL



CSO SUSTAINABILITY: 4.4

Country Facts

Capital: Kathmandu

Government Type: Federal Democratic Republic

Population: 31,551,305

GDP per capita (PPP): \$2,400

Human Development Index: 145

Nepal is a diverse country in terms of geography, ethnicity, language, religion, and caste. For most of its history, Nepal was governed by a series of hereditary rulers. In 1990 a popular uprising, Jana Andolan (People’s Movement), ushered in a new period of political freedom. Since 1990, the government and political parties have been relatively supportive of civil society and its role in promoting democratization.



From 1996 to 2006, the country was embroiled in civil war between the state and the Communist Party of Nepal (Maoist). Given the turbulent situation, Nepal has not held local elections since 1997.

The Interim Constitution of Nepal of 2007, based on the Comprehensive Peace Accord signed in November 2006, guarantees the freedoms of association, assembly, and speech, as well as respect for human rights, thereby laying the foundations for unprecedented growth of registered CSOs. The first Constituent Assembly (CA) was held in 2008, but was dissolved in May 2012 without the promulgation of a new constitution. A second CA election was held in November 2013, and its first meeting was held in January 2014. The CA

worked throughout 2014, but significant issues, including the governance system, judicial system, and the territorial divisions in the country, had not yet been resolved by the end of the year.

In February 2014, Sushil Koirala was elected Prime Minister of Nepal. Although Prime Minister Koirala emphasized zero tolerance for corruption and promised to promote government transparency and accountability, government corruption remains pervasive.

Political parties dominate Nepalese society and influence almost every sector, including civil society. Many CSOs, including federations, are co-opted by political parties or require party support to win leadership positions or gain access to decision makers. In addition, CSOs that may be implementing legitimate projects are often identified with a particular party through past affiliations or their leadership's history. These relationships—perceived or real—often delegitimize positive CSO contributions and hinder CSOs' relations with the community or government. For the purpose of this evaluation, trade unions are not considered as part of the CSO sector given that they are mostly arms of political parties or affiliated with, and face undue influence from, political parties.

Although caste-based discrimination has been illegal since 1962, Nepal retains its centuries-old caste system and many of its related practices. The *Dalit*, the group most discriminated against, suffers from poor public services, inadequate economic opportunities, social stigma, and other forms of neglect by the state and society. Dalit CSOs, however, exist and form federations. For example, about 300 member organizations compose the Dalit NGO Federation.

Many policy documents emphasize the need and commitment of the state to create an enabling environment for CSOs. Despite this, legal impediments remain. For example, multiple ministries—including the Ministry of Women, Children and Social Welfare (MoWCSW), Ministry of Home Affairs (MoHA), Ministry of Federal and Local Development (MoFALD), Ministry of Forestry (MoF), and Ministry of Commerce and Industries (MoCI)—regulate CSOs, each with their own legal frameworks.

CSOs work in a variety of areas, including community and rural development; women's empowerment; human rights; legal aid; election observation; public health; environment; AIDS and drug abuse control; youth activities; child welfare; educational development; and handicapped and disabled services. According to the Social Welfare Council Act (SWCA) of 1992, as of July 2014, the number of CSOs registered with the MoWCSW's Social Welfare Council (SWC) exceeded 39,759. The number of CSOs registered with District Administration Offices (DAO) under the MoHA is likely much higher. Around 700 professional groups and CSOs are registered under the Companies Act of 2006 with the Company Registrar's office in the MoCI.

LEGAL ENVIRONMENT: 4.0

The Interim Constitution of Nepal provides that "the state shall pursue a special policy to regulate the operation and management of public and non-governmental organizations established in the country."

The Associations Registration Act (ARA) of 1977, amended in 1992, is the primary law governing CSOs in Nepal. CSOs register under the ARA at the relevant DAO. The ARA gives each DAO the authority to register, guide, direct and supervise CSOs within its district. According to CSOs in Nepal, the ARA is out of date as it envisions CSOs only as service providers; is not CSO-friendly; and does not readily apply to the diverse range of CSOs in the country.

The Social Welfare Council Act (SWCA) of 1992 facilitates, promotes, mobilizes, coordinates, monitors, and evaluates the activities of domestic and foreign CSOs. Its mandate includes advising the government on CSO development-related policies and programs. According to the SWCA, registration with the SWC is mandatory if an organization seeks to receive foreign or government funding or technical assistance. CSOs then must obtain prior approval from the SWC on a case-by-case basis to receive any foreign or government

assistance—financial, material, or technical. International CSOs also register with the SWC.

The Local Self-Governance Act (LSGA) of 1999 recognizes the role of CSOs as development partners. This act encourages Village Development Committees (VDCs), District Development Committees (DDCs), and municipalities to involve CSOs in the identification, formulation, implementation, and evaluation of projects.

The National Directive Act (NDA) of 1961 is mainly used to regulate trusts, professional associations, federations, and networks of professional associations. Associations registered under the NDA with the Company Registrar's Office are directly accountable to the government and are not required to report or renew registration with a DAO. Unless formed by the government itself, groups registering under this Act must apply and receive approval from the Cabinet. These professional groups include the Nepal Bar Association, the Teacher's Association, medical/nursing associations, faith-based organizations, Federation of Nepalese Chambers of Commerce and Industries (FNCCI), and the Nepal Chamber of Commerce (NCC).

There are also thousands of CBOs such as mothers groups, self-help groups, and consumer groups in Nepal that directly promote community interests. These groups often are affiliated or registered with local authorities. For example, Community Forest User Groups registered with District Forest Offices and Water User Groups registered with District Irrigation Offices are given management rights over local forest and water resources. Savings and credit groups are registered with the Division Cooperative Offices (DCO) under the Cooperative Act of 1992.

While CSOs are not generally harassed by the government, they do face several bureaucratic difficulties with registration. Government employees are inconsistent in their application of the legal framework and it can take months to complete the registration process. Founders of CSOs must submit their citizenship certificates along with other documents. However, many Nepali people lack citizenship certificates, which prevents them from establishing CSOs. In addition, many DAOs ask for police reports on the founders before registering a CSO and may deny registration based on the findings of these reports.

CSOs need to renew their registrations annually. To renew registration, CSOs are required to submit annual activity reports and audited reports approved by their general assemblies. According to the SWCA, these reports must be submitted to the DAO and SWC within four months of the end of the fiscal year.

In 2014, Nepal adopted the Development Cooperation Policy, which aims to build a self-reliant economy by effectively mobilizing development cooperation, thus helping to transform Nepal into a prosperous democratic country. Section 2.9 of the policy, which addresses civil society, requires all CSOs established in Nepal with the objectives of mobilizing development assistance to be registered with the SWC and to get prior approval from the SWC before mobilizing such assistance. In addition, it requires CSOs to align all activities with Nepal's national development priorities and to coordinate them with the relevant ministry or local government agency.

In early 2010, the Nepal Rastra Bank (Central Bank of Nepal) began restricting CSOs from opening saving accounts in banks, thus precluding them from earning interest. This policy has particularly affected organizations operating at the village level, which would benefit from interest to carry out small-scale social development projects. The NGO Federation of Nepal has lobbied with the government to withdraw this provision, but had no success in 2014.

CSOs' income from donations and membership fees are not taxed. CSOs are exempt from customs duties for specific imports, such as equipment to serve persons with disabilities and orphanages. To receive these exemptions, CSOs must secure prior recommendation from the relevant line ministries and final approval from the cabinet, which is a lengthy process. Tax benefits and customs exemptions are often subject to public officials' interpretation of the law or the influence of CSOs' personal connections. Individuals and legal entities that donate funds to CSOs do not receive any tax benefits or exemptions.

A CSO is allowed to earn income from the provision of goods and services, as long as the profit from such activities is used to pursue its mission; the activities conform to the CSO's objectives; and the profit is not distributed among CSO members or staff. To participate in government tenders, including those for UN projects implemented through government ministries, CSOs—like businesses—are required to have Permanent Account Numbers (unique taxpayer identification numbers) and to be registered with the Value-Added Tax (VAT) system.

Most lawyers are familiar with the existing legislation governing CSOs and can provide legal assistance. In addition, some lawyers are specialized in CSO legal issues. While legal service providers are readily available in the major cities, legal counsel remains largely out of reach for CBOs and small CSOs at the local level, which often lack the financial means to hire qualified lawyers. In addition, many local CSOs are unaware of the legal service providers in their localities.

ORGANIZATIONAL CAPACITY: 4.5

Many Kathmandu-based CSOs—especially those focused on development—are donor driven and therefore typically do not develop their own constituencies. Instead, these organizations move from project to project according to the availability of funding. However, certain CSOs that concentrate on specific fields like human rights, child rights, right to food, HIV/AIDS, the Dalit community, women, ethnic minorities, and governance have developed strong constituencies. This includes such groups as Dalit Welfare Organization (DWO), Informal Sector Service Center (INSEC), and the Forum for Women, Law and Development (FWLD). Some CSOs have developed constituencies based on ethnicity to serve their particular communities.

Most CSO statutes include organizational visions, missions, goals, and objectives. CSOs are also aware of the importance of strategic planning. However, they typically engage in ad hoc planning in order to meet the requirements of available funding rather than long-term planning. In addition, many CSOs copy mission and vision statements from other CSOs in order to register.

CBOs, including self-help groups, mothers groups, and consumer groups recognized under LSGA, mobilize resources from local government authorities to serve communities at the grassroots level. However, very few CBOs have clear visions, goals, or objectives, and most lack access to capacity building opportunities.

Most CSOs are family-based. As a result, CSOs—like entities in other sectors in Nepal—tend to have poor governance practices, and generally lack fair elections for executive committees, regular meetings of executive committees, and clear divisions of responsibilities between the board of directors and the management.

Most CSOs rely on staff hired on a part-time, intermittent, or project basis. Smaller CSOs especially face difficulty retaining skilled staff due to the limited number of qualified workers and competition from other CSOs and international development organizations. Therefore, most CSOs rely on volunteers, but in general the culture of volunteerism in Nepal has declined drastically due to economic hardship in the country and access to foreign employment opportunities.

Most CSOs have basic technical equipment, including computers, as well as Internet access. However, small, rural-based CSOs lack the financial resources needed to acquire such equipment. Furthermore, only 25 percent of the population regularly uses the Internet and Internet access is affected by lengthy power cuts.

FINANCIAL VIABILITY: 4.8

According to a Pilot Study on Improving Aid Transparency conducted by the Non-governmental Organization (NGO) Federation in May 2012, 61 percent of CSO respondents reported that CSOs seek foreign aid because they lack domestic resources. Similarly, 89 percent said they lack information on the foreign aid available. These percentages suggest that most CSOs in Nepal lack sustainable sources of funding.

Almost all CSOs—especially those working on advocacy, awareness raising, capacity building, the Dalit community, women, persons with disabilities, human rights, and good governance issues—depend on foreign funding. Although no reliable data is available, foreign funding for CSOs from sources like USAID, the United Kingdom’s Department for International Development (DFID), the Swiss Agency for Development and Cooperation (SDC), Japan International Cooperation Agency (JICA), Norwegian Agency for Development Cooperation (NORAD), and Danida increased in 2014. Support was mainly focused on constitutional drafting, human rights promotion, and good governance.

The SWCA regulates the flow of domestic and foreign assistance to registered CSOs. CSOs need approval from the SWC to obtain funds, technical expertise, and any other form of assistance from foreign governments, international non-governmental organizations (INGOs), domestic and foreign individuals, or the Government of Nepal. Once approval is granted, donors are obliged to release funds to CSOs through commercial banks in Nepal. An INGO may access its funds only by opening an account in a commercial bank. These processes involve many bureaucratic hurdles detrimental to CSOs’ activities, particularly those of smaller and rural-based CSOs.

Some CSOs like Rural Reconstruction Nepal (RRN) and Local Initiative for Biodiversity Research and Development (LI-BIRD) have been able to mobilize joint funding from the government and donors through government ministries. For example, under the Multi-Stakeholder Forestry Program (MSFP), the Ministry of Forestry supported a dozen CSOs to promote better management of forest resources. These CSOs received more than one billion Nepalese rupees (about \$9.5 million) through this program in 2014. Since 2008, MoFALD, in collaboration with a consortium of donors, has operated the Local Governance and Community Development Program (LGCDP) to improve local governance through effective service delivery and citizen empowerment. The program has provided funding to hundreds of CSOs on a competitive basis. Similarly, the World Bank-funded Poverty Alleviation Fund (PAF) is working with more than 23,000 CBOs. The SWC also provides limited funds to local CSOs on an annual basis. In 2014, SWC granted 1.5 million Nepalese rupees (approximately \$15,000) to sixteen CSOs.

In general, local sources of funding—particularly from philanthropy—are scarce. However, some membership-based CSOs, such as faith-based organizations, professional associations, and transport associations, primarily rely on local financial resources, mainly fees from their members and donations. Other CSOs, like Transparency International Nepal and Maiti Nepal, have been able to secure small amounts of funding under CSR programs, including those of the Ncell mobile company and some commercial banks, to promote good governance and stop human trafficking. Some CSOs have been allowed to place donation boxes in prominent public places and raise additional funds by imposing stamp duty on air tickets. However, such public fundraising initiatives have little impact on overall CSO sustainability.

Smaller CSOs struggle to receive both foreign and local funding due to strong competition from larger CSOs. Smaller CSOs are less able to conform to donor requirements, demonstrate sound internal governance, or win the trust of stakeholders necessary to receive funding.

CSOs can also earn income from fees for services. However, recipients of services often cannot afford to pay fees. Some CSOs such as Women for Human Rights (WHR)—an organization representing single women—charge fees for services, such as renting their meeting halls or selling commercial products. However, these sources do not make up a significant portion of organizational budgets. Nepal Rastra Bank has authorized a very limited number of CSOs to operate microcredit schemes.

CSOs registered under the SWCA must submit annual reports and audit reports to renew their registrations with the government. In the districts, some CSOs engage licensed individuals from local agencies of line ministries to conduct their audits, which creates potential conflicts of interest. Although they comply with the reporting requirements, most CSOs do not have sound financial management systems. They tend to hold nominal general assembly meetings and maintain their books in an informal manner. Although some larger

CSOs have better financial management systems, they lack internal democracy within their organizations, as board members are often comprised of family members who control funding and membership.

ADVOCACY: 4.0

Nepalese CSOs engage in advocacy initiatives targeting policy makers and local communities to achieve their core objectives. They also increasingly critique state policy and propose alternatives for monitoring public policy and service delivery. Professional groups, women's groups, and organizations involved in issues such as human rights, Dalit rights, and good governance have implemented hundreds of awareness campaigns to provide comparative examples of democratic processes. However, CSO advocacy and lobbying efforts in the constitution making process remained weak in 2014.

While many successful advocacy initiatives in Nepal credit their achievements to a show of mass support, linkages between local and national level organizations are not always strong. Frequently, the views and voice of the grassroots remain unheard, and advocacy agendas remain disconnected and therefore weak. Additionally, coalition building can be hampered by the image, and to some extent the reality, of a party-dominated sector, and the narrow issue focus maintained by many organizations. Because many organizations are identified with political parties, issues may become politicized and CSO recommendations may be considered unacceptable on the basis of which party's views they reflect.

Article 35 of the Interim Constitution envisions public participation in governance and the enactment of a legal framework to facilitate this participation. The Right to Information Act and the Good Governance Act reinforce the state's commitment to recognizing the strengths of CSOs as development partners by engaging them in policy planning, implementation, and monitoring, but these laws are weakly implemented. The LSGA creates a CSO-friendly environment in the VDCs, DDCs, and municipalities by making these local bodies responsible for engaging CSOs, including CBOs, in various aspects of development. For example, local bodies are mandated to provide seed funds for CSOs to organize public hearings, public audits, and social audits to promote local government accountability and transparency. In 2014, VDCs, DDCs, and municipalities provided funds to local CSOs and CBOs in all seventy-five districts of Nepal. However, the level of public participation in policy making and implementation depends on the discretion of concerned officials. Moreover, the absence of local elections since 1997 makes it difficult to hold these local bodies accountable.

While CSOs have lines of communication with local, and to some extent, central level policy-making bodies, this communication depends largely on personal relationships. CSO representatives are invited to parliamentary committees to make presentations in their fields of expertise and observe the parliamentary process, but CSOs often find they are unable to influence legislation substantially. There are some collaborative programs between government and CSOs, such as the LGCDP, PAF, and the Governance Facility. CSOs have worked with local agencies of line ministries on health, education, agriculture, human rights, governance, climate change, and natural resources issues. For example, GoGo Foundation was nominated by the Office of the Auditor General of Nepal to develop "Guidelines to Engage Civil Society in the Auditing Process-2014." These guidelines were approved by the Auditor General and are now implemented. However, such collaboration generally does not extend beyond small projects.

At the community level, CSOs work to eliminate structural poverty and cultural taboos, and to uphold human rights and good governance. For example, women's organizations promote gender empowerment; Maiti Nepal and similar organizations work against the trafficking of girls and women; Dalit organizations advocate against social injustice and the caste concept of untouchability; and GoGo Foundation focuses on good governance and anti-corruption. As a result, these issues have become prominent in public debates and discourse. Human rights organizations like INSEC regularly document and publish reports of human rights violations. Mothers' groups have successfully mobilized the public against alcohol and gambling. Youth

groups also have mobilized to demand human rights and improve public service delivery and governance. However, youth activism is generally not well organized and has not launched strong campaigns.

In 2014, Nepalese CSOs organized some events to discuss the need for a Social Development Act that would categorize organizations based on their objectives and fields of expertise in order to address some of the weaknesses of the ARA.

SERVICE PROVISION: 4.3

CSOs in Nepal offer a wide range of goods and services in fields with little government presence, such as health, education, water, sanitation, relief work, awareness raising, and vocational training. For example, LI-BIRD works to improve livelihoods through farming and gardening. GoGo Foundation and Freedom Forum work to promote the right to information. Many CSOs are also involved in marginalized community issues, including youth and women's empowerment, and provide services to improve health, sanitation, and literacy. CSOs have initiated various projects financed by international agencies. For example, with support from USAID, World Bank, DFID, SDC, and Danida, projects like Sajhedari Bikaas, PAF, and Strengthening the Accountability of Local Government (SALGP) have mobilized numerous CBOs to promote governance, education, health, and sanitation in local communities.

Many large CSOs based in the capital maintain branch offices in regional hubs, as well as in some districts. They work in health and sanitation, education, agriculture, environment, and human rights. CBOs exist in all VDCs in Nepal. CBOs in rural VDCs play an indispensable role in providing basic services to local communities, especially mothers groups, community forestry groups, ward citizen forums, citizen awareness centers, agriculture groups, human rights activists, and forest and water user groups. However, due to the geographical remoteness of these communities and limited funds, they are not always able to provide adequate services. In addition, while CSOs try to develop strong relationships with their beneficiaries, they rarely engage beneficiaries when developing project proposals. Due to limited resources and capacities, local CSOs cannot carry out local needs assessments, instead focusing on donor priorities to mobilize funding.

CSOs increasingly provide trainings, organize workshops, disseminate publications, and provide expert analysis for policy input, but these products and services have yet to reach the level of professionalism needed to influence policy.

Some CSOs working on health and sanitation, education, and environment charge nominal fees for their services to ensure organizational sustainability. However, CSOs are largely unable to recover the costs of services because they lack clear cost recovery strategies and do not understand the market for their services.

The national government has recognized the contribution of CSOs in strengthening democracy and providing services. CSOs sometimes partner with the government to implement government policies, receiving nominal grants, which mainly originate from donors, for this work. Although state policies acknowledge CSOs as partners in national development, relations between the state and CSOs can be uneasy and contentious. In some cases, the government does not trust CSOs to provide services. Some government officials believe that human rights organizations carry out foreign agendas and thereby threaten national security. Partnerships between government and CSOs therefore are usually temporary and collaboration is limited even on particular projects. In addition, CSOs believe that political connections play a strong role in the award of government tenders.

INFRASTRUCTURE: 4.6

While there are no local organizations that work as intermediary support organizations, to some extent, USAID, DFID, SDC, Danida, the Norwegian Embassy, and the World Bank have all invested funds to improve their partners' capacities, helping them to establish financial controls, better management practices,

and networks and alliances. In addition, donor-funded projects like Sajhedari Bikaas, LGCDP, Governance Facility, and SALGP have included components focused on building the capacities of grassroots and intermediary CSOs at various levels. Capacity-building support has focused on proposal writing, advocacy, internal governance, conflict mitigation, and the use of social accountability tools. In addition, in recent years, some programs helped to establish CSOs as resource centers. For example, the World Bank's Program for Accountability in Nepal (PRAN) has provided grants to the South Asia Partnership (SAP) Nepal to establish resource centers that aim to strengthen grassroots capacity and networking around social accountability. The SWC provides some capacity building for CSO personnel and provides small grants to a limited number of CSOs. Even national CSOs primarily depend on donor support to build their organizational capacities.

Despite the existence of these programs, most CSOs have limited access to information, technology, and training. Most resource facilities are based in Kathmandu, making them largely inaccessible to CSOs working in remote areas.

Grant-making organizations in Nepal include The Asia Foundation, PACT, CECI, OXFAM, and CARE. The Asia Foundation frequently provides sub-grants of 500,000 (about \$4,800) to 15 million Nepalese rupees (about \$142,500) to local CSOs working on human rights, peace, conflict mitigation, constitution making, election monitoring, governance, right to information, climate change, and other issues. A few specialized CSOs like RRN provide small grants for local infrastructure development. However, these organizations are also project based, and their funding originates from their headquarters or other international donor organizations.

CSOs routinely work in coalitions. There are numerous officially registered federations, including community forestry federations, the NGO Federation, Dalit NGO Federation, Association of Community Radio Broadcasters Nepal (ACORAB), FNCCL, as well as hundreds of other networks and coalitions. Some CSOs, including the NGO Federation of Nepal and SAP Nepal, are dedicated to facilitating information sharing among CSOs. CSOs have also developed communication platforms to share information on human rights, agriculture, and other issues. For example, the website of the National Network on Right to Food Nepal (RtFN) aims to share information with those working on right to food issues. In addition, some online platforms and TV and radio stations have initiated services for CSOs to promote projects and recruit staff.

Hundreds of donors in Nepal have invested in capacity building, resulting in many independent trainers and training institutions, including Chetana Kendra, Media House, Sancharika Samuha, Himawanti-Nepal, and the Social Welfare Institute. These groups provide training for CSOs on strategic development, monitoring and evaluation, proposal writing, institutional capacity building, resource mobilization, advocacy, and networking. Training materials are available mostly in English and Nepali. Some specialized trainers and companies provide advanced training in such areas as financial management, strategic management, and fundraising. However, these kinds of trainings are out of reach geographically and financially for CSOs based in remote areas.

Intersectoral partnerships are at a nascent stage in Nepal. For example, the concept of corporate social responsibility (CSR) was just introduced in Nepal a few years ago. However, CSOs are aware of the possible benefits of intersectoral partnerships, and partnerships between CSOs and the private and public sectors have begun to emerge. For instance, Surya Nepal, Ncell, and Nabil Bank have provided financial support to CSOs to advocate on anti-corruption and human trafficking, as well as other issues.

PUBLIC IMAGE: 4.7

The media often presents national CSOs as urban-based and out of touch with local communities; focused on stirring ethnic issues or promoting Christianity; associated with partisan politics; unaccountable to government or private donors; lacking in transparency; or characterized by poor internal governance,

nepotism, and self-dealing. There is a lack of more specialized media coverage by journalists who understand and interact with CSOs.

While the media rarely analyzes the achievements of CSOs, some media outlets have provided coverage of CSOs' activities and helped to generate public support. For example, some local media outlets have allowed CSOs to present their local programs and budgets. In addition, some radio stations provided live coverage of district level public hearings in 2014. CSO campaigns on constitution building and large organizations working in healthcare and public welfare have received much publicity. Only large CSOs such as RRN, INSEC, and BASE have resources to pay for public service announcements (PSA) and advertisements—most media outlets charge for both. Sometimes radio stations allow smaller CSOs to make PSAs about their missions for free.

The public's perception echoes media messages—that CSOs are donor-driven and lack transparency, accountability, and reliability. The public perceives that most CSOs and civil society platforms are run by the same privileged caste and groups that dominate politics and governance in the country. At the same time, the public appreciates services provided by CSOs in difficult times. During the civil war, CSO services were critical to local communities.

The relationship between civil society and government is characterized by both confrontation and cooperation, and on the part of government, by ambivalence towards civil society that ranges from distrust to recognition of its utility in the context of service delivery. While the government and CSOs sometimes have a tense relationship, the government's attitude towards the role of CSOs is gradually improving. Many government officials view CSOs as a means of communicating with and receiving political favor with local communities, as well as key partners in development. The government has also recognized the role of CSOs in achieving the goals of the prolonged transition period to democracy. CSOs and the business sector have recently engaged in more dialogue on possible collaboration. However, there is no regular platform to promote such collaboration. While businesses tend to appreciate the role of service-providing CSOs, they are wary of collaborating with CSOs working on governance or consumer rights. The government and business sectors also question the accountability and transparency of CSOs.

CSOs attempt to promote their activities and public image through traditional and social media. They try to engage journalists to receive coverage in print media, radio, and television. Most CSOs based in urban areas also have their own websites to promote their activities.

Most CSOs lack internal democracy, transparency, and accountability. Very few CSOs have developed or follow codes of conduct. However, the NGO Federation, the Association of International Non-Governmental Organization Nepal (AIN), RRN, INSEC, and GoGo Foundation, among others, have developed codes of conduct and encourage their members to comply with them.

Although the Right to Information Act of 2007 recognizes CSOs as public organizations and mandates them to publicize their budgets and activities on a quarterly basis, few CSOs comply with these requirements. CSOs are obligated to submit annual financial audit reports and administrative reports to the DAO, DDC, and SWC to renew their registrations. However, these institutions lack the organizational capacity needed to evaluate the reports submitted by CSOs. Some leading CSOs share their annual reports on their websites to demonstrate transparency and enhance organizational visibility among donors and other stakeholders. In addition, some CSOs have initiated "public audit" processes where they present their financial transactions and respond to queries raised by their stakeholders, including local communities.

PHILIPPINES



CSO SUSTAINABILITY: 3.3

Country Facts

Capital: Manila

Government Type: Republic

Population: 100,998,376

GDP per capita (PPP): \$7,000

Human Development Index: 117

Since 1986, when the Marcos dictatorship fell, the government in the Philippines has codified the role of CSOs in the legal framework, including the 1987 Constitution and the 1991 Local Government Code. In general, the government has remained open to civil society over the past twenty-eight years, although the democratic space for CSOs has expanded or constricted slightly depending on political dynamics. The current President Benigno Simeon C. Aquino was elected in May 2010. He had strong support from many CSOs and volunteer groups for his anti-corruption platform.



Since his term began, government-CSO relations have flourished, with the government accepting CSOs as watchdogs and partners in service delivery. Notably, the Aquino government opened up national and local budgets to public scrutiny, allowing CSOs to engage actively with the government in the identification of priorities, allocation of resources, and monitoring of expenditures. Some CSO leaders have also been recruited into high-level government positions, including key cabinet positions, further opening avenues for government-CSO engagement on key social development issues.

In 2013, however, alleged misuse of \$230 million from the Priority Development Assistance Fund (PDAF) by government officials and a business executive was exposed. Reportedly, the funds were laundered through CSOs to implement non-existent programs. As a result of the PDAF scandal, the government became more wary about working with and funding CSOs and adopted several measures in 2013 to 2014 to regulate CSOs more closely. At the same time, the CSO response to the devastating Typhoon Haiyan (known as Typhoon Yolanda in the Philippines) in November 2013 helped recover the tarnished public image of CSOs somewhat.

In the Philippines, CSOs are generally categorized as either people's organizations (POs), non-governmental organizations (NGOs), or cooperatives. Cooperatives are organized based on international cooperative principles and are registered with the Cooperative Development Authority (CDA). Sectoral organizations, such as workers' associations, farmers and public transport drivers' associations, community-based organizations, issue-based organizations, and other membership organizations are commonly called POs. CSOs that provide citizen mobilization, education, research, and other services to communities, sectors, and other CSOs are called development NGOs or simply NGOs.

The sector offers a wide range of goods and services that are generally responsive to the needs and priorities of communities and are valued by the government. CSOs have formed many issue-based coalitions and have been effective in broad-based advocacy campaigns and lobbying efforts. CSO networks and associations provide training and other services for their member CSOs and provide a common platform for advocacy efforts. CSO financial viability, on the other hand, is weak. Few CSOs have sufficient diversified funding sources to be sustainable. CSOs raise some local funding, but these funds are generally in short supply. POs and cooperatives mainly rely on members' contributions and some local support, while NGOs primarily rely on foreign and local grants, which continue to dwindle.

CSOs can acquire primary registration from four different government agencies. While there is not a combined database of CSOs, the most recent data indicates a total of more than 300,000 registered CSOs: 250,922 CSOs were registered as non-stock, non-profits with the Securities and Exchange Commission (SEC) as of 2013; 24,633 cooperatives were registered with the CDA as of 2014; 12,350 homeowners associations were registered with the Housing and Land Use Regulatory Board (HLURB) as of 2012; and 18,428 workers' unions and associations were registered with the Department of Labor and Employment (DOLE) as of May 2013. According to a SEC official, a significant number of CSOs registered with the SEC are inactive. Most inactive organizations do not de-register because of the lack of awareness that they need to do this and the inconvenience involved.

LEGAL ENVIRONMENT: 3.2

The political and legal frameworks in the Philippines are very supportive of civil society. The 1987 Constitution acknowledges the right of citizens and their organizations to a reasonable level of participation at all levels of decision making. The 1991 Local Government Code provides for the participation of CSOs in local government planning, policy making, and delivery of social services. However, except for cooperatives and workers' unions and associations, there is no clear legal framework regulating CSOs.

Four government agencies provide primary registration and regulate CSOs based on the laws creating them and the agencies' administrative rules: the SEC for all non-stock, non-profit organizations; the HLURB for homeowners associations; the CDA for cooperatives; and the DOLE for labor unions, workers' associations, and federations. Aside from registering with these agencies, CSOs often must acquire secondary registration with government agencies like the Department of Social Welfare and Development (DSWD), Department of Agriculture, or Department of Education, depending on their programs or services.

While primary registration is relatively easy, the absence of registering offices outside the major cities is a challenge for many CSOs, especially given the archipelagic geography of the country. Also, compliance with annual reporting and monitoring requirements is often difficult, especially for smaller organizations and those located far from regional centers. For example, every SEC-registered CSO must submit on an annual basis an

audited financial report approved by the Bureau of Internal Revenue (BIR), the minutes of its annual meeting, and a general information sheet. Failure to submit these documents for five consecutive years delists the CSO from the SEC registry.

In general, CSOs are allowed to operate freely and participate in matters of public interest. The 1987 Constitution provides that the state cannot arbitrarily close down any organization. CSOs may even remain unregistered, though unregistered organizations cannot enter into legal contracts or open bank accounts in the name of their organizations.

At the local level, there are isolated but concerning incidents threatening the freedom to criticize local government and/or company policies, particularly in communities of indigenous peoples (IPs). In 2014, three IP leaders who wanted to reclaim land that was leased to a palm oil plantation were slain, allegedly by the paramilitary and an official of the palm oil company. In addition, an IP leader and staunch advocate against mining from Caraga in the south of the Philippines was arrested based on charges by the military that he had participated in the activities of the communist New People's Army (NPA). Another IP leader from Ifugao in the north of the Philippines was harassed by the military because he was suspected of being an NPA member.

Under the 1997 Tax Reform Code, CSOs may be exempt from income tax as long as they are non-profit or are registered as cooperatives. In addition, approximately 300 CSOs certified as donee institutions by the BIR receive additional tax exemptions. As required by the BIR, these CSOs are first certified by the Philippine Council for NGO Certification (PCNC), a self-regulation body recognized by the government. Grants to donee institutions are exempt from the 30 percent donor's tax and are tax deductible, making CSOs with donee institution status attractive partners or grantees. Income from economic activities is taxed even when the income is used solely for the non-profit purposes of the organization.

While the government can subcontract services to CSOs, many CSOs find it difficult to comply with the many requirements of such contracts, including the reimbursement of unused funds. In addition, fund disbursement is often delayed. Thus, many CSOs do not pursue such contracts.

As a result of the PDAF scandal, the government adopted several measures in 2013 and 2014 to regulate government grants to and contracts with CSOs more closely. Congress included in the General Appropriations Act of 2014 a provision requiring the DSWD to accredit CSOs before they can receive financial support from the government. In December 2014, the DSWD, Department of Budget and Management, and Commission on Audit issued guidelines on accrediting CSOs to access government funds. There are also several related proposed laws pending in Congress.

In the absence of a law differentiating CSOs from other types of legal entities, there are few lawyers who specialize in non-profit law. A few professional associations, such as the Philippine Institute of Certified Public Accountants (PICPA), periodically provide seminars on special topics such as CSO taxation.

ORGANIZATIONAL CAPACITY: 3.4

Local CSOs are adept at community organizing, which allows them to reach target beneficiaries and build effective constituencies that provide both financial and general support. Multi-sectoral constituencies and partnerships are common in CSO initiatives and advocacy. Through this, CSOs are also able to mobilize volunteer support and fully engage stakeholders.

Organizational capacity is a key concern for CSOs due to insufficient financial and human resources to implement their programs. While most CSOs have defined their visions, missions, and goals and often adhere to them, only more developed organizations or organizations affiliated with national networks engage in

strategic planning. Few CSOs appreciate the connection between the strategic planning process and their organizational sustainability.

While organizational structures and functions are often clearly delineated between the board of directors and staff, the effectiveness of these structures varies among types of CSOs and their stage of organizational development. CSOs with greater resources and scopes of operations usually have clearer governance structures than CSOs with smaller resource bases and scopes. However, even in some CSOs with defined structures, boards still might not be engaged in or carry out governance functions consistently and transparently. In other CSOs—especially smaller groups—governance functions are sometimes carried out effectively and transparently despite the lack of clear management structures or even paid staff.

Many NGOs and cooperatives are able to keep a core group of permanent or regular staff and employ additional professional staff on a project basis. Funding is usually restricted to time-bound projects, making it difficult for CSOs to keep talented staff on a long-term basis. In addition, due to the limited financial capacity to hire additional staff, personnel often perform tasks that are beyond their scope of work or training and work more hours than allowed by law. On the other hand, most community-based, sectoral, and other POs are composed of volunteers and do not have paid staff. Also, few graduates enter the CSO sector due to greater opportunities and pay in the government and private sectors.

Larger, better funded, and urban-based CSOs tend to have basic to fairly updated office equipment, including Internet access. However, POs and CSOs based in rural areas often do not have even basic equipment. According to the 2009-2010 CIVICUS Civil Society Index (CSI), which was implemented by the Caucus of Development NGO Networks (CODE-NGO) and is the most recent survey of CSOs available, a substantial number of CSOs still had no or sporadic access to phone lines (29 percent), computers (31 percent), and the Internet (44 percent).

FINANCIAL VIABILITY: 4.2

Philippine NGOs primarily rely on international and local donor grants. According to the 2009-2010 CSI survey, approximately 48 percent of NGO funding came from foreign grants, 12 percent from corporate donations, 12 percent from service fees and sales, 10 percent from government, 6 percent from individual donors, 1 percent from membership fees, and 12 percent from other sources. Most types of CSOs obtained between 0 and 5 percent of their funds from government sources. NGOs and farmers and fishers organizations were the only exceptions, but even they received only 9 to 10 percent of their funds from the government.

POs, such as workers' and farmers' organizations, and cooperatives mainly rely on member contributions and local support. Cooperatives and some highly entrepreneurial CSOs earn revenue from products and services, such as agricultural produce, handicrafts, and marketing and lending. The 2009-2010 CSI survey showed that labor unions/associations and homeowners associations obtained 92 percent to 100 percent of their funding from membership fees and service fees or sales. For cooperatives, the figure was 74 percent, and for farmers and fishers' organizations it was 62 percent.

International donor funding has dwindled since the late 1990s when the Philippines was classified as a middle-income country, leading donors to prioritize other countries for funding. A second wave of donor cuts happened after the 2008-2009 global financial crisis. In 2013 and 2014, policy changes in Australia and other countries de-emphasized aid in general and aid to the Philippines and CSOs in particular, thereby also affecting CSOs' access to donor funds. The remaining international donor funding to CSOs in the country comes mainly from Europe and the US. Over the years, many CSOs have been able to develop relationships with a core group of institutional partners, including foreign organizations such as MISEREOR (the German Catholic Bishops' Organization for Development Cooperation) and Oxfam, and individual corporate donors.

Corporate social responsibility (CSR) and corporate philanthropy is increasing. Philippine Business for Social Progress is a non-profit consortium of over 200 corporations that provides grants and capacity development to community-based organizations and NGOs. The consortium raises \$41 million annually for various anti-poverty and development projects.

Individual philanthropy and giving by family foundations is quite limited, possibly in part because family and corporate philanthropy are quite blurred. The wealth of high net worth individuals is typically held in family conglomerates, many of which give through their corporate foundations for the tax benefits rather than through family foundations. According to a 2004 interview by the Asia Pacific Philanthropy Consortium with the twenty highest net worth individuals in the country, philanthropists usually give only 1 to 2 percent of their net income before taxes. Average individuals give a great deal to churches and schools, but CSOs rarely benefit from such funding.

CSOs are learning to tap local sources, exploring social enterprises, endowment fundraising, and service fees, among others. Still, these local sources are just starting to be explored, and very few CSOs have enough diversified funding to be sustainable beyond the short term, generally three years. Over the years, Philippine CSOs have learned to adapt to the lack of stable funding by expanding or contracting operations and staff depending on the availability of funding.

Some CSOs, especially larger ones and those certified by PCNC, have financial management systems in place, but for many, improvement is critically needed. One government official estimates that only 10 percent of the registered non-stock, non-profit organizations comply with regulatory requirements to undergo independent audits. CSOs that do undergo independent audits present their audited reports during member assemblies and otherwise make them accessible to members. Some CSOs also post these reports on their websites. Only larger organizations print annual reports and audited financial statements due to the cost of printing.

ADVOCACY: 3.0

CSOs have access to a variety of mechanisms to participate in the policy making process. The Social Reform and Poverty Alleviation Act of 1997 created the National Anti-Poverty Commission (NAPC), a national coordinating and oversight body chaired by the President of the Philippines and composed of fourteen major government agencies, the presidents of Local Government Leagues, and fourteen “basic sector representatives” appointed by the President from nominees selected by CSOs. The Local Government Code of 1991 provides for at least 25 percent CSO representation in the Local Special Bodies (LSBs) such as the Local Development Councils, Local School Boards, and Local Health Boards in every municipality, city, and province. The Government Procurement Reform Act (RA 9184) mandates participation of CSOs as observers in all phases of the procurement process. In Congress, the House Rules provide for people’s participation in all matters directly and principally relating to the role, rights, and responsibilities of CSOs in governance and legislation and provides for the establishment of mechanisms for consultation with these CSOs. However, the effectiveness of and the space for CSOs within the LSBs, NAPC, and other consultative bodies vary over time and across national government agencies and local government units, depending on the attitude of the local chief executives or heads of government agencies who lead these bodies.

The current administration is generally friendly to CSOs. Many CSOs have open lines of communication with key cabinet members, many of whom were themselves former CSO leaders, and are able to organize periodic dialogues with them on advocacy issues, such as accountability of public officials and institutions, or implementation of the government’s reform programs. However, since the PDAF scandal in 2013, the government views CSOs with more suspicion and thus CSOs find it more difficult to work with the government. For example, the Department of Interior and Local Government (DILG) suspended its Empowerment Program, which gave grants to community-based CSOs to build their skills to participate in the government’s Bottom-Up Budgeting (BUB) processes. Instead, DILG hired their own project-based personnel to do community relations work with CSOs participating in the program.

Several government programs, such as the BUB Program, the Full Disclosure Policy (FDP), and the DSWD's Community-Driven Development (CDD) Program, are receptive to CSO participation. The BUB program mandates the involvement of CSOs in identifying local anti-poverty projects to be funded by the national government. In the BUB, local CSOs make up 50 percent of the membership of Local Poverty Reduction Action Teams (LPRATs) in each town and city. The BUB was started in 2012 with around 600 towns and cities and was expanded in 2014 to cover almost all of the country's 1,600 towns and cities. The FDP directs all towns, cities, and provinces to publicize annual local budgets, statements of receipts and expenditures, and other government documents. CSOs in several areas have started using the FDP data in their advocacy and social accountability initiatives targeting local governments. The DSWD's CDD program engages with POs at the local level, involving them in problem solving in the communities. However, there is still room to improve the capacities of national government agencies, local government units (LGUs), and CSOs engaged in these processes.

CSOs are comfortable with lobbying in the legislature, often with the help of legislators who already support their causes. The Local Government Code mandates CSO participation in local development councils and other special bodies that determine LGUs' program priorities. Local CSOs lobby for the passage of local ordinances, such as the Anti-Child Pornography Ordinances, Shelter Plan Framework, and Environmental Sustainability Ordinances. However, the extent to which local councils and advisory bodies are active and participatory depends on the attitudes of the local chief executives towards CSOs.

In 2014, farmers groups, NGOs, and church-based groups mobilized for a variety of causes, including the extension and improvement of the Comprehensive Agrarian Reform Program (CARPER); the use of coconut levy funds to establish a coconut farmers trust fund; and the adoption of the Freedom of Information (FOI) Bill. CSOs pushed the President and Congress to prioritize these initiatives through rallies, signature campaigns, media engagement, and lobbying activities. For example, KILUS Magniniyog (Coconut Farmers' Action), a coalition of nine farmers' federations, organized a 1,750-kilometer march in late 2014 with the participation of seventy-one marchers and the support of a broad section of NGOs, POs, government officials, church groups, media, academia, and even business groups. The march successfully pushed the President to establish a 71 billion peso (\$1.6 billion) coconut levy fund.

In addition, public pressure prompted by media investigative reports and CSO protest actions, including the "Million People March" in August 2013 and similar actions throughout 2014, led to the elimination in 2014 of the PDAF, which was seen as a source of systemic corruption. Strong advocacy by women's groups and other CSOs led to the passage of the Reproductive Health Law in 2013 and its subsequent victory in the Supreme Court in 2014.

While the PDAF scandal made CSOs aware of the need to review the regulatory and legal environment for CSOs, as well as ensure that CSOs demonstrate good governance, there is no concerted effort within the sector to advocate for a comprehensive law for CSOs. However, there are CSO networks working on initiatives to support the sustainability of CSOs, such as the draft 2 percent law, now called the People's Fund Bill. This bill would authorize individual taxpayers to assign 2 percent of their personal income tax to qualified CSOs of their choice.

SERVICE PROVISION: 3.0

CSOs provide a highly diverse range of goods and services, including training and research, health, legal assistance, communications, mutual assurance, product development, processing and marketing, housing, environmental protection, savings and credit, ecological tours, child care, and mortuary services. However, some needs remain unaddressed. For example, although there are organizations focused on persons with disabilities (PWDs), hardly any of them address legal issues regarding the needs of PWDs. A few local CSOs provide basic services or implement protection programs or peace-building activities in conflict-affected

areas, which are largely supported by international NGOs and other local CSOs outside of these areas. In 2014, an increasing number of such programs were centered in Mindanao (southern Philippines) as the ceasefire went into effect and peace talks were ongoing with the Moro Islamic Liberation Front (MILF).

Goods and services provided by CSOs generally respond to the needs of their communities, which are identified through the use of participatory approaches in the implementation of programs or services. However, since strategic planning is not generally practiced, some programs may be donor-driven.

To some extent, CSOs market their goods and services beyond their identified constituencies, partner communities, or members. For example, many NGOs offer training programs and services to local government officials and managers, or market their research products to policy-makers. However, CSOs need to build knowledge of marketing and business models to provide services to a broader clientele.

CSOs still lack the capacity to engage in cost recovery for their goods and services. Since many CSOs, particularly NGOs, are grant-dependent, they provide their services for free and do not consider generating income as a priority. Cooperatives and homeowners associations, which obtain practically all of their funds from membership fees and service fees or sales, are notable exceptions to this.

Although the government recognizes CSO contributions, contracting of government services to CSOs occurs only to a limited extent, particularly since the PDAF scandal. In addition, DILG, DSWD, and other government agencies that had opened their programs to CSO participation contracted many CSO employees in 2013 and 2014 to perform community organizing, rather than contracting the services to CSOs themselves.

INFRASTRUCTURE: 3.0

A number of CSO networks and associations provide training, advocacy platforms, and other services for their member CSOs. Among these networks are CODE-NGO, a network of twelve national and subnational networks, and the Catholic church-based National Secretariat for Social Action (NASSA). These CSO networks serve as important resource centers for the CSO sector because of the presence of their members throughout the country. However, their services are not available to non-members. A few independent service organizations and resource centers also cater to specific CSO needs. These include Venture for Fundraising, which provides training and fundraising services for CSOs; and FUND Philippines, which aims to professionalize fundraising practices in the country. Their services, however, are not readily accessible to those outside key cities. Unlike the public sector, which trains government officials in government academies, there is no training and mentoring institution specifically for CSO managers and key personnel.

There are a few local grant making institutions that support development projects and programs of local NGOs, POs, and other CSOs. These institutions include the Foundation for Sustainable Societies (FSSI) and Peace and Equity Foundation (PEF), which support the development of social enterprises; and the Foundation for the Philippine Environment (FPE) and the Philippine Tropical Forest Conservation Foundation (PTFCF), which support programs in critical environment hotspots in the country. FSSI, FPE, and PTFCF have endowment funds, which originated from debt-for-development and debt-for-environment swap mechanisms negotiated by the Philippine government and key CSO groups with Switzerland and the US in the early 1990s. PEF has an endowment fund sustained from the proceeds of an innovative initiative of CODE-NGO to raise funds from the Philippine private capital market in 2001.

CSO coalitions, both at the local and national levels, are organized around many issues such as transparent and accountable governance, people's participation and empowerment, environmental protection, gender equality and women's empowerment, accessible and quality health and education services, protection of children, asset reform, and disaster risk reduction and management, among many others. However, sharing of information often happens only within their respective memberships, since many CSOs and coalitions

compete for the same grants and other resources. CSOs also participate in a variety of regional and international coalitions and networks.

There are capable CSO management trainers at the national and local levels. However, training is usually only available when grants are offered for such purposes. For example, from 2012 to 2014, the USAID-supported Strengthening the Capacity of Philippine CSOs Project provided significant training to CSOs on governance, strategic planning, financial management, personnel and administrative management, program and project management, and resource mobilization. Implemented by a consortium of CSOs led by the Ayala Foundation, the program provided mentoring, training, and peer-learning exercises for 120 selected CSOs across the country. At the end of the program, the participating CSOs underwent a simulated Non-US Organization Pre-Award Survey (NUPAS), and 88 percent passed its standards. The program also created a pool of CSO trainers and mentors in CSO organizational development.

CSOs establish intersectoral partnerships at the local and national levels. For example, the KILUS Magniniyog march, which called for the establishment of the coconut levy trust fund, was led by farmers' groups and supported by a broad section of civil society, government officials, church groups, media, academia, and even business groups. Government and CSOs also work together on the BUB and other programs.

PUBLIC IMAGE: 3.4

Local CSOs receive more media coverage from community radio and local TV stations than national CSO campaigns or initiatives receive from national private media. A few campaigns, including those advocating for the passage of the FOI Bill and the abolition of the PDAF, garnered significant support from the media. Prominent private media units are generally supportive of CSO campaigns, but CSOs and the media need more proactive relationships to increase the level of media coverage. The lack of coverage is, on the one hand, due to CSOs' lack of resources and ability to communicate about their work, and on the other hand, a function of the adversarial orientation of most traditional media groups, which are more likely to focus on the "bad news," hard-hitting criticism, and accusations. Often, corporate foundations receive the most coverage, in part because they can afford to engage in public relations work.

The public supports particular CSOs and causes, but not the CSO sector as a whole. CSOs—including NGOs—became prominent in the aftermath of the PDAF scandal and Typhoon Haiyan (Yolanda) in 2013. Although only a few "fake" NGOs were implicated, the PDAF scandal led many to view CSOs as crooks, while their role in responding to the typhoon led the public to view CSOs as emergency responders that were more competent than the government. The Philippine Trust Index 2014, a public perception survey conducted by EON Stakeholder Relations, ranked NGOs as the second least trusted institution in the country with the trust of just 12 percent of the population, slightly better than government (11 percent) and slightly worse than business (13 percent). The most trusted institution remains the church (75 percent), followed by academia (53 percent), and media (33 percent). The trust levels of these institutions have generally remained the same since the study started in 2012.

The current national government, particularly the executive branch, has a positive perception of CSOs, viewing them as partners in development and good governance efforts. The business sector also has a positive perception of CSOs, especially those that are members of credible networks and are certified by the PCNC. CSOs provide businesses—particularly those with CSR programs—with credible information, helping them to enter communities to start businesses or assess CSR programming. Corporate foundations also usually have very lean staff and rely on NGOs to assume the role of project management teams.

In terms of public relations, generally only corporate foundations can afford to publicize their activities or promote their public image. At the same time, advocacy groups and social movements have been able to develop relationships with journalists and are often covered by national and local media because of the news

they can contribute. Service-providing CSOs typically do not prioritize promotion of their public image. CSOs have also started using social media, such as Facebook, as a more affordable way to promote their activities to a larger public.

CSOs adhere to codes of conduct developed by various networks and associations. The PCNC was formed by larger CSO networks in 1988 to certify NGOs that meet established criteria of governance, financial management, and accountability. Leading NGOs adhere to these mechanisms and publish annual reports, some posting them on their respective websites for increased transparency. However, such mechanisms have yet to spread to the broader sector. None of the pseudo-NGOs implicated in the PDAF scandal were certified by PCNC, nor were any of them members of reputable CSO networks or associations.

In November 2014, President Mahinda Rajapaksa announced his intention to call for a presidential election in January 2015. After this announcement, CSOs increasingly participated in anti-corruption and constitutional reform measures advocated by the opposition candidate, Maithripala Sirisena. These measures included restoring independent commissions, guaranteeing the right to information, and transforming Sri Lanka from a presidential to a parliamentary democracy.

CSOs in Sri Lanka suffer from limited institutional capacity. Only a small portion of the CSO sector utilizes strategic planning or puts in place governance structures. Additionally, CSOs depend heavily on donor funding streams, do not utilize cost recovery strategies, and lack domestic funding sources.

Sri Lankan civil society consists of a diverse range of organizations, including service providing CSOs and advocacy CSOs promoting human rights, democracy, and good governance. According to the National Secretariat for Non-Governmental Organizations (NGO Secretariat), there are currently 1,439 NGOs registered with the Secretariat under the Voluntary Social Service Organizations (Registration and Supervision) Act of 1980 (VSSO). The VSSO also covers a range of organizations besides NGOs, but official statistics on these other registered organizations are not available. The number of unregistered organizations is currently unknown, but most CSOs are registered.

LEGAL ENVIRONMENT: 5.1

CSOs in Sri Lanka can register through one of five legal instruments: the Societies Ordinance of 1891; the Companies Act of 2007; the Co-operative Societies Act of 1992; the VSSO; and an Act of Parliament sponsored by a Member of Parliament through a Private Member's Bill. According to the VSSO, a voluntary social service organization is “any organization formed by a group of persons on a voluntary basis” that is either (a) of non-governmental nature, (b) dependent on public contributions or donations (local or foreign), or (c) set up with the objective of providing relief services to the mentally and physically disabled, the poor, the sick, orphans, and post-disaster relief. Therefore, regardless of the chosen mechanism for registration, all organizations that fall into one of the categories above must also register under the VSSO.

Organizations registered under the VSSO are subject to the oversight functions and reporting requirements of the NGO Secretariat, which was under the purview of the Ministry of Defense in 2014. This additional layer of scrutiny resulted in unwarranted delays and selective denials of the registration of advocacy CSOs, particularly those working on human rights in the Northern Province.

An amendment to the VSSO in 1998 gave the Registrar of the NGO Secretariat the power of interim management if a registered CSO is suspected of fraud or misappropriation. This power is used selectively to suspend the operations of CSOs that are perceived to be anti-government. For example, the management of Community Trust Fund (CTF) was forcibly taken over by the Ministry of Defense in 2011 on charges of financial mismanagement.

In July 2014, the Ministry of Defense issued a letter instructing all CSOs to refrain from holding press conferences, workshops, and training for journalists, and disseminating press releases. Prior to the letter, workshops for investigative journalists organized by Transparency International Sri Lanka were called off after being disrupted by organized mobs. While the Ministry of Defense's letter does not have the force of law, it sanctioned previous disruptions and overtly intimidated CSOs. It also prevented a number of CSOs from conducting programs. Around the same time, the Ministry of Finance and Planning issued a public notice to all government officials, CSOs, and the general public to exercise due diligence on the utilization of foreign funds received by CSOs. This action also discouraged public participation in CSO operations.

In the aftermath of the 1983-2009 armed conflict, CSOs—particularly those operating in the North and East with a focus on political advocacy and documentation of rights violations that are perceived as being foreign funded—face significant intimidation and harassment due to the defense establishment's scrutiny of their

activities. According to a report by the Observatory for the Protection of Human Rights Defenders, increased surveillance, frequent office raids, abusive requests for reporting on activities, and interrogations by the Criminal Investigation Department were common in 2014.

In 2014, CSOs with international staff were mandated to obtain clearance from the Ministry of Defense before such individuals could travel to the North. The Ministry arbitrarily denied clearance, thereby restricting international CSOs from conducting operations in the North.

Furthermore, the arrests of three prominent human rights defenders in February 2014 demonstrated the state's willingness to use the legal framework, including the Prevention of Terrorism (Temporary Provisions) Act of 1979, to penalize and curtail CSO activists who document and raise awareness surrounding rights violations by the state.

The tax structure applicable to CSOs is complex and at times inconsistent. Under the Inland Revenue Act of 2006, CSOs must pay an income tax of 0.3 percent on all income received from grants, donations, and contributions. This requirement often places a financial burden on smaller CSOs. Certain CSOs operating in the fields of infrastructure, economic support of displaced persons, and disaster relief operations may be entitled to receive tax remissions at the discretion of the Inland Revenue Commissioner. However, the lack of clarity in the exemption process limits the number of CSOs with access to these benefits.

CSOs can legally earn income through the provision of goods and services, but do not receive any tax exemptions on earned income.

CSOs typically cannot afford professional legal advice on registration processes, responses to government interference in CSO operations, or taxation. Moreover, lawyers in Sri Lanka rarely specialize in this area and very few are knowledgeable on the laws pertaining to CSOs, possibly because there is a lack of awareness of a need for specialists in this area.

ORGANIZATIONAL CAPACITY: 4.8

In 2014, the restrictive operating environment led to the closure of some organizations that provided capacity building support to CSOs. For example, Friedrich Ebert Stiftung (FES) closed its Sri Lankan office after its director was refused a visa extension by the Department of Immigration and Emigration. Such closures impacted the overall organizational capacity of CSOs in the country.

Many CSOs in Sri Lanka strive to build local constituency support for their initiatives. CSOs engaged in service provision and trade union activities regularly build informal constituencies comprised of a wide spectrum of actors, including government officials, media personnel, and donors. In contrast, CSOs engaged in advocacy often lack the capacity to reach out beyond their immediate beneficiaries both because of funding limitations and their limited use of social media platforms for advocacy.

Most CSOs, especially those operating in urban areas, are not successful in engaging local beneficiaries in the design of their programs. In part, this is because these CSOs focus on implementing programs based on donor priorities. At the same time, urban CSOs have limited access to communities outside of Colombo because of the operating environment in the country and their lack of branch offices in rural areas. By contrast, rural CSOs operating at the grassroots level have relatively high levels of community participation, both because of their proximity to beneficiaries and the efforts they have taken to build local trust. However, these CSOs lack the capacity to design sustainable programs and often rely on the support of larger CSOs based in urban areas.

CSOs in Sri Lanka generally have clearly defined mission statements in their founding documents. Only larger CSOs carry out strategic planning for the short, medium, and long terms. These plans are often developed to

meet donor requirements, resulting in ad hoc implementation and evaluation. Strategic planning is uncommon among smaller CSOs operating in rural areas because the process is too costly.

Only a small number of CSOs implement good governance practices. Most CSOs either lack a clear distinction between the roles and responsibilities of the organization's management and board of directors, or disregard existing management structures in day-to-day operations. Instead, the leadership of an organization is often heavily concentrated in just a few individuals, limiting transparency and accountability.

CSOs with long-term donor financing have the capacity to employ permanent paid staff. However, most CSO employees are hired on a part-time basis. Inadequate compensation, along with government surveillance and harassment of staff members, renders it difficult for organizations to retain staff after they have acquired the necessary job experience. Experienced staff members frequently seek jobs in the private sector or with international organizations. Consequently, staff turnover remains high both in urban and rural organizations. CSOs also engage the services of interns and volunteers to help implement project activities on a short-term basis.

Most CSOs have not developed human resource management systems, such as recruitment, payroll, and contractual management procedures. Furthermore, few CSOs engage in succession planning, resulting in many organizations being dominated by one person or experiencing frequent leadership vacuums, which jeopardizes operations.

Internet access is widely available in urban areas, as well as some rural areas, and most CSOs have access to information and communications technology (ICT), including training, computers, printers, and scanners. However, the available equipment is often outdated or in need of repair. Moreover, there is significant disparity between organizations based in urban and rural areas regarding access to ICT. In addition, CSOs may lack knowledge in how to utilize ICT and social media effectively.

FINANCIAL VIABILITY: 5.4

International donor organizations are the primary source of funding for CSOs in Sri Lanka. While no official data is available on the scale of foreign assistance, key contributors include various UN agencies; bilateral agencies such as USAID, Canadian International Development Agency (CIDA), and Swiss Agency for Development and Cooperation (SDC); and international organizations such as World Vision, CARE, and Search for Common Ground. Donor funding to CSOs—especially those focused on advocacy—decreased in 2014. CSOs believe that four factors led to this reduction in donor funding: the World Bank designated Sri Lanka as a middle income country; government harassment of CSOs increased; bilateral relations deteriorated; and the Government of Sri Lanka failed to engage meaningfully with international and domestic CSOs to serve vulnerable populations in the North and East.

Local sources of funding are virtually non-existent. Some corporations such as Dialog PLC, MAS Holdings, Hayleys PLC, John Keels Holdings, and Brandix Lanka Limited donate to CSOs as part of their corporate social responsibility (CSR) programs. However, these programs are often short term and do not adequately reflect the needs of local communities. Additionally, some CSOs access in-kind support such as computer equipment and school supplies from local philanthropic sources such as the Rotary Club and the Lions Club. For example, in 2014, the Rotary Club of Colombo donated LKR 25,000 (approximately \$186) in books to Yahelagama Vidyalaya in Anuradhapura. The Club also donated LKR 17,000 (approximately \$130) to provide electricity for a school in Pupuressa.

Although CSOs are legally allowed to earn revenue from various services and products, few organizations engage in income-generating activity, as most CSOs do not see the need to supplement donor funds with earned income. As a result, CSOs in Sri Lanka, especially those operating in rural areas, do not have revenue streams that would allow them to remain viable in the long-term.

In addition, there is a broad-based public perception in Sri Lanka that CSOs have significant financial resources, which makes people reluctant to pay for goods and services provided by CSOs. However, some organizations, such as Habitat for Humanity, charge local communities subsidized rates for services such as healthcare and housing.

Aside from donor organizations, CSOs in Sri Lanka have not cultivated a loyal core of local financial supporters. Though many CSOs are membership based, only a few CSOs—primarily faith-based organizations, trade unions, and regional clubs—receive significant contributions from their members.

The government does not provide financial support, incentives (tax breaks), or grants to CSOs. Contracts from government and businesses are limited and infrequent.

A large number of CSOs lack transparent and reliable financial management systems, including procedure manuals, accounting systems, and operational plans. Furthermore, smaller CSOs cannot afford to hire professional staff such as accountants and IT managers. While CSOs are required to submit audited accounts on an annual basis, some do not regularly submit their accounts and only maintain accounting and financial records when their donors require them to do so.

ADVOCACY: 5.2

Channels of communication between CSOs and policy makers are mostly restricted and ineffective, while others rely on informal and personal relationships. In 2014, CSOs did not readily address human rights and governance issues with the central government, as the risk of government harassment was high. Furthermore, officials at the local and provincial levels remained reluctant to collaborate with CSOs for fear of reprisal from the central government. In contrast, certain service providing CSOs working on issues that are perceived as being less adverse to government interests, such as development, women’s rights, and child welfare, were able to collaborate with government on donor-funded projects. For example, Vilithu, an organization primarily operating in the North and the East of the country, conducted a number of programs in collaboration with local government to raise community awareness of domestic violence and nutrition.

Prior to the announcement of the presidential election in November 2014, CSO advocacy was limited in scope and centered on protesting against oppressive government practices. Student organizations were among the main stakeholders to voice opposition to government practices. In 2014, students from three state universities protested against the detention of a university student by the Terrorism Investigation Division of the Police. Additionally, Jaffna University students, teachers, and staff members marched against state inaction during the anti-Muslim riots in Aluthgama in June 2014. CSO protests of this nature were often suppressed through intimidation of the protesters by mobs operating with tacit state support, as well as through legal channels such as court injunctions citing unlawful assembly. For example, a court order prevented a protest march organized by Platform for Freedom on the basis that the march would constitute a breach of the peace.

After the announcement of the presidential election, CSOs and civil society coalitions became heavily involved in campaigns to raise awareness of proposed constitutional, electoral, and governance reforms in the run-up to the elections. For example, the Puravasi Balaya (Citizen’s Power) coalition, which included a collective of artists, academics, and civil society activists, campaigned against the restrictions placed on the media and the lack of term limits on presidential powers.

In 2014, lobbying mechanisms between CSOs and government at the central and local levels remained weak. Nevertheless, certain CSOs working on issues aligned with government priorities, such as alcohol and cigarette taxation, were successful in making policy recommendations. In addition, a number of CSO initiatives lobbied the national government on human rights issues and national reconciliation. For example, CSOs such as the Center for Policy Alternatives, Families of the Disappeared, and Rights Now exerted

pressure on the government to improve its human rights record and implement the recommendations of the Lessons Learned and Reconciliation Commission. Due to sustained lobbying efforts by such CSOs, the government established a Presidential Commission to Inquire into Complaints Regarding Missing Persons in 2013. The Commission operated throughout 2014. CSOs also lobbied the government about the Urban Development Authority's forced eviction of urban residents in underserved settlements. However, the government failed to take any remedial steps.

Notwithstanding the regulatory impediments and harassment faced by CSOs, there were some joint CSO efforts to initiate legal reform to better regulate their operations and limit state interference. For example, a group of CSOs protested against the letter from the Ministry of Defense that demanded CSOs to cease training and workshops for journalists, and some CSOs convened a meeting with high-level government officials to address the legal impediments on CSOs.

SERVICE PROVISION: 4.6

In 2014, CSOs offered a wide range of services in Sri Lanka, including in healthcare, environmental protection, education, and agriculture. Service providing CSOs engage in sustainable development, and faith-based organizations provide basic services to local communities, including health and education services as well as direct humanitarian aid in the aftermath of natural disasters. However, due to Sri Lanka's middle income status and the government's lack of political will to engage in development programs in the North and East, donor funding decreased for projects focused exclusively on service delivery, including poverty alleviation services, and services to increase health and nutrition in local communities, especially among pregnant women and infants. For example, the World Food Program (WFP) reported a significant scale back in their country operations in Sri Lanka.

Services provided by CSOs did not fully meet the needs of society in 2014, particularly in the North and East of the country. This situation was partly attributable to increased scrutiny and harassment by law enforcement officials of all CSOs in the North and East provinces, which prevented effective service delivery by CSOs. Law enforcement remained suspicious that even service providing CSOs in the North and East were implementing foreign agendas. Moreover, CSOs often lack a formal practice of conducting scoping exercises or needs assessments to ensure the prioritization of community needs in service delivery.

The costs associated with publishing, disseminating research, and organizing workshops often prevent CSOs from expanding their direct reach beyond local constituencies. Additionally, CSOs make limited use of social media to disseminate findings and generate public discussion.

CSOs are typically unable to recover the costs of their services by charging fees. Most CSOs cannot analyze the market for their goods and services, which limits the scope for cost recovery. However, some service providing CSOs working in development were able to incorporate cost recovery models. For example, microfinance organizations recover costs by charging interest rates on loans, and organizations engaged in water management and supply charge user fees.

In 2014, the government generally did not recognize the added value of services provided by CSOs. However, some CSOs—including Habitat for Humanity and other organizations engaged in housing or orphanages—secured financial contributions by partnering with government in the implementation of short-term projects.

INFRASTRUCTURE: 4.9

There are no permanent resource centers in Sri Lanka that provide information services, research material, or training to CSOs. The services offered are provided through donor-funded programs delivered by individual CSOs or external contractors. Few trainers specialize in CSO management issues such as human resource

management, financial planning, and project design. Furthermore, the trainers who do specialize in such areas are either not well-known or are too expensive for smaller CSOs.

Organizations such as Management Systems International (MSI), United Nations Development Program (UNDP), OXFAM, and CARE International offer training programs and capacity building opportunities to smaller CSOs in areas such as peace building and women's rights advocacy. Additionally, umbrella organizations such as the Consortium of Humanitarian Agencies (CHA) have offered training workshops to community-based organizations on peace advocacy, mediation, and the provision of psychosocial support services. However, these programs have limited reach and are not easily accessible by CSOs in remote areas.

Local grantmaking organizations are nearly non-existent. A few organizations such as the Neelan Tiruchelvam Trust (NTT), the Sunera Foundation, and the Esufally Family Foundation (EFF) support local activities in social transformation and the arts, including some implemented by CSOs. NTT and the Sunera Foundation re-grant donor funding, while the Esufally Family Foundation generates funding locally.

Information sharing among CSOs remains limited. Competition among CSOs for funding often leads to weak communication among CSOs operating in the same thematic area and the duplication of activities. The digitization and distribution of information by larger CSOs rarely meet overall demand, as this information is not regularly translated into local languages. In 1994, the Sri Lanka Canadian Development Fund (SCDF) created mechanisms to form district level coalitions, which in turn fed into national coalitions on poverty alleviation. While these structures still exist, their effectiveness has been compromised over the years. In more recent years, CSO coalitions, collectives, and networks were formed to create public and government awareness of the need for government accountability and national reconciliation. In 2014, while advocacy CSOs formed issue-based coalitions in preparation for the upcoming election, coalition formation among development and service providing CSOs remained low.

Intersectoral partnerships between CSOs and government are rare. In 2014, CSOs and the government worked together on issues of national integration. For example, Facilitating Initiatives for Social Cohesion and Transformation (FLICT) partnered with the Ministry of National Languages and Social Integration to host an island-wide Social Integration Week in July 2014, during which activities including a kite festival, the launch of a tri-lingual magazine, and inter-school speech competitions were held around the island to promote national unity.

CSOs recognize the benefits of partnering with the private sector to advance issues such as water management, sanitation, and affordable housing. For example, Habitat for Humanity partnered with private sector organizations including Cargills PLC and Multilac to build houses for internally displaced persons in Trincomalee.

Partnerships between the media and CSOs strengthened over recent years through CSO collaboration with the Free Media Movement (FMM), the Sri Lanka Press Institute, and the Editor's Guild. For example, Internews funded a Transparency International Sri Lanka workshop to train journalists.

PUBLIC IMAGE: 5.2

Media freedom in Sri Lanka has eroded over time and is now marked by increasing state control over the media and the frequent intimidation of journalists by agents of the state. However, certain CSOs and journalists have been able to circumvent state control over traditional media by using social media platforms to disseminate information. This phenomenon was demonstrated during the media "black-out" surrounding the anti-Muslim riots in Aluthgama, when CSOs and independent journalists turned to Twitter and Facebook to inform the public about the unfolding violence.

In 2014, the media propagated a predominantly negative image of CSOs. In part, this could be because many independent and privately-owned media outlets have political and business ties to the government and therefore may engage in some self-censorship. In addition, both independent and state-run media institutions frequently portrayed CSOs as collaborating with foreign institutions seen as hostile to the government. This negative media coverage, which stems partly from the post-2004 Tsunami recovery period during which international CSOs were accused of mismanaging funds, has eroded the public image of CSOs in the country.

Notwithstanding this trend, the media demonstrated a willingness to publish articles on the provision of goods and services by CSOs. Additionally, articles and op-eds by prominent CSO activists enjoyed regular publication in the private media. In 2014, CSOs working on women's rights received positive media coverage due to their exposure and discussion of issues relating to sexual assault and street harassment.

Despite the anti-CSO sentiment in the press, CSOs frequently invited the media to cover their activities in 2014 and enjoyed a largely cordial and professional relationship with journalists. However, there is no sustained collaboration between CSOs and the media to reverse the negative image of CSOs in the press.

The public often lacks understanding of the role of CSOs due to the negative media coverage of the sector, as well as the decision of many CSOs not to publicize their activities out of fear of reprisal from the state. However, in 2014, certain CSOs engaged in service delivery enjoyed higher rates of visibility and were viewed positively by the local communities in which they operated. Additionally, CSOs focused on human rights documentation, rights advocacy, and accountability for abuses by law enforcement enjoyed a more positive public perception in the North and East of the country, where they worked to address issues in the aftermath of the decades-long conflict. Outside the North and East, these CSOs are viewed with suspicion by the public.

The government's perception of CSOs was largely negative in 2014, particularly with respect to CSOs that were not aligned with government policies. Government officials publicly supported the "anti-NGO" sentiment echoed in the press by framing CSOs working on political advocacy and rights issues as "greedy traitors jeopardizing national security." This rhetoric is used to justify the government's strict approach toward regulating CSO activity. However, certain members of the government—some of whom have roots in the CSO sector—did maintain ties with CSOs that supported their policies. For example, government officials attended and endorsed initiatives of Bodu Bala Sena, a hate-group espousing Sinhala Buddhist primacy that was responsible for the anti-Muslim riots in Aluthgama.

The business community's perception of CSOs is mixed. Some entities recognize CSOs as sources of expertise and credible information, while others are unwilling to collaborate with CSOs perceived as contentious or anti-government.

CSOs often find dissemination and outreach costly, which limits their ability to use television, print media, and pamphlets to promote their activities. Very few organizations use social media as a public relations tool, though some organizations have created Facebook pages and Twitter accounts.

CSOs have not adopted a formal code of ethics. Larger and more visible CSOs publish annual reports to enhance their credibility. A number of CSOs have adopted the internationally recognized Humanitarian Acceptability Practices (HAP) in order to fulfill donor requirements.

THAILAND



CSO SUSTAINABILITY: 4.8

Country Facts

Capital: Bangkok
Government Type: Constitutional Monarchy
Population: 67,976,405
GDP per capita (PPP): \$15,400
Human Development Index: 89

In 2014, protests erupted after the proposal of an amnesty bill that would have pardoned several politicians, including former Prime Minister Thaksin Shinawatra and other officials and military officers involved in a 2010 crackdown on anti-government demonstrators. The situation spiraled into opposition-led protests aimed at toppling the democratically elected government of which Thaksin's sister was the Prime Minister. A number of people were killed during the sporadic violence around the protests. On May 22, 2014, in order to maintain order and launch political reform, the military took control of the government and suspended the constitution. This was the country's twelfth successful military coup d'état since 1932. A return to



democracy through elections was promised, but has been delayed repeatedly. The unstable situation further polarized the political landscape between the urban area of Bangkok and rural Thailand, the traditional power base of the Shinawatra family and the former government, and between supporters of the monarchy and the military and anti-military groups.

Since the coup, the National Council for Peace and Order (NCPO)—the military-led administration—has suppressed freedoms of expression, assembly, and association as part of its effort to resolve the political deadlock and reduce political violence in the country. For example, according to the Internet Dialogue on Reform, as of August 2014, 665 individuals had been summoned or detained for “attitude adjustments,” which are essentially short incarcerations of up to one week. Political gatherings have also been prohibited. Violations of this ban have led to the arrest of seventy-seven demonstrators and others expressing political dissent. Martial law has been invoked often to hold people in custody for at least seven days, and the Military Court has been authorized to try cases against civilians involving charges of offenses against national security and violations of NCPO orders and announcements.

The government has frequently and sometimes publicly advised media and journalists to tone down questions and commentary on the political situation. The government does not permit politics and political divisions to be discussed openly. With the exception of organizations selected by the junta to serve on the National Reform Council (NRC), CSOs may be deterred from making statements that conflict with the junta’s view of reform. At the same time, the government continues to implement the National Human Rights Plan for 2014-2018.

There is limited data on the size of the sector, but experts estimate that there are approximately 14,000 CSOs in Thailand. The majority of CSOs work on health issues, such as HIV/AIDS, anti-drinking and driving campaigns, rights of patients, health information, basic service provision, and national health policy advocacy. A second major area of work is the environment, with many CSOs working on issues of natural resource management and community rights. Furthermore, because Thailand is a major agricultural producer and exporter, CSOs are heavily engaged in agricultural issues, like promoting sustainable and organic farming practices, as well as continued integration with regional markets. In addition, a number of CSOs work on human rights issues, especially those affecting marginalized groups such as ethnic minorities, migrants, children, and women. Finally, some CSOs support freedom of the press and provide aid for the people affected by the ongoing violence in the three Southern provinces.

Many CSOs, including the Four Regions Slum Network, the Assembly of the Poor, and the People’s Movement for a Just Society (P-Move), publicly opposed the coup. At the same time, the Reform Before Elections campaign by the People’s Democratic Reform Committee (PDRC), which focuses on reform as the dominant need rather than an immediate return to full democracy, remained popular.

The security situation in the southern part of the country continues to be severe and remains a significant barrier to CSO activity there. CSOs working in other areas of the country, however, continue to disseminate human rights information to citizens, monitor the government’s actions, and strengthen citizen participation through consultations on or amendments to various laws and policies. CSOs also continue to participate in socioeconomic development projects with regional and local governments.

LEGAL ENVIRONMENT: 5.1

Most CSOs in Thailand register as foundations or associations. International non-government organizations are able to register as local foundation offices or as foreign private organizations. Informal organizations, including interest groups and community groups—referred to as NGOs in Thailand—need to provide basic information on their organizations to the relevant ministries and at the provincial level, but are not required to undertake formal registration. Associations, foundations, and NGOs are all eligible to receive foreign funding.

Foundations are the most common form of CSO in Thailand. Under Thai law, a foundation consists of assets appropriated for charitable, religious, artistic, scientific, literary, educational, or other purposes for the benefit of the public and not for profit sharing. Registration must be renewed every two years.

By definition, associations are organizations of members who act together to achieve specified objectives, but they may also engage in activities beneficial to the public. Associations can continuously and collectively conduct any lawful activity that does not involve profit-sharing or earning an income. An association must specify rules of membership and membership fees when it forms. The Office of National Culture Commission must issue a license before an association can be registered.

The process to register all types of CSOs takes two to six months and requires arduous documentation, although the length of the process can be influenced by an applicant's connections and the reputation of its board members. Associations and foundations must register at the provincial or central level under the Department of Provincial Administration of the Ministry of Interior. NGOs are required to register with different government offices based on their particular area of focus. For instance, NGOs focusing on children's issues register with the Ministry of Social Development and Human Security (MSDHS) and have a chance to receive government funding. NGOs focusing on environmental protection register with the Department of Environmental Quality Protection and the Ministry of Natural Resources and Environment.

In addition to registering as a foundation, association, or NGO, some CSOs voluntarily register with the Thai Social Enterprise Office (TSEO) to earn income through social enterprises. CSOs can work with TSEO to promote awareness on better health for children, teenagers, families, and marginalized people. Registered social enterprises are eligible to receive capacity building training and funding from TSEO.

Overall, CSOs in Thailand operate in a difficult legal environment. In particular, NGOs are expected to inform MSDHS or the relevant government agency about each project they plan to implement, especially if they seek to work in sensitive areas. Most domestic and international donors also require their CSO grantees to be registered with a government agency. Most government officials do not consider CSOs, particularly those working on human rights, refugees, and other salient issues, as a major priority.

Since the coup, NCPO has exercised its power to suppress freedoms of expression, assembly, and association. The junta imposed a state of emergency that allows the authorities to impose curfews, ban public gatherings of more than five people, and detain suspects without charge for thirty days. The United Front for Democracy against Dictatorship (UDD), or "Red Shirts," was forced to shut down their community radio stations and other media due to their perceived influence by Thaksin Shinawatra, the former Prime Minister.

The government can close down CSOs on the grounds of incompetent operation or lack of transparency under public law. The government exercises the authority assigned to it in the National Human Rights Plan 2014-2018 to monitor CSO activities, especially those in sensitive locations such as the hill area in northern Thailand and those focusing on sensitive topics, such as internal security.

CSOs carrying out activities in the south are expected to inform the Southern Border Provinces Administration and invite a military representative to be present during activities, though in practice few CSOs adhere to these rules. At the same time, military officers have been known to attend CSO activities without prior notice and make immediate requests for information, which has created tension between the military and some CSOs.

On the positive side, the Eleventh National Economic and Social Development Plan for 2012-2016 encourages CSOs to monitor the performance of public agencies in order to promote fairness and good governance. For example, the Anti-Corruption Campaign, part of the Growing Good Project, and the Anti-Corruption Network both monitor government activity and policy.

Tax exemptions are provided for registered foundations only. CSOs must register as consultants with the Ministry of Finance to be eligible to receive government contracts or with TSEO to earn money through social enterprises.

Local lawyers are rarely trained in CSO law. Thus, it is difficult for CSOs to obtain legal advice on issues regarding registration and taxation.

ORGANIZATIONAL CAPACITY: 4.0

CSOs generally are more focused on seeking funds for their survival than developing local constituencies; however, due to their proximity to beneficiaries, rural-based CSOs tend to find it easier to grow constituencies than urban-based groups.

The majority of CSOs have no clear strategic plans; rather, their main focus is on project activities. In addition, CSOs still need to improve their capacities related to business or sustainability planning, proposal writing, project management, and developing fundraising strategies.

Funding levels have a significant influence on internal management structures, affecting human resources and their skill development. Only larger CSOs and urban-based CSOs have recognized divisions of responsibilities between boards of directors and staff members. Normally, boards are not involved in governance or operations. CSOs that receive funding from international donors or the government are required to submit externally audited financial reports to their donors. Small CSOs with few staff members demonstrate weak internal management, procedures, compliance, and reporting systems.

Many CSOs, especially rural-based ones, struggle to recruit and retain qualified staff, particularly in less secure locations, such as the border regions. Uncertainty over continued funding and the short length of funded projects contribute to low staff retention rates. In most CSOs, managers are the only permanent staff and other personnel are hired on a project-by-project basis. In order to reduce costs, some CSOs recruit volunteers for their activities. CSOs utilize professional accountants, lawyers, or IT managers only when such services are needed to adhere to donor requirements.

The technological capacity of Thai CSOs is generally high. Most have basic IT equipment and utilize websites and social media, such as Facebook, Twitter, and Instagram for community outreach. In addition, the use of low-cost communications applications, such as Skype and WhatsApp, reduces operational costs.

FINANCIAL VIABILITY: 5.1

Most issue-focused CSOs rely largely on funding from international donors. The main source of funding for more traditional foundations is donations from individuals and corporations through their corporate social responsibility (CSR) programs, while associations receive the majority of their funding from membership fees.

International donor funding has been declining for several years, and many donors, such as USAID, have withdrawn from or reduced their funding levels since 2011 when Thailand was deemed an upper-middle income country. Since the political crisis, the Asian Development Bank stopped giving loans to Thailand, but the EU and individual embassies still provide funding. Some larger international NGOs, such as Plan International, grant funds to local partners, though this practice is also in decline.

After the 1997 Tom-Yum-Kung economic crisis, the government rerouted international funding through the new Community Organizations Development Institute (CODI). CODI is an autonomous government agency that reports to MSDHS. CSOs need to cooperate with CODI to access foreign funding, but the collaboration is tense due to differing views on how to prioritize and meet the needs of communities.

In general, central government funding is limited to social and economic development projects, rather than projects involving rights. One prominent source of government funding is the Thai Health Promotion Foundation (Thai Health), an autonomous state agency established by the Health Promotion Foundation Act (2001) to promote a healthy society and environment through the work of individuals and organizations in all

sectors. Thai Health collects approximately \$125 million from the taxation of alcohol and tobacco each year. TSEO, which is under the Thai Health umbrella, provides 10 percent of this amount to CSOs and social enterprises working in the health field.

Corporate financial support is similarly limited to social and economic development projects. In November 2014, Change Fusion (a social enterprise), Khon Thai Foundation, and BBL Asset Management Co., Ltd. founded BKIND Fund, an equity fund with assets of around \$140 million that recruits public funding to invest in enterprises targeting the environment, social problems, good governance, and anti-corruption issues. Of the entire fund, only 0.8 percent is allocated to CSO projects.

Middle-income citizens often donate directly to international organizations such as World Vision. Individuals also provide in-kind support or volunteer to help CSO activities via their employers' CSR programs. In general, CSOs are more likely to access funding from local, philanthropic sources because of their personal connections rather than the particular causes or community needs they address.

Some CSOs use social media to conduct public fundraising. For example, Socialgiver.com helps consumers, businesses, and social projects work together to create a positive social impact, and it helps businesses engage in CSR.

CSOs struggle to fund both project and institutional expenses. Small CSOs with insufficient financial management and fundraising skills have a particularly hard time securing funds from international donors and CSR budgets. Some CSOs, therefore, seek training in business and fundraising from the private sector to develop financially sustainable models and reduce dependency on donors.

Few CSOs generate income, although some CSOs earn extra income by providing public training or consultancy services. For example, the Deep South Watch (DSW) Center offers a course for other CSOs and local government officials on conflict management and resolution.

Most rural-based CSOs do not have sound financial management systems in place. Only CSOs that work with international donors utilize independent financial audits and publish annual reports. To secure continued sources of funding, CSOs need to improve their financial management systems, transparency, annual financial audits, and financial statements. Many CSOs lack the management capacity to apply for donor funding alone, so they seek a partner, such as a university, to aid in this process.

ADVOCACY: 4.9

CSOs sometimes cooperate with local and national government bodies on policy issues and projects. For example, the Center for Philanthropy and Civil Society (CPCS) works with the Bangkok Metropolitan Administration to organize training for students on anti-corruption issues under the Growing Good Project. As a member of the ASEAN Inter-Governmental Commission on Human Rights (AICHR), the Thai government meets with CSOs on an annual basis. In February 2014, CSOs in various human rights related fields – such as those representing women, children, people with disabilities, refugees, migrant workers, trafficked persons, and the justice system – participated in the consultation to review last year's activities and outline activities for the next year. In addition, the CSOs were able to share suggestions and the AICHR incorporated this input into upcoming agendas and activities.

Typically, registered CSOs have more advocacy capacity than membership-based organizations and smaller NGOs, due to their fieldwork and close connections with their beneficiaries. From January to May 2014, some key CSO activists supported the coup and PDRC spoke out against the Red Shirt movement. The Thai military staged the coup on May 22, 2014. From June to September 2014, the coup cracked down on and closely monitored CSOs related to the Red Shirt movement. These CSOs are mostly located in the north and northeast regions of Thailand. As a result, political units, such as Red Shirt “villages”, were forced to shut

down. While advocacy networks are still active, the military monitors such activities more closely since the coup.

In October 2014, the military set up the NRC. CSOs representing environmental issues or consumer rights, such as the Thai Environment Institute, the Institute of Sufficiency Economy, the Foundation for Consumers, and the Thai Journalists Association, were appointed as council members. In November 2014, dozens of civil society groups set up a People's Council for Reform to work with the NRC. They intend to provide policy makers with grassroots recommendations for reducing the poverty gap, while bolstering the basic right of people to participate in the democratic system.

SERVICE PROVISION: 4.4

Currently, CSOs are diversifying the range of goods and services they provide to include good governance and anti-corruption issues rather than solely focusing on social and environmental affairs; however, the coup has increased government monitoring of projects dealing with more sensitive issues. As a result, CSOs focusing on human rights have somewhat scaled back their work since the coup, though they still conduct activities. As a result of the coup, some CSO activities planned for the fourth quarter of 2014 were postponed to early 2015.

In the field of public health, CSOs such as Population and Community Development Association (PDA) and the Service Workers in Group (SWING) Foundation play a major role in promoting condom usage to prevent the transmission of HIV/AIDS, malaria and tuberculosis.

Overall, the goods and services that CSOs provide reflect the needs and priorities of their communities, but insufficient human resources have limited the variety and range of goods and services provided by CSOs, especially at the provincial level.

Some CSOs operate cost recovery services. For example, DSW expanded its activities from basic social services to include information services, such as research projects, and has started charging participants fees in order to better respond to community needs and reach more clients, like government entities.

Thematic networks and promotional events such as the annual Social Expo have increased the government's recognition of the role CSOs play in service provision and society. However, municipal governments do not provide assistance to CSOs for service provision. The central government, through entities such as Thai Health, provides funding and capacity building to CSOs.

INFRASTRUCTURE: 4.8

The infrastructure supporting CSOs in Thailand did not change significantly in 2014. CSOs are able to access relevant information and technical assistance from central and local organizations. For example, with the assistance of USAID, TSEO provides some capacity building to advance CSOs' organizational skills and internal governance. Intermediary support programs, such as a CSO capacity building center funded by Thai Health, provide CSOs with capacity building courses, as well as project management and proposal writing skill development.

The Faculty of Humanities and Social Sciences at Khon-Kaen University established the Center for Civil Society and Nonprofit Management (CSNM) in October 2013 with the assistance of USAID. CSNM aims to foster the capacity of civil society leaders and practitioners in building democratic CSO governance. It provides capacity building services, a non-profit management curriculum for undergraduate studies, certificates for practitioners, and an annual CSO workshop.

Although intermediary support organizations (ISOs) and CSO resource centers provide affordable and accessible capacity building, CSOs find that many training courses, such as conflict management, are too theoretical and do not meet their practical needs. CSOs prefer workshops and other action-oriented training. At the same time, there remains a discrepancy in access to information, networks, and resources between organizations located in major cities and those in remote areas.

CSOs have formed coalitions to increase funding and share knowledge among their members. These coalitions deal with less politically sensitive issues such as public health, children's rights, and economic development. For instance, the Thai NGO Coalition of AIDS (TNCA), a network of 168 Thai NGOs, aims to improve the quality of life for people with HIV/AIDS in Thailand and to prevent further infections. TNCA has four regional branches through which it advocates for better healthcare and rights for those with HIV/AIDS and coordinates with public sector efforts on prevention, treatment, and care. Another coalition, the Network of NGO and Business Partnership for Sustainable Development, facilitates partnerships between NGOs and businesses by distributing resources from the private sector to CSOs to promote sustainable development in Thailand.

Local grant-making organizations, such as ZOA Thailand, an international relief and recovery organization supporting vulnerable people affected by violent conflicts and natural disasters, provide funding and support to CSOs in order to build their capacities to address local public health needs.

CSOs continue to work with the public and private sectors to combat corruption in Thailand. In 2014, for instance, Thailand hosted a National Conference on Collective Action Against Corruption, which was supported by a myriad of groups, such as the Collective Action Coalition Against Corruption (private), National Anti-Corruption Commission (public), and the Anti-Corruption Organization of Thailand (NGO). The Eleventh National Economic and Social Development Plan for 2012-2016 continues to support the role of the private sector, civil society, and local government in social development. In order to improve the visibility of CSR programs, CSOs work closely with the media to promote their activities in private newspapers.

PUBLIC IMAGE: 5.0

Newspapers and other media outlets—particularly online media—publish information about CSOs and their work. For example, ThaiNGO.org features NGO activities, job openings, and other information on NGOs. However, CSOs still receive less coverage than other sectors and subject matters. The media normally promotes philanthropic activities—such as forest planting and donations—that are not related to human rights and social justice. Private newspapers and public television channels, tend to report on the government's public agenda and corporate social events rather than CSO activities, even those involved in critical social issues. Media reporting on CSO activities did not change after the coup.

The public holds both positive and negative views of CSOs. They trust CSOs that clearly work on behalf of their beneficiaries. At the same time, the public is suspicious of issue-based CSOs that voice dissent, such as environmental CSOs that oppose large construction projects that could harm the environment.

Businesses and the government tend to distrust the work of CSOs, especially those working on social issues, as these organizations could harm their images and missions. The government, both the junta and the former elected government, and businesses view CSOs as largely funded by international donors and focused on environmental issues or protesting government projects. The government and businesses believe many CSOs serve donors instead of their beneficiaries. Furthermore, they fear that internationally-funded CSOs could be working on a hidden agenda for their donors.

CSOs are beginning to understand the role of media in achieving their objectives; however, as CSOs do not own any traditional media channels and have not developed strong public relations skills, they are highly

dependent on personal relationships with journalists for media coverage. Social media is a low-cost and practical means for CSOs to garner more public support for their work. Many CSOs therefore create their own Facebook pages and websites.

To promote public awareness, citizen ownership, and cost recovery, the Khon Thai Foundation organizes an annual Social Expo with 140 CSOs and corporations. At the event, beneficiaries and CSOs donate their time and materials to promote various CSOs' activities and successes. The Social Expo also provides networking opportunities for CSOs and corporations. The 2014 Expo was planned for March 2014, but due to the coup, the event was postponed to January 2015.

Only medium- and large-sized CSOs have the capability to adopt codes of ethics or transparency within their operations. Larger CSOs working with international donors publish annual reports and financial statements to demonstrate transparency and credible information.

ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

I. INTRODUCTION

The *CSO Sustainability Index for Asia* is a tool created by USAID to study the strength and overall viability of CSO sectors in each country. The *Index* is a valuable resource for USAID, other international donors, local CSO advocates, development partners, researchers, and academics. By using a standard set of indicators and collecting data each year, the *CSO Sustainability Index* tracks changes in the strength of the CSO sector over time and allows for cross-country comparison.

While the *Index* was initially developed as an internal USAID management and monitoring tool, its uses have broadened significantly over the past decade. In particular, we are pleased that local CSO leaders and activists have found the *Index* process and final product to be a useful opportunity to look at the larger picture and reflect on sectoral advancements and remaining challenges. Other offices and bureaus within USAID also view the *CSO Sustainability Index* as a unique model when developing their own monitoring tools.

The *CSO Sustainability Index for Asia* complements the long-standing *CSO Sustainability Index for Central and Eastern Europe and Eurasia*. Given the increasing prominence of civil society and its role in development, the *Index* expanded into two new regions in 2011. The first editions of the *CSO Sustainability Index for the Middle East and North Africa* and the *CSO Sustainability Indexes for Afghanistan and Pakistan* were published in July 2012. The *CSO Sustainability Index for Asia* brings the total number of countries covered by CSOSI reports to seventy.

The 2014 *Index* will be the first edition of this publication. In order to ensure consistency and simplicity, no major changes in either the methodology or the questions were made this year.

Also, once again this year we emphasize one core step in the process: check your proposed scores with the corresponding description in “Ratings: A Closer Look” in order to ensure that the score accurately reflects the present state of CSO sector development in the country.

The contract for the 2014 *Index* has been awarded to Management Systems International (MSI) and the International Center for Not-for-Profit Law (ICNL). MSI and ICNL will manage coordination and editing of the *Index*. A senior staff member from both MSI and ICNL will serve on the Editorial Committee as will one or more senior USAID/Washington officials.

II. METHODOLOGY FOR THE IMPLEMENTER

The following steps should be followed to assemble the Expert Panel that will meet in person to discuss the status of civil society over the reporting year, determine scores, and prepare a country report for the 2014 *CSO (Civil Society Organization) Sustainability Index for Asia*. The reporting year will cover the period of January 1, 2014, through December 31, 2014.

- 1. Carefully select a group of not less than 8-10 representatives of civil society organizations to serve as panel experts.** Implementers are free to select panel members based on the following guidelines. If desired, the panel may include one representative from the USAID Mission, who would observe the process but not cast a vote on the scores. The panel members should include representatives of a diverse range of civil society organizations including the following types:

- local CSO support centers, resource centers or intermediary support organizations (ISOs);
- local CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- academia with expertise related to civil society and CSO sustainability;
- CSO partners from government, business or media;
- think tanks working in the area of civil society development;
- member associations such as cooperatives, lawyers' associations and natural resources users groups;
- international donors who support civil society and CSOs; and
- other local partners familiar with civil society.

MSI recommends that the Expert Panel be primarily nationals. CSOs represented on the panel can be those whose work is heavily focused on either advocacy or social service delivery. Panelists should represent both rural and urban parts of the country. They should also represent women's groups, minority populations, and marginalized groups, as well as sub-sectors such as women's rights, community-based development, civic education, microfinance, environment, human rights, and youth. The panel should include an equal representation of men and women. If the implementer believes that this will not be possible please explain why in a note submitted to Allison Poyac-Clarkin (apoyacclarkin@msi-inc.com) at MSI for consideration prior to undertaking the panel.

In some instances, it may be appropriate to select a larger group in order to reflect the diversity and breadth of the civil society sector in the country. Please keep in mind, however, that a significantly larger group may make building consensus within the panel more difficult – and more expensive if it entails arranging transportation for panelists who are based far from the capital. Alternatively, if regional differences within a country are significant, implementers may want to consider holding regional panels. Should the implementer wish to pursue this additional task, the methodology and financial implications should be outlined and submitted to Allison Poyac-Clarkin (apoyacclarkin@msi-inc.com) at MSI for consideration and discussion **prior to undertaking the regional panels.**

2. **Ensure that panel members understand the objectives of the exercise.** The objective of the panel is to develop a consensus-based rating for each of the seven dimensions of civil society sustainability covered by the report and to articulate a justification or explanation for each rating consistent with the methodology described below. The overall goal of the report is to track and compare progress in the sector over time, increasing the ability of local entities to undertake self-assessment and analysis. It also aims to develop an increased understanding of the civil society sector among donors, governments, and CSOs for the purposes of better support and programming.

MSI recommends distributing the instructions and rating description documents to the members of the Expert Panel a minimum of three days before convening the panel so that they may develop their initial scores for each indicator before meeting with the other panel members. If possible, it is useful to hold a brief orientation session for the panelists prior to the panel discussion. Some partners choose to hold a formal training session with panel members, reviewing the methodology document and instructions, other partners provide more of a general discussion about the objectives of the exercise and process to the panelists.

3. **Convene a meeting of the CSO Expert Panel.** MSI requests that implementers plan to complete this meeting **no later than April 10, 2015**, for the 2014 exercise.
4. At the Expert Panel meeting, please **remind panelists that each indicator and dimension of the Asia CSO Sustainability Report should be scored according to relevant examples of recent or historical conditions, policies, and events in the country.** The rating process should take place

alongside, or directly following a review of the rating process and categories provided in “Ratings: A Closer Look.”

For each indicator of each dimension, allow each panel member to share his or her initial score and justification with the rest of the group. At the end of the discussion of each indicator, allow panel members to adjust their scores, if desired. Then, **eliminate the highest score and the lowest score**, and average the remaining scores together to come up with one score for each indicator. Once a final score has been reached for each indicator within a given dimension, calculate the average or arithmetic mean³ of these scores for a preliminary score for the dimension. Be sure to take careful notes during the discussion of each indicator, detailing the justifications for all scores, as this should serve as the basis of the written report. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Implementers may use a table, similar to the one provided below, to track panel member scores without personal attribution. Ultimately, every score should be supported by evidence in the country report (see #8 below), and should reflect consensus among group members.

Panel Member	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image
1	2	4	5	2	2	6	3
2	4	3	4	3	3	4	3
3	3	2	4	1	3	6	2

5. Once scores for each dimension are determined, as a final step, **review the description of that dimension in “Ratings: A Closer Look.”** Discuss with the group whether the score for a country matches that rating description. For example, a score of 2.3 in organizational capacity would mean that the civil society sector is in the “Sustainability Enhanced” phase. Please read the “Sustainability Enhanced” section for Organizational Capacity in “Ratings: A Closer Look” to ensure that this accurately describes the civil society environment. If not, discuss as a group to determine a more accurate score that fits the description for that dimension.
6. **Discuss each of the seven dimensions of the Index and score them in a similar manner.** Once all seven dimensions have been scored, average the final dimension scores together to get the final country *Index* score. Be sure to include a synopsis of this discussion in the draft country report.
7. **Please remind the group at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C. that will provide feedback on recommended scores and possibly request adjustments in scores pending additional justification of scores.**
8. **Prepare a draft country report.** The report should cover the calendar year 2014 (January 1, 2014, through December 31, 2014). The draft report should include an overview statement and a brief discussion of the current state of sustainability of the civil society sector with regard to each dimension. The section on each dimension should include a discussion of both accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses.

In the overview statement, please include an estimated number of registered and active CSOs, as well as an overview of the primary fields and geographic areas in which CSOs operate.

³ Arithmetic mean is the sum of all scores divided by the total number of scores.

Please limit the submissions to a maximum of five pages in English. Please keep in mind that MSI is relying on implementers to ensure that reports are an appropriate length and are well written, as it does not have the capacity to do extensive editing.

Please include a list of the experts who served on the panel with the report. This will be for MSI's reference only and will not be made public.

Before finalizing your report, please ensure that it meets the following criteria:

- (1) All indicators are addressed in the narrative section for each dimension.
- (2) The narrative description of each dimension includes sufficient specific examples from the year covered by the report
- (3) Reports must include a 1 – 2 paragraph overview of key trends in the country context that affect CSOs and their constituencies.

Deliver the draft country reports with rankings via email to Vanessa Coulomb (vcoulomb@msi-inc.com) at MSI **no later than April 25, 2014** unless MSI approved in writing a later delivery date in your work plan.

The project editor will be in contact with you following receipt of the report to discuss any outstanding questions and clarifications regarding the scoring and the report's content.

9. **Revise the report.** Within 2 weeks of receiving your draft report, MSI will send you an edited version of your report that has been copy edited for grammar, style, and content. As necessary, the editors will request that you revise the reports on the 5 criteria laid out in step 8. Please request any clarification needed as soon as possible, then submit your revised report within 2 weeks of receiving feedback from the editors.
10. In Washington, **an Editorial Committee (EC) will review the scores, ratings, and draft country reports**, and it will discuss any issues or concerns with the implementer. The EC consists of representatives from USAID, MSI, ICNL and at least one regional expert well versed in the issues and dynamics affecting civil society in Asia. Further description of the EC is included in the following section, "The Role of the Editorial Committee." **If the EC determines that the panel's scores or ratings are not adequately supported by the description provided in the country report, particularly in comparison to the scores and reports of other countries in the region, the EC may request that the description be strengthened and the score be adjusted, thereby ensuring cross-country comparability.** The implementer will be responsible for responding to all outstanding comments from the EC, as communicated by the project editor, until the report is approved and accepted by USAID. A USAID representative chairs the EC.
11. Once the 2014 Asia report is approved by USAID for distribution, MSI will send you both electronic and hard copies of the final report so you can conduct outreach activities to promote its distribution in your country. Examples of such outreach activities are: a reception, a presentation of the findings of the report, electronic distribution (e.g., listservs or websites) posting on websites. Please note that it is very important that outreach activities and distribution of the final report do not begin before you receive the final report confirmation.
12. MSI is very interested in using the preparation of this year's Report to track **lessons learned** for use in improving the monitoring process in upcoming years. MSI would appreciate if implementers would record and submit observations that may increase the usefulness of this to Allison Poyac-Clarkin (apoyacclarkin@msi-inc.com). To the extent feasible, please submit observations that cover your experiences with each step outlined above.

III. THE ROLE OF THE EDITORIAL COMMITTEE MEETING

All country reports are reviewed and discussed by the Editorial Committee (EC), which is composed of regional and sector experts in Washington, D.C. This committee is chaired by a USAID representative and it includes additional USAID representatives with regional expertise. The committee also includes civil society experts representing MSI and ICNL.

The Editorial Committee has three main roles. It reviews all reports, scores, and ratings to ensure that country report narratives are well written and compelling, and that they support the scores and ratings. A compelling narrative demonstrates that a score and rating is based on sufficient evidence (i.e., systematic and widespread cases or situations) and is not based on one or two individual or random cases or situations. For example, if a country has a large number of CSOs with strong financial management systems that can raise funds locally from diverse sources, there would be a compelling justification for a favorable financial viability score and rating. On the other hand, if a country has only one or two CSOs with the ability to raise funds from diverse sources, a favorable financial viability score would be less justified. The EC also ensures that the rating for each dimension meets the criteria described in “Ratings: A Closer Look,” so that scores and narratives accurately reflect the sustainability of civil society in each country. Finally, and most importantly, the EC considers a country’s scores and ratings in relation to the scores for other countries, providing a regional perspective that ensures comparability of scores across Asia and across other regions covered by the *CSO Sustainability Index*, including Sub-Saharan Africa, the Middle East and North Africa, and Europe and Eurasia.

The USAID Chair of the EC has the final say on all scores and may contact an implementer directly to discuss a panel’s scores and to clarify items in the country report prior to finalizing the scores and country reports.

Implementers are encouraged to remind panels from the outset that the EC may ask for further clarification of scores and ratings, and may modify scores and ratings where appropriate. However, by adding the step for each panel to compare its scores with “Ratings: A Closer Look” (which is essentially what the EC does), there will be less of a need for the EC to adjust scores. Ensuring that the country report narrative for each dimension adequately justifies the corresponding score will also reduce the need for the EC to make adjustments or to request clarification.

IV. INSTRUCTION FOR EXPERT PANEL MEMBERS

DEFINITIONS:

Throughout the process of developing a country report for the CSO Sustainability Report, please use the following definitions:

Civil Society Organization (CSO): Civil society organizations are defined “broadly as any organizations, whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is a matter of free choice. Both member-serving and public-serving organizations are included. Embraced within this definition, therefore, are private, not-for-profit health providers, schools, advocacy groups, social service agencies, anti-poverty groups,

development agencies, professional associations, community-based organizations, unions, religious bodies, recreation organizations, cultural institutions, and many more.”⁴

CSO Independence: In many countries, government, political parties, and private companies establish and support CSOs. However, the CSO Sustainability Report includes only organizations and groups that are self-governing, with a distinct legal and/or functional identity. CSOs typically include informal non-registered groups, but to be included in the report they must possess the structure and continuity to be distinguished from a single gathering of individuals and from personal or family relationships.

PROCESS:

Use the following steps to guide you through the individual rating process. This same process will be repeated during the CSO Expert Panel meeting, where panel members will discuss their initial scores, and the evidence for these scores, and determine by consensus the final scores for each of the indicators and dimensions.

Step 1: Please rate each of the seven dimensions and each of the indicators within each dimension on the following scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged.

Sustainability Enhanced		Sustainability Evolving			Sustainability Impeded	
1	2	3	4	5	6	7

Step 2: When rating each indicator, please remember to consider each one carefully and make note of any specific, country-relevant examples of recent or historical conditions, policies, or events that you used as a basis for determining this score.

Step 3: When you have rated all of the indicators within one of the seven dimensions, calculate the average of these scores to arrive at an overall score for that dimension. Record this overall score in the space provided.

Step 4: Once the overall score for a dimension has been determined, as a final step, review the description of that dimension in “Ratings: A Closer Look” to ensure that this accurately describes the environment. For

⁴ *Toward an Enabling Legal Environment for Civil Society, Statement of the 16th Annual Johns Hopkins International Fellows in Philanthropy Conference, Nairobi, Kenya. The International Journal of Not-for-Profit Law, Volume 8, Issue 1, November 2005.*

Definition of CSO:

Civil society organizations are defined “broadly as any organizations, whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is a matter of free choice. Both member-serving and public-serving organizations are included. Embraced within this definition, therefore, are private, not-for-profit health providers, schools, advocacy groups, social service agencies, anti-poverty groups, development agencies, professional associations, community-based organizations, unions, religious bodies, recreation organizations, cultural institutions, and many more.”

Toward an Enabling Legal Environment for Civil Society, Statement of the 16th Annual Johns Hopkins International Fellows in Philanthropy Conference, Nairobi, Kenya. The International Journal of Not-for-Profit Law, Volume 8, Issue 1, November 2005.

example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the “Sustainability Enhanced” phase. If after reviewing “Ratings: A Closer Look” you determine that the score does not accurately depict the description, work together to determine a more accurate score that better fits the description for that dimension.

Step 5: Once you have scores for each dimension, average these seven scores together to arrive at an overall country rating and document all scores and discussion.

SCORING SCALE:

The CSO Sustainability Report uses a seven-point scale, with 1 representing the highest and 7 the lowest level of sustainability. These levels are clustered into three general stages: Sustainability Enhanced (1 to 3), Sustainability Evolving (3.1 to 5), and Sustainability Impeded (5.1 to 7). The following broad guidelines can be used in determining scores for individual indicators and dimensions:

- The civil society sector’s sustainability is enhanced significantly by practices/policies in this area. While the reforms or developments that are needed may not yet be achieved, the local CSO community recognizes the need for them and has a plan and the ability to pursue them itself.
- The civil society sector’s sustainability is enhanced by practices/policies in this area. The local CSO community demonstrates a commitment to pursuing reforms and developing its professionalism in this area.
- The civil society sector’s sustainability is somewhat enhanced by practices/policies in this area, or its commitment to developing the aspect in question is significant.
- The civil society sector’s sustainability is minimally affected by practices/policies in this area. Progress may be hampered by a stagnant economy, a passive government, a disinterested media, or a community of good-willed but inexperienced activists.
- The civil society sector’s sustainability is somewhat impeded by practices/policies in this area. Progress may be hampered by a contracting economy, an authoritarian leader and centralized government, a controlled or reactionary media, or a low level of capacity, will, or interest on the part of the CSO community.
- The civil society sector’s sustainability is impeded by practices/policies in this area. A hostile environment and low capacity and public support may prevent the growth of the CSO sector.
- The civil society sector’s sustainability is significantly impeded by practices/policies in this area, generally as a result of an authoritarian government that aggressively opposes the development of independent CSOs.

For more specific information about the meaning of ratings for individual dimensions, please refer to “Ratings: A Closer Look,” which is attached.

V. Dimensions and Indicators

I. LEGAL ENVIRONMENT _____

_____ *REGISTRATION.* Is there a favorable law on CSO registration? In practice, are CSOs easily able to register and operate?

___ *OPERATION.* Is the internal management, scope of permissible activities, financial reporting, and/or dissolution of CSOs well detailed in current legislation? Does clear legal terminology preclude unwanted state control over CSOs? Is the law implemented in accordance with its terms? Are CSOs protected from the possibility of the State dissolving a CSO for political/arbitrary reasons?

___ *ADMINISTRATIVE IMPEDIMENTS AND STATE HARASSMENT.* Are CSOs and their representatives allowed to operate freely within the law? Are they free from harassment by the central government, local governments, and tax police? Can they freely address matters of public debate and express criticism?

___ *LOCAL LEGAL CAPACITY.* Are there local lawyers who are trained in and familiar with CSO law? Is legal advice available to CSOs in the capital city and in secondary cities?

___ *TAXATION.* Do CSOs receive any sort of tax exemption or deduction on income from grants, endowments, fees, or economic activity? Do individual or corporate donors receive tax deductions?

___ *EARNED INCOME.* Does legislation exist that allows CSOs to earn income from the provision of goods and services? Are CSOs allowed legally to compete for government contracts/procurements at the local and central levels?

II. ORGANIZATIONAL CAPACITY _____

___ *CONSTITUENCY BUILDING*⁵. Do CSOs clearly identify and actively seek to build local constituencies for their initiatives? Are they successful in these endeavors?

___ *STRATEGIC PLANNING.* Do CSOs have clearly defined missions to which they adhere? Do CSOs have clearly defined strategic plans and incorporate strategic planning techniques in their decision-making processes?

___ *INTERNAL MANAGEMENT STRUCTURE.* Is there a clearly defined management structure within CSOs, including a recognized division of responsibilities between the Board of Directors and staff members? Does the Board actively engage in the governance of the CSO? Do the Boards of Directors operate in an open and transparent manner, allowing contributors and supporters to verify appropriate use of funds?

___ *CSO STAFFING.* Are CSOs able to maintain permanent, paid staff in CSOs? Do CSOs have adequate human resources practices for staff, including contracts, job descriptions, payroll and personnel policies? Are potential volunteers sufficiently recruited and engaged? Do CSOs utilize professional services such as accountants, IT managers or lawyers?

___ *TECHNICAL ADVANCEMENT.* Do CSOs' resources generally allow for modernized basic office equipment (relatively new computers and software, cell phones, functional fax machines/scanners, Internet access, etc.)?

III. FINANCIAL VIABILITY _____

___ *LOCAL SUPPORT.* Do CSOs raise a significant percentage of their funding from local sources? Are CSOs able to draw upon a core of volunteer and non-monetary support from their communities and constituencies? Are there local sources of philanthropy?

___ *DIVERSIFICATION.* Do CSOs typically have multiple/diverse sources of funding? Do most CSOs have enough resources to remain viable for the short-term future?

⁵ Constituency building: Attempts by CSOs to get individual citizens or groups of citizens personally involved in their activities, and to ensure that their activities represent the needs and interests of these citizens.

___ *FINANCIAL MANAGEMENT SYSTEMS.* Are there sound financial management systems in place? Do CSOs typically operate in a transparent manner, including independent financial audits and the publication of annual reports with financial statements?

___ *FUNDRAISING.* Have many CSOs cultivated a loyal core of financial supporters? Do CSOs engage in any sort of membership outreach and philanthropy development programs?

___ *EARNED INCOME.* Do revenues from services, products, or rent from assets supplement the income of CSOs? Do government and/or local businesses contract with CSOs for services? Do membership-based organizations collect dues?

IV. ADVOCACY _____

___ *COOPERATION WITH LOCAL AND FEDERAL GOVERNMENT.* Are there direct lines of communication between CSOs and policy makers? Do CSOs and government representatives work on any projects together?

___ *POLICY ADVOCACY INITIATIVES.* Have CSOs formed issue-based coalitions and conducted broad-based advocacy⁶ campaigns? Have these campaigns been effective at the local level and/or national level at increasing awareness or support for various causes? *(Please provide examples, if relevant.)*

___ *LOBBYING⁷ EFFORTS.* Are there mechanisms and relationships for CSOs to participate in the various levels of government decision-making processes? Are CSOs comfortable with the concept of lobbying? Have there been any lobbying successes at the local or national level that led to the enactment or amendment of legislation? *(Please provide examples, if relevant.)*

___ *LOCAL ADVOCACY FOR LEGAL REFORM.* Is there awareness in the wider CSO community of how a favorable legal and regulatory framework can enhance CSO effectiveness and sustainability? Is there a local CSO advocacy effort to promote legal reforms that will benefit CSOs, local philanthropy, etc.?

V. SERVICE PROVISION _____

___ *RANGE OF GOODS AND SERVICES.* Do CSOs provide services in a variety of fields, including basic social services (such as health, education, relief, housing, water or energy) and other areas (such as economic development, environmental protection, or governance and empowerment)? Overall, do the services being provided by the sector represent a high-level of diversification?

___ *COMMUNITY RESPONSIVENESS.* Do the goods and services that CSOs provide reflect the needs and priorities of their constituents and communities?

___ *CONSTITUENCIES AND CLIENTELE.* Are those goods and services that go beyond basic social needs provided to a constituency broader than CSOs' own memberships? Are some products, such as publications, workshops or expert analysis, marketed to other CSOs, academia, churches or government?

___ *COST RECOVERY.* When CSOs provide goods and services, do they recover any of their costs by charging fees, etc.? Do they have knowledge of the market demand -- and the ability of distinct constituencies to pay -- for those products?

___ *GOVERNMENT RECOGNITION AND SUPPORT.* Does the government, at the national and/or local level, recognize the value that CSOs can add in the provision and monitoring of basic social services? Do they provide grants or contracts to CSOs to enable them to provide such services?

⁶ Advocacy: Attempts by CSOs to shape the public agenda, public opinion and/or legislation.

⁷ Lobbying: Attempts by CSOs to directly influence the legislative process.

VI. INFRASTRUCTURE _____

- _____ *INTERMEDIARY SUPPORT ORGANIZATIONS (ISOs) AND CSO RESOURCE CENTERS*⁸. Are there ISOs, CSO resource centers, or other means for CSOs to access relevant information, technology, training and technical assistance throughout the country? Do ISOs and CSO resource centers meet the needs of local CSOs? Do ISOs and resource centers earn some of their operating revenue from earned income (such as fees for service) and other locally generated sources? *(Please describe the kinds of services provided by these organizations in your country report.)*
- _____ *LOCAL GRANT MAKING ORGANIZATIONS*. Do local community foundations and/or ISOs provide grants, from either locally raised funds or by re-granting international donor funds, to address locally identified needs and projects?
- _____ *CSO COALITIONS*. Do CSOs share information with each other? Is there a network in place that facilitates such information sharing? Is there an organization or committee through which the sector promotes its interests?
- _____ *TRAINING*. Are there capable local CSO management trainers? Is basic CSO management training available in the capital city and in secondary cities? Is more advanced specialized training available in areas such as strategic management, accounting, financial management, fundraising, volunteer management, and board development? Do trainings meet the needs of local CSOs? Are training materials available in local languages?
- _____ *INTERSECTORAL PARTNERSHIPS*. Are there examples of CSOs working in partnership, either formally or informally, with local business, government, and the media to achieve common objectives? Is there awareness among the various sectors of the possibilities for and advantages of such partnerships?

VII. PUBLIC IMAGE _____

- _____ *MEDIA COVERAGE*. Do CSOs enjoy positive media coverage at the local and national levels? Is a distinction made between public service announcements and corporate advertising? Do the media provide positive analysis of the role CSOs play in civil society?
- _____ *PUBLIC PERCEPTION OF CSOs*. Does the general public have a positive perception of CSOs? Does the public understand the concept of a CSO? Is the public supportive of CSO activity overall?
- _____ *GOVERNMENT/BUSINESS PERCEPTION OF CSOs*. Do the business sector and local and central government officials have a positive perception of CSOs? Do they rely on CSOs as a community resource, or as a source of expertise and credible information?
- _____ *PUBLIC RELATIONS*. Do CSOs publicize their activities or promote their public image? Have CSOs developed relationships with journalists to encourage positive coverage?
- _____ *SELF-REGULATION*. Have CSOs adopted a code of ethics or tried to demonstrate transparency in their operations? Do leading CSOs publish annual reports?

VI. RATINGS: A CLOSER LOOK

The following sections go into greater depth about the characteristics in each of the seven dimensions of the sector's development. These characteristics and stages are drawn from empirical observations of the sector's development in the region, rather than a causal theory of development. Given the decentralized nature of civil

⁸ Intermediary support organization (ISO): A place where CSOs can access training and technical support. ISOs may also provide grants. CSO resource center: A place where CSOs can access information and communications technology.

society, many contradictory developments may be taking place simultaneously. Therefore the characteristics of the seven dimensions are not considered as seven distinct steps of development. Instead, these characteristics are clustered into three basic stages along a seven point scale: Sustainability Enhanced, Sustainability Evolving, and Sustainability Impeded. The Sustainability Enhanced stage, the highest level of sustainability and development, corresponds to a score between 1 and 3 points; the Sustainability Evolving stage corresponds to a score between 3.1 and 5 points; and the lowest level of development, the Sustainability Impeded stage, corresponds to a score of 5.1 to 7 points.

LEGAL ENVIRONMENT

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

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

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

ORGANIZATIONAL CAPACITY

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

Sustainability Evolving (3.1-5): Individual NGOs demonstrate enhanced capacity to govern themselves and organize their work. Some individual NGOs maintain full-time staff members and boast an orderly division of labor between board members and staff. NGOs have access to basic office equipment, including computers and fax machines. While these efforts may not have reached fruition yet, leading NGOs understand the need and are making an effort to develop local constituencies.

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

FINANCIAL VIABILITY

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

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

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

ADVOCACY

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

Sustainability Evolving (3.1-5): Narrowly defined advocacy organizations emerge and become politically active in response to specific issues. Organizations at the evolving level of development may often present their concerns to inappropriate levels of government (local instead of national and vice versa). Weakness of the legislative branch might be revealed or incorrectly assumed, as activists choose to meet with executive branch officials instead ("where the power truly lies"). Beginnings of alternative policy analysis are found at universities and think tanks. Information sharing and networking within the NGO sector to inform and advocate its needs within the government begins to develop.

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

SERVICE PROVISION

Sustainability Enhanced (1-3): Many NGOs provide a wide range of goods and services, which reflect community and/or local donor priorities. Many NGOs deliver products beyond basic social services in such sectors as economic development, environmental protection or democratic governance. NGOs in several sectors have developed a sufficiently strong knowledge of the market demand for their services, the ability of

government to contract for the delivery of such services or other sources of funding including private donations, grants and fees, where allowed by law. A number of NGOs find it possible to cross-subsidize those goods and services for which full cost recovery is not viable with income earned from more lucrative goods and services, or with funds raised from other sources. Government bodies, primarily at the local level, recognize the abilities of NGOs and provide grants or contracts to enable them to provide various services.

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

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

INFRASTRUCTURE

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

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

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

PUBLIC IMAGE

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

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

Sustainability Impeded (5.1-7): The public and/or government are uninformed or suspicious of NGOs as institutions. Most of the population does not understand the concept of "non-governmental" or "non-profit," 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.

ANNEX B: CSOSI STATISTICAL DATA FOR ASIA

COUNTRY	CSO Sustainability	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image
Bangladesh	3.5	4.0	3.2	4.0	3.2	3.1	3.5	3.4
Cambodia	4.2	4.1	3.8	4.9	4.4	4.1	4.2	4.0
Indonesia	4.1	4.3	3.8	4.5	3.6	3.9	4.3	4.3
Nepal	4.4	4.0	4.5	4.8	4.0	4.3	4.6	4.7
Philippines	3.3	3.2	3.4	4.2	3.0	3.0	3.0	3.4
Sri Lanka	5.0	5.1	4.8	5.4	5.2	4.6	4.9	5.2
Thailand	4.8	5.1	4.0	5.1	4.9	4.4	4.8	5.0
Average	4.2	4.3	3.9	4.7	4.0	3.9	4.2	4.3

CSO SUSTAINABILITY

SUSTAINABILITY ENHANCED		
SUSTAINABILITY EVOLVING		
	<u>Rank</u>	<u>Score</u>
Philippines	1	3.3
Bangladesh	2	3.5
Indonesia	3	4.1
Cambodia	4	4.2
Nepal	5	4.4
Thailand	6	4.8
Sri Lanka	7	5.0
SUSTAINABILITY IMPEDED		

LEGAL ENVIRONMENT

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Philippines	3.2
Bangladesh	4.0
Nepal	4.0
Cambodia	4.1
Indonesia	4.3
SUSTAINABILITY IMPEDED	
Sri Lanka	5.1
Thailand	5.1

ORGANIZATIONAL CAPACITY

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Bangladesh	3.2
Philippines	3.4
Cambodia	3.8
Indonesia	3.8
Thailand	4.0
Nepal	4.5
Sri Lanka	4.8
SUSTAINABILITY IMPEDED	

FINANCIAL VIABILITY

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Bangladesh	4.0
Philippines	4.2
Indonesia	4.5
Nepal	4.8
Cambodia	4.9
SUSTAINABILITY IMPEDED	
Thailand	5.1
Sri Lanka	5.4

ADVOCACY

SUSTAINABILITY ENHANCED	
Philippines	3.0
SUSTAINABILITY EVOLVING	
Bangladesh	3.2
Indonesia	3.6
Nepal	4.0
Cambodia	4.4
Thailand	4.9
SUSTAINABILITY IMPEDED	
Sri Lanka	5.2

SERVICE PROVISION

SUSTAINABILITY ENHANCED	
Philippines	3.0
SUSTAINABILITY EVOLVING	
Bangladesh	3.1
Indonesia	3.9
Cambodia	4.1
Nepal	4.3
Thailand	4.4
Sri Lanka	4.6
SUSTAINABILITY IMPEDED	

INFRASTRUCTURE

SUSTAINABILITY ENHANCED	
Philippines	3.0
SUSTAINABILITY EVOLVING	
Bangladesh	3.5
Cambodia	4.2
Indonesia	4.3
Nepal	4.6
Thailand	4.8
Sri Lanka	4.9
SUSTAINABILITY IMPEDED	

PUBLIC IMAGE

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Bangladesh	3.4
Philippines	3.4
Cambodia	4.0
Indonesia	4.3
Nepal	4.7
Thailand	5.0
SUSTAINABILITY IMPEDED	
Sri Lanka	5.2