STRENGTHENING
CIVIL SOCIETY
GLOBALLY

2020 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

CENTRAL AND EASTERN EUROPE AND EURASIA

24th EDITION – SEPTEMBER 2021

USAID FROM THE AMERICAN PEOPLE

ICNL INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW

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2020 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

FOR CENTRAL AND EASTERN EUROPE AND EURASIA
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Developed by:
United States Agency for International Development
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Center of Excellence on Democracy, Human Rights and Governance

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Disclaimer: The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.

Cover Photo: This Pride Month photo was taken by the Equality Movement, a Georgian civil society organization partnering with USAID to advance equal human rights protections for all Georgians. The Equality Movement is combating workplace discrimination against members of the LGBTQI+ community through evidence-based advocacy and awareness raising activities.

Photo Credit: Mikheil Meparishvili, Equality Movement

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INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the twenty-fourth edition of the *CSO Sustainability Index (CSOSI) for Central and Eastern Europe and Eurasia*, covering developments during the unprecedented circumstances of 2020, during which the COVID-19 pandemic affected all aspects of society around the globe.

This year's CSOSI reports on the state of CSO sectors in twenty-four countries in the region, including eleven countries in the Baltics and Balkans that are members of the European Union (EU), six Balkan countries that are aspiring EU members, and seven countries in Eurasia. It addresses both advances and setbacks in seven key components or "dimensions" of the sustainability of the civil society sector, all of which were impacted by the pandemic in 2020: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image. The CSOSI is intended to be a useful source of information for local CSOs, governments, donors, academics, and others who want to better understand and monitor key aspects of sustainability in the CSO sector.

The CSOSI's methodology relies on CSO practitioners and researchers, who in each country form an expert panel to assess and rate these dimensions of CSO sustainability during the year. The panels in each country—most of which met virtually this year—agree on scores for each dimension, which range from 1 (the most enhanced level of sustainability) to 7 (the most impeded). The dimension scores are then averaged to produce an overall sustainability score for the CSO sector of a given country. A DC-based Editorial Committee composed of technical and regional experts reviews each panel's scores and the corresponding narrative reports, with the aim of maintaining consistent approaches and standards in order to facilitate cross-country comparisons. Further details about the methodology used to calculate scores and produce narrative reports are provided in Annex A.

The *CSO Sustainability Index for Central and Eastern Europe and Eurasia* complements similar publications covering other regions. The various regional editions of the 2020 CSO Sustainability Index assess the civil society sectors in seventy-three countries, including thirty-two in Sub-Saharan Africa; eight in the Middle East and North Africa; eight in Asia; and Mexico.

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

In addition, special thanks goes to Eka Imerlishvili from FHI 360, the project manager; Jennifer Stuart from ICNL, the report's editor; and Mariam Afrasiabi and Erin McCarthy from USAID. A full list of acknowledgements can be found on page ii.

Happy reading,

Michael Kott

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EXECUTIVE SUMMARY

The year 2020 will forever be known for the global COVID-19 pandemic. The virus was first detected in Wuhan, China in November 2019. By March 11, 2020, over 118,000 cases of the illness had been identified in over 110 countries and territories around the world, leading the World Health Organization (WHO) to declare COVID-19 a pandemic. CSOs across Central and Eastern Europe and Eurasia thus found themselves confronted by myriad unprecedented challenges that affected all aspects of sectoral sustainability. CSOs faced a dramatic increase in the demand for services to address the health, social, and economic impacts of the pandemic. At the same time, however, restrictions imposed by governments to curb the spread of the virus prevented in-person events for large parts of the year, thereby forcing CSOs to develop new ways to provide services and connect with their constituencies. Meanwhile, the pandemic's impact on the economy had an inevitable impact on CSOs' ability to secure resources for this work. As this year's CSOSI reports show, the pandemic served as a litmus test, both highlighting the resilience and exposing the vulnerabilities of civil society throughout the region.

UNPRECEDENTED CHALLENGES

Most governments in Central and Eastern Europe and Eurasia quickly instituted a variety of policies to stem the spread of the virus. These generally included restrictions on public gatherings and travel and the closure of schools and non-essential businesses. The measures were implemented strictly at the beginning of the pandemic, keeping the number of infections in the region relatively low. However, infection rates rose in many places after restrictions were eased in early summer. In Lithuania, for example, the government imposed a complete lockdown on March 16. The lockdown, which lasted for three months, successfully limited the number of cases of and deaths from COVID-19 and Lithuania was praised for its success in managing the pandemic. However, when a second wave struck, the government was slow to reimpose restrictions and the year ended with Lithuania recording the highest numbers of new daily COVID-19 cases in Europe, and the country's health-care system on the verge of being overwhelmed. One notable exception to this trend of governments imposing restrictions to curb the spread of the virus was Belarus, where no lockdown or state of emergency was introduced. Instead, President Alexander Lukashenko publicly dismissed the threat of COVID-19, referring to it as "psychosis." The first large-scale measures to curb the spread of the virus in Belarus were taken only in November, when a mask mandate was introduced.

In addition to its human toll, the pandemic had a devastating economic impact in the region. In Croatia, the gross domestic product (GDP) fell by 15.4 percent in the second quarter of 2020 compared to the same period in 2019, and 10 percent in the third quarter. The World Bank estimated that Kosovo's economy contracted by 8.8 percent in 2020. The Georgian economy contracted by 6.1 percent in 2020, the steepest decline since 1994, while the unemployment rate reached 17 percent in the third quarter. A survey conducted in Bulgaria in April 2020 found that more than 25 percent of respondents had already suffered a serious decrease in their income. Although it did not take the same precautions to prevent the spread of the virus as other countries in the region, Belarus was not spared this economic fallout. In a survey conducted in Belarus in June 2020, 55 percent of the population reported a loss in income.

In addition to the COVID-19 pandemic, other major political events and humanitarian crises continued to impact the societies in which CSOs in the region are embedded.

While complicated by concerns about how to make voting procedures safe during the pandemic, elections took place in a number of countries in 2020. Azerbaijan, Croatia, Georgia, Lithuania, Montenegro, North Macedonia, Romania, Serbia, and Slovakia all held parliamentary elections during the year, many of which resulted in new governments. Governments in Kosovo, Slovenia, and Ukraine resigned or were restructured. Presidential elections were held in Belarus, Croatia, Moldova, and Poland. CSOs in all of these countries engaged in voter education and election monitoring, and lobbied candidates on their priority issues.

In Russia, President Vladimir Putin proposed sweeping constitutional amendments that, among other changes, allow him to seek two more terms and potentially remain in office until 2036. A referendum on the amendments was held in the summer, with nearly 78 percent of voters backing the reforms.

The fraudulent August 9 election in Belarus was among the most dramatic political events in the region during the year. In the months leading up to the election, prominent opposition leaders were jailed and/or disqualified from the ballot. Sviatlana Tsikhanouskaya, the wife of a jailed opposition blogger and candidate for president, and others carried on the campaign against Alexander Lukashenka, who has ruled the country since 1994. Although Lukashenka was declared the winner of the election, the majority of Belarusians distrusted the official results amid obvious signs of fraud. Hundreds of thousands of people took to the streets to protest, the largest protests in the country since Belarus declared its independence from the Soviet Union in 1990. The authorities responded to the protests with an unprecedented level of repression. From August to December, over 33,000 people were detained, hundreds of whom were subject to torture and other forms of ill-treatment.

Tensions have long simmered between Armenia and Azerbaijan over the territory of Nagorno-Karabakh (also known as the Republic of Artsakh), which is internationally recognized as part of Azerbaijan, but has de facto been a part of Armenia since 1994. Full-scale fighting broke out in September 2020. During the fighting, which lasted for forty-four days, Turkey reasserted its role in the region, supporting Azerbaijan's efforts. Approximately 6,500 people—including around 150 civilians—were killed during the military operations, and more than 10,000 people were wounded. In addition, about 90,000 residents of the disputed region (more than 60 percent of the population) were displaced, mostly to Armenia, and major infrastructure was damaged. Fighting ceased when the two warring parties signed a peace deal brokered by Russia. This agreement returned most of what had been Armenian-controlled territory in Nagorno-Karabakh to Azerbaijan. As part of the peace deal, Russian peacekeeping forces will undertake operations in the region for at least the next five years.

Croatia was hit by two deadly earthquakes during the year—one in Zagreb in March and another, even stronger one near Petrinja in December—both of which caused extensive damage, while Albania continued to recover and rebuild from a devastating earthquake in November 2019. Several Balkan countries, most notably Bosnia and Herzegovina and Croatia, continued to deal with large numbers of asylum seekers and migrants. These types of humanitarian issues were exacerbated by the COVID-19 pandemic and the related restrictions.

CSOS RESPOND CAPABLY

In the face of these turbulent circumstances, CSOs showed their resilience and proved their value by providing critical services to their constituents, often reacting faster than the government. CSOs across the region developed new activities to respond to the needs generated by the pandemic, including distributing food and personal protective equipment (PPE) to vulnerable communities, organizing awareness-raising campaigns to educate people about the virus and how to prevent its spread, and offering educational programs for children. CSOs also provided support services to victims of domestic violence, which increased in many countries during the pandemic-related lockdowns. In Belarus, human rights CSOs responded to the unprecedented level of repression in the post-election period by providing legal and financial assistance to an increasing number of people. In Armenia, CSOs actively accepted people displaced by the war with Azerbaijan into their local communities and conducted assessments to identify their needs and priorities. In Croatia, CSOs collected and distributed humanitarian aid and delivered food to those affected by the earthquake.

At the same time, CSOs' ability to provide other services often suffered, particularly given the social distancing and other restrictions in place in most countries for large parts of the year. As a result, service provision scores did not change dramatically, with just four countries— Albania, Georgia, Lithuania, and North Macedonia—reporting improvements in service provision, while five countries—Latvia, Montenegro, Poland, Serbia, and Slovakia—reported deteriorations. However, CSOs' responsiveness to emerging public needs was reflected in dramatic improvements in the scores for two other dimensions—organizational capacity and public image—with approximately half the countries in the region reporting improvements in each of these dimensions.

Eleven countries reported improvements in the organizational capacity dimension in 2020, including approximately half of the countries in each sub-region. While CSOs in many countries struggled to retain staff and engage in strategic planning in the face of uncertain and constantly changing circumstances, these negative developments were outweighed by positive changes in constituency building and the use of technology. The restrictions imposed to limit the spread of COVID-19 disrupted many of the traditional ways CSOs build relationships with their constituents, as they were not able to organize in-person events for much of the year. However, CSOs successfully adapted to these circumstances, often both deepening their relationships with their existing

constituents and building ties with new constituents. In Armenia, for example, CSOs refocused their efforts on new groups of people needing assistance, such as vulnerable families during the lockdown, displaced people during the war, and wounded soldiers and their families. In Serbia, CSOs—particularly grassroots and local initiatives—more effectively engaged in constituency-building activities, engaging more people through petitions, crowdfunding, social networks, online events, and debates.

Related to this growth in constituency building, several countries also reported surges in the number of people interested in volunteering with CSOs. In North Macedonia, for instance, LGBTI United Tetovo reported a 30 percent increase in the number of volunteers it engaged in the provision of food and groceries to the local community. In Belarus, Human Rights Defenders for Free Elections, a joint initiative of the Belarusian Helsinki Committee and the Human Rights Center Viasna, received over 1,700 applications for volunteers, while they were expecting just 200. In Russia, Volunteer Medics, the Association of Volunteer Centers, and the All-Russian Popular Front launched a large-scale campaign called #MyVmeste (#WeTogether), with support from the state. As part of the campaign, approximately 118,000 volunteers across Russia delivered food and medicine to more than 3.4 million isolated elderly people over a period of four months.

Given the pandemic restrictions, CSOs increasingly relied on information and communications technology (ICT)—particularly online platforms like Zoom, Microsoft Teams, Google Meet, Trello, and Slack—to develop and maintain these relationships. New online tools were also developed to help facilitate CSOs' work. In Russia, for example, the GRANI Center created the Generator of Ready-Made Solutions for Managing NCOs [Non-Commercial Organizations], a collection of algorithms, templates, and checklists to help CSO and project managers make decisions more efficiently in frequently encountered situations. The Lithuania report notes that the shift to online activities due to COVID-19 restrictions allowed CSOs to reach broader audiences with their activities. For example, the Virtual Lithuanian School in Italy, which ran weekend classes for the Lithuanian diaspora in Rome and Piedmont, gained a much larger, global audience after moving its instruction online, while Transparency International Lithuania noted that it was easier to include high-level experts in online events. Organizations also began considering foreign candidates to serve on their governance structures.

While many CSOs were able to improve their relationships with constituents in 2020, the fact that these efforts relied largely on the use of ICT meant that some populations were inevitably left behind. This was especially true of CSO stakeholders with limited access to ICT, including elderly people, impoverished families, rural populations, and people with disabilities.

CSOs' effective response to the crisis situations and their efforts to build stronger relationships with their constituents also resulted in dramatic improvements in the sector's public image, with twelve of the twenty-four countries covered in this edition of the CSO Sustainability Index—including a majority of countries in the Southern Tier and Eurasia—reporting improvements in this dimension. Advances in public image in all twelve countries were fueled by improved public perceptions and increased media coverage of CSOs' efforts to address the effects of the COVID-19 pandemic and other urgent domestic situations, like the effects of the war in Armenia and Azerbaijan, the earthquakes in Croatia, the migrant crisis in Bosnia, and the political crisis in Belarus.

In several countries, the improved public perceptions were supported by survey findings. In Belarus, for example, an annual poll by the international non-profit Pact with support from USAID showed that citizens' awareness and trust in CSOs increased dramatically during the year: 60 percent of respondents reported they were aware of CSOs' activity in 2020 (compared to 26 percent in 2018 and 32 percent in 2019) and 30 percent indicated that they trust CSOs (compared to 18 percent in 2018 and 24 percent in 2019). Results of the United Nations Development Programme (UNDP) Public Pulse survey in Kosovo showed similar results: according to the edition of the survey published in April 2020, 50.7 percent of respondents believe that civil society serves as a truthful monitor of democratic developments in Kosovo, a notable increase from the May 2019 survey, in which just 32.6 percent of respondents expressed such an opinion. In Bulgaria, a public opinion survey showed more modest but still significant results, indicating that trust in CSOs increased from 24.7 percent in 2018 to 31.3 percent in 2020, while lack of trust decreased from 23.7 percent to 17.7 percent.

MIXED TRENDS IN FINANCIAL VIABILITY

The negative impact of the pandemic on economies in the region inevitably affected the financial viability of CSO sectors as well, with nine countries reporting overall deteriorations in this dimension and another eleven reporting no change. This stands in marked contrast to the situation in 2019, when nine countries reported that financial viability had improved, and only two indicated that their financial situations were on a downward trend.

Studies in several countries confirmed the difficulties CSOs faced in securing the financial resources they needed to meet the increasing need for their services. In Hungary, for example, several surveys found that approximately three-quarters of CSOs suffered losses of income in the short term and expected more of the same in the longer term. Similarly, according to a survey conducted in Poland in April, approximately half of CSOs indicated that they were struggling to maintain their financial stability and liquidity and faced problems retaining support from existing donors and sponsors, conducting fundraising activities, and covering recurring expenses, such as rent and utilities.

Public funding from central and local governments has long been an important source of funding for CSOs in many countries in the region, and reductions in these sources contributed to declining CSO financial viability in countries such as Croatia and North Macedonia. Reductions in CSOs' abilities to organize traditional in-person fundraising events and income-generating activities also contributed to these decreases.

At the same time, however, philanthropy increased dramatically, particularly during the first wave of the pandemic. This trend was notable in a wide range of countries, whether overall financial viability improved, stayed the same, or deteriorated. In Romania, which reported an overall improvement in financial viability, for example, Dăruiește Viață Association raised EUR 4 million in just six weeks from over 250,000 individuals and 600 companies to support medical units and build a new modular hospital, while the National Red Cross raised over EUR 9 million in 2020 from individuals and more than 150 companies. In Estonia, where the financial viability score remained stable, CSOs jointly collected more than EUR 182,000 through Giving Tuesday in 2020, up from EUR 128,000 in 2019. Individual giving also grew in both Slovakia and Hungary, even though overall financial viability deteriorated. In Slovakia, EUR 2.8 million was raised on the crowdfunding platform ĽudiaĽuďom, an increase of 67 percent in comparison with 2019. In Hungary, NIOK Foundation reported a ten-fold increase in the amounts collected through the adjukossze.hu crowdsourcing platform in March, and an eighteen-fold increase in April compared to the year before. While such surges in philanthropy often disappeared after the initial restrictions were lifted in early summer, they indicate CSOs' abilities to prove their worth in society, as well as the growing public trust in the sector.

Foreign donors continued to be an important source of funding for CSOs in the region, particularly those with more developed capacities, which are needed to meet the demanding requirements of donors' calls for proposals. For the most part, foreign funding levels did not change significantly in 2020, although some donors reoriented their funding or created new funding opportunities to respond to the COVID-19 crisis. In Georgia, for example, the EU allocated funds for a program focused on civil society resilience and sustainability to weather the immediate and long-term impacts of COVID; in 2020, the project provided thirteen emergency grants to Georgian CSOs, provided legal and psychological support to three organizations, and offered technical support grants to advance CSO digitalization to seven organizations. In Montenegro, several donors launched COVID-19 emergency funds to address various effects of the pandemic. These include the U.S. Embassy's COVID-19 Response Fund, the Balkan Trust for Democracy's Balkan CSOs Response to COVID-19, and the Council of Europe's Promotion of Diversity and Equality in Montenegro, which focused on CSOs fighting discrimination against lesbian, gay, bisexual, transgender, and intersex (LGBTI) populations during the pandemic. Many country reports further indicate that donors generally took a flexible approach to their existing grantees, adjusting their policies and allowing their partners to adapt funded projects to the new circumstances stemming from the pandemic. In Bulgaria, for example, the Active Citizens Fund eliminated its co-funding requirements to help CSOs overcome the problems of the pandemic.

STRENGTHENED INFRASTRUCTURE

The infrastructure supporting the CSO sector in many countries also improved not only despite, but because of, the unique circumstances in 2020. Seven countries—including a few in each subregion—reported strengthened infrastructure during the year. The most commonly cited reason for these improvements was the increased

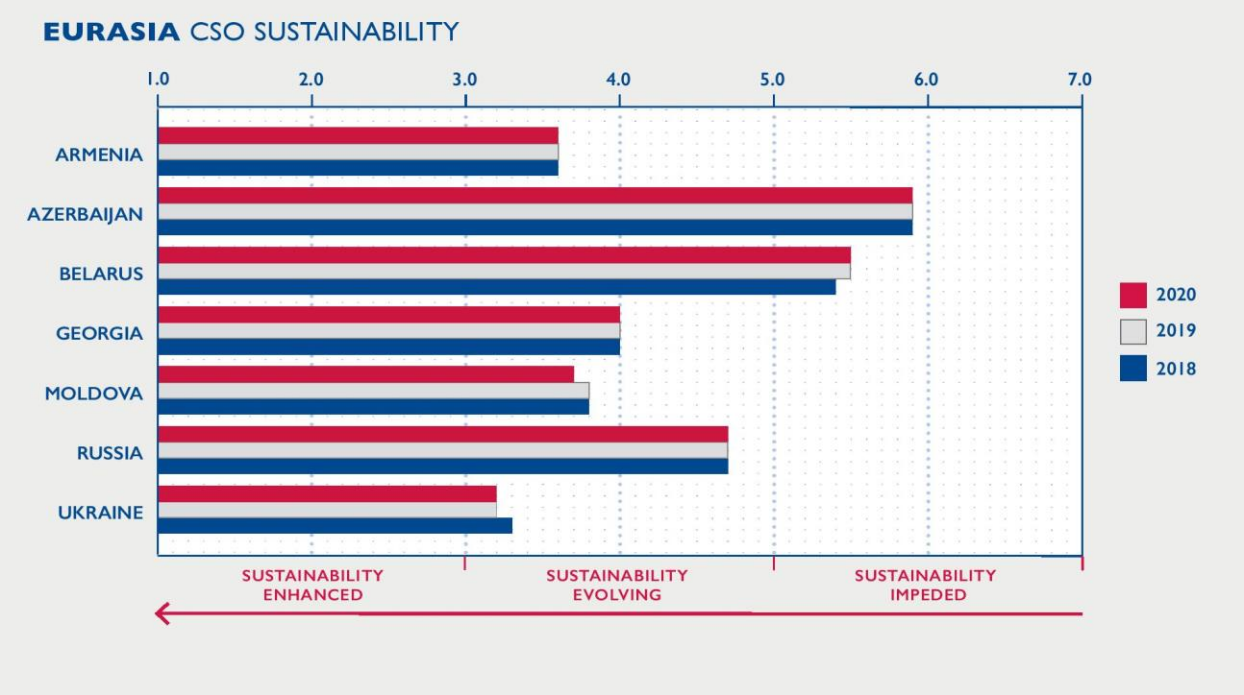
availability of training and capacity-building opportunities. As these services moved online, they became available to a wider group of CSOs, including smaller organizations not located in the capital or larger cities, where the organizations offering such services are generally based. For example, the Poland report noted that opportunities for CSOs to participate in interesting trainings, conferences, and debates increased, while the Russia report noted that numerous additional resources for online learning became available. Other countries that did not report an improvement in sectoral infrastructure also noted the increased availability of training and capacity-building services. In Moldova, for example, CSOs started to organize online trainings after they adjusted to the new situation created by the pandemic. However, these activities were deemed to be less effective, harder to facilitate, and more challenging to keep participants engaged.

Networking and partnerships both among CSOs and between CSOs and other sectors also increased in several countries as CSOs joined with each other, as well as public entities and businesses, to address the crisis caused by the pandemic. In Bulgaria, for example, coalition building was strong in 2020. Of particular note was the joint CSO initiative We Will Cope Together, which collected useful materials and practices, such as ways to deal with social service clients in the context of the pandemic and tips for organizing distance learning programs, and shared them with other CSOs. Bulgarian CSOs also formed a number of long-term intersectoral partnerships in 2020, including some focused on countering the effects of COVID-19. For example, with the support of Lovech municipality, Civic Initiatives opened two hotlines, one of which provided the elderly and other vulnerable people with the opportunity to ask for assistance with shopping or medication, and the other which provided psychological support. Georgian CSOs also strengthened their networks and were actively involved in multiple thematic coalitions—including coalitions focused on press freedoms and an independent judiciary—throughout the year. In Romania, the numerous societal issues brought to the public agenda by the pandemic drove more intense collaboration at many levels. Within the sector, new ad hoc coalitions and informal groups of CSOs advocated for issues related to human rights, freedom of public gatherings, access to public data and personal data protection, access to education, support for vulnerable groups, environment, health, human trafficking, gender and sexual education, and culture. CSOs also cooperated with the business sector, media outlets, and government bodies at the central and local levels to some extent.

REGIONAL TRENDS IN CSO SUSTAINABILITY

The twenty-four countries covered by this edition of the CSO Sustainability Index continue to vary widely in terms of their overall levels of CSO sustainability. As in past years, average CSO sustainability scores largely fell along regional sub-regional divisions in 2020.

In general, the Northern Tier countries (the Baltic and Visegrad countries) continue to boast the highest overall levels of CSO sustainability, with seven of the eight countries in this sub-region recording scores that fall in the highest category of sustainability, Sustainability Enhanced. Estonia continues to have the highest level of sectoral sustainability, not only in the CSO Sustainability Index for Central and Eastern Europe and Eurasia, but in any of the other regional editions of the CSO Sustainability Index. CSOs in Estonia, as well as most other Baltic and Visegrad countries, operate within supportive legal environments, have significant organizational capacities, and are strong advocates and service providers. While financial viability continues to be one of the weakest dimensions of sustainability, CSOs in these countries have access to relatively diverse sources of funding, including government grants and contracts, individual and corporate philanthropy, and tax designations; foreign donors are generally relatively minor sources of funding for these CSO sectors. Hungary is the only Northern Tier country with a score that falls in the middle category of sustainability, Sustainability Evolving. While Hungary has been a member of the EU since 2004 and was seen as a shining example of democracy in Eastern Europe for years, democratic practices and civic space in the country have deteriorated precipitously since 2010, when a government led by Prime Minister Viktor Orbán of the center-right Fidesz party came to power. CSOs thus operate in a hostile environment in which they are largely unable to influence government decision making and are regularly subjected to smear campaigns.



On the other end of the spectrum, CSOs in Eurasia generally have lower levels of sustainability. Belarus and Azerbaijan are once again the only two countries in this edition of the Index with overall CSO sustainability scores in the lowest category of sustainability, Sustainability Impeded. Azerbaijan also continues to have the dubious honor of having the lowest overall CSO sustainability score of any country in any regional edition of the Index. CSOs in Belarus and Azerbaijan operate in highly restrictive legal environments that limit their access to funding—particularly foreign funding—with virtually no space for independent advocacy. They also have weak organizational capacities and little public support. CSOs in Russia face some of these same constraints. CSOs in Ukraine, on the other hand, benefit from a relatively high level of sustainability just under most of those in the Northern Tier countries.

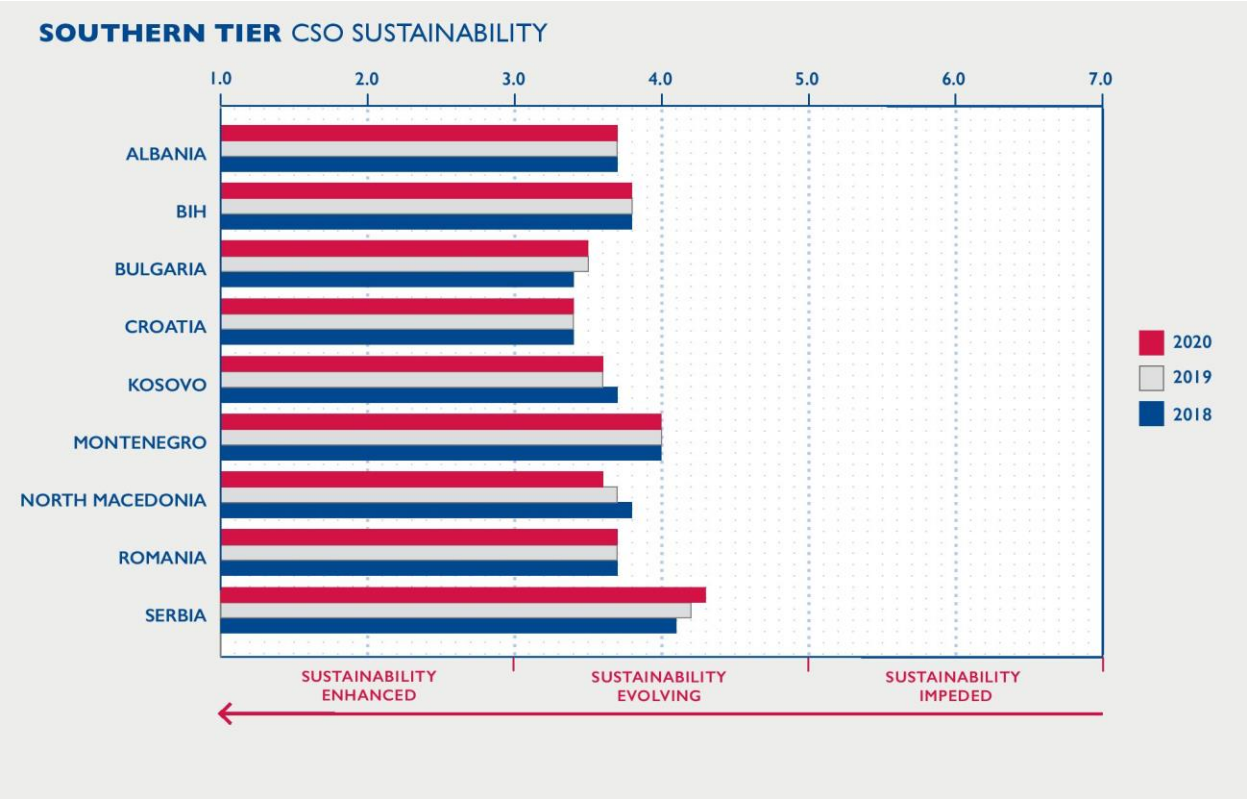
Overall CSO sustainability in the Southern Tier falls somewhere in between the other two regions. All nine countries in this sub-region continue to have overall scores that fall within a fairly narrow band of scores in the Sustainability Evolving category.

Overall CSO sustainability in Central and Eastern Europe and Eurasia was largely stable in 2020, with nineteen countries reporting no changes in their overall CSO sustainability scores. Three countries—Poland, Slovakia, and

Serbia—reported deteriorations in overall CSO sustainability, while just two—North Macedonia and Moldova—reported improving levels of overall CSO sustainability.

The deterioration in overall sustainability in Poland and Slovakia was driven largely by the effects of the pandemic. In Poland, weaker scores were recorded in every dimension but sectoral infrastructure, which actually improved. With the introduction of restrictions to counter the pandemic, the right to assembly was limited in 2020. In addition, the Polish authorities continued to put pressure on and harass CSOs that disagree with government policy, contributing to negative score changes in advocacy and public image. Surveys demonstrated that the pandemic forced many CSOs to limit or even suspend their work, while CSOs struggled to maintain their financial stability and liquidity. Meanwhile in Slovakia, measures adopted to control the pandemic also affected the organizational capacity of CSOs, forcing many CSOs to reduce their staffs and change or cancel their activities, while the economic impacts of the pandemic had a negative effect on CSO financial viability. These factors also drove a deterioration in service provision. Meanwhile, CSO advocacy activities were less visible because of the pandemic. In Serbia, CSO service provision deteriorated slightly as it was more difficult to provide services because of the lockdown measures and funding for CSO services. The legal environment and advocacy dimensions also deteriorated because of the government's antagonistic attitude towards CSOs.

While not resulting in an overall change in CSO sustainability, Slovenia also reported declines in three dimensions. The legal environment and financial viability both deteriorated as a result of pandemic-related restrictions, while advocacy weakened as the government that came to power in March, which was formed by right-wing and centrist parties, was less willing to cooperate with civil society than its predecessor.



In North Macedonia, on the other hand, CSOs' abilities to adapt to and mitigate the effects of the pandemic led to an improvement in overall CSO sustainability. Organizational capacity improved as CSOs made advances in constituency building, volunteerism, and the use of technology. At the same time, CSOs quickly adjusted to the new circumstances presented by the pandemic and provided new services to address their constituencies' needs, resulting in an improved score in the service provision dimension. The sector's public image also improved, due to the positive media coverage and citizens' recognition of CSOs' positive role in society, especially during the COVID-19 crisis. At the same time, the sector's financial viability deteriorated slightly due to the reduction of state funding for CSOs from both the central and local budgets. In Moldova, the improvement in CSO sustainability was

unrelated to the pandemic: it was driven entirely by an improvement in the legal environment, as parliament approved the long-awaited Law on Non-Commercial Organizations.

Several other countries also registered improvements in the scores for several individual dimensions, although they did not result in changes to their overall sustainability scores. Georgia, for example, recorded improvements in five dimensions. Organizational capacity and service provision both improved as CSOs demonstrated increased resilience, flexibility, and adaptability in their response to the unprecedented health crisis, and the sector's public image improved as society recognized these efforts. Advocacy and sectoral infrastructure also improved slightly as CSOs successfully advocated on a variety of issues and strengthened their networks and cooperation. Similarly, in Latvia, the sector's organizational capacity, financial viability, advocacy, and public image scores all improved, although these improvements were tempered somewhat by a slight deterioration in service provision. Romania also recorded improvements in four dimensions—organizational capacity, financial viability, sectoral infrastructure, and public image—largely mirroring the trends described above.

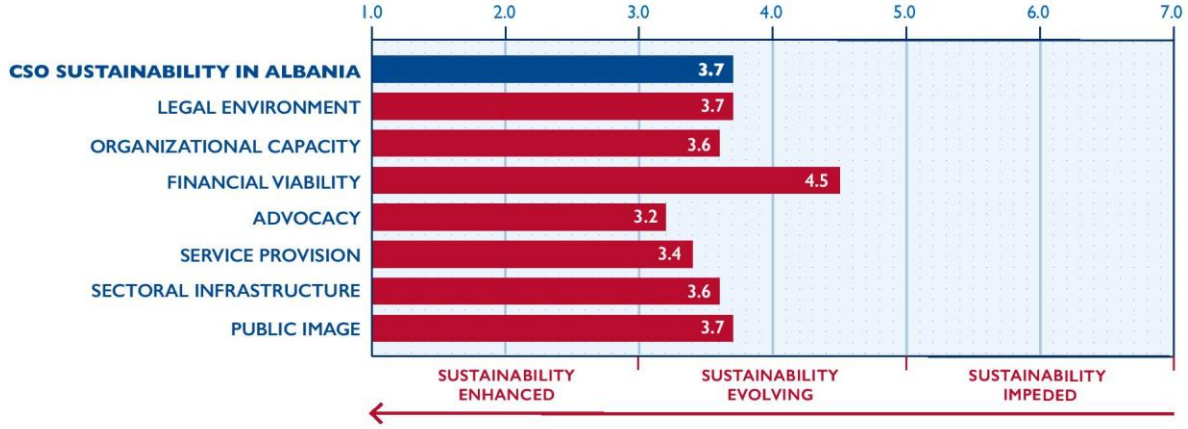
CONCLUSION

The country reports that follow provide an in-depth look at the state of CSO sectors in twenty-four countries across Central and Eastern Europe and Eurasia during the unprecedented circumstance of 2020. This year's reports provide a unique opportunity to assess CSOs in a variety of countries as they all grappled with incredibly similar circumstances. In this difficult context, they demonstrated their resilience and value by providing new services, deepened their ties with constituencies, increasingly embraced technology, improved their public image, garnered increased local contributions, and developed new ways to support each other. We hope that this annual survey continues to capture useful trends for CSOs, governments, donors, and researchers supporting the advancement of CSO sectors.

ALBANIA

***Capital**: Tirana
Population: 3,088,385
GDP per capita (PPP): $13,965
Human Development Index: High (0.795)
Freedom in the World: Partly Free (66/100)

OVERALL CSO SUSTAINABILITY: 3.7



Albania experienced several important developments in 2020. Following the devastating earthquake in November 2019, representatives of 100 countries pledged a record EUR 1.1 billion (EUR 400 million in grants and EUR 700 million in soft loans) to Albania's earthquake recovery at the International Donors' Conference Together for Albania, organized by the European Commission (EC).

COVID-19 was first detected in the country in March. The government responded by issuing a national lockdown that lasted into early June. After being hit hard by the 2019 earthquake, Albania's struggling economy was further weakened by the pandemic. The World Bank's *Western Balkans Regular Economic Report* noted deteriorations in employment, gross domestic product (GDP), and external and fiscal balances in 2020. The government of Albania approved two financial aid packages to provide social support to citizens and businesses, but these excluded CSOs. The pandemic also highlighted the fragility of democracy in the country: the right to protest was suspended, movement was significantly restricted, and most state measures were centralized and introduced by the prime minister through normative acts, without the approval of parliament, and also without including CSOs in any consultations or crisis response bodies. A joint declaration by CSOs, led by the National Resource Center for Civil Society in Albania (NRCCS) noted that the proposed penalties in the criminal code for violating measures to prevent the spread of the virus infringe on the rights and liberties of citizens. The declining public confidence in the government's ability to handle the pandemic was evident when citizens and civil society repeatedly gathered to protest the government's anti-pandemic rules—including the changes in the criminal code, the mask mandate, and the alleged mandatory vaccine—in the summer and fall.

Based on the normative acts adopted to combat the spread of COVID-19, the State Health Inspectorate twice fined and then ordered the closure of Ora News TV, a media outlet that is critical of the government, for violating government-imposed restrictions by having more than one guest on a talk show at the same time. This act raised questions about the deteriorating level of freedom of expression in the country. The EC progress report for Albania in 2020 "raised concerns about increased censorship and self-censorship [among journalists], and about possible setbacks to freedom of expression in the country."

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

Civil society protest actions skyrocketed after December 8th when a police officer killed a twenty-five-year-old male in Tirana for violating the normative act on the prohibition of movement. Although the police officer was arrested and charged with intentional murder, the public outcry was high. Several violent and non-violent protests took place in Tirana and other cities, resulting in the resignation of the minister of interior.

Overall CSO sustainability did not change in 2020. CSOs' financial viability worsened as there was a considerable regression in both the levels and types of funding available to CSOs. Despite facing a number of constraints, CSOs met the growing demand for services stemming from the COVID-19 crisis, resulting in an improvement in service provision. Other dimensions of sustainability remained largely unchanged.

According to the Tirana First Court of Instance, 11,962 CSOs were registered by the end of 2020. This number includes 6,331 associations, 1,442 centers, and 742 foundations. In 2020, a total of 223 new organizations were registered (138 associations, 63 centers, and 22 foundations). At the end of 2020, 4,972 CSOs, including 175 newly registered organizations, were registered with the tax authorities.

LEGAL ENVIRONMENT: 3.7

The actual legislation governing CSOs did not change significantly during 2020. However, CSOs were directly affected by the legislation passed to combat COVID-19. Various draft laws that aimed to regulate the legal environment of CSOs in Albania were also introduced during the year.

Procedures to register and deregister CSOs did not change in 2020. These procedures remained centralized at the District Court of Tirana and continued to be bureaucratic, time-consuming, and costly. In an attempt to reduce these constraints and address one of the priorities of the Road Map for the Government Policy towards an Enabling Environment for the Development of Civil Society (2019-2023), in early 2020 the Ministry of Justice initiated the draft Law on the Registration of Non-Profit Organizations. After a consultation process that started in June 2020, the draft law entered the parliamentary procedure in September 2020. While the CSO community welcomed the legal initiative, it found the draft to be very problematic, concluding that it potentially puts the sector—especially CSOs involved in accountability of public authorities and watchdog activities—under increased pressure and intimidation.

Slow court procedures have affected the financial viability and operations of CSOs. CSOs are legally obliged to confirm or update the mandates of their internal decision-making bodies, as well as amendments to their statutes, through a decision of the Tirana Court District. While such revisions are pending, CSOs have limited access to their bank accounts, meaning that they cannot make or receive any payments, which therefore impedes the continuation of their work.

Following legislation focused on tackling money laundering, Law No. 154/2020 on the Central Bank Account Register entered into force in January 2021. Prior to its approval, a group of CSOs raised concerns that the draft law "does not submit to constitutional guarantees of private and juridical persons, including NPOs [nonprofit organizations]" as it does not provide sufficient mechanisms to safeguard data privacy and risks increased state intervention in their work.

In September and December 2020, the Council of Ministers enacted two by-laws for the creation and operation of the National Youth Agency (NYA), based on Law No. 75/2019 on Youth. NYA will support and finance activities in the youth policy sector, in which many CSOs operate. Law No. 45/2016 on Volunteerism continues to require a long and centralized procedure to register volunteers assisting CSOs. The practice is burdensome, especially for local youth organizations, which engage many volunteers and have to register and unregister each of them separately for the duration of each contract or engagement. The procedure takes place in the capital and becomes particularly expensive for CSOs outside of Tirana.

Initiated in 2019, the draft Law or Public Procurement was made available for public consultation in early 2020. The Ministry of Finance held several meetings with representatives from civil society, foreign donors, business associations, and social enterprises during January and February 2020. The law was approved by parliament in December 2020 and entered into force in March 2021. It is expected to facilitate and streamline the contracting procedures of CSOs, especially in service delivery. Civil protection, civil emergencies, and risk prevention services offered by CSOs, as well as fully internationally-financed projects, will be exempt from public procurement practices. While CSOs are acknowledged to have the right to participate in public procurements for specific medical, social, and cultural services, the full range of services and the procurement regulation to be applied are still to be detailed by a Decision of the Council of Ministers.

In general, the laws governing the sector enable CSOs to operate freely and contest government decisions in court. However, a study prepared by the Institute for Democracy and Mediation (IDM) titled *Civil Society Participation in Decision Making in Albania* raised concerns that civic space is being captured by political interests. A report from Voice of America in February 2020 showed that high-ranking politicians use lawsuits against their critics, including media representatives. Several journalists were sued by state authorities and two were arrested while reporting on the protests of December 2020. CSOs and media associations considered these acts as attempts by the state to intimidate and harass the media.

The right to assembly was fundamentally restricted by COVID-19 health measures. Several acts issued by the government prohibited, or restricted to a very limited number of participants, the organization of social, cultural, and sporting events. In addition, they restricted and banned the right to peaceful assembly. From May to December, many civil society activists and journalists were detained for participating in unlawful gatherings.

Taxation policies improved slightly during 2020, as the government adopted a few measures benefiting all enterprises, including CSOs. For instance, CSOs can now temporarily suspend their activity when they lack income without accumulating unpaid tax obligations during that period. Moreover, the minimum threshold for value-added tax (VAT) registration purposes was increased from ALL 2 million to ALL 10 million (approximately USD 19,200 to 96,200) in annual turnover, benefiting social enterprises and freelance professionals collaborating with the civil society sector. Previously, freelance professionals were subject to VAT registration irrespective of their annual income. Otherwise, CSOs are treated similarly to other taxable bodies, which constrains the sector's development and sustainability. Local taxes such as property, signboard, and environmental taxes place a significant burden on the finances of organizations, especially those engaged in service provision.

Legal opportunities to mobilize financial resources remained unchanged during 2020. A CSO may engage in economic activities to generate income, provided revenues do not account for more than 20 percent of its overall annual budget. Individuals and corporations continue to lack tax incentives to donate to CSOs.

CSOs have limited access to specialized legal expertise, which is mostly concentrated within Tirana. However, CSOs have been increasing their internal capacities to offer legal support to individuals, CSOs, and grassroots initiatives outside of the capital. The Directorate General of Free Legal Aid at the Ministry of Justice operates free legal aid centers across Albania. During 2020, four new centers opened, while another three were revitalized, and twelve CSOs were authorized to provide free legal aid funded by the state budget. The Open Society Foundation Albania (OSFA) launched the online legal aid service Juristi Online in April 2020, which offers free legal aid to both individuals and CSOs.

ORGANIZATIONAL CAPACITY: 3.6

CSOs' organizational capacity remained largely unchanged in 2020. Despite the challenges posed by the COVID-19 crisis, CSOs took the initiative to respond to the increasing needs of their constituents during the pandemic. There was also notable improvement in CSOs' access to technology and use of various online platforms, which CSOs used to communicate with their constituents and stakeholders. However, the pandemic also had some negative effects on aspects of CSOs' work. During the lockdown, the operations of CSOs were paralyzed, weakening the ability of CSOs to reach their projected goals. In addition, some CSOs—particularly small and remote ones—had difficulties in adapting to being cut off from their constituencies, switching to a digital format, and accessing funding, thereby threatening their sustainability.

The gap in capacity between central and local CSOs was still disproportionally wide in 2020. As noted in IDM's 2020 study on *Civil Society Participation in Decision Making in Albania*, organizations outside Tirana lack the institutional capacity to develop, fundraise, monitor and evaluate their work, and lobby effectively.

Given that almost all activities were held online during the year, CSO staff substantially increased their knowledge and skills in working in a digital environment. Many CSOs reported that they increased communication with their constituents through the use of Zoom and other online platforms. However, other CSOs reported that their activities and interaction with local communities, especially those who lack access to technology and the internet, shrank. CSOs suspended their in-person activities in early March and restarted them in June when Albania reopened. However, communication and interaction with constituencies remained very difficult through the year, due to social distancing and other preventive measures. Only five out of ninety CSOs surveyed in a quick assessment by Partners Albania (PA) indicated that they were able to fully reach and, to some extent, serve their beneficiaries. A large number of CSOs reported that they were only able to provide services to 60 percent of their beneficiaries and 22 CSOs reported they did not provide services to any of their beneficiaries. The PA assessment also found that CSOs continued to implement 47 projects (out of 159 reported) online but stopped the implementation of 112 projects.

Although volunteers are an important human resource for CSOs, there is no official data on the number of volunteers engaged in the sector. The majority of CSOs are still not familiar with the legal framework on volunteering. Moreover, the national register of volunteers in the National Employment Service is not yet functional. The 2019 *Monitoring Matrix on the Enabling Environment for Civil Society Development* for Albania shows that the majority of surveyed CSOs (64 percent) have fewer than ten volunteers, while 7 percent have more than sixty volunteers. Generally, the CSOs with large numbers of volunteers are youth organizations, which organize massive awareness campaigns.

While large CSOs generally have well-defined missions, smaller CSOs are more likely to have broader missions that allow them to compete for a wide range of donor funding. As noted in IDM's study *Civil Society Participation in Decision Making in Albania*, CSOs shape their activities towards donor agendas and funding opportunities more than they do towards achieving their respective missions, which limits their impact on the ground and weakens their credibility among their constituencies.

CSOs have increasingly engaged in strategic planning over the past few years due to donor programs that have enhanced the sector's capacities. In addition, recent studies on the sector report that most CSOs have internal organizational policies and procedures, including internal management structures, although to some extent, these are formal and not always effective. However, CSOs struggled to further improve their strategic planning and internal management in 2020. The switch to remote work created a work overload for CSOs' staff, limiting their capacity to engage effectively in organizational strategic planning and monitoring and evaluation of their work.

The lack of public funding for the sector made it difficult for CSOs to pay staff salaries and other running costs in 2020, thus threatening their entire operations. According to the PA assessment, only forty-six of the ninety surveyed CSOs stated that they could pay their staff salaries, while twenty said they had no funds available for salaries. Only fourteen CSOs responded that they could fully cover their administrative costs, while thirty-nine said they had no funds to cover these costs. In addition, the pandemic and the subsequent need to work remotely negatively affected staff performance and management of human resources.

PA's assessment noted that only fifteen of the ninety surveyed CSOs effectively used online platforms for internal coordination, meetings with stakeholders, and delivery of trainings. Nearly sixty CSOs reported a strong need for access to web meeting software, and twelve CSOs lacked the needed equipment to work from home.

FINANCIAL VIABILITY: 4.5

CSOs' financial viability deteriorated slightly in 2020 as the COVID-19 crisis had a negative effect on fundraising and diversification of funding sources, as well as effective financial management of currently awarded grants and funding. Financial sustainability is particularly weak among grassroots CSOs, especially those in remote areas, due to their limited organizational capacity and difficulties in accessing and administering funds.

According to PA's March 2020 survey, European Union (EU) institutions (including the Delegation of the EU and the EC) are CSOs' most prominent donors, followed by embassies and development agencies, such as the Swedish International Development Cooperation Agency (SIDA), USAID, and the United Nations Development Programme (UNDP). State institutions including line ministries and municipalities are the third most significant donor. In addition, twelve out of ninety surveyed CSOs reported receiving some funding from the private sector.

Both international and domestic donors suspended various funding schemes and services due to the COVID-19 outbreak and its preventive measures, and some diverted their funding in response to the pandemic. While donors demonstrated significant flexibility in allowing CSOs to adapt their ongoing projects to the new pandemic context, CSOs still found it difficult to manage their previously allocated funds, as they were constrained by COVID-19 preventive measures, as well as the health problems of their own staff infected by COVID-19.

Sub-granting schemes provided important financial support to the sector. LëvizAlbania, with funding from the Swiss Agency for Development and Cooperation (SDC), increased the number of calls for proposals it issued in 2020 and launched a flexible funding instrument called Rapid Response. Spurred both by the 2019 earthquake and the COVID-19 pandemic, CSOs submitted a total of 230 applications during the first round of funding in 2020, compared to an average of 50 to 59 applications in the previous four years. Nearly 320 project proposals were submitted to the second call by individuals and informal groups in addition to 140 from CSOs. Altogether during the two calls for proposals, LëvizAlbania awarded a total of seventy grants. None of the CSOs receiving grants were able to provide co-funding, indicating the lack of other donors' presence in 2020.

The Albanian Network for Rural Development (ANRD) awarded six organizations with grants up to EUR 3,500 each for the implementation of green entrepreneurship initiatives. The Albanian Helsinki Committee, in partnership with the Institute for Political Studies and Civil Rights Defenders, provided a total of EUR 90,000 in sub-grants to local CSOs to promote and monitor democratic processes. However, interested CSOs had difficulties submitting their applications due to challenges in data collection and/or in consulting their respective target groups amid the pandemic.

A December 2020 paper by IDM titled *Democracy decline and shrinking civic space – How to reverse the trends?* found that the allocation of public funding continues to be limited and untransparent. According to the Agency for Support of Civil Society (ASCS), the main state funding source of the sector, 2020 marked the lowest level of public funding available to CSOs in the last five years. In addition, nearly half of the budget allocated for ASCS' calls for proposals in 2020 was reallocated at the onset of the COVID-19 outbreak to other entities. CSOs did not benefit from any of the financial support packages adopted by the government to mitigate the economic impacts of the pandemic.

The 2020 EC progress report for Albania highlights the fact that financial sustainability of CSOs remains a challenge due to unfavorable fiscal and legal frameworks. Even though the new VAT reimbursement procedure for CSOs (as beneficiaries of the Instrument for Pre-Accession Assistance) remained in force in 2020, the *2019 Monitoring Matrix on the Enabling Environment for Civil Society* reported that only 15 percent of surveyed CSOs have benefited from the tax exemption.

According to PA's monitoring of philanthropic activity, in 2020 the Albanian population made donations equal to EUR 844,000. This was a sizable drop from 2019, when the donated amount exceeded EUR 12.5 million, out of which nearly EUR 10.9 million was in direct response to the November earthquake. This dramatic decrease is attributed to the economic and social challenges generated by the COVID-19 crisis. Approximately one quarter (25.54 percent) of the total donations in 2020 were raised through campaigns and events organized in response to the COVID-19 pandemic and the after effects of the 2019 earthquake. Most donations in 2020 were in the form of money (93 percent). The main beneficiaries were poor families, disabled children and young people, children and young people without parental care, and victims of violence and trafficking. CSOs were the second most frequent channel of donations after direct donations to beneficiaries. Donations channeled through crowdfunding campaigns organized by CSOs ranked third.

CSOs increasingly engage in service provision, including social businesses (i.e., full-service catering) as a way to diversify their incomes. A number of social businesses risked bankruptcy in 2020 due to COVID-19 imposed restrictions. Although they pay all taxes, these social businesses were not included in the government support packages issued in response to the crisis.

CSOs continue to be subjected to operational inspections and anti-money laundering and financing of terrorism inspections by tax authorities. With the exception of small organizations, CSOs are obliged to submit independent audits.

ADVOCACY: 3.2

CSOs intensified their advocacy activities in response to the challenges and difficulties that 2020 posed, although the final results of their efforts to influence public policy, legislation, and public opinion were limited and restrained by the pandemic itself. Throughout the year, CSOs pursued their advocacy goals by issuing public letters and petitions, initiating lawsuits, and seeking international support for their respective cases and causes.

The Law on Notification and Public Consultation requires the government to organize public consultations for draft laws in their final stage of preparation and establishes mechanisms to engage multiple actors in the law-making process. CSOs continued to complain about the superficiality of this process during 2020. According to the Public Administration Reform (PAR) Monitoring Report 2019-2020, only 36 percent of CSO respondents believed that consultation procedures have opened the path for effective public involvement in the policy-making process. Only 4 percent of CSOs stated that the authorities often provide feedback on their suggestions to draft laws. Moreover, only 8 percent of CSO respondents confirmed that their recommendations are accepted by authorities during the consultation process. At the same time, 45 percent of respondents agreed that the formal requirements foreseen in the law are not applied correctly. For example, draft laws are not shared with the public in a timely manner, while other times CSOs are excluded from the consultation process. The amendment of the Electoral Code in June 2020 was characterized by both of these types of exclusions.

There is some evidence that suggests that the government used the pandemic measures to curb protests, civic engagement, and consultations. According to Freedom House's Nations in Transit 2021, "the government ignored most of civil society's advocacy and policy recommendations and exploited the pandemic to strengthen its control of civic space." Furthermore, the police dispersed civic gatherings and arrested hundreds of people, while political gatherings continued normally. At the local level, CSOs expressed concerns that local authorities used the pandemic restrictions as justification to exclude them and citizens from consultations on municipal budgets.

On a positive note, the boom in the use of technology served as a means to increase civic participation. Online meetings greatly fostered and increased the transparency of parliamentary committee meetings, which became easily accessible for interested parties with access to technology.

CSOs requested to be included as recipients for support in the government's financial packages during the pandemic's quarantine in March 2020, albeit unsuccessfully. In April, under the leadership of ANRD, a group of twenty-four organizations addressed a public letter to the prime minister on the challenges and recommendations of supporting rural residents in the aftermath of COVID-19. After a bleak governmental response, in June 2020 members and former members of the National Council for Civil Society (NCCS) expressed their concern that the role of CSOs had shrunk because of the COVID-19 pandemic social-distancing measures and requested to be allowed to organize activities indoors and outdoors, in accordance with approved health protocols. In November 2020, CSOs asked for the immediate termination of the state police ban on public gatherings and the approval of a "COVID-safe" protocol for organizing protests and assemblies. Neither of the protocols were granted during the year and the restrictive acts remained in force. Despite the increased number of public letters, there was little coordination within the CSO sector to develop effective follow-on actions to pressure the government to modify its policies.

The Alliance for the Protection of the National Theater succeeded in getting the National Theater complex on Europa Nostra's list of the seven most endangered monuments of culture in Europe for 2020. However, this international support was not able to prevent the theater's demolition. The government's sudden decision to transfer ownership of the theater building to the municipality of Tirana, and its overnight decision to demolish it in the early morning of May 17th, triggered a wave of protests both inside and outside the country. Some of these protests were accompanied by clashes with the police and many activists were arrested. Soon after, the Alliance filed several complaints with the Special Anti-Corruption Prosecution Office requesting an independent investigation into the case. It also launched a petition demanding the rebuilding of an identical architectural replica on the site of the demolished National Theater. The online petition was signed by around 17,000 people. Thus far, the government has not responded to this call for action.

After a fifteen-year-old student was violated by a school guard, national and international CSOs demanded that the government address child sexual abuse. Students and CSOs across the country marched peacefully in June 2020, urging authorities to tackle this phenomenon. In another case, sixty-six CSOs publicly endorsed the hunger strike of former workers of the oil refinery in Ballsh in October, demanding that the government respect the strikers' labor rights. The strikers eventually reached an agreement with the government in November. The death of a citizen killed by a police officer during the COVID-19 curfew in December sparked a series of protests by juveniles that turned violent. Several CSOs requested the police to stop detaining minors and uphold the right to peaceful assembly.

After several protests by the community and environmental CSOs, the Administrative Court in Tirana abolished the decision of the Energy Regulatory Entity to allow the building of two hydropower plants in the national park of Zall-Gjoçaj. OSFA's legal clinics provided citizens with legal aid and representation in court.

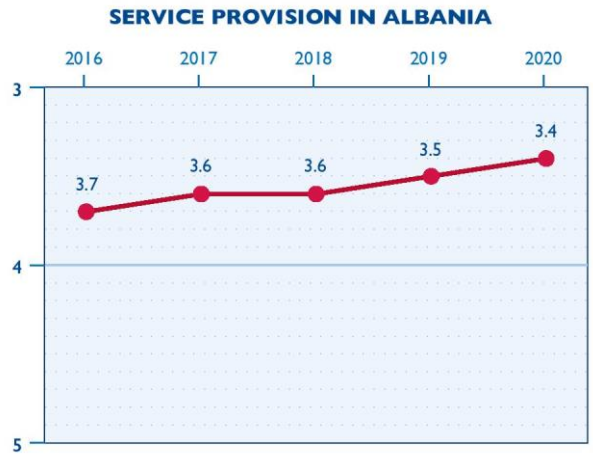
CSOs were active in a number of initiatives to shape legislation during 2020. Nisma Thurje delivered a petition to parliament signed by more than 50,000 citizens proposing a draft law to reform the electoral system, which was not approved. The Center for Public Information Issues (INFOÇIP) finalized a draft law on referendums in 2020 after a long process initiated in 2016. That draft is still awaiting consideration by parliament in 2021. Following the public's great concern and a detailed study, in April 2020, the Ministry of Finance removed the profit tax on property donations between family members, following advocacy by OSFA.

In April 2020, watchdog CSOs and think tanks asked parliament to refrain from rushing through amendments to the Criminal Code, which called for increased sentences for breaching legal provisions during the state of emergency. In the view of the CSOs, such amendments violate human rights and civil liberties and pose a threat to democracy. These advocacy efforts failed, and the law was ultimately amended by parliament.

In May 2020, the Venice Commission found the government's anti-defamation package "inapplicable" and very problematic, backing civil society in its ongoing battle against the restrictions and punitive damages outlined in the legal regulation for online media outlets. Once again, fourteen CSOs appealed to the government to withdraw the package from legislative procedure and support the functioning of a self-regulatory body for the media. Advocacy to improve these draft laws in favor of a more friendly legal framework is expected to continue during 2021.

Following extended advocacy efforts calling for amendments to the registration procedures for CSOs, in June 2020 the Ministry of Justice started a consultation process on the draft law on the Registration of Non-profit Organizations. According to NRCCS, the working committee took into account only 15 percent of the recommendations provided by civil society on the initial draft law. CSOs requested further consultations, arguing that the draft law puts the sector at risk of increased state control and oversight of its internal governance structures and that the law would create further impediments to the freedom of association.

SERVICE PROVISION: 3.4



CSOs' service provision improved slightly in 2020, in spite of the new social and economic context in which they operated as a result of the pandemic. CSOs continued to meet the needs of the population affected by the 2019 earthquake and reacted to the COVID-19 crisis by adapting their services to the new context. As noted in the 2020 study commissioned by Westminster Foundation for Democracy (WFD) on *The Role of Civil Society and Media in Crises Management in Albania*, CSOs' responses during COVID-19 include awareness raising, dissemination of information, delivery of face masks, provision of online psychological support, online community meetings, charity, donations to marginalized groups, research and studies, and online networking events. However, demand for CSO services increased in response to both the earthquake and pandemic, and a number of local needs went unaddressed due to CSOs' lack of funds and the lockdown.

The pandemic propelled CSOs to increase the use of technology in their service provision, while they limited their direct interaction with local communities, public authorities, and other stakeholders. CSO staff working remotely from home were able to provide support to their communities and launched new initiatives to provide health-care services for patients with chronic diseases and other areas. According to the PA assessment in March 2020, seventy-five out of ninety surveyed CSOs responded that they provided services and direct products, while sixty-four CSOs offered training and capacity-building activities. A large number of CSOs reported that they were able to reach out and serve most of their beneficiaries by adapting the methodology of their work. The surveyed CSOs served diverse target groups, including young people, women, the Roma and Egyptian communities, and rural residents.

The EC's progress report for 2020 highlighted the insufficient level of public funding available for CSOs' activities, in particular social services. Overall, public authorities at both the national and local levels failed to support CSOs through financial packages in response to the crisis and did little to further advance social entrepreneurship or establish partnerships with CSOs to provide social services to vulnerable communities. A workshop in the National Conference of Civil Society discussed the challenges faced by CSOs in service provision, including: limited financial sources, including the lack of clear criteria for CSOs to benefit from the Social Fund; the fact that some types of services (i.e., for disabled persons) are not considered priorities by local institutions; how local taxes and onerous fiscal reporting mechanisms have imposed a financial burden on CSOs; and lack of transparent selection processes by municipalities in establishing partnerships with CSOs.

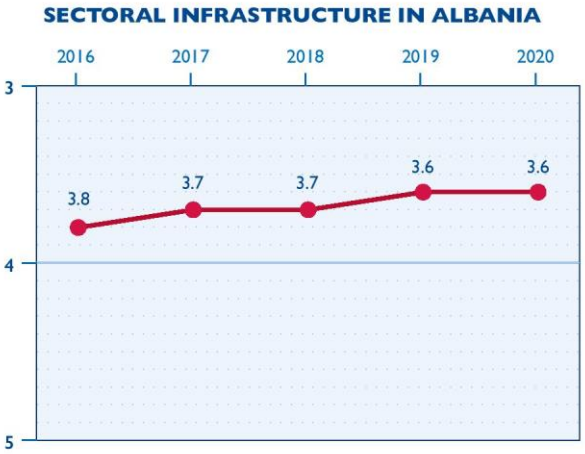
Despite some of the difficulties noted above, CSOs played a central role in providing social services in 2020. The UNDP program Leave No One Behind selected fifteen best practices in the provision of social care services in Albania. The best practices highlighted a variety of CSO services including those for people with disabilities and victims of domestic violence and gender-based violence, and in the areas of housing and health services, and multifunctional community centers located in various geographical areas. CSOs provide such services in coordination with local authorities.

PA's project Cause-Confiscated Assets Used for Social Experimentation is the first initiative in Albania that provided skills and financial support to CSOs to establish social enterprises using assets, including buildings, land,

and vehicles, confiscated from organized crime. The project produced an informational leaflet in September 2020 to support CSOs in their efforts to establish social enterprises.

The 2019 earthquake revealed the inadequate capacities of state institutions to respond to civic emergencies. On the other hand, CSOs' abilities to respond quickly to the needs of the affected population showed the critical role that these organizations can play in responding to such crises. Therefore, affected municipalities relied on CSOs' assistance and continued to ask for their support even during the lockdown.

SECTORAL INFRASTRUCTURE: 3.6



The infrastructure supporting the CSO sector did not change notably in 2020. Although more trainings were organized during the year, they were mostly online, which limited their effectiveness as many participants were not accustomed to online tools, small CSOs from remote areas had less access, and interaction among participants was limited.

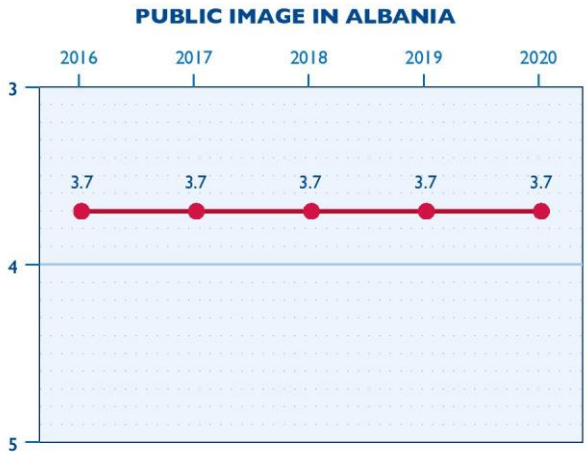
NRCCS was active during 2020. It organized the NPO Academy 2020, an annual initiative focused on enhancing the skills of CSO executives, building partnerships, and strengthening cooperation within the sector. NRCCS provided CSOs with free-of-charge access to online platforms to help them continue activities stopped by the pandemic, and it offered relevant trainings for CSOs on online platforms, fundraising, advocacy, and lobbying. In December, NRCCS organized the National Conference of Civil Society in Albania in an online format to discuss issues related to the overall development of the sector and its role in policy making.

Local grant making was limited in 2020, due both to insufficient donor funds and lack of support by the government. The Albanian National Training and Technical Assistance Resource Center (ANTTARC) completed the EU-funded project ESCORI, which focused on building the organizational management, project cycle management, and advocacy and lobbying capacities of CSOs engaged in the social inclusion of the Roma and Egyptian communities. A total of thirty Roma and Egyptian CSOs received financial support through ESCORI's sub-granting schemes from its inception until 2020. CARITAS Albania awarded a total of eight grants in 2020 focused on social inclusion of people with disabilities. The Albanian Media Institute launched two calls for proposals on media freedom and pluralism in Albania, while IDM awarded six grants for the inclusion of local civil society in public administration reform. Grants under these projects are set to start in 2021.

CSOs increasingly built partnerships, coalitions, and formal and informal groups in 2020. During the year, NRCCS's technical assistance focused on addressing the needs of new networks, including their internal consolidation, strategic planning, mentoring, and capacity building in fields such as advocacy and lobbying, fundraising, and ability to provide technical assistance to their members. A group of CSOs and professionals joined together in a virtual platform called Better Together (Më Mirë së Bashku) to provide information and basic services to families and individuals that found themselves isolated as a result of the COVID-19 prevention measures. Western Balkans Organized Crime Radar (WB-OCR), a regional civil society initiative, was formed in 2020 to streamline the work of civil society and activists engaged in combating organized crime at the national and regional level. Ten of the sixty CSOs that are part of this initiative are from Albania.

Cooperation between CSOs and businesses and government institutions remained underdeveloped during the year and was limited by the pandemic's restrictions and society's focus on overcoming the pandemic's consequences. As discussed above, public institutions rarely take CSOs' inputs into consideration. Moreover, the government's selective engagement with CSOs and the tendency to withhold information produces asymmetric relations. As noted in the study on *Civil Society Participation in Decision Making in Albania*, this structural asymmetry leads to a rather patronizing and dismissive attitude towards CSOs by public officials and institutions.

PUBLIC IMAGE: 3.7



The CSO sector's public image did not change notably in 2020, with both positive and negative developments noted during the year.

Although CSOs continue to struggle to attract media coverage, an increased number of CSOs improved their image in 2020 by effectively articulating their respective causes. CSOs also produced an increasing number of investigations and research, which became part of the public discourse. In addition, the launch of new TV channels in the country resulted in a slight increase in the media's interest in covering the work of CSOs. CSOs' activism and solidarity in the face of the earthquake and the pandemic, increased use of social media, and increased presence in mass media can all be considered as improvements.

Regardless of these improvements, the public media still did not provide sufficient space to cover issues addressed by CSOs in 2020. In addition, as the National Conference of Civil Society proceedings noted, "CSOs have not made sufficient investments in building cooperation bridges with the media for covering the issues addressed by the civil society." Local media is more accessible but remains difficult to access in remote areas where there is often either only one media outlet or no media at all.

While CSOs are still ranked as the fourth most trusted domestic institutions in the country, public trust in CSOs has gradually decreased. According to a national poll conducted in December 2020 by IDM, a total of 52.6 percent of respondents trust CSOs, a 3.7 drop compared to the previous year, and 4.4 percent less compared to 2018. Similarly, 45 percent of respondents believe that CSOs keep the government accountable, a decrease of 3 percent from the previous year. Around 48 percent of respondents believe that political interests influence the work of CSOs, 3 percent more than the previous year.

This decline in trust can be attributed to several factors. Most significantly, smear campaigns have sought to discredit and delegitimize the role and work of civil society in the country. IDM's study *Civil Society Participation in Decision Making in Albania* points out that politicians and the media spread negative narratives of CSOs as being "captured," "bought," and "money-seeking." The second factor contributing to reduced trust in CSOs is related to the pandemic, which directly affected the work of CSOs on the national level. As noted in the WFD study on *The Role of Civil Society and Media in Crises Management in Albania*, the actual impact of projects that shifted online was less than what was projected, as some of the target groups were either unreachable or required on-site support, which was not available.

The *Civil Society Participation in Decision Making in Albania* study notes that there is mutual distrust between public institutions and CSOs. The business community, similar to other actors, has been focused on the pandemic's consequences, therefore, its limited understanding of CSOs' role in society did not change in 2020.

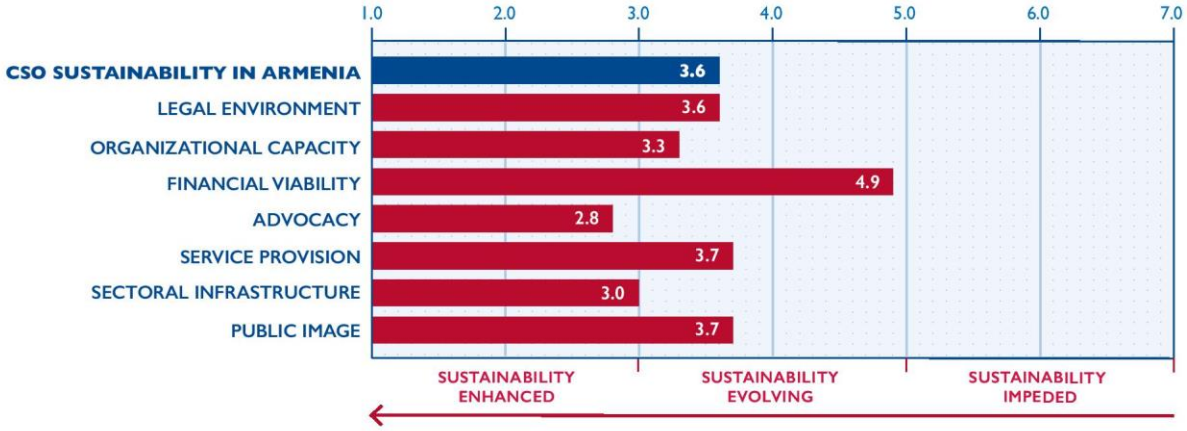
The traditional on-site work of CSOs was limited in 2020 by the pandemic restrictions. As a result, CSOs used digital tools to operate and reach out to their target groups and stakeholders. Although many CSOs still do not communicate effectively, they improved their online presence in 2020. Local CSOs, however, were less likely to use online tools in their work.

As the conference proceedings published by NRCCS suggested, the sector needs to improve its working standards in order to effectively improve its public image and increase public confidence in its work. In 2020, a working group of eighteen CSOs joined NRCCS to continue the work on drafting the Code of Standards for CSOs, which will create a self-assessment tool that will allow CSOs to effectively measure their own progress in the areas of transparency, accountability, and good governance.

ARMENIA

Capital: Yerevan
Population: 3,011,609
GDP per capita (PPP): $13,654
Human Development Index: High (0.776)
Freedom in the World: Partly Free (55/100)

OVERALL CSO SUSTAINABILITY: 3.6



Armenia experienced two significant crises in 2020 that weakened the economy and increased political instability: the COVID-19 pandemic and a war with Azerbaijan.

Armenia recorded its first case of COVID-19 in March. To contain the outbreak, in April, the government declared a state of emergency, which imposed travel restrictions, mandatory self-isolation, limitations on public gatherings (including protests and demonstrations) and the operation of media outlets, enforced mask-wearing, social distancing measures, and the closure of schools, universities, and non-essential businesses. In July, COVID-19 transmissions and fatality rates began to decline, and many restrictions were eased. As of the end of December 2020, the country had recorded approximately 160,000 cases of COVID-19 (5.4 percent of the total population) and 2,800 fatalities.

On September 27, 2020, Azerbaijan, with the support of Turkey, attacked the Republic of Artsakh (also known as Nagorno-Karabakh). Martial law was imposed in both Armenia and Artsakh and a forty-four-day war ensued that ended on November 9 with the signing of a ceasefire agreement between Armenia, Azerbaijan, and Russia. The war had terrible consequences for both Artsakh and Armenia; more than 5,000 soldiers and civilians were killed during military operations, more than 10,000 people were wounded, about 90,000 Artsakhi residents (more than 60 percent of the population) were displaced, major infrastructure was damaged, and territories—including the strategically important town of Shushi—were lost. Based on the terms of the agreement, Russian forces were deployed to Artsakh to undertake peacekeeping operations.

Throughout the war, government propaganda failed to disclose the reality of what was occurring in Artsakh, and the November 9 peace deal was signed by Armenian Prime Minister Nikol Pashinyan without any opportunity for public debate. Immediately following the signing of the agreement, violent protests erupted in Yerevan, and the political environment became increasingly unstable. A coalition of political parties, mainly consisting of supporters of the previous government, began protesting against the prime minister and his cabinet, demanding his resignation and jointly proposing the candidature of former Prime Minister Vazgen Manukyan as his replacement. However, these protests did not receive wide public support, and the majority of the population was eager for political stabilization. A nationwide poll conducted by the International Republican Institute (IRI) in February 2021 confirms these attitudes, with political instability listed as one of the most important problem faced by the county; 33 percent of respondents indicated that they would vote for the ruling party if elections were held next Sunday. At the end of December, the prime minister called for consultations with political parties on possible snap elections in 2021.

Overall, the state of emergency during the pandemic and martial law imposed during the war resulted in a significant deterioration in human rights and public freedoms, including the freedom of speech, the right to assembly, and the right of access to information. The situation also dealt a strong blow to the Armenian economy, with gross domestic product (GDP) declining by an estimated 7.2 percent in 2020. Meanwhile, the government demonstrated an unwillingness and general lack of readiness to solve the complex problems facing society. In contrast, CSOs played an active role during the pandemic and the war, providing a significant amount of humanitarian aid and support to affected people and vulnerable groups.

The CSO sector's overall sustainability remained largely stable in 2020. The organizational capacity of CSOs improved during 2020, driven by advances in CSO digitization and the use of online management tools, as well as CSOs' ability to act and adapt during times of crisis. CSO advocacy worsened as formal and non-formal advocacy channels with the government ceased to function.

According to statistics provided by the Ministry of Justice (MoJ), 5,136 public organizations (compared to 4,794 in 2019) and 1,335 foundations (compared to 1,212 in 2019) were included in the state register as of the end of 2020. At the end of the year, 229 unions remained on the books, even though, according to legislative changes in 2017, unions are no longer considered as legal bodies and must modify their charters and re-register as foundations or public organizations.

LEGAL ENVIRONMENT: 3.6

The legal and regulatory environment governing the CSO sector did not change significantly during 2020.

CSOs may register either as membership-based public organizations, regulated by the Law on Public Organizations, or as non-membership foundations, regulated by the Law on Foundations. CSOs generally do not experience any barriers to registration, as the procedures are clear and well-articulated. Since 2019, CSOs have been able to register in the regional offices of the State Register of the MoJ. No online registration system for CSOs is currently available. Officially, registration of a public organization can be completed in a maximum of ten days, while registration of a foundation should be completed within fifteen days; both cost approximately USD 20. Registration is not mandatory as long as a CSO complies with general legal regulations and does not engage in any formal financial transactions. These informal types of civic initiatives still have access to some sources of funding, such as crowdfunding and local philanthropy. In contrast to registration procedures, the closure and liquidation process remains complicated. This has resulted in defunct organizations remaining officially registered, thereby distorting sectoral statistics.

The internal governance of CSOs is regulated by the Law on Public Organizations and the Law on Foundations, both of which distinguish clear roles and responsibilities for the relevant boards, supervising committees, executives, and members. Meanwhile, the laws restrict any external intervention in CSOs' internal affairs by the state or any third-party actor.

A CSO's scope of permissible activities is not limited if it complies with general legal requirements. The Law on Public Organizations allows CSOs to represent their constituencies in court if a notarized power of attorney is in place. CSOs are allowed to initiate public interest cases in the courts only in the area of environmental protection, although this involves complicated bureaucratic procedures.

Amendments to the Law on Public Organizations that were adopted in March 2020 introduced new requirements for CSO reporting, which specify that public organizations must publish annual activity reports on their mission and goals, implemented projects, income, expenditures, and more. An order of the State Revenue Committee (SRC) Chairman defined the reporting procedures and provided templates and reporting requirements, which will become effective in May 2021. The final version of the amendments was a significant improvement compared to

the first draft and took into account CSO recommendations to limit the scope of information they would be required to disclose. Though the new reporting requirements impose some additional burdens on CSOs, CSOs generally perceive these changes to be positive and believe that they will enhance the sector's overall transparency and accountability.

In 2020, the Ministry of Labor and Social Affairs (MLSA) released a draft Law on Volunteering Activities and Voluntary Work that was a significant improvement compared to the previous version discussed in 2017-2018. The current version contains fewer restrictions and more flexibility for organizations in managing information on volunteers.

In April 2020, the government approved amendments to the Law on Freedom of Information that would allow it to withhold environmental information if publication of this information would have a negative impact on the environment. CSOs and members of the Eastern Partnership Civic Society Forum's Armenian National Platform objected to these amendments, with more than 230 CSOs demanding their withdrawal.

The rights to assemble and participate in peaceful public protests are generally guaranteed in Armenia. However, both the state of emergency resulting from the COVID-19 pandemic and the declaration of martial law during the Artsakh war placed significant limitations on civil rights and political freedoms, including freedom of assembly, freedom of movement and expression, and the right to privacy. Although these restrictions were temporary, there are concerns about their longer-term impact. In addition, according to Human Rights Watch and CIVICUS monitoring reports, COVID-19 related restrictions to freedom of assembly were often applied selectively with less tolerance towards protests organized by the opposition while allowing assemblies organized by pro-governmental groups. Though the constitution guarantees freedom of expression and CSOs can freely address matters of public debate and express criticism, the situation in the country led many CSOs to self-censor in 2020.

The CSO sector has also been impacted by the overall polarization of society and tense political environment. There were multiple cases of protests, demonstrations, and verbal attacks against CSO representatives and even physical attacks on several CSO offices mainly by pro-nationalist forces. For example, the office building of the Open Society Foundation (OSF) was attacked during the night of November 10. Neither the government nor law enforcement authorities actively responded or investigated these attacks and, in general, the state did not provide adequate protection to CSOs or speak out about these attacks, fearing that any collaboration with CSOs might lead to stigmatization as "Sorosian" or "anti-national."

CSOs are legally able to mobilize financial resources through the provision of goods and services, entrepreneurial activities, participation in procurement procedures at the state and local levels, fundraising campaigns, and by receiving funds from foreign donors. Any income generated should be used to accomplish the goals stipulated in the organization's charter.

Public organizations that receive public funding exceeding AMD 10 million (about USD 20,000) are required to disclose an independent auditor's report. This requirement imposes an additional burden on public organizations. CSOs often do not have the resources to pay for professional financial audits and appear to be at a disadvantage when competing with traditional businesses, which are not subject to mandatory audits for projects they implement using public sources.

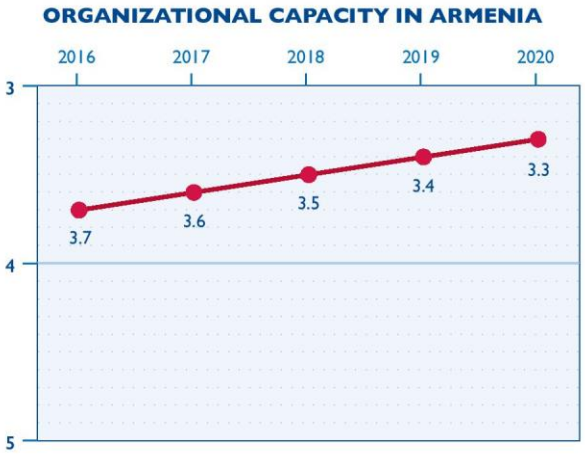
CSOs directly engaged in commercial activities or social entrepreneurship do not receive any special fiscal or other benefits, and in fact are often put at a disadvantage when competing with businesses. For example, the entrepreneurial activities of CSOs are subject to a 20 percent value-added tax (VAT), while traditional businesses are subject to simple tax regimes. Additionally, the law requires CSOs engaged in entrepreneurial activities to maintain distinct accounting operations, which imposes an additional administrative burden on them. As a result, CSOs prefer to establish separate for-profit organizations rather than engage in entrepreneurial activities directly. Amendments to the Tax Code that entered into force on January 1, 2020, enable an improved tax regime with low tax rates and simplified bureaucracy for social enterprises established as limited liability companies, which may be classified as "micro-businesses."

The Tax Code specifies a 20 percent VAT for CSOs if their total annual income, including from grants, exceeds AMD 58.35 million (about USD 117,000). CSOs are eligible for VAT exemptions for certain projects and procurements only in cases where there is an inter-governmental agreement between Armenia and the respective donor countries and when the projects are deemed charitable by the State Humanitarian Commission.

Commercial organizations and corporate donors can deduct donations to eligible CSOs from their taxable income up to 0.25 percent of their gross annual income. Individual donors do not receive any tax deductions for charitable donations.

Although CSOs do not often seek legal advice, they are able to turn to several organizations for legal assistance if needed. These include the Armenian Lawyers' Association (ALA), Transparency International's Anticorruption Center (TIAC), the A.D. Sakharov Armenian Human Rights Protection Center, the NGO Center (NGOC), the Eurasian Partnership Foundation (EPF), and the Civic Development and Partnership Foundation (CDPF). Legal advice is available throughout the country. The shift to remote work during the pandemic enhanced CSOs' access to legal expertise as many lawyers working for organizations as fixed-time employees had more flexibility and started to do more freelance work.

ORGANIZATIONAL CAPACITY: 3.3



The organizational capacity of CSOs improved slightly in 2020 particularly in the areas of digitization and mobilization in response to the pandemic and the war.

Throughout the year, CSOs remained flexible and adapted to the emerging crises. CSOs demonstrated their self-organization skills, flexibility, and capacity to immediately react and adapt to the emerging needs of their constituencies. For example, through an agreement with MLSA, the Armenian Association of Social Workers (AASW) created rapid-response groups to carry out rapid needs assessments of displaced people and address those needs. Many other CSOs, including Teaching and Partnership NGO and Martuni Women Center, also conducted needs assessments and provided services to displaced people. In another example, Armenia's Child Protection Network concluded that the risks of domestic abuse would increase during the lockdown. Therefore, it created a joint platform enabling different organizations to easily exchange information on their beneficiaries to avoid duplication.

CSOs improved their ability to identify and build relationships with potential constituents and beneficiaries. The increased use of online tools allowed CSO activities to reach more people, including people in different parts of the country. In some cases, CSOs refocused their efforts on new groups of people needing assistance, such as vulnerable families during the lockdown, displaced people during the war, and wounded soldiers and their families. However, constituency building suffered in other cases. This was especially true of CSO stakeholders with limited access to information and communication technology (ICT), including elderly people, impoverished families, and people with disabilities.

According to the results of a survey carried out within the framework of the USAID-funded Data for Accountable and Transparent Action (DATA) Program (hereinafter referred to as the DATA survey), approximately 70 percent of CSOs adopted strategies/rules for emergency situations. Additionally, the temporary suspension of many ongoing projects due to the pandemic enabled CSOs to allocate time to "back-up" work, such as updating mission statements, strategies, and internal procedures. However, despite developing more defined missions and strategic plans, CSOs often still acted on an ad hoc basis and aligned their work with available grants and funding resources. Generally, only relatively large CSOs plan the outcomes of their work or conduct impact assessments or evaluations.

Most CSOs have adopted policies, procedures, and systems of internal governance. However, only relatively large CSOs follow those procedures and clearly divide the responsibilities and work between their boards of directors and staff members. The CSO Development Program (CSO DePo) and other donor-funded programs have developed several guidelines, templates, and capacity development tools to improve the internal management of CSOs. CSOs have been developing a greater understanding of what constitutes a conflict of interest and they generally acknowledge the need to avoid such incidents.

Only relatively large CSOs with access to longer-term funding can maintain permanent staff, while small CSOs employ staff on short-term contracts based upon planned or existing projects. Although the government implemented several assistance programs to mitigate the impact of COVID-19, these mainly focused on private businesses and CSO sector employees were not eligible for these programs. No data is available on whether the number of employees in CSOs decreased in 2020 because of the pandemic. Volunteering increased significantly in response to the pandemic and the war. For example, many people engaged in volunteer efforts to support the war and assist displaced people. Most CSOs successfully manage to recruit and engage volunteers and outsource professional services such as accounting, marketing, and legal services.

CSOs' access to and use of technology significantly increased due to the pandemic and the subsequent lockdown, which forced CSOs to adopt remote work arrangements. According to the DATA survey results, 100 percent of CSOs utilized some online tools. CSOs began to widely use Zoom and other platforms to organize online discussions, meetings, and training sessions. Additionally, CSOs started to use innovative technologies, such as platforms and time-trackers to track their employees' remote working hours. Activity on social media platforms, especially Facebook, also increased. The DATA survey also indicated that CSOs experienced some difficulties in accessing equipment, such as laptops and tablets, to enable remote work. As a result of the shift to remote work, CSOs were able to save on expenses related to maintaining permanent offices, transportation, accommodation, and utilities, with 57.6 percent of respondents to the DATA survey reporting such savings. Regional CSOs continued to benefit from office facilities provided by their communities free of charge. CSOs have access to relatively cheap internet services throughout the country but do not significantly concern themselves with cybersecurity.

FINANCIAL VIABILITY: 4.9

Financial viability, which continues to be the weakest dimension of CSO sustainability, was affected by both positive and negative developments during the year. Both the pandemic and the war hindered the disbursement of donor funds. Furthermore, CSOs remained largely dependent on donor-funding, and the completion of several large-scale, long-term donor-funded projects in 2019 created a gap in access to donor funds and local sub-granting. CSOs also faced difficulties generating income through the production of goods and services and in establishing and operating social enterprises. According to the DATA survey results, 51.2 percent of CSOs faced financial difficulties during 2020 due to these funding restraints, and 63.1 percent of CSOs were forced to use personal assets to cover some organizational costs. However, these negative developments were offset to some extent by the creation of new donor programs and increases in philanthropy and crowdfunding.

COVID-19 and the Artsakh war encouraged local philanthropy and diaspora giving. The All-Armenian Fund collected more than USD 170 million during the war through its Pan-Armenian fundraising campaign, which solicited funds to provide humanitarian aid for displaced people and repair damaged infrastructure as a result of military actions. Similarly, the Insurance Foundation for Servicemen collected more than USD 16 million through local philanthropy. However, this pattern of giving is specific to these particular crises and is not likely to comprise a sustainable source of financing for CSOs.

Key foreign donors for Armenian CSOs include the European Union, USAID, OSF, the Black Sea Trust for Regional Cooperation, as well as small grants provided by the Swedish, Dutch, and German governments, the US, Lithuanian, and Japanese embassies, the United Nations Development Programme (UNDP), Robert Bosch Stiftung, the European Endowment for Democracy, and the Prague Civil Society Center. Some large donor-funded projects implemented during 2020 include the USAID-funded Engaged Citizenry for Responsible Governance (2014– 2021), the EU-funded EU4Youth: Better Skills for Better Future (2018-2020), and the USAID-funded DATA program

(2020-2022). However, these funds mainly benefited large CSOs, which already had experience working with international donors, while small and recently-established CSOs had limited access to the same resources.

Some donors created new funding opportunities to mitigate the impacts of COVID-19 as well as to address the humanitarian crisis that emerged as a result of the Artsakh war. For example, the U.S. Embassy offered a total of $200,000 to civil society and independent media organizations for COVID-19 response, reporting, and oversight. In addition, USAID provided $180,000 in supplemental funding for CSOs through the Civil Society Innovation Initiative (CSII) and OSF provided approximately $1 million to fight the impact of COVID-19.

CSOs have access to a small number of grants provided by the central and local governments. In 2020, non-governmental (public) organizations received about AMD 604 million (about USD 1.3 million) in government grants compared to AMD 110 million (about USD 220,000) in 2019.[1] Though the government announced its intention to allocate grants openly and transparently, grants were ultimately allocated through a non-transparent, non-competitive process, in which only CSOs that were perceived "favorably" by the state received state funding.

The use of crowdfunding through online platforms and other electronic tools and instruments significantly increased during 2020. The successful fundraising campaigns of the All-Armenian Foundation and the Insurance Foundation for Servicemen described above both utilized online tools. Meanwhile, the lockdown and state of emergency limited access to other types of fundraising tools such as events, charitable dinners, and festivals. Some membership-based organizations collect membership fees, although this income is insufficient to ensure sustainability.

The potential of CSOs to generate income through the provision of services, products, and renting assets significantly decreased during 2020 due to the economic impacts of the pandemic and the war. According to the "Social Entrepreneurship in Armenia" research developed as part of the USAID-funded Innovation for Change (I4C) Armenia project, approximately 20 percent of social enterprises ceased operations, 50 percent were forced to cease operations for five months, and CSOs and individuals faced significant difficulties when trying to establish new social enterprises. There was an overall 70 percent decline in social enterprise income in 2020 compared to the previous year.

CSOs acknowledge the need to improve their financial management systems to comply with the increasing requirements of state and donor organizations. CSOs generally outsource financial management and accounting services. Meanwhile, CSOs rarely initiate audits or disclose financial reports and information unless required by the state or donors.

ADVOCACY: 2.8

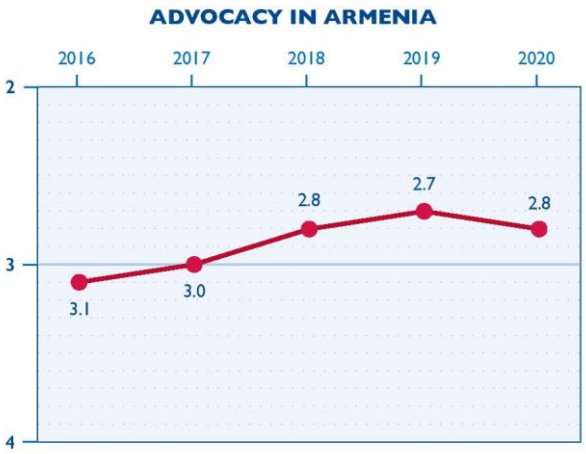
CSO advocacy decreased slightly in 2020. CSOs' opportunities to engage with state officials and participate in policy and advocacy initiatives to shape legislation decreased due to the *force majeure* events impacting the country and the government's unwillingness to collaborate with CSOs.

Formally, CSOs have access to government decision-making processes through the Public Councils established adjacent to the ministries. However, the majority of Public Councils ceased operating in 2020. Due to the pandemic, formal and non-formal consultation procedures suffered, with face-to-face meetings, discussions, and public hearings limited or not held at all. Several government entities, including MLSA, attempted to organize public discussions on draft legislation using virtual platforms. However, these virtual meetings were not efficient, and CSOs reported a lack of concern for the issues and recommendations they raised in the virtual meetings.

Information requests submitted by CSOs and the public were either not properly addressed by governmental authorities, or responses were significantly delayed. The Committee to Protect Freedom of Expression reported many violations of the right to receive and disseminate information while the Freedom of Information Center of

[1] The difference in the volume of financing between 2019 and 2020 results primarily from a change in the form of financial support provided. In 2019, much financial assistance was provided as "subsidies" while in 2020, most funding was provided as "grants" rather than subsidies.

Armenia reported that government officials and local municipalities did not proactively disclose information as stipulated by the law.



All legal acts of public interest and significance proposed by the government are posted on www.e-draft.am. Stakeholders can submit their comments and recommendations on proposed legislation through this site. However, CSO representatives do not find this platform effective due to a lack of meaningful discussions and communication. According to CSOs, the procedure is mainly used to "tick a box" and officials do not treat it as an opportunity for real engagement. One example of positive change was the acceptance of amendments proposed by the Armavir Development Center to the Law on Local Self Governance that were adopted in early 2020. These amendments now require local municipalities with populations of more than 20,000 to post local legal acts on community websites for public discussion, which is automatically copied on the e-draft platform.

During 2020, CSOs widely self-censored, avoiding criticism of the government and local self-governmental bodies during the pandemic and the war. During the period of martial law, some legal measures limited freedom of expression, such as a government decision that prohibited the publication of information "causing panic" among the public in the media and social networks. At the same time, the authorities used the crisis situation in the country to adopt laws and regulations unrelated to the pandemic or the war in a hasty manner, including measures regarding taxation and social assistance, bypassing the required public consultation procedures and ignoring public discontent. Due to the state of emergency and martial law, CSO oversight over the government also suffered.

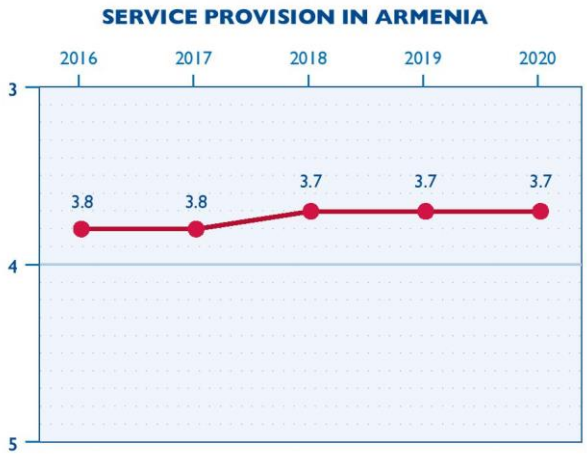
CSOs reported significantly weakened communication with governmental bodies during 2020. Due to political instability, the government mostly acted as a closed body positioning itself for self-defense. Increased populism, disinformation, distrust, hate speech, fear, and manipulation all impacted the ability of CSOs to make their voices heard. Populist advocacy groups attacked CSOs as well as pro-democracy donor-funded projects. This, as well as overall changes in the political and humanitarian environment, significantly restrained CSOs from engaging in advocacy initiatives, forcing them to be more temperate and less visible. For example, CSOs provided almost no feedback on budgetary discussions in the city of Gyumri in contrast to previous years when budgetary discussions occurred in a tense yet productive atmosphere. On the positive side, CSOs continued to collaborate with the parliamentary working group on electoral reform, leading to the passage of the Law on Political Parties and the Electoral Code.

The CSO community continues to advocate for a favorable legal and regulatory framework for the sector and made some inroads in 2020. Examples of this include CSO reporting requirements adopted in March 2020, the increase in the threshold for mandatory audits for the use of public funds, and the draft Law on Volunteering Activities and Voluntary Work. However, due to the force majeure events impacting the country and a sharp change in priorities, CSOs' advocacy in this field was limited in 2020.

SERVICE PROVISION: 3.7

CSO service provision did not change in 2020, as it was affected by both positive and negative changes.

Despite the unprecedented events impacting the country in 2020 and considerable challenges to providing field-based goods and services, CSOs continued providing a wide range of goods and services to their target communities and constituencies. Goods and services provided during the year were mostly focused on humanitarian, social, economic, health-care, psychological, educational, and cultural efforts. Some CSOs expanded the range of services provided and the groups served. Many CSOs changed their mandates to respond to humanitarian priorities that emerged due to the COVID-19 pandemic and the Artsakh war. For example, CSOs providing services in human rights, advocacy, and government accountability shifted their activities to more humanitarian and community-based services. CSOs largely addressed issues that were beyond the capacity and



resources of the central government and local self-governmental bodies. For example, the Martuni Women Center started to produce face masks, bedding items, tents, and other items for those in need. The Aregak bakery-café, a social enterprise, produced bread and distributed it free of charge to vulnerable families during the lockdown and refugee families during the war. CSOs made use of new technology to provide online consultations, specifically to offer psychological help and medical advice.

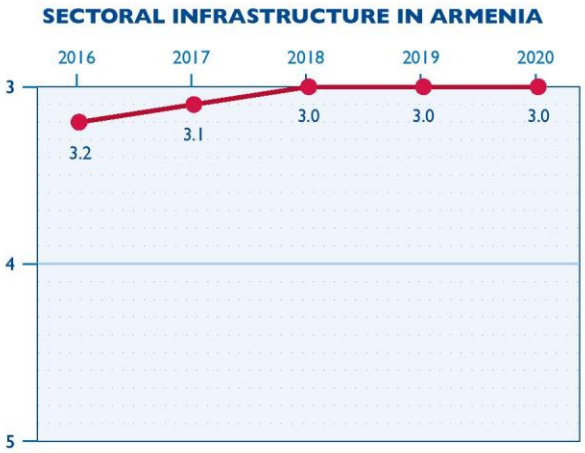
CSOs demonstrated their ability to proactively identify and address the emerging needs of their constituents and communities in 2020. During the pandemic lockdown, CSOs assisted vulnerable families and isolated elderly people, including by providing them with food and other necessities. CSOs actively used ICTs to identify and reach out to their constituents and to collaborate with each other. CSOs actively accepted refugees from Artsakh into their local communities and conducted assessments to identify their needs and priorities. At the same time, the goods and services that CSOs would normally produce and provide significantly decreased. For example, there were almost no in-person festivals, exhibitions, or conferences during which CSOs could present and sell their goods and services.

CSOs were extremely limited in their ability to recover costs for services rendered in 2020, especially as most of their services focused on humanitarian assistance. According to the research conducted as part of the I4C project, there was a 70 percent decline in goods and services provided by social enterprises during 2020, with the largest decline in the tourism sector.

Most of the work that CSOs undertook in 2020 to address the emerging social and humanitarian issues impacting the country was done without any acknowledgement or financial contributions from the government. MLSA is the only governmental entity that actively collaborates with CSOs. For example, MLSA actively worked with CSOs to mitigate the worsening social and economic conditions and assist people impacted by the force majeure events in the country.

SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector did not change, with both positive and negative developments noted.



During 2020, intermediary support organizations (ISOs) and resource centers including EPF, NGOC, Partnership and Teaching NGO, TIAC, the Infotun (information house) network, and CDPF continued to provide assistance to CSOs. The CSO DePo portal, created in 2016, continued to provide access to CSO-related information, announcements, and resources in a single location. The provision of paid services to CSOs by ISOs and resource centers was limited during 2020. There were also limited opportunities for local sub-grants during 2020, as most of the major donor-funded projects that had sub-granting components ended in 2019.

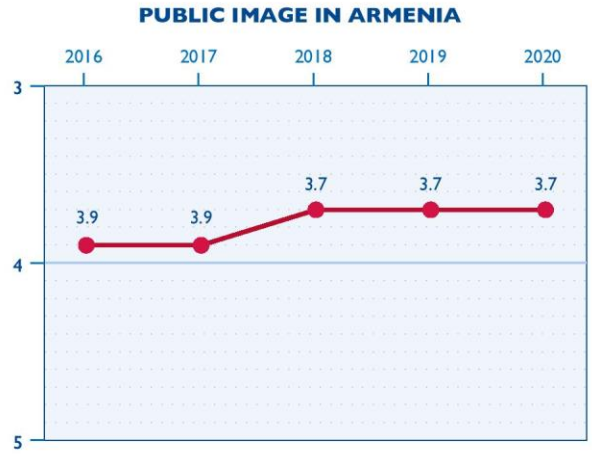
CSOs in both Yerevan and the regions have access to capacity-building activities and training opportunities. Although face-to-face training decreased significantly, online training opportunities, including a wide range of international offerings accessible through online tools, were available during 2020. Overall, the variety of capacity-building opportunities available to CSOs increased, and CSOs acknowledged a nearly inexhaustible number of resources available to them in the virtual domain. NGOC, for example, organized a two month-long online

academy for twenty CSOs registered within the last five years that covered fourteen CSO-related topics. The Faculty of International Relations at Yerevan State University continued to provide a six-month long course on CSO management. Within the framework of My Armenia, USAID and the Smithsonian Institution trained approximately fifty CSOs on tourism development. However, distance learning modules and virtual training was generally considered to be less effective than their in-person equivalents.

Cooperation between different CSOs increased, primarily in the scope of crisis management in response to the emerging crises through the year. As in previous years, many donor-funded projects, especially those supported by the EU, required applications to be submitted by coalitions, thereby promoting dialogue and cooperation within the sector. Fifteen CSO coalitions comprising a total of 260 member organizations that were created as a result of the EU-funded Commitment to Constructive Dialogue (CCD) project continued to operate in 2020. However, the relationship between CSOs continues to be more competitive than collaborative, and there are distinct camps of CSOs grouped under the umbrellas of different donors.

As a reaction to the crises that occurred throughout the year, collaboration between CSOs and the business sector, as well as the acknowledgment of the benefits of such collaboration, increased. Throughout the COVID-19 pandemic and the war, CSOs actively worked alongside private businesses to address the emerging needs of vulnerable groups and the displaced. For example, AmeriaBank and UNICEF initiated a joint project to provide children with tablets for distance learning during the COVID-19 pandemic. However, as reported by the DATA survey, although CSOs demonstrated the willingness and resolve to address the emerging crises resulting from COVID-19 and the war, their activities were mostly ad hoc and not coordinated with other sectoral agencies or the state. Collaboration with the state was not institutionalized and was mostly dependent on the personality of high-ranking officials in the ministries, with the possible exception of successful efforts by MLSA on the joint provision of social services.

PUBLIC IMAGE: 3.7



The public image of CSOs remained largely the same in 2020. While CSOs' humanitarian aid programs and initiatives in the field were increasingly visible, they were also widely attacked through "fake-news," conspiracy theories, and negative publications mainly initiated by supporters of the previous government.

During 2020, only a small number of media platforms, such as the Article 3 Club (run by For Equal Rights), Media Center (managed by the Public Journalism Club), Azatutyun Radio Station/US, Civilnet, Factor TV, and the Infocom information committee, provided primarily positive coverage of the role of CSOs in the country. Outlets belonging to supporters of the previous government, on the other hand, mainly provided a barrage of negative coverage. CSOs active in the fields of democracy and human rights were branded as "enemies of the nation" by these media outlets, as well as fake social-media profiles controlled by these groups.

Public perception of CSOs is divided. On one hand, the day-to-day work of CSOs amidst the humanitarian crisis improved their visibility and acknowledgment among the public. On the other hand, some CSOs were accused and attacked for being "grant-eaters" and "anti-nationalists." The term "Sorosian," a pejorative term based on the name of philanthropist George Soros, was widely used to discredit some CSOs that receive foreign funding and engage in advocacy efforts, given that his foundation in Armenia is one of the leading grant-making institutions in the country. Such activities were initiated by former officials and groups aimed at discrediting the current government. Although people who interacted with CSOs had a positive view of their efforts, the overall perception of CSOs suffered significantly due to anti-CSO propaganda mainly labeled as a "war against Soros." During the crisis, society became less tolerant in general, and the tensions between society and the government

increased significantly. Both online and offline domains were full of hate speech, accusations, and aggressive rhetoric; constructive discussion and understanding were notably lacking.

The government also exhibited a discriminatory attitude towards CSOs, categorizing them as either "favorable" or "unfavorable." CSOs with former employees currently working in the government in high-ranking positions were most likely to be among the "favorable CSOs." However, MLSA has a favorable perception of CSOs' service provision.

The business sector's perception of CSOs improved slightly in 2020, particularly through the implementation of joint initiatives during the crises. However, most businesses still have a limited understanding of the role of the CSO sector and conduct their own charitable and social projects, bypassing CSOs.

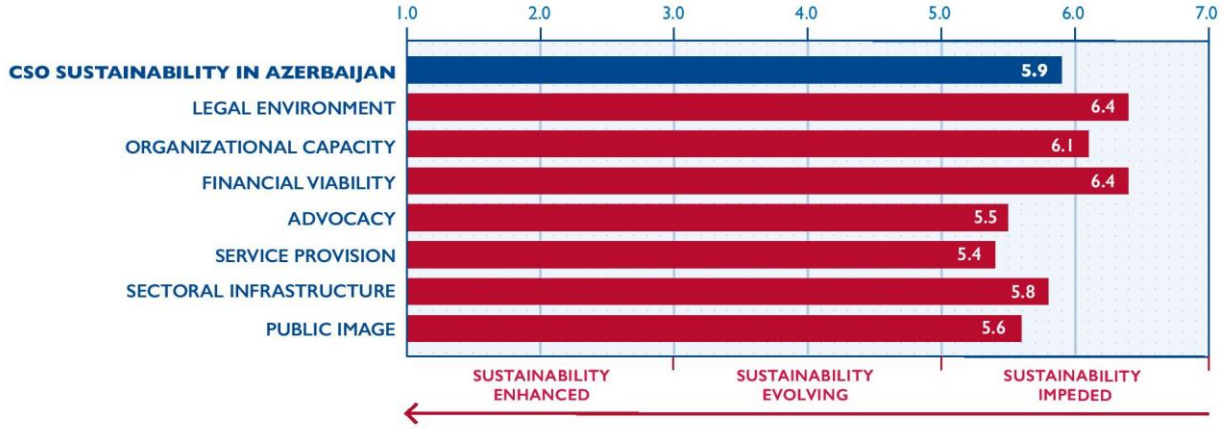
CSOs improved their capacity to introduce and promote the results of their work to the public, particularly through the use of social media skills, which they enhanced during the lockdown. However, CSOs carried out the majority of their humanitarian relief efforts during 2020 without soliciting coverage or raising public awareness around their efforts.

The accountability and transparency of CSOs remain weak points in the sector's image. Only relatively large CSOs put efforts into ensuring transparency and accountability by adopting codes of conduct and publishing reports or financial statements. Disclosure of annual reports is mandatory for foundations and public organizations that use public funds. However, the published reports are usually very generic and lack sufficient detail about CSOs' operations and financial flows.

AZERBAIJAN

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

OVERALL CSO SUSTAINABILITY: 5.9



Public attention in Azerbaijan in 2020 was focused on the COVID-19 pandemic and renewed fighting in the long-standing conflict with Armenia.

In response to the COVID-19 pandemic, a special quarantine regime was imposed beginning on March 24, 2020. During the quarantine, which was in place for most of the year, the movement of individuals and vehicles was restricted; most businesses and educational institutions were temporarily closed; and a special SMS permit system was introduced to allow people to leave their places of residence. As a result of these restrictions, many CSOs faced difficulties implementing their projects and reaching out to their beneficiaries.

Tensions have longed simmered between Armenia and Azerbaijan over the territory of Nagorno-Karabakh, which is internationally recognized as a part of Azerbaijan, but has de facto been a part of Armenia since 1994. Armed clashes broke out in July 2020, with officials in both countries blaming the other for starting the fighting. This was followed by intensified fighting that broke out in September 2020. Fighting lasted for forty-four days until the two warring parties signed a peace deal brokered by Russia. The Patriotic War, as it is known in Azerbaijan, resulted in several thousands of deaths and allowed Azerbaijan to keep a significant amount of the territory it had regained, while requiring Armenia to hand over other areas. The end of the war gave rise to hopes in Azerbaijan that some of the approximately 1 million refugees and internally displaced persons (IDPs) in the country could finally return to their homeland.

Political liberties in Azerbaijan continue to be highly restricted, and the country is considered "Not Free" in Freedom House's Freedom in the World 2021 report, which covers developments in 2020. Snap parliamentary elections were held in February. Although the elections lacked genuine political competition and the ruling party maintained control over the parliament, several CSO representatives did win seats. According to the OSCE/ODIHR Election Observation Mission's final report on the elections, "significant procedural violations during counting and the tabulation raised concerns whether the results were established honestly."

In the summer, the Unit on Political Parties and Legislative Power, which was established within the President's Office in November 2019, met with many political parties in the country, including opposition and unregistered parties; the two leading opposition parties, however, did not participate. After the meeting, seven parties were registered—a notable accomplishment as no political parties had been registered in Azerbaijan for a decade. The dialogue between the government and political parties continued throughout the year. For example, in July 2020, when fighting broke out with Armenia, forty-three parties signed a Joint Statement in support of President Aliyev and the Azerbaijani Army. Similarly, in September 2020, when the war started in Karabakh, fifty of the fifty-two

registered political parties signed another statement in support of President Aliyev and the Azerbaijani Army. In addition, twenty parties received office space from the government.

At the same time, the government continued to crack down on the opposition and dissenting voices in 2020, including through the use of COVID-19 related restrictions. Human Rights Watch reported that a number of opposition politicians were arrested on criminal charges during the year. In July, for example, authorities arrested and filed criminal charges against seventeen senior members of the Azerbaijani Popular Front Party (APFP) for disturbing the public order, destroying property, and other offenses stemming from a July 14 pro-war protest, even though most of them had not participated in the protest.

In this context, overall CSO sustainability remained unchanged in 2020. The only dimension recording a change was public image, which improved slightly as a result of the positive public perception of CSOs' support to marginalized groups during the pandemic and the Patriotic War. While the government continued to provide financial support to CSOs through various mechanisms, access to foreign funding continued to be a problem. CSO activities were also impeded by the measures the government imposed in response to the COVID-19 pandemic, as well as internet restrictions imposed during the Patriotic War.

According to official information, in 2020, the Ministry of Justice (MoJ) registered 71 local CSOs (compared to 109 in 2019 and 169 in 2018), bringing the total number of registered non-commercial entities to more than 4,500. There are also dozens of unregistered groups in the country. During the year, three CSOs voluntarily dissolved their legal status.

LEGAL ENVIRONMENT: 6.4

The legal environment governing civil society did not change substantially in 2020. CSOs continue to operate under a restrictive environment in which they face many obstacles to their operations, particularly affecting their access to foreign funding. Key legal acts regulating CSOs in Azerbaijan include the Civil Code, Law on Non-Governmental Organizations (NGOs), Law on State Registration of Legal Entities and State Registry, the Tax Code, and various decisions of the Cabinet of Ministers.

The registration process continues to be complex and unnecessarily bureaucratic. It often takes months or years for CSOs to register, if they are able to do so at all. Much of the delay is caused by the MoJ's practice of issuing multiple letters refusing registration, each of which lists a single problem with the registration application, rather than mentioning all reasons at once, which would enable the problems to be resolved faster.

The procedures for registering foreign CSOs are also complex and hampered by the subjective approach of MoJ. A foreign CSO must enter into an agreement with MoJ in order to register. Moreover, the legislation requires a foreign citizen who intends to be the head of a representative office or branch of a foreign organization to obtain a permanent residence permit. However, the requirements for obtaining a permanent residence permit are extensive, and in practice, often impossible to meet.

CSOs must register all grants from foreign sources, as well as donations and foreign service contracts, with MoJ. This process requires CSOs to collect a number of documents, and many CSOs need to consult lawyers or other experienced CSO representatives to successfully complete it. To avoid these problems, some CSOs instead operate by setting up commercial companies or registering as individual taxpayers, although in most cases this creates problems in attracting funds from foreign donors. The registration of foreign service contracts continues to be much easier and faster than the registration of foreign grants.

In June, parliament adopted changes to the CSO legislation that enable electronic registration of CSOs and their foreign funding, as well as changes to their statutory documents. MoJ announced that this system will be ready

beginning in March 2021. While the electronization of some services can save CSOs some time, it is not sufficient in and of itself to significantly overcome the current legal barriers.

Freedom of expression was threatened in 2020 by amendments to the Law on Information, Informatization, and Information Protection adopted on March 17, 2020, that criminalized the dissemination of purportedly fake news in response to the COVID-19 pandemic. According to Human Rights Watch, by year's end, there had been at least ten cases in which internet users were compelled to remove material criticizing the government's pandemic response. In addition, 127 people were issued official warnings and twenty-eight were fined or arrested for social media posts criticizing the government's response to the pandemic. During the war, the government restricted access to the internet throughout the country; these restrictions were only in place for a few weeks.

CSOs are exempt from income tax on revenue from grants, donations, and membership fees. In December 2018, changes were made to the Tax Code that introduce a 10 percent income tax deduction for commercial companies making donations to CSOs specialized in science, education, health, sports, or culture. In March 2020, the Cabinet of Ministers approved measures to implement this benefit. Unfortunately, CSO representatives were not consulted when developing these criteria, so this is likely to only benefit a few state-funded public associations, such as the Writers' Unions and Artists' Unions.

CSOs face a number of obstacles as a result of the country's lack of a risk-based approach in the field of money laundering and terrorist financing, in contradiction to Financial Action Task Force (FATF) standards. For example, according to the Law on Combating Money Laundering and Terrorist Financing, all CSOs must appoint an internal auditor, develop an internal control system, and identify and verify customers. Such requirements are often beyond the capabilities of CSOs. The Financial Intelligence Service is drafting a new law that will allegedly reduce these requirements. In 2020, the USAID-funded Empowering Civil Society Organizations for Transparency (ECSOFT) project held a webinar on CSOs' obligations stemming from money laundering and financing of terrorism together with MoJ and the Financial Intelligence Service.

State harassment of CSOs declined in 2020. MoJ did not penalize or inspect any CSOs, and only a single CSO received a written warning on deficiencies identified by MoJ. According to Human Rights Watch, in April, the Supreme Court acquitted two former political prisoners—politician Ilgar Mammadov and human rights defender Rasul Jafarov—years after judgments in their favor by the European Court of Human Rights. CSOs still have to receive approval from the local executive authorities before organizing any public events in the regions.

The restrictions imposed to limit the spread of COVID-19 made it difficult for CSOs to implement their projects and reach out to their beneficiaries. CSO representatives objected to the fact that few CSOs were included in the electronic system that allowed the employees of some organizations to bypass the SMS permission system.

On September 9, 2020, a working group was established in parliament to prepare a draft Law on Charity. However, CSOs were unable to access its draft.

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

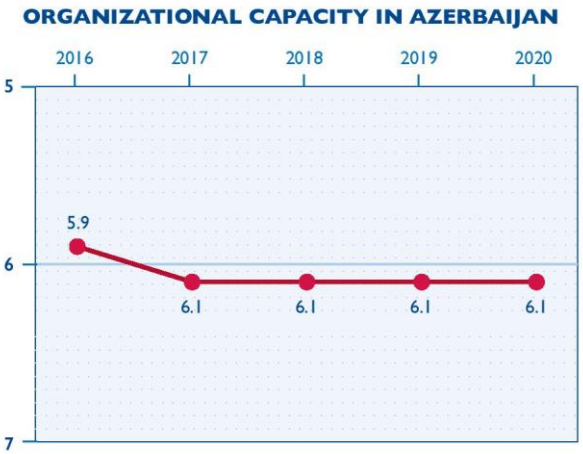
The number of local lawyers who are trained in or familiar with CSO-related laws increases every year through a master's level course in NGO Law that is offered at Baku State University. In the regions, CSOs primarily obtain legal advice from the five NGO Resource Centers operating around the country.

ORGANIZATIONAL CAPACITY: 6.1

CSOs' organizational capacity remained largely unchanged in 2020. For the most part, regional CSOs continue to have weaker capacities than their counterparts in Baku, as they have fewer funding opportunities (both foreign and domestic), face more legal and administrative barriers, and suffer from a lack of professionals.

CSOs must seek permission from the authorities to organize public events; this makes it difficult for them to establish direct contact with their constituencies, much less to represent their interests. To compensate for the lack of face-to-face contacts in 2020 stemming from the COVID-19 restrictions, both regional- and Baku-based CSOs actively used social media to communicate with their constituents. However, those groups without access to technology or technological skills were left without support.

Funding restrictions prevent even relatively large CSOs from fully adhering to their stated missions, while smaller organizations are in no position to pay much attention to their missions. Financial difficulties also make long-term strategic planning almost impossible. As a result, few CSOs develop strategic plans and practically none are able to follow them.



Though the majority of CSOs have some written internal policies, these are rarely implemented in practice. Most CSOs have boards or councils with a stated supervisory authority; however, in most cases, the roles of these institutions are limited to satisfying reporting requirements.

The overwhelming majority of CSOs cannot afford full-time staff and have limited access to professional personnel, such as lawyers or accountants, much less fundraisers and advocacy staff. Therefore, CSO leaders are forced to perform several of these functions. In 2020, a total of 1,914 persons (677 permanently and 1,237 temporarily) were hired to work on projects financed by the NGO Support Council. Driven by a lack of funding and financial instability in the sector, the outflow of professionals from civil society intensified in 2020. The lack of professional staff is somewhat compensated for by the increasing use of volunteers.

The year 2020 was announced as a Year of Volunteerism in Azerbaijan. At the same time, the COVID-19 situation and the Karabakh conflict gave impetus to the emergence of informal groups of volunteers at the grassroots level. Most of these groups were engaged in charity, but several also engaged in public awareness raising and advocacy campaigns with state bodies to streamline and/or soften the COVID-19 rules. With support from the Youth Fund, the Azerbaijan Volunteers Coordination Center was set up to reduce the impact of the pandemic. Also, the government granted the Regional Development Public Union the right to formally register volunteers on a dedicated work/travel permit website to provide assistance to those in need during the lockdowns. More and more state bodies and programs, such as the Ministry of Labor and Social Protection of the Population, Transport Volunteers Program, and Tourism Volunteers, also use volunteers in their daily work.

The lack of funding forces CSO leaders to use their private residences as their offices, and owning an official vehicle is a luxury almost no CSO can afford. NGO Resource Centers in the regions are reasonably well-equipped and offer their facilities to CSOs for events and day-to-day work free of charge. These centers continued to offer services to CSOs during the year, except for during the strictest lockdown periods, although no events with more than ten participants were allowed. Due to the continuous lack of funds, CSOs' equipment is outdated. New equipment is too expensive for CSOs to buy, especially after the recent drop in the customs-free ceiling for online purchases from $1,000 to $300. The Youth Fund has provided youth organizations with grants to modernize their equipment and cover expenses related to office and administrative costs for a year. Likewise, through projects funded by the NGO Support Council, CSOs were able to purchase fifty-six computers, thirteen printers, and sixty-eight other devices in 2020.

CSOs considerably improved their digital skills in response to COVID-19 restrictions. During the year, CSOs made broad use of the internet, which is available in both Baku and the regions, to learn about legislative changes and new funding opportunities, and for online events, such as conferences and training programs. CSOs without adequate equipment were generally still able to access online information and events through their cellphones.

FINANCIAL VIABILITY: 6.4

CSO financial viability did not change in 2020, although there was some growth in the overall number of domestic donors.

According to official statistics from MoJ, 571 foreign grants, 65 foreign service contracts, and 501 foreign donations were registered during 2020, a decrease from a total of 1,955 registered grants, service contracts, and donations in 2019. No data is available on the precise sources of this funding or amounts of these awards. However, according

to CSOs, there were fewer direct European Union (EU) grants in 2020 than in the previous year, as at least two of them had to be chaneled through the United Nations Development Programme (UNDP) in order to increase the chances of MoJ registering them. MoJ usually does not register grants awarded by the US Embassy. Some foreign grants involve sub-grants to other CSOs.

As in previous years, in 2020 many CSOs continued to receive foreign funding through affiliated commercial entities and individual service contracts. Though this may help CSOs stay afloat in the short term, it does not help them to build a grant history. In addition, unlike CSOs, business entities are subject to income tax and VAT on any income they receive. Moreover, some foreign donors do not allow such arrangements.

Funding from the NGO Support Council and Youth Fund continue to be important funding sources for most active organizations. In 2020, the NGO Support Council financed 505 projects (a decline from 568 in 2019) valued at nearly AZN 3.6 million (approximately $2.1 million), a slight decline from $2.3 million in 2019. Grant competitions were held in areas including patriotism, civic activism, human rights, rights of the disabled, environmental protection, and education, as well as new topics, such as prevention of domestic violence, educating the population on mandatory medical insurance, and implementation of COVID-19 prevention measures. In 2020, the NGO Support Council held grant competitions for NGO projects in cooperation with thirty government agencies and bodies, compared to eighteen state donors in 2019. New agencies awarding funding to CSOs included the State Service for Mobilization and Conscription and the State Agency for Mandatory Medical Insurance. The NGO Support Council also continues to advise state bodies on the grant award process. In 2020, three state bodies sought the advice of the Council with regards to fifty-two project proposals received, of which twelve were approved.

Unregistered groups are still unable to benefit from this funding as they are not allowed to set up bank accounts, whereas large CSOs are generally not interested due to the small amounts offered by the NGO Support Council. Some CSOs complain that they can submit only one project to two of the key local donors per year. In addition, grants go primarily to pro-government organizations, in part because independent CSOs do not apply for these grants as they do not want to be affiliated with the government in the eyes of foreign donors. During the year, forty-six CSOs appealed funding decisions of the NGO Support Council; fourteen of them were granted funding as a result.

The NGO Support Council's SELIS system, which offers more than twenty e-services, proved to be very efficient during the pandemic, as it allowed CSOs to submit their proposals and reports electronically and communicate electronically with the NGO Support Council's staff. In 2020, the NGO Support Council introduced a new procedure to conclude grant agreements and receive final project reports, with the documents being formalized in electronic format through e-signatures.

The Youth Fund held several grant competitions for active youth and youth NGOs in 2020. For example, it supported eighteen local projects and one foreign project through a grant competition in February-March, and in October 2020, it financed twenty projects through the competition My Motherland – Azerbajan. In addition, it provided travel grants covering attendance fees, transportation, and accommodation for youth CSOs to attend international events.

The Ministry of Labor and Social Protection of the Population continues to be the only ministry that awards social contracts. Although it did not disclose how many social contracts it awarded to CSOs, it issued at least three calls for social contracts in 2020.

On March 19, 2020, the president issued a decree establishing a compensation mechanism to offset the material damage caused to citizens in connection with the COVID-19 pandemic. However, this mechanism was mainly aimed at companies and individuals engaged in commercial activities and did not directly benefit CSOs.

CSOs' other sources of income, such as membership fees, local donations, commercial tenders, crowdfunding, and local and international business, continue to be minimal. There is no properly designed regulation for crowdfunding and no legal regulation of cash boxes, which discourages many CSOs from using these fundraising methods. Donations to CSOs continue to be impeded by a ban on anonymous donations and a limit of 200 AZN (approximately $117) for cash donations to charitable organizations.

Regional CSOs, as well as many capital-based CSOs, do not have strong financial management systems. Only a handful of CSOs publish annual financial reports with financial statements, though under the law they must submit this information to the Ministry of Finance.

ADVOCACY: 5.5

CSO advocacy remained largely unchanged in 2020.

Due to COVID-19, CSOs were not able to provide many policy recommendations or participate in public councils, discussions, and working groups, other than through online means. The NGO Support Council did not organize any public discussions either. Consultations with CSOs on draft legislation are still not organized consistently. In particular, the Cabinet of Ministers never holds public discussions with CSOs, even on issues that directly affect them, while the parliament has organized only a few such discussions to date. For example, CSOs were not consulted about the criteria for eligible beneficiaries of the 10 percent tax deduction for companies making donations to CSOs; as a result, only a few state-funded public associations, such as the Writers' Unions and Artists' Unions, are eligible.

Other advocacy instruments, such as mahalla committees (voluntary unions of local residents under the Law on the Status of Municipalities), still remain unutilized due to the lack of relevant mechanisms and practices. There are still no procedures to implement the legal possibility for 40,000 citizens to initiate a law.

Despite these obstacles, the government showed greater openness towards CSOs in 2020. In the fall, the assistant to the president organized a series of online meetings with over 300 CSO representatives to discuss their concerns and ways to improve government-CSO cooperation and interaction. In addition, two CSO representatives were appointed by presidential decree to the board of trustees of the Yashat Fund, which provides support to veterans of the Karabakh war and their families. Some government entities demonstrated increased willingness to collaborate with CSOs, enabling a broader range of CSOs to participate in decision-making processes through new public councils.

In 2020, two new state bodies—the State Advertisement Agency and the Ministry of Culture—started the process of setting up public councils that include CSO members, bringing the total number of state bodies with such councils to fourteen. These public councils operate with various degrees of efficiency, but in general their capacity continues to increase. In 2020, ECSOFT prepared a manual on the elections process and operations of public councils based on recommendations developed during a 2019 conference. The powers of public councils are still limited. Despite the fact that President Aliyev stressed the importance of public oversight over the activities of state bodies several times in his public communications during the year, officials do not seem eager to take the necessary actions.

Although the February 2020 parliamentary elections were not free or fair according to the OSCE/ODIHR observers, they did result in a couple of CSO leaders being elected to the parliament. Once in office, they advocated to ease CSO legislation. The role of local CSOs in the parliamentary elections was limited in comparison to previous elections. However, at least two CSOs—Law and Development and Learning Democracy Public Union—were engaged in voter education, while some CSOs, including the Association for Civil Society Support in Azerbaijan (AVCIA), did exit polling and election monitoring.

In early 2020, the National Action Plan (NAP) of the Open Government Partnership (OGP) for 2020-2022 was adopted, even though Azerbaijan's status in OGP has been inactive since 2016. The NAP, which was developed with the close involvement of CSOs and individual experts, envisions cooperation between government and civil society in monitoring the transparency and accountability of state bodies. It also foresees the involvement of CSOs in the implementation of some of its measures, such as strengthening public councils.

In 2020, CSOs were heavily involved in advocacy on domestic violence. Two CSOs—Constitution Research Foundation and Women's Solidarity—prepared a package of four proposals to the new draft law on domestic violence, two of which were accepted. Although not yet adopted, the draft law contains important provisions that reflect international practice. In November 2020, the National Action Plan on Combating Domestic Violence for 2020-2023 was approved. The National Action Plan aims to bring the regulatory framework in the field of combating domestic violence in line with international practice. In addition, the plan aims to promote awareness-raising activities in the field of prevention and combating domestic violence; improve the identification of victims of domestic violence; and provide assistance to victims of domestic violence in accordance with modern standards.

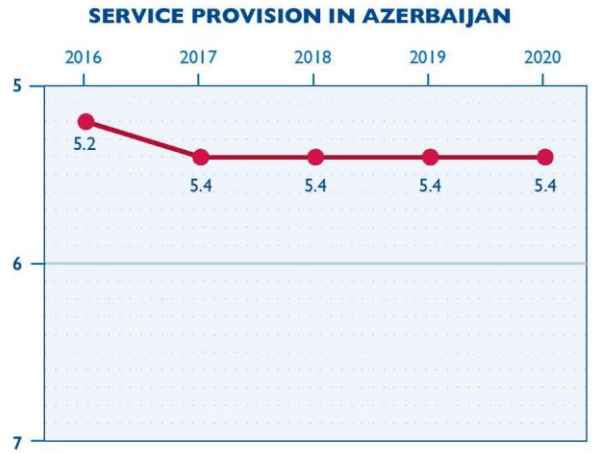
Existing CSO advocacy platforms include the National NGO Forum, South Caucasus Women Congress, National Platform of the Eastern Partnership Civil Society Forum (EaP CSF), and OGP Platform. Advocacy capacity and practices are limited mostly to Baku-based CSOs, while regional CSOs' capacity to advocate is limited.

CSOs increasingly use social media as a tool for both public awareness raising and advocacy as social networks present a relatively free public space. However, CSOs—especially those in the regions—have yet to learn to use social media to its full extent.

Due to COVID-19, CSOs' engagement in advocacy on the international arena was limited to participating in online events. In 2020, for example, CSOs used various events of the Council of Europe, EU, and UN to raise their concerns related to CSO legislation, cooperation with the government, and human rights issues.

With financial support from the NGO Support Council, the Constitution Research Foundation involved several CSO law experts in its efforts to develop a package of legislative recommendations that would simplify CSO registration, the registration of grants and service contracts, and reporting. This document was submitted to the NGO Support Council and the parliament. While several MPs support the package, no concrete results had been achieved in terms of its passage in 2020.

SERVICE PROVISION: 5.4



CSO service provision stayed the same as in 2019. The 2012 Law on Social Services provides a framework for the state to engage in social contracting with CSOs, although it is still not widely used. Some state bodies, mainly the Ministry of Labor and Social Protection of the Population, engage CSOs to provide services in the areas of social care, health, education, and legal aid.

Large CSOs provide services in a diverse range of areas including research, assessment, monitoring, and training services for other CSOs, including foreign CSOs. CSOs offered new services in 2020 including food assistance to families, medical items (including masks), and financial support to persons in need during the pandemic. With support from the Youth Fund, youth CSOs provided services including COVID-19 related awareness raising and social care to isolated people and the elderly. CSOs also provided various services to those affected by the Patriotic War, including distribution of food and other items and psychological and legal aid.

CSOs see their role as being in community-related work and, in light of new social developments in 2020, in exercising public control to ensure proper spending in Karabakh, providing psychological aid, and ensuring inclusivity of people with disabilities, especially the increasing number of war veterans.

Due to the crippling enabling environment for CSOs, most organizations concentrate more on their survival than meeting particular communities' or constituencies' needs. CSO services are determined more by donors' agendas, which are generally based on research identifying social needs, than on assessments done by CSOs themselves.

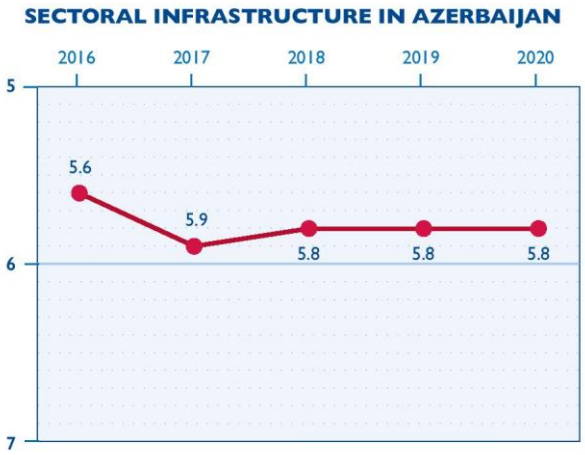
As MoJ registers service contracts more easily than grants, many CSOs still prefer to register their funding with donors as service contracts. A few selected CSOs offer fee-based services, usually focused on the provision of consultations and technical assistance to academia, international organizations, business agencies, and the government; local communities generally are not financially able to pay for services.

In general, the government views CSOs with suspicion, making it difficult to speak of any general recognition of CSO services by the government. Nevertheless, the Ministry of Labor and Social Protection of the Population, for example, assesses CSO services rather highly as evidenced by the many social contracts it awards to CSOs. For example, CSOs run daycare centers for children with disabilities in the regions and conducted monitoring of the prices of basic necessities during the pandemic.

In June, a public legal entity called the Social Services Agency was established under the Ministry of Labor and Social Protection of the Population. This Agency will provide a number of services which in the past were provided by CSOs, potentially squeezing CSOs out of these service areas.

SECTORAL INFRASTRUCTURE: 5.8

The infrastructure supporting the CSO sector remained largely unchanged in 2020.



NGO Resource Centers in Baku, Guba, Gabala, Mingachevir, Shamkir, and Shirvan continue to provide technical and infrastructure support and arrange training programs for local CSOs. These Resource Centers also provide fee-based services to various groups, including Baku-based organizations, on event organization and outreach to communities and CSOs. In 2020, the NGO Support Council awarded grants of up to AZN 29,500 (approximately $17,500) for the Baku-based resource center and AZN 18,000 (approximately $10,500) for the five region-based centers. Except for during the total lockdown periods, the NGO Resource Centers continued providing individual CSOs with technical assistance and consultations during the year.

Though in 2019 CSOs confirmed that a variety of venues, including the International Press Center in Baku, Olympic Complexes, H. Aliyev Centers, Youth Centers, and Baku Congress Center, offered space for CSO events, these facilities were closed for most of 2020 due to COVID–19 restrictions on mass gatherings. The Women Resource Centers (WRC) and Baku NGO Resource Center, which offer pro bono meeting facilities for CSO activities, shut their doors to in-person events in 2020 as well.

There are several national CSO platforms. The National NGO Forum, which was established in 1999, has 743 CSO members, and the independent Azerbaijan National Platform of the EaP CSF, which was established in 2009, unites 71 CSOs. Thematic coalitions also bring together CSOs focused on issues such as children's rights and the rights of disabled persons and people with severe health problems.

With an aim to increase the number of CSOs in the regions and to improve their material-technical base, the NGO Support Council provided funding to eighty-three regional CSOs and delivered other support services in 2020. Some local CSOs regrant foreign funds from the EU, USAID, and other donors.

In 2020, the overall availability of training for CSOs remained unchanged, although most training was provided online. The Azerbaijan National Platform of the EaP CSF organized some online training programs in 2020 on topics such as human rights, leadership, and proposal writing. MG Consulting offered local online training opportunities and materials on topics such as proposal writing, report writing, project management, ethical rules,

and advocacy. In 2020, the USAID-funded ECSOFT project held various trainings for CSOs, including on anti-corruption, money-laundering, advocacy, fundraising, ethics rules, and capacity building of public council members. With the support of the NGO Support Council, about 400 CSOs attended an online conference on the pandemic. The NGO Support Council also organized six public discussions, two conferences, and three roundtables with CSOs on the Karabakh topic.

Intersectoral partnerships continue to be underdeveloped. The OGP National Platform, which unites ten public agencies and thirty-four CSOs, is a rare positive example of intersectoral cooperation. In 2020, the Platform organized several discussions between CSOs and state bodies and participated closely in shaping the OGP NAP for 2020-2022. Although some CSOs receive limited support and work with businesses as part of the corporate social responsibility policies, no true partnerships between CSOs and businesses or media are known to exist.

PUBLIC IMAGE: 5.6

The CSO sector's public image improved slightly in 2020. The improvement was driven by broad media engagement within projects supported by the NGO Support Council, as well as the positive perception of CSOs' support to marginalized groups during the pandemic and the Patriotic War.

The NGO Support Council supported a number of projects involving media engagement in 2020. For example, Real TV ran TV programs for nineteen days, with the involvement of thirty-eight CSOs, asking people to stay at home to protect society. In addition, twenty TV programs promoted open government, and twelve issues of the Civil Society Journal were published that covered more than 500 projects and activities implemented by CSOs. The webpage www.qhtxeber.az (NGO news), which is administered by the NGO Support Council, posted approximately 57,000 news items related to CSOs (an increase from 53,450 in 2019) that were read by 420,000 readers (an increase from 370,000 in 2019). Similarly, www.qht.az webpage for CSOs included 2,326 posts that reached 300,000 readers.

Online media more actively covered many CSO activities in 2020, including awareness raising, training, and publications. CSOs must still pay commercial rates to promote their issues on TV, although understanding of the concept of social advertising seems to have increased, especially because of the pandemic situation.

The public perception of CSOs increased slightly both because of their response to the pandemic and support to populations affected by the war. However, many CSOs are still associated with the names of their leaders. Media often present CSO leaders as individual experts rather than as representatives of their CSOs, furthering the sector's personality-driven image. This situation is changing slightly due to the emergence of multiple informal grassroots groups in response to the pandemic and post-war care of veterans.

In general, government perceptions of CSOs continues to be mixed, depending significantly on the CSO leader, the issue, and the individual state official.

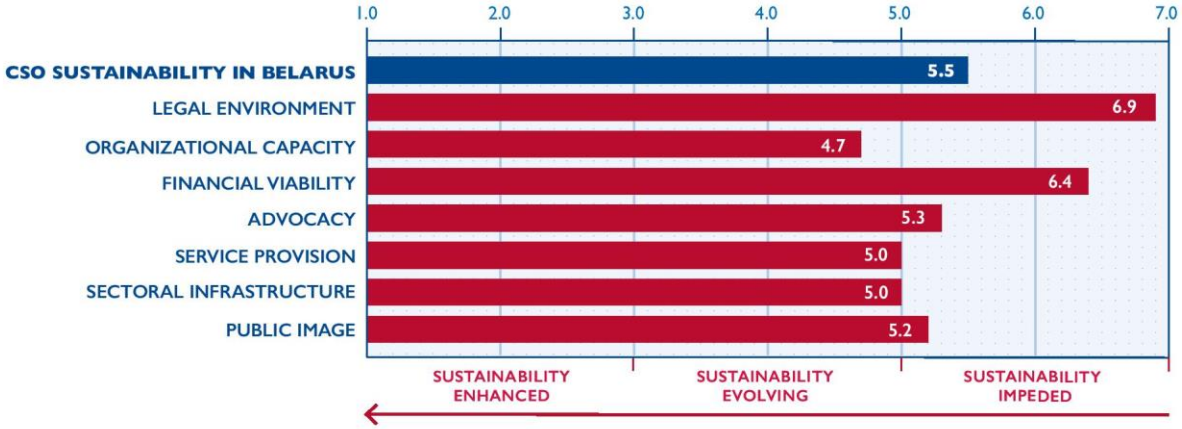
CSOs are not in the position to hire professional public relations (PR) staff, so they are forced to rely on volunteers or their leaders to develop and implement PR strategies. CSOs make use of social media, such as Facebook and YouTube, more than TV or print media, to share information about their work, as social media offers more freedom than traditional print or digital media. Online NGO TV (www.qhttv.az) continued to regularly post videos and news related to CSOs; in 2020, it posted 259 videos, with total views since it was launched reaching more than 177,000. In one program, best international NGO practices were discussed. More than 2,000 people subscribe to this portal. NGO TV's Facebook page has more than 3,000 subscribers; in 2020, it posted 103 videos that reached more than 76,000 persons. In addition, a dedicated webpage, www.qhtfilm.az, posts films developed by CSOs on topics such as youth, social issues, internally displaced persons, and disabled people; one video was shared in 2020. Online OGP TV had several programs devoted to CSO issues in 2020.

Many CSOs still lack webpages and fail to publish annual reports. To promote transparency and accountability of CSOs, in 2020 the NGO Support Council provided financial support to five NGOs to set up thirty-two websites for their counterparts. Also, two online portals enable CSOs to post information about their activities for free. One of these portals (www.qht.az) has an online database of CSOs and CSO leaders. With funding from USAID's ECSOFT project, a local CSO developed a special webpage (http://ictimaishura.az/) with information about public councils, including news, reports, and contacts. CSOs do not broadly adopt or adhere to codes of ethics.

BELARUS

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

OVERALL CSO SUSTAINABILITY: 5.5



CSOs in Belarus were faced with a constant barrage of challenges in 2020, most notably the COVID-19 pandemic and the government's inadequate initial response to it, and a political crisis. These events led to increased government repression, a crackdown on civil society and in-dependent media, and a worsened economic outlook for the year. In turn, these factors contrib-uted to an explosion of civic activism in the country.

The presidential election campaign took place from May to August 2020. On August 9, Alexander Lukashenko, who has been president since 1994, declared himself the winner. The majority of Belarusians, however, did not believe the official results. According to a survey conduct-ed by Chatham House in September 2020, more than 70 percent of respondents considered the elections to be fraudulent. The survey also found that only 20.6 percent of respondents voted for Alexander Lukashenko, while 52.2 percent voted for his opponent Sviatlana Tsikhanous-kaya.

Belarusians have expressed their disagreement with the election results through persistent mass protests since August 9. The authorities have responded to the protests with an unprecedented level of repression. The unjustified use of force against peaceful protesters has resulted in sev-eral deaths. Opposition candidates and the initiative groups who nominated them were arrested or forced to leave Belarus. By the end of 2020, the government had opened more than 900 crim-inal cases in connection with the presidential elections, most of which were related to the post-election protests, and 160 defendants were recognized as political prisoners. From August to December, over 33,000 people were detained, hundreds of whom were subject to torture and other forms of ill-treatment. CSOs' premises were searched, their equipment was confiscated, and they became the targets of smear campaigns in state media, while authorities opened criminal and administrative cases against their leaders and staff. According to Amnesty International, in 2020, Belarus experienced the most egregious crackdown on the freedoms of expression, peaceful assembly, and association in its post-independence history.

The first case of COVID-19 in Belarus was registered in Minsk on February 28, 2020. As of January 1, 2021, there were 196,223 officially registered cases of the virus and 1,433 recorded deaths. However, journalistic investigations showed that the government has falsified the official statistics on the pandemic, publishing significantly lower numbers. In contrast to the situation in most countries, no lockdown or state of emergency was introduced in Belarus. Belarus' football league was the only one in Europe that continued playing as planned in late March amid the early stages of the pandemic. Lukashenko publicly dismissed the threat of COVID-19, referring to it as "psychosis." He encouraged working in fields and driving tractors as a way of overcoming the pandemic and proposed "poisoning" the virus with vodka. The first large-scale measures to curb the spread of the virus were taken only in November, when a mask mandate was introduced. The pandemic had a significant economic impact

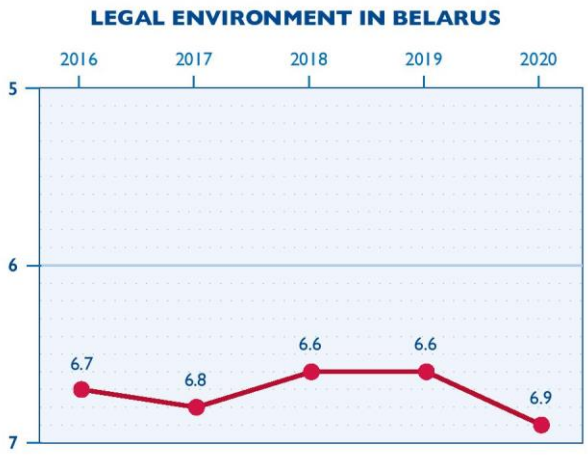
in the country. Small and medium-sized businesses faced significant difficulties, while the hospitality sector, foreign trade, transport and logistics, and the offline entertainment industry suffered the most. Accord-ing to a survey conducted in June 2020 by the Belarusian Economic Research and Outreach Center (BEROC), 55 percent of the population reported a loss in their income.

The government's inadequate response to the pandemic combined with the rigged election and severe police violence against protesters inspired a boost of civic activism and created new op-portunities for CSOs. In 2020, CSOs launched hugely successful fundraising campaigns, pro-vided quality services in the areas of health care, civic education, and support to victims of re-pression, and enjoyed a much-improved public image in the eyes of society.

In this context, overall CSO sustainability remained unchanged. The legal environment deterio-rated significantly, and financial viability, and advocacy also fell. At the same time, the CSO sector's organizational capacity and public image improved.

As of July 1, 2020, there were 3,025 public associations (including 229 international, 791 na-tional, and 2,005 local), 224 foundations, 25 trade unions, 42 unions of public associations, and several hundred nonprofit establishments registered in Belarus. According to the most recent data available, during the first six months of 2020, 51 new public associations, 2 unions of pub-lic associations, and 9 new foundations were registered.

LEGAL ENVIRONMENT: 6.9



Belarusian CSOs have always operated in an unfavorable legal environment. In 2020, the legal environment worsened further, with mass repression against civil society activists and organi-zations and new legal initiatives further restricting the work of CSOs.

In 2020, a new version of the Law on Public Associations was expected to come into force. However, according to the CSO Meter 2020, it was withdrawn from the parliament in January. Its current status is unknown.

CSOs' already limited access to funding became even more restricted in 2020. In May, the president signed Decree No. 3 regulating foreign grants and donations; the decree came into force on August 27. The decree further tightened the already narrow list of allowable purposes for receiving foreign aid, in effect denying a broad range of CSOs the opportunity to receive such aid legally. For example, organizations engaged in the protection of cultural and historical heritage sites, natural resources and the environment, and scientific and research programs are now excluded from the list of such purposes. The decree also introduced fees for the registration of aid based on the amount received, broadened the definition of "misuse" of foreign funds, and increased the list of documents required to register foreign funds. In addition, the MolaMola and Ulej crowdfunding platforms had to stop their operations due to criminal cases initiated against their founders, thus depriving CSOs of two important tools for local fundraising.

In October, in accordance with the Law on Measures of Prevention of Money Laundering, Terrorist Financing, and Financing of Proliferation of Weapons of Mass Destruction, a new requirement was introduced obligating public associations and foundations to publish reports on their incomes and expenses. This excessive requirement forces CSOs to publish a significant amount of information that is in no way related to the financing of terrorism. Further, the requirement does not reflect the fact that Belarusian CSOs are not involved in the financing of terrorism, as proven by a special international assessment performed by the Eurasian Group on combatting money laundering and financing of terrorism, using the Financial Action Task Force (FATF) methodology.

State harassment of CSOs and activists was an enormous problem in 2020. There were multiple instances of administrative and criminal prosecution of activists and pressure on specific organizations in 2020. Individuals became the victims of criminal prosecution due to their membership in certain organizations, including the Coordination Council and Union of Belarusian Students. Criminal cases were also opened against leaders of

organizations, such as Hrodna Children's Hospice and Polesskaya Dobrota Charity Foundation, who publicly objected to the unjustified use of violence against peaceful protesters after the election. In addition, a number of criminal cases were initiated against representatives of CSOs that lawfully provided support and assistance to the victims of repression. Among these are the Press Club Belarus and the Human Rights Center Viasna. In addition, many CSOs faced arbitrary inspections by various government agencies, including the tax authorities, financial investigation authorities, and internal affairs authorities. There were also multiple searches of the offices of CSOs and homes of CSO staff, resulting in the seizure of documents and electronic devices. State-owned media and Telegram Messenger channels administered by the government persistently discredit CSOs.

As a result of this wave of repression, a number of Belarusian CSOs relocated or planned to re-locate to other countries (mainly Lithuania, Ukraine, and Poland), suspended their activities, or are considering dissolution.

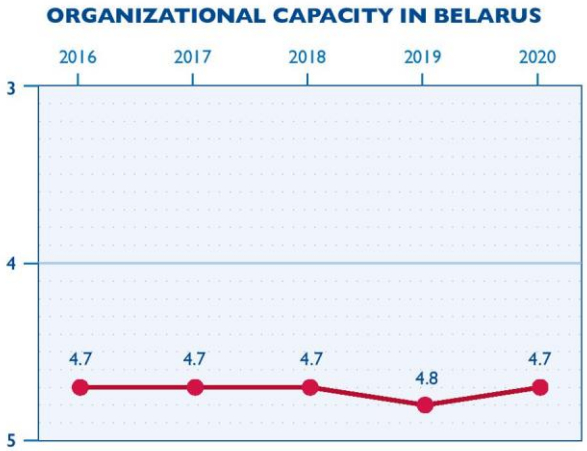
The existing procedure for registering public associations in Belarus allows the government to refuse registration to any organization with which it is "uncomfortable." While the registration procedure did not change in 2020, the range of CSOs the government considered "uncomfortable" expanded significantly. Many new CSOs therefore choose to form as nonprofit establishments instead, although this type of organization is also subject to arbitrary restrictions.

CSOs are generally subject to the same taxation as other legal entities. Individual donors do not receive any tax benefits for making donations to CSOs. Corporate donors are only permitted to provide support to CSOs for a narrowly defined set of purposes; some corporate donors can receive minimal tax benefits for making such donations.

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

Legal Transformation Center (Lawtrend) and the Assembly of NGOs continue to provide professional legal assistance to CSOs in Belarus. Repressive measures against CSOs increased the demand for professional legal assistance, while the persecution of human rights organizations reduced the opportunities for activists to receive high quality and free legal aid. Attorneys – who have an exclusive right to represent individuals in court and have access to their clients in prison—were also pressured. For example, some had their licenses revoked, while others were forced to sign non-disclosure agreements about their ongoing cases. This pressure further limited CSOs' access to legal assistance during the year.

ORGANIZATIONAL CAPACITY: 4.7



The organizational capacity of Belarusian CSOs improved slightly in 2020. Although sectoral capacity was affected by conflicting trends, the impact of positive developments ultimately outweighed that of negative ones. On the negative side, the COVID-19 pandemic forced CSOs to move largely online, thereby disrupting the established physical contacts and activities of CSOs and their constituents. State repression against CSOs, including detentions and arrests, and the emigration of CSO activists weakened CSO staffing and internal management. At the same time, organizational capacity was boosted by an increase in civic activism and volunteer-ism and the growing readiness of people to engage in CSO activities.

In 2020, CSOs more actively developed relationships with their constituencies and target groups. The government's neglect of the COVID-19 pandemic in the first half of the year and the rigged presidential elections in the second half of the year both boosted civic activism and strengthened the quantity and quality of interactions between CSOs and citizens. Thousands of people engaged in CSOs' efforts to help patients, medical specialists, and medical institutions suffering from the pandemic. Ahead of the elections, new initiatives promoting political issues, such as Honest People, ZUBR, and the Voice, gained

support for their activities and successful-ly mobilized voters and independent observers. As an example, over a million citizens regis-tered on the Voice platform to share photos of their ballots as a way of providing an alternative vote count. Later, CSOs, informal movements, and individual citizens showed a high level of activism in response to the stolen election and consequent police violence against peaceful pro-testers. As a result of these efforts, people started to recognize CSOs and address them when seeking services and assistance. For the first time in many years, Belarus witnessed vast growth in self-organization and volunteerism.

The uncertain situation in the country made it difficult for CSOs to engage not only in long-term but also medium-term planning in 2020. Some CSOs reviewed their strategic priorities and plans with a goal of decreasing the level of their activity, although most CSOs demonstrated their ability to adjust to the changes in the environment, including the new emerging needs of constituencies. Some CSOs shifted their strategic priorities to human rights issues and provided assistance to their constituents who were the targets of government repression.

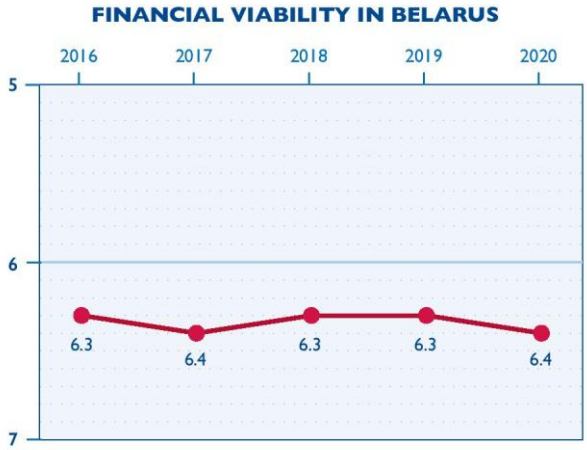
CSOs' internal management was affected by the need to shift the majority of their work online—initially because of COVID-19 and later because of the repression and subsequent em-igration of many CSO leaders and activists. Newly emerging CSOs and movements do not con-sider professional management, good governance, organizational bodies, or strategic planning as priorities. Some CSOs developed written policies and procedures focused on physical and digital security, including the steps to be taken in case employees or volunteers are searched or detained.

CSOs continued to find it difficult to retain permanent paid staff, and most staff members continued to be engaged on a project basis. In 2020, CSOs' staffing problems were further exacerbated by the relocation of key staff to other countries due to the numerous detentions, arrests, and harassment of CSO representatives in the country. In this context, burnout and exhaustion also reached high levels.

At the same time, CSOs were challenged to accommodate a dramatic growth in the number of people interested in volunteering. For example, Human Rights Defenders for Free Elections, a joint initiative of the Belarusian Helsinki Committee and the Human Rights Center Viasna, expected about 200 volunteers, while over 1,700 applied. According to a survey conducted by the Narodny Opros (National Poll) project, 54 percent of protesters participated in voluntary activities and 31 percent of those who supported protests but were not active protesters themselves also engaged in volunteerism.

With the COVID-19 outbreak in Belarus, CSOs successfully shifted their activities online and increasingly used a variety of digital technologies and platforms. For example, CSOs used Trello, Slack, and Microsoft Teams for their internal communications, and Zoom, Google Meet, webinar platforms, and chatbots to communicate with their target groups. CSOs made their communications safer by paying special attention to the use of VPN and other digital security tools. On the other hand, in numerous cases, CSOs' and activists' equipment, including mobile phones, computers, and hard drives, was confiscated in the course of searches, detentions, and arrests. In addition, their accounts were hacked and internet access was blocked by the state.

FINANCIAL VIABILITY: 6.4



The financial viability of the CSO sector deteriorated in 2020, with both the diversity of funding and overall access to funding from local and foreign sources decreasing. In addition, the fundraising infrastructure for CSOs suffered a considerable blow because of the repression by the authorities.

During the first six months of the year, CSOs' access to funding suffered because of the COVID-19 pandemic. The overall decline in economic activity in the country decreased the amount of donations CSOs received from local sources. Businesses had less money for charity and social projects, and many CSOs were unable to conduct previously planned fundraising events. Despite this, BYCOVID-19, a volunteer initiative to distribute masks

and other protec-tive equipment to hospitals and health workers across the country, was able to raise $360,000 in donations through a combination of crowdsourcing, individual donations, and sponsorship. However, many other charitable organizations and social initiatives did not enjoy the same success and some had to pause their activities. The economic support measures put in place by the government during the pandemic were limited and CSOs did not benefit from them.

The presidential election campaign and consequent confrontation between protesters and the authorities negatively affected CSOs' financial viability even more. At the beginning of the election campaign, when Viktar Babaryka, former CEO of Belgazprombank, declared his inten-tion to run for president, the authorities started criminal prosecution of representatives of Mo-laMola and Ulej, popular crowdfunding platforms affiliated with the bank. The authorities ac-cused its founders and staff of financial mismanagement and detained them, forcing the plat-forms to stop functioning.

Access to foreign grants also became more limited in the second half of the year. Decree No 3 on Foreign Gratuitous Aid was adopted in May. Like the former system, the decree requires CSOs to register all foreign donations, criminalizes the use of funds without registration, and subjects registered aid to taxation. Beyond these measures, a registration fee of 0.5 percent of the amount of the aid was introduced, and the list of purposes for which foreign aid can be used was further narrowed.

CSOs were increasingly persecuted for obtaining foreign aid in the second half of the year. In September 2020, state media targeted the Center for Promotion of Women's Rights Her Rights, accusing it of using foreign funding to finance women's protests in Belarus. In December 2020, the authorities detained the founder and several employees of the Press Club Belarus, bringing criminal charges of tax evasion against them in connection with the receipt of money from abroad. While foreign funding became harder to access, a number of foreign donors showed flexibility in providing grants and gathering reports from CSOs in 2020. This reduced certain short-term risks for CSOs but also created potential longer-term threats to CSOs' financial viability, as it reduces transparency and accountability.

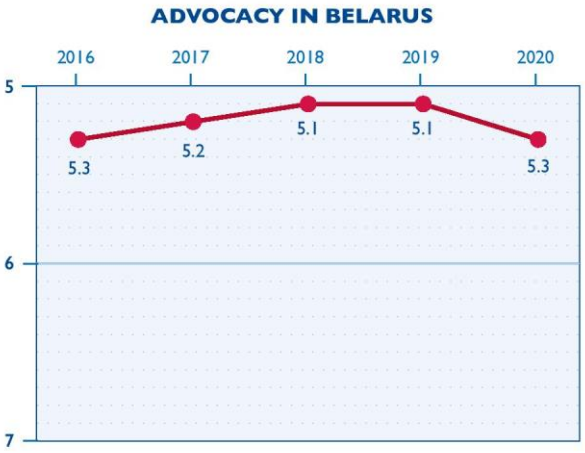
During the clashes following the August presidential election, significant amounts of funds were raised for victims of torture and human rights, mostly through fundraising platforms and initiatives based abroad. These initiatives, including BYSOL Solidarity Fund and By_Help, raised about $8 million to provide financial and legal assistance to the victims of repression. However, the Belarusian authorities falsely discredited these campaigns in the media and filed criminal charges against them for financing extremism. In some cases, bank accounts of the people who received assistance from these initiatives were blocked.

Due to the unfavorable system and minimal tax benefits for corporate donors, most business people donate as individuals rather than through their companies. However, a number of large companies, including banks and mobile operators, continued to support traditional CSO projects. For example, Belinvestbank covered the basic expenses of the New School Foundation. The engagement of information technology (IT) specialists played an important role in 2020. For example, they facilitated cryptocurrency donations, enabling people and organizations to receive money from abroad without it being blocked or considered as foreign funding.

Membership fees still comprise an insignificant share of CSOs' financing, in part because it is easier to register a new CSO as a non-membership organization. Governmental financial support to CSOs is mainly limited to direct and non-transparent funding of state-controlled organizations. Local authorities subsidize CSO social services through the state social contracting mechanism, using funding allocated from the central government to contract services in the areas of social protection and some spheres of health care.

The financial management systems of public associations and foundations were overburdened because of the onerous financial reporting requirements that were put in place as part of the Law on Measures of Prevention of Money Laundering, Terrorist Financing, and Financing of Proliferation of Weapons of Mass Destruction.

ADVOCACY: 5.3



The overall trend in CSO advocacy in 2020 was negative. Given the deep political and human rights crisis following the presidential election, there was essentially no framework for interac-tion between CSOs and the government. Government officials, especially at the national level, considered such interactions to be threatening, while many CSOs refused to maintain working relations with illegitimate authorities. As a result of this situation, civil society advocacy initia-tives were virtually paralyzed.

While CSO participation in decision-making processes in Belarus has always been limited, over the last several years there were several successful local advocacy efforts in non-politicized spheres, such as social issues, the green economy, and urban development, with the authorities perceiving such initiatives positively. Since August, however, even such non-threatening actions have failed to gain any support from within the government.

In the fall of 2020, the authorities created dialogue platforms to discuss constitutional reforms with civil society. However, instead of independent CSOs, the organizations represented at those discussions were government-organized NGOs (GONGOs), such as the Belarusian Na-tional Youth Union (BRSM) and Belaya Rus. In addition, no representatives of pro-democratic CSOs were included in the Constitutional Committee that was established later in the year.

Activists in Brest continued to protest against the construction and launch of a battery factory because of the harm it posed to the environment and people's health. As a result, Lukashenka met with them during his election campaign and promised to conduct a local referendum. However, after the election, operations at the factory continued and no referendum was organized.

In March 2020, the illiberal CSO Otkrytye Serdtsa (Open Hearts) completed its advocacy campaign targeting the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community, with the support of the leadership of Christian churches. The campaign also attacked individual CSOs, such as Dotyk queer project, and foreign countries (for example, the organizers mentioned that the Embassy of Great Britain flies the rainbow flag once a year). They sent 52,000 signatures to the Administration of the President demanding a law restricting "LGBT propaganda regarding children and youth." However, the parliament did not adopt the law.

The growing politicization of Belarusian society led to an increase in demand for participation in decision making, thus boosting grassroots advocacy campaigns. After August, people submitted numerous appeals and petitions to members of parliament to investigate police violence and liberalize the Code of Administrative Offences and the Law on Mass Events, among other changes. The petition to protect the national white-red-white flag[1] received unprecedented levels of support, gathering more than 100,000 signatures on the Petitions.by platform. In addition, local communities initiated multiple campaigns to get their representatives from the parliament and the councils of deputies to speak out against the violence against protesters and demand new elections, although none of these efforts were successful. While vibrant and sustained street-based protests were organized to protest the election results in the last few months of the year, these were not initiated by CSOs.

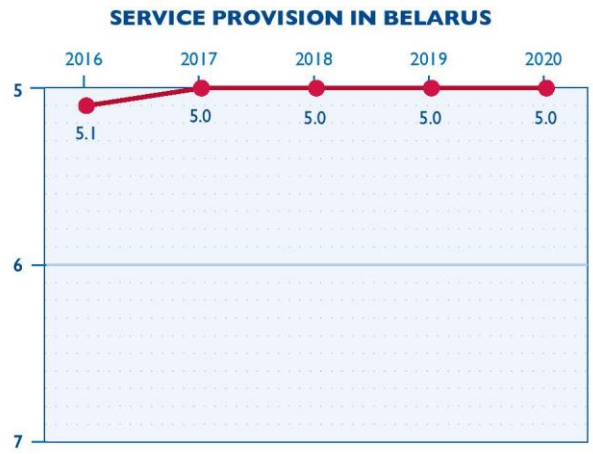
Human rights CSOs engaged in international advocacy efforts through various United Nations mechanisms.

[1] The white-red-white flag has long been a national symbol of Belarus. It became the official flag of independent Belarus in 1991, but was then replaced in 1995. Since that time, it has been actively used as a symbol of the opposition to the regime of Lukashenko. After the Presidential Elections of 2020, the number of people who support the flag increased significantly. While the flag is not officially banned, it is often viewed by the government as a symbol of extremism, and people using it during protests or having it at home can be detained or fined.

Thus, in 2020, the authorities ignored most of the advocacy initiatives of both liberal and illiberal CSOs. They took no steps to meet the demands to investigate the cases of violence and other crimes of security officers or to give formal replies to petitions, which had massive amounts of public support.

In 2020, CSOs made several efforts to promote a more favorable legal and regulatory frame-work for the CSO sector. In particular, CSOs pushed forward their proposals within public dis-cussions on the draft Law on Volunteering. In April, Lawtrend and the Assembly of NGOs launched a petition calling for existing limitations for providing and using charitable assis-tance, including assistance to combat COVID-19 pandemic, to be abolished. Approximately 1,775 people signed the petition; however, it gained no support from the Ministry of Economy.

SERVICE PROVISION: 5.0



In 2020, CSO service provision was affected by both positive and negative developments that largely canceled each other out. On the one hand, CSOs broadened the range of products and services they provide in response to needs arising from the pandemic, the political crisis, and the growing repression in Belarus. On the other hand, because many services were shifted to online formats, the access of some clients—especially representatives of vulnerable groups with poor digital skills—was limited. In addition, some CSOs faced considerable demand for their services for the first time in their history, and not all were able to mobilize the capacity needed to satisfy that demand.

CSOs provide services in various fields, such as social assistance, civic education, environmental protection, urban planning, and capacity development. The services most in demand by CSO target groups in 2020 include the provision of legal and psychological assistance and retraining and assistance in finding employment for those who left state organizations. Various new ser-vice aggregators, such as Probono.by, matched those requiring various services with service providers.

CSOs provided a vast number of services in response to the COVID-19 pandemic. For example, BYCOVID-19 provided personal protective equipment (PPE) and medical equipment to hospi-tals. The volunteer initiative We care (Yest' Delo) helped people and children with disabilities who live in boarding houses to combat the pandemic. Hrodna Children's Hospice organized the production of protective masks. Moreover, fundraising initiatives for services to combat COVID-19 were successful at the local level. Despite this assistance, the sustainability of CSO services is still limited and primarily dependent on donor support.

In response to the unprecedentedly high level of repression in the post-election period, human rights CSOs significantly increased the number of people they served. However, the authorities perceived the provision of legal and financial assistance to victims of repression as the organization and financing of "mass riots."

In 2020, the Belarusian public started to express a growing interest in the topics of human rights, civil society, and civic participation. To meet the demand, CSOs offered a wide range of lectures, workshops, webinars, and other educational services to the public. For example, the Flying University offered a series of popular lectures for local neighborhood communities, known as yards, in Minsk.

Because of the pandemic, most CSOs began to provide services online during the year. For example, Minsk Urbanistic Platform successfully delivered a lecture course for local urban communities, while the Office for European Expertise and Communications (OEEC) launched a new, flexible learning format that involved educational playlists. Additionally, CSOs increased and improved their video content and continued to publish podcasts. Due to the shift to online work, CSO services were able to reach more beneficiaries and broaden the geographical reach of their activities. For example, the Belarusian Association of Assistance to Children and Young People with Disabilities was able to engage people living in boarding houses and specialists from social service

centers in remote areas. However, moving online was a major chal-lenge for some organizations, which therefore either reduced the range of services or provided online services of lower quality.

CSO services better met the needs of communities in 2020, and many CSOs continuously as-sessed the changing needs of their clients. However, CSOs still lack sufficient skills in data collection and analysis, which is why only some organizations can demonstrate their contributions to local problems.

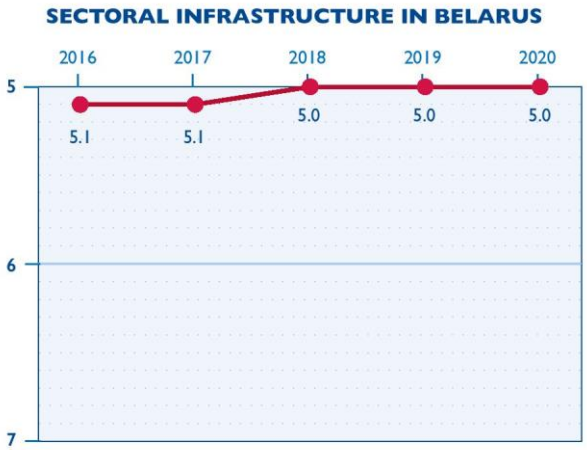
Most Belarusian CSOs offer their services to a wide range of target groups. In 2020, Human Constanta launched Covidmonitor BY — a website monitoring the effectiveness of the official response to COVID-19. CSOs provided consultations to real estate developers on how to create a high-quality urban environment. BEROC was included in the list of the top 100 think tanks in Central and Eastern Europe by the Global Go To Think Tank Index-2020, the first organization in Belarus to accomplish this feat. Specialists from the public sector still participate in educational programs offered by CSOs on social issues. However, many CSOs stopped providing services to representatives of government bodies in 2020.

As a rule, CSOs do not intentionally discriminate against representatives of vulnerable groups in their provision of services. However, due to a lack of awareness, CSO staff often do not take the special needs of their clients into account. In 2020, some CSOs started incorporating inclusive and non-discriminatory approaches, introducing cross-cutting values, and adopting internal policies in these areas into their work. To help a broader range of CSOs replicate best inclusive approaches into their activities, the Human Library Center created a database of inclusive practices on its website.

The challenges in 2020 limited the opportunities for CSOs to recover the costs of their services. However, after shifting online, some organizations were able to recover some costs. For example, ProWomen CSO introduced paid access to its webinars. As before, only a limited number of CSOs have access to state social contracting, which only covers a restricted range of services. CSOs do not assess the cost-effectiveness of the services they offer and do not calculate their market price. CSOs registered as public associations still cannot provide paid services.

Because of the heated political situation in the country, the authorities both at the national and local levels considerably reduced their public recognition of CSOs' contribution to the provision and monitoring of services. In general, government bodies used more discrediting and negative rhetoric about CSOs during the year.

SECTORAL INFRASTRUCTURE: 5.0



The infrastructure supporting the CSO sector in Belarus did not change significantly in 2020, with both positive and negative trends affecting this dimension.

A number of intermediary support organizations, thematic networks, and umbrella organizations continue to provide CSOs and individual activists with training, consultations, advice, and other services. These include the Assembly of NGOs, Belarusian National Youth Council RADA, Belarusian Congress of Democratic Trade Unions, Green Network, OEEC, and New Eurasia Foundation. Such organizations also provide CSOs with timely information through mailing lists, bulletins, websites, and social networks, and offer them networking opportunities. CSO infrastructure organizations rely primarily on grants from foreign donors. They also try to sell some services, but such activities generate very limited income.

New organizations that supported and developed new initiatives and local activists also emerged in 2020. For example, Honest People offered consultations, legal support, and organizational assistance to various new initiatives and associations, including trade unions, student initiatives, strike committees, and yard communities. Nevertheless, both traditional and new infrastructure organizations failed to meet all the needs of these new initiatives, which included micro-grants, capacity-building activities, and basic management skills.

Among the negative trends of 2020, a number of venues where CSOs could organize public events closed. This includes cultural hub Ok16 and Ў Gallery in Minsk, art-pub Torvald in Viciebsk, and Portal in Hrodna.

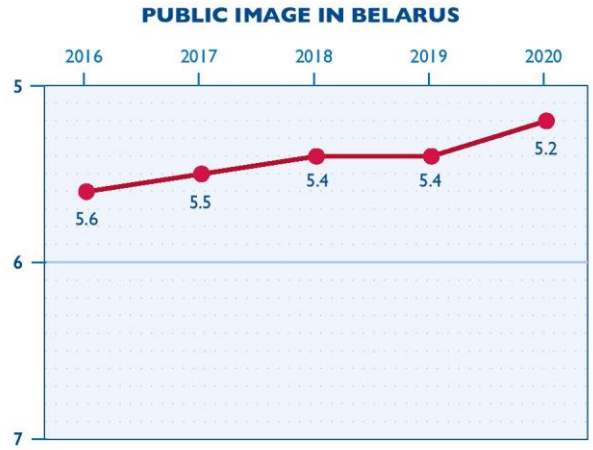
Only a few CSOs re-grant international donor funds to local organizations and initiatives. For instance, in the summer, OEEC offered emergency support to CSOs impacted by the COVID-19 pandemic, and in the fall, the Center for Urban Initiatives held a project competition "Yes, you!" to support young activists in Mahiliou region. Local grantmaking capacity in Belarus has always been limited. However, in 2020, CSOs that re-grant funds found themselves subjected to especially high risks.

In 2020, training opportunities for Belarusian CSOs became more accessible, with growth in online educational services, including short workshops, as well as longer-term online courses; most of these courses were available for free. In addition, as they were offered online, CSOs could participate in more training programs offered by foreign organizations and experts. Among the most popular training topics for CSOs in 2020 were the use of online tools for or-ganizing work and conducting events remotely, physical and digital security, and burnout pre-vention.

In response to the crackdown on Belarusian civil society in 2020, the value of CSO solidarity actions, networks, and coalitions was much more apparent. In August, more than fifty CSOs supported a joint appeal to the authorities demanding an end to the violence against peaceful protesters and the start of negotiations. Also in August, the Assembly of NGOs held a coordination meeting of Belarusian CSOs allowing participants to share their plans and discuss priorities and opportunities for joint efforts. In the first half of 2020, a number of CSOs united in the Cross-Value anti-Platform to cooperatively promote an agenda of human rights, gender equality, environmental responsibility, and critical thinking. In addition, a number of CSO coalitions founded in previous years, such as the coalition of human rights organizations and the coalition For Dignified Longevity, continued to operate in 2020.

Given the political crisis and extremely high level of repression, most CSOs declared a deep loss of confidence in the state in 2020. Some CSOs completely stopped interacting with government bodies, while others only stopped their work with specific structures, such as the Ministry of Internal Affairs. The authorities, primarily at the national level, also did not see any benefits in interacting or cooperating with CSOs. At the same time, cooperation and partnership of CSOs with business and media intensified. For example, the Assembly of NGOs and 34mag launched a series of online tests on various socially significant issues ranging from COVID-19 to facts on historical heritage sites. The Belarusian National Youth Council RADA, KORPUS Center, and Radio Plato launched an emergency assistance project for CSOs that included a platform and team of specialists who helped CSOs make quality audio and video content free of charge. Finally, A1, in cooperation with Birdlife Belarus, launched an environmental project called Get in Touch with Nature, in which people could call specific phone numbers to listen to ten different birds singing.

PUBLIC IMAGE: 5.2



In 2020, for the first time in the past two decades, the image of Belarusian CSOs in the eyes of society recorded a notable improvement, driven by the unprecedented involvement of Belarusians in CSOs' activities to address the COVID-19 pandemic and the political crisis following the rigged presidential elections. At the same time, 2020 was unprecedented in terms of the scale and extent of propaganda and defamation from the state media and governmental bodies against CSOs and activists.

The coverage of CSO activities in independent and state media differed sharply throughout the year. Independent media provided positive coverage of CSOs' activities, highlighting their role in promoting a meaningful agenda. Telegram and YouTube channels of political bloggers, whose audience exceeds those of traditional media,

became an influential source of information in 2020.

Before the election, some state media provided positive coverage of a select number of CSOs, particularly those engaged in social support activities at the municipal and local levels. After the election, however, the state media launched smear campaigns against CSOs and civic activ-ists, accusing them, among other things, of criminal and even terrorist activities, and disclosing the personal data of activists. According to the monthly monitoring of the Media IQ campaign, after the start of peaceful protests in August, 100 percent of the information provided by the state media on the protests showed signs of propaganda and manipulation.

State bodies showed an increasingly negative attitude towards CSOs, perceiving them as oppo-nents of Lukashenka's regime. There are still some state officials who do not agree with the current state policy, but they only expressed their support for civic initiatives privately.

Established CSOs continued to promote their role and civic values through independent media, social media, mailing lists, and websites. For example, Mova Fest, which was organized to celebrate International Mother Language Day, attracted up to 10,000 participants, while the Social Weekend national contest facilitated the generation of hundreds of beneficial ideas.

Society demonstrated an obvious change in its attitude to the CSO sector in 2020, as indicated by the growth in civic activism. The social mind shift started with the BYCOVID-19 campaign, which purchased PPE for Belarusian health workers. In the absence of government action, tens of thousands of Belarusians engaged in the campaign either by providing volunteer or financial assistance.

The presidential election provided another opportunity for civil society to blossom, which analysts called "the sudden awakening" of the Belarusian people. The role of formal CSOs was primarily visible in the human rights sector, which helped victims and documented cases of the unprecedented repression and torture. At the same time, hundreds of new decentralized initiatives appeared in 2020 to meet the demand for solidarity, self-organization, and justice. For example, through the Probono platform, more than 500 volunteers and 250 organizations helped people during the post-election crisis. The formation of civil society at the community level was also impressive, with the residents of yards uniting to show joint support and solve common problems.

According to an annual poll by the international non-profit Pact with support from USAID, citizens awareness and trust in CSOs increased dramatically during the year: 60 percent of respondents reported they were aware of CSOs' activity in 2020 (compared to 26 percent in 2018 and 32 percent in 2019) and 30 percent indicated that they trust CSOs (compared to 18 percent in 2018 and 24 percent in 2019). Meanwhile, increased awareness of and trust in CSOs did not always result in increased participation in the activities of formal CSOs, with only 3 percent of respondents indicating that they had participated in CSOs' activities in 2018 and 2019, and 4.5 percent indicating this in 2020. Instead, most civic engagement seemed to occur through informal civic initiatives and individual activism. According to the polling results, the overwhelming majority of respondents (80 percent) are aware of civic initiatives addressing COVID-19-related issues, with the same percentage indicating that they value and treat such initiatives positively.

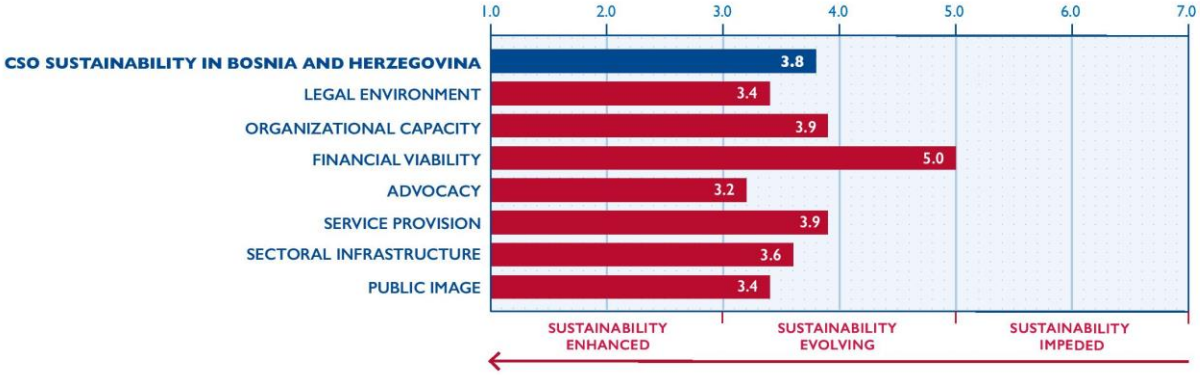
In 2020, the business sector's attitude towards CSOs was positive, largely due to the fact that CSOs and the business sector had to work together to address the challenges of the pandemic and the political crisis. The Activity Map of Socially Responsible Businesses within the CovidEconomy project showed that over 200 Belarusian companies were involved in charitable projects and allocated over $1.6 million to pandemic-related activities.

The ongoing risks of persecution made CSOs operate in a less open and transparent manner in 2020. However, civic fundraising initiatives, such as BYCOVID-19, Dissidentby, and the Belarusian Foundation for Cultural Solidarity, show a positive trend in terms of reporting on their achievements and relaying information about how their money was spent. In addition, there were attempts to harmonize values within the CSO sector. For example, the Cross-value Anti-Platform united a number of organizations to promote respect for human rights, anti-discrimination, gender equality, environmental friendliness, and critical thinking.

BOSNIA AND HERZEGOVINA

Capital: Sarajevo
Population: 3,824,782
GDP per capita (PPP): $14,912
Human Development Index: High (0.780)
Freedom in the World: Partly Free (53/100)

OVERALL CSO SUSTAINABILITY: 3.8



The COVID-19 pandemic affected all aspects of life in Bosnia and Herzegovina (BiH) in 2020. The first case of COVID-19 in the country was confirmed in early March. By mid-March, the Council of Ministers as well as the governments in both entities—the Federation of BiH (FBiH) and Republika Srpska (RS)—had declared states of emergency and adopted measures to limit the spread of the virus. These measures included restrictions on movement; curfews; bans on gatherings; immediate closure of schools, public facilities, and shopping malls; and limited access to public services. While these measures were strict at the beginning of the pandemic, they were completely or partially lifted later and then reinstated when infection rates rose again at the end of the year.

As in many other parts of the world, the health crisis resulted in an economic crisis. These parallel crises highlighted underlying systemic problems in BiH: political corruption, lack of governmental capacity, and neglect and general underfunding of the health-care, educational, and social welfare systems. The majority of citizens had to rely on their personal social safety nets in order to manage their health and income during the pandemic. After the initial shock and lockdown, however, grassroots associations also started to self-organize and support their membership base, including by offering masks, supplies, and food to those in need. Media and organizations working on human rights, democracy, and anti-corruption continued to call for social accountability as corruption continued even during the worst period of the health crisis. In the most notable example—the so-called Srebrena malina scandal—public officials misused their positions and bought inadequate ventilators.

The pandemic had wide-ranging effects on CSOs. According to a survey by the Center for Civil Society Promotion (CCSP) in May, more than 50 percent of CSOs reported that the pandemic had a major or critical impact on their work, and over 70 percent projected that they could not withstand the situation for more than three months. The regulations adopted to limit the spread of the virus forced many CSOs to adjust, reduce, or suspend their activities in 2020. Although uncertainty surrounding financial flows and grant implementation left many CSO employees without contracts, civil society was excluded from government assistance efforts to mitigate the economic impact of the pandemic. At the same time, despite the difficult circumstances during the year, many CSOs—particularly those with greater information and communications technology (ICT) capacities—adapted to the situation and organized activities online.

Governments at the state and entity levels continued to be dysfunctional in 2020. At the state level, the Council of Ministers exists but does not function in practice. More than two years after elections, FBiH was still governed by those elected in 2014 because of a political stalemate; it also continued to be embroiled in several corruption scandals. Meanwhile, members of the government of RS are still dealing with charges related to the death of David Dragicevic in March 2018.

Local elections were held nationwide in November 2020. In Canton Sarajevo, non-nationalistic political parties won three of nine mayoral positions and formed a coalition that was able to create a government for the first time in two decades. At the end of December, the first municipal elections in twelve years were held in Mostar, which has long been a symbol of both ethnic division and multi-ethnic culture. As the city prepared for its long-awaited elections, several prominent CSO activists ran in the elections as independent candidates.

Responding to BiH's application for membership in the European Union (EU), the European Commission in 2019 identified fourteen key priorities for the country moving forward, including the provision of a supportive environment for civil society. However, the Commission's 2020 report on BiH showed that no progress was made under that key priority, particularly in the adoption of European standards on freedoms of association and assembly. Other remaining challenges include the lack of transparency in funding for CSOs and failure to meaningfully include civil society in policy consultations.

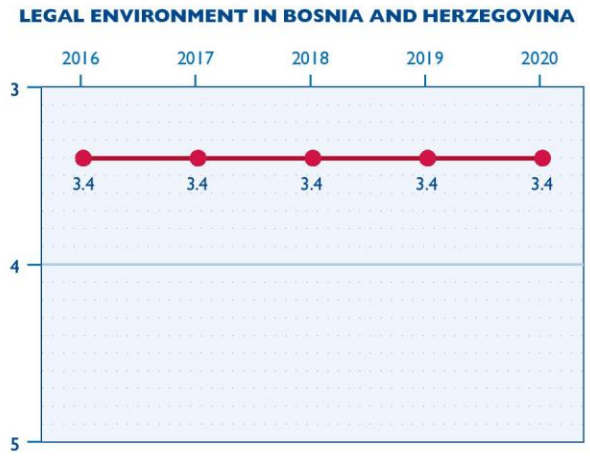
Government and political pressure on the media continue to be a serious concern in BiH. According to the SafeJournalists Network, in 2020, there were more than seventy instances of press freedom violations in BiH, including intimidation, physical attacks, and the constant threat of defamation lawsuits.

BiH continues to face problems with the large numbers of asylum seekers and migrants in the country. The capacity of the existing temporary reception centers is overstretched. As a result, many migrants, including unaccompanied children and families, are forced to sleep in abandoned buildings or makeshift tents without access to safe and dignified shelter, food, water, sanitation, electricity, or heating. These worrisome sanitary conditions increased migrants' exposure to various diseases and facilitated the spread of COVID-19.

Despite the difficult circumstances imposed by the pandemic, the overall sustainability of CSOs remained stable in 2020. The infrastructure supporting the CSO sector improved slightly, with an increase in the availability of capacity-building opportunities during the year, and the sector's public image improved, as the public recognized CSOs' engagement in the ongoing migrant crisis, environmental issues, and assistance to marginalized groups in the midst of COVID-19. All other dimensions of sustainability remained unchanged.

The Unified e-Register of Associations and Foundations maintained by the BiH Ministry of Justice listed a total of 27,432 legal entities, including both associations and foundations, at the end of 2020. This includes organizations registered at the state, entity, and cantonal levels, as well as those registered in Brčko District. However, the registration bodies at these various levels do not regularly submit changes to the database; as a result, it risks becoming irrelevant just two years after its establishment. According to information received through a freedom of information request, in 2020, 455 association were closed by the government for breaching their statutory obligation to organize an assembly at least once during the year and 404 were closed based on the association's request to be removed from the register.

LEGAL ENVIRONMENT: 3.4



The legal environment governing CSOs in BiH remained largely at the same level in 2020. While some positive steps were made, these were balanced out by negative developments.

In February 2020, the Rulebook on the Criteria for Financing and Co-Financing Projects in Areas of Public Interest Implemented by Associations and Foundations was published in the Official Gazette of BiH. This is a significant step forward in the implementation of the Agreement on Cooperation between the Council of Ministers and NGOs. The document is very detailed and encourages maximum transparency in all phases of the government's allocation of funds to CSOs. The rulebook's publication also enables lower levels of government to prepare similar documents to guide the allocation of funds from their own budgets.

In another significant step forward, in October 2020, the BiH Council of Ministers approved the appointment of seven representatives to the Advisory Body of the Council of Ministers of BiH for Cooperation with NGOs to increase geographic and ethnic representation. The newly constituted Advisory Body held its first session in December. The body is expected to contribute significantly to the development of the Strategy for Civil Society in BiH.

Fulfilling a commitment under the Open Government Partnership (OGP), in 2020 the Public Administration Reform Coordinator's Office (PARCO) published an Open Data Readiness Assessment, implemented at the level of the BiH Council of Ministers. This process was previously hampered by a lack of coordination between state structures. Ultimately, it was agreed that the BiH Council of Ministers would participate in the OGP process, while the Brčko District and other entity-level authorities would make independent action plans as relevant.

BiH's complicated state structure presents administrative obstacles to CSOs. Four laws govern associations and foundations in BiH: the Law on Associations and Foundations of BiH and separate laws within each of BiH's constituent entities: FBiH, RS, and Brčko District. Associations and foundations can register at any of eighteen administrative offices: the Ministry of Justice of BiH, the Ministry of Justice of FBiH, the five Basic Courts in RS, Brčko District, and ten cantonal ministries of justice.

Under BiH's Law on Associations and Foundations, the authorities may close a CSO that fails to comply with the provisions governing its work. In 2020, the number of registered CSOs that were dissolved or suspended was removed from public records.

CSOs registered at the state level face difficulties complying with the Labor Law, which imposes insurmountable financial obligations to cover expenses such as maternity leave and pensions, which donor grants usually do not cover.

In September 2020, the Indirect Taxation Authority (ITA) attempted to collect value-added tax (VAT) on awarded grants. The Nahla Center for Education and Research, which conducts commercial activities, applied for inclusion in the VAT system as its annual income from commercial activities exceeded BAM 50,000 ($30,000), the threshold for VAT payers. In the ensuing process for inclusion in the VAT system, however, the ITA stated that it would collect VAT on all of the organization's grants from the previous five years. As there was no legal basis for this decision, the threat sparked strong condemnation from civil society. This reaction, combined with the cost of engaging lawyers, ultimately led the ITA to abandon its threat at the end of the year without formally explaining either why it had first announced it or why it was then rescinded. While the Nahla Center is currently safe from further expense, the lack of a legal decision leaves open the possibility that a similar occurrence could take place in the future, increasing the financial insecurities faced by CSOs.

In 2020, CSOs faced new administrative and financial burdens when changing their addresses, which now requires the provision of lease agreements. Beginning in 2020, if a CSO uses a private space, the space is registered as a business, not a residence, automatically increasing the price of utilities. In addition, CSOs wishing to liquidate were subject to business regulations, making this an almost insurmountable procedure.

Freedom of assembly was limited in 2020 by measures adopted to prevent the spread of COVID-19. However, CSOs viewed these measures as appropriate given the state of emergency and not a meaningful restriction of the freedoms of assembly, association, or expression.

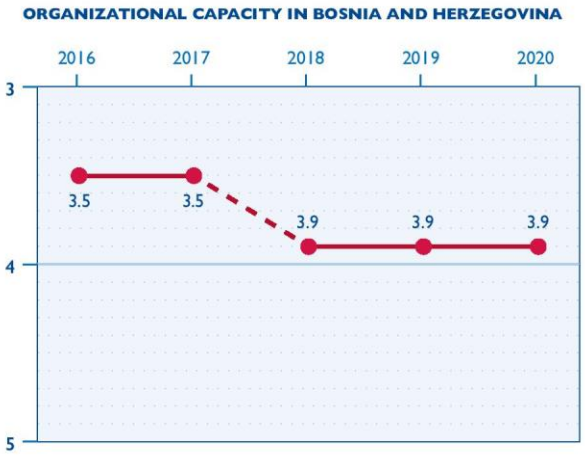
Associations and foundations continue to be free to carry out economic activities that are related to their statutory activities. They may also undertake economic activities that are not directly related to the achievement of their goals if they establish separate commercial legal entities; in such cases, the total profit from unrelated activities must not exceed one-third of the organization's total annual budget or 10,000 BAM (approximately $6,000), whichever is higher.

Laws governing the tax treatment of CSOs at the state and entity levels are still not harmonized. In RS, legal entities can deduct up to 3 percent of their annual income for donations to organizations providing humanitarian, cultural, sports, and social services and up to 2 percent for sponsorship expenses. In FBiH, legal entities can deduct up to 3 percent of their total income for donations for humanitarian, cultural, educational, scientific, and sporting purposes that are given to legal entities or individuals with no other income, and up to 3 percent for sponsorship expenses. Individual donors in FBiH can deduct the value of in-kind, material, and financial donations for cultural, educational, scientific, health, humanitarian, sports, and religious purposes up to 0.5 percent of income earned in the previous year. In RS, individual taxpayers can deduct expenditures for sponsorships and donations up to 2

percent of total income in that tax year. In both RS and FBiH, only self-employed persons can access these deductions. Donations above the prescribed amounts can also be fully deducted based on decisions of the competent ministries.

CSOs continued to lack access to free or affordable legal advice.

ORGANIZATIONAL CAPACITY: 3.9[1]



Though 2020 was a difficult year due to COVID-19, CSOs' organizational capacity remained unchanged. However, the pandemic's full impact on the CSO sector will only be clear in the future.

CSOs that had stable relations with their target groups most easily adapted to the new situation enabling them to continue their regular activities. This included organizations focused on children with disabilities, people with specific diseases or disabilities, and some membership-based associations like those of farmers. At the same time, many organizations—particularly those in rural areas—struggled to connect with their constituencies during the year. These organizations, as well as their beneficiaries, often lack sufficient information and communications technology (ICT) capacities. Additionally, civic activism in the country continues to be weak, making it difficult for CSOs to develop strong constituencies for their work, particularly in the advocacy field.

As in previous years, in 2020 many CSOs had clearly defined missions and target groups, but most still did not have long-term strategic plans and instead adjusted their work according to the interests and goals of donors. Many CSOs simply do not have the capacity for serious strategic planning. In 2020, the National Resource Center (NRC) from Banja Luka held many training sessions and workshops for CSOs and grassroots associations, several of which focused on strategic planning, project writing, and advocacy.

According to the Law on Associations and Foundations, CSOs are required to have assemblies, but not boards of directors, and therefore many lack the structures and procedures needed to make their operations more transparent and accountable. Where boards do exist, their functions are largely reduced to approving reports or participating in required sessions.

Very few CSOs are able to offer their staff permanent contracts, since most organizations depend on project-based funding. The financial situation, which was already difficult in 2019, worsened in 2020, making this problem more acute. CSOs also generally have limited resources to train new staff. According to the entity-level Institutes for Statistics, in 2020, CSOs employed 2,085 people in FBiH (compared to 2,064 in 2019) and 997 people in RS (compared to 1,050 in 2019). Increased attention to gender equality in CSOs has been a priority in recent years. The majority of employees in CSOs in FBiH are women (60 percent) while in RS, women account for 44 percent of employees; there is no data available on how many women are in leadership and governance positions.

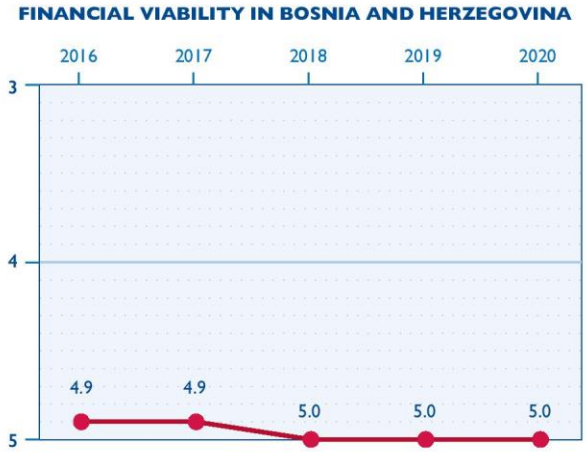
CSOs continue to engage volunteers to bolster their activities and staff. According to a survey conducted by NRC, in 2020, 36 percent of CSOs engaged volunteers. Organizations that work with youth and religious charities often attract large numbers of youth volunteers for humanitarian, educational, or other socially-beneficial purposes. However, these relationships are not fully formalized: volunteering contracts are not signed, and volunteer hours are not formally recorded. Over the course of the year, the Ministry of Justice in FBiH registered seventy-five long-

[1] The Organizational Capacity score was recalibrated in 2018 to better reflect the situation in the country and to better align it with other scores in the region. The score did not reflect a deterioration in Organizational Capacity, which remained largely the same in 2018 as in 2017.

term volunteering contracts (compared to thirty-five in 2019), and twenty were registered in RS (compared to twenty-nine in 2019). RS has made significant efforts to promote volunteerism through its Volunteer Service, which has attracted 10,000 members, mostly high school and other students.

Most CSOs have outdated ICT equipment, and there are almost no grants that allow small associations to purchase new equipment. Training for employees on new technologies, especially within grassroots organizations, is limited. Regardless, almost all CSOs have internet access, and a smaller number of CSOs have their own websites and engage with constituents largely through Facebook and other social media platforms. COVID-19 imposed new problems for many CSOs that did not have the capacity to organize online activities, either because of their own technical limitations or those of their focus groups, particularly those in rural areas.

FINANCIAL VIABILITY: 5.0



The financial viability of CSOs in BiH, which has been the weakest dimension of sustainability for years, remained largely unchanged in 2020. Most organizations continue to rely on international donors for project-based funding. While domestic funding for CSOs decreased in 2020 due to the COVID-19 pandemic, this did not affect the work of most organizations, although the long-term effects will only be clear in the future.

Although several associations and political parties submitted amendments to the draft Law on Mitigation of Negative Economic Consequences in FBiH in order to include support measures for CSOs, the FBiH government ignored their requests. The government of RS, on the other hand, ultimately agreed to include CSOs in its assistance measures after several meetings with representatives of the sector.

The low degree of transparency in the allocation of public funds contributes to CSOs' weak financial viability. This is especially problematic at the local level, which accounts for more than half of all government funds distributed to CSOs. Funds often go to CSOs with close ties to local political leaders, frequently with informal arrangements to return a percentage of the funds to individuals in power. In addition, some of the funding from the budget line for CSOs goes to associations of war veterans, persons with disabilities, and families of fallen soldiers, many of which receive funds without submitting formal applications. The budgeted support for associations also includes funding for sports clubs. This would be somewhat justified if the allocated funds were used for youth or amateur clubs that bring the community together, but instead, they are frequently earmarked for professional sports organizations.

As described above, at the beginning of 2020, the Council of Ministers of BiH adopted the Rulebook on the Criteria for Financing and Co-Financing Projects in Areas of Public Interest Implemented by Associations and Foundations. This was a significant step forward, as it establishes general principles for allocating funds and supervises their implementation.

Foreign funding remained at a similar level in 2020 as in 2019. The biggest donors include the Delegation of the EU, USAID, Swedish International Development Cooperation Agency (Sida), Swiss Agency for Development and Cooperation (SDC), and the Norwegian Embassy. Donors including USAID, the International Commission on Missing People (ICMP), and various United Nations agencies made new funds available to address the effects of the pandemic. In addition, most donors allowed their grantees to adjust their funded projects in accordance with the new circumstances.

Few CSOs have the capacity to respond to calls for proposals or apply for large grants, particularly those from international donors. Small, grassroots organizations are especially disadvantaged by their limited resources and staff capacity. CSOs also struggle to keep up with relatively frequent changes in donor strategies and focus areas, and they report frequent overlap in funding areas by multiple donors.

Some CSOs enjoy in-kind support, but this practice is rare. Local governments own numerous premises that they frequently grant to CSOs free of charge. However, this is often done through a non-transparent process. A survey conducted by NRC shows that over 60 percent of local governments do not publish a list of available office space, almost 50 percent do not have prescribed criteria for the allocation of such premises, and over 60 percent do not publish invitations for allocation. In most cases, free premises are granted to associations linked to parties in power, including organizations of veterans from the Balkan Wars in the 1990s. There are also occasional examples of space being awarded transparently to CSOs. For example, the Youth Centers in Sarajevo and Brčko receive free space that they share with a wide range of CSOs.

Corporate social responsibility (CSR) and CSO cooperation with local businesses continued to be limited in 2020. However, the dire needs brought about by the COVID-19 pandemic appeared to have somewhat of a positive impact in this area. According to the Catalyst Balkans Giving survey, in BiH, EUR 5,370,748 (approximately $6.1 million) was raised during the first two months of the pandemic, over 70 percent of which was contributed by the business sector. Approximately 4 percent of that amount, or more than BAM 450,000 (approximately $270,000), was directed as support to CSOs, while the majority was used to supply medical institutions with equipment and materials and to provide humanitarian aid for people in need. While some businesses continued to offer grants programs to CSOs at the beginning of 2020, many of these programs were discontinued as the economic situation in the country worsened.

Individual philanthropy and crowdfunding continue to be largely undeveloped in BiH, and this situation did not change significantly in response to the pandemic. Mozaik's Good for Philanthropy awards recognize some positive examples of philanthropy each year.

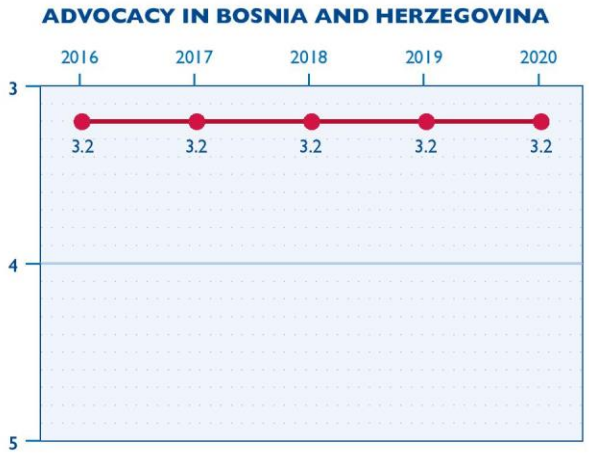
Membership fees and earned income are generally not a common source of income for CSOs, and therefore the economic downturn in the country in 2020 had little impact in this area. Very few associations have the capacity to provide services on a market-driven, fee basis.

Most CSOs lack quality financial management systems or do not operate in a transparent manner. Audits are generally carried out only where grants cover these costs, which is generally only the case for large, multi-year projects implemented by large associations. Audits of overall CSO operations are rare. The law requires all CSOs to submit annual financial reports to the Agency for Intermediary, IT, and Financial Services (APIF) in RS and the Financial Information Agency (FIA) in FBiH. but many CSOs do not meet these requirements. In 2020, 15,298 CSOs (including 9,136 in FBiH and 6,162 in RS), or 55 percent of registered organizations in the country, submitted annual reports, compared to 14,876 organizations or 58 percent of registered organizations in 2019. CSOs that do not submit these reports may be forced to close or be financially sanctioned.

ADVOCACY: 3.2

CSO advocacy did not change overall in 2020. Despite the difficulties and restrictions imposed by the COVID-19 pandemic, CSOs' advocacy efforts produced a number of concrete results.

The most visible of these results were focused on preventing the legal construction of small hydropower plants, driven by the combined efforts of various associations, informal groups, and individuals. Small hydropower plants are particularly detrimental to local communities, as they allow investors to receive benefits from this public good, while permanently destroying natural resources. Following a strong response from civil society, the government of FBiH began the process of banning the construction of small hydropower plants, and the government of RS terminated all already existing concession agreements.



A small number of CSOs, including Transparency International, Center for Investigative Reporting (CIN), Sarajevo Open Center, and Center for Environment (CZZS), persisted in their role as watchdog organizations and worked with media to expose a number of corruption scandals in 2020. One of the largest of these scandals ultimately led to the December 2020 resignation of Milan Tegeltija, the president of the Bosnian High Judicial and Prosecutorial Council (HJPC). Other investigations uncovered corruption in the procurement of medical and protective equipment as BiH faced the COVID-19 pandemic. Performing such watchdog roles remains challenging, however, given the frequently insufficient levels of training, education, and capacity of CSO staff.

Current regulations governing the freedom of information are poorly implemented; these problems are worse at the local than the state level. According to a survey conducted by NRC, almost 45 percent of local governments violated the standing freedom of information regulations in 2020. According to a statement by PARCO, just four of eighty-one institutions fully complied with all standards of proactive transparency in 2020. Violators were not sanctioned for their failure to comply. Furthermore, a significant percentage of freedom of information requests received inadequate answers. Public companies also frequently ignore freedom of information requests, and officials at all levels are often unaware that the application of freedom of information is mandatory. The planned freedom of information act was still in the preparatory phase in 2020, but is expected to incorporate clear policy guidelines and standards, which could significantly improve compliance.

All state-level draft laws must be posted on the e-consultation platform, allowing any interested member of the public to provide input. Regular consultation processes generally take place only at the level of the BiH Council of Ministers. During 2020, a total of 541 consultations were held on 408 reports (compared to 539 consultations and 445 reports in 2019). Sixty-four state institutions were registered to use the platform in 2020, an increase of just one since 2019. Despite the existence of this consultation platform, many legal documents were still adopted in 2020 through abbreviated or urgent procedures that did not allow for public consultations. At lower levels, most consultative procedures were respected only on paper, not in practice, and there was little political will to actively include public consultations in the decision-making process.

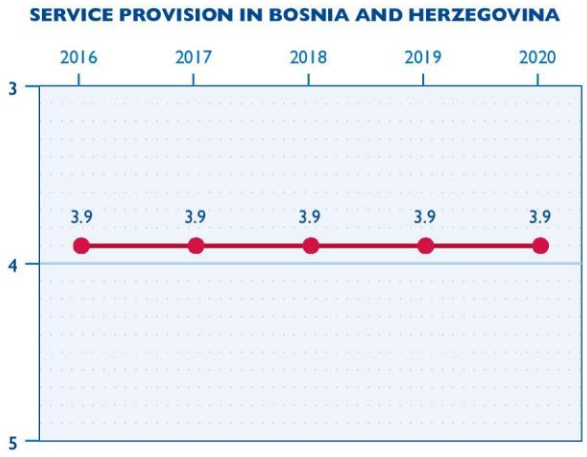
Responses to freedom of information requests from institutions at all levels indicate that only a minority of public servants has received training on the consultation process. The Council of Ministers is an exception in this regard: at least two persons from every minister and department under its purview have been trained as coordinators and leaders of the consultation process on the e-Consultation platform. Trained staff are also in place in the ministries of FBiH, Canton Sarajevo, and Una-Sana Canton. Other government institutions only indicate a general awareness of the procedures but have not trained their staff to lead the process. In addition, CSOs and citizens have complained that the platform is complicated to use, and many of them give up after struggling to navigate the system. Given these challenges, the Ministry of Justice pledged to reform the platform to increase participation in 2021.

In 2020, FBiH established a similar e-consultation platform, but CSOs found the platform to be essentially unusable. Similar obstacles in ensuring a consultative process occurred in RS, Brčko District, and most cantons. At lower levels, the public rarely participates in public hearings. When members of the public do make proposals, they typically do not expect them to be included, as previous experience has verified that public input is ignored in the final budgets, regulatory plans, and other policies.

As mentioned earlier, the formal establishment of the Advisory Body of the Council of Ministers of BiH for Cooperation with NGOs was an important step for the advocacy process in 2020. This experience can now be applied as a good practice at lower levels of government.

A small number of demonstrations were banned in 2020 due to the COVID-19 restrictions in place. Most such protests, however, were able to take place in accordance with the relevant regulations. In 2020, many CSOs advocated for their right to assist authorities in responding to COVID-19, but these efforts were often unsuccessful. In addition, associations of small entrepreneurs, restaurateurs, and musicians, whose members' incomes were affected by the COVID-related restrictions and economic downturn, advocated for government support, without success.

SERVICE PROVISION: 3.9



The level of CSO service provision did not change significantly in 2020. CSOs continued to provide social services like safe houses, daycare centers for persons with mental disabilities and abandoned children, and an increasingly impactful hotline to protect children from violence.

The COVID-19 pandemic, however, further hindered CSOs' ongoing efforts to mitigate the growing consequences of the migrant crisis in BiH by making communication with government institutions practically impossible. At the same time, as government authorities were themselves overwhelmed in 2020, CSO services to migrants were increasingly in demand, especially in regions most vulnerable to the crisis, like Una-Sana, Tuzla, and Sarajevo cantons. Large associations such as Emmaus, Vaša Prava, and Pomozi.ba remained intensively engaged in providing migrants with food and clothes, as well as legal aid and care for children, as did humanitarian organizations such as Merhamet, St. Anthony's Bread, and the Red Cross.

Government authorities still do not look favorably on the possibility of greater cooperation with CSOs. In terms of funding services, authorities continue to favor those of existing state institutions, regardless of the questionable quality of their services. This lack of political will is partially an issue of jurisdiction: several areas that CSOs engage in, including social services, education, culture, and sports, are on the margins of government policy.

There has been a noticeable trend in domestic and international organizations using CSO reports on certain issues as a basis for their own annual reports. As a result, some CSOs have stopped sharing their reports online.

Reimbursement of the costs incurred by CSOs in the provision of services under government-funded contracts remained a significant and ongoing challenge for CSOs in 2020. Reimbursement of expenses was often delayed or completely absent, putting CSOs in precarious financial positions. In 2020, this was especially pronounced in the region of Prijedor, where the political situation going into local elections disrupted the normal functioning of the administration.

Most government institutions that provide grants to CSOs do so in a non-transparent manner, so there is little public information available about these initiatives. A few exceptions to this rule include the Council of Ministers, Canton Sarajevo, and Canton Tuzla.

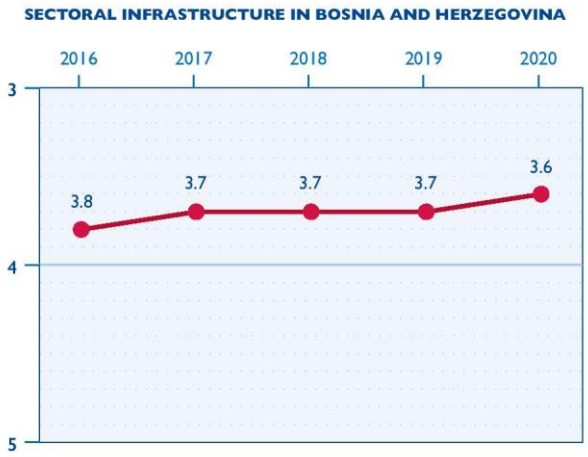
SECTORAL INFRASTRUCTURE: 3.6

The infrastructure supporting the CSO sector improved slightly in 2020, with an increase in the availability of capacity-building opportunities during the year.

NRC, which is based in Banja Luka, was active during 2020 and provided training with subsequent consultations and mentorship for grassroots organizations and informal groups around the country. Topics of interest during the year included organizational development, strategic planning, and project proposal development. The assistance was designed to enable participants to develop strategic plans or write project proposals by the end of the training. The NRC platform www.EUresurs.ba provides an overview of over sixty CSOs and twenty-six projects that were supported by the EU in 2020. The platform also regularly publishes public invitations and other current events and literature of interest to CSOs, regardless of the donor. All services provided by NRC are free of charge for users, with funding from the EU.

LocalWorks is a six-year USAID-funded initiative aimed at empowering local organizations by supporting network and capacity development platforms, local resource organizations, and community philanthropy promotion. In 2020, LocalWorks began supporting two resource centers, the Tuzla Community Foundation and the Center for

Civil Cooperation in Livno. These centers provide basic support to small, grassroots associations on topics such as proposal writing, fundraising, and monitoring and evaluation. The initiative is slated to open eight more resource hubs throughout BiH based on an early 2021 assessment of the situation on the ground. Also as part of USAID's LocalWorks initiative, the Network for Building Peace works to improve the capacity of local communities and organizations to address development challenges. This program has also developed a self-assessment tool for associations.



In 2020, Sida funded the Thoughts on Nature project, which, in addition to awarding grants for environmental projects, provided mentoring support to and strengthened the capacities of forty-three CSOs. The USAID Marginalized Groups Support Program (PPMG) further supported the activities of local organizations advocating for the rights, empowerment, and dignity of underrepresented social groups in BiH. The program specifically aims to strengthen the capacity of local NGOs, BiH institutions, and USAID implementing partners to meet this goal.

Several organizations, including CCSP, Centers for Civic Initiatives, Mozaik Foundation, and the Institute for Youth Development Kult, distributed small grants in 2020. These small grants have a legitimacy at the local level that is often lacking in foreign support and give domestic associations more ownership of the grant management process. In December 2020, the Trag Foundation, with support from the Charles Stewart Mott Foundation and the Porticus Foundation, announced a competition to support the establishment of community foundations in BiH with individual grants of up to EUR 15,000.

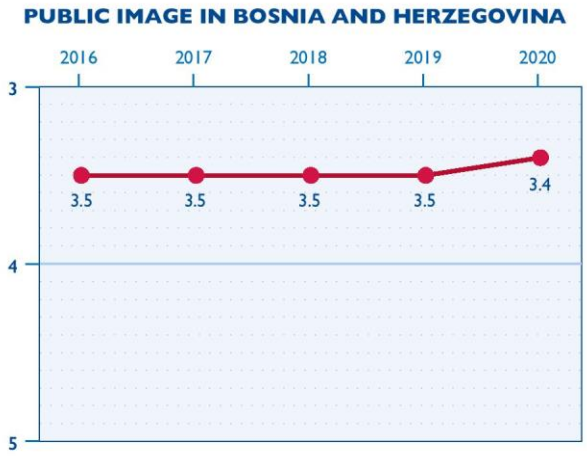
Most CSOs in BiH occasionally participate in networks, although cooperation between organizations working in the same field is generally limited to sharing information on activities. The Network for Building Peace, for instance, continues to provide extremely useful information for CSOs, and its website garnered more than 300,000 individual views over the course of 2020. CCSP's Smart Resource Center also remained a very useful source of information for CSOs, with more than 143,000 views in 2020. In 2020, informal environmental networks proved the efficacy of coordination by drawing national attention to issues like small hydropower plants, unregulated landfills, and pollution.

While there are CSOs with training capacities, they generally are located in regional centers and their services are too expensive to be feasible for small organizations. In 2020, precautions and restrictions around COVID-19 significantly limited the implementation of major educational endeavors. Certain trainings, such as those focused on proposal writing, conflict management, and advocacy, are difficult to do online as they require face-to-face communication.

In 2019, the Ministry of Education, Science, and Youth of Canton Sarajevo accredited CCSP to provide training programs through its academy for the development of EU projects. The academy is targeted at employees in local governments, ministries, cantonal public companies, institutes, CSOs, businesses, and individuals who want to improve their knowledge and skills in writing EU projects. In 2020, the program was successfully completed by twenty-seven students of varying ages.

Beyond the Agreement on Cooperation between the Council of Ministers of BiH and NGOs, there was little CSO-government cooperation in 2020. The relationship between CSOs and the for-profit sector also remained weak in 2020, given CSOs' limited capacity and the poor financial situation in the for-profit sector.

PUBLIC IMAGE: 3.4



The public image of CSOs improved slightly in 2020 as the public increasingly recognized their engagement in the ongoing migrant crisis and assistance to marginalized groups in the midst of COVID-19. In addition, CSOs were lauded for their extensive work in preventing the construction of small hydropower plants and unregulated landfills. The media played a significant role in informing the public about all of these activities, recognizing the importance of the issues civil society addresses. At the same time, CSOs are building their capacities to work with the media, particularly in terms of preparing appropriate public announcements and materials.

With USAID funding, the Independent Media Empowerment Program (IMEP) supported the work of independent media to create a positive image and raise public awareness of the importance of civil society and civic activism in a democratic society. In 2020, the IMEP website had 101,238 users and 283,824 visits (up from 150,000 visits in 2019), and its Facebook page had more than 6,300 followers (up from 5,000 in 2019).

Local communities very rarely recognize the impact of CSO work, although it is frequently inspired by direct engagement with the public and responds to their needs. CSOs in smaller communities are often the only available contact when citizens look to express a problem.

Government bodies at various levels view cooperation with CSOs as a requirement, given pressure from the international community and funding conditions. Government officials, especially at the local level, do not respect local CSOs as relevant partners. Businesses view CSOs as having inadequate skills. One of the rare instances when CSOs and businesses cooperate is when a CSO is the founder of a social enterprise.

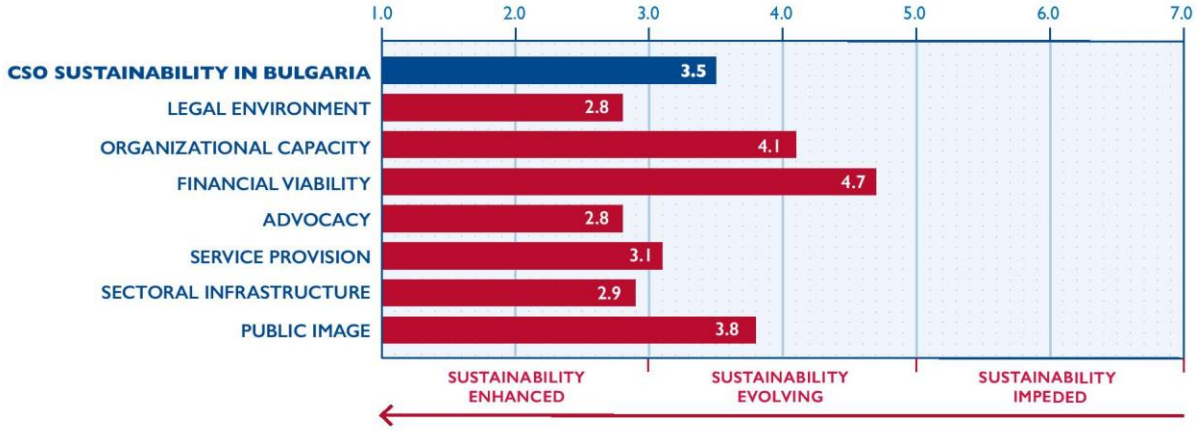
CSOs still have limited capacity for public outreach, but their visibility has significantly improved through the use of Facebook and social media. According to the annual report of the Communications Regulatory Agency (RAK), in 2020, the number of internet users in BiH reached almost 3,800,000, suggesting that this platform is essentially available to the entire population.

Self-regulation remains a developing area for CSOs in BiH. CCPS keeps records of CSOs that subscribe to the Code of Ethics for CSOs in BiH, which was developed in 2017. By the end of 2020, there were approximately 156 subscribers, up from 145 in 2019. A small number of CSOs publish annual program and financial reports in order to build public trust and a more positive image of CSOs.

BULGARIA

Capital: Sofia
Population: 6,919,180
GDP per capita (PPP): $23,174
Human Development Index: Very High (0.816)
Freedom in the World: Free (78/100)

OVERALL CSO SUSTAINABILITY: 3.5



2020 was a turbulent year in Bulgaria. On March 13, 2020, the Bulgarian Parliament introduced a state of emergency in response to the rising spread of the novel coronavirus (COVID-19) in the country. A number of restrictive measures were put in place, including limits on the gathering of people in public spaces and measures allowing the mobile phone data of people who violated their quarantine to be monitored. The law passed by parliament also would have introduced sanctions for spreading untrue information about contagious diseases, but the president vetoed this provision and it was removed from the adopted law. In May 2020, parliament adopted amendments to the Law on Health that introduced the term "emergency epidemic situation," allowing the government to declare this status at the recommendation of the minister of health. It also allows the minister to introduce specific measures to limit the spread of epidemics.

As a result of the restrictions imposed to curtail the spread of COVID-19, a number of businesses had to temporarily close or change their modes of operation. For example, restaurants were only allowed to serve take-away food. A survey conducted by Alpha Research in April 2020 found that more than 25 percent of respondents had suffered a serious decrease in their income. To counter the negative economic effects of the pandemic, the government introduced several supportive measures targeting groups such as parents, pensioners, and companies; none of these interventions targeted CSOs specifically. While forcing civil society to change its mode of operation, the pandemic highlighted the important role CSOs play in society as they were among the first to adjust to the new reality and provided much needed services to communities.

In addition to the COVID-19 pandemic and the measures taken to address it, several political scandals grabbed public attention in Bulgaria in 2020. In the summer, an audio recording was released of a voice that sounded like that of the prime minister. In the recording, the voice made offensive remarks about another politician and boasted about ordering an independent financial regulator to carry out a probe into a Bulgarian company. Shortly thereafter, pictures were published of the prime minister's bedroom showing a drawer full of cash. The prime minister claimed both the recording and the pictures were manipulated.

In another scandal, the owner of the biggest lottery in Bulgaria fled the country after he was accused of not paying taxes and the State Gambling Commission imposed fines on his companies of almost EUR 350 million. At the same time, parliament decided to prohibit private lotteries. In a counterattack, the businessman alleged that he had paid the minister of finance and the prime minister approximately EUR 30 million in bribes over the last three years. Both of these incidents raised questions about corruption in the country.

In July 2020, civic protests were organized against corruption in the country and to demand the resignation of the prime minister, his government, and the chief prosecutor. The protests continued for several months. Despite the

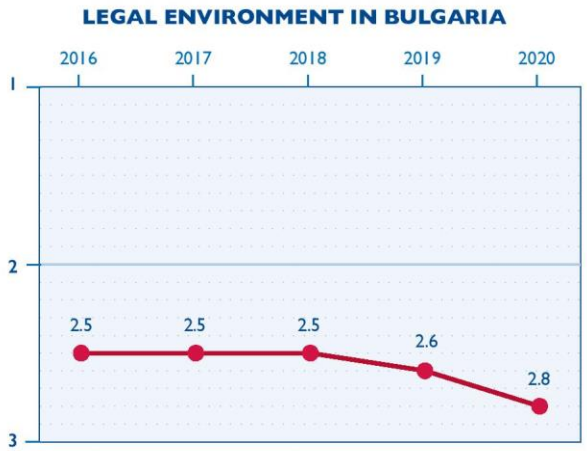
COVID-19 restrictions, the protests were not dispersed, although there were cases of police brutality against some protesters. This contributed to the prime minister's announcement of a new minister of interior at the end of July 2020. In addition, three other ministers, including the minister of finance, were relieved of their duties.

In August, the government announced a proposal to adopt a new Constitution. The main changes included reducing the number of members of parliament (MPs) and introducing several judicial reforms, such as replacing the Supreme Judicial Council with separate councils of judges and prosecutors that would have legislative initiative and reducing the mandates of the chief prosecutor and the chairpersons of the Supreme Court of Cassation and the Supreme Administrative Court. The text was introduced in parliament in early September without any impact assessment or public consultation. Before that, the Venice Commission criticized the draft and the lack of public debate preceding its introduction. In November, after failing to secure the necessary majority to convene a Grand National Assembly (the special body with the power to adopt a new Constitution), the ruling party gave up on this idea.

Overall sustainability of civil society did not change in 2020, which in some ways can be considered a positive development given the difficulties the sector faced during the year and the declines in previous years. Three dimensions—organizational capacity, sectoral infrastructure, and public image--recorded improvements, while the legal environment and advocacy dimensions both deteriorated.

According to amendments to the Law on Non-Profit Legal Entities (hereinafter the CSO Law) that went into force at the beginning of 2018, CSOs must transfer their registration from the courts to the Registry Agency. In 2020, more than 2,700 CSOs transferred their registration from the courts. In addition, more than 1,300 new CSOs were registered with the Agency during the year. In the previous two years (2018 and 2019), almost 16,000 CSOs had registered with the Registry Agency; therefore, the total number of organizations included in this registry at the end of 2020 reached approximately 20,000.

LEGAL ENVIRONMENT: 2.8



The legal environment governing CSOs in Bulgaria deteriorated in 2020, primarily because of the continued attempts to introduce legislative restrictions affecting CSOs. At the same time, the administrative burden on CSOs increased as previously adopted requirements related to the Law on Measures Against Money Laundering (hereinafter the AML Law) entered into force.

CSOs register with the Registry Agency. The process takes just three days and can be completed electronically. However, there continues to be a high rate of rejections of applications for registration, re-registration, or changes in data, demonstrating the need to either revise the Registry requirements or ensure greater flexibility in their implementation.

The amendments to the Law on Non-Profit Legal Entities (hereinafter the CSO Law) that went into force at the beginning of 2018 gave CSOs three years to transfer their registration from the courts to the Registry Agency; 2020 was therefore supposed to the last year to complete this process. However, in December 2020, this period was extended for an additional two years, until the end of 2022. Because of the pandemic, the government also postponed a number of other deadlines including those for the submission of tax declarations and annual reports (from March to June); the publication of annual reports (from June to September); and making individual risk assessments and adopting internal regulations under the AML Law (excluding the time during the state of emergency).

Because of the pandemic, CSOs needed to hold statutorily required meetings of their boards and general assemblies online in 2020. According to the Registry Agency, this is not possible under the current law, although there is no special provision stating this. This created practical problems for many organizations. The attempt to

propose a provision authorizing online meetings of CSO bodies in the CSO Law was postponed until 2021, even though this possibility exists for companies and was introduced as part of the emergency measures for state institutions as well.

On July 1, 2020, a group of MPs from United Patriots (the coalition partner of the ruling party) introduced amendments to the CSO Law that would create a special register of foreign-funded CSOs and impose several restrictions on such organizations, including requirements for their board members to submit asset declarations. According to a survey of 400 active CSOs conducted by Open Society Institute (OSI)–Sofia in August and September, 77 percent of respondents considered the draft law as an attempt to repress CSOs. Over 300 CSOs signed a joint statement against the proposal that was sent to the parliament. The European Commission also reacted negatively to the proposal, stating in its 2020 Rule of Law Report on Bulgaria that, "the already narrowed civic space in Bulgaria could be further affected in view of a new draft law on foreign funding for NGOs." The proposal was still pending at the end of the year.

In September 2020, amendments to the Law on School and Pre-School Education were adopted that give the Minister of Education access to the offices and documents of school boards of trustees, a form of independent association. In addition, according to the new amendments, when a school board of trustees is terminated, its property will go to the school to which it was attached, while the CSO Law allows each public benefit organization to choose the recipient of its assets after liquidation. These amendments thereby infringe on the independence of this type of CSO.

In March 2020, a group of MPs submitted a constitutional complaint against the Law on Social Services, which was adopted in February 2019, but whose entry into force was postponed until July 2020. The complaint questioned one of the law's main principles: that CSOs are partners to the state in providing social services and the state can delegate the delivery of services to them. In July, the Constitutional Court issued a decision rejecting the MPs' arguments, while declaring only four provisions unrelated to the possibility for CSOs to be contracted to provide social services as unconstitutional.

In December 2020, proposed amendments to the Child Protection Act were introduced in parliament. Social CSOs viewed this initiative as a continuation of the attacks against the rights of children as it introduced concepts such as biological parents that could result in discrimination against children who do not live with their biological parents. The amendments were still pending at the end of the year.

In March 2020, MPs from the United Patriots proposed amendments to the Radio and Television Act that would have allowed the Council for Electronic Media to prevent and limit disinformation online by requiring website owners to remove such information or be subject to possible blocking of their websites. The draft also proposed that all providers of online media services have to register with the Council for Electronic Media, which could also potentially apply to CSO websites. Despite criticism of the draft, it was still pending in parliament at the end of the year.

Two obligations affecting CSOs under the AML Law came into force in 2020. CSOs with annual incomes of more than BGN 20,000 (EUR 10,000) and CSOs that suspect that their activity might be used for money laundering or terrorist financing are obliged to carry out individual risk assessments and adopt internal rules to counter money laundering. This imposes a serious burden on CSOs and puts them at a disadvantage compared to many commercial companies with much greater financial turnovers that do not have to take these steps.

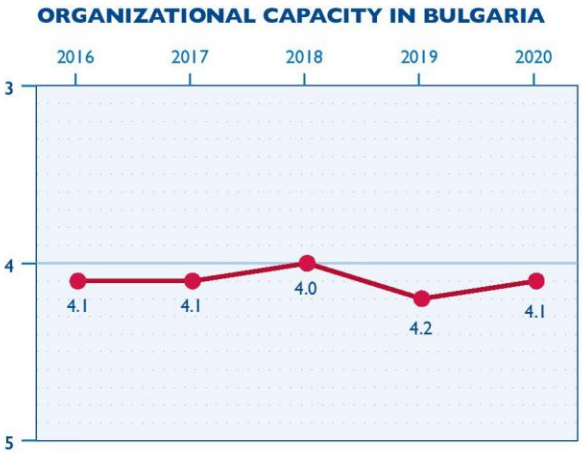
Several CSO representatives were subject to state harassment in 2020. In April, the Chairperson of the Bulgarian Pharmaceutical Union was charged with spreading panic after she made a series of public statements and interviews in which she asserted that the supply of medicines in pharmacies may not be sufficient during the pandemic. In May, the Ministry of Foreign Affairs sent a proposal to the Ministry of Justice to nominate the Director of the Bulgarian Center for Not-for-Profit Law (BCNL) to the Board of the European Union (EU) Fundamental Rights Agency as a representative of Bulgaria. After a media article questioned the BCNL Director's independence because the organization receives funding from international donors, her nomination was withdrawn.

All associations and foundations that work in one of the public benefit areas listed in the CSO Law can obtain status as public benefit organizations. Public benefit organizations have to comply with additional requirements, such as making their narrative reports public. In exchange for the increased transparency, they receive additional benefits, including tax deductions for their donors.

CSO taxation did not change in 2020. CSOs continue to be exempted from income tax on donations, grants, and membership fees. Both individuals and companies can deduct donations made to public benefit organizations within a certain limit (5 percent of the annual income for individual donors and 10 percent of the profit for companies). CSOs can engage in entrepreneurial activity, take part in public procurement, and receive state funding.

CSOs have access to specialized legal assistance. BCNL offers support to CSOs and provides access to various legal resources. The National Network for Children and its network of lawyers also provide high-level support to CSOs. The needs of CSOs, however, continue to grow and outpace supply.

ORGANIZATIONAL CAPACITY: 4.1



Despite the difficult situation, the sector's organizational capacity improved slightly in 2020 as most CSOs successfully adapted to the new circumstances. According to research conducted by BCause Foundation in July 2020, out of 113 surveyed CSOs, less than 5 percent had stopped or planned to stop their activities, while more than three-quarters (77 percent) had engaged in alternative or innovative ways to provide services, 13 percent had targeted new groups, and 30 percent had created new partnerships. Even though CSOs managed to respond to the crisis, the stress caused by the uncertainty and extra work is expected to negatively affect the sector over the next year.

The improvements in organizational capacity are closely linked to the important role CSOs played during the pandemic in terms of providing support and services to those in need. In many places, CSOs were the first to react to emerging needs and offer support to people. In addition, CSOs acted together, engaged in extensive outreach efforts, and expanded their groups of beneficiaries. For example, WWF noted an increase in both its donors and followers in 2020.

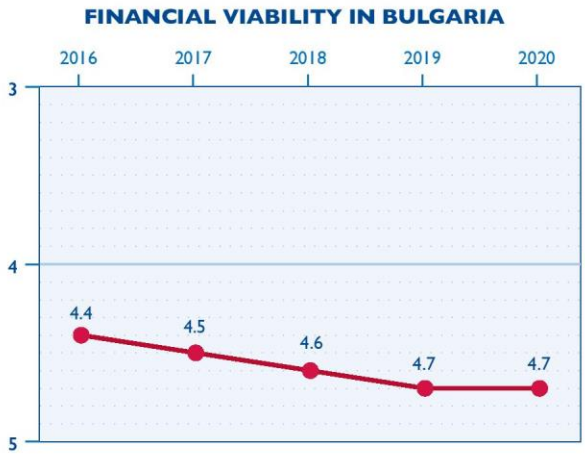
In 2020, CSOs built upon the organizational capacities they acquired in previous years, including their understanding of planning processes and the organization of activities. This allowed them to adapt or expand their activities to better serve their constituents' needs in line with their missions. At the same time, strategic planning was difficult in 2020 because of the uncertainty about how the situation would develop. According to research published by BCNL in May 2020, the pandemic highlighted a number of problems for CSOs, including their lack of funding to respond to the increased needs in society and lack of resources to adapt their activities.

The insufficient administrative capacity in the sector noted in previous reports did not improve in 2020. Rather than developing new policies, CSOs focused on reacting to needs. Moreover, the number of active organizations decreased as demonstrated by the fact that only 220 CSOs submitted applications under the last call for proposals for strategic projects under the Active Citizens Fund, a significant decrease compared to the previous European Economic Area (EEA), Grants program in Bulgaria (2013-2016).

According to BCNL's research, 75 percent of the fifty-three CSOs surveyed said they had to reduce their personnel in response to the pandemic. The BCause research confirmed this trend, although the numbers were less dramatic, with 20 percent stating that they downsized their staff and 13 percent stating that they reduced salaries. While the data on employment for 2020 will be available only in the second half of 2021, according to data from the 2019 National Statistical Institute, less than 30,000 people were employed by CSOs in some form. A survey conducted by Alpha Research in June 2020 found that 5.2 percent of people are members of CSOs and only 9 percent volunteer with CSOs.

Internet access in Bulgaria is generally good and affordable. Because of the restrictions in place in the country during 2020, many CSOs increasingly used online tools such as Skype and Zoom. According to the BCause survey, 22 percent of surveyed CSOs invested in digital technologies and technical equipment. Cybersecurity is still not a popular topic among CSOs.

FINANCIAL VIABILITY: 4.7



The overall financial viability of CSOs did not change in 2020 and continues to be marked by limited funding sources. Theoretically, CSOs in Bulgaria can access different types of funding, but the majority of these sources are scarce and only a few CSOs have real funding diversification.

While some sources of funding—most notably philanthropic giving—increased during the year, a large part of donations were channeled directly to medical institutions or for humanitarian assistance and therefore had little or no impact on CSOs. There were also examples of donors that re-programmed their funding to address the pandemic. For example, in 2020 Raiffesen Bank reoriented its traditional CSO support program to focus on supporting hospitals in the fight against COVID-19.

According to the government's 2020 budget, approximately BGN 98 million (EUR 49 million) was targeted for CSOs. This amount, however, includes money for sports clubs and religious denominations. A large part of the state funding is provided directly to a few organizations listed in the budget law. The BGN 1 million (EUR 500,000) that is supposed to be provided on a competitive basis by the Civil Society Development Council (CSDC) was lost again in 2020 because the CSDC had not been established. At the local level, some municipalities maintained their funds (e.g., the Social Innovation Fund of Sofia municipality), while funding was reduced or eliminated in others. Lovech municipality, for example, did not provide any funding to CSOs in 2020.

CSOs had limited access to funding from the EU Operational Programs in 2020. The EU Good Governance Operational Program, the main EU program that targets citizen participation and CSOs, announced a BGN 2 million (EUR 1 million) call for projects for CSOs working on judicial reform, but the results were announced only in January 2021. The BGN 10 million (EUR 5 million) program for increasing citizen participation in the process of formulating, implementing, and monitoring policies and legislation was not announced at all in 2020, even though it was part of the initial plan; it was also not included in the work program for the 2021 Operational Program.

CSOs were not mentioned at all in the Bulgarian National Recovery and Resilience Plan that the EU will support to address the economic and social effects of the pandemic in Bulgaria, even though the plan contains measures to support social enterprises and the delivery of social services. Similarly, the national economic measures undertaken by the government to address the negative effects of COVID-19 failed to include any special measures for CSOs.

Two of the most important sources of funding for CSOs in Bulgaria are foreign: the Active Citizens Fund, which receives funding from the financial mechanism of the EEA, and the America for Bulgaria Foundation (ABF). ABF remains the biggest donor to CSOs in Bulgaria. In 2020, ABF provided USD 9.3 million to CSOs throughout the country. Approximately USD 8.6 million was disbursed to CSOs under ABF's year-round grant-making programs, which focus on such issues as private sector development, education, cultural heritage, independent media, and judicial reform. In addition, for the first time, ABF launched a special request for proposals in 2020 through which it provided USD 470,000 to twenty-three CSOs for projects focused on good governance at the local level, science, online learning, and tourism along the Danube. ABF also supported the fight against COVID-19 in the country with USD 401,000, more than half of which (USD 234,000) benefitted CSOs, while the rest went to other types of entities.

In 2020, the Active Citizens Fund announced its second call for strategic CSO projects. To help CSOs overcome the problems of the pandemic, the Fund eliminated its co-funding requirements. It also announced a special call for support to CSOs in times of COVID-19 through which it provided support to 128 CSOs. The Iris program, supported with Swiss funds and managed by the Workshop for Civic Initiatives Foundation, provided funding in 2020 to twenty-seven projects for children and their families that have suffered from COVID-19.

Philanthropic giving increased significantly in 2020. In the first six months of 2020, a total of BGN 1.6 million (EUR 800,000) was donated through the special charitable text message number (DMS), compared to BGN 1.3 million (EUR 650,000) for all of 2019. More than BGN 226,000 (EUR 113,000) was collected on Giving Tuesday, up from a little over BGN 80,000 (EUR 40,000) in 2019. BCause Foundation and #ZaDobroto collected more than BGN 500,000 (EUR 250,000) to address COVID-related needs. Teach for Bulgaria and the Amalipe Center organized a campaign to collect technical equipment to ensure that low-income students have access to online education; they collected more than 800 computers and tablets. In a positive development, all major television stations advertised the donations made by announcing the names of the companies and individual donors during their prime-time news programs, something they had avoided previously. An analysis by the Bulgarian Donors' Forum found that companies, individuals, and foundations donated BGN 43 million (EUR 21.5 million) to fight COVID-19 in Bulgaria between March and June of 2020. A vast majority (90 percent) of the donations went to medical institutions. The 2020 Bulgaria Gives campaign was cancelled because of the pandemic.

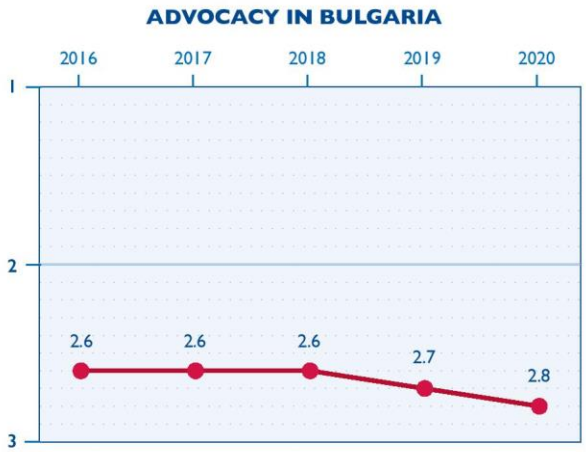
At the end of 2020, a journalistic investigation into Help Karma, one of the biggest donation platforms in Bulgaria, was published. Help Karma was registered in 2017 as a foundation. The investigation claimed that the salaries received by foundation employees are excessive, that there have been cases of conflict of interest (e.g., one employee received a loan from the foundation), and that there is insufficient transparency in how the foundation spent funds. The Prosecutor's Office started an investigation into whether there were any legal violations, but its results were not yet announced by the end of 2020. During the debates for the 2021 budget law, several MPs used the Help Karma scandal as justification for their proposal to reserve more than BGN 1 million (EUR 500,000) from the state budget for the non-existent association Give.bg, which would essentially be created to establish a state-run donation platform. The idea was criticized and eventually withdrawn but demonstrates the state's attempts to regulate civil society further.

A number of CSOs have invested in the development of services or products that they can sell to earn income, but these efforts were complicated in 2020 by the pandemic's negative effect on many small businesses. To support social enterprises run by CSOs, BCNL launched the Save the Saviors and Let's Go programs through which it channeled financial assistance to CSOs engaged in social entrepreneurship. Reach for Change Bulgaria, an organization supporting social entrepreneurship initiatives helping children, also focused its program on the effects of COVID-19. Membership fees are not the main source of income for CSOs and in many cases are symbolic. Umbrella organizations such as the National Network for Children and the Bulgarian Donors' Forum noted problems collecting membership fees in 2020.

CSOs are obliged by law to publish their financial reports and submit them to the state authorities. According to the National Statistical Institute, 14,131 CSOs submitted annual reports for 2019. A number of CSOs hire auditors to verify their financial reports even though this is mandatory only for the largest CSOs.

ADVOCACY: 2.8

CSO advocacy deteriorated in 2020 as the government limited the possibilities for CSOs to engage in decision-making processes and dialogue with government institutions was difficult. In the social arena, for example, CSOs were not actively engaged in the development of regulations related to the implementation of the Law on Social Services. Similarly, environmental CSOs had problems accessing relevant institutions, as well as information that should have been public. For example, they had to initiate court cases to access information about air quality.



The government was less willing to engage with CSOs during the year and stopped a number of initiatives focused on cooperation with the CSO sector in 2020. According to the CSO Law, the CSDC, which is designed to serve as a forum of cooperation between

the government and CSOs, should have been established by January 1, 2018. The CSDC will be a consultative body to the government composed of fifteen members and chaired by a vice prime minister. Although elections for the CSDC finally took place in April and May 2020, with the participation of 279 CSOs, it had still not been established by the end of the year. After the election results were announced, the Commission for Combatting Corruption and Confiscation of Illegally Acquired Property sent an opinion to the Council of Ministers arguing that the Regulation of the CSDC needs to be changed to: (1) guarantee equality among CSOs engaged in different programmatic areas; (2) guarantee sufficient transparency as the publication of information only in www.strategy.bg does not suffice; and (3) eliminate possible conflict of interest in the CSDC as it will be responsible for distributing public funding. This was the first time since its creation when the Commission for Combatting Corruption objected to legal acts to fight corruption. At the same time, the Regulations of the CSDC were subject to two rounds of public consultations before their adoption.

Similarly, the election of the Bulgarian Institute for Legal Initiatives (BILI) to the Ministry of Justice Civic Council for monitoring judicial reform was cancelled. While no formal reasons were announced, BILI regularly criticizes judicial reform in the country. The organization appealed this decision to the Supreme Administrative Court, but its appeal was declared inadmissible. In addition, CSOs criticized the procedure for nominating an Ombudsperson in March, including the fact that they were not allowed to nominate candidates directly, but only through MPs.

At the same time, the Public Council of the Parliamentary Committee on Interaction with CSOs and for Citizen Complaints continued to meet despite the pandemic and prepared opinions on important topics such as the Law on Social Services; the proposed restrictions on foreign-funded CSOs in the CSO Law; the possibility to hold online general assemblies during the pandemic; and the state budget law and its proposed measures to support CSOs.

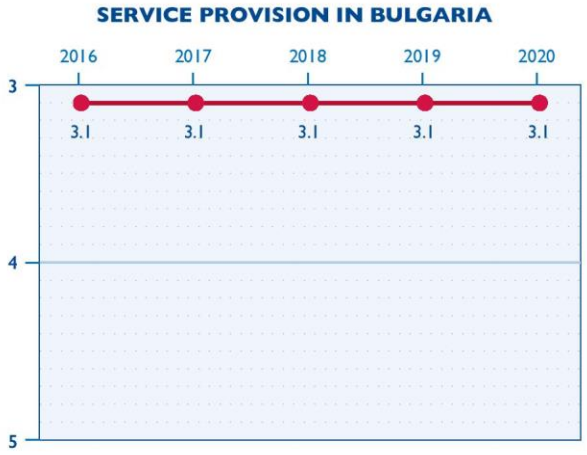
Given the government's unwillingness to cooperate with CSOs, a number of CSO campaigns instead addressed their complaints to various European institutions. An example of the result of such efforts was the report of the Council of Europe Commissioner on Human Rights after her visit to Bulgaria at the end of 2019. The report criticized the attacks against CSOs and specifically the withdrawal of the Child Protection Strategy and the postponement of the entry into force of the new Law on Social Services. Similarly, after CSO advocacy, the European Parliament adopted a resolution on the rule of law in Bulgaria, which criticized the proposed amendments to the CSO Law related to foreign funding among other things. CSOs in the area of justice and judicial reform prepared several joint positions, including a letter to the Committee on Civil Liberties, Justice and Home Affairs (LIBE) of the European Parliament.

Many successful civic campaigns were organized in 2020. For example, a citizen initiative succeeded in getting the government to agree to build a new children's hospital instead of renovating an abandoned building. WWF won the Citizen's Award from Natura 2000 for its program to preserve old-growth forests, which was both an example of a successful partnership between CSOs and state institutions in Bulgaria and of mobilizing public support. Another example was the campaign to engage CSOs in discussions about the National Recovery and Resilience Plan organized by a group of CSOs led by the Citizen Participation Forum, the Bulgarian Donors' Forum, BCNL, the Institute for Market Economics, and WWF. Despite these efforts, CSOs were not mentioned in the National Recovery and Resilience Plan.

In terms of engagement with decision-makers, CSOs again tended to counteract negative initiatives in 2020 rather than to engage in proactive advocacy. An example was the campaign against the proposed amendments to the Child Protection Act, in which seventy CSOs signed a position against the draft law. On a positive note, the government's approval of the draft Law on Sign Language and the law's adoption by a full majority of parliament in its first reading was a successful example of a several years long campaign by organizations of deaf people; parliament adopted the law in its final reading in January 2021.

The CSO community unites and reacts when restrictive proposals to the legal environment governing the sector are introduced, as they did in response to the proposed amendments to the CSO Law related to foreign funding. On the other hand, the efforts to push for the election of the CSDC members did not result in its establishment more than four years after the adoption of the amendments to the CSO Law that regulated it. No progress was made in 2020 on the draft Law on Volunteering, which continued to await its first reading in parliament at the end of the year.

SERVICE PROVISION: 3.1



CSO service provision did not change in 2020. Although there were positive developments, including CSOs' expansion of services in response to the pandemic, these were balanced out by ongoing attempts to limit the possibility for contracting government-funded social services to CSOs. These attempts included organized campaigns against CSOs providing social services and the appeal to the Constitutional Court in an attempt to block the Social Services Law from coming into force.

CSOs continued to provide a diverse range of services in areas ranging from education and social services to support to migrants, youth, and minorities. In 2020, CSOs expanded the scope of their services to respond to the needs created by the pandemic, allowing them to successfully provide assistance to the groups most affected by COVID-19. In addition to their traditional services, they successfully provided new services, such as: provision of information and psychological counseling; provision of food and indispensable commodities; shopping services for the elderly; provision of protective clothing and hygienic materials; sharing resources to work from home and cope with physical distancing; analytical work and advocacy; fundraising and financial assistance for families in need; legal consultations; trainings and online consulting; and engaging volunteers.

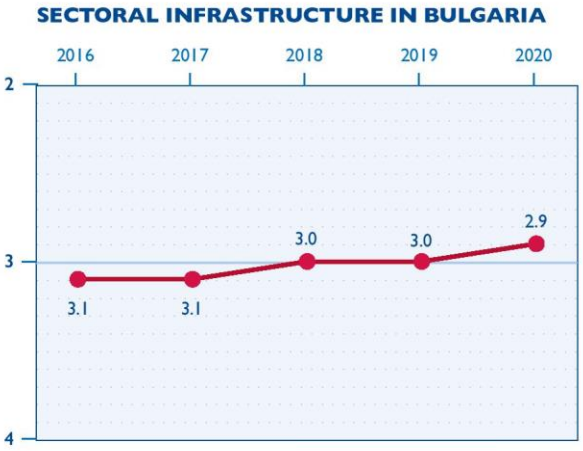
CSO services generally respond to the needs of people. Many CSOs understand the importance of data collection, which helps them to better present their successes and promote their work. This contributed to the fact that according to a survey on public attitudes towards CSOs conducted by Alpha Research in June 2020, a majority of respondents were predominantly in favor of the state cooperating with CSOs to take care of the problems in eleven of fifteen areas of public life, compared to just two areas (animals and nature) in the 2018 survey. In addition, 39 percent of respondents said that they would turn to CSOs for help, compared to only 29 percent in the previous survey.

CSOs tried to respond to the growing needs in society even though their capacity was limited. The difficult circumstances in 2020 were a big shock for service providers and the burnout of staff highlighted the need for more specialists. CSOs continued to provide some paid services. For example, CSO social enterprises started sewing protective masks and providing catering at affordable prices. However, they—like other small businesses—faced problems doing so. The pandemic also affected organizations providing community-based social services, as physical access to many of their services was limited.

On a positive note, the Law on Social Services entered into force in July 2020, despite opposition to it. This was an important success as the campaign against CSOs serving as social service providers was quite strong in 2019. According to the Agency for Social Assistance, 295 services financed from the state budget were delegated to CSOs in 2020 (22 percent of all services funded by the state budget). Other private providers received just twenty-three services (around 2 percent of all state-funded social services). This is additional proof of the importance of CSOs in the process of providing social services. Still, the majority of services are provided by municipalities and there are still negative examples; for example, services for homeless people have been reformed which led to a decrease in the funding provided by the state.

SECTORAL INFRASTRUCTURE: 2.9

The infrastructure supporting the CSO sector improved slightly in 2020, largely as a result of increased cooperation among CSOs around the pandemic. Traditionally, CSOs receive support through umbrella organizations; for example, the National Network for Children provides legal support to CSOs through its network of lawyers. There are also a number of examples of individual CSOs providing support to other organizations. For example, BCNL provides information on re-registration, money laundering requirements, and how to deal with force majeure situations according to the law. Fine Acts developed a guide for creative activism called the Creative Playbook. The NGO Information Portal hosted a number of initiatives supporting CSOs and published a number of positive stories about the important work CSOs do.



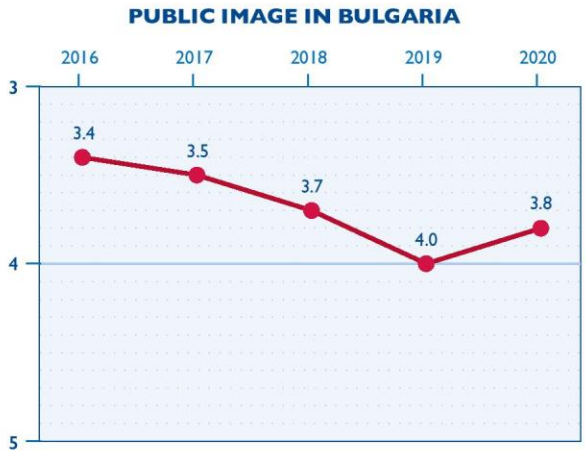
Several local donors engaged in grant making in 2020, and some Bulgarian grant-making organizations are expanding regionally. For example, OSI-Sofia manages the Local Climate Justice Activism Initiative in Central and Eastern Europe. In 2020, the capacity of CSOs to raise and re-distribute funds was especially visible. Several campaigns successfully raised funds to support CSOs' COVID-19 response projects. For example, the Bulgarian Fund for Women collected BGN 73,000 (EUR 36,500) through a fundraising campaign and provided grants to organizations fighting domestic violence. The ad hoc United Against COVID Fund, initiated by ABF, the U.S. Embassy, the American Chamber of Commerce, and the Bulgarian Donors' Forum, raised and granted more than BGN 1 million (EUR 500,000) to address the consequences of COVID-19, a large portion of which went to CSOs.

Coalition building was strong in 2020. One of the best examples of organizations coming together was the initiative We Will Cope Together, which was created at the initiative of BCNL, the National Network for Children, the NGO Information Portal, the Bridges Community Association, Maria's World Foundation, and other social organizations. It collected useful materials and practices, such as ways to deal with social service clients in the context of the pandemic and tips for organizing distance learning programs, and shared them with other CSOs to help them overcome the problems created by the pandemic. Existing networks and coalitions, such as the National Network for Children, Bulgarian Donors' Forum, and Citizen Participation Forum, also continued to be active.

There was great interest among CSOs in online trainings on topics such as digital participation tools, communication, and advocacy through social media. The National Network for Children developed trainings on crisis public relations. One positive effect of the pandemic was that the transition to online work helped small organizations from outside of the capital to get engaged and have a say in important sectoral discussions and helped them feel not alone. In addition, the move to online work gave small organizations access to high-quality trainings.

A number of long-term intersectoral partnerships continued in 2020 and new initiatives formed during the year, including some focused on countering the effects of COVID-19. For example, with the support of Lovech municipality, Civic Initiatives opened two hotlines, one of which provided the elderly and other vulnerable people with the opportunity to ask for assistance with shopping or medication, and the other which provided psychological support. The United Against COVID Fund was also the result of intersectoral cooperation. WWF, labor unions, and several municipalities in Bulgaria cooperate on the Declaration on Just Energy Transition to find solutions to transition from coal to low-carbon energy. CSOs also advocated with companies to improve the environment for social entrepreneurship, including through a seminar devoted to establishing new financial instruments supporting social enterprises.

PUBLIC IMAGE: 3.8



The sector's public image improved moderately in 2020, largely because of the positive role CSOs played during the pandemic. In addition, more people had the chance to connect directly with organizations, and many activities moved online where CSOs are more visible (in comparison to national TV channels, where access is more limited for the majority of CSOs).

Mainstream media published an increasing number of positive stories about CSOs and the results of their work in 2020. There were also more stories about philanthropy, many of which highlighted the role of CSOs. The CSO coalition led by the Citizen Participation Forum and supported under the Civitates program supported the development of a documentary about the positive work of CSOs which was aired on Bulgarian National Television. Darik, one of the national radio stations, and Offnews, a large online media outlet, created special programs and materials about CSOs.

The results of a survey conducted by Alpha Research showed that attitudes towards CSOs have become more positive over the past two years. Trust in CSOs increased from 24.7 percent in 2018 to 31.3 percent in 2020, while lack of trust decreased from 23.7 percent to 17.7 percent. According to the survey, only 15.8 percent of people think that the state should solve societal problems alone, while 32.2 percent think it should solve problems together with CSOs, and another 37.4 percent believe that in addition to solving problems, CSOs have a role in protecting rights.

The attitude of the business sector towards CSOs did not change in 2020 and many businesses continued to partner with CSOs. The government, however, did not show any real support to the CSO sector in 2020. This was confirmed by the lack of targeted measures to ease the consequences of the pandemic in the sector, the lack of real consultations with CSOs, and the delay in establishing the CSDC. Moreover, members of the government continued their negative rhetoric against the sector. For example, when commenting on protests against the government, the minister of defense publicly stated that "a few Sorosoid CSOs and non-parliamentary political parties cannot come to power and ruin the state" in order to allow gay marriages and create a so-called gender republic.

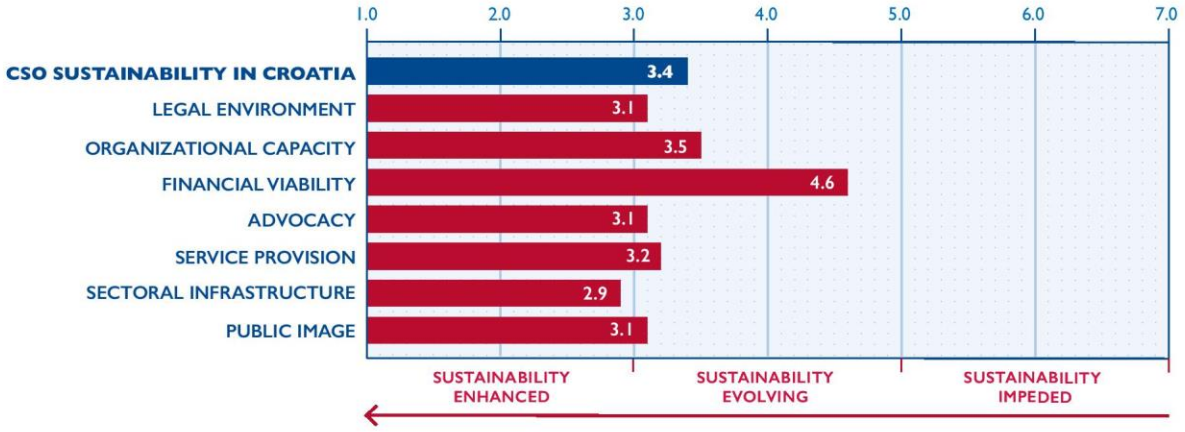
CSOs understand the importance of promoting their work as a result of the attacks against the CSO sector in recent years. Social media and the internet have been a major outreach channel for Bulgarian CSOs, but many of them also maintain contacts with journalists. Results of these efforts include a special calendar with positive stories about CSOs (dobroto.bg) and the positive CSO stories published by the NGO Information Portal.

There were fears that the Help Karma scandal would impact giving to CSOs and harm their image. However, CSOs reacted quickly and updated the CSO ethical standards that were developed in 2010 to demonstrate to the public that they are transparent. The ethical standards include seventeen standards in three areas: transparency, accountability, and control; human resources; and conflict of interest. In order to accept them, organizations have to conduct a self-assessment and submit a declaration that they will abide by the standards in their work. CSOs are required by law to publish annual reports, and those that are active do so.

CROATIA

Capital: Zagreb
Population: 4,208,973
GDP per capita (PPP): $28,602
Human Development Index: Very High (0.851)
Freedom in the World: Free (85/100)

OVERALL CSO SUSTAINABILITY: 3.4



Croatia declared a state of emergency in response to the COVID-19 pandemic on March 11, 2020. The government instituted several measures to control the spread of the virus, some of which infringed on the freedoms of movement and assembly. For example, people required special permits to leave their places of residence and gatherings of more than five people were restricted. The measures were most strictly enforced in March and April, after which they were relaxed. The human toll appeared to reach its peak in December 2020: a total of 7,395 deaths were recorded in that month alone, an increase of 77.3 percent or 3,225 more deaths than recorded in December 2019.

The pandemic also contributed to a significant slowdown of the Croatian economy. In real terms, according to initial estimates from the Croatian Bureau of Statistics, the quarterly gross domestic product (GDP) fell by 15.4 percent in the second quarter of 2020 compared to the same period in 2019, and 10 percent in the third quarter. The pandemic also deepened existing inequalities and structural weaknesses in the country, with a multitude of negative consequences disproportionately affecting those already poor or at high risk of poverty and social exclusion.

In addition to the devastation of the COVID-19 pandemic, Croatia was hit by two strong earthquakes in 2020, resulting in several casualties and leaving thousands homeless. On March 22, Zagreb was hit by a 5.3-magnitude earthquake. Then, on December 28, a deadly 6.4-magnitude earthquake struck the area near Petrinja. Much of Petrinja, Glina, and Sisak was left in rubble, and other nearby places suffered extensive damage. Faced with the simultaneous crises, people across Croatia united to send assistance to the earthquake-affected areas.

CSOs played a key role in the face of these challenges, quickly organizing and engaging to respond to the pandemic and the aftermath of the earthquakes, even as they themselves faced multiple challenges, including layoffs, budget reductions due to donor funding delays and cancellations, and changes in the manner of service provision and other aspects of their work. While overall sustainability remained unchanged, financial viability deteriorated as national and local government bodies reduced or eliminated funding for CSOs. Public image, on the other hand, improved slightly, due to CSOs' strong and rapid response to the challenges over the course of the year.

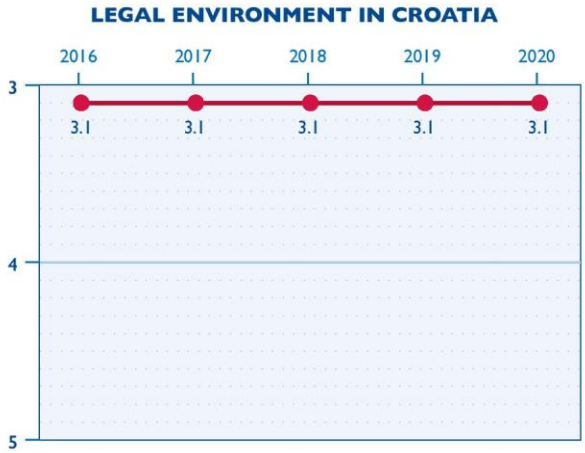
Croatia held the presidency of the Council of the European Union (EU) for the first time for the first half of 2020. In January, Croatia held its second round of presidential elections, in which the candidate of the center-left Social Democratic Party (SDP) Zoran Milanović defeated the incumbent president Kolinda Grabar-Kitarović. Parliamentary elections were held in July 2020. Voter turnout was only 46 percent, the lowest ever in a parliamentary election in Croatia. The conservative Croatian Democratic Union (HDZ) won the most seats and formed a coalition government headed by incumbent Prime Minister Andrej Plenković. Možemo! (We can!), a new

political party affiliated with the green left, won four seats in the parliamentary elections, and another seat as an independent candidate of a green-left coalition. At the end of 2020, Možemo!, which includes some key civil society people as members, was the third ranked party in most polls.

The treatment of migrants continues to be a highly-charged issue in Croatia. In October, *The Guardian*, citing the Danish Refugee Council (DRC), reported that Croatian police had beaten and robbed migrants, also mentioning a case of sexual abuse. The Croatian Interior Ministry dismissed these allegations.

According to the Register of Associations, at the end of 2020 there were 50,313 active registered associations, just five less than in 2019. A total of 221 associations terminated operations in 2020, while 987 were removed from the Register because they ceased to exist. CSOs are required to register with the Ministry of Finance in order to receive state funds on the national or local level. As of December 31, 2020, there were 39,022 organizations registered with the Ministry of Finance, an increase from 38,211 in 2019. A total of 38,980 organizations submitted financial reports to the Ministry of Finance during the year.

LEGAL ENVIRONMENT: 3.1



The legal environment governing the CSO sector remained largely unchanged in 2020.

CSOs in Croatia continue to be governed primarily by the Law on Associations and Law on Foundations and Funds. The legal framework clearly defines the rules for internal management, the scope of allowed activities, financial reporting requirements, and the procedures for terminating associations. The law is enforced in accordance with its stipulations.

There has not been a strategic document for civil society development in the country for several years, and this situation did not change in 2020. The National Strategy for Creating an Enabling Environment for Civil Society Development 2017-2021, which should have been adopted by 2017, had still not been adopted by the end of 2020. Some CSOs allege that state administrative bodies opposed to the adoption of the strategy have intentionally obstructed the process. According to the latest information, a decision on initiating the procedure of preparing the strategy was about to be adopted at the time of writing this report.

Minor amendments to the Law on Associations were adopted in 2020 that transferred the responsibility for registering associations to county administrative departments according to the location of their headquarters.

The Law on Foundations, enacted in March 2019, facilitated the registration process for foundations to some extent in 2020, but transferring the registration of foundations to local and county levels revealed new problems, including the inadequate training of civil servants. CSO representatives also report that Article 4 of the law, which describes enabling measures for the establishment and operation of foundations, remain "just words on paper" because there are no measures to implement them.

CSOs have the right to address public issues and are free to express critical opinions. However, the space to address certain issues, particularly those related to human rights, has narrowed and some CSOs complain that they encounter difficulties if they publicly criticize government institutions. For example, they may be formally or substantially excluded from working groups and decision-making processes or struggle to receive state funding. In more extreme cases, they may be subject to more direct harassment. For example, the partner of an activist from Are You Syrious? a human rights organization that supports migrants, had his refugee status, which had been granted in 2018, revoked in May 2020. Freedom of assembly was limited during the COVID-19 pandemic. CSOs are also still faced with administrative harassment in the form of administrative burdens and the inefficiency of the public administration, as well as the inefficient system of EU funds management.

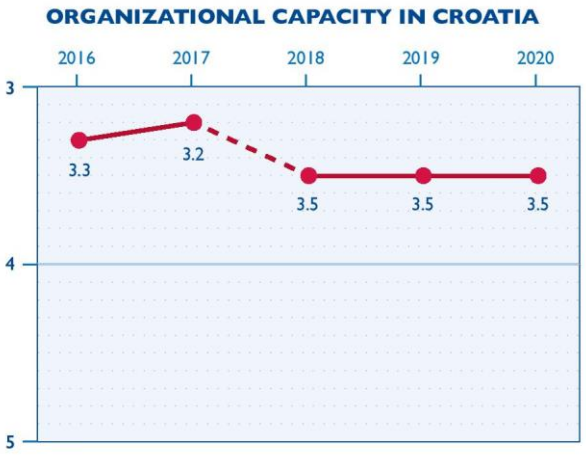
All CSO income, including income from economic activity, is exempt from taxation. Humanitarian organizations are also exempt from paying value-added tax (VAT) on purchases made for humanitarian purposes, and all CSOs—regardless of their area of activity—are exempt from VAT while using income from EU sources. Individual and corporate taxpayers have the right to income tax deductions up to 2 percent for charitable donations to CSOs. While no legal changes were made to stimulate corporate philanthropy, the end of 2020 and early 2021 witnessed generous corporate donations in response to natural disasters. This could encourage changes to the legislative framework regulating corporate philanthropy moving forward.

CSOs can organize fundraising campaigns, although there is still not a clear legislative framework in this area. CSOs can also receive donations from foreign donors without legal restrictions. CSOs continue to face uncertainty related to the economic activities they are allowed to perform, and the answers from the Tax Administration are still far from uniform. CSOs are technically allowed to compete for state contracts, but rarely do so. *Social enterprises and their ecosystems in Europe – Country report Croatia*, a 2019 report written by the European Research Institute on Cooperative and Social Enterprises and the EMES International Research Network, confirms that social enterprises rarely participate in public procurements even though they are legally allowed to. The reasons for this are manifold, including difficulties and unclear procedures on how to apply criteria such as social and sustainable value. There is also a lack of information about such opportunities.

CSOs continued to have limited access to quality legal advice in 2020. Most lawyers continue to show little interest in the legal regulations that govern CSOs' activity. Quality legal advice is therefore almost exclusively available through other CSOs that employ legal professionals, such as the Croatian Law Center and Information Legal Center Slavonski Brod. Most such CSOs are based in larger cities, often leaving CSOs in rural areas with no one to turn to for legal information and advice.

ORGANIZATIONAL CAPACITY: 3.5[1]

Organizational capacity in the sector remained largely unchanged in 2020.



CSOs continue to struggle to build constituencies and obtain public support for their work due to insufficient staffing and increasing administrative demands. In spite of these problems, there were some successful initiatives in 2020. For example, the People for People initiative, which provides support to people in Banovina, successfully informed and connected with audiences through social media channels, allowing it to create a relationship of trust that motivates the public to volunteer. The initiative also established concrete assistance methods and clear manners of inclusion, tackling the specific needs of individual families, including lack of electricity, income, water, or heat.

Smaller CSOs in rural areas also experience challenges in garnering public support. The public is typically most supportive of work aimed at children and other vulnerable groups, but when initiatives require some concrete action from them, citizens are less willing to participate. During promotional activities, CSOs in rural areas frequently encounter questions about their political party affiliation and are labeled negatively.

Dependence on project-based funding continued to jeopardize CSOs' ability to adhere to their missions in 2020, driving them to focus on the programmatic areas in which funding is available. CSOs are legally required to adopt

[1] The Organizational Capacity score was recalibrated in 2018 to better reflect the situation in the country and to better align it with other scores in the region. The score does not reflect a deterioration in Organizational Capacity, which remained largely the same in 2018 as in 2017.

strategic plans, but as a rule only CSOs with greater organizational capacities and various sources of funding undertake intensive strategic planning efforts. There are not enough experts familiar with the specific characteristics of nonprofit work to facilitate this level of planning and thus enable quality long-term programs. However, some tenders, including one by the Active Citizens Fund in 2020, incorporate funds specifically for the purpose of strategic planning, and CSOs use them effectively where possible. Large CSOs have developed various tools and capacities to monitor the success of their work.

CSOs' internal management structures did not change in 2020. CSOs with larger organizational and financial capacities and diverse funding sources have structured internal management systems, including qualified staff with specialized tasks, while in smaller CSOs, individuals often perform multiple roles.

Staffing in the sector continued to be problematic in 2020: unstable and short-term employment was the norm in the sector, while retaining permanent staff was exceedingly difficult. CSO representatives report that the number of jobs in the sector progressively decreased. Many CSOs from rural areas report challenges in maintaining knowledgeable and skilled staff. Administrative harassment by state bodies further strains already limited staff capacities. Delays in calls for funding from municipalities and other funders in 2020 increased these problems, as CSOs were counting on this funding to cover staff salaries. Meanwhile, job preservation measures adopted by the government were not aimed at CSOs, allegedly because they are recipients of public funding. Left with little support, CSOs did not have the resources to train their employees.

According to the latest *Report on Performed Services or Activities of Volunteer Work Organizers*, produced by the Ministry of Demographics, Family, Youth and Social Policy, in 2019 the number of reports received on organized volunteer work increased by 0.3 percent, and the number of registered volunteers increased by 3 percent compared to 2018. The number of volunteer hours, however, decreased by 6 percent. Overall, 64,280 volunteers worked for approximately 3 million volunteer hours, valued at roughly HRK 16.1 million (approximately $2.56 million). While official statistics are not yet available for 2020, several notable volunteering initiatives were organized in response to the pandemic and the earthquakes during the year, some of which were recognized by the Volunteer Oscars. For example, the civic initiative For Others was launched during the pandemic to serve as a platform to connect volunteers with people from at-risk groups who needed help with food, medicine, and other daily needs. After the devastating earthquake in Zagreb, the civic initiative Alpinists, Speleologists and Highlanders Help Zagreb helped remove dangerous parts of damaged building, including collapsed roofs and chimneys. Finally, the City Society of the Red Cross Zagreb united with over 1,000 members of the Bad Blue Boys fan group to help residents of Zagreb affected by the earthquake and pandemic.

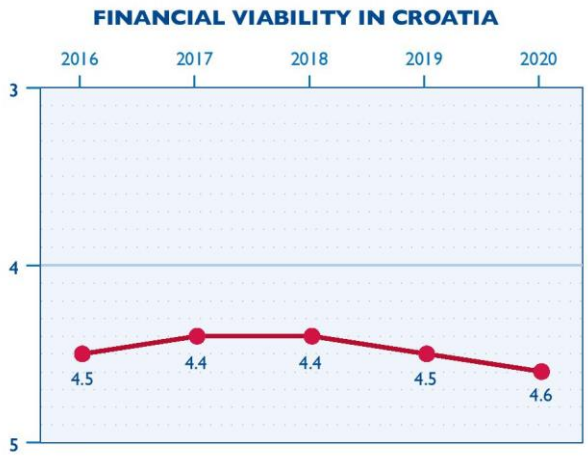
CSOs in large towns—even small and inexperienced ones—report that, in spite of the severe financial challenges of 2020, they were able to adapt and use information and communications technology (ICT). However, some CSOs faced difficulties during the year due to tender restrictions on the purchase of used equipment, including used cars. Government representatives blamed the obstacle on EU directives that do not allow for the procurement of used equipment. CSO representatives also reported difficulties with restrictions on the use of national funds, such as very limited amounts for the purchase of laptop computers. Representatives of the Office for Cooperation with NGOs have since organized training for civil servants aiming to address the issue of equipment procurement and the need to invest in it.

Many CSOs in rural areas still lack adequate equipment and computer literacy. Some report that they do not have microphones or cameras or the staff capacity to use them. CSOs affected by the 2020 earthquakes lost their working facilities, and it is difficult to say when or how these will be replaced.

FINANCIAL VIABILITY: 4.6

Financial viability deteriorated slightly in 2020, inevitably impacted by the national and global response to the COVID-19 pandemic. CSOs continue to be largely reliant on project-based funding, which limits their scope of activity and makes it difficult for them to mount an efficient response to crises and other urgent needs in their communities or advocacy work unrelated to the priority areas of announced tenders.

Many towns suspended calls for funding at the local level based on decisions by the National Civil Protection Headquarters, coordinating bodies that implement civil protection measures during natural disasters or emergencies. CSOs fear that local funds will shrink further due to budget cuts. For the first time ever, even



Dubrovnik, one of the richest cities in Croatia, suspended all calls for tenders, although it continued to fund CSOs it was contractually bound to. While the capital of Croatia, Zagreb, did not suspend CSO funding, funds were reduced, and payments were significantly delayed.

At the national level, very few tenders were launched. For example, the Ministry of Science and Education and the Ministry of Labor, Pension System, Family and Social Policy did not announce their usual annual tenders. There are often questions about how decisions about state funding are made, as exemplified by the tender of the national Asylum, Migration, and Integration Fund (AMIF). Launched by the Ministry of Interior, only four proposals were received and funding was allocated to an applicant that had no experience and did not meet the tender criteria. As there were reduced revenues from games of chance, the funds intended for CSOs from this source also decreased.

To confront the challenges brought by the COVID-19 pandemic, in April 2020, government representatives met with representatives of the Coordination for Preserving the Dignity of CSOs in the Republic of Croatia. The discussion was spurred by a letter from the Coordination, a body representing 205 CSOs, that expressed concern about the impact of COVID-19 on CSOs' operations. Prime Minister Plenković initiated the meeting, at which he announced plans to launch a tender to aid CSOs in their work during the crisis. According to the announcement at the meeting, the tender would be aimed at the issues of domestic violence and assistance for disabled persons, elderly persons, persons suffering from diseases, and other groups at risk of social exclusion as a result of the pandemic. The tender, with total funding of HRK 80 million (approximately $12.75 million), was eventually launched in December 2020 with an application deadline in January 2021, sparking concerns that the funding would go to those that could submit applications the fastest.

Many European Social Fund (ESF) tenders that were scheduled to be issued in 2020 were not announced during the year. Those that were announced utilized the "fastest finger" principle in which funding is allocated based on the order in which applications are received. This raised questions about some of the principles that should be respected in the allocation of EU funds, notably the transparency of procedures and equal opportunity. As in previous years, in 2020, there were still extensive delays in tender announcements, decision making, signing contracts, and processing payments for EU-financed tenders. CSO representatives expressed concern particularly about the prolongation in contracting ESF projects. CSOs often lack funding to cover delays in receiving donor payments, sometimes leading to insolvency. In addition, the authorities lack the capacity to evaluate financed programs.

In 2020, the National Foundation for Civil Society Development (NFCSD) announced four tenders for the allocation of institutional support for associations that contribute to democratization and social development in the country; associations that had not received institutional support from NFCSD in the previous period; veterans' associations; and associations of persons with disabilities operating at the local level.

Many people were engaged in charitable giving as a sign of solidarity in response to the devastation of the pandemic and the March earthquake in Zagreb. The NGO Are You Syrious? for instance, raised over HRK 181,000 (approximately $28,945) to provide emergency assistance to approximately sixty refugee households affected by COVID-19 and the earthquakes. The organization conducted the campaign in cooperation with the SOLIDARNA Foundation and the creative agency Bruketa&Žinić&Grey and gained the support of 623 donors, more than 90 percent of whom were from Croatia.

The SOLIDARNA Foundation also co-founded the 5.5 Fund alongside the Zagreb Earthquake Relief Initiative in order to offer emergency aid to the most vulnerable populations in Zagreb after the March earthquake. Individuals and companies donated a total of HRK 1.5 million (approximately $239,170), which was distributed to seventy-nine families. The Fund was reactivated four hours after the devastating December earthquake in order to respond to the needs of people in Sisak-Moslavina County which suffered extensive material and personal damage. This effort raised nearly HRK 8.5 million (approximately $1.35 million) between December 29, 2020 and January 11,

2021. Typically, however, fundraising is a long-term activity that demands significant organizational capacity and is constrained by the limited staffing of most CSOs.

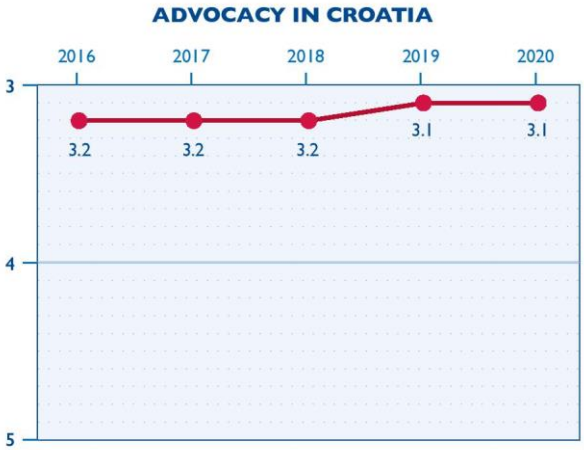
According to the annual report *Giving Croatia 2019*, published by Catalyst Balkans in November 2020, the estimated value of donations in 2019 was EUR 20.2 million, an increase of 125 percent compared to 2018. A significant majority (82.9 percent) of all donations was aimed at four key issue areas: health care, alleviation of poverty, support to marginalized groups, and education. Nearly 3,000 individual donations were recorded in 2019, an increase of 10 percent compared to the previous year.

CSOs continue to receive funds from the EU, foreign foundations, embassies, and other international organizations. With total funding of EUR 8.5 million from the European Economic Area and the Norwegian Financial Mechanisms, the Active Citizens Fund began to be implemented in Croatia in 2020. Between 2020 and 2022, the Active Citizens Fund will issue six calls for proposals for projects. Three tenders were issued in 2020, with total available support of nearly EUR 4 million.

In 2020, CSOs still did not generate significant revenues through the sale of their products and services, in part because many community members still expect CSO services to be free. There were also no significant breakthroughs with regard to social entrepreneurship in 2020. As there is still no legal regulation of social entrepreneurship, few CSOs establish social enterprises.

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

ADVOCACY: 3.1



CSO advocacy did not change notably in 2020. While CSOs participate in various working groups and there is a functional system enabling electronic consultations, government officials are not obliged to adopt or accept CSO proposals and often find ways to circumvent the consultation process.

CSO cooperation with local authorities remains relatively modest. CSO representatives often report that local authorities formally agree to cooperate but withdraw when that work calls for an investment or a political move from them. Some towns, such as Dubrovnik, had working groups or civil society councils to foster cooperation between CSOs and local authorities, although these were often contentious. In 2020, the council in Dubrovnik, formerly a model of good practice, ceased to operate after three successful terms of office, although local authorities have promised CSO representatives that the council will soon be reconvened.

At the national level, new political actors coming from the civil sector elevated a wide set of topics, including protections for debtors living in poverty or at risk of poverty, that were traditionally considered under the umbrella of civil society alone. MPs from Možemo! were particularly influential in placing difficulties facing the civil sector, including delays in announcing tenders and problems with the procedures for allocating funds, on the national agenda. They are especially well-placed to do this, given their network of contacts from previous work in civil society, including with Green Action, the Center for Peace Studies, and other organizations.

The e-Consultation system, now active for five years, enables open public consultations in the process of developing laws, other regulations, and policies. However, CSOs still report that these procedures are not respected in practice and that many laws and policy decisions are made hastily, not allowing CSOs or citizens sufficient opportunity to participate.

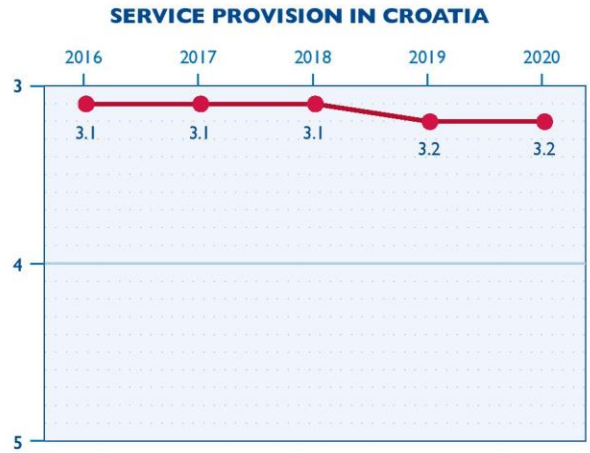
For most of the year, gatherings of more than five people were prohibited. As a result, CSOs were not able to organize protests or demonstrations to raise awareness or place pressure on the government around their issues.

GONG was an active advocate for election reforms in 2020. GONG called on the government to make legislative changes that would introduce mandatory polling stations in all hospitals and retirement homes and regulate voting from home for voters who were unable to access polling stations. In the lead-up to the parliamentary elections, GONG recorded a series of informative videos to inform voters about the election process and their rights. GONG also analyzed party spending and received reports on irregularities in the voting process that it will use as the basis for advocacy to inform electoral processes in in the future.

The Initiative for a Strong Civil Society, comprised of 400 CSOs from across Croatia, remains a strong coalition that conducts advocacy campaigns and brings attention to the challenges facing civil society. In 2020, the Initiative advocated for state support to CSOs during the pandemic. The coalition also strongly expressed its dissatisfaction after the seventh constitutive session of the Council for Civil Society Development, in which CSO representatives hold a minority of seats. In June 2020, the SOLIDARNA Foundation, GONG, and the Zamah Foundation lodged an administrative complaint against the government's decision on the appointment of members and deputy members to the Council for Civil Society Development. No information was available about whether any actions were taken in response to this complaint by the end of the year.

In June 2020, the Initiative for a Strong Civil Society also asked Prime Minister Plenković not to appoint the members of the European Economic and Social Committee (EESC), arguing that the procedure of selecting members from the ranks of CSOs violated the principles of transparency and autonomy of civil society operations. The prime minister ignored the demand.

SERVICE PROVISION: 3.2



CSOs drastically expanded the range of their services in the face of difficult circumstances in 2020. In a short time, they managed to adapt to the new conditions, develop responses, and provide support to the community to mitigate the effects of the pandemic and the devastation of the earthquakes in Zagreb and Sisak-Moslavina County. For example, CSOs collected and distributed humanitarian aid and delivered food to those affected by the earthquake.

Beyond social services, CSO cultural activities were particularly prominent in 2020. Of particular note, the Zagreb-based club Močvara and the Association for the Development of Culture (URK) organized almost 200 cultural events in 2020, many of which took place virtually, enabling a wider population to be reached.

These services, however, were provided in a situation of financial uncertainty, exacerbated by the government's reduction of funding for the sector. Throughout the year, CSOs called for stronger support from the responsible government bodies in order to ensure continued implementation of myriad activities and services in the community. Despite CSOs' appeals, they received no support from the national or local authorities to provide services and care to the most vulnerable populations. At the same time, prolonged delays in announcing ESF tenders continued in 2020, and the number of tenders that CSOs could apply to was reduced, impacting the ability of CSOs to provide services in ESF's priority areas of employment, social inclusion, education, and good governance.

In 2020, the government reallocated HRK 450 million (approximately $71.72 million) intended for the employment of disabled persons to a broader initiative to preserve jobs in fields affected by COVID-19—a decision many CSOs strongly opposed. The suspension of financing for affected CSO projects and programs threatened the sustainability of numerous CSOs. For example, the Split Association of Angels (Anđeli) had been caring for children with developmental difficulties and disabilities for fifteen years, but in the first half of 2020, it was threatened with

closure due to the cancellation of all projects and programs during the pandemic. The public showed strong support for the association, and ultimately the government changed its decision and gave it funding, enabling it to continue its work.

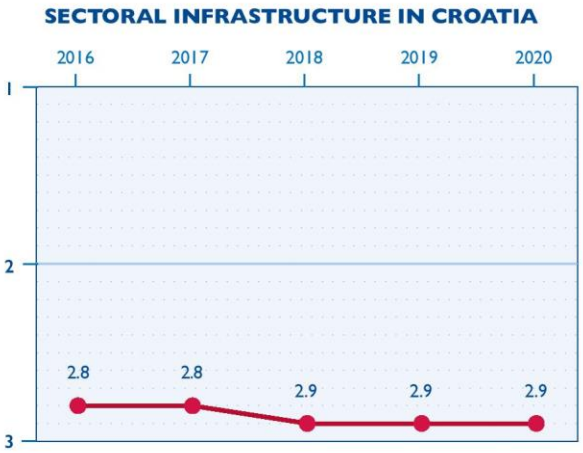
More broadly, the lack of stable financial support and the redirection of funds intended for CSOs seems to indicate that the government does not sufficiently appreciate the vital work of CSOs.

CSOs continue to assess the needs of their local communities, primarily through regular communication and interaction with local community stakeholders. CSOs do not openly or visibly discriminate in the provision of their services.

Although most CSOs lack knowledge about market processes, a growing number of them now provide services such as workshops and training at market prices, thereby enhancing their financial independence and viability.

SECTORAL INFRASTRUCTURE: 2.9

The infrastructure that supports civil society did not change significantly in 2020 and continued to be centralized.



In 2019, NFCSD opened regional branch offices in Split, Rijeka, and Osijek to provide support to ESF beneficiaries in order to increase the impact of financed projects. Information about the work and achievements of these branch offices was not publicly available in 2020.

NFCSD stopped supporting regional support centers at the end of 2017. Infrastructural support for CSOs has deteriorated notably since those centers were closed. In 2020, the Office for Cooperation with NGOs noted that there is unmet demand among CSOs for the kinds of specialized support programs that the regional support centers used to provide.

In 2020, the management of the Active Citizens Fund in Croatia was awarded to Community Foundation Slagalica from Osijek in consortium with SOLIDARNA Foundation for Human Rights and Solidarity from Zagreb, Association for Civil Society Development SMART from Rijeka, and the Center for Information Service, Cooperation and Development of NGOs (CNVOS) from Ljubljana. Civil society has strongly supported the management of this important initiative by mainly local foundations and associations. The Active Citizens Fund has a budget of EUR 8.5 million to support projects that focus on democracy, active citizenship, good governance and transparency; human rights and equal treatment through the prevention of discrimination; social justice and social inclusion of vulnerable groups; gender equality and prevention of gender-based violence; and environment and climate change.

Several other local organizations also allocate small grants to CSOs. The SOLIDARNA Foundation was particularly successful in 2020 in raising funds for earthquake relief. SOLIDARNA also awarded funds to support the education of poor children; to provide support to victims of domestic violence in the form of economic, legal, psychological, medical, and housing assistance; and for cultural programs The Slagalica Foundation, Zamah Foundation, Istra Foundation, and Kajo Dadić Foundation also award small grants to CSOs.

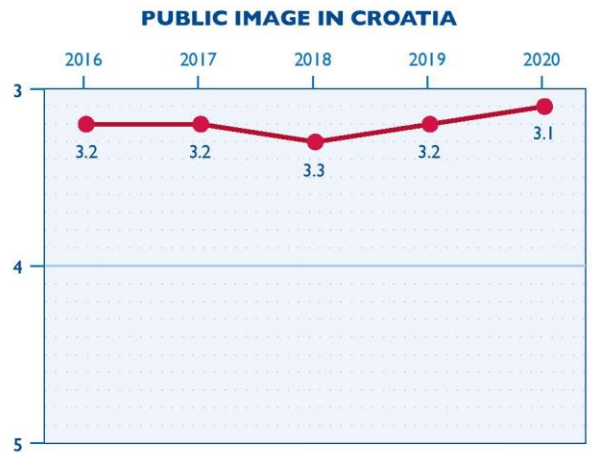
The Council for Civil Society Development was plagued by turmoil in 2020. CSOs feel that in recent years the government has aimed to eliminate the Council by failing to adopt the National Strategy for Creating an Enabling Environment for Civil Society Development.

CSOs increasingly exchange information, promote their interests, and advocate for changes in society through different networks, platforms, initiatives, and associations. For example, Platform 112 brings together seventy-one CSOs to protect human rights, democratize, build peace, combat corruption, and protect public resources, especially the environment. The Croatian Homeless Network operates at the national and international level to improve care for the homeless and other socially excluded groups.

CSOs have access to management trainings, but these are not equally accessible throughout the country. There is also a shortage of specialized training and education related to financial and strategic project management. Training materials are mostly available in the Croatian language. In 2020, most training was provided on a virtual basis.

Intersectoral partnerships continue to be rare, although there are successful examples of such cooperation. In 2020, ACT Group from Čakovec once again organized the Academy of Business Skills, a unique program that was founded through cooperation between the civil and private sectors. The association ODRAZ also provides a good example of intersectoral cooperation, as it performs the role of secretary within CIVINET Slovenia-Croatia-Southeast Europe, a network for sustainable urban mobility planning. Apart from being the most active and largest of all eleven European CIVINET networks, ODRAZ organizes annual activities in cooperation with towns across Croatia and the region every year. It has established good relationships with not just Rijeka, Koprivnica, Zagreb, and Šibenik, but also cities from across the region, such as Ljubljana, Tivat, Veles, and Kruševac.

PUBLIC IMAGE: 3.1



The public image of CSOs improved slightly in 2020 due to the sector's strong and rapid response to the challenges presented over the course of the year. The media reported positively on CSOs' activities in 2020. CSOs were particularly lauded for their assistance to the most vulnerable populations and their constant engagement in providing services during the pandemic and after the earthquakes. Despite this positive perception, CSOs were often neglected as actors that themselves needed support during the pandemic.

Public opinion about the work and activity of CSOs remains highly polarized. Private foundations that manage their resources transparently and small local CSOs that provide various services in the community most frequently enjoy public trust. Other CSOs, however, are more often perceived as users of public money that work to benefit themselves. While CSOs are able to more easily make contacts and work on their image at the local level, it remains extremely difficult to gain national recognition. A broader public understanding of the importance of CSO action in the context of democratic political culture continues to be lacking.

Negative rhetoric towards CSOs by public officials has decreased over the past few years. No negative statements by MPs were recorded in 2020, possibly influenced by the appearance of new political actors from civil society. Some representatives of the business sector and local and regional units of self-government are slowly beginning to use CSO resources to build their capacity and improve various support practices, including in the social, health care, and educational systems, indicating their improving perceptions of CSOs. Such steps forward, however, remain slow and rare.

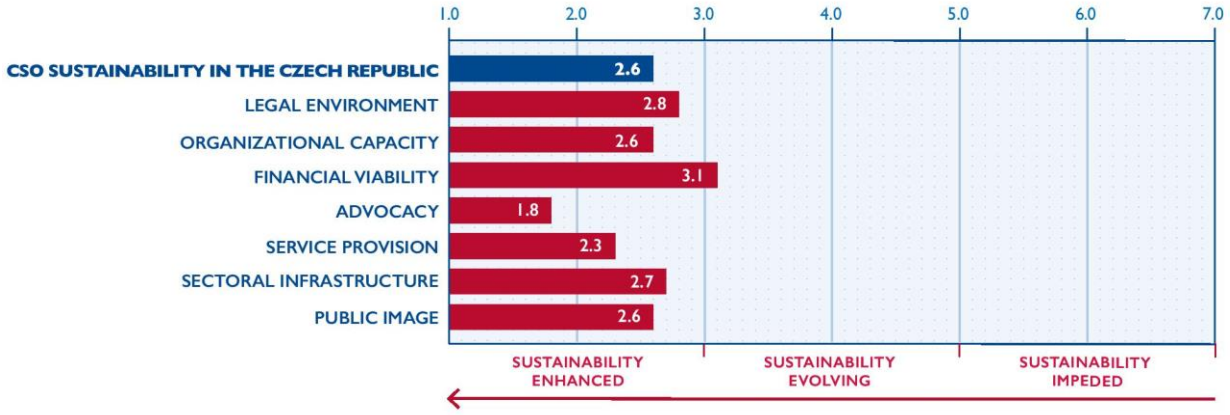
Many CSOs rely exclusively on social media for their communications, frequently failing to make use of advertising possibilities in the media (both free and paid). They also have not fostered sufficiently strong relations with local or national media stakeholders. However, some CSOs on both local and national levels, such as GONG, Center for Peace Studies, SMART, and the Croatia Homeless Network, have gained a greater level of public trust, and therefore enjoy strong media support.

CSOs continue to strive to be transparent in their work by preparing annual reports, which are made available online. CSOs also increasingly submit their annual financial statements to the Ministry of Finance, which are available in the Register of Associations. The submission of annual financial statements is a criterion for the application to state-funded tenders. For the most part, CSOs still do not have formally adopted codes of ethics, but many of them adhere to principles of ethical conduct in their work.

CZECH REPUBLIC

Capital: Prague
Population: 10,702,596
GDP per capita (PPP): $40,862
Human Development Index: Very High (0.900)
Freedom in the World: Free (91/100)

OVERALL CSO SUSTAINABILITY: 2.6



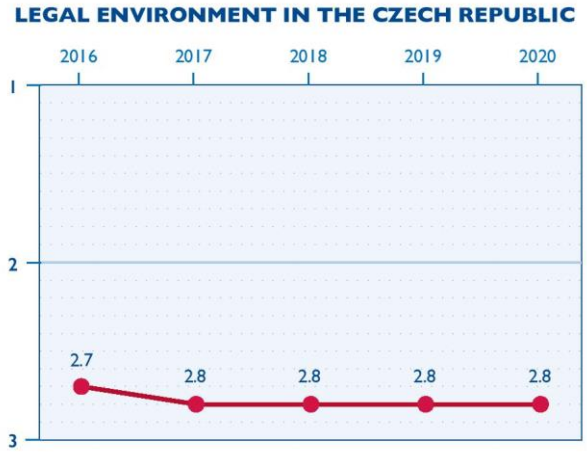
CSOs in the Czech Republic started the year 2020 with mild optimism. However, these expectations were disrupted in mid-March by the onset of the COVID-19 pandemic and the government's announcement of a state of emergency and measures to stem the spread of the virus. From the start, it was clear that the government had failed to prepare adequately for the possibility of a pandemic. In the first weeks, respirators, disinfectants, and other protective equipment were impossible to find. However, the government's early restrictions on movement and imposition of a lockdown, as well as its strict enforcement of mandatory mask-wearing, had a significant impact, and in the early stages of the outbreak, the country recorded the lowest death rate from COVID-19 in Europe. After prematurely dropping these precautions in the summer, however, the country recorded one of the highest death rates in the world in early October, with over 200 deaths a day. As a result, the country went into total lockdown. The mismanagement of the pandemic led to huge public distrust in the government.

During the crisis, the CSO sector performed well and demonstrated not only its value, but also its vitality and adaptability. CSOs produced and distributed face masks, purchased and delivered groceries to needy populations, and provided assistance to senior citizens and other at-risk groups. During the first months of the pandemic, CSOs benefited from broad public support, but over time, social solidarity began to fade as economic difficulties deepened and the pandemic response was mismanaged by the government, as noted above. As a result, by the autumn, widespread uncertainty and mistrust undercut public support for and confidence in CSOs as well. CSOs had to cope with multiple constraints and seek new ways to provide their services.

The overall sustainability of Czech CSOs did not change in 2020. CSOs' organizational capacity improved slightly as organizations demonstrated their ability to respond effectively to the pandemic. The sector's financial viability deteriorated slightly as the economic effects of the pandemic limited CSOs' access to municipal funding, corporate and individual donations, and revenue from income-generating activities such as operating restaurants, cafes, and shops. All other dimensions of CSO sustainability were unchanged.

According to the Czech Statistical Office, 135,465 CSOs were registered in the Czech Republic at the end of 2020, reflecting a slight growth in the sector over the previous year. This number includes 125,051 associations (including subsidiaries), 4,014 registered legal entities (that is, religious organizations), 2,518 public benefit organizations, 2,067 endowment funds, 1,286 institutes, and 529 foundations. A large number of associations included in the public register appear to be inactive. Although the Ministry of Justice has repeatedly contacted these entities to see if they were still functioning and request that they update their information, the accuracy of the federal register has not improved. In the Czech context, the terms CSO, public benefit organization, and nonprofit organization are used interchangeably.

LEGAL ENVIRONMENT: 2.8



CSOs' legal environment was stable in 2020. The legal framework governing CSOs prevents the government from unduly interfering in CSOs' activities. Problems arising with the laws' implementation are usually related to the overall complexity and lack of clarity of the Czech legal and regulatory system rather than a concerted effort by the government to target CSOs.

CSOs must register to obtain legal status. Most CSOs register with the courts, while religious organizations register with the Ministry of Culture. Registration takes place quickly and smoothly and is free of charge. CSOs are exempt from most administrative charges associated with registration, although fees must be paid if notarial records are required. There are no constraints on the formation of unregistered organizations and informal initiatives, but they may not enter into contracts, apply for subsidies, organize public collections, or otherwise act as legal entities.

The law does not limit CSOs' fields of expertise or areas of operation and says little about their management. Although the government sometimes criticizes advocacy organizations, it makes no effort to impede their registration or activities. The rules governing CSOs' accounting and reporting are more complex than those for commercial entities. Organizations receiving state resources face an especially heavy administrative burden. For example, they must provide an excessive number of copies of documents to receive reimbursement for their expenses under state contracts. While CSOs can, in principle, rely upon independent courts to resolve any disputes over possible state interference into their activities, this rarely occurs as such cases are extremely uncommon. In addition, the legal costs for adjudicating such disputes would be too high for most CSOs. In 2020, after the government banned in-person meetings, all legal entities, including registered CSOs, were only able to meet and act through online tools.

CSOs are active in public life and often take positions that are critical of the government. However, self-censorship is sometimes evident among Czech CSOs, especially those that rely heavily on public resources and fear losing access to future funding. Many political observers believe the government was relieved that the state of emergency included a ban on public gatherings, and in particular, protests and demonstrations, which could otherwise have been used by CSOs to further challenge its policies and actions.

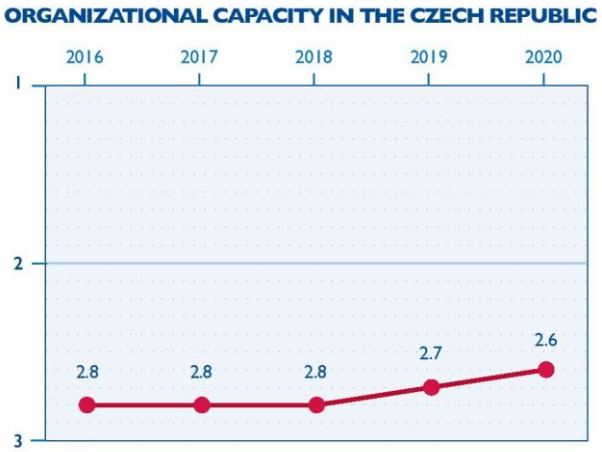
CSOs may carry out purely commercial activities provided they are secondary to their main organizational purpose. CSOs must pay tax on income earned from economic activities but not on income earned from most of their regular activities. However, it is sometimes difficult to differentiate between those activities. Donors supporting CSOs may reduce the base for their income taxes by the amount donated. In 2020, the Tax Act was amended as part of the pandemic response to increase the total allowable deduction from 10 percent for legal entities and 15 percent for individuals to a uniform 30 percent on taxable income in 2020 and 2021.

CSOs may receive income from the provision of goods and services and bid on contracts from the central and local governments. The Public Procurement Act was amended in 2020 to require social and environmental impact to be considered as factors in such contracts. The new rules go into effect starting January 2021. In 2020, new rules for distributing subsidies from the state budget were also approved that allow voluntary work to be counted as co-funding for supported projects.

CSOs are not restricted in their ability to accept foreign funding, although the practice is sometimes criticized by politicians. CSOs can engage in fundraising activities. In 2020, discussions continued on the possibility of updating the Public Collections Act to lessen the administrative burden on CSOs collecting donations from the public, to allow CSOs to be able to pay for activities and operations from their collections, to simplify the rules for holding collections (which currently require governmental officials to seal the collection boxes with an official stamp), and finally to legalize generating donations through online campaigning. These discussions were still pending at the end of the year.

Lawyers are employed only by the largest CSOs or those whose activities relate directly to legal matters. Few lawyers are well acquainted with the laws affecting CSOs, and their advice and services, such as the drafting of founding documents, can be of poor quality. Some lawyers offer pro bono counsel and representation to CSOs. Online counselling services run by umbrella organizations usually provide fairly reliable answers to CSOs' most common questions. Since the Czech Republic is small, legal services are accessible throughout the country. In 2020, such consultations were often conducted online.

ORGANIZATIONAL CAPACITY: 2.6



CSOs' organizational capacity improved slightly in 2020. Despite mounting public frustration surrounding the pandemic, CSOs adapted their services to address the population's shifting needs to the extent possible.

Czech CSOs have paid more attention to building relationships with supporters in recent years. In 2020, however, these efforts were complicated by the pandemic. CSOs had to cancel most of their in-person activities and move their relationship-building efforts entirely online. During the early months of the pandemic, the crisis seemed to bring people together, and relationships between CSOs and their supporters actually deepened. Several organizations, such as Život 90, Sue Ryder, and Charita CZ, were able to mobilize supporters and volunteers in joint activities, such as producing and distributing masks, distributing food to the elderly, and assisting overburdened health professionals. But the government's chaotic response to the pandemic, which allowed infection rates to skyrocket later in the year, undermined this sense of social solidarity. During the fall, distrust and tension were widespread as the public began to blame the government, as well as civil society, for not doing enough to combat the virus.

Most CSOs have written mission statements or statements of purpose but only larger, more professional organizations engage in strategic planning or use strategic management tools. In 2020, a number of organizations fundamentally rethought their plans to adapt to the pandemic, especially if their activities demanded face-to-face contact. At the same time, many organizations did not have the capacity to measure the pandemic's impact on their operations.

Most CSOs evaluate their activities intuitively or on the basis of general indicators, such as budgets, the number of organized events, or the amount of aid distributed. CSOs that receive public funding use evaluation approaches required by their donors. For several years, the CSO sector has debated the use of more sophisticated approaches to measuring efficiency, which are often promoted by large corporate donors that use them themselves. However, CSOs often find these practices unsuitable for their work.

CSOs' internal governance structures are determined by their legal form. Associations, or membership organizations, may decide on their own approaches, whereas foundations, endowment funds, and service-providing CSOs, including institutions and public benefit organizations, must have specific bodies such as boards of directors and supervisory boards. In practice, these bodies often exist only formally, with the burden of both operations and governance residing with the executive body. The COVID-19 crisis put additional pressure on CSOs' management and administrative structures. Organizations with established, well-defined operating structures in place were better able to sustain these challenges. Although the law does not require the meetings of CSOs' internal bodies to be public, the minutes of meetings at which statutory matters such as the election of members to internal bodies are discussed must be published in the public register. Annual reports are subject to the approval of the CSOs' governing boards, which helps ensure financial transparency and accountability.

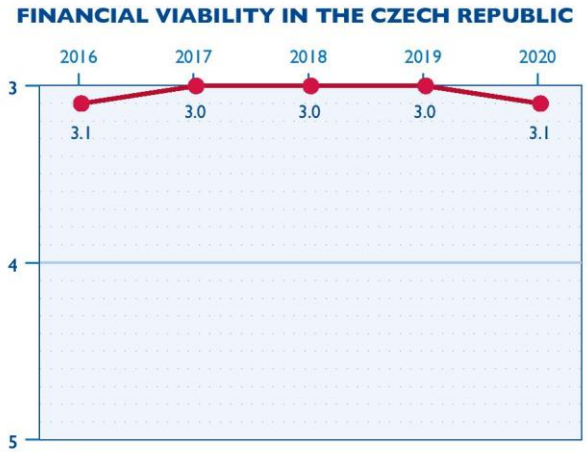
According to the most recent data available, in 2018, the CSO sector had 116,991 employees, roughly a 10 percent increase over 2017. However, only a small number of professional CSOs have paid employees. The pandemic is not thought to have had a significant impact on jobs in the sector, especially since CSOs were able to benefit from government support programs aimed at maintaining employment during the pandemic.

The ability of a CSO to develop and implement effective human resource management practices is usually a reflection of its level of professionalism. Although they have risen in recent years, wages in the CSO sector continue to be significantly below the national average, and CSOs usually hire people who are motivated by reasons other than financial gain. Employees typically have written contracts and job descriptions. Paradoxically, CSOs' ability to retain employees has been negatively affected by the increase in minimum wage in January 2020, as they are often unable to afford these higher salaries or hire new employees. The most qualified and well compensated employees are usually in accounting and financial management positions. Technical services are often provided by external providers or volunteers. The Czech Republic generally has a shortage of experts in civil society, since relevant topics are not covered in the educational system and many organizations lack either the motivation or the money to offer training to staff. Grant-making organizations sometimes require training for CSOs' employees as a contingency in their grant funding approval.

In 2018, volunteers worked a total of 56.9 million hours; over 40 percent of all volunteers worked for non-profit institutions. While no statistics are available, this number likely increased in 2020.

Czech CSOs are usually well equipped. Internet access is standard and unrestricted. Most CSOs rely on modern technologies and social media, but the efficiency with which they use them varies according to an organization's focus and degree of professionalization. As many CSOs carried out activities online that had previously taken place face to face, they learned to work more effectively with internet technologies, such as videoconferencing. Cybersecurity is not yet recognized as a problem for Czech CSOs.

FINANCIAL VIABILITY: 3.1



The financial viability of Czech CSOs deteriorated slightly in 2020. Although the sector has long been underfunded as the government has failed to fulfill its obligation to fund public benefit services, the pandemic introduced a new level of uncertainty to CSOs' resources. For example, many CSOs that have sought to build support in local communities in recent years faced a fundamental challenge when pandemic-related restrictions, such as the ban on movement and public gatherings, went into effect. At the end of the year, there was still a great deal of uncertainty as to when operations will return to normal, making longer-term planning even more difficult. In addition, CSOs' efforts to respond to the pandemic resulted in funding shortfalls and increased costs.

CSOs raise funds from public institutions, private donors, and the sale of products and services. The degree of diversification of resources varies depending on the type of organization. Public service organizations are heavily dependent on grants and subsidies from the government, while some associations, especially special interest groups, depend on members' contributions. Funds from foreign donors are a relatively minor source of funding for Czech CSOs. According to *Donors Map 2020* published by the Donors' Forum, private donors contributed CZK 8.1 billion (nearly $370 million) to CSOs in 2019. Of this amount, CZK 2.4 billion (approximately $110 million) was from individual donors, CZK 3.9 billion (approximately $177 million) from corporate donors, and CZK 1.8 billion (approximately $82 million) from foundations and endowment funds. The Government Office reports that CZK 8.3 billion (approximately $378 million) was paid out to CSOs from the state budget in 2019.

In 2020, the government continued to provide subsidies when public contracts could have been awarded. This approach benefits the government as it is not required to provide any legal justification for its decisions of which projects to fund or which partners to select when awarding subsidies. In addition, the implementer is in a more subordinate position to the government under a subsidy contract than a public contract. In 2020, state subsidies did not significantly decline, but municipalities often canceled subsidy programs. CSOs also complained about the lack of accountability and transparency in the government's selection of recipients of subsidy-funded grants. Some CSOs with employees or secondary business activities benefited from government compensation schemes, which

provided funding to retain employees and offset business losses. In 2020, the Czech Ministry of Interior and the European Commission, in cooperation with multinational corporations such as Facebook and Google, announced grant programs to combat disinformation.

During the initial phase of the pandemic, CSOs received a large wave of support from both large and small companies. For example, one of the country's largest companies, Škoda Auto a.s., donated 100 new cars to selected organizations, and small and medium-sized companies provided support to local CSOs. Gradually, however, companies' willingness to support CSOs declined as economic difficulties hit entire sectors and social distrust grew. Individual donations also declined as CSO were forced to cancel fundraising events. Philanthropically focused CSOs, including foundations and endowment funds, such as ČEZ Foundation, Foundations TIPSPORT, and Foundation "Our Child," adapted their grant-making procedures to direct funds towards the most urgent problems of the pandemic.

Only a few organizations receive funding from foreign sources. These funds mainly support projects related to humanitarian and development aid. They are provided by foreign governments, United Nations agencies, large foreign foundations, and non-profit organizations, such as Lutheran World Relief, Open Society Institute, and the Charles Stewart Mott Foundation. Funding is available from the European Union (EU) and the European Economic Area (EEA) and Norway grants. However, these sources benefit a small number of CSOs as their administrative requirements are complex and they do not support small projects.

Income from the sale of products and services is an important component of the sector's revenue. CSOs' efforts in this field range from running restaurants, cafes, and charity shops, to gardening, cleaning, and services for the elderly. However, CSOs often make these services available at prices far below market value, as they are eager to reach the widest range of clients possible, despite the negative impact on their bottom line. Many social enterprises had to reduce or suspend their activities in 2020 because of the pandemic and the associated restrictions. Budgetary compensation from the government only partly made up for the shortfalls in revenues.

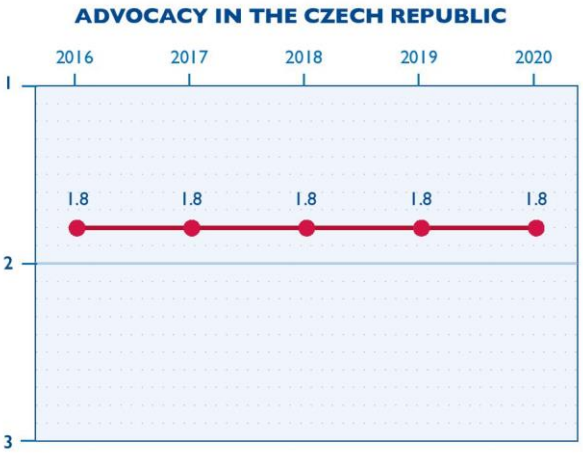
The range of organizations seeking to diversify their revenues with fundraising activities has expanded in recent years. In 2020, online fundraising grew more popular, and the new donor portals Donio and Znesnaze21 were created to support CSOs as well as individuals and families in need. Older online platforms such as Darujme and Donate Right also saw an increase in the volume of donations received, although no statistics are available as to the actual revenue generated.

Larger organizations with diversified resources and public funding usually have fairly sophisticated financial management practices. In most cases, non-professionals manage the finances of CSOs, especially if external services are unaffordable. CSOs with larger budgets must usually carry out financial audits in accordance with the requirements of their boards. Corporate donors sometimes require audits. Overall, CSOs' transparency is gradually improving. Organizations with diversified resources and those that work with private donors are generally more transparent than those with sole or limited sources of funding, most likely because they have realized that accountability and transparency are essential components of effective fundraising. All CSOs other than religious organizations are required by law to publish financial statements in the public register and, sometimes, in annual reports. Most small organizations do not fulfill this requirement and, in many cases, are unaware of it.

ADVOCACY: 1.8

CSO advocacy was stable in 2020. CSOs have access to formal procedures and stable platforms for engaging with the government, including advisory bodies and working groups. At the national level, the Government Council for Non-Governmental Nonprofit Organizations, chaired by the prime minister, serves as an advisory body bringing together CSOs and officials from various ministries. In addition, CSOs have opportunities to comment on draft laws and policies. In 2020, for example, CSOs provided recommendations on both the Social Services Act and the Construction Act. Most regional and municipal governments have also established advisory bodies and working groups for the purpose of cooperating with and seeking feedback from CSOs and the public. However, the CSO sector does not always take advantage of such opportunities by, for example, nominating representatives with sufficient expertise and time to these entities. Some CSOs see membership in advisory, labor, and other participatory bodies as a burden and are reluctant to take part, especially since the positions are unpaid. Cooperation is also limited by the failure of central and local government bodies to take documents created with

CSOs' help into account in their decision making. The government's response to the pandemic reflected insufficient consultation with CSOs, and some measures reveal a lack of knowledge about CSOs' services and activities in general.



Recently introduced digital technologies have improved communications between citizens, CSOs, and the government. CSOs' efforts to ensure the transparency of government activities has also been strengthened by the register of public contracts and the public procurement portal, both publicly accessible web-based services.

Although the CSO sector rarely takes a united stand, organizations often form coalitions to push for change. In 2020, CSOs joined forces to establish the Network for the Protection of Democracy; other CSOs worked together to demand higher tax deductions for donors. In 2020, several new initiatives expressed dissatisfaction with the government's response to COVID-19. For example, the Chcípl PES initiative questioned the relevance and accuracy of pandemic-related data presented by the government and lobbied against the lockdown while advocating to reopen closed businesses. These efforts, however, had no concrete impact.

Political polarization has grown in recent years, and the activities of organizations with non-liberal positions occupy growing space in the public, especially online. For example, several strongly left-wing and right-wing CSOs ran disinformation sites that spread conspiracy theories and opposed liberal values in 2020. The Society for Defense of Freedom of Speech initiated a petition against censorship aimed at CSOs engaged in fact-checking of information published in the media and online that was signed by 24,000 people. Several politicians continued to try to delegitimize or legally restrict the activities of certain advocacy CSOs during the year. The Freedom and Direct Democracy (SPD) party, for example, attempted unsuccessfully to pass legislation that would have exerted greater government control over the revenues of organizations working on gender equality, sexual minorities, and asylum seekers, as well as CSOs' income from foreign sources.

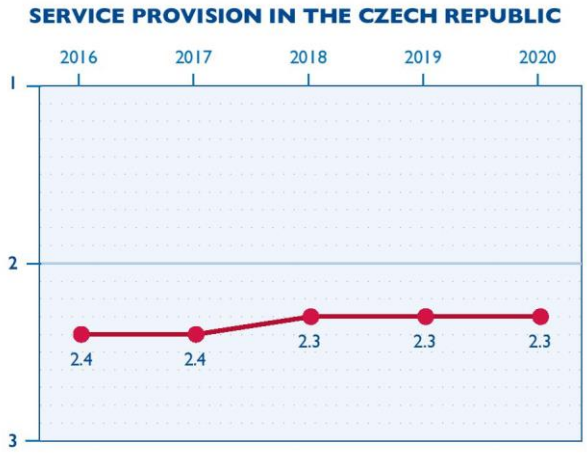
The pandemic-related restrictions, such as the ban on public gatherings, had little impact on CSO advocacy during the year, as activities moved online instead.

CSOs engage in different types of lobbying. Many organizations have contact with individual legislators and provide expert comments on or help with the preparation of new legislation. Although work on major legislation stopped in 2020, CSOs achieved a number of lobbying successes. A broad range of CSOs successfully pushed for the amendment to the Tax Act that increased the total allowable deduction from 10 percent for legal entities and 15 percent for individuals to a uniform 30 percent over the next two years. CSOs focused on animal protection led a successful campaign to pass legislation that banned the caged breeding of hens and protected animals in circuses, leading to the adoption of laws in these areas in 2020. Under pressure from CSOs, such as the Association for Parents of Ill Children, the parliament amended regulations to force health insurance companies to pay for expensive treatment for children with spinal muscular atrophy. CSOs also helped shape new laws on assistance dogs, public collections, and social services.

CSOs were also able to suspend the passage of laws that they deemed poorly prepared, such as the law on social services, the law on health services, and the law on social and legal protection of children. CSOs have not, however, been very effective in promoting issues related to environmental protection, particularly adherence to the European Green Deal and accelerated coal mining.

In 2020, work on laws affecting the CSO sector virtually ceased as central and local governments focused on managing the pandemic. CSOs were disappointed with the proposed Building Law, which would restrict the public and civil society's ability to comment on new buildings before they are approved by limiting participation in administrative proceedings. CSOs perceive the act as problematic in that it was prepared mainly by developers and investors associated with the Czech Chamber of Commerce. Discussions about social entrepreneurship slowed in 2020, as a special law on the topic awaited passage. In the meantime, the definition of social enterprises remained unclear.

SERVICE PROVISION: 2.3



CSOs' service provision was stable in 2020. CSOs providing social and health services adapted quickly to the crisis situation, and their assistance to targeted groups continued largely uninterrupted. When necessary and feasible, CSOs began using online tools to conduct their activities. The ability of CSOs to motivate others to help was also significant. Charities, including Diakonia, organized opportunities to sew and distribute masks and disinfectants or purchase and deliver groceries to quarantined persons and vulnerable groups.

In some cases, the provision of services suffered as they could not be easily adapted to online formats. For example, organizations involved in children's sports or leisure activities faced problems in reaching out to their stakeholders. It was also difficult for CSOs engaged in social services to provide compulsory training to social workers.

Although legally the government is responsible for providing social services, CSOs provide about two-thirds of all services. Their dominance is particularly pronounced in the areas of prevention, such as preventing pathological behavior, and field services, such as those working with the homeless. Larger and older CSOs, which provide services in coordination with the government, are usually comprised of institutes and religious organizations.

Membership organizations commonly offer services that are also available to non-members. CSOs generally provide their products and services in a non-discriminatory manner. Their audiences often include government bodies, which acquire CSO services mostly through subsidies. Cooperation with academic institutions is fairly uncommon and usually takes the form of joint projects.

CSOs usually provide services free of charge or at prices lower than their actual costs in order to reach the maximum number of clients. CSOs have varying knowledge of the market environment but generally do not take this into account, as they are often concerned that skittish buyers may be put off if they charge higher prices.

Officials from mainstream parties and the ruling coalition showed greater appreciation for CSOs' work in 2020. Especially during the initial phase of the pandemic, the government highlighted CSOs' role in managing the crisis. In September 2020, the prime minister opened an exhibition of photographs on the work of CSOs during the pandemic, organized by the commissioner for human rights and the Government Council for Non-Governmental Nonprofit Organizations. Such activities generally reflect a recognition of CSOs' role in helping the government achieve its policies or stepping in where the government had failed.

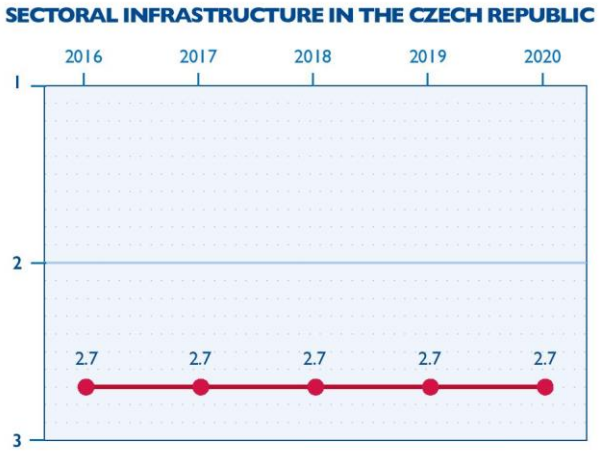
SECTORAL INFRASTRUCTURE: 2.7

The infrastructure supporting the CSO sector did not change in 2020.

The Czech CSO sector lacks the kind of resource centers that exist in other countries. To some extent, this gap is filled by the Center for Research on the Nonprofit Sector of Masaryk University in Brno, which hosts, for example, an Interactive Map of the nonprofit sector, the most comprehensive resource on CSOs in the Czech Republic. The government provides some services similar to those offered by intermediary support organizations. For example, the Pardubice regional government organizes the Academy for Social Entrepreneurship and other activities to support volunteering and socially responsible public procurement. In 2020, a number of educational and information services moved online, thereby becoming accessible to more CSOs. Although the quality of the services varied, this development was especially advantageous for organizations outside of the main regional cities, since online resources offer significant savings on travel costs and time.

Czech foundations and endowment funds, such as Dobrý anděl, ČEZ Foundation, and AVAST Endowment Fund, support other CSOs. In 2020, according to the Donors' Forum, foundations and endowment funds distributed

CZK 1.8 billion (approximately $82 million) to CSOs and the public, including individual beneficiaries. The overall level of funding resources available from foundations and endowment funds remained similar to that in previous years.



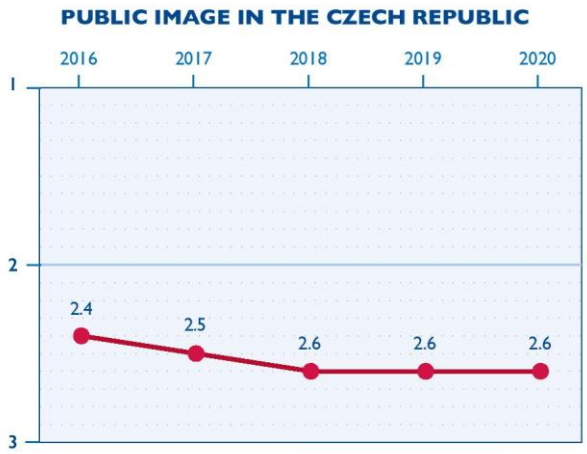
Although there is no organization or mechanism that shares information with the entire sector, CSOs that have common missions, interests, or regional focus share information. CSO coalitions and networks are typically formed in response to political developments. They provide their member CSOs with information and mediate in negotiations with the government. For example, the Association of Public Benefit Organizations of the Czech Republic (AVPO ČR) brings together CSOs committed to transparency and reliability. The Alliance of Responsible Organizers of Public Collections, which was newly established in 2020, seeks to draw attention to the fact that public collections have clearly defined legal and ethical rules.

CSOs have access to a diverse range of training and consulting services. For example, TechSoup offers access to technology at minimal costs, while organizations such as Nadace rozvoje občanské Společnosti Spiralis (NROS) and Neziskovky.cz offer training to nonprofits on a broad range of topics including fundraising, public relations, management, accounting, taxation, and human resources. Some associations and umbrella organizations, such as AVPO ČR, Asociace nestátních neziskových organizací v ČR (ANNO ČR), and Krajské Asociace KOUS, provide educational services to their members. Although they are not always familiar with the CSO sector, several commercial entities also offer training and consulting services to CSOs, often on favorable terms or free of charge. The potential of universities and colleges to provide CSOs with quality training remains untested. In general, training opportunities for CSOs are somewhat distorted by projects supported by EU funds, thanks to which people without qualifications are employed as trainers and free training events undermine the value of education and contribute to the reluctance of CSOs to spend money on training.

Intersectoral partnerships are common, especially at the local level. A popular form of cooperation between governments, companies, and CSOs is local action groups, which are set up in rural areas to encourage regional development and the flow of state support from European and national sources to projects that support the development of rural areas. Cross-sectoral cooperation worked well in 2020, especially in the early months of the pandemic. For example, AVPO ČR cooperated with the Taiwan Economic and Cultural Office to distribute face masks and other protective equipment to CSOs. CSOs and the state administration worked together to improve the quality of information provided by the government. For example, CSOs helped develop the Ministry of Interior's COVID-19 portal and worked with the fact-checking programs of Facebook and Google to ensure the accuracy of the information they provide to the public.

PUBLIC IMAGE: 2.6

CSOs' public image was stable in 2020. Media interest in CSOs was stronger during the first months of the pandemic, and then continued to grow as the public's trust in the government's ability to manage the crisis diminished. Public media and some private outlets, such as Seznam and Aktuálně, provided positive coverage of CSOs' activities. A project by the daily Blesk that presents the work of selected CSOs continued in 2020, and journalists covered CSOs' role in managing the crisis as well as political issues involving CSOs. But as in past years, the media reflected the polarization in society. Populist online media outlets such as Parlamentní listy, Aeronet, and Sputnik spread disinformation alleging that CSOs did nothing to help during the pandemic, that their financing came at the expense of the needy, and even that they were connected to certain mastermind billionaires behind the pandemic. Organizations focused on fact-checking and the fight against disinformation were barraged with criticism and accusations of censorship by populist media and right-wing critics when they attempted to point out factual inaccuracies that were spread on social media in order to limit the publication of "fake news." However, part of the problem in eliminating the spread of disinformation is that, while traditional and mainstream media differentiate between paid advertising and journalistic content, most populist media do not, often selling space to the highest



bidder. Thus, it has become extremely difficult for the public to distinguish fact from fiction and for CSOs to determine who is actually behind much of the negative content that is produced about them.

Much of the public perceives CSOs positively, mainly because of personal experiences, while others are influenced by disinformation and the negative statements by politicians. According to a survey conducted by the Center for Public Opinion Research of the ASCR in September 2020, only about one-third of respondents trust CSOs, although it was not clear whether the respondents were acquainted with the basic concept of CSOs.

Government officials and representatives of mainstream parties often speak out against advocacy CSOs or threaten to cut off their public funding. However, government attacks on CSOs weakened in 2020 as politicians, especially at the lower levels, expressed appreciation for the help that CSOs provided in managing the pandemic. Representatives of parties from the far right and far left typically criticize CSOs or what they call "political non-profits" as part of their agendas. This trend deepened in 2020 as CSOs challenged both parties' political platforms.

Large corporations see CSOs as a means to achieve their goals by implementing their corporate social responsibility strategies. Small and medium-sized companies are not very aware of CSOs and tend to echo public perceptions.

Larger, more professional organizations and organizations that seek to diversify their funding usually have a wider public outreach and are able to promote their activities effectively. CSOs that are dependent mainly on grants often see no reason to promote themselves, and CSOs with restricted funding, such as subsidies and donations, often lack the funds to devote to promotion. CSOs often use social media to build constituencies but less often for raising funds or recruiting new members. Most CSOs do not have the resources or expertise to use social media professionally.

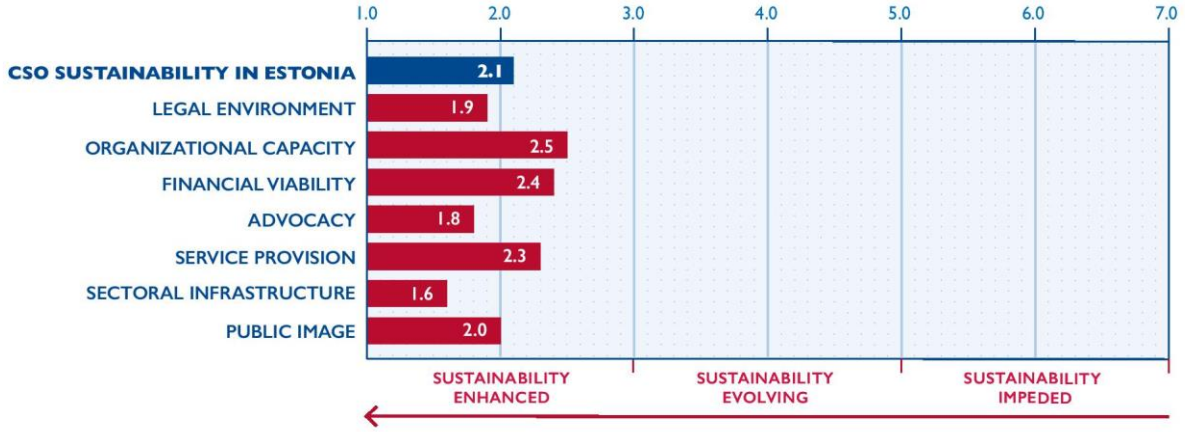
Self-regulatory mechanisms including the Reliable Public Benefit Organization brand and the Nonprofit of the Year competition provide their seal of approval and legitimacy to CSOs that provide needed services to the public. CSOs often commit themselves to respecting established rules and values when they join networks and other associations.

The publication of annual reports is becoming a standard practice, especially among more mature, professional organizations. However, their quality varies, especially in the presentation of financial data.

ESTONIA

Capital: Tallinn
Population: 1,220,042
GDP per capita (PPP): $36,927
Human Development Index: Very High (0.892)
Freedom in the World: Free (94/100)

OVERALL CSO SUSTAINABILITY: 2.1



The COVID-19 pandemic had an impact on almost every aspect of life in Estonia, as across the globe, that is second to none in recent history.

Public attention in Estonia during the year was focused on the overstretched health-care services, drastically increased unemployment, and general fear of the unknown. For many organizations in the third sector, the situation was make or break, with CSOs having to adapt the way they work and the services they provide in order to survive. Although physical volunteering with a CSO was unadvised, virtual volunteering found new ground. Similarly, the number of in-person fundraising events decreased dramatically, yet CSOs raised more donations than ever before.

Estonia is a small nation, proud of its adaptability and virtual presence. Nevertheless, the pandemic put the public sector to the test. The pandemic had an overwhelmingly negative economic toll on some sectors, such as the tourism and service sectors. The government and parliament reacted quickly to review laws and regulations that hindered work under the restrictions implemented to control the spread of COVID-19. For example, legal changes were made to allow general assembly meetings to be held virtually instead of in person.

A milestone for civil society was the approval of the Civil Society Program 2021-2024 by the minister of population in July. This strategic document outlines the development of civil society based on the Civil Society Development Concept from 2002. The program focuses on five key areas: active citizens; capable and caring communities; capable NGOs and social enterprises; transparent and inclusive policy making; and guaranteed freedom of religion.

The political scene remained the same as in the previous year. A coalition government formed in 2019 by the Center Party, conservative Isamaa Party, and far-right Conservative People's Party of Estonia (EKRE) remained in power.

2020 also saw the establishment of a promising new advocacy organization, the Liberal Citizen Foundation (SALK). SALK promotes equal rights for minorities and a free society and serves as a counterforce to the Foundation for Protection Family and Tradition (SAPTK), which promotes a traditional worldview, including a conservative interpretation of marriage. The foundation seemed to have an immediate effect, finding a significant amount of support among business and other sectors.

Overall CSO sustainability did not change in 2020, and no changes were reported in any dimension of CSO sustainability. CSOs continue to operate under a supportive legal environment, have strong advocacy skills, provide a wide range of services, are generally have a positive public image.

According to the Estonian e-business registry, in 2020 there were a total of 22,574 associations and 816 foundations registered in the country. According to the 2019 National Civil Society Strategy Impact Evaluation, the report of a five-year assessment conducted by Tallinn University and the Institute of Baltic Studies on behalf of the Ministry of Interior, the most common focus areas for CSOs are recreational activities (17 percent of CSOs), sports (16 percent), and culture (14 percent).

LEGAL ENVIRONMENT: 1.9

The legal environment governing the CSO sector did not change significantly in 2020 and remains quite supportive. The Civicus Monitor rates Estonian civic space as open and the World Bank's global Freedom of Association Index gives Estonia a score of 0.94 out of 1.0 in 2018, compared to 0.95 the previous year.

CSOs can register easily, and the process can be completed online. The scope of activities for CSOs is fairly diverse and the law allows them to set their own rules for internal governance.

In 2020, some minor changes were made to the legal regulations that simplified matters for CSOs. In spring, several laws were amended to allow all legal entities to carry out their general assemblies online. In addition, the deadline for submitting annual reports for the previous year was postponed from June until autumn.

Another positive change that took effect in 2020 allowed taxpayers to easily and directly donate a portion of their tax returns to CSOs. Although this change had been approved by the government earlier, it was implemented for the first time in 2020. Altogether, 3,557 people donated EUR 136,156 to 702 organizations.

CSOs and their representatives may operate freely, openly express criticism, and address all matters of public debate, and are generally free from harassment by the central government, local governments, and the tax agency. In 2020, however, the minister of finance (a member of the conservative EKRE party) forbade the State Shared Service Center from making payments under the multi-year strategic partnership installments signed between the Ministry of Affairs and organizations that focus on equal rights on the grounds that the Gambling Tax Act does not explicitly mention equality policies. Despite this, the Ministry of Social Affairs continued the payments, saying that this has been an established practice for many years. However, the situation stirred a heated public debate and increased feelings of uncertainty among the organizations involved.

In spring, a state of emergency was declared, and the government created several support measures to cover the loss of income and help employers pay their employees' salaries. Some of these measures differentiated between legal forms, providing support for for-profit organizations, while excluding social enterprises and other CSOs.

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

CSOs do not pay income tax. CSOs that engage in charitable work may apply for status as public benefit associations and foundations, which makes them eligible for income tax breaks. Political parties, professional organizations, and business associations are not eligible for this status. Individuals may deduct donations to public benefit organizations of up to EUR 1,200 (approximately $1,340), and legal entities may make tax-free donations to public benefit organizations of up to 10 percent of the previous year's profit or up to 3 percent of personnel costs during the current year.

Very few lawyers are trained in or familiar with CSO-related laws, but in most cases in which CSOs utilize the services of lawyers, such as appealing funding decisions in court, expertise in CSO law is not necessary. Lawyers sometimes work pro bono or at reduced costs with CSOs.

ORGANIZATIONAL CAPACITY: 2.5

The pandemic forced CSOs to be flexible, react quickly, and develop new services and solutions to respond to emerging needs. Many Estonian CSOs effectively adapted to the new reality, while such challenges were insurmountable for other CSOs; social enterprises, in particular, found the year to be very challenging.

The Active Citizen Fund (ACF), supported by the European Economic Area (EEA), plays a key role in supporting the organizational capacity of CSOs. With ACF funding, seventeen partnerships started their activities in 2020, while fifteen organizations built their organizational capacities under projects awarded in 2019. CSOs' interest in developing their capacities has also been demonstrated by the increasing number of applications received by the National Foundation of Civil Society (NFCS). While eight-six applications were received for capacity-building grants in 2019, 116 applications were received in 2020. The quality of projects has also steadily improved.

Most CSOs clearly identify their potential constituents and beneficiaries and actively seek to develop relationships with them. CSOs often involve their constituencies in their activities or ensure that their activities represent constituents' needs and interests.

Most CSOs have defined missions and use strategic planning techniques. However, the implementation of most CSOs' strategic plans is dependent on potential funding opportunities and donor expectations. In 2020, some organizations had to discard their strategic plans and react quickly to the new norms and expectations of stakeholders.

Larger CSOs generally have clearly defined management structures, including an explicit division of responsibilities between the board of directors and staff, which is stipulated in the law. All CSOs must specify policies and procedures in their bylaws when they are formed. CSO' bylaws often define additional rules, such as the number of people on management boards.

Staffing continues to be a challenge for CSOs. CSOs struggle to attract qualified staff, largely because businesses and the public sector tend to pay higher salaries. In addition, turnover among CSO staff is quite high, making it more difficult for CSOs to achieve long-term goals. CSOs often struggle to find new capable leaders. However, recent developments have shown that this problem may have become less pronounced, as several organizations seeking new leaders in 2020 had a number of qualified candidates to choose from, indicating that CSOs are starting to be seen as more desirable employers.

CSOs recruit and engage volunteers actively, and volunteering surged in 2020. For example, over the course of a single weekend in March, a team of volunteer activists created a new platform to manage volunteers. The platform mobilized more than 4,000 volunteers and managed appeals for help from across the country.

Due to the restrictions imposed to control the spread of COVID-19, CSOs—as with the rest of society—were forced to move much of their work online in 2020. Most CSOs managed this transition successfully, enabling them to organize conferences, engage in advocacy work and campaigns, and provide a variety of services online. However, this process highlighted the gap between organizations with better technological capacity and those with less competence in this area. Fortunately, CSOs had access to a variety of support mechanisms in this realm. For example, umbrella organizations supported their members by providing spaces to share information and come up with solutions to shared problems, and the Ministry of Education provided free access to the Moodle platform—which provides a variety of free online courses—for their partner organizations.

FINANCIAL VIABILITY: 2.4

Financial viability remained unchanged in 2020. Despite the growing support from public funds, increasing amount of donations, and the opening of the Active Citizen Fund, overall financial viability remained stable, as the state of emergency and the pandemic had a strong negative impact on CSOs' financial viability. While CSOs demonstrated quick thinking, adaptability, and new ways of cooperation, they also had to use their reserves, increasingly turn to the government for financial support, and stop service provision either temporarily or permanently.

CSOs' income has been growing steadily over the past few years. Public funding continues to be the most significant source of support for CSOs. Total payments from the central government to CSOs were approximately EUR 145 million in 2017 and EUR 166.7 million in 2018; 2019 data had not yet been released at the time of publication. Total payments from local municipalities have similarly grown, from EUR 55 million in 2017, to EUR 65 million in 2018, and EUR 70 million in 2019, before dipping slightly to EUR 67 million in 2020.

NFCS' budget has remained largely unchanged for the past decade. As a result, the competition for funding is quite tight. Due to the pandemic and resulting financial difficulties, the state limited some funding opportunities in 2020. For example, the Ministry of Social Affairs canceled its small grants program during the year due to declining gambling tax revenues. Environmental organizations reported that it was increasingly difficult to receive funding from the Environmental Investment Center under the Ministry of the Environment. While organizations with more experience are able to access public funding, smaller organizations and organizations with less experience struggle to do so.

The amount of donations has also been increasing in recent years. According to the Estonian Tax and Customs Board, CSOs reported donations in the amount of EUR 47 million in 2019, up from EUR 40.3 million in 2018. Out of that total amount, EUR 29 million were personalized donations (i.e., donations from an identified individual or entity) and the rest were anonymous and/or foreign donations. The total amount for 2020 is currently not known, but the amount of personalized donations also increased in 2020, reaching EUR 31 million. Estonia participated in the Giving Tuesday movement for the second time in 2020. Giving Tuesday served as a great impetus for talking about charity and participation in civil society. CSOs jointly collected more than EUR 182,000 through Giving Tuesday in 2020, up from EUR 128,000 in 2019.

According to the National Civil Society Strategy Impact Evaluation, the report of a five-year assessment conducted by Tallinn University and the Institute of Baltic Studies on behalf of the Ministry of Interior in 2019, 13 percent of organizations reported receiving funds from businesses. The same report indicates that 30 percent of organizations report that they earn part of their income from economic activities.

The CSO sector's reliance on foreign funding is very limited. ACF is arguably the most important source of foreign funding for CSOs. Through its first two calls for proposals in 2019-2020, thirty-two projects received funding valued at more than EUR 1.35 million for periods of eighteen to twenty-four months. Some donors adjusted their policies during the year in light of the difficult circumstances. For example, ACF allowed volunteer work to be considered as co-funding, rather than requiring financial contributions. No new foreign grant programs were created to support Estonian CSOs.

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

ADVOCACY: 1.8

CSO advocacy was stable in 2020, despite the fact that parliament was focused on COVID-19 related measures, making it more difficult to get their attention on other matters. CSOs continued to be active advocates, demonstrating their ability to stand up for their own interests, as well as those of their communities and society at large. The capacity to advocate varies between organizations, with larger umbrella organizations and organizations with sustainable funding generally having stronger advocacy capacities. The Network of Estonian Non-profit Organizations (NENO) coordinates a network of advocacy organizations focused on increasing their capacity, sharing information, and learning from each other.

Cooperation between the government and CSOs continues to follow the principles outlined in the Estonian Civil Society Development Concept (EKAK), which is coordinated by a twenty-two member committee composed of government and CSO representatives and chaired by the minister of population (previously, the minister of the interior). The committee is charged with nominating board members for NFCS. In 2020, however, the committee's suggestions were overruled by the minister of population, creating a worrisome precedent.

In 2020, several national strategies that impact the development of civil society were completed. Both the Civil Society Development Program and the National Strategy Estonia 2035 were open for contributions from CSOs and were approved by the government in 2020. At the same time, some CSOs were critical of both of these strategic processes, stating that CSO involvement was not genuine, and their input was disregarded without explanation.

CSOs organized some successful nationwide advocacy campaigns in 2020. The campaigns of two animal rights organizations, Nähtamatud Loomad and Loomus, reached a positive result when a bill abolishing fur farms passed the first reading in the parliament. The bill had been in parliament before but had not passed the vote.

The mental health organization Peaasjad received a lot of attention throughout the year as stress and isolation caused by the pandemic increased pressure on people's mental health. Its initiative Let's Stay Together (Püsime koos)—which asked people to give each other their full and focused attention for at least fifteen minutes a day—grew into a nationwide advocacy campaign. However, a bill that would allow minors under the age of eighteen to visit psychiatrists without their parents' consent did not pass the vote in the parliament even though several CSOs focusing on mental health issues advocated for it.

The possibilities for Russian-speaking minorities to be involved in policy-making processes have increased. In 2020, a number of materials and public information was provided in Russian, making it easier for CSOs to involve their Russian-speaking stakeholders.

Youth involvement in policymaking also continues to increase. In 2020, the Ministry of the Environment formed a youth involvement council. The aim of the council is to advise the ministry in making decisions, to represent the environmental interests of young people and youth organizations both in Estonia and at the international level, and to give Estonian young people the opportunity to raise environmental issues that are important to them.

Although environmental organizations have increased their cooperation and advocacy capacity, the Estonian government still makes decisions without taking the input from environmental organizations into account. For example, in 2020, the government decided to fund the establishment of a new oil plant without consulting with environmental CSOs, a decision that some environmental organizations challenged in court. Additionally, the minister of the environment recalled the committee responsible for putting together the new National Forestry Development Program, which included both CSOs and businesses. Environmental organizations also state that cooperation between CSOs and the State Forest Management Center on both the local and national levels has decreased.

The Equal Treatment Network submitted a shadow report on the human rights situation in Estonia to the UN Human Rights Council. The report highlighted several human rights shortcomings and made recommendations to improve these areas. For example, the report recommended that Estonia ensure the availability of psychiatric care for minors, make public spaces more accessible, criminalize hate speech, and alleviate the burden on women as informal caregivers.

The Citizen Initiative Portal continues to enable citizens to write proposals, hold discussions, and send digitally-signed electronic petitions to the parliament. The parliament must consider a proposal if it receives at least 1,000 signatures by citizens over the age of sixteen. Since 2014, a total of 175 initiatives have collected 190,698 signatures on the portal. In 2020, CSOs initiated several proposals. The most popular one, which collected more than 35,000 signatures, supported marriage equality; no concrete action had been taken on this proposal by the end of the year. In 2020, the portal also added the possibility to create local public initiatives, which require 1 percent of the residents' signatures in order to be processed by the local government.

NENO and the Estonian Social Enterprise Network advocated for CSOs to get equal treatment as businesses under government support measures. Despite these efforts, the Ministry of Economic Affairs and Communications continued to target some support measures only at businesses and not CSOs.

SERVICE PROVISION: 2.3

Service provision by CSOs did not change significantly in 2020. While providing services in some fields was difficult during the pandemic, demand for some services grew exponentially.

CSOs continued to provide a wide range of goods and services in a variety of fields, including basic social services, such as health, education, welfare, and culture, as well as youth employment, sports, and other recreational activities. In most cases, the goods and services that CSOs provide continue to reflect the needs and priorities of their communities.

CSOs and social enterprises providing services in the fields of tourism, hospitality, and charity shops struggled in 2020 and had to reform their offerings or design new online services. For example, Domus Dorpatensis, a guest apartment, lost all of its revenue in the spring and had to change its business model. It is now no longer a guest house but has long-term tenants instead. The charity shop Aarete Laegas started an online shop as it could not keep its physical shop open for clients in the spring of 2020. However, the online shop did not generate as much income.

CSOs working in the fields of sports, recreation, and culture also had a very difficult year. Since most activities involving people coming physically together were restricted for a large part of the year, CSOs organizing sports and cultural events had to cancel many of their activities, therefore also reducing their income. For example, the small theatre VAT Teater noted that it is struggling to stay open.

In most cases, CSO donors, including government entities, private donors, and foreign donors, were flexible and did not reclaim funding despite the fact that some activities had to be cancelled completely or postponed to the following year. Lõimeleer, for example, was allowed to keep its funding even though it was not able to provide its services in accordance with the agreements it has with its donors. It primarily organizes summer camps that connect young Estonians living abroad and their families as well as multicultural families living in Estonia with Estonian life and culture.

At the same time, some CSOs thrived in the pandemic circumstances. Organizations that had previously developed online services were able to increase their impact and reach. For example, training providers were able to involve new people from remote areas and provide services to participants regardless of their location. One such example was Minutes of Silence, which provides training on mindfulness and exercises to increase attention and peace of

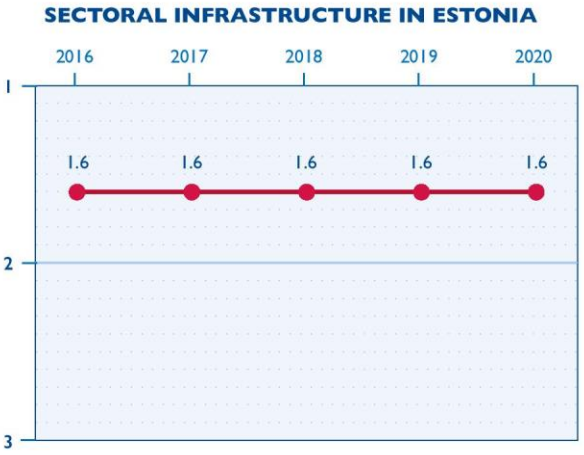
mind. The demand for these services grew during the pandemic. Minutes of Silence provided workshops for schools, companies, and the public; the workshops reached capacity very quickly and proved to be quite successful.

Another CSO that was quickly able to move its activities online was Venividivici, which creates opportunities for students in the Estonian public school system to participate in exchange programs and language practice. In 2020, it successfully connected youngsters online and revived the old tradition of pen pals, which turned out to be quite popular in the isolation conditions.

Educational CSOs that focus on providing substitute teachers, online classes, and support and mentorship for teachers also thrived in 2020. With schools closing and education switching to a distance learning mode, teachers found themselves with a bigger workload and appreciated all kinds of additional support.

The government at both the national and local levels recognize the value of CSOs' services through public statements, policies, and practices. Local municipalities, ministries, and other public bodies outsource services from CSOs and also delegate service provision to CSOs.

SECTORAL INFRASTRUCTURE: 1.6



The infrastructure supporting CSOs in Estonia is well established and did not significantly change in 2020. Umbrella organizations, networks, and regional development centers all continue to be important sources of support to CSOs, offering information, training, technical assistance, advice, and opportunities to cooperate.

Several local organizations award grants to CSOs. The Local Initiative Program provides grassroots initiatives with small grants. Funded by the government and coordinated by county development organizations, the program's main aim is to build and sustain strong communities. NFCS continues to be the main grant-making organization dedicated to building the capacity of the CSO sector. 2020 was a year of many changes for NFCS: the minister of population appointed new members to the supervisory board, a new executive director was elected, and the entire office was relocated from the capital Tallinn to Viljandi, a small town, leading to some changes in staff as well. The Open Estonia Foundation distributes grants from the ACF.

Because of the pandemic, all funding information seminars by NFCS, ACF, and other funders moved online, providing more people with access. For NFCS, this change resulted in record numbers of participants.

As most daily functions moved online, cooperation between organizations in different locations became easier. These new modalities of work allowed CSOs to focus more on cooperation and content and less on logistics. For example, the number of joint statements issued by the Chamber of Estonian Environmental Organizations increased from fifteen in 2019 to thirty-four in 2020. Members of the chamber also included other partners and initiated a Climate Network that successfully started its work in 2020.

There are several development programs for new initiatives and emerging leaders; the program was created to tackle the shortage of leaders in the CSO sector. In 2020, NENO launched a development program for future civil society leaders. The program lasts for one year and has thirteen participants in the first group; the second group will start in 2021. Local development centers also provide training for new leaders of CSOs. In addition, the Good Deed Foundation hosts the NULA incubator, a development program funded by NFCS that offers support for smart, effective, and innovative ideas that resolve acute problems in Estonian society. The Good Deed Foundation has been a partner of NFCS in running the incubator since its inception in 2015. Most training programs moved online, or to a hybrid model, in 2020. In some cases, this allowed more people to participate in the programs.

In July 2020, the minister of population approved the Civil Society Development Program 2021-2024. The overall goal of the program is the development of a strong sector. Accordingly, the goals are focused on increasing the

impact of civil society and supporting its development, including by increasing the number of people participating in voluntary activities, supporting community initiatives, and increasing the capacity of CSOs.

Cooperation between CSOs and the public sector continues to be fairly common. More and more ministries have strategic partners with cooperation contracts that are between two and four years long. Cooperation between CSOs and businesses is also quite common, both at the national and local levels, in part because such cooperation is a condition of funding for programs such as LEADER and the Local Self-Initiative Program (KOP).

PUBLIC IMAGE: 2.0

CSOs' public image was stable in 2020. CSOs engaged in advocacy and service provision continue to benefit from media coverage at the local and national levels, in public and private, and in traditional and online media. CSOs also often use social media to reach their audiences and raise awareness.

There were a few direct attempts to smear the reputation of CSOs focusing on the environment, animal rights, and human rights in 2020. All of these attacks focused on funding. For example, environmental organizations were accused of receiving funding linked with Gazprom. These organizations reported the articles making these accusations to the Press Council, which found that they violated the Code of Journalistic Ethics.

CSOs focusing on equal rights were the subject of a smear campaign led by the Foundation for the Protection of Family and Tradition through its portal Objektiiv.ee. The campaign culminated in the summer when the minister of finance temporarily froze the payments for several human rights organizations.

The impact of these attacks was mitigated by the positive coverage CSOs received during Giving Tuesday. In addition, organizations focused on the pandemic-related consequences—including Foodbank, CSOs coordinating volunteers, mental health organizations, and educational organizations—found it easy to get media coverage throughout the year.

Although no studies have been done on the topic recently, the public seems to have a generally positive perception of both advocacy and service-providing CSOs, understands the concept of CSOs, and is fairly supportive of CSOs' activities. The business and public sectors' opinions of CSOs also continue to be positive. The President of Estonia is considered a good partner for CSOs as she often visits different organizations during her regional visits and speaks about topics important for different CSOs.

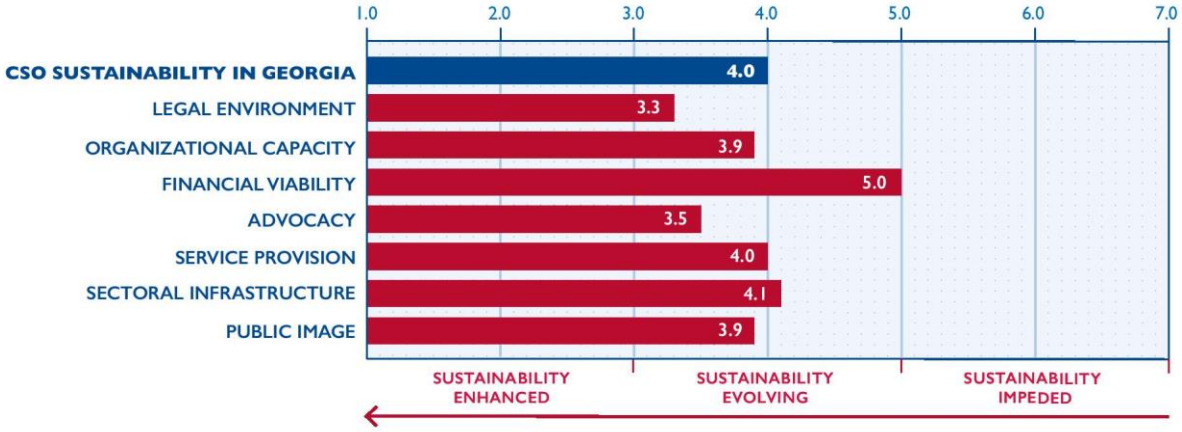
CSOs regularly strive to publicize their activities and promote their public image. However, few organizations have strong public relations capacities. Some organizations see the media as a partner and have developed successful relationships with journalists. On the other hand, CSOs often continue to lack the communication skills needed to attract media attention for their topics, especially positive success stories. As a result, CSOs often continue to prefer social media for public outreach rather than traditional media such as television and radio.

A code of ethics for CSOs has been promoted since 2002. Annual reports are available on organizations' websites or are publicly available for a small fee. In 2020, the network of advocacy organizations coordinated by NENO started working on a code of conduct in advocacy to increase transparent and ethical lobbying.

GEORGIA

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

OVERALL CSO SUSTAINABILITY: 4.0



Georgia continued to be plagued by political crisis in 2020, which—contrary to expectations—was further deepened by hotly contested parliamentary elections in October. Major opposition parties refused to recognize the official election results, which gave the ruling Georgian Dream party its third consecutive parliamentary victory, an unprecedented feat in the history of democratic Georgia. The elections were held under a significantly modified electoral system that expanded proportional representation. The changes were adopted after a foreign-facilitated electoral reform deal between the ruling Georgian Dream party and the opposition parties. CSOs welcomed the long-sought increase in proportional representation. Despite this, the principal election watchdogs said the polls were the "least democratic and free among the elections held under the Georgian Dream rule." The main opposition parties continued to boycott the new parliament at the end of the year.

CSOs played a key role in monitoring the elections with key watchdogs, including the International Society for Fair Elections and Democracy (ISFED), Georgian Young Lawyers Association (GYLA), and Transparency International (TI) Georgia, dispatching nearly 4,000 short-term observers on election day, in addition to approximately 100 long-term observers. These domestic observers provided close oversight of the process in the face of a shortage of international observers due to the pandemic and associated travel restrictions. The elections posed a significant challenge to civil society as well. ISFED, a veteran election watchdog, admitted "human error" in its initial results of the parallel vote tabulation, which was cited by the opposition as proof of a rigged election. The new ISFED chairperson was forced to quit as the board found her responsible for the delayed communication over the controversy, which the ruling party used to further discredit the sector.

The COVID-19 pandemic further worsened Georgia's economic and political climate. The first case of COVID-19 in the country was confirmed in late February. The first wave of the pandemic was mild in Georgia, with fewer than 1,500 infections by the end of summer. However, the situation worsened dramatically in the autumn along with the heated pre-election campaign, with the number of infections reaching a quarter million by the end of the year.

The government largely restricted international travel by mid-March and imposed mandatory two-week long quarantines for returning Georgian nationals. The country observed a two-month-long state of emergency from March 21 to May 22. Throughout much of the emergency, people were banned from gathering in groups of more than three people and were subject to a curfew. As the state of emergency expired, the Georgian Dream-led parliament granted the government emergency-like powers (with clauses allowing it to restrict constitutional rights and freedoms, including freedom of assembly and movement) without declaring a state of emergency. TI Georgia decried the bill, arguing that the legal changes "run counter to the Constitution." In November, the government

reintroduced a nationwide curfew, along with other lockdown measures, in response to the rising number of infections. The restrictions were in place throughout the end of the year.

The economy, hit hard by the two lockdowns, contracted by 6.1 percent in 2020, the steepest decline since 1994. The unemployment rate, which recently began to include self-employed Georgians engaged in subsistence farming, reached 17 percent in the third quarter. Georgians struggle with low monthly wages of just GEL 1,239 (approximately USD 380) and plummeting national currency, which depreciated by 14.3 percent against the U.S. Dollar during the year.

CSOs quickly reacted to the pandemic, adapted to the new circumstances, and provided services that complemented state aid where necessary. They mobilized support for vulnerable groups, offered free services for remote learning, and helped the state to make information about the pandemic available in minority languages.

Despite the difficult circumstances in the country, CSO sustainability remained largely stable, although improvements were noted in most dimensions. Organizational capacity and service provision both improved as CSOs demonstrated increased resiliency, flexibility, and adaptability as they reacted quickly to the needs generated by the unprecedented health crisis. The sector's public image improved as society recognized these efforts. Advocacy improved slightly as CSOs successfully advocated on a variety of issues. CSOs strengthened their networks and cooperation and made sustained efforts on long-term issues, fueling a moderate improvement in the sectoral infrastructure. The legal environment and financial viability remained largely unchanged.

CSOs in Georgia are registered as non-commercial legal entities. According to the National Statistics Office, by the end of the year, there were 28,938 non-commercial entities registered, of which only 3,774 were operational. A large share of CSOs are based in Tbilisi, the capital, as well as the largest cities of Kutaisi, Batumi, and Rustavi. CSOs work primarily in the areas of human rights, education, community development and local affairs, youth and children, and social and labor rights.

CSOs in Georgia's Russian-occupied Abkhazia and Tskhinvali/South Ossetia regions operate under significantly different legal, social, and economic conditions than those in the rest of the country. There is a significant gap between the organizational capacity of CSOs based in Georgia proper and those in Abkhazia and South Ossetia. International donors provide very limited support to South Ossetian CSOs, while Abkhazia-based CSOs receive slightly more support. CSOs are more influential and have greater room to operate in Abkhazia than in South Ossetia. For example, the commission on humanitarian aid, which involves three local CSOs, resumed its work under the new de facto Abkhaz cabinet in 2020. In November 2020, however, the de facto Abkhaz authorities signed the Common Social and Economic Space program with Russia, which requires it to update its local legislation, including laws governing CSOs, and comply with Russia's restrictive foreign agent law by 2021. The Center for Humanitarian Programs, a CSO based in Abkhazia, offers free legal aid to socially vulnerable people in Sokhumi, as well as the predominantly ethnic Georgian eastern districts of the region. Meanwhile in South Ossetia, the top court in January overturned an acquittal by the first instance court on several trumped-up charges against ethnic Georgian civic activist Tamara Mearakishvili. Some experts noted a trend of increasing engagement between Georgian, Abkhaz, and South Ossetian activists in 2020; such engagement primarily took place online, as the Kremlin-backed de facto authorities kept the crossing points with Georgia proper closed throughout much of the year. The German Berghof Foundation, for example, along with Georgian and Abkhaz CSOs, reportedly organized more online meetings between Georgia, Abkhaz, and South Ossetian civic and peace activists focused on normalizing relations between the differing sides of the conflicts.

LEGAL ENVIRONMENT: 3.3

The legal environment governing CSOs did not change in 2020.

CSOs register through an efficient process at public service halls operated by the Ministry of Justice. Registration costs GEL 100 ($30) and can be completed within one business day. Public service halls also offer same-day registration for double the price. At the end of March, pandemic concerns drove most of the public service halls across the country to close or work online, with some disruptions in their services for over a month. The liquidation of CSOs continues to involve lengthy and complicated procedures.

The Constitution of Georgia guarantees the freedoms of association, assembly, and expression. While CSOs can generally operate freely under Georgian legislation, some organizations, such as those working with the lesbian,

gay, bisexual, transgender, and intersex (LGBTI) population, face problems exercising their rights due to threats from violent far-right groups and the government's failure to protect them. The office of Tbilisi Pride, which advocates for the right of queer citizens to assemble, has been repeatedly attacked by radical groups with paint and eggs, and its staff has been verbally abused and threatened. Despite their presence near the organization's premises, the police failed to prevent these systemic acts of violence.

In 2020, the government tightened its grip on the freedoms of expression and assembly by informal groups of activists. Citing damage to cultural heritage, Tbilisi City Hall fined two street artist activists for putting anti-government graffiti on the walls of a car tunnel near the residence of Bidzina Ivanishvili, Georgia's richest man and the ruling party chair at the time. The activists claimed they had not been fined for placing non-political street art on the same premises earlier. Police also fined another activist GEL 2,000 ($610) for hanging a banner from a high-rise balcony to protest Tbilisi City Hall's demolition of so-called illegal houses. Controversially, the fine came just a few days after a Constitutional Court ruling that found that freedom of expression in the form of placing visual media on private property could not be outweighed by claims of protecting the outward appearance of buildings. During the COVID-19 state of emergency from March to May, protests and at times gatherings of more than three people in public were restricted. In April, police fined a man who showed up at the government administration building to protest pandemic restrictions GEL 3,000 (approximately $920). Over the year, concerns were voiced, including by CSOs and informal groups, over the government's alleged use of the pandemic-related restrictions as a means of limiting protests during the post-election period in 2020.

Ruling party officials continued to delegitimize the work of CSOs by questioning their agendas and alleging their political bias in favor of the United National Movement (UNM), the former ruling party. In May, Facebook removed a network of 730 pages, accounts, and groups linked to Espersona media firm that were allegedly linked to the Georgian Dream party. A study by the Atlantic Council's DFRLab, which cooperated with Facebook and enjoyed access to Espersona's accounts before their removal, demonstrated that the network targeted both the opposition and activist groups.

Georgia's Tax Code allows CSOs to request refunds of value-added tax (VAT) on grant expenditures within three months of the financial operations. Donor rules for the use of VAT refunds vary, with some allowing CSOs to retain the refunds. Georgian laws allow CSOs to engage in economic activities, but income from these activities is taxed at the same rate as activities pursued by any other commercial organization. The laws prevent economic activities from being CSOs' primary activities.

CSOs seeking to specialize in charity activities need to undergo additional procedures to register as charity organizations. The head of the Revenue Service is responsible for making decisions about the registration and revocation of charity organization status in agreement with the finance minister. The Revenue Service has a month to make these decisions. Charity organizations enjoy additional tax benefits, but they are also subject to further government scrutiny and are required to submit additional financial and independent audit reports. As of the end of 2020, there were 116 active charity organizations.

Businesses may deduct the value of their donations to charities from their taxable income up to 10 percent of their net profits from the previous calendar year. Individual donors do not receive deductions for charitable donations.

Several legal initiatives that CSOs have long advocated for were stalled in 2020 because of the pandemic. CSOs still expect the passage of amendments that would standardize the government grant process, allow self-government entities to issue grants, and recognize community organizations and social enterprises. The draft law on social entrepreneurship, which was initially registered in the parliament in 2018, also continued to be stalled. In September, over two dozen CSOs addressed the prime minister and speaker of the parliament to pass the bill, but this effort had not yielded any results by the end of the year.

CSOs can seek legal assistance from other specialized CSOs, including GYLA, the Georgian Democracy Initiative, and Rights Georgia, both in Tbilisi and regional cities.

ORGANIZATIONAL CAPACITY: 3.9[1]

CSOs' organizational capacity improved slightly in 2020. CSOs demonstrated their resiliency, flexibility, and adaptability to the difficult circumstances posed by the pandemic and the associated economic downturn, even as they were forced to decrease their offline activities and outreach. For example, CSOs that traditionally prioritize rights-based advocacy began to provide various services and essential supplies to communities affected by the pandemic and lockdowns. Similarly, LGBTI groups and allies mobilized to provide food, rent subsidies, and psychological services to the transgender community. CSOs that were already technologically savvy further expanded their connectivity with other organizations, stakeholders, and constituencies. Others improved their technological skills, exploring new online platforms and learning how to digitize their activities.

Despite noticeable progress in CSOs' ability to identify constituencies, CSOs struggle to establish lasting relationships with their constituencies because of the project-based nature of their work. Although CSOs were deprived of the opportunity to maintain in-person communication with their constituencies throughout much of the year due to the lockdown, a number of volunteer and CSO-led initiatives offered assistance to new constituencies affected by the pandemic.

While pandemic-related restrictions challenged CSOs' strategic planning and execution of projects, many organizations successfully adapted to the new circumstances. Faced with uncertainty, CSOs had to come up with multiple scenarios and balance the here and now with their long-term visions. Many CSOs quickly mobilized to support the government in managing the COVID-19 crisis. For example, CSOs helped disseminate safety recommendations to remote villages in minority languages; in one such initiative, the USAID-funded Promoting Integration, Tolerance and Awareness (PITA) project produced half a million copies of information pamphlets for the government. Many CSOs were forced to cancel in-person project activities due to the COVID-19 lockdown and associated travel and gathering restrictions. However, many of these were able to move activities online.

Large CSOs have well-developed management structures, strategies, and diverse sources of funding, while smaller organizations often operate on an ad hoc basis, with their existence often tied to their founders.

The largest CSOs managed to maintain or even increase their staff in 2020 despite the challenges stemming from the pandemic. For example, election monitoring CSOs kicked off new advocacy and monitoring programs for the elections, allowing them to attract new personnel. Georgia's emigration trends continue to have a negative effect on CSOs' administrative capacity. Emigration of highly qualified staff from the country, and internal migration from rural areas to the capital city of Tbilisi, create problems for CSOs in both the regions and Tbilisi. Regional CSOs and community organizations are particularly affected as qualified staff often moves to Tbilisi.

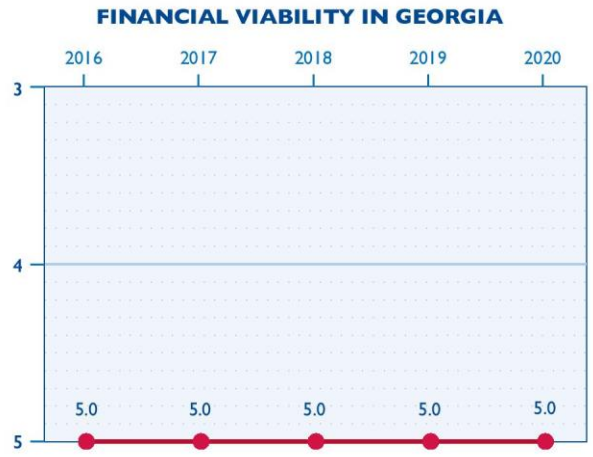
Volunteers joined forces to create ad hoc, informal groups to help the vulnerable at the onset of pandemic. In the spring, for example, activists created a Facebook group linking impoverished citizens seeking help with others

[1] The Organizational Capacity score was recalibrated in 2018 to better reflect the situation in the country and to better align it with other scores in the region. The score did not reflect an improvement in Organizational Capacity, which remained largely the same in 2018 as in 2017.

offering to help them cover the costs of their utilities. The durability of these initiatives and their contribution to growth in the CSO sector remains to be seen but indicates the potential of CSOs.

Tbilisi-based CSOs are technically better equipped than those in the regions, and several large CSOs, such as TI Georgia, operate regional offices. Some organizations in rural areas reported the quality and speed of internet as a pressing challenge, especially as many training and other events moved online during the pandemic.

FINANCIAL VIABILITY: 5.0



The financial viability of the third sector did not change in 2020.

The vast majority of CSOs remain largely reliant on foreign funding, which threatens their sustainability. The European Union (EU) and USAID remain some of the largest donors in the country. Foreign donors launched several new programs to assist CSOs during 2020. The EU allocated funds for a program focused on civil society resilience and sustainability to weather the immediate and long-term impacts of COVID on the sector in the Eastern Partnership countries, including Georgia. The four-year project, which began in July, provided thirteen emergency grants to Georgian CSOs, provided legal and psychological support to three organizations, and offered technical support grants to advance CSO digitalization to seven organizations. In September, USAID launched the five-year Georgia Information Integrity Program, with funding of $7.5 million, to counter disinformation in the country. Implemented by a consortium of Georgian and international organizations, the program will be managed by UK-based Zinc Network. While donors appear to have increased their financial resources for CSOs during the pandemic, it remains to be seen whether this trend will be sustained in the years to come.

Donors also made funding available through existing programs for activities that directly addressed the pandemic. Four CSOs were among eight recipients of the COVID-19 Response Grants Program under the USAID-funded Promoting Rule of Law in Georgia (PROLoG); their projects focused on aiding residents during the pandemic, tackling COVID disinformation in the media; and assessing the influence of the pandemic on the performance of the courts. At the very onset of COVID-19 in Georgia, USAID's ACCESS program issued twenty-two Rapid Response Grants (RRG) to Georgian CSOs, civic movements, and citizen groups to help mitigate the effects of the pandemic.

Donors also generally showed flexibility towards their CSO partners, allowing them to revise their activities and project timelines because of the pandemic. CSOs reported that they were able to save costs by moving planned events online, although these events were generally considered less effective than in-person engagements.

Individual and corporate philanthropy are still underdeveloped in Georgia, although there were some improvements in 2020. Some large businesses, including some in the financially strong banking sector, engage with CSOs to develop corporate social responsibility (CSR) projects. The Bank of Georgia, TBC Bank, Caucasus Online, and Glovo established partnerships with the Charte (Give Internet) platform, which allows private individuals and companies to sponsor internet access for underprivileged high-school students. The Corporate Social Responsibility Club, set up in 2015, merged under the Global Compact Network Georgia in 2020; ten CSOs are currently part of the initiative. Despite these examples, CSO collaboration with businesses is still an exception.

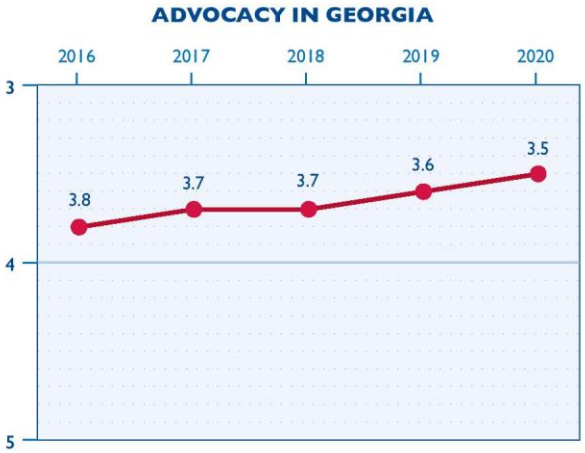
CSOs often mobilize funds for social purposes and emergencies, but these actions are ad hoc and involve little long-term planning. In addition, funds received through crowdfunding are modest compared to donations by foreign donors. In June, the CSO Orbeliani launched its online crowdfunding platform for various causes related to COVID-19, ecology, and education, to name a few. In six months, the platform attracted GEL 35,000 (approximately $10,730) for fifteen initiatives. Fund-seekers could place their ideas on the platform and seek up to GEL 10,000 (approximately $2,800) for their projects.

The share of other sources of income, including earned income from services and membership fees, in CSOs' total revenues remains low. GYLA, one of the largest CSOs in the country, is membership based but the fees it collects cover an insignificant portion of its operational costs.

The government lacks a well-established and unified policy about funding for the sector. CSOs, especially watchdogs, are reluctant to apply for government funding because of concerns about partisan influence and limited transparency in the process. The Center for Electoral Systems Development, Reforms, and Training continued distributing state funds to CSOs in 2020. The Center funded forty-four CSOs to educate voters ahead of the October elections. The opposition alleged that these funds were disbursed to government-organized NGOs (GONGOs). Local governments have no legal authority to disburse grants to CSOs.

Institutionally strong CSOs, which are typically based in Tbilisi, use advanced financial management systems and have specialized staff in place, while smaller organizations continue to lack such systems. Only well-developed CSOs conduct independent audits and publish the results.

ADVOCACY: 3.5



CSO advocacy improved slightly in 2020, although the context and environment for advocacy remain challenging. Despite the government's sustained criticism of top watchdog organizations, authorities remain formally open to CSO partnerships and policy initiatives. These collaborations often fail to translate into tangible policy outcomes, however, especially on politically sensitive issues. Similarly, CSOs continue to be widely invited to participate in various government working groups, councils, and consultation meetings, but their inputs are rarely reflected in decision making.

Despite these systemic obstacles, CSOs successfully advocated on a variety of issues, including the introduction of a Facebook Ad Library to make the advertising for political parties on Georgians' favorite social media platform more transparent ahead of the elections. Another successful advocacy campaign led to Facebook expanding its third-party fact-checking program to Georgia in September. Through this program, two local CSOs, the Myth Detector platform of Media Development Foundation and Factcheck.ge program by Georgia's Reforms Associates (GRASS), were charged with tackling misinformation spread on the platform.

CSOs were strong proponents of efforts to transfer the country's electoral system to proportional representation. In addition, their long-sought gender quota mechanism amendment made it into the electoral code. After the elections, CSOs reported a series of shortcomings in the process of complaints and appeals, both in terms of election administration and in the courts.

CSOs garnered international attention over Georgia's troubled judicial reform in 2020. During her February visit to Georgia, USAID Deputy Administrator Bonnie Glick encouraged the parliament to incorporate recommendations from civil society and the Organization for Security and Cooperation in Europe (OSCE) to improve the Supreme Court appointment process. In November, during his short visit to Tbilisi, outgoing U.S. Secretary of State Mike Pompeo sat down with civil society representatives to discuss judicial independence. The U.S. Consolidated Appropriations Act for 2021, signed into law in December 2020 by President Donald Trump, added "the state of rule of law and accountable institutions" as a conditionality to the $132 million of assistance for Georgia.

Environmental CSOs and informal activist groups galvanized attention towards the controversial construction of the Namakhvani hydropower plant in western Imereti region, including through on-site demonstrations and social media. In addition, GYLA filed a case in court to block the project. In November, police forcibly dispersed a largely peaceful crowd that was blocking the highway near the construction site. CSOs condemned the government for its use of oppressive measures against the protesters instead of engaging in dialogue.

CSOs continue to lobby for decentralization reform, including for increased possibilities to advocate to local governments, which are still highly dependent on decision making in Tbilisi. While these efforts have been largely unsuccessful to date, a number of large projects successfully support local activism, participatory advocacy, and development in the regions of Georgia. For example, Local Action Groups (LAGs) supported under the EU's European Neighborhood Program for Agriculture and Rural Development (ENPARD) engage in participatory planning and implementation of local rural development initiatives.

Press freedom remained a central issue for CSOs in 2020. The Coalition for Media Advocacy, consisting of a dozen organizations, addressed the international community over "alarming processes," including the dismissal of key journalists and anchors by the new, government-friendly director, in Adjara TV, the Batumi-based public broadcaster. The Coalition also called on the Ministry of Interior to take immediate action to prevent interference in journalists' activities in Pankisi Gorge, where a local community radio received violent threats, some of which were allegedly from local governing party officials.

In September, parliament passed a sweeping labor code package that expanded labor rights and the mandate of the State Labor Inspection; the changes were partly shaped by the guidance and expertise of CSOs. The amendments not only brought Georgian laws in line with its European and international obligations, but also included specific recommendations from civil society groups.

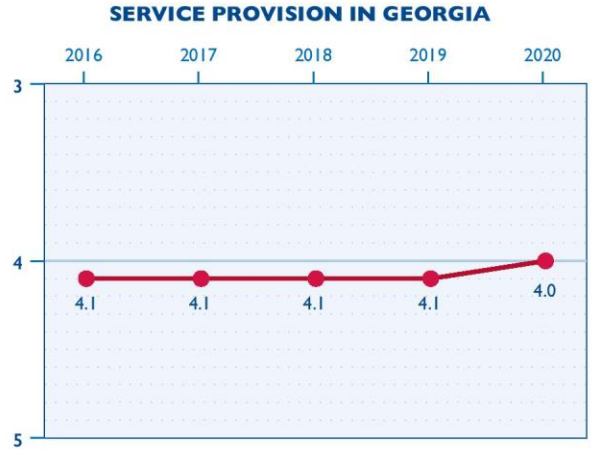
Eleven CSOs, along with the Public Defender's Office, pursued an advocacy campaign and submitted an alternative Universal Periodic Review (UPR) report to the UN Human Rights Council aimed at providing recommendations to international partners and diplomatic corps. The group listed a number of issues, including rights to sexual and reproductive health, socio-economic rights, rights of ethnic and religious minorities, prisoners, women, LGBTI people, children, religious freedom, and migrant rights, as well as judicial independence.

A recent report by the EU acknowledged civil society's active role and involvement in monitoring Georgia's implementation of the Association Agreement, including the Deep and Comprehensive Free Trade Area (DCFTA), policy formulation, and holding the government accountable, including at the local level to some extent.

Despite these successful examples, there is a general lack of liaison between the government and CSOs, and a scarcity of constructive cooperation between the two sectors on issues including judicial independence, electoral reforms, and human rights. CSO networks and umbrella organizations typically appeal to the government through open letters and statements, with little constructive cooperation on controversial matters. Existing dialogue between the two sectors is often held pro forma, rather than out of the government's genuine desire to take CSO opinions into consideration.

CSOs such as the Civil Society Institute continued to engage in advocacy to improve the legal environment governing the sector. However, the pandemic, hotly contested parliamentary elections, and the ongoing political crises of 2020 consumed most of the attention of civil society, media, and the donor community in Georgia, stalling such efforts.

SERVICE PROVISION: 4.0



Service provision improved slightly in 2020 as CSOs quickly reacted to the needs generated by the pandemic and increased services during the unprecedented public health crisis. For example, with the support of the EU, the Women's Information Center and its partner CSOs launched a program to support victims of domestic violence, which is widely believed to have increased during the pandemic and the nationwide lockdowns.

In general, CSO services are largely focused on social services and free legal aid, but CSOs also increasingly provide new services, including psychological, medical, and social work support services. For example, the Equality Movement, an LGBTI rights group, expanded its pre-exposure prophylaxis (PrEP) HIV prevention

program and offered program beneficiaries free Hepatitis B vaccinations in 2020.

Many believe that there is a profound disconnect between the operational focus of larger CSOs that get more press, such as advocating for good governance, and the public's general needs and interests, such as unemployment and social welfare. In general, however, most CSO services and activities effectively respond to local needs. Needs assessments are usually conducted both by donors, who solicit such assessments before finalizing the priorities for their calls for proposals, and by their implementing partners. CSOs employ various tools to identify local needs, including surveys, key informant interviews, and consultations with local stakeholders, while others approach constituencies directly, including through public meetings.

Informal groups became more active and self-organized, even without donor backing, at the onset of the pandemic. In March and April, the "Salam" group of ethnic Azeri activists provided hard-hit ethnic Azeri communities in southern municipalities, which have poor command of the Georgian language, with relevant information on the pandemic and lockdown restrictions in their native language. Fifty-four teachers and activists volunteered as part of the "Volunteer Teacher" project, offering forty-three courses in math, English, and cinema, among others, to over 500 primary and high school students. A group of activists, including ordinary citizens and formal CSOs, successfully implemented a fundraising campaign for transgender sex workers, who were particularly negatively affected by the two-month-long pandemic restrictions, including the curfew in the spring. The donations ensured the delivery of food and rent for a few dozen trans women, which was especially important given the inadequacy of government policies to ensure access to housing, employment, and health services.

Foreign donors supported a variety of CSO activities to respond to the needs of the pandemic. Among other activities, the Rapid Response Grants issued by USAID's ACCESS program supported initiatives that helped vulnerable groups and built the capacity of medical personnel. USAID's PITA project trained teachers in ethnic minority schools in online teaching after the education system got shut down for most of the year. With funding from UNDP and the UK, the UN Association of Georgia (UNAG) collaborated with the National Center for Disease Control (NCDC) to develop the national risk communication strategy for the government of Georgia, focusing both on crisis and post-crisis needs. With USAID funding, UNAG also helped the State Ministry for Reconciliation and Civic Equality to print and distribute over 300,000 copies of brochures containing information about COVID in minority languages.

A number of CSOs provide fee-based services such as training, coaching, and various master classes for other organizations, including businesses. Among other organizations, Center for Training and Consultancy (CTC) and Partners Georgia provide training and consulting services to both Georgian and foreign companies and generate income from these services. In general, however, CSOs lack capacities to generate substantial and sustainable revenues through the sale of services. CSOs generally offer their publications, including policy papers, research reports, and manuals, to other CSOs, government agencies, and academia free of charge. The sector generally provides its services to various stakeholders without discrimination.

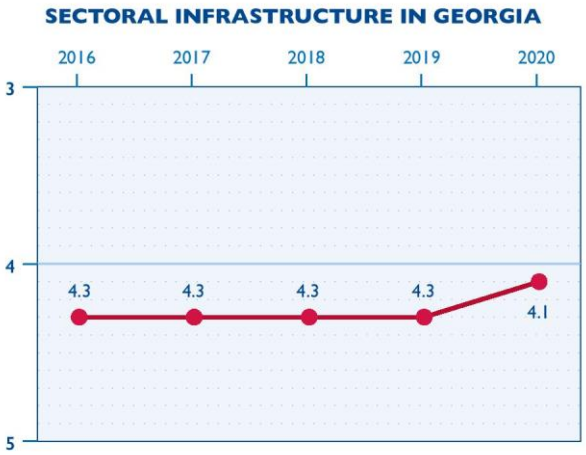
The government recognizes the value of CSOs and their services, but only in select issue areas. It is very common for various government offices to partner with local CSOs, including as co-applicants for grant opportunities related to youth, employment, health care, and other non-political issues. It is increasingly difficult, however, to achieve a similar degree of collaboration in such high-profile issue areas as judiciary, law enforcement, electoral reform, or other hotly contested topics in Georgia.

SECTORAL INFRASTRUCTURE: 4.1

The infrastructure supporting the CSO sector improved moderately in 2020. CSOs strengthened their networks and cooperation and made sustained efforts on long-term issues, although ad hoc initiatives still dominate the field.

CSOs were actively involved in multiple thematic coalitions throughout the year. The Coalition for Media Advocacy, which unites GYLA, Media Club, the Journalistic Ethics Charter, Open Society Georgia Foundation (OSGF), and the Alliance of Regional Broadcasters, among others, continued to advocate for press freedom in the face of the deteriorating and highly polarized media environment. The Coalition for an Independent and Transparent Judiciary, uniting over forty CSOs, including OSGF, the Civil Society Institute, TI Georgia, GYLA, Rights Georgia, and Europe Foundation, fights for judicial reform. The work of coalitions continues to be sporadic

and largely project-driven, and there is room for improvement in cooperation both among and within different coalitions.



With EU support, the Caucasus Environmental NGO Network (CENN) teamed up with regional CSOs to open Innovation Hubs in disadvantaged communities in Gori, Ninotsminda, and Akhmeta that will offer modern equipment and space to youth. CENN also operates ten well-equipped Eco-Hub co-working spaces in the regions. UNAG's USAID-supported PITA program operates fourteen youth centers across the country—two in the capital city and twelve in the regions—that offer free space and activism opportunities to youth and youth CSOs.

The USAID-supported Centers for Civic Engagement (CCEs), which are located in ten large regional cities, offer various services, including meeting room rentals, event planning, catering, and photo-video services. The services are offered free of charge to regional CSOs, while Tbilisi-based organizations are charged fees. During the election period, the centers offered space to CSOs, the election administration, and local authorities. The network also offered space to political parties and candidates for free for events focused on presenting party programs and informing citizens about the election procedures. During the pandemic, the CCEs used their extensive local networks to assist the government, CSOs, and the private sector in disseminating critical information to regional stakeholders and communities.

There are several local grant-making CSOs, including the Women's Fund, OSGF, and Europe Foundation. For instance, the Women's Fund issued grants to ten CSOs and initiative groups to support a sustainable feminist movement and disbursed thirteen grants to CSOs and independent civic activists, both in Tbilisi and the regions, as part of its COVID-19 rapid reaction program. These CSOs depend on foreign donors for re-granting.

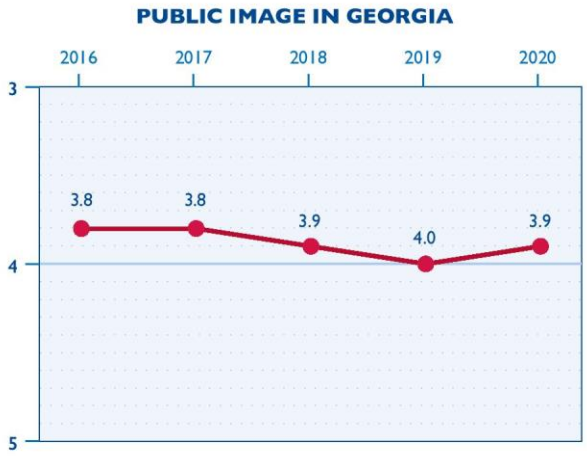
During the pandemic, access to training, albeit online, increased for CSOs. CTC offered online self-paced courses for CSOs on workplace sexual harassment, organizational leadership, and project logistics. In December, the Center for Strategic Research and Development (CSRDG) announced a contest to offer technical assistance to social enterprises. Through the program, CSRDG will offer three or four enterprises assistance in marketing and branding, public relations, business planning, production development, crisis management, and other areas.

Several CSOs offer pro bono services to other organizations. Audit Consulting Group (ACG) offered community organizations training via Zoom in taxation and accounting, Policy and Management Consulting Group (PMCG) held a webinar on how to use Microsoft Teams, while Analysis and Consulting Team held a pro bono webinar on the use of Zoom video communications. Through the informal Pro Bono Georgia network, CSOs successfully cooperate with businesses to offer free services and expertise to other CSOs.

Cross-sectoral cooperation was noticeable ahead of the elections. During the pre-election period, the Central Election Commission (CEC), together with CSOs and others, led voter education campaigns. The CEC and civil society signed a memorandum of understanding on preventing the misuse of administrative resources. The CEC and local observer CSOs also came up with a code of ethics in which they committed to following Georgian laws and international best practices while observing the elections. But confrontation grew as principal watchdog organizations harshly criticized the CEC's publication of data and handling of the appeals process. CSOs boycotted the Inter-Agency Commission on Free and Fair Elections, which probed alleged election violations. CSOs criticized the Agency for its failure to follow impartial investigations, while the Agency accused CSOs of hindering its investigative capacities.

CSOs also cooperate with other sectors on other issues. Twelve LAGs across the country, funded through ENPARD, continue to serve as cooperation platforms where civil society, the private sector, and government can work together to improve the lives of rural households by diversifying local economies. In 2020, several CSOs, activists, and independent trade unions established the Fair Labor Platform, dedicated to promoting labor rights and social justice in the country.

PUBLIC IMAGE: 3.9



CSOs' public image improved in 2020, despite the major blow struck by the ISFED controversy at the end of the year. The improvement is mostly due to CSOs' rapid reaction to the pandemic and efforts to complement state aid where necessary. According to the Caucasus Barometer 2020, a respected annual opinion survey, 24 percent of Georgian respondents said they trust NGOs, an increase from 20 percent a year before. Conversely, 22 percent said they distrusted NGOs in 2020, while the figure stood at 25 percent in 2019. Importantly, 21 percent responded to the question that they do not know, highlighting the major work CSOs still need to do to make the public aware of its work.

Media increasingly offer airtime to civil society actors to highlight their expertise and advocacy, including in the areas of electoral reform, judicial independence, human rights, and government decisions. CSOs are present in media to comment on women's rights, environmental issues, LGBTI rights, and labor reform. But while independent and pro-opposition media invite CSO representatives to participate in debates on social and political issues, on the other side of Georgia's highly polarized media spectrum, pro-government outlets are less likely to engage these actors.

Although CSOs are committed to delivering high-quality products, they struggle to reach wider audiences, even when they have the necessary financial resources for outreach. In many cases, this is because their outputs, including statements, policy papers, recommendations, and research reports, are poorly framed for the use of modern media, both mainstream outlets and especially social media.

In the context of election monitoring, GONGOs and pro-government media offer alternative narratives, downplaying the work and findings of independent election watchdogs. As watchdogs highlighted serious shortcomings in the election process, for example, GONGOs spoke of minor procedural breaches of laws and questioned the work of independent CSOs.

The issue of partisanship in the CSO sector became more noticeable in the context of the elections in 2020, as the ruling Georgian Dream party and the largest opposition electoral bloc led by the UNM traded accusations over party-affiliated organizations registered as election monitors. The two parties claimed at least 60 out of 132 election monitoring CSOs were partisan.

The relationship between the government and civil society continued to deteriorate throughout the year. In June, more than fifty organizations publicly decried the government's nomination of then parliamentary Human Rights Committee chair Sopio Kiladze to the UN Committee on the Rights of the Child, citing her questionable track record, including alleged homophobic prejudices and disregard of various minorities. Tensions intensified as the German Ambassador to Georgia scolded the CSOs for engaging in "attacks of a personal nature" against Kiladze. CSOs rebuffed the Ambassador's remarks, noting that "such attitude endangers unfettered work of civil society outfits." CSOs also came at odds with the government on the issue of press freedom, the appointment of the State Inspector and the Chief Prosecutor, and controversial appointments of the Supreme Court Head and Constitutional Court Justices amid pandemic lockdowns.

Representatives of the ruling party continued to suggest that watchdog CSOs were contributing to further tensions in the country by supporting the UNM, and a Georgian Dream lawmaker even claimed that civil society actors were controlled by the UNM. CSOs faced increasing skepticism from the opposition as well, especially after the case with ISFED. The opposition labor party leader suggested that NGOs were in fact part of the government sector, sold to whoever pays more for them. Pre-election monitoring on anti-Western discourse and hate speech by political actors confirmed that CSOs were frequently targeted as part of anti-Western narratives. Far-right political groups that ran in the elections made calls for Russian-style restrictions on foreign funding for CSOs.

According to a survey commissioned by the U.S.-based National Democratic Institute (NDI) in June, 37 percent of respondents fully or partially trusted CSOs with information about COVID-19, 18 percent fully or partially distrusted them as a source for pandemic updates, and 39 percent said they did not receive information about COVID-19 from CSOs. In comparison, 90 percent fully or partially trusted the NCDC, 73 percent fully or partially trusted media/journalists, and 61 percent trusted, fully or in part, their church/religious leaders with information about COVID-19.

While the commercial sector remains "socially distanced" from the non-commercial sector, the COVID-19 crisis inspired a few positive interactions between the two. For example, Ertianoba (*Unity*, Ianoba.ge) was a short-lived but widely successful charity platform that was jointly launched in response to the initial COVID-19 outbreak by key people from Adjara Group (Georgia's hospitality giant), Georgian Farmers' Association (a local CSO), and others.

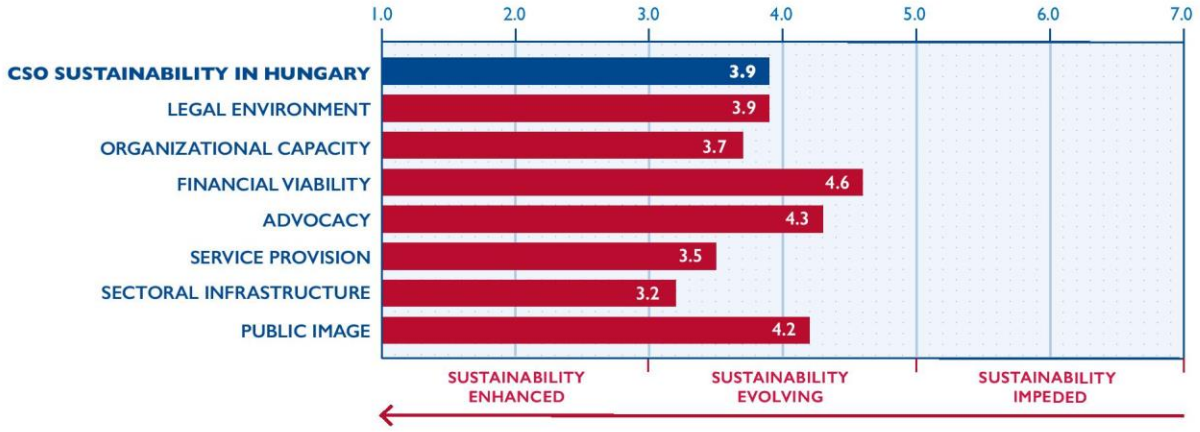
Internet usage is steadily increasing in Georgia, with 83 percent of households having access to the web, and 95 percent of netizens participating in social networks. CSOs' presence on social media is growing, especially as the pandemic resulted in much work being moved online. Georgian CSOs, in particular watchdog groups, increasingly use Twitter to engage with international audiences that follow Georgia. But many CSOs lack dedicated personnel to engage their audiences and beneficiaries online.

Transparency in the sector is still limited. Casual inquirers might still face challenges in accessing information about CSO activities and finances, as many CSOs still do not publish easy-to-understand reports.

HUNGARY

Capital: Budapest
Population: 9,728,337
GDP per capita (PPP): $32,945
Human Development Index: Very High (0.854)
Freedom in the World: Partly Free (69/100)

OVERALL CSO SUSTAINABILITY: 3.9



The situation in Hungary—as in the rest of the world—in 2020 was dominated by the impact of the COVID-19 pandemic. The first few cases of the virus were reported in the country in late February. Bowing to public pressure, the government closed schools and introduced lockdown measures in mid-March that remained in effect until early June. The lockdown helped limit the health impacts of the first wave of the pandemic to about 100 new cases a day and less than 600 deaths total through the summer. However, the economic impacts were severe, with gross domestic product (GDP) decreasing by 13.6 percent in the second quarter alone. In late March, the parliament adopted the so-called Authorization Act, which included a set of emergency COVID-19 measures that criminalized the spread of misinformation and allowed the government to rule by decree without any time limits or other constraints. This led to renewed international criticism of the government. However, despite international interpretations that parliament was suspended, the assembly continued to operate normally throughout the year.

After a fairly peaceful summer, the number of new COVID-19 cases started to increase rapidly at the end of August, a trend that continued unabated until almost the end of the year. Fearing further economic downturn, the government was reluctant to introduce significant new measures or limitations other than compulsory mask-wearing in shops and public transportation for several months. A more comprehensive set of measures, including another effective lockdown, was only announced in the second week of November. By this time, the death toll has risen to 100 a day—a trend that continued through December—and more than 6,000 people were hospitalized.

The government used both lockdown periods to pursue its own political and economic goals. A variety of questionable pieces of legislation were passed—both as decrees and amendments approved by parliament—that had no relevance to the crisis, including an amendment of the Constitution. Several of these measures targeted lesbian, gay, bisexual, transgender, and intersex (LGBTI) people, including a ban on legal gender recognition, and a provision effectively prohibiting same-sex couples from adopting children, both of which were adopted despite protests at home and abroad. Other decrees privatized public assets, such as real estate, by transferring their ownership to churches, businesses, and government-established foundations, especially in the area of higher education. Throughout the pandemic, the government's approach was characterized by a lack of transparency. Towards the end of the year, the government also clashed with the leadership of the European Union (EU), threatening to veto the approval of the next seven-year budget period and the new recovery fund due to disagreement over proposed rule of law conditionalities linked to the funds.

At home, the government left vulnerable social groups, including the rural poor, homeless, and people with disabilities, without any targeted support during the crisis. Furlough payments ("kurzarbeit") for the hardest hit

businesses were introduced quite late and had a fairly limited scope, as employers were required to meet a set of complicated criteria and the application procedures were difficult. According to reports in August, only around 225,000 out of a total of 4.5 million employees benefited from this assistance, while the number of unemployed increased by 100,000 compared to the previous year. The government also failed to extend the scope of social benefits, including the length of the unemployment benefit, which is just three months, the shortest in the EU.

Under these circumstances, local governments and civil society assumed most of the responsibility for assisting those hardest hit during the crisis. But while the burden on municipalities grew significantly, the central government reduced their sources of income by freezing local taxes or re-directing them to the national budget. These measures affected opposition-led local governments the most, seemingly in retaliation for the successes achieved during the October 2019 elections. One example is that of a contested industrial investment planned in Göd, a small town near Budapest. After the new mayor expressed his opposition to the plan, the government issued a decree declaring it an investment of "national importance," effectively taking away the municipality's right to participate in the decision-making process in any way (resulting in significant public protests) and redirecting future tax income from the plant from the local to the county level.

Besides municipalities, CSOs were also quick to respond to the crisis, mobilizing considerable resources. Most organizations that could remain operational under the circumstances refocused their activities towards the pandemic in one way or another.

Overall CSO sustainability remained unchanged in 2020, although three dimensions—organizational capacity, financial viability, and sectoral infrastructure—recorded slight deteriorations mainly due to the impacts of the COVID-19 pandemic and the related governmental policies, which neglected civil society. While financial viability continues to be the weakest dimension of CSO sustainability in Hungary, advocacy and public image also continued to be quite constrained.

According to the latest data published by the Central Statistical Office, in 2019 there were slightly less than 61,000 nonprofit organizations, a decrease of 600 compared to the previous year. The proportion of associations, foundations, and other types of organizations in the total remained unchanged at approximately 34,000, 19,000, and 8,000, respectively. The total income of associations and foundations in 2019 was HUF 900 billion ($ 3.1 billion), an 8 percent increase compared to 2018; however, this trend probably reversed in 2020 as a result of the pandemic and related cuts in public funding.

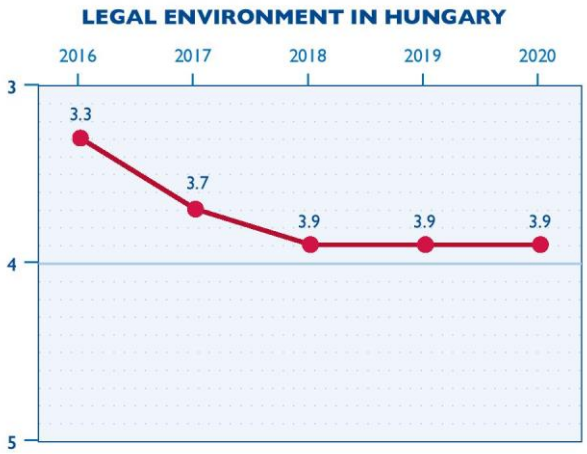
LEGAL ENVIRONMENT: 3.9

The overall legal environment governing civil society in Hungary was affected by both positive and negative developments in 2020, leaving the overall score for this dimension unchanged.

The CSO registration process is generally smooth. The electronic/online registration system has become more routine and the overall process has become faster. However, the practices of individual regional courts continue to differ somewhat, resulting in some uncertainty and unpredictability in the system. In response to the pandemic, special decrees made virtual board meetings and assemblies simpler and extended the reporting deadlines for CSOs. Otherwise, the core legislation governing CSO operations did not change.

In a notable development, on June 18, the European Court of Justice (ECJ) ruled that the 2017 Act on Foreign-Funded Organizations[1] was in breach of EU law on several counts, including for restricting the freedom of assembly, the right to privacy, and the free movement of capital in the EU. While the court decision obligates the Hungarian government to repeal the legislation, this had not happened by the time of writing. Instead, beginning in September, Tempus Public Foundation, the national agency managing the EU's Erasmus+ program in Hungary, started requesting its CSO applicants and select grantees to submit declarations stating that they conform with the provisions of the foreign-funded legislation as a compulsory precondition of contracting. Several affected organizations publicly protested this measure, with no result. The Hungarian government's lack of action to repeal

[1] The Act on Foreign-Funded Organizations obligates CSOs receiving more than HUF 7.2 million (approximately $25,500) from non-Hungarian sources to register and include the words "foreign funded" on their websites and publications.



or amend the foreign-funded legislation in the face of the ECJ ruling will likely trigger another infringement procedure by the European Commission in the near future. Meanwhile, the 2018 Stop Soros legislation, which criminalizes support to immigration (which includes providing legal aid to asylum speakers, as well as "propaganda" depicting immigration in a positive light), continues to pend before the EU court, where it has been awaiting a ruling since summer 2019. While CSOs have not suffered any direct consequences for violating the provisions of these two pieces of legislation (with the exception of the Tempus requirement), they continue to pose a threat to civil society.

Some other legislation indirectly affecting CSO operations was also changed during the year, partly in response to the pandemic. During the spring and autumn lockdowns, a total ban on assemblies was imposed, making any protest effectively illegal (see more in Advocacy). Also, the deadlines for public agencies to respond to freedom of information requests were extended from fifteen to forty-five days, rendering most such efforts obsolete in the fast-changing situation.

In summer, an amendment to the Act on Adult Education raised some concerns among CSOs. The rather obliquely formulated provisions seemed to extend the act's purview to all training-like activities organized by civil society, obligating them to register detailed information about their events, including the list of participants, with the relevant state agency. Just days before the amendment entered into force, the responsible ministry issued some guidance that clarified that typical CSO trainings, which are occasional and short-term, do not need to be registered, thus dissipating most concerns. Those CSOs that organize trainings on a more systematic basis and have registered have not reported any practical problems yet.

The media smear campaigns against CSOs observed in previous years continued in 2020, though at a somewhat lower intensity and with more focus on human rights—especially LGBTI organizations—towards the end of the year. Otherwise, CSOs suffered no direct harassment from the government during the year.

There was little change in CSOs' taxation in 2020. The legislation on administrative levies changed, narrowing the circle of exempted organizations from all CSOs to only those with public benefit status. At the same time, in response to the pandemic, the value-added tax on in-kind donations was abolished, though because of the required administration, it benefited only those that received large amounts of such support. Taxpayers continue to have the option of assigning 1 percent of their income tax to a CSO.

CSOs are still allowed to raise funds freely, earn income, and enter into contracts. CSOs can accept funds from foreign donors, although this may lead to stigmatization according to the "foreign-funded" legislation.

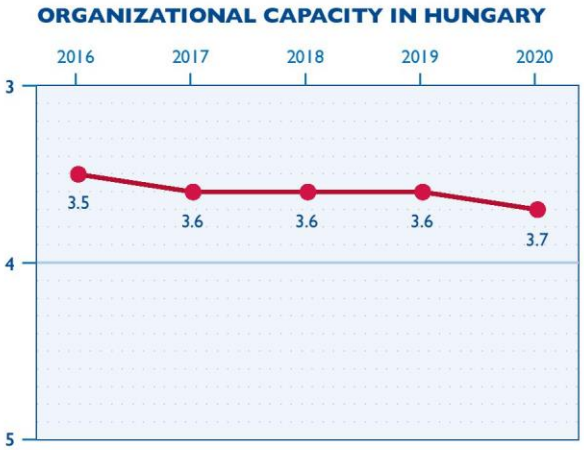
Local legal capacity did not change in 2020. A few CSOs—particularly the Hungarian Civil Liberties Union (HCLU) and Global Network of Public Interest Law (PILnet)—continue to provide quality legal services, but the demand is greater than the supply. Such services are still more readily available in Budapest, although HCLU has started the process of opening local offices in major countryside towns.

ORGANIZATIONAL CAPACITY: 3.7

The pandemic and its consequences had a profound effect on CSOs' organizational capacity in 2020, mostly in a negative direction. Existing gaps between large, urban-based professional organizations and small, weak, under-resourced local groups became more pronounced, with the "middle-class" of civil society (mid-sized organizations in rural towns) disappearing almost completely. According to the latest official statistics, in 2019, more than 70 percent of CSOs operated with annual budgets less than 5 million HUF ($17,250); this ratio has remained unchanged for a number of years and is likely to hold steady in 2020 as well.

While overall organizational capacity suffered, some advances were made in constituency building. A growing number of organizations—primarily larger, professional organizations—consciously nurtured their circles of

supporters, maintained databases, and circulated newsletters in 2020, and the social crisis brought about by the pandemic inspired many new people to volunteer. However, it remains to be seen whether CSOs can sustain this surge and retain their new supporters over the long run or if this will disappear once things return to "normal."



Strategic planning was made practically impossible by the pandemic, and organizations' plans had to be constantly revised in 2020. While many CSOs quickly mobilized to mitigate the effects of the crisis, this often took the form of ad hoc, immediate actions instead of longer-term efforts. Many organizations undertook activities that fall outside of their regular missions and objectives. For example, some advocacy organizations began to collect and distribute food donations.

Internal management structures in the sector remain generally weak. Only the largest few hundred organizations have clear structures and divisions of tasks and responsibilities. The pandemic forced some CSOs, especially those that could not continue their regular activities, to pay more attention to how they work and re-think their internal modes of operation. Newer organizations led by young people tend to take inspiration from the management methods of the business world, though the tools and methods of impact measurement are still not widely understood in the CSO sector.

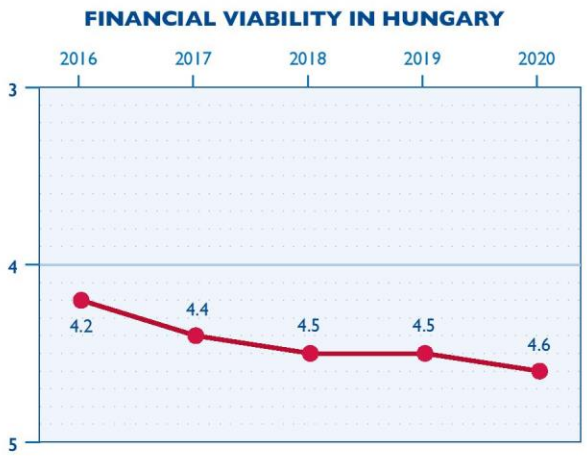
CSO staffing suffered seriously as a result of the financial crisis stemming from the pandemic. While there are no comprehensive statistics available, surveys conducted in the spring by several actors, including Simpact, the Nonprofit Information and Education Center (NIOK) Foundation, and the Civilization coalition, indicate that as many as 30 percent of respondents had to lay off staff, as—despite government statements to the contrary—civil society was left out of the furlough schemes designed to help maintain employees through the lockdown. The longer-term effect of these cutbacks remains to be seen.

The picture regarding CSOs' technical advancement is mixed. While the transition to online operations and events accelerated learning and forced adaptation in this field, it also highlighted shortcomings in the sector. According to the surveys mentioned above, 40 to 50 percent of respondents moved their operations online quite smoothly, while the other half indicated that this transition raised insurmountable obstacles. While most CSOs have basic information technology equipment, including smartphones and laptops, and at least a Facebook page, these tools are often obsolete or insufficient in the face of increased demand. During the year, CSOs actively organized and participated in campaigns to collect and distribute equipment to support digital education while schools were closed. Cybersecurity is an issue that only the largest and most exposed organizations address.

FINANCIAL VIABILITY: 4.6

The crisis caused by the pandemic adversely affected the financial viability of CSOs. According to all of the above-mentioned surveys conducted among CSOs, approximately three-quarters of respondents suffered losses of income in the short term and expected more of the same in the longer term. The government did not provide any additional funding or relief to CSOs in response to the pandemic, and nonprofits were even excluded from the very limited furlough scheme introduced in April.

In 2020, the total budget of the National Cooperation Fund, the main public funding tool for CSOs, was increased to HUF 7.7 billion (approximately $26.5 million) from the 2019 amount of HUF 5.5 billion (approximately $18.3 million); a further increase to HUF 9.3 billion (approximately $32 million) is promised for 2021. In 2020, CSOs operating in settlements smaller than 5,000 inhabitants could also access a new source of funding, the Village Civil Fund, which had a total budget of HUF 5 billion (approximately $17.2 million). However, the government maintains control of the distribution of these funds, and the process remains opaque and biased towards loyal organizations that are often formed or led by local party functionaries, as opposed to independent CSOs. EU Structural Fund support has run out with the coming end of the current seven-year budget period, thus, there were no open calls



available to CSOs in 2020. In contrast to earlier expectations, local governments, especially opposition-led ones which suffered heavy budget cutbacks under the guise of the pandemic, could not provide significant amounts of support to CSOs. For example, the 8th district of Budapest only allocated a total of HUF 7 million (approximately $24,000) to CSOs during the year.

With public funding practically inaccessible, foreign support, especially grants provided by international philanthropic donors, remains crucial for many CSOs, particularly human rights, watchdog, and advocacy organizations. Several donors, including Civitates, Sigrid Rausing Trust, and Open Society Foundations, continued their ongoing funding programs in 2020. In addition, some new programs were launched during the year. For example, the Stronger Roots, Stronger Ties program supported by Porticus allocated approximately EUR 1 million in funding, while Mercator Foundation's Civil Europe program provided support of up to EUR 50,000 to a few different projects in Hungary; both of these initiatives focus on capacity and constituency building, especially targeting rural CSOs. The Hungarian government finally concluded the long-awaited agreement with the donors of the European Economic Area (EEA) and Norway Grants at the very end of the year.

CSOs reported mixed experience with corporate giving in 2020. In spring, several companies suspended their traditional small grant schemes. For example, Tesco and Lafarge both halted their programs before relaunching them in the fall. Companies also provided significant, mostly in-kind, donations to help those affected by the crisis. This kind of support was concentrated and directed at major charities, such as the Red Cross.

At the same time, private giving to those left vulnerable by the crisis surged, with many organizations launching donation campaigns providing food aid, hygienic supplies, and equipment for digital education to thousands of needy families. NIOK Foundation reported a ten-fold increase in the amounts collected through the adjukossze.hu crowdsourcing platform in March, and an eighteen-fold increase in April compared to the year before. But this surge gradually disappeared after the restrictions were lifted in June, and no comparable enthusiasm was observed during the second wave. CSOs are becoming more professional at raising online donations—the most widespread fundraising tool during the lockdown—but also increasingly use other creative tools, such as collections by "ambassadors," Giving Tuesday, etc. After several years of steady decline, in 2020 the overall amount donated through the 1 percent mechanism increased (by approximately HUF 800 million, approximately $2.7 million), as did the number of persons who assigned 1 percent of their personal income tax to a CSO. This increase was likely driven by the fact that the collection period coincided with the first wave of the pandemic.

Earned income still does not comprise a significant source of income for most CSOs. While the number of organizations that produce merchandise and maintain webshops (for example offering artistic products made by disadvantaged people) seems to be growing, managing these endeavors takes a lot of effort and resources. Some social enterprises are becoming financially more sustainable, but this is still not widespread.

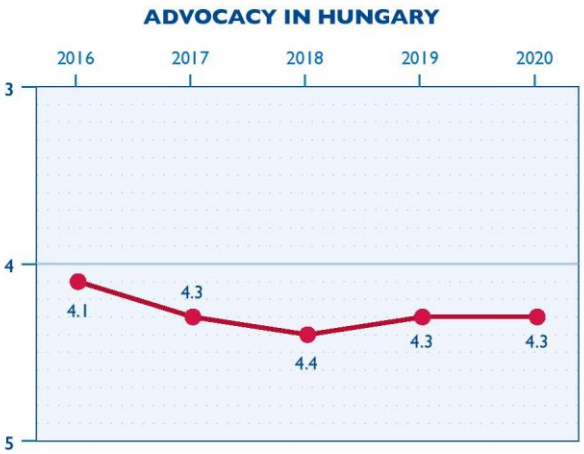
With the exception of government-friendly quasi-NGOs, most CSOs work in a transparent manner, at least on a basic level, as they are required by law to produce and publish annual reports and accounts. A change in general invoicing regulations introduced in 2020, which makes the use of electronic invoicing programs and real-time access for the tax authority compulsory, is expected to further improve transparency. Nevertheless, generally only professional organizations, which are more exposed to potential attacks, maintain more sophisticated financial management systems.

ADVOCACY: 4.3

In 2020, CSO advocacy was influenced by opposing trends, resulting in a stagnant score.

In spite of existing legal provisions providing for public participation, both the central government and parliament remain unresponsive—and often downright hostile—to any criticism or proposals coming from "outside." During

the lockdown periods, freedoms of assembly and expression were temporarily restricted. In particular, the total ban on assemblies left little opportunity for people to express dissent. Online petitions, especially through the ahang.hu platform, were increasingly used, but had little or no effect on decision-makers, despite collecting as many as 100,000 signatures in response to some major national issues, especially against the emergency restrictions adversely impacting rule of law standards. When two independent members of parliament (MPs) organized a series of vehicle demonstrations with cars circling and honking in a downtown roundabout, the police reacted by fining participants, citing either traffic rules or emergency restrictions.



The emergency law in spring also significantly increased the criminal penalty for spreading false information about the pandemic. However, rather than applying this clause against the emerging anti-virus movement, the police used it to intimidate a few private individuals who posted about the health system's shortcomings on their social media accounts by raiding their homes in the early hours; no indictments followed in any of these cases.

At the same time, many of the local governments elected in autumn 2019 displayed an openness toward the participation of and cooperation with civil society. At the beginning of the year, Budapest City Hall started developing a new concept for civic cooperation and organized various roundtables and participatory planning processes, however, these were disrupted by the pandemic. The local decree on civic cooperation was eventually approved in November, but compared to the initial goals and ambitions, the final version lacked progressive elements. Pécs city council similarly invited local CSOs to develop the civil strategy of the local government in cooperation with it. Some districts of Budapest and county seats such as Miskolc also created special units or offices responsible for citizen engagement and participation.

In spite of the adverse political environment, CSOs remained actively engaged in advocacy in 2020. The largest such effort during the year was the case of the University of Theatre and Film Arts. In the summer, the government reorganized the leadership of this institution, as well as that of other universities, effectively abolishing its autonomy and handing over all competences to the Board of Trustees of a newly established foundation, in which the university community is not represented. In response, the teachers went on strike and the students occupied the university buildings in downtown Budapest for seventy days, only giving up when the new lockdown was announced in November. Throughout this period, they also organized a number of creative and visible actions, the largest of which drew more than 10,000 protesters in a peaceful march. The spontaneous symbol of the blockade—red and white cordon strips used by the students—became a regular sight around the city. Still the government was not willing to fulfill the students' key demand: to consult and negotiate directly with the relevant minister instead of its 'puppet' appointees.

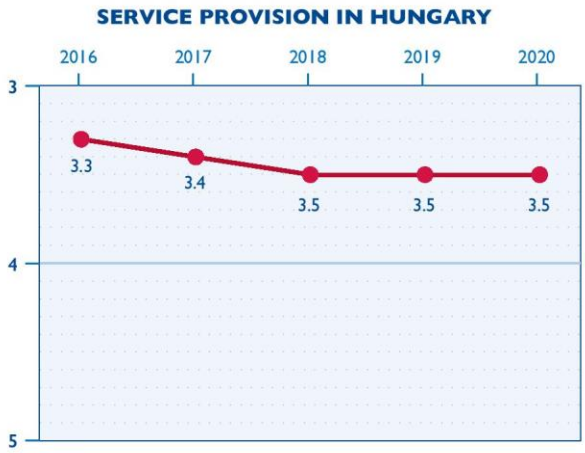
CSOs also achieved other smaller advocacy successes, for example, against waterfront infrastructure developments in several locations. This led to the creation of an informal coalition of local groups mobilized against individual projects in various locations, including Balaton, Fertő, Tata, and Velence lakes. The Civilization coalition coordinated many of the joint protest initiatives. Besides reacting to domestic issues, CSOs also expressed their solidarity with movements and protests abroad, including the anti-abortion movement in Poland and the democracy protests in Belarus.

Human rights organizations and their lawyers were instrumental in several high-profile court cases during the year. One of these guaranteed compensation to Roma people from Gyöngyöspata village who only had access to segregated, lower-quality education as children. Similarly, several court rulings provided material compensation to inmates for overcrowded and adverse prison conditions. In his annual speech held in February, the prime minister attacked these rulings as "money not rightfully earned" and "jail business" and called the plaintiffs' lawyers

"members of the Soros network." Hungarian CSOs also contributed to some victories achieved in international courts, including the case on the Act on Foreign-Funded Organizations and another that outlawed the government's practice of holding asylum-seekers in so-called "transit zones."[2]

Lobbying for CSO law reform remained practically impossible and non-existent in 2020.

SERVICE PROVISION: 3.5



While CSO service provision was completely driven by the pandemic in 2020, the overall level of service provision did not change substantially.

In the past, CSOs provided a range of services, especially in the fields of health and social care, education, culture, and recreation, but now they are almost completely excluded from providing such services as they cannot compete for contracts or outsource state services, which are instead awarded exclusively to major church-based charities, such as the Order of Malta, Baptist Aid, and Caritas. In addition, under the pretext of the pandemic, the central government significantly reduced various income sources of municipalities (for example, abolishing local taxes), limiting the latter's opportunities to finance services locally, which is often done through CSOs. In September, several schools serving disadvantaged children that are operated by well-know and often vocal CSOs—including the Real Pearl Foundation and 'Protection' Charitable Association—had their normative support unexpectedly cut back to half or even less, drawing public outcry (although the major church-based charities remained silent). This example also clearly shows how the government fails to acknowledge CSOs—other than a select few—as service providers.

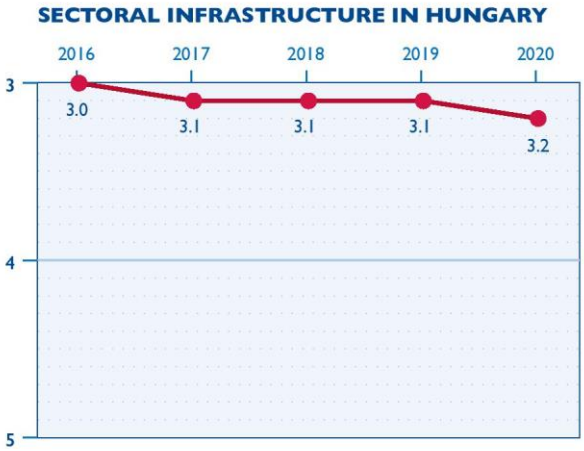
Despite these systemic obstacles, many service-providing CSOs quickly adapted their work to the demands of the pandemic and were often among the first to address the social crises resulting from the lockdown. According to a survey conducted by the Civilization coalition in May among its broader membership, 40 percent of the eight-five CSOs that responded initiated new activities related to the pandemic. The most typical of these (comprising half of all new activities) was the collection of donations (financial and in-kind) and aid to support vulnerable groups, especially rural poor who were the first to lose their already uncertain incomes. Other organizations actively organized online education, disseminated information, and provided legal aid.

In the context of the pandemic, the needs were quite obvious and immediate. But even under normal circumstances, CSOs working in a given community usually have a clear understanding of needs and respond to those needs, despite the fact that systematic collection of relevant data and surveys are rare. CSOs provide services and products to a range of target groups without discrimination to the extent that their capacities allow. Most beneficiaries of CSO services are not in the position to pay for these services, particularly during the pandemic when CSO services were needed to prevent starvation and deprivation, for example in marginalized rural areas. Otherwise, cost recovery by CSOs for their services is partial at best. There is little to no interest from state institutions or businesses to buy the expertise or research of CSOs.

[2] Asylum seekers have not been allowed to enter the territory of Hungary since 2016, but instead have been directed to prison-like "transit zones" erected just outside the southern border. They could only submit their asylum requests from there. According to reports, authorities processed as few as two to three requests a day. In addition, the vast majority of cases were denied, and asylum seekers were forced to stay in the transit zones while their appeals were decided.

SECTORAL INFRASTRUCTURE: 3.2

The infrastructure supporting the civil sector weakened slightly in 2020.



In theory, the network of government-appointed and funded Civil Information Centers serves as the main intermediary support structure for CSOs. However, its performance is worsening. Loyalty, rather than expertise, seems to be the guiding principle in the selection of organizations to fulfill this role. In 2020, the longest-standing center in Pécs (in South Hungary), run by the House of Educators Association, was replaced by an unknown organization composed of party functionaries of the previous local government. At the same time, independent resource centers such as NIOK Foundation find it increasingly difficult to finance their services.

Regionally, the CSO hubs supported by the Open Society Foundations in Pécs and Debrecen, operated by the With the Power of Humanity Foundation and the Association of Alternative Communities, respectively, continued to provide training and community space to CSOs. In 2020, they also administered small grants programs to support crisis actions. Two community foundations—in Pécs and the 9th district of Budapest—remain active in the country. Carpathian Foundation-Hungary, working in the Northeastern region, was able to provide its partners with HUF 7 million (approximately $24,000) in financial support, as well as additional in-kind support, during the pandemic.

Given the circumstances of the pandemic, CSOs had to organize trainings and similar activities online in 2020. On one hand, this increased the availability of such services as training organizations were able to offer more opportunities and people could participate regardless of distance. On the other hand, after a while, the lack of personal encounters led to a certain fatigue, especially among representatives of smaller CSOs, who generally work on a voluntary basis and are less experienced in the use of online videoconferencing tools. Many training opportunities were provided that addressed topics such as CSO communication, fundraising, public participation, and active citizenship. Training was also available on topics related to the new circumstances of the pandemic, including organizing and facilitating virtual meetings, the use of various online tools, and online crowdsourcing. Other topics, such as management and entrepreneurship, were not really covered during the year.

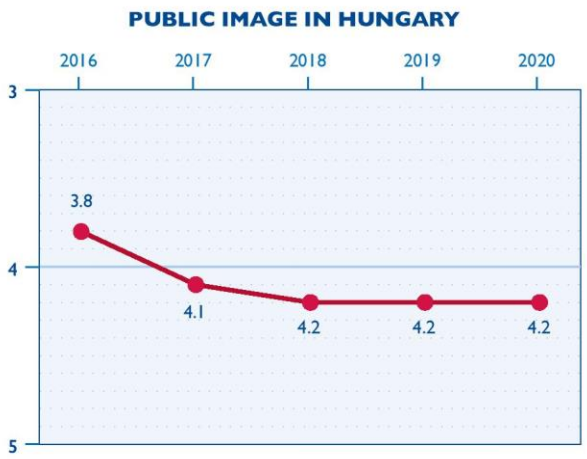
Civilization remains the only active coalition convening CSOs from a variety of programmatic areas. While most of Civilization's members are from Budapest, some are from other urban centers. Besides coordinating a variety of joint initiatives, including petitions opposing the conduct of the Tempus Public Foundation and the merging of the Equal Treatment Authority under the ombudsman's office, members also held a joint, open-air press conference on the occasion of the ECJ ruling in June. Besides Civilization, thematic networks of CSOs exist in areas such as the environment and education. In addition, Open Spaces is a network of CSO community centers now active in eight cities.

Cross-sector cooperation remains quite weak. There are examples of CSO partnerships with specific media outlets or businesses (e.g., IKEA, see below), including in the context of the pandemic, while informal cooperation among trade unions and CSOs could be observed around issues of the public and the higher education. Partnerships with the government are determined along political and ideological lines, and independent CSOs generally cannot develop good working relationships with government counterparts.

PUBLIC IMAGE: 4.2

Conflicting trends also affected the public image of CSOs in 2020, resulting in a stable score compared to last year.

As in previous years, the coverage of CSOs in 2020 was very much shaped by the Hungarian media landscape, which is dominated by outlets that only publish government propaganda; this includes the public television and radio, regional newspapers, radio stations, and many others. In 2020, media freedom and pluralism suffered



another blow with the takeover of Index.hu, the leading independent news portal, by government-friendly businessmen, leading to the resignation of the complete editorial board (who later went on to establish a new portal, telex.hu). Index.hu continues to operate with a completely new staff and a significant change in the style of its reporting. This and similar changes further limited CSOs' chances to convey their messages in a balanced manner, as pro-government media is engaged only in smear campaigns and vilification, which especially targeted human rights and LGBTI organizations in 2020.

At the beginning of the year, it looked like the court victories concerning the segregation of Roma pupils and prison conditions would be important themes in relation to civil society, as these were addressed by the prime minister himself. However, the pandemic took the spotlight away from civil society, and even the "usual" verbal attacks in pro-government media became less frequent during the lockdowns. Towards the end of the year, the LGBTI community became the government's next target with the legal changes that ban legal gender change and effectively prohibit same-sex couples from adopting children. In addition, the prime minister expressed verbal support for the highly publicized action of an extreme-right MP (representing the Our Homeland party) who put a children's book titled *Fairyland Belongs to All* through a shredder. A variety of writers contributed to this publication by Labrisz Lesbian Association, which promotes the inclusion of "different" people, including gay and disabled people, as well as people of different racial backgrounds. Ironically, after the shredder scandal, sales of the book skyrocketed.

In contrast to the central government's attitudes, the new municipalities elected in the fall of 2019 view CSOs as partners and resources, and many of them employ people with civil society backgrounds in various positions. Also, in cities ruled by opposition parties, including Pécs, local newspapers and news portals provide CSOs with more extensive and positive coverage. There is little comprehensive information available regarding the business sector's perception of CSOs, but it seems that while many businesses are still cautious about engaging controversial organizations, a growing number consider CSOs as equals. An example is IKEA's partnership with NaNE, one of the leading women's organizations.

As there are no new poll or survey results, it is impossible to say whether the still predominantly positive public perceptions of civil society changed in 2020. CSOs' activities and efforts to mitigate the crisis stemming from the pandemic probably helped demonstrate the roles they play and the importance of their work to many people.

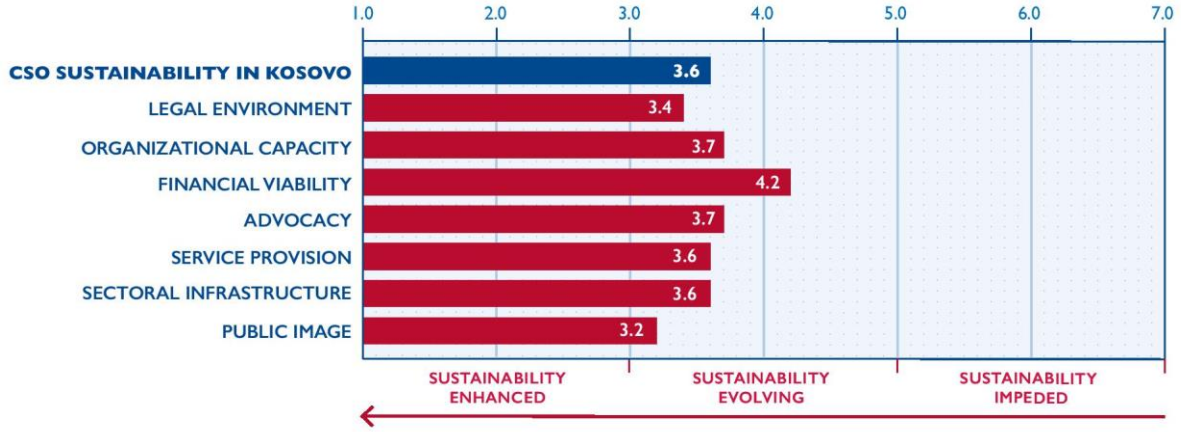
Given the absence of other options, CSOs are forced to communicate and use social media more professionally, though of course large differences among various organizations remain. Facebook continues to be the dominant channel, but some of the more professional organizations increasingly use Instagram and Twitter, the latter of which is directed more towards international audiences. The Civilization coalition conducted a joint online campaign, primarily on Facebook, titled "We Cooperate" in the spring that was aimed primarily at asking taxpayers to utilize the option to designate 1 percent of their income taxes to eligible CSOs; the campaign reached approximately 150,000 people. In the fall, another campaign called "We thank you" was organized with a video discussing the work and results CSOs achieved with people's support; this video had been viewed almost 20,000 times at the time of writing this report.

CSO self-regulation did not change in 2020. While CSOs publish annual reports—as they are obligated to do by law—there are no broadly accepted written codes of conduct. The Body of Ethical Fundraising Organizations is still the only significant actor in this field; its membership has increased slightly over the years and currently includes forty-six organizations.

KOSOVO

Capital: Pristina
Population: 1,935,259
GDP per capita (PPP): $11,368
Human Development Index: N/A
Freedom in the World: Partly Free (54/100)

OVERALL CSO SUSTAINABILITY: 3.6



The COVID–19 pandemic affected most aspects of life in Kosovo during 2020. From March 13, 2020, when the first infections were recorded in the country, until the end of the year, a total of 76,110 persons were confirmed to have COVID-19 and 1,688 people died from the virus. The government attempted to control the spread of the virus by introducing various restrictions and social distancing measures. For example, all schools operated via online learning for much of the year. The social distancing measures had a negative impact on the economy, and the government provided limited support to mitigate the effects. Despite the easing of containment measures in June 2020, the economy continued to decline at the end of the year. The World Bank estimated that Kosovo's economy contracted by 8.8 percent in 2020. Remittances from the diaspora have been at record highs and have been the biggest countermeasure against the devastating economic situation.

The political situation in Kosovo was also turbulent in 2020. The government of Albin Kurti, which came to power in February 2020, was ousted by its coalition partner LDK and the opposition in June, causing broad public dissatisfaction. Although parliament confirmed a new government led by LDK in June, the Constitutional Court declared this process invalid in December, leading to snap elections being called for February 2021. Because of the snap election, all efforts to renew negotiations with Serbia were stalled. The parliament's legislative agenda during 2020 was limited to a handful of laws, which mainly focused on the ratification of international agreements and funds, including from the World Bank and International Monetary Fund. The passage of the Law on Children's Rights and ratification of the Istanbul Convention are among the few legislative processes that were concluded during 2020; these developments are also a testament to the success of civil society, which advocated for their promulgation for many years.

The country's Euro-Atlantic integration stalled in 2020. With the COVID-19 pandemic challenging the European Union (EU), the enlargement agenda was a low priority. Kosovo is still the only country in the Balkans that is not part of the visa-free Schengen area.

During 2020, the Kosovo Specialist Chambers and Specialist Prosecutor's Office indicted some of the leading political figures in Kosovo that acted as leaders of the Kosovo Liberation Army for war crimes and crimes against humanity during and after the 1999 war.

Overall CSO sustainability remained stable in 2020, with two dimensions recording improvements and two other dimensions deteriorating. The CSO sector's financial viability improved slightly as donors issued several specialized calls to address the effects of COVID-19, in addition to their regular funding opportunities. The public image of CSOs improved slightly, with polls showing a notable improvement in public trust in CSOs. On the other hand, the limited legislative agenda and circumstances surrounding the pandemic impacted the ability of CSOs to advocate

for their causes. The infrastructure supporting the CSO sector also deteriorated slightly as fewer capacity development activities were available, with those that were offered taking place online instead of face-to-face because of social distancing measures Other dimensions of sustainability remained largely unchanged.

A total of around 10,200 organizations were registered in Kosovo as of the end of 2020. This represents an increase of 468 over the past year, a figure in line with growth in previous years. Due to the lack of clarity in the deregistration process, many organizations remain registered even though they are no longer active.

LEGAL ENVIRONMENT: 3.4

The legal environment governing CSOs did not change during 2020. Sub-legal acts to implement the Law on Freedom of Association in NGOs (hereinafter the NGO Law), which was promulgated in April 2019, were being developed in 2020. Registration remains easy, with most of the steps completed online. Because of the COVID-related restrictions and adaptations in 2020, the Department of NGOs (DNGO) issued electronic certificates of registration to CSOs.

CSOs continued to operate during 2020 without any major impediments. As in previous years, they must submit narrative reports to DNGO and tax reports to the Tax Administration. The fact that the Tax Administration uses the same templates for the financial statements and declarations of CSOs as those used by businesses creates some problems for CSOs. Other laws and practices, including those related to commerce, competition, and imports, also fail to differentiate between for-profit and not-for profit entities, thereby imposing administrative difficulties on CSOs. For example, as CSOs are categorized as commercial entities, banks request financial forecasts and other unapplicable documents from CSOs trying to open accounts. In addition, as part of the biannual verification of accounts, commercial banks continue to ask CSOs to provide signed statements from their founders, who may no longer be alive or living in Kosovo.

State harassment is not a common practice in Kosovo and CSOs operate without the fear of repression. However, CSOs feel that the government acts more favorably towards friendlier CSOs than to those more critical of government policies and decisions, including in the form of preferential treatment in competitive and procurement processes. Local governments and ministries seldom award grants to CSOs that are critical of them.

CSOs can engage in fundraising campaigns and accept donations from local and international individuals and corporate donors. CSOs are allowed to earn income, but few are able to earn sufficient income to cover even their basic operational expenses. Commercial and procurement laws allow CSOs to compete for public funding in the same way as other economic operators. A Social Enterprise Law was adopted in 2018 but is not implemented. While all legal regulations and practical documents, including manuals and forms, have been developed, the Office for Social Enterprises has not yet been created, making the entire law dysfunctional.

Individuals and corporate donors are eligible to receive tax deductions. The 2017 Law on Sponsorship in the Field of Culture, Youth and Sport is still not fully implemented, and private companies report that they face difficulties when trying to deduct taxes. Only international donor funding is exempt from taxes, while all other income is subject to taxes, including profit tax and value-added tax (VAT). CSOs can apply for public benefit status, but they must renew this status every year and it offers few benefits. For example, while CSOs with public benefit status are exempt from VAT on imports, Kosovo Customs does not waive these taxes.

CSOs can access paid legal services in the capital Prishtina and in the bigger administrative centers, but the demand for legal services is rather limited as CSOs have few resources to pay for such services.

ORGANIZATIONAL CAPACITY: 3.7

Organizational capacity in the sector remained largely stable in 2020. While volunteering, constituency building, and staffing all weakened, CSOs displayed a remarkable level of digitalization, allowing most CSOs to successfully adapt their programming to the new circumstances.

Constituency building, which was already one of the most problematic aspects of organizational capacity in Kosovo, weakened further in 2020. Most traditional activities that engage volunteers were cancelled during the year, thus limiting CSOs' use of volunteers, as well as their ability to strengthen their relations with their constituencies. While organizations have tried to maintain greater online presence to compensate for the lack of field activities, the quality of virtual engagement is much lower than that of face-to-face interactions.

Environmental CSOs are outliers in terms of their effectiveness in building constituencies among local communities. In recent years, a growing environmental movement led by CSOs and civil society activists has been able to successfully mobilize and channel citizen support to address issues at appropriate institutional levels. To date, this movement has focused mainly on the preservation of water resources from the construction of hydro-power plants and other projects, although there are now signs of it spreading to other environmental topics, such as air quality and waste management. CSOs in other sectors often lack representativeness and do not represent the views and interests of the constituencies they claim to represent.

Formally, CSOs continue to have missions and visions, but few adhere strictly to them. A very small number of organizations have clearly defined missions and visions and updated and vibrant strategic and activity plans. The ability to plan ahead is limited by CSOs' reliance on short-term funding. The pandemic also affected the ability of CSOs to plan, and even CSOs that had plans needed to significantly adjust their activities in response to the unanticipated circumstances, including by moving activities online.

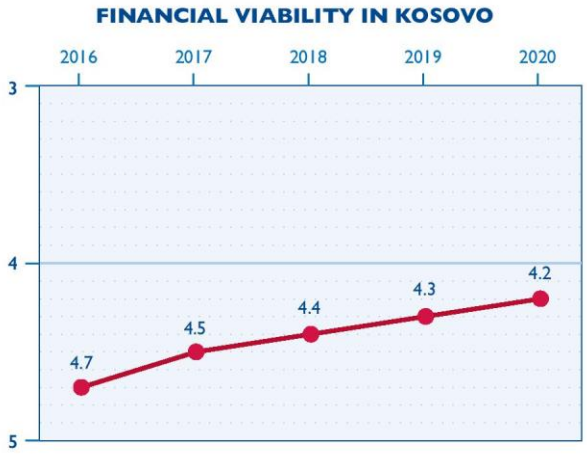
Only a small fraction of renowned and larger organizations have clearly defined management structures with appropriate checks and balances. More than 90 percent of the legally registered CSOs in Kosovo are member-based associations. However, very few of them organize regular assembly meetings, even though these are legally required. Although few organizations were able to organize in-person annual assemblies of their members in 2020, some were able to hold these meetings through videoconferencing technologies.

Reliance on short-term, project-based funding curtails CSOs' abilities to hire and maintain permanent and full-time staff. The staffing situation in CSOs deteriorated further in 2020 as some projects were suspended or canceled altogether because of the COVID-19 pandemic, driving CSOs to either decrease the level of engagement of their staff or let people go entirely. CSOs rarely engage professional information technology (IT), legal, or accounting services because most cannot afford such expenses.

CSOs rely on grant funding to invest in infrastructure and equipment. Consequently, those CSOs that receive the most funding also generally have the most advanced technology and equipment. However, a broad range of donor organizations do not allow their funds to be used to purchase equipment, making it difficult for CSOs to update or replace their equipment and technological assets.

In comparison with 2019, the level of digitalization of CSO activity during 2020 was remarkable. Because of the pandemic, most CSO personnel worked from home during the year, and the use of videoconferencing grew significantly. Virtual trainings, conferences, and activities replaced traditional face-to-face events. Most CSOs seem to have successfully adapted their programming to the new circumstances, but there is no information or assessments on how the changes have affected their impact and effectiveness.

FINANCIAL VIABILITY: 4.2



The financial viability of the CSO sector increased slightly in 2020. Aside from the regular calls and opportunities that were advertised by donors, several specialized calls to address the effects of COVID-19 were issued during the year. In addition, as CSOs re-designed their activities to reflect the pandemic circumstances, this often resulted in reductions in expenses such as travel, lodging, and events, allowing some organizations to re-allocate existing funding to other budget categories such as staff. Another improvement was related to the increased digitalization and increased application of online payment and accounting systems during 2020.

Most local CSOs receive support from multiple sources of funding, although a significant number rely on the support of a single donor for a major portion of their total funding. Only a fraction of organizations are able to secure funding to sustain their operations beyond the immediate future.

Government support and funding from international donor organizations represent the two most important sources of funding for CSOs in Kosovo. Government funding levels for CSOs remained largely stable in 2020, at approximately EUR 15 million. Several ministries published calls for funding for CSO grants, but as was the case in previous years, these processes were generally not transparent. CSOs that are critical of government policies and decisions rarely apply for public funding as they know they will not be able to compete successfully.

USAID and other U.S. government funding sources continue to be the biggest source of bilateral funding for CSOs, followed by the Swedish, Swiss, Norwegian, and Dutch governments. The EU—both through its local funding instruments and regional and Brussels-based calls—is the biggest multilateral source of funding. The funding levels of the major foreign donors remained generally the same in 2020, while the size of individual grants continued to rise and the number of primary beneficiaries of this funding decreased. CSOs receive most of their international funding through local foundations that re-grant these funds.

In 2020, some donors reoriented existing programs to support the systemic response to the pandemic, including the purchase of medical equipment and tests and the delivery of hygiene and food packages to the most vulnerable. In addition, several donors published thematic calls to respond to the effects of COVID-19. The EU, for example, published a call for proposals to support women's organizations. The Global Fund to Fight AIDS, Tuberculosis and Malaria re-oriented some of its funds from the tuberculosis and HIV programs, while also increasing funding to cover the immediate needs for testing and protective gear for health professionals, among other needs. Swiss Development Cooperation (SDC) and the German Embassy published calls for micro-grants to support the most vulnerable populations from COVID-19. Donors with programs targeting specific groups, such as vulnerable children, also reoriented some of their activities to cover the most immediate needs of their target populations emerging from the pandemic. Most of the calls for proposals published after the pandemic started had some component or requirement to address its consequences.

In addition, the Geneva-based Global Community Engagement and Resilience Fund (GCERF) administered a new call for proposals for CSOs from Kosovo involved in countering violent extremism and terrorism.

Local philanthropy is not very developed in Kosovo. According to Giving Balkans, from the beginning of the COVID-19 crisis to the end of January 2021, slightly more than EUR 2 million was donated in Kosovo, of which 44.1 percent came from the business sector, 30.7 percent from individuals, 9.5 percent from mass giving (citizens), 6.4 percent from private foundations, and 9.2 percent from other sources. Due to the impact of COVID-19 on their income, individuals and businesses were reported to be less generous in 2020. This was particularly evident in the sports sector, where most sponsors froze or reduced their contributions. Charity organizations, on the other hand, continued to receive some cash and in-kind support from local businesses and community members. During the first COVID-19 lockdown, when schools first switched to online learning, individuals and local businesses

donated computer equipment through CSOs and municipalities for children from disadvantaged families. CSOs did not organize any notable fundraising campaigns in 2020.

Chambers of commerce and other professional or business associations are among the few organizations that collect dues from their members.

Few organizations in Kosovo earn a major portion of their funding from services, products, or rent of assets. CSOs that organize cultural and sports events have the greatest potential to generate income from participants, but they experienced a considerable blow to their ability to earn income in 2020 as a result of the pandemic. Diversification of funding sources for CSOs and income generation has also been hindered by the lack of implementation of the Law on Social Enterprises.

The vast majority of CSOs in Kosovo do not have adequate financial management systems in place. Most CSOs have some kind of Excel-based system, while a few organizations use more advanced financial and accounting software. CSO finances were increasingly digitalized in 2020, with most transactions, including invoicing, contracting, and transfers, conducted electronically. CSOs cannot afford professional financial services, although they are locally available. CSOs with annual turnover above EUR 50,000 are legally obligated to engage licensed auditors to carry out external financial audits. However, the primary motivation for CSOs to undergo independent audits is to meet the requirements of major donors.

ADVOCACY: 3.7

CSO advocacy deteriorated slightly during 2020. The limited legislative agenda and circumstances surrounding the pandemic impacted the ability of CSOs to advocate for their causes as the government was focused primarily on responding to the emergency, leaving many other priority issues unaddressed. As a result, think tanks and watchdog organizations, as well as CSOs advocating for the rights of various vulnerable groups, had few opportunities to make an impact through their work during 2020.

The government strategy for cooperation with civil society remains the main pro forma channel of cooperation with the sector, but it remains largely unimplemented. Public hearings are mandatory for all legislative and regulatory processes that affect communities at both the local and central levels. CSOs are also generally invited to participate in working groups and parliamentary committee proceedings, but because of COVID-19, during 2020 the parliament was virtually inactive and the few times it met it was focused on budget-related issues or the ratification of international agreements. Meanwhile, other existing platforms, such as the online public consultation platform for laws, are underutilized by CSOs, citizens, and experts.

Most cooperation between CSOs and the government is based on individual relationships and is not conducted through formal channels. For instance, in 2020, the Ministry of Education worked closely with several CSOs to deploy its online education platform, although no formal calls for cooperation were issued.

CSOs hold the government accountable by monitoring government processes, initiating public lawsuits, and cooperating with the ombudsperson. Media-oriented CSOs such as the Balkan Investigative Reporting Network (BIRN) exercise public pressure and other forms of monitoring to hold institutions to account. While CSOs freely comment on all government actions, critical CSOs do not expect to be awarded any financial or other forms of support by the government. As a result, most think tanks and other organizations that criticize or question government actions receive most of their funding from international donors.

One of the few laws that was passed during the pandemic was the Law on Protection of Children. This success followed many years of advocacy by children-focused CSOs led by the Coalition of NGOs for Child Protection in Kosovo (KOMF). The Istanbul Convention, which focuses on preventing and combating violence against women

and domestic violence, was also ratified during 2020 as a result of advocacy efforts of CSOs and women organizations.

Most formal and public advocacy is done by liberal, rights-based organizations that promote individual and collective rights and freedoms, including the rights of marginalized groups, such as non-majority communities, persons with special needs, children, women, and the lesbian, gay, bisexual, transgender, and intersex (LGBTI) population. Informal environmental groups and initiatives remained highly active (both online and in-person) in 2020, and some of their efforts resulted in work being halted or licenses for commercial projects being revoked.

CSOs are not legally allowed to engage in lobbying, and there have been examples in the past of organizations that were denied registration because they listed lobbying as one of their intended activities. Despite this, CSOs are comfortable with the concepts of lobbying and advocacy, although the terms are generally used interchangeably.

During 2020, CSOs did not really engage in advocacy to improve the legal environment governing the sector as they were instead focused on the COVID-19 response or adapting their activities to the new environment.

SERVICE PROVISION: 3.6

The level of CSO service provision in 2020 was largely the same as in previous years.

In addition to the traditional services that CSOs regularly provide in Kosovo, including social and family services, in 2020 CSOs also helped the Ministry of Education to develop the online learning system and collected and distributed computer equipment and devices to the most economically vulnerable children. CSOs also engaged in relief services for the most marginalized and vulnerable groups as part of the COVID–19 response. Some CSOs provided respirators, protective equipment, testing equipment and kits, and hygienic supplies to medical providers and those in need. No services were discontinued because of the pandemic response, but services were adjusted in accordance with the social distancing measures in place.

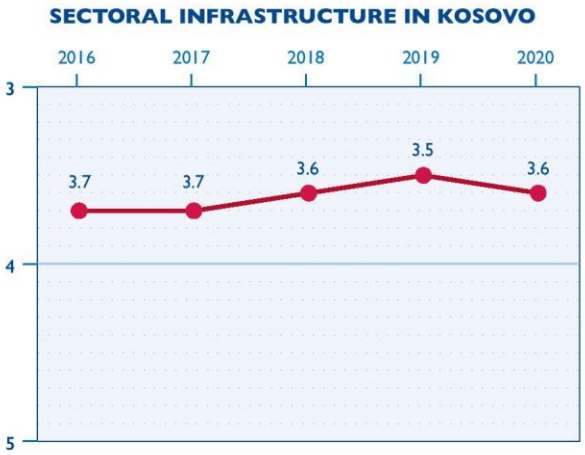
Most CSOs identify the need for services through direct engagement with their target audiences. CSO services generally respond to the needs of target beneficiaries, but CSOs are not able to meet all needs for their services. For example, there is a significant shortage of psycho-social and mental health services, demand for which increased significantly in the COVID-19 period. The Ministry of Labor and Social Welfare has a list of social and family services for which it contracts CSOs, many of which are offered solely and exclusively by CSOs.

CSOs generally offer their services without discrimination and in an inclusive manner. They also broadly promote their services and results publicly. Member-based organizations usually offer their services to non-members for a fee.

While the Law on Social Enterprises is not yet implemented, some CSOs engage in social enterprise and income generation activities like second-hand shops, production and processing activities, and recycling enterprises. Other CSOs generate income by renting their assets or providing management services and paid training programs. However, most organizations do not recover the costs of providing their products and services. Instead, their costs are generally financed through grant funding from international donors.

The government recognizes the role of CSOs in service provision. During the pandemic response, the government directly involved chambers of commerce and business associations in the design of public financial support packages. Some CSOs were involved in producing and airing the online learning program of the Ministry of Education, while other organizations worked closely with the Ministry of Health and municipalities in direct service provision and other activities to manage the pandemic.

SECTORAL INFRASTRUCTURE: 3.6



The infrastructure supporting the CSO sector deteriorated slightly in 2020. Fewer capacity development activities were available, and those that were offered took place online instead of face-to-face because of social distancing measures.

Over the years, a few larger CSOs have managed resource centers that are funded on a project-basis; their operations are therefore significantly reduced or terminated when the funding is exhausted. Kosovo Civil Society Foundation (KCSF) and Forum for Civic Initiative (FIQ) managed CSO resource centers in 2020. However, because of the situation with COVID-19, most of the events and capacity development opportunities these centers had planned for 2020 were postponed or moved to the virtual realm. Similarly, mentoring activities and in-person support were limited. Most of the trainings and support offered to CSOs by resource centers are provided free of charge through grant funding, with a small number of programs requiring co-financing and payments from participants.

Local grant-making foundations continued to manage several grant schemes during 2020 at generally the same level of activity as in 2019. KCSF managed several grant schemes funded by bilateral donors, including the Swedish International Development Cooperation Agency (Sida), SDC, and the Norwegian Foreign Ministry. Community Development Fund (CDF) continued to award grants with funding from Sida. During 2020, the Culture for Change project funded by the EU and implemented by the Multimedia Center issued its last call for funding for cultural organizations.

CSO coalitions and networks in Kosovo have been formed and encouraged through donor programs. Many of these cease activities once funding is depleted. In 2020, the activity of coalitions and networks was further challenged by the COVID-19 situation. As a result, most networks and coalitions were dormant for most of 2020. One notable exception was KOMF, which advocated for the Law on Protection of Children. The Coalition for Social Justice and Socio-Economic Rights was also active, but its activity mostly took place online. CSOs seldom cooperate across ethnic lines, and when they do, it is usually done as part of a donor-funded project. Organizations from non-majority communities working across ethnic lines are generally viewed with skepticism and mistrust by their local communities.

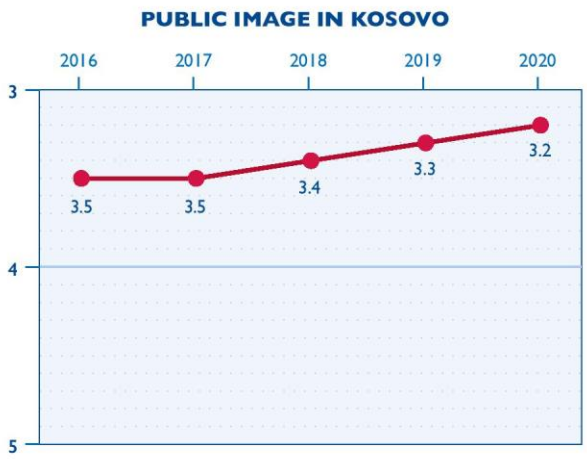
A variety of local training and capacity-building resources are available for organizations requiring them. Management trainings are offered in the capital and other major centers. More specialized trainings are also delivered, but they are offered less frequently and usually involve co-payment. When offered, the participants in trainings are selected without discrimination. Most trainings offered during 2020 were carried out online and some of the planned training activities were postponed until social distancing measures are eased.

CSOs rarely form partnerships across sectors as most CSOs perceive other sectors as having different interests from them. During 2020, however, CSOs established partnerships with businesses to respond to the COVID-19 emergency. For instance, many organizations engaged in campaigns to collect IT equipment to enable low-income children to participate in online education programs. Businesses showed great readiness to donate equipment, and some also responded with other donations aimed at normalizing the learning process for children.

PUBLIC IMAGE: 3.2

The public image of CSOs improved slightly in 2020, with polls showing a notable improvement in public trust in CSOs.

CSOs receive significant coverage in both traditional media and new media, including portals and online news agencies at both the local and national levels. The media coverage that CSOs receive is usually positive. Public



service announcements (PSAs) are aired for free, while corporate advertisements require paid airtime, and the media differentiate between them. CSO activists often discuss current affairs on local and national TV shows alongside political and institutional actors.

The public has an overall positive perception of civil society. Most people in Kosovo have a basic understanding of the concept and work of CSOs and support their work, sometimes even through volunteer contributions and other forms of engagement. Public opinion polls indicate that trust in civil society has increased and is greater than trust in other sectors, including the judiciary. According to the UNDP Public Pulse XVIII, published in April 2020, 50.7 percent of respondents believe that civil society serves as a truthful monitor of democratic developments in Kosovo, a notable increase from the results of the Public Pulse XVI in May 2019, which found that just 32.6 percent of respondents expressed such an opinion.

The public sector generally perceives civil society as something they are forced to work with because of the policies of the international community and legal requirements. Nevertheless, CSOs and the government often cooperate successfully, both in facilitating processes and implementing activities. However, CSOs that are critical of government policies and decisions are often publicly maligned, ridiculed, or dismissed by politicians. Businesses generally have a positive perception of civil society and its work.

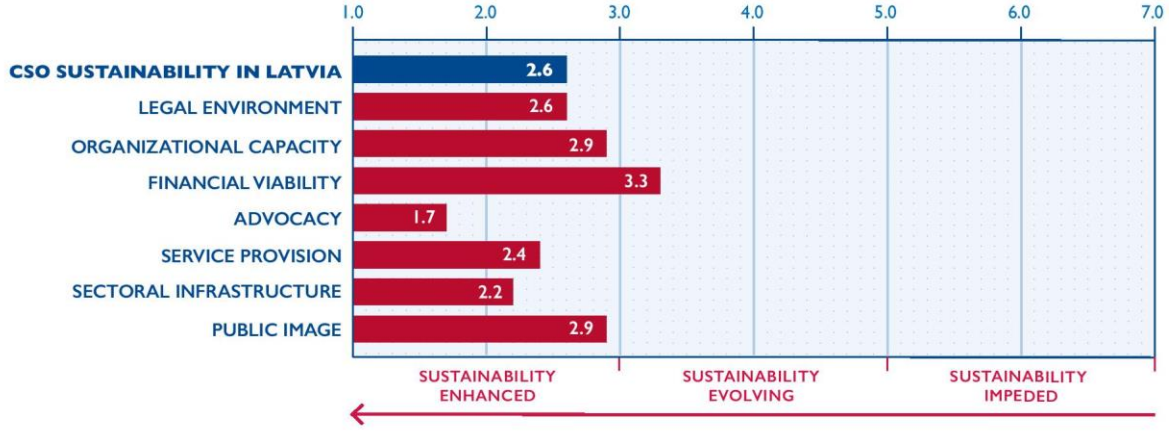
CSOs extensively promote their work, both through traditional and digital media. The availability of online platforms has reduced CSOs' costs for promoting their work significantly and increased their outreach and visibility. Larger CSOs have developed relationships with journalists covering their topics of interest and are often invited to participate in in-studio debates and shows to share their opinions and discuss current events. Civil society actors sometimes speak on topics which they are not qualified to discuss, which other CSOs view as damaging to the sector's reputation.

CSOs have not yet extensively implemented codes of ethics or undertaken efforts to self-regulate the sector. A code of ethics was drafted by CIVIKOS several years ago, but its implementation remains rather insignificant. Only a handful of organizations (usually those re-granting donor funding) are fully transparent and publish financial and narrative reports on their websites. Other CSOs rarely publish financial information on their websites.

LATVIA

Capital: Riga
Population: 1,862,687
GDP per capita (PPP): $30,898
Human Development Index: Very High (0.866)
Freedom in the World: Free (89/100)

OVERALL CSO SUSTAINABILITY: 2.6



In 2020, the government of Latvia announced two separate states of emergency in connection with the COVID-19 pandemic. As in much of the world, people in Latvia were subject to various restrictions that limited the size of gatherings, halted international travel, closed schools, and imposed social distancing rules. CSOs provided much-needed solutions for people in need during the year. However, the pandemic had a number of negative effects on CSOs' activities. CSOs experienced significant reductions in their operating incomes, forcing them to pause or cancel services, suspend projects, and downsize staff. CSOs also had to revise their previous approaches and strategies to respond to the circumstances surrounding the pandemic.

A notable Constitutional Court decision in 2020 found that same-sex couples were eligible to receive ten days of paid leave upon the birth of a child, a benefit that was previously generally available only to fathers. This decision sparked an active debate in society about human rights and spurred some members of parliament to initiate a move to define the term "family" as the union between a man and a woman in the Constitution of the Republic of Latvia, in contrast to civil society activists' stance which supports human rights for all.

According to the Lursoft Ltd database, there were 24,849 associations and 1,727 foundations in Latvia as of the end of 2020. During the year, 932 new associations and foundations were established, and 220 were liquidated. The number of liquidated CSOs was similar to that in 2019. While the number of CSOs continues to grow, recent data also indicates a growth in latent CSOs, organizations that are registered but have not provided any annual reports to the state authorities.

LEGAL ENVIRONMENT: 2.6

Although the measures introduced in response to the COVID-19 pandemic had somewhat of a negative impact on CSOs' daily operations, the overall legal environment governing CSOs in Latvia did not change in 2020.

The main laws regulating the establishment and operation of CSOs—the Law on Associations and Foundations and the Public Benefit Organizations (PBO) Law—did not change in 2020. The registration process for CSOs is easy and accessible. Due to COVID-19, however, the Company Register stopped allowing visitors in its premises and stopped verifying the signatures of persons on documents, while making all of its operations available through remote means. Therefore, CSOs could submit registration documents electronically through the use of secure electronic signature or by mail, but no on-site submission of documents was possible.

On June 5, 2020, the COVID-19 Infection Management Act was adopted. The law freed CSOs from lease payments for the usage of state and local government owned property; extended the deadline for submitting CSOs' annual reports and PBOs' activity reports for 2019 to the State Revenue Service to July 31, 2020; and prolonged the term for using public funding for CSO activities to the end of 2021. In addition, the law recognized gifts of goods and services to social groups adversely affected by the emergency as operating expenses and therefore exempted them from corporate income tax if certain conditions were met. In the fall, the government approved criteria and procedures according to which employers and taxpayers in any sector affected by the COVID-19 crisis could qualify for some financial benefits and tax holidays for up to three years.

Another significant change introduced by the COVID-19 Infection Management Act entitled the members of associations to participate and vote in general meetings remotely. Currently, the provisions on remote participation are valid through December 31, 2021. However, there are efforts to incorporate this change into the Law of Associations and Foundations permanently, given the convenience and effectiveness of remote meetings.

CSOs are free to express their views on various matters, as long as they do not provoke violence or discrimination. There are no known instances of CSOs being dissolved for political or arbitrary reasons. In 2020, a religious organization was accused of using violent methods in its rehabilitation programs for young people. This caused a significant debate in society and resulted in state institutions closely monitoring this particular organization.

Beginning in mid-March, COVID-related regulations restricted the number of people allowed to gather at the same place at once. Demonstrations and protests were still allowed, as long as the restrictions were respected.

CSOs continue to be classified as high-risk entities for money laundering, which hinders their ability to open and maintain bank accounts. This is a serious impediment, as it is not possible to operate properly and receive tax returns without a bank account. According to regulations introduced in 2018 aimed at combatting money laundering and corruption, legal entities, including CSOs, must identify the "real beneficiaries" of their work, or final recipients of their resources, during the registration process, while existing organizations must provide such information to their banks. Some CSOs have still not registered their beneficiaries either because they do not know about this requirement or because they do not understand the process and its importance.

Discussions on preventing money laundering through CSOs continued in 2020. Civic Alliance-Latvia (CAL) continued to engage in a dialogue with the government, the Financial and Capital Market Commission, and other authorities to explain and clarify the specific nature of the sector and to improve the position of CSOs in this field. This work will continue in 2021.

No changes were made to the regulations on donations in 2020. Individual and corporate donors continue to receive tax exemptions for donations to PBOs. Several changes were made to the Personal Income Tax Law in 2020 that will impact CSOs indirectly. Beginning in the second half of 2021, persons who are engaged under the special royalties' tax regime, which is often used by CSOs, will have to reorganize and start paying taxes as registered economic operators (self-employed), which entails higher taxes.

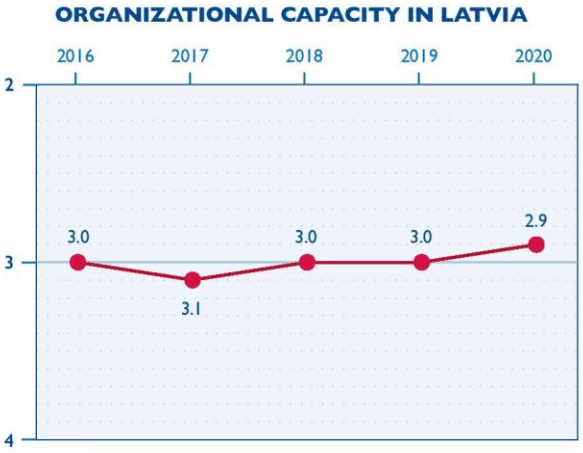
In 2019, the Ministry of Finance initiated work on a new concept of PBOs. It prepared a draft concept paper, which envisaged significant changes in the regulations governing PBOs, as well as revisions in the legal framework for associations and foundations, social enterprises, public foundations, state capital companies, and other reforms. The concept paper had still not been announced at the Meeting of State Secretaries as of the end of 2020.

In 2020, amendments to the Law on State Social Insurance were adopted that require all employees and employers to pay minimum mandatory state social insurance contributions. The new regulation goes into effect in July 2021. This regulation will have an impact on the CSO sector, which mainly finances its work through project tenders that require very detailed financial planning and minimal costs.

No changes were made to the registration and payment of value-added tax (VAT) for CSOs in 2020. CSOs may engage in economic activity and compete for government contracts.

There are few lawyers in Latvia specifically trained and specialized in the legal issues facing CSOs. Legal consultancies on CSO matters are occasionally offered by different organizations, both in the capital and in other cities around Latvia, and a few lawyers provide pro bono consultations to specific organizations.

ORGANIZATIONAL CAPACITY: 2.9



Organizational capacity in the sector improved slightly in 2020. Due to capacity-building support and funding offered by the National NGO Fund and Active Citizens Fund (ACF), CSOs have become more knowledgeable about strategic planning, service provision, and partnerships.

CSOs regularly work with their constituencies. CSOs quickly adapted to the difficult circumstances in 2020 and introduced electronic means of communication to stay in touch with their constituencies and partners. Observing strict sanitation codes, CSOs also organized in-person events, including forums, meetings, and workshops, during the summer months. However, CSOs found it difficult to reach out to constituencies with limited information and communications technology (ICT) skills. Some organizations, for example, reported that it was almost impossible to implement their activities during the pandemic as their members are senior citizens who do not use ICT tools.

Well-developed organizations design and implement strategic plans. However, many organizations continue to determine their approaches and activities based on the availability of donor funding. Organizations are obliged to prepare and publish strategic plans to be eligible to apply for funding from ACF. Grants from ACF strengthen the capacity of CSOs and focus them on the more precise engagement of professionals needed to deliver services and functions. Because of the pandemic and related restrictions, all planning sessions were organized remotely in 2020, through platforms such as Zoom.

CSOs' statutes define their internal management and decision-making structures. Generally speaking, CSOs have sound management systems in place. CSOs' ability to attract and maintain knowledgeable and professional staff varies widely and is based largely on an individual organization's ability to attract adequate funding. Organizations responding to COVID-19 created new mechanisms to mobilize volunteers, including through the use of ICT technologies. For example, they designed new apps allowing them to engage volunteers remotely.

CSOs have access to the technologies needed for their work, but the COVID-19 crisis highlighted the fact that organizations need more intense training on how to use ICT in their work. The NGO House, an institution supported by the municipality of Riga, provides courses to CSOs in Riga about the electronic aspects of organizations' work. Many organizations started using electronic signatures in 2020 to facilitate their daily work.

FINANCIAL VIABILITY: 3.3

The financial viability of CSOs improved slightly in 2020 as CSOs received significant public support for activities responding to needs in society. CSOs that provide social and health services have access to a wide variety of funding opportunities, while CSOs engaged in issues such as anti-corruption, human rights, and citizen participation have fewer sources of funding.

The National NGO Fund is the main mechanism throughout which the national government supports CSOs. The Fund, which supports democracy and advocacy initiatives and celebrated its fifth anniversary in 2020, is administered by the Society Integration Fund (SIF), a public foundation. In 2020, the NGO Fund distributed over

EUR 1 million, more than expected as the state allocated additional financial resources to it to support CSOs and strengthen democracy in Latvia during the year. Because of a change in leadership at the NGO Fund at the end of 2019, the Fund has increased its transparency to improve trust in its work. Administrative procedures are now clearer and the timing of calls for proposals reflect CSOs' fiscal year. SIF also supports various programs that support target groups such as families, diaspora organizations, media, and minority groups, and important services, such as support to refugees and asylum seekers, mentoring support to job seekers from vulnerable groups, diversity management training, and support to large families.

In December 2020, the government approved the Information Report on Support for Associations and Foundations for Mitigating the Negative Consequences of the COVID-19 Crisis, which allocated EUR 600,000 to CSO support programs to reduce the negative consequences of the crisis in 2021. The program is administered by SIF. In addition, various ministries issue calls for proposals for organizations working in specific fields. For example, the Ministry of Education and Science provides extensive support to the youth sector.

Foreign funding is an important source of support for civil society in Latvia. CSO are able to apply to European Union (EU) programs such as Erasmus+, which supports education, training, youth, and sport in Europe. and other programs focused on fields such as culture, education, and rural development. Individual embassies also provide some funding. With funding from the European Economic Area and Norwegian financial instruments, ACF started to award grants in Latvia in 2020. In its first year, it planned to distribute about EUR 3 million for projects focused on democracy and the capacity of civil society. However, the distribution of funds was slower than planned due to the pandemic. ACF, which is implemented by a consortium of six CSOs, is notable because it represents the first time that CSOs are responsible for the distribution of donor funding.

Municipalities provide grants to local residents and CSOs. Most municipal funding supports concrete services by CSOs. For example, in Ķekava, the municipality announced a call for projects to develop civil society capacity and improve the quality of life in the local community. Although the grants are not large (ranging from EUR 300 to EUR 3,000), the projects are an excellent way to engage individuals in efforts to improve their environment. The municipality funds up to 95 percent of project expenses. In 2020, many municipalities adjusted their funding programs to focus on COVID-19, while others simply canceled programs due to the uncertainty of the situation. CSOs also reported that municipalities demanded more explanation about and justification for their services during the year.

Corporate funding levels remained stable in 2020, although a growing number of businesses seek to support social initiatives. Swedbank, one of the largest commercial banks in the country, made donations on behalf of its employees to eight PBOs in 2020 through its Stiprāki kopā (Stronger Together) program. The supported organizations work on social issues, culture, education, health, and animal support.

Latvian National TV and Radio stations organized the successful DOD 5 (High 5) fundraising campaign again in 2020. For a week, three journalists worked from a glass studio in the center of Riga, where they played songs chosen by people who donated at least EUR 5. The campaign raised over EUR 400,000, which will be used to help reduce domestic violence. Although the campaign is well-perceived by citizens, there are questions about its transparency, including how the themes are selected and how funding is distributed.

In cooperation with Mobilly (a free online app allowing users to pay remotely for parking and public transportation tickets), the charity foundation Ziedot.lv implemented the White Friday campaign for the second time in 2020. The campaign aims to encourage philanthropic giving, in contrast to the well-known Black Friday, when people are encouraged to consume more goods. Approximately fifty-five CSOs representing different charitable sectors were included in the Mobilly app, allowing users to donate easily to them.

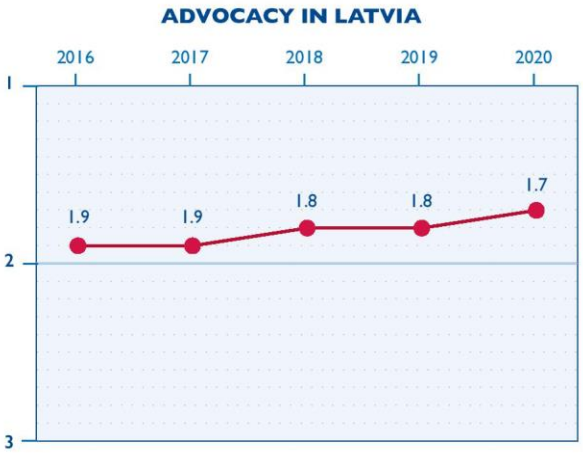
CSOs are not satisfied with the procedures governing the distribution of the EU's structural funds. Although the European Commission has obliged national governments to include CSOs in the process of budgeting structural

funds and the design of financial plans on the state level, such decisions are still often made "behind closed doors" and with minimal engagement of partners from the CSO sector.

Some CSOs generate income from their services and products, and some have agreements with government and municipal institutions to provide concrete services. The number of social enterprises is rising, although there is no data about how many of these are established by CSOs.

CSOs do not have a unified attitude about financial transparency. Some organizations are very transparent and provide reports to all stakeholders, while others do not even meet minimal financial reporting requirements.

ADVOCACY: 1.7



CSO advocacy became more intense in 2020. CAL alone issued fifty written amendments to laws and regulations; prepared sixty-seven position papers; and attended more than 360 meetings about public policy towards civil society during the year.

One of the most comprehensive dialogue initiatives during the year focused on the National Development Plan 2021-2027 (NDP2027), which was approved in July 2020. The NDP2027 is the highest-level mid-term policy planning document in the country. The plan was produced by the Cross-Sectoral Coordination Center under the prime minister through an inclusive process that lasted several years, beginning with online feedback from over 100 individuals and organizations on the conceptual approach. To verify its conclusions, the Cross-Sectoral Coordination Center organized focus groups and over sixty meetings with CSOs, social partners, and the media. In the summer, a finalized draft was posted online, and over 1,400 unique comments were submitted. Issues affecting civil society are covered under priority number six in the plan, which is titled "Ownership, cohesion and participation." Through its professional and consistent lobbying activities, civil society groups ensured that this document recognizes the importance of dialogue with civil society.

The portal Manabalss (MyVoice, manabalss.lv) continued to increase its significance in 2020, becoming one of the most popular instruments for the public to propose legal initiatives. In total, 109 initiatives (out of 273 reviewed) were published on Manabalss for public vote in 2020. Forty-two initiatives that met the popular support thresholds were submitted to parliament and other institutions. In 2020, over 60,000 new users joined the Manabalss community (bringing the total number of unique users since 2011 to 348,544), and 370,677 popular votes were cast (bringing the total since 2011 to 1,797,374).

Six civil society initiatives from Manabalss were incorporated into national laws and regulations by the Saeima, ministries, and state agencies in 2020. Another five initiatives achieved their goals at the municipal level. In addition, a unique initiative targeted banks, asking them to implement national "credit-holidays" that allow interested debtors to pay just the interest on their loans for the duration of the COVID-19 crisis. Banks agreed to this request, although they were not required to do so by law.

The COVID-19 crisis highlighted the need for inclusive and deliberate, high-quality participation mechanisms to foster communication between citizens and decision makers. As a result, the Ministry of Justice proposed the development of a national strategy covering digital participation and digital democracy. This led to the development of a plan to establish the MyVoice International Excellence Center for Digital Democracy and the inclusion of seventeen different civic technology projects in the national plan for the EU's Recovery and Resilience Facility (RRF).

Organizations representing patients suffering from different diseases have long fought—both alone and in alliances—to improve the health-care system. In 2018, patient organizations united in a network called the Alliance of Rare Illnesses, allowing them to advocate for the interests of all patients and the overall improvement of the health-care sector. In 2019, the Alliance signed a Memorandum of Cooperation with the Ministry of Health. The

years-long efforts allowed patient organizations to be included in 2020 in the Strategic Council of the Health Care Sector in Latvia under the Ministry of Health where they have an equal voice to medical doctors, nurses, pharmacists, hospitals, and the pharmacy industry in solving issues and planning future actions to co-ordinate cooperation.

CSOs and activists engaged in several advocacy campaigns in 2020. One of the most visible campaigns focused on the development of Marsa Parks. In early spring, people noticed that trees were being cut down in this beautiful but neglected park in Riga. Concerned citizens found out that a decision had been made to destroy the park to build an office for the Latvian State Security Service. Activists organized demonstrations and made a human chain from the Monument of Freedom to the park to protest the decision which was made without any public consultation. Despite these protests, the building will be built. This incident shattered public opinion that citizens can influence public policy processes and state decisions and served as a reminder that civil society should always stay vigilant.

CSOs also protested against attempts to demolish democracy in Russia and Belarus. Several citizen groups and activists regularly protested in front of the embassies of Russia and Belarus in Riga to raise awareness of human rights violations in these countries. CSOs also arranged two symbolic events to support Belarus' fight for democracy. The first was a walk from different spots in Latvia towards the border with Belarus, and the second was a human chain from the Monument of Freedom to the Museum of Barricades in the Old Town of Riga.

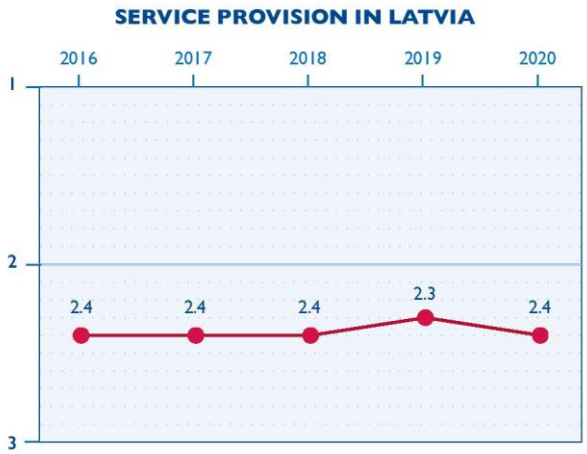
CAL provided the state with data and proposals to support the CSO sector during the pandemic. CAL's data indicated that there were approximately 11,526 financially active CSOs, that 4,133 organizations run economic activities, and that CSOs employ approximately 30,000 employees. In its statement to the Cabinet of Ministers, CAL argued that the CSO sector should be supported because of its role in providing services and information to different social groups, its ability to mobilize citizens in crisis situations, and its capacities to respond to the needs of socially vulnerable groups. In May 2020, the recommendations advocated by CAL to the COVID-19 Infection Management Act were adopted. The changes allowed corporate income taxpayers that made donations to mitigate the consequences of the spread of COVID-19 to increase the amount of donations deductible from their corporate income tax base by another three percentage points of the previous years' profit after paying taxes. In other words, these donors are now able to deduct donations up to 5 percent of the previous year's profit as before, as well as an additional 3 percent of the previous year's profit for COVID-19 containment purposes. In addition, the law clarifies that associations and foundations affected by the restrictions imposed to control the spread of the COVID-19 virus are eligible for exemptions on rent from state institutions. This allowed many organizations to continue their services uninterrupted during the crisis.

Some organizations support local communities' attempts to increase dialogue between local authorities and citizens. For example, Jūrmalas aizsardzības biedrība organized a forum to inform citizens about ways that Jūrmala municipality is avoiding proper engagement and consultations with citizens. Although there was some uncertainty about how the sanitation restrictions could be observed, interest in the topic was high and the event was well attended. The organization also organized a lecture for young people about ways to participate and prepared a video about the possibilities to advocate.

SERVICE PROVISION: 2.4

CSO service provision deteriorated slightly in 2020, largely due to the effects of the COVID-19 crisis. CSOs had to reconsider and revise all of their face-to-face services in light of the health measures in place in the country. During the summer, many planned events could not take place or could take place only under strict restrictions and rules, including CSOs' own internal rules. In addition, some municipalities informed CSOs that they would not pay for their services.

Despite these difficult circumstances, CSOs continued to provide services to their clientele to the extent possible. CSOs continued to provide services in a variety of fields such as home care, adult education, care for children, cultural heritage, environment, and patient support. Some CSOs created new services during the year, many of which responded to needs driven by the pandemic. The movement Paliec mājās (Stay at Home), for example, created a network of volunteers to provide contactless delivery of goods to people confined to their homes either because of illness or quarantine. The fast-growing movement engaged both people working in civil society and



people who had not previously been involved in the sector. This movement was well-recognized and received several high-level prizes from both state and non-governmental organizations.

Several organizations supported medical personnel dealing with COVID-19. For example, the organization Hospis LV cooperated with almost twenty restaurants on a daily basis to provide about 1,000 meals to hospital staff and medical emergency service personnel around the country, while also providing the restaurants with much needed business. All the funding for meals came from individual donations from within Latvia. In addition, the Association of Beekeepers in Latvia donated 2,197 kilograms of honey to hospitals and medical emergency services.

The Organization SUSTENTO, which works as an umbrella organization for people with disabilities, created a support program for people who have faced difficulties getting paid jobs due to their identity, including their gender, nationality, and disability. SUSTENTO provided support to almost 150 persons in 2020. As part of this program, a team of professionals, including a social worker, psychologist, other professionals such as lawyers, and a change agent, helps clients to solve their difficult life situations. The program helps establish a healthy family environment for service clients and provides opportunities for people to improve their quality of life.

The Latvian Association of Dyslexia in co-operation with other European organizations created the Audio Textbook partnership to design and provide learning materials in audio format for children with dyslexia and dysgraphia. This is an extremely valuable service, as no state institution responds to the needs of this specific target group.

The Latvian Rural Forum, which consists of thirty-six regional organizations throughout Latvia, helps foster the capacity of local communities. The platform, which brings together citizens, entrepreneurs, and representatives of local municipalities, recently started to introduce the Smart Villages concept, which focuses on enhancing traditional and new networks and services by means of digital, telecommunication technologies, innovations, and the better use of knowledge. Smart Villages are self-generating communities that are able to establish and implement their own priorities. In 2020, several projects promoting the Smart Villages concept were implemented in Latvia.

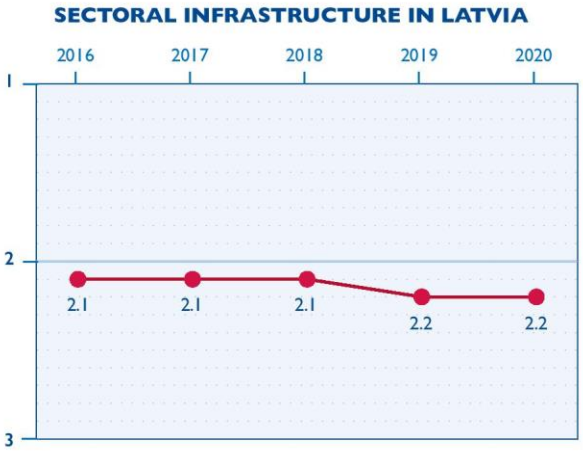
CSOs also provided psychosocial support and collected funding to provide medical support to those who came to Latvia from Belarus with injuries caused by the violent actions of the Belarusian authorities.

As the above examples show, CSO services generally respond to the needs of their constituencies and members, as well as their local communities. CSOs conduct needs assessments and adjust their organizational plans to best respond to the needs of their target audiences. Services are generally provided to broad constituencies, and most organizations provide their services without discrimination. However, some ideologically-driven organizations do not provide services to groups with different values.

When services are provided through donor-funded projects, they are generally provided for free. Participation fees are charged for other services. The number of social enterprises is growing. As of 2020, two years after the adoption of the Law on Social Enterprises, a total of 100 social enterprises had been registered. According to data from the Ministry of Social Welfare and the Social Entrepreneurship Association of Latvia (SEAL), the most popular focus of social enterprises is integration, with 32 percent of social enterprises aiming to integrate socially vulnerable groups into society by providing them with employment possibilities. Another rapidly growing sector provides support to children with disabilities to ease their participation in the public school system and ensure their access to education. Other social enterprises provide services in the fields of sports, health prevention, animal protection, and other fields. Over half (58 percent) of social enterprises are registered in Riga, 15 percent in the area surrounding Riga, 11 percent in Kurzeme, 8 percent in Zemgale, 6 percent in Vidzeme, and 2 percent in Latgale.

The government—on both the national and municipal levels—generally recognizes the importance of CSO services. This was particularly true during the COVID-19 pandemic.

SECTORAL INFRASTRUCTURE: 2.2



The infrastructure supporting the CSO sector did not change much in 2020 and continues to be quite vibrant.

Regional NGO support centers continue to meet the basic needs of CSOs and active citizens. In 2020, Zemgales NGO Support Center started offering training to local CSOs on the use of ICT tools, including how to use platforms such as Zoom and Microsoft Teams. Zemgales NGO Support Center also created e-learning courses that allow young people and individuals without experience in the CSO sector to acquire basic knowledge about the functioning of CSOs, while also strengthening their leadership skills. Kurzemes NGO Center continued to educate local residents about democracy, the role of the state, and good governance, as well as the possibility to influence decision-making processes. The NGO Center in Dienvidlatgales trained CSO representatives on how to use social networks more efficiently in their work. Valmieras Community Foundation, which serves as a support center in Vidzemes region, focused on minority organizations, supporting them in self-evaluation and strategic planning, with a particular focus on good governance.

CAL provides about 400 consultations to other CSOs every year. In co-operation with partners from other EU countries, in 2020 CAL created and launched an innovative e-learning platform for CSO staff that focuses on five substantial organizational development issues: governance, risk management, financial management, communications, and fundraising. Learners are awarded with badges that they can use to inform others about the knowledge they acquired on social platforms such as Facebook and LinkedIn.

During the summer of 2020, ACF provided intensive, one-day training courses to about seventy regional CSO representatives on strategic thinking, team building, and partnerships.

Locally created foundations provide support for important issues in society. For example, Ināras un Borisa Teterevu Fonds, one of the best-known private foundations, celebrated its tenth anniversary in 2020. Since 2011, this private foundation has supported twenty-three medical students and ninety-one professors in their medical studies. The foundation also provides support to the Rigas Stradins University to improve the quality of medical education. It also awards grants to CSOs.

CSOs build coalitions and networks in different fields. Some are created to coordinate efforts to achieve common long-term goals, while others are formed on a temporary basis to address pressing short-term issues. The regional NGO centers, as well as other organizations, foster cooperation among local CSOs.

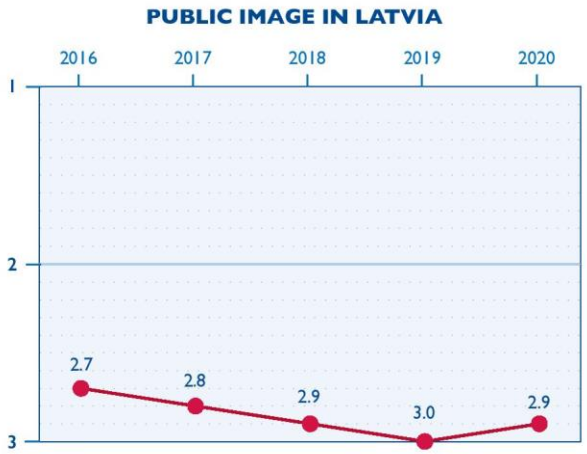
The LAMPA festival is organized annually to strengthen the culture of democratic conversation, foster civic engagement and active involvement in social and political processes, and encourage lifelong learning in an ever-changing world. Because of the strict assembly restrictions in place during the year, the annual LAMPA festival was organized remotely in 2020. Online discussions and lectures were combined with small, livestreamed discussions about different subjects. The festival lasted for four days and included 242 events organized by 285 CSOs and institutions. Nearly 1,800 people participated in the event directly and 880 people visited the collective watching places, including those in other European countries with large Latvian diasporas. During the event, the festival's website was visited approximately 46,586 times and nearly 400,000 people watched at least one minute of an event.

The program Jaunais pilsonis (Young Citizen) celebrated its tenth anniversary in 2020. In ten years, it has educated about 18,000 school children in activism. Through this initiative, CSOs visit schools, speak about activism, and

provide support to public benefit activities created by school children. In 2020, more than 2,400 students, more than 100 schools, and 170 classes initiated twenty practical projects.

CSOs regularly cooperate with business and state institutions. In 2020, the various sectors showed increasing recognition of the benefits of cooperation. Several companies have strong corporate social responsibility programs that support CSOs in different fields of activity. For example, Mobilly, Ltd provides opportunities to donate to different CSOs through its app.

PUBLIC IMAGE: 2.9



The public image of CSOs improved in 2020 as people increasingly recognized CSOs' efforts to find solutions to address the effects of the COVID-19 pandemic. This increased public recognition was demonstrated through the increase in volunteering and donations to CSOs during this difficult period. CSOs' initiatives were also covered extensively by national media.

Media coverage of CSOs improved in 2020, and many articles in newspapers and journals and TV and radio programs included CSO representatives as experts on various topics. CSOs' actions to support democracy in Belarus also received good media coverage.

Although the public and state officials recognize that CSOs offer many services, many are unable to name specific organizations. For the most part, both businesses and state institutions recognized CSOs as partners in responding to the COVID-19 crisis.

CSOs use social media and other tools to raise awareness about their activities. Many organizations have professional public relations specialists to guide their publicity efforts. CSO leaders also create and sustain cooperative relationships with journalists to promote their specific topics of interest. Some organizations run social campaigns that are well-recognized in public and private media. Many courses focus on the use of social media; these are usually well-attended by CSO representatives. In addition to their official websites, most CSOs have developed organizational Facebook pages or closed group to increase contacts and partnerships.

CSOs organized several events in 2020 that increased the sector's visibility. For example, CAL worked with other organizations on a new initiative called Week of Democracy, which included important dates in Latvia history, including May 1, the day the Constitutional Assembly was convened; May 4, the Restoration of Independence; and May 9, the Day of Europe. The week's main aim was to highlight the importance of citizens' participation and engagement in building, maintaining, and practicing democracy. The initiative included the development of a special handbook to provide tips on how to organize events during the week. The initiative has a Facebook page, which is very popular among practitioners and activists, and was recognized by President Egils Levits.

The Peteris Greste Award recognizes individuals and organizations that fight for human rights and freedom of speech in the Baltic States. This year's award went to human rights activist Kaspars Zālītis in Latvia, who with the support of many others organizes the movement Partners of Life, which advocates for greater social and economic protection for all families in Latvia.

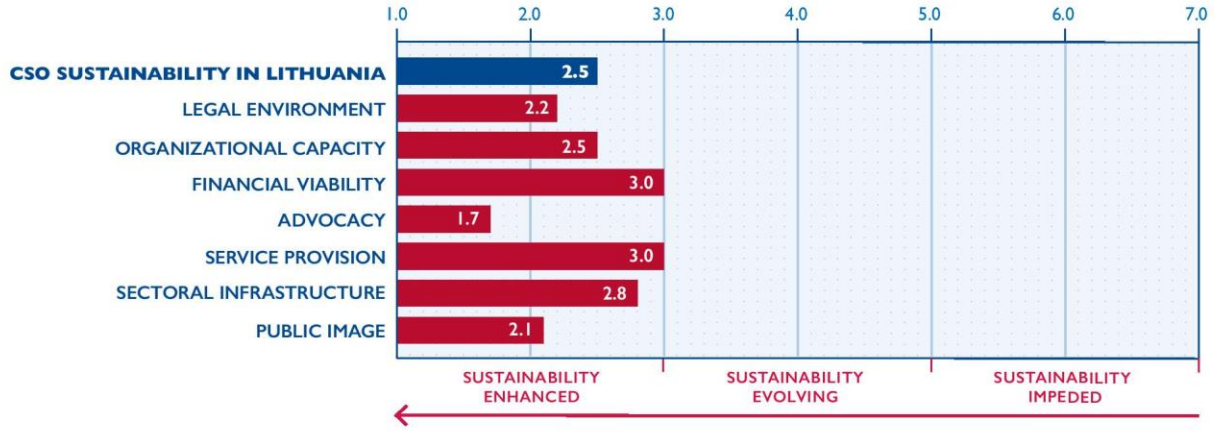
The sector has started to discuss the terminology used to describe civil society in Latvia. In Latvian there is a slight difference between the terms nevalstiskās, which means non-governmental, and nevaldības, which means non-government. Some people think that the word "nevalstiskās" has a negative connotation and should be avoided, however, this is the most commonly used phrase.

Data indicates that many CSOs did not submit legally required financial or narrative reports to the government in 2020. Some believe that this is because a large number of CSOs suffered from the COVID-19 crisis and were not able to maintain their activities, although the reasons need to be studied in more depth.

LITHUANIA

Capital: Vilnius
Population: 2,711,566
GDP per capita (PPP): $37,231
Human Development Index: Very High (0.882)
Freedom in the World: Free (90/100)

OVERALL CSO SUSTAINABILITY: 2.5



The first cases of COVID-19 were confirmed in Lithuania in mid-March. To control the spread of the virus, the government imposed a complete lockdown in the country on March 16, which lasted for three months. The lockdown successfully limited the number of cases of and deaths from COVID-19 in the country and Lithuania was praised for its success in managing the pandemic. Unfortunately, a second wave of the pandemic hit in the fall, which coincided with the electoral campaign for the parliament (Seimas). The government delayed the introduction of stricter measures and announced a second lockdown just before the end of its term, in November. The new government soon tightened the restrictions. The year ended with Lithuania recording the highest numbers of new daily COVID cases in Europe, and the country's health-care system on the verge of being overwhelmed.

CSOs and the government strengthened their cooperation in the face of the pandemic. Even during the widespread panic of the first lockdown, CSOs stepped in to take over social service provision from government establishments, which had furloughed their workers. Organizations became more socially engaged, consolidated, and found new ways to serve their constituencies. As a result, many people either engaged as volunteers or provided financial support for CSOs' work for the first time. This effective response to the pandemic showed civil society's capacity to take the lead in a crisis.

CSOs also continued to monitor developments in the political, human rights, and environmental fields in 2020. Parliamentary elections were held in October. CSOs actively pursued dialogue with political parties before the elections, ensuring that the areas they advocate for were reflected in the new government's program. The elections resulted in a new government formed by the Homeland Union – Lithuanian Christian Democrats, a center-right political party, in coalition with two liberal parties.

The challenges of 2020 highlighted the growing strength of the country's civil society. The European Commission's *2020 Rule of Law Report* confirmed that Lithuania provides civil society the opportunity to participate in decision making. The report further highlighted the National NGO Fund, established in 2019, as an example of good practice. Freedom House's *2020 Nations in Transit* report, which surveys democratic reform in twenty-nine formerly communist countries, put Lithuania among the top five democratic frontrunners.

Overall sustainability of the sector was unchanged in 2020, although improvements were noted in five dimensions: organizational capacity, financial viability, service provision, sectoral infrastructure, and public image. Despite the difficult circumstances during the year, most organizations managed to continue their operations and strengthen their outreach to the community, and many organizations were able to assume leadership roles in response to the COVID-19 pandemic, leading to improvements in the organizational capacity and service provision dimensions. CSOs' efforts in addressing the effects of the pandemic were broadly recognized, boosting the sector's public

image. The government's financial measures helped mitigate the consequences of the pandemic on the sector, while the flexibility of ongoing EU programs allowed the sector to improve its financial viability. The infrastructure supporting the CSO sector improved as opportunities for capacity building and cooperation became more accessible as they moved online. While the legal environment did not change in 2020, the positive reverberations of the major CSO legislation passed in 2019 were still felt in the sector in 2020. CSO advocacy remained strong in 2020.

The Center of Registers has gradually improved its statistics on the sector based on CSO reporting. In 2020, approximately 40,500 nonprofits were registered in Lithuania. Of these, 34,319 were registered under the Laws of Associations, Charitable Foundations, and Private Nonprofit Entities, up from 32,504 in 2019. The remaining organizations are so-called budgetary institutions, nonprofits that implement functions ascribed to them by the state or municipality and are financed through the state or municipal budgets. Organizations that fail to submit their annual reports for several years get deregistered. Approximately 3,100 CSOs were deregistered in 2020. Only about half of registered organizations are estimated to be active.

LEGAL ENVIRONMENT: 2.2

The legal environment governing the sector did not change in 2020. Although no new primary legislation was passed, CSOs expressed broad optimism about the legal environment in 2020, spurred by the enactment of the Law on the Development of NGOs in March 2020. The long-awaited law clarifies that an NGO is a public legal entity that acts on a voluntary basis and is independent of state and municipal authorities and bodies. It also establishes the National NGO Fund.

The government developed the operations of the National NGO Fund in 2020. The Fund's council is to be composed of seven members representing civil society, the government, and academia. The council will determine strategic funding priorities and processes for the distribution of funds and will participate in the assessment of submitted applications. The National NGO Fund's budget will be equivalent to 20 percent or more of the total income tax allocated to nonprofit entities by individual taxpayers in the previous year. Funds will begin to be distributed in the fall of 2021 at the earliest.

Following the Law on the Development of NGOs' clarification of the concept of an NGO, in 2020, the Center of Registers introduced the NGO tag, a voluntary label that CSOs meeting specific criteria can add to their profiles in the Register of Legal Persons. By the end of 2020, about 700 CSOs had tagged themselves in the system. The government also considered incentives to encourage the tagging process; for example, the Ministry of Social Security and Labor made the tag a pre-requisite to compete for funds under some of its programs in 2021.

CSOs continue to register and operate under the Laws on Associations, Charitable Foundations, and Private Nonprofit Entities. After Lithuania opened its borders to Belarusians fleeing the political upheaval in their own country in 2020, more Belarusian CSOs registered under Lithuanian laws. Although CSO incorporation is generally fast and smooth and can be completed online, it proved challenging for foreigners to register a CSO in Lithuania, mainly due to difficulties in opening bank accounts. Registration became easier in 2020 as technological developments allowed for better access to financial services.

The Law on the Development of Community Organizations, which came into force in 2019, was adjusted in 2020 to exempt small municipalities from the obligation to form community councils. Instead, they were permitted to integrate the role of community councils into already-functioning NGO councils, which were established by the 2014 version of the Law on the Development of NGOs. CSOs continue to consider community councils superfluous and therefore call for the merger of these two laws.

In 2020, CSOs addressed the Center of Registers with a request to ease the reporting requirements for associations unable to organize their general assembly meetings due to pandemic restrictions. In response, the Center of Registers declared it will not punish organizations for delays in submissions for several months.

CSOs operate freely under the law and regularly address the government with criticism and suggestions to improve policies and adjust rules without fear of retribution. In order to mitigate the effects of the pandemic, public gatherings were restricted. Therefore, advocacy and protest campaigns moved on-line or were carefully planned to avoid putting participants at risk of infection. The overall atmosphere during the pandemic was that of social consolidation and cooperation, with acts of good will on both sides.

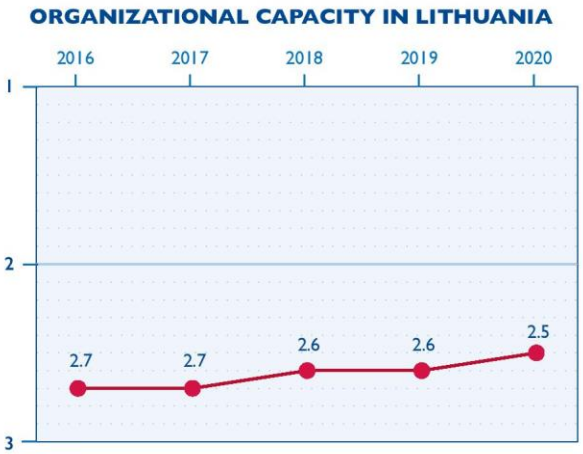
CSOs are able to earn income through the provision of goods and services. CSOs continue to raise concerns about some aspects of the 2018 tax reform, particularly the abolishment of CSOs' profit tax exemption. As of 2020, CSOs are required to pay the same profit tax rates as businesses—5 percent for small CSOs on all goods and services sold and 15 percent for large CSOs. Profit tax is not levied on earned income if it is used to satisfy public interest within two years—a reduction from the earlier allowance of five years. CSOs argue that this period is too short and limits their ability to invest and plan long term.

Contracting status remained an issue of concern to CSOs. Although the Public Procurement Office agreed that CSOs are not contracting authorities, the lack of legal provisions to support this statement puts CSOs at risk of being considered contracting bodies, which would subject them to more complicated procurement procedures and reporting requirements.

Beginning with their 2020 tax returns, individuals can now assign just 1.2 percent of their income tax obligations to CSOs; the limit was previously 2 percent. Individuals do not receive any tax benefits for donating to CSOs. Businesses can deduct twice the amount of their charitable donations from their profits when calculating income tax.

Individual CSOs, especially smaller local organizations, cannot easily access legal advice due to a lack of resources and a lack of lawyers specializing in CSO law. This was particularly evident during the pandemic, when many associations needed to revise their by-laws in order to hold their general assemblies online, as they could no longer be held in person. A significant number of associations failed to resolve this issue before the end of the year. Umbrella organizations, the NGO Law Institute, and the NGO Information and Support Center (NISC) continue to provide training and consultations on legal aspects of CSO work. For example, NISC organized a training series on CSO transparency and accountability, which was attended by representatives of over 300 organizations.

ORGANIZATIONAL CAPACITY: 2.5



The sector's organizational capacity improved slightly in 2020. Despite the difficult circumstances during the year, most organizations managed to continue their operations and strengthen their outreach to the community, and many organizations were able to assume leadership roles in response to the COVID-19 pandemic. On the other hand, some organizations temporarily suspended their activities.

Many CSOs working in the areas of education, culture, and sports found new ways to engage with their constituents, particularly given the shift to online activities due to COVID-19 restrictions. For example, the Virtual Lithuanian School in Italy, which ran weekend classes for the Lithuanian diaspora in Rome and Piedmont, gained a much larger, global audience after moving its instruction online. Similar shifts to online activities also increased the global reach of CSOs' operations. Transparency International Lithuania noted that online events in 2020 made it easier to include high-level experts, and organizations began considering foreign candidates to become part of their governance structures.

Many CSOs started new initiatives to better serve their constituencies in 2020. Some CSOs made and distributed face masks and provided food and other necessary supplies to the needy. The Lithuanian Red Cross sent volunteers to Vilnius Airport to help register Lithuanian citizens returning to the country and provide them with essential information and psychological assistance. It also trained and sent volunteers to hospitals, nursing homes, and other places where help was needed.

At the same time, however, some community organizations and CSOs—particularly those working with the elderly, children, and people with disabilities—had less direct contact with their constituencies. Most social services could not be offered online, and those that were struggled to reach the older generation and children in at-risk families. On the other hand, strong national CSOs, which already had the infrastructure necessary to provide essential services, significantly enlarged their constituencies and engaged a record number of volunteers.

Most CSOs have a clear thematic focus and a clearly defined range of activities. In 2020, CSOs were focused on surviving and adapting to the new circumstances, causing many to delay long-term strategic planning. On the other hand, organizations had a strong incentive to rethink their activities and need for resources, which will facilitate their future strategic planning.

Standard internal management processes, like board rotation, were disrupted in some organizations in 2020. Some were able to resolve the challenges online, while others chose to maintain their status quo until in-person general assemblies could be held.

According to employment statistics,[1] CSOs employed a total of 191,069 people in 2020, up from 121,506 in 2019. This number includes 847 people employed by charitable foundations (compared to 916 in 2019), 7,184 employed by associations (compared to 7,126 in 2019), and 183,965 employed by private non-profit organizations (compared to 113,464 in 2019). Roughly 7,000 organizations had at least one employee both in 2019 and 2020. The total payroll for nonprofit employees was approximately EUR 3.4 billion in 2020, up from EUR 2.8 billion in 2019.

Understaffing and staff exhaustion have been major issues in the sector for years. Nevertheless, CSO staff layoffs were not noticeable in 2020 primarily because organizations did not have an excess of staff to begin with. In addition, the EU LEADER program created a significant number of new jobs in the nonprofit sector through the establishment of about 160 social businesses in 2020. The Open Lithuanian Foundation (OLF) also contributed to CSO staffing stability in 2020 by supporting the organizational capacity building of its sixty-five grantees.

Two opposing trends affected volunteering in 2020. On the one hand, traditional volunteering engagements largely ceased due to lockdown restrictions. Animal welfare charities, for example, were unable to directly engage volunteers during the year and did not qualify for the government's COVID-19 job retention scheme, making it difficult for them to find animals homes. At the same time, society mobilized to help medical workers and CSOs providing humanitarian relief. In the spring of 2020, for example, the Lithuanian Riflemen's Union, the Lithuanian Scouts Union, and others launched the Strong Together initiative, which mobilized over 4,000 volunteers to help those affected by the pandemic.

CSOs have good access to information and communications technologies (ICT) and there is reliable internet coverage throughout the country. As online presence became essential for CSO operations in 2020, organizations that could move their services online did so. In addition, many organizations embraced technologies they had never used before. Google and Microsoft, in cooperation with the TechSoup Global Network in Lithuania, offered free ICT products, services, and training for qualifying nonprofits. The Connected Lithuania program, funded by the EU Regional Development Fund and managed by the National Library, helped local community organizations upgrade their digital skills and establish their presence online. Paid licensing, however, limited the adoption of some products. At the same time, smaller community organizations, which typically provide services to clients such as children, seniors, and people with disabilities, could not serve their constituencies online.

[1] In 2020, the data on employment became more detailed, but the aggregate numbers are slightly different from what was presented in the *2019 CSO Sustainability Index report* for Lithuania.

FINANCIAL VIABILITY: 3.0

Despite the pandemic's dire effects on many aspects of Lithuania's economy and social life, the financial viability of the sector improved slightly in 2020, fueled by the flexible approaches by donors and the compensatory mechanisms offered by the government. Although CSO funding levels were high in 2020, much of the new funding was dedicated to emergency activities in response to COVID-19, and therefore its impact on the long-term financial viability of the sector is not yet clear. The sector's need for funding continues to be much higher than the available sources.

In a survey conducted by OSF Lithuania in April-May 2020, 87 out of 166 CSOs listed government programs among their three most important funding sources, and 93 ranked individual tax contributions.

The government funds CSOs primarily through thematic programs supervised by various ministries; however, because there is no centralized data on government funding for the sector, the scope of overall CSO funding in Lithuania is unknown. In 2019, the Ministry of Social Security and Labor began to track the funds channeled through each ministry. According to the data from 2019—the most recent available—at least 2,890 CSOs received government funding. In 2020, CSOs could apply to fifty-nine government-funded programs, for a total of approximately EUR 51 million in funding. However, because there is no consistent method for reporting this data from each ministry, these findings cannot be considered a reliable measurement of sector funding. Most of these dedicated government programs were channeled through the Ministry of Social Security and Labor, and several offer stable funding. For example, children's daycare centers receive more than EUR 5 million of funding annually, youth CSOs receive over EUR 1 million annually, and funding levels for community CSOs and disability organizations is stable at EUR 2 million and EUR 8 million, respectively. In 2020, the Ministry dramatically increased its dedicated funding aimed at promoting the sector's sustainability to EUR 1.5 million from EUR 900,000 in 2019. Beginning in 2021, government funding programs will be transferred gradually to the NGO Fund.

The government also included CSOs in its pandemic relief plans, alongside small and medium businesses. Organizations were granted a one-time EUR 500 to 1,000 subsidy by the Tax Inspectorate, and they could seek a deferral of taxes by distributing payments over the next four years. Additionally, a special EUR 2 million government program was launched in June 2020 for CSOs, and some local governments established small funds of their own to support CSOs engaged in pandemic relief.

Overall individual tax allocations to nonprofits (including government-funded nonprofits such as schools and hospitals, political parties, and artists) reached EUR 20.1 million in 2020, slightly less than the EUR 20.5 million allocated in 2019. Of this total, CSO allocations remained stable at approximately EUR 13 million. In 2019, the rate of individual tax allocations was lowered to from 2 percent to 1.2 percent. The government justified the drop in the tax rate by the change in taxable income and claimed that it would not result in a decrease in CSO income.

OLF manages the EUR 9 million Active Citizens Fund (ACF), which is funded by the European Economic Area/Norway Financial Mechanism. ACF, launched in 2019, will distribute EUR 9 million in grants to CSOs between 2020 and 2024. In 2020, it disbursed its first sixty-six grants, with a total value of EUR 5.9 million. Key priorities of the current cycle of the program include human rights, active citizenship, and support to CSOs in the regions. Lithuanian CSOs also actively fundraise globally. This has generated funds through partnership applications for EU programs, including the Daphne program, Horizon2020, and Europe for Citizens. The number of Lithuanian initiatives funded through subscriptions on Patreon, an online platform that allows content creators to earn income through monthly payments from its patrons, grew significantly in 2020. Freedom TV, the organizer of massive civic campaigns in Lithuania, established itself among the hundred most-funded initiatives on Patreon.

In 2020, residents, businesses, and the Lithuanian diaspora generously donated to CSOs directly as well as through online fundraising platforms and special funds, primarily to support pandemic relief efforts. One such fund, the COVID-19 Consequence Reduction Fund, was established by the Minister of Finance and collected EUR 822,000

during the first wave of the pandemic. One hundred thirty-three businesses donated EUR 533,000 to this fund. The Fund supported humanitarian relief activities, primarily funding hospitals and CSOs. In addition, Aviva Lithuania granted EUR 122,000 to the Red Cross program for the elderly, over twenty small companies funded the Food Bank's deliveries to isolated people in need, and CSOs delivered meals that restaurants cooked for free to those in isolation. The local online fundraising platform Aukok.lt raised a record amount of EUR 907,000 in 2020, nearly tripling its 2019 total. Most donations were directed to emergency projects aimed at mitigating the devastation of the pandemic. They were shared among large CSOs like SOS Children's Villages, the Food Bank, the Lithuanian Red Cross, and Save the Children. Annual televised fundraising concerts also enjoyed growing support in 2020. For example, the Food Bank's annual charity concert raised EUR 241,000, compared to EUR 207,000 in 2019 and EUR 161,000 in 2018.

Non-governmental donors responded to the challenges of 2020 by launching various CSO support initiatives. For instance, the Lithuanian Council for Culture established a EUR 10 million program aimed at developing new cultural products, such as online performances, museum tours, and educational experiences, and the EU LEADER program increased advance payments to help ensure the stability of community organizations in rural areas.

In 2020, CSOs welcomed the opportunity for more flexible and transparent funding. An innovative program called the Alternative Investment Detector (AID), established by the European Social Fund Agency, offers a new funding model in which Lithuanian organizations pitch their project ideas to AID, rather than responding to donor-driven projects. Those selected received both funding and expert support for project implementation. Minimal bureaucratic requirements also increased the opportunity for smaller and less professional CSOs to actively participate in the program. AID has a total fund value of EUR 2.6 million; the application process opened in 2020 and will continue as long as funds last.

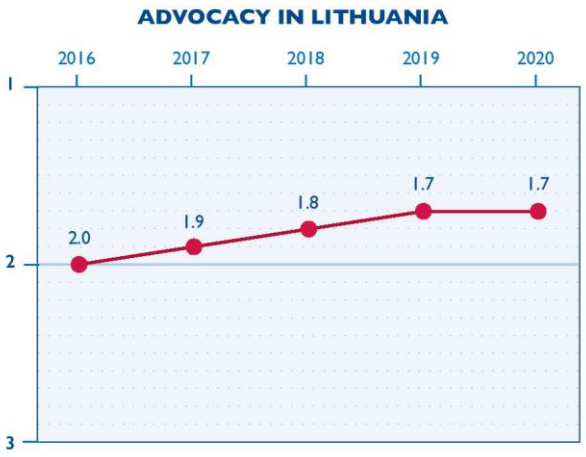
Government contracts for service provision have become a significant source of CSO revenue. In 2019, external providers—most of which are CSOs—received 10.4 percent of the total public funding for services by local governments, twice the percentage in 2017. In 2020, CSOs received more contracts for public service provision as the government did not want to put its own employees at risk during the pandemic and therefore increasingly outsourced such services.

On the other hand, CSOs' income from selling services dropped precipitously in 2020 as a result of the pandemic. For example, the annual revenue of Innovator's Valley in the Zarasai Region dropped from between EUR 200,000 and 300,000 in 2019 to approximately EUR 30,000 to 40,000 in 2020.

CSO accounting and reporting capacity improved slightly in 2020, and organizations became more familiar with the accounting changes introduced by the 2018 tax reform. This was assisted by a series of trainings on CSO reporting offered by NISC in 2020. Financial audits are prohibitively expensive for most organizations and are therefore rarely undertaken unless required by donors.

ADVOCACY: 1.7

Advocacy remains the strongest dimension of CSO sustainability, and CSOs continued to actively engage in advocacy in 2020. Advocacy on the national level continued to be strong, while local advocacy capacity varied significantly.



CSOs were strong advocates for measures to combat social exclusion in the face of the pandemic. Early in the pandemic and before full government mobilization, CSOs and scientists issued a joint position statement urging the government to take specific measures to protect those most vulnerable from poverty and exclusion. Although the government positively received the statement and recognized the sector's extensive impact during the pandemic, it failed to exploit CSOs' potential as partners and experts. In June, the government approved the DNA

Plan for the Future Economy. CSOs were formally included in the development of the plan, but their input was ignored and the plan did not include funding for CSOs. However, CSO advocacy did result in some small but important changes in pandemic relief policies, including the expansion of the boundaries of volunteering and easier access to vulnerable populations. A well-functioning cooperation mechanism was not established until the end of the year, when an NGO Expert's Group was formed at the prime minister's office with a mandate to coordinate cross-sectoral efforts in the response to the pandemic.

In addition to pandemic-related advocacy, CSOs continued to be involved in other national level decision-making processes in 2020. CSOs were actively involved in the development of the Lithuanian National Progress Strategy 2030 and its supporting National Progress Program. CSO inclusion in the work of various government committees was mostly smooth and productive. After the Coalition of Environmental NGOs failed in its efforts to stop a ministerial order on hunting regulations, sixteen environmental organizations issued a public statement to the prime minister and president of Lithuania. The statement triggered public outrage and an immediate recall of the order. Another CSO social media campaign increased public attention to the problem of illegal animal breeding. Although this led to the prime minister inviting animal welfare charities to present recommendations on how to resolve the issue, there was no indication that the recommendations were taken into consideration.

In August 2020, widespread demonstrations erupted in Belarus in response to the highly controversial results of its presidential election. The unrest drew global attention. In Lithuania, civic activists mobilized over 50,000 people to support the demonstrators by forming a human chain from Vilnius to Medininkai. The action was initiated by Freedom TV and funded by subscribers on Patreon.

Active dialogue between CSOs and Lithuania's political parties took place before the parliamentary elections in October 2020. The dialogue continued after the new government was elected, and the policies of the governing coalition emphasized the areas of education, culture, and human rights.

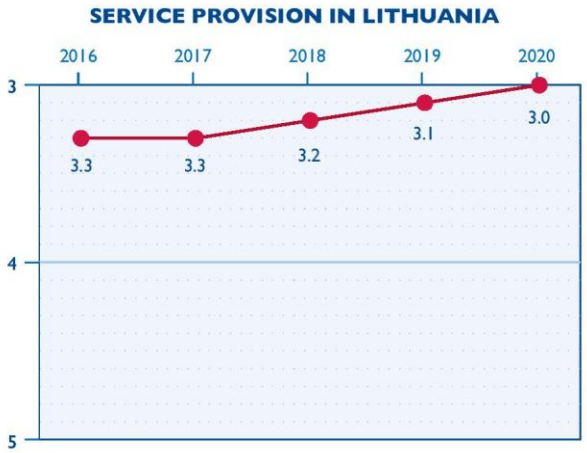
CSOs continued to shape public opinion successfully, and in 2020 they gained massive support for their environmental and political campaigns. In January, environmental CSOs raised awareness of the pollution of the Curonian Lagoon, caused by the Grigeo Klaipėda paperboard mill. The campaign spurred public outrage, and three supermarket chains boycotted products of the Grigeo Group. Freedom TV ran the Good-bye, Voldemar campaign to urge voters to actively participate in the elections and stop a political party accused of corruption and nepotism from entering parliament; the party failed to pass the 5 percent electoral threshold. An investigation by the Central Electoral Commission, conducted at the request of the political party, established no violations of law in the actions of the Freedom TV.

Advocacy on the local level did not change during the year, although the pandemic highlighted differences in CSO involvement in local decision-making processes. Local authorities that had well-functioning NGO councils and other mechanisms of consultation with CSOs before the pandemic generally planned their relief efforts in cooperation with civil society. However, municipalities in which these mechanisms were primarily formal and controlled by the mayor continued to exclude CSOs from decision making.

The National NGO Council, an advisory body to the government that is hosted by the Ministry of Social Security and Labor, continued to be active in 2020, and the government took its recommendations into consideration. CSOs increasingly saw the value in consolidation to defend their rights and interests in dealings with the government, especially in addressing issues like poverty and mental health. Umbrella organizations, such as the Lithuanian Anti-Poverty Network, represented their members professionally, competently, and consistently.

In June 2020, the Seimas adopted amendments to the Law on Lobbying that had been disputed since 2018. Public interest organizations are not considered lobbyists under the law, but they may register as "influencers of legislation," which gives them the right to receive information from government institutions on legislation being drafted.

SERVICE PROVISION: 3.0



CSO service provision improved slightly in 2020. The government's commitment to outsourcing public services resulted in the introduction of a new procurement model with the potential to provide large government contracts to CSOs and social businesses. In addition, during the pandemic, CSOs digitalized a considerable amount of their work, started new initiatives, and expanded their provision of essential services to a significantly broader clientele. The emergency work that CSOs undertook during the pandemic indicates their responsiveness to community needs. At the same time, however, the pandemic disrupted many regular CSO services.

The Plan of Action for implementing the National Progress Strategy (NPS) 2030 includes a goal of outsourcing at least 30 percent of all public services by 2030. The NPS 2020 goal of 15 percent was not fully met by 2020, but significant progress was made, and its acceleration provides hope that the NPS 2030 goals are realistic. According to aggregated data on contracting provided by local authorities, in 2020, 10.4 percent of public services funded by local governments were transferred to external providers (mostly CSOs), with a total value of approximately EUR 93 million. Only six out of sixty municipalities met or exceeded the planned 15 percent service transfer, with Panevėžys Region and Kazlų Rūda leading at the rate of approximately 28 percent. Eight municipalities reached the level of 10–15 percent, thirty-six remained under 10 percent, and ten municipalities did not contract with CSOs at all.

About 90 percent of CSO services depend on project-based funding. However, a new model of impact procurement, introduced in 2020, increasingly encourages municipal authorities to purchase results (impact) instead of funding specific services. Transition to impact procurement will take time, as municipalities are not yet familiar with the process of establishing the impact indicators for services and CSOs lack entrepreneurial experience and skills and are hesitant to commit to specific results.

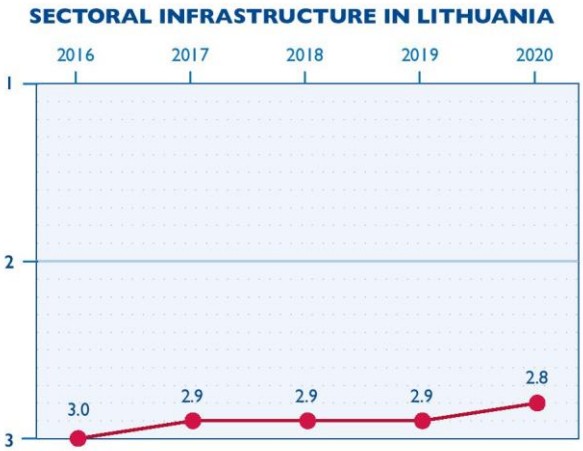
The project funding model does not stimulate CSOs to seriously consider cost recovery or otherwise encourage sustainability. CSOs' first experiences with public procurement are often discouraging, as they do not make careful financial estimates. Those that have persisted and learned from their failures, however, have succeeded in generating significant income from service provision. For example, the National Social Integration Institute, which reported one unprofitable public procurement venture in 2018, won ten public procurement contracts in 2020 with a total value of over EUR 4 million.

The pandemic disrupted many non-essential services in 2020. Whenever possible, CSOs reacted by making those services available online. Donors provided the necessary grant adjustments to enable organizations to reach their clients in non-traditional ways. For instance, many services tied to education and culture became available online, as did some social services, like assistance to the long-term unemployed. CSOs did their best to meet the growing need for humanitarian relief services, mobilizing and training impressive numbers of volunteers and coordinating among themselves so they could serve more people.

CSOs also successfully found niches for new services in 2020 beyond pandemic relief. For instance, the number of pre-school institutions established by CSOs has doubled since 2018, and in 2020, 182 out of the total number of 562 pre-school institutions were registered as CSOs.

The government recognized the value of CSO services during the lockdown and created a special funding program to compensate for expenses incurred when expanding their work.

SECTORAL INFRASTRUCTURE: 2.8



The infrastructure supporting the CSO sector improved slightly in 2020. Intermediary support organizations clarified their functions and built better relations with their constituencies. Training and consultations were abundant throughout the year, and information sharing expanded through social media. As organizations extended their technical capacities and trainings moved online, those opportunities also became more widely accessible to CSOs. Intersectoral partnerships flourished to address the consequences of the pandemic.

NISC celebrated its twenty-fifth anniversary in 2020, and the president of Lithuania praised its consistent work as a catalyst of the sector's growth and professionalism. NISC organized two virtual CSO forums in 2020. The first, held in May, was dedicated to pandemic-related concerns and convened over 100 CSOs. The annual forum, held in December, was attended by over 300 CSO representatives, government officials, and political party representatives.

The National NGO Coalition and NISC coordinated their primary functions to avoid overlap: NISC focused on public service transfer to CSOs and relationships with local governments, while the Coalition focused on advocacy and representation of the sector at the national level. In 2020, NISC and the Coalition also organized training for 450 organizations on transparency and accountability; these trainings were funded by the Ministry of Social Security and Labor.

CSOs increasingly witnessed the benefits of umbrella organizations, which facilitated productive exchanges between their members and the government in 2020. The National Antipoverty Network, the National Network of Education NGOs, the Coalition of Human Rights Organizations, the National Environmental Coalition, and the Lithuanian Association of Local Community Organizations all initiated surveys and petitions, presented reports on developments in their fields, informed members about available funding, and provided training opportunities.

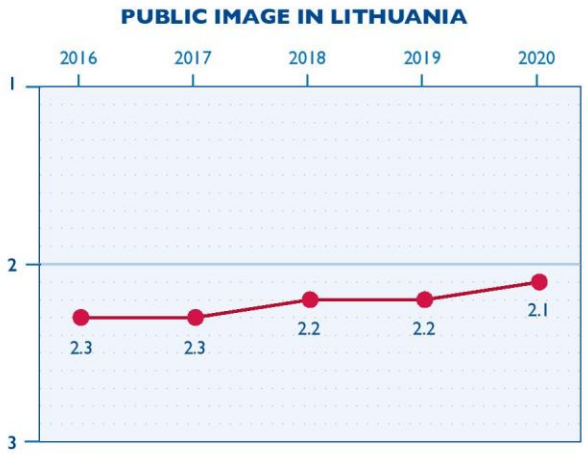
ACF is the main local grantmaking program in Lithuania. In 2020, ACF launched its CSO capacity building program, AIM ID, offering short information seminars like Information Hour for NGOs and the NGO Academy. ACF and Aukok.lt commissioned studies on the sector and actively sustained discussions on LinkedIn and Facebook. The NGO Jungle Facebook group, initiated by ACF, had 1,300 members by the end of the year.

CSOs had access to many training opportunities in 2020. The SociaLTy program for professional unions, for instance, was funded by the Norwegian Financial Mechanism, and the EU LEADER Program supported capacity building projects for Local Action Groups. The Ministry of Economy provided training for social businesses, and a separate initiative saw about 600 of Lithuania's elected local community representatives (seniūnaičiai) receive dedicated training. Google organized training for CSOs on how to get the most out of Google tools and provided free advertising on Google up to the value of $10,000 per CSO.

Also in 2020, Aukok.lt held a conference on digital fundraising, with the participation of over 170 participants. The conference was considered so worthwhile, in fact, that CSOs accustomed to free trainings readily purchased tickets to participate.

Intersectoral partnerships were strong in 2020. CSOs and the government worked as partners on COVID-19 relief efforts. Businesses also cooperated directly with CSOs in the provision of pandemic relief. For instance, restaurants cooked meals which CSOs then distributed to those in isolation. Huge numbers of business volunteers assisted the Red Cross, the Food Bank, the National Riflemen Union, and other CSOs providing humanitarian help in hospitals and to those quarantined in their homes.

PUBLIC IMAGE: 2.1



The sector's public image improved slightly in 2020, primarily due to its ongoing work in response to the pandemic. Media coverage of CSOs was overwhelmingly positive during the year, and the public willingly supported CSO initiatives—both those tied to pandemic relief and more broadly. The government and businesses similarly recognized the value of CSOs in ensuring the well-being of society.

Even before the sector's pandemic relief efforts gained national attention, its public image was on the rise. In 2020, the Civil Society Institute presented its Civic Empowerment Index (CEI) for 2019. The CEI rose to 39.7 points out of 100, its highest ranking since the index began in 2007.[2] This improvement reflected the public's increasingly positive assessment of civic impact, primarily of CSOs.

As evidenced by financial and volunteer support, the Lithuanian public also recognized the value of humanitarian services provided by CSOs in 2020. The lockdown further helped the public to realize the necessity of some services that typically go unnoticed, such as Low-Threshold Mobile Services, which aim to reduce the use of psychotropic substances and its consequences.

The civil society sector responded rapidly to the devastation of the pandemic—swifter, even, than the government response. CSOs mobilized the public and worked on the frontlines alongside medical workers. These actions that did not go unnoticed by the news media, which covered CSO relief efforts and promoted their appeals for volunteers. Beyond the pandemic, the national media also invited CSO experts to comment on political and economic developments. A leading news portal, 15min, invited its audience to vote for the fifteen most deserving CSOs and committed to provide comprehensive coverage of their activities throughout the year. Local media frequently turned to community organizations for their opinions on local events. CSO-related content and the term "NVO" (Lithuania's equivalent for CSO) appeared in the media daily and became established vocabulary in public discourse.

The national government further demonstrated its gratitude and support to CSOs through various awards and funding initiatives in 2020. The Ministry of Defense, for example, regularly acknowledged the role of CSOs in the pandemic response through public statements and letters of recognition. Still, while some local governments seek business relationships with CSOs, they do not yet have full confidence in the competence of those CSOs. For example, the government of Kaunas City froze the implementation of a program funded by the Ministry of Social Security and Labor for community CSOs, claiming that organizations could not implement project activities due to pandemic restrictions.

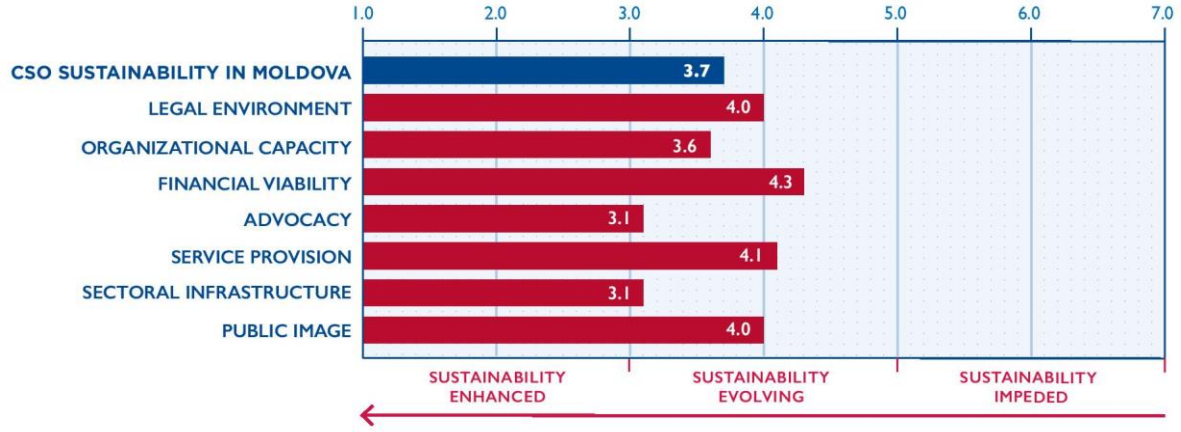
Although the overall image of the sector was very positive in 2020, CSOs still differ widely in terms of public relations capacity and their efforts to self-regulate. Public relations capacity is tied to the availability and capacity of human resources to engage with society in various ways, such as publishing reports, maintaining dialogue on social media, and demonstrating the organizations' presence in general. Many organizations took the difficulties of the pandemic as an opportunity to delay reporting to the government and did not convene their general assemblies to approve their annual reports.

[2] The CEI was 37 points in 2016 and 33.4 in 2015. No CEI was carried out between 2016 and 2019.

MOLDOVA

Capital: Chișinău
Population: 3,364,496
GDP per capita (PPP): $6,700
Human Development Index: High (0.711)
Freedom in the World: Partly Free (60/100)

OVERALL CSO SUSTAINABILITY: 3.7



The year 2020 in Moldova was marked by a relatively equal number of positive and negative events.

Moldova confirmed its first case of COVID-19 on March 7, 2020. The government was quick to restrict movement and public gatherings following the pandemic's outbreak but was not able to offer sufficient medical care to its citizens to protect them from the spread of the virus. By December 20, 2020, over 135,000 cases had been confirmed and more than 2,700 people had died. The twin shocks of the pandemic and a severe drought resulted in the economy shrinking by 7 percent. The government failed to develop a program of socio-economic support to provide some relief to the public, as well as to the business and non-profit sectors. At the initial stages of the crisis, CSOs responded more quickly and effectively to constituents' needs than government institutions and other social support services. However, many CSOs were forced to limit or fully suspend their services because of the economic constraints they faced.

The presidential election was held in November 2020 and was won by the pro-European candidate, Maia Sandu, who received 58 percent of the vote following a staunch anti-corruption campaign. Sandu is the country's first female president. CSOs actively monitored the elections by organizing exit polls, delegating observers to polling stations, and periodically publishing election monitoring reports. In its monitoring of the election, the Civic Coalition for Free and Fair Elections (CALC), a platform of thirty-four Moldovan CSOs, identified only minor electoral violations, which it determined fell within the international standards and did not have a significant influence on the election's results.

After a two-year delay, the country's parliament finally approved the Law on Non-Commercial Organizations in its final reading on June 11; the new law entered into force on August 27, 2020. Although the then-draft law had been approved in its first reading by parliament in 2018, the bill was delayed following a number of contradictory debates on its content and several attempts to include amendments that would have limited, rather the promoted, the activities of CSOs. The final version of the law included recommendations that had been provided during consultations with civil society. The eventual passage of the law was largely the result of continued pressure from the donor and development community, which threatened to withdraw its planned financial support to the government if parliament did not pass the legislation. The improvement in the legal framework resulted in a slight improvement in overall CSO sustainability in 2020.

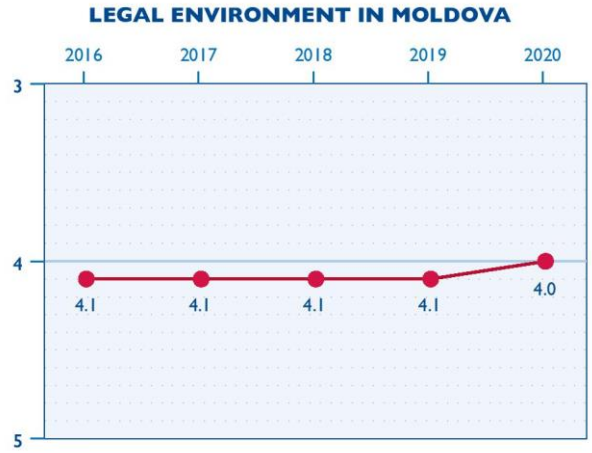
According to the State Register of Non-Commercial Organizations maintained by the Public Services Agency (PSA), there were 14,324 non-commercial organizations registered in Moldova as of December 2020. Approximately 13,160 of these organizations can be considered CSOs; the rest are public institutions, political parties, and other socio-political organizations that do not correspond to the definition of CSOs used by the CSO

Sustainability Index. About 78 percent (10,210) of registered CSOs are public associations. The other 22 percent include private institutions, foundations, religious groups, trade unions, patronage associations, non-commercial newspapers and magazines, representations of international non-profit organizations, water users' associations, and others. In 2020, 488 new CSOs were registered, including 388 public associations, 17 foundations, and 11 private institutions. The National Bureau of Statistics indicated that in 2020, 3,525 CSOs—or about 27 percent of all registered organizations—submitted financial statements or statements that they had no income in 2019. As all CSOs are required to submit annual financial statements, this is often considered an indicator of active CSOs.

CSOs in the Transnistrian region, a separatist territorial unit in the eastern part of Moldova, continue to operate under difficult conditions. They are continuously harassed by the authorities and subjected to various forms of repression, such as intimidation by representatives of the Local Security Service (MGB) and risks of having criminal proceedings brought against them. CSOs operating in the region that receive external funding cannot engage in so-called "political activity," which includes a wide range of activities such as protests, criticism of local government, publishing analysis of laws or legislative drafts, and advocacy activities aimed at changing or impacting government policy. Further, CSOs there are required to report to the local tax authorities information about the funding they receive, as well as the programs and activities they plan to implement in the region. Violations of these legal provisions can lead to harsh sanctions or even the liquidation of the organization. According to the Register of Public Associations and Political Parties of the Transnistrian region, as of December 2020 there were 631 registered CSOs, of which ten were political parties. This is a significant decline, as there were 2,479 CSOs registered in the region in 2019; this may be due to updates made to the CSO registry. Of the total number of currently registered CSOs, only about 100 are estimated to be active.

Approximately 550 CSOs are officially registered in the Autonomous Territorial Unit Gagauzia (ATU Gagauzia), although only 20 to 25 percent of these are estimated to be active. The main goals and areas of activity of CSOs in the region are the consolidation of democracy, the promotion of human rights, civic education, the establishment of partnerships between civil society and authorities, and transparency of the decision-making process.

LEGAL ENVIRONMENT: 4.0



The legal environment governing the CSO sector improved in 2020 due to the adoption of the Law on Non-Commercial Organizations in June. The new law regulates the activity of public associations, private institutions, and foundations, which are the most widespread forms of CSOs in the country. The law limits arbitrary interference by authorities in the activity of CSOs, and expressly gives CSOs the right to express their views on the programs of political parties and socio-political organizations, as well as on electoral contestants and their programs. The law also stipulates that CSOs can receive funding from local and foreign sources and can generate income from all kinds of economic activities without receiving special permits. In addition, CSOs can now provide paid services for political parties and organization. The law also allows companies to partner with individuals and CSOs to create new associative structures.

The law simplifies the registration process for these types of CSOs, reduces the period of registration from thirty to fifteen days, and eliminates all registration fees. However, CSOs still faced a number of bureaucratic impediments when attempting to register in 2020. For example, regional civil servants from PSA, the official governmental body in charge of overseeing the registration process, often made errors when attempting to implement the law, as they did not have clear instructions about the new registration procedures for CSOs. There were cases when PSA officials in the regions misled CSOs in the process of completing registration documentation or delayed their response to registration requests once they were filed.

The provisions of the Law on Non-Commercial Organizations are not harmonized with certain provisions of the Tax Code. For example, the new law allows public associations, foundations, and private institutions to carry out any activity that is not prohibited by law, while the Tax Code exempts income only for those activities expressly indicated in the by-laws of the organization. For other activities, CSOs must pay income tax equal to 12 percent.

Following recommendations made by a working group established by the Ministry of Agriculture, Regional Development, and Environment (MARDE), amendments to Law 436 on Local Public Administration were also passed in 2020. These changes allow local public authorities (LPAs) to partner with CSOs and businesses to create Local Action Groups (LAGs), non-profit structures aimed at promoting local community development and implementing the European Union (EU) LEADER program.

In 2020, CSOs did not report any major cases of harassment by the state. However, some organizations engaged in litigation with public authorities. For example, local representatives of the State Chancellery sued the Association Centre for Social and Medical Home Assistance (CASMED) and the Falesti City Council after the Council agreed to co-finance a homecare and socio-medical project implemented by CASMED without the use of a competitive process. A decision is still pending. In case of an unfavorable decision, CASMED will be deprived of this funding, which may jeopardize the future of the project.

To limit the spread of COVID-19, the parliament declared a state of emergency and a state of emergency in public health that imposed several restrictions and limitations on the rights of assembly and association, freedom of movement, and the right of education. As a result, CSOs lacked the possibility to organize public meetings because initially, all assemblies, meetings, public demonstrations, and other mass actions were forbidden. Later, assemblies and public gatherings and protests up to fifty persons were permitted.

CSOs continue to be exempt from income tax if they meet the requirements specified in Article 52 of the Tax Code. Similar to companies, CSOs are responsible for paying value-added tax (VAT) if, during twelve consecutive months, they make sales of services and products of USD 67,000 or more.

Individuals may direct 2 percent of their taxable income to an accredited CSO. Businesses that make donations for philanthropic purposes to a CSO can, for tax purposes, only deduct up to 5 percent of their taxable income, thereby discouraging those economic agents that have little or no profits from making donations. Similarly, small non-VAT companies are deprived of the possibility to deduct donations made for philanthropic purposes from taxable income, as the standardized reporting forms do not allow such deductions to be included. In 2019, the Platform for the Development and Promotion of Philanthropy in the Republic of Moldova submitted a set of proposals to stimulate corporate donations. In 2020, these proposals were reviewed by the State Chancellery and several consultations were held with members of the Platform. In October 2020, the Platform submitted an additional set of proposals regarding philanthropy, which were being reviewed by the parliament and Ministry of Economy at the end of 2020.

The existing legal framework still allows CSOs to access funds from both public and private sources. CSOs can generate revenue from statutory economic activities, social entrepreneurship, and through the provision of social services to central and local public authorities. In 2020, amendments were introduced to Law 276 on Principles of Subsidizing Agricultural Producers that stipulate that 5 percent of the total budget of the National Agricultural and Rural Development Fund may be allocated to LAGs.

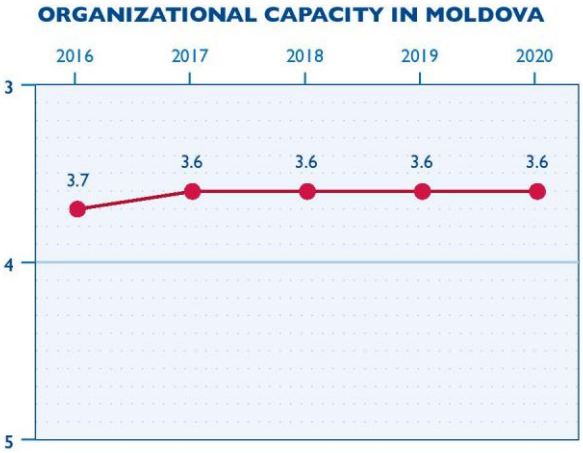
Local CSOs have access to various legal support programs. For example, in 2020, the CONTACT Center implemented a program through which legal and accounting support was provided to sixty CSOs located on the left and right banks of the Dniester.

ORGANIZATIONAL CAPACITY: 3.6

The organizational capacity of CSOs did not change in 2020.

The lockdown introduced by the government in March in response to the pandemic changed the intensity and form of interactions between CSOs and their beneficiaries. Some organizations made the switch to remote work relatively easily, while others were forced to suspend their activities, either because they or their beneficiaries lacked equipment or it was not feasible to move activities online. At the outset of the pandemic, a number of ad hoc, informal CSOs were created to respond immediately to public health needs, such as those supporting medical

staff and vulnerable members of the population, including elderly and disabled persons. For example, by the end of the year, the Initiative Together Against Covid-19, which was created in March, had provided food and other necessary products to more than 8,000 beneficiaries with the support of over 500 volunteers.



Over the past two years, the development of LAGs has contributed to improvements in CSOs' interactions with beneficiaries. LAGs are expected to consult with local communities to ascertain their needs regarding community development, involve them in the decision-making processes, and then apply for grants to implement projects. By the end of 2020, thirty-two LAGs had been created, covering about 35 percent of the country's territory. The initiative plans to expand through 2022 and to support the development of an additional twenty-two structures. CSOs also continue to focus on strengthening their relationships with their constituents to persuade people to direct 2 percent of their owed income tax to them.

Strategic planning processes were not a key priority for CSOs in 2020. As in previous years, CSOs initiated only a few strategic plans on their own. At the beginning of the year, promoting and supporting the strategic planning of CSOs remained a priority for funding organizations. However, donors' priorities quickly changed following the outbreak of the pandemic. For most organizations, adapting to the new working conditions imposed by the pandemic's restrictions took center stage. Many organizations, for example, had to develop remote decision-making processes, internal delegation plans, and oversight and accountability processes as they adjusted to the new environment.

The adoption of the new Law on Non-Commercial Organizations introduced important changes to the internal management structures of public associations, foundations, and private institutions. As of 2020, these organizations are no longer required to have permanent governing bodies and control bodies, such as boards and audit committees. The new law requires only the presence of a general oversight body in the form of the founder of a private institution, the general assembly of members for a public association, and the council for a foundation. In addition to this body, the legislation stipulates the mandatory presence of an administrator, who may have the title of executive director, president, general secretary, or something else. These provisions apply to both newly registered and existing organizations.

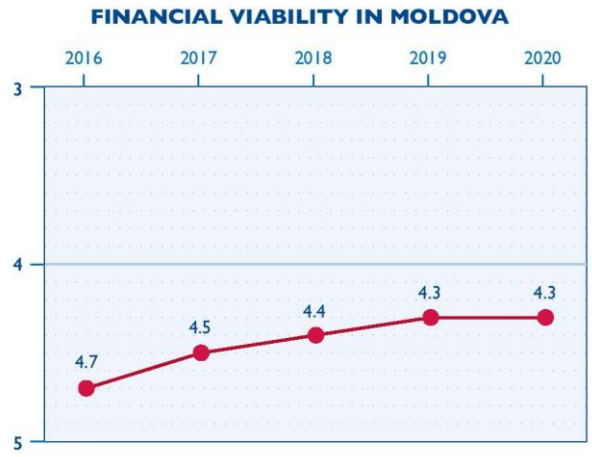
The unprecedented situation imposed by COVID-19 also negatively affected CSO staffing, particularly among CSOs whose activities involve physical contact with their beneficiaries. Unable to collect the necessary resources, some CSOs accumulated debts to pay salaries or were forced to lay off staff. Organizations that have grants to cover salaries suffered less, as donors were generally flexible and allowed them to adjust planned activities to meet the conditions imposed by the pandemic. The government did not provide any financial support or compensation to those who lost their jobs, including those employed by CSOs. In 2020, with funding from the EU, IREX Europe launched a project to support organizations affected by the pandemic, which includes funding for core organizational costs, including salaries.

Volunteering also suffered from both travel and social distancing restrictions, so most CSO activities involving volunteers were transferred online. Fewer volunteer cards were issued in 2020 than in previous years; only 220 such cards were issued by CSOs, compared to 353 in 2019 and 312 in 2018. The Certification Commission of the host institutions of volunteering activities continued to accredit CSOs and public institutions that have developed volunteer programs in accordance with the legal framework and twenty entities were accredited/re-accredited in 2020, a similar number to the previous year.

In 2020, many CSOs were limited in their ability to operate due to the lack of technological equipment. Several donors launched technical support programs to help some CSOs overcome these problems. For example, the EU-funded IREX Europe program also offers support for the digitization of CSOs, including financial support to buy computers, video and audio equipment, subscriptions to remote communication platforms, etc. In addition, many

organizations continued to benefit from preferential prices for licensed software through TechSoup Global, a nonprofit international network that provides technological tools to other nonprofits.

FINANCIAL VIABILITY: 4.3



The CSO sector's financial viability did not change significantly in 2020. According to a study conducted by Konrad Adenauer Stiftung in November 2020, about 44 percent of the 300 CSOs surveyed said they anticipated a decline in revenue in 2020. However, the declines are not expected to be dramatic and will mostly be from sources other than grants, which account for the vast majority of CSO revenue.

Although there is no accurate information on the proportion of foreign grants in CSOs' reported annual budgets, the vast majority of research conducted in recent years estimates that such grants account for more than 70 percent of the annual revenues of registered organizations. Other sources of income include donations from individuals and companies, the 2 percent individual donation scheme, and income from economic activity.

The ability of CSOs to raise funds through crowdsourcing has grown over the past few years. A new crowdfunding platform—www.particip.md—was created in 2020 that aims to support creative, community development, charitable, and capital investment projects. Platforms created in previous years, such as www.sprijina.md and www.caritate.md, also continued to operate. UNDP Moldova and the Swiss government actively support CSOs, especially local associations, in developing campaigns and raising money through crowdfunding. In 2020, approximately $121,939 was collected by local associations (commonly known as hometown association in Moldova) through crowdfunding campaigns.

Government funding levels for CSOs did not change notably in 2020. The Ministry of Education, Culture and Research (MERC) is the main public authority that provides funding for CSOs. In 2020, MERC awarded grants to twenty-three youth CSOs with a final total value of $266,000; as the pandemic made it impossible to carry out some activities, the final grant amounts were slightly less than initially planned. No new programs were developed to support CSOs during the pandemic.

In 2020, some actions were taken to improve the process of funding CSOs from the public budget. According to the study *The Mechanism of Direct Financing of CSOs by the State: Realities and Options*, which was published in 2018 by Institutum Virtutes Civilis, public authorities should consult with CSOs more when setting funding priorities, ensure transparency in the process of selecting beneficiaries, and establish clearer rules regarding the launch of financing competitions. Based on this analysis, in 2020, Institutum Virtutes Civilis developed a framework regulation for the financing of projects of non-commercial organizations that all central and local public authorities can use as a model. The document is being reviewed by the State Chancellery and is expected to be approved in 2021.

As of 2020, LAGs can benefit from funding from the public budget. In February 2020, the government decided to allocate up to 5 percent of the National Agricultural and Rural Development Fund to finance LAGs beginning in 2022; funds will be allocated based on proposals from LAGs. From 2018 to 2020, Moldovan LAGs implemented 710 micro-projects with a total budget of approximately USD 2 million; these funds came from foreign donors, including the EU and USAID.

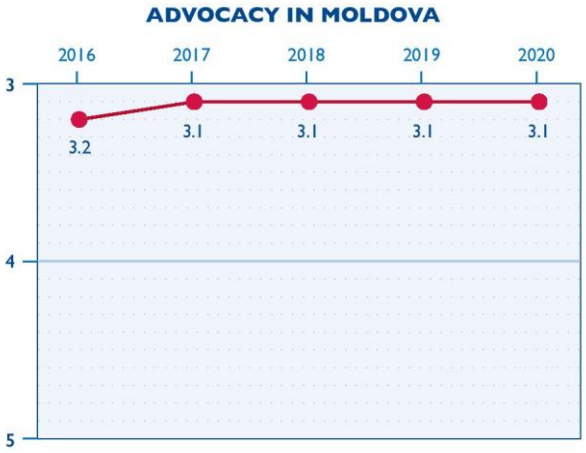
The primary foreign donors that provide support to CSOs are the US Agency for International Development (USAID), the EU, the Swedish Embassy, the German Agency for International Cooperation (GIZ), and United Nations agencies. USAID, for instance, spent $2.8 million in 2020 for civil society. The main funding methods are grant competitions and tenders. Donors generally took a flexible approach to their existing grantees, allowing them to adapt their projects to the new circumstances stemming from the pandemic.

The number of individual taxpayers who redirected 2 percent of their income tax to CSOs decreased from 34,066 in 2019 to 26,776 in 2020. As a result, the total revenue collected through this mechanism in 2020 was EUR 65,000 less than what was collected in 2019. The main reason for this decrease was likely the restrictions on movement imposed by the pandemic, which resulted in fewer people going to the tax service to submit their annual income tax forms, thereby limiting the number of people who redirected 2 percent of their taxes to CSOs.

CSOs can generate income from economic activity on their own or by creating social enterprises. The first four social enterprises were officially accredited in Moldova in June 2020. According to the catalogue of social enterprises, however, there are forty-eight social entrepreneurship initiatives, of which thirty-one (63 percent) are CSOs; the rest are limited liability companies. According to data from the *Baseline Report in Republic of Moldova* that was prepared for the project EU4Youth, approximately 50 percent of social entrepreneurship initiatives are categorized as active, 21 percent as start-ups, and 29 percent as inactive or no longer functioning Although no concrete data is available, social entrepreneurship and CSOs' economic activity are thought to have been dramatically reduced as a result of the pandemic.

The majority of CSOs, particularly regional CSOs, do not have sound financial management systems in place and do not operate transparently. Few CSOs publish annual financial reports with financial statements and less than a third of CSOs have submitted financial statements to the authorities, although they are legally required to do so. External audits are usually performed only within large projects funded by foreign donors. CSOs generally present reports in accordance with conditions and provisions in their funding contracts.

ADVOCACY: 3.1



CSO advocacy did not change in 2020. Collaboration between civil society and public authorities was characterized more by ad hoc partnership activities to mitigate the consequences of the pandemic than by a prepared, structured, and agreed-upon advocacy agenda.

Currently, there is no unique platform for civil society to present its interests to the state. The National Participation Council (NPC) was an advisory structure created by the government to promote the participation of CSOs in joint decision making with state institutions, but it is no longer active. Its resuscitation is no longer considered a priority either by CSOs or the government because the mechanism had been unable to ensure effective and full participation of all members of civil society. In addition, most CSOs prefer to monitor their own areas of interest separately and to respond or intervene when necessary. The NGO Council remains the primary representative structure of CSOs in Moldova and is the one most often consulted by the authorities. It is a national platform that monitors laws that impact CSOs and claims to facilitate collaboration with the government, although it does not have a sufficiently legitimate mandate to assume representation of the entire sector. The government occasionally creates new consultative structures; these are typically docile and only mimic the participation of CSOs in decision-making processes. The former Moldovan president attempted in 2017 to create such a body when he established the Civil Society Council, which consisted of CSOs led by people close to him and the ruling Socialist Party at that time; it ceased to exist in 2020.

The National Platform of the Eastern Partnership Civil Society Forum, an associative structure consisting of ninety-two CSOs that promotes Moldova's European integration, has been particularly active in recent years. In December 2020, the platform presented its advocacy plan for the next two years which contains several objectives related to European integration and the democratic development of Moldova. The presentation meeting was attended by President Maia Sandu, who expressed her support for the proposed objectives.

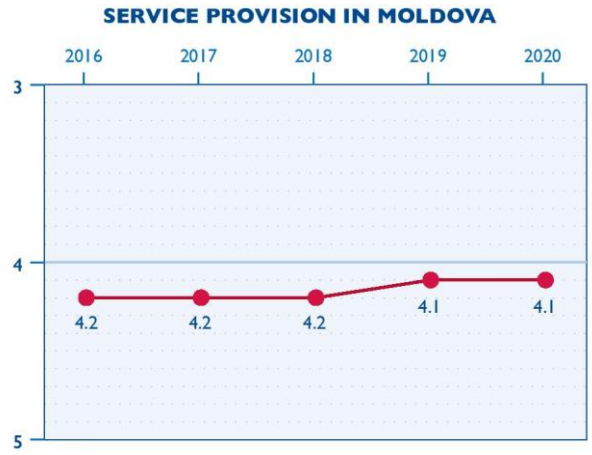
In 2020, several public policy initiatives launched in previous years resulted in positive achievements. One example is the success of the initiative to regulate the status and functioning of LAGs. The initiative was submitted by the National LEADER Network of the Republic of Moldova and the Solidarity Fund PL Foundation in Moldova. As a

result of their efforts, several important amendments were made to Law 436 on Local Public Administration, including the ability for LPAs to partner with CSOs and the business sector in forming LAGs.

Lobbying is not regulated by law. However, there are cases when CSOs communicate directly with policy makers, resulting in positive achievements. For example, the National LEADER Network has developed very good personal connections with the representatives of the Ministry of Agriculture and Food Industry that facilitated the work mentioned above.

As a result of a three-year advocacy process led by CSOs and the active involvement and pressure of foreign donors, the Law on Non-Commercial Organizations was finally approved during its final reading in June 2020. A group of CSOs led by Legal Resource Center from Moldova (LRCM) issued a public appeal which was signed by over forty organizations requesting the approval of the law in the version previously developed in consultation with CSOs, without including amendments that could negatively affect the activities and functioning of non-profit organizations. Meanwhile, donors stated that they would withhold EU support and other funding that was to be allocated to the public budget if the law was not passed in full.

SERVICE PROVISION: 4.1



CSO service provision remained largely unchanged in 2020.

CSOs provided a wide range of services to beneficiaries, but the overall volume of services provided is still small. The fields of education, legal aid, entrepreneurship, institutional development, social assistance, and home health care are the key areas in which CSOs provide services. With the approval of the Law on Non-Commercial Organizations, CSOs are now also able to provide monitoring services for political activities and services for political parties.

With the onset of the pandemic, CSOs and citizens mobilized to collect money and food for medical staff, hospitals, and socially vulnerable people. The Initiative Together Against COVID-19 delivered about 8,000 hot meals to the elderly and vulnerable people. The Diaconia Religious Mission developed several partnerships enabling it to donate food packages to the elderly and vulnerable population worth about $29,000. Public Association Moldova-AID offered 500 face shields and 2,000 liters of anti-bacterial soap to the Emergency Medical Institute, and also helped raise about $55,000 to buy ventilators and other necessary medical equipment. Several CSOs produced masks and breathing equipment for medical staff, and donated disinfectants, gloves, masks, and other products needed to fight the pandemic.

To identify needs, CSOs usually approach beneficiaries directly or carry out various surveys, analyses, or research in the field. An example of this is the *Report on the Mechanisms for Accreditation, Contracting, and Financing of Social Services*, which was published in December 2020 by the Institutum Virtutes Civilis at the request of the Alliance of NGOs active in the field of Social Protection of Children and Families (APSCF). The report presents information about the status of the current accreditation system and whether it meets the service needs of the population. Although some CSOs conduct surveys and research to identify the needs of their beneficiaries, several experts in the field note that the resulting reports are not sufficiently detailed.

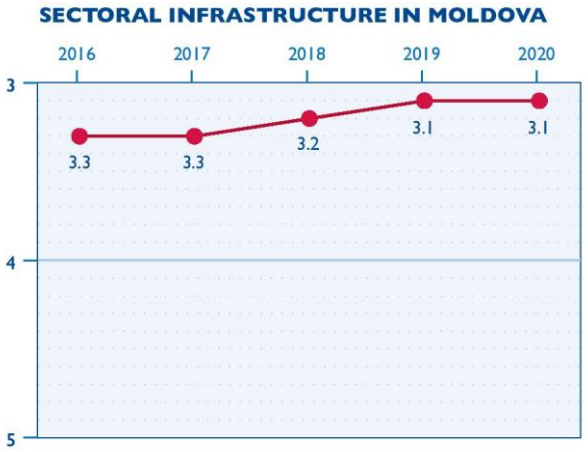
CSOs, especially local and mutual interest groups, strive to provide services tailored to the needs of beneficiaries and constituents. They increasingly develop their in-house and advocacy skills by hiring experts and trainers to provide quality services for beneficiaries. Besides training and consulting services, think tanks and larger CSOs also develop research and analytical tools in their fields of activity to better gauge their constituents' needs. These tools and reports are usually distributed and offered to other organizations, beneficiaries, authorities, and academia free of charge. In general, CSOs provide services without discrimination to all interested beneficiaries.

According to several studies conducted in 2020, including ones conducted by the Konrad Adenauer Stiftung and CASMED for the Northern Development Region, the revenues received by CSO from service provision constitute only about 10 percent of their total revenue. As in previous years, a large portion of the costs for services delivered by CSOs to beneficiaries continued to be covered by foreign donors. In many cases, LPAs co-finance these services, but the amounts allocated by them are insufficient to cover the full amount needed. This is because about 80 percent of LPAs are not financially viable and sometimes, the authorities are not interested in continuing to these services. For example, in the Dubasari district, the authorities decided not to continue financing two services provided by CSOs, arguing that they are not useful to the population even if the beneficiaries stated otherwise.

The legislation stipulates that social service providers must be accredited every five years in order to deliver services to beneficiaries and to receive contracts from the public authorities. The accreditation process is both difficult and unclear. For example, current regulations regarding public procurement procedures and public-private partnerships are not adapted to the field of social service contracting or the specificities of non-profit providers. According to the *Report on the Mechanisms for Accreditation, Contracting, and Financing of Social Services*, about half of social service providers do not want to be accredited by the National Council for Accreditation of Social Service Providers (NCASSP) and continue to provide services without accreditation.

Despite CSOs' contributions during the pandemic, the government's recognition of CSO services did not change in 2020, Neither central or local public authorities showed particular interest in supporting the development of new CSO social services.

SECTORAL INFRASTRUCTURE: 3.1



The infrastructure supporting the CSO sector did not change notably in 2020.

Support and resource centers continued to provide information and technical assistance to CSOs from Chisinau and other regions. Some of the most active national resource organizations are CONTACT Center and the Center for Organizational Consultancy and Training (CICO). Outside the capital, the most active organizations include Pro Regional Cooperation (ProCoRe), CASMED (for the Northern region), CONTACT Center Cahul (for the South), and the European Center Pro Europa (for ATU Gagauzia). Solidarity Fund PL and the National LEADER Network are the most active and important organizations involved in building the capacity of LAGs. All these organizations offer a full range of services such as information, mentoring, training, and consulting services. They also periodically launch grants programs to develop organizational capacity and support local initiatives. Although these organizations provide active support for CSOs, their functionality largely depends on foreign funding.

Local funding and grantmaking capacity both continue to grow. During 2020, there were several funding opportunities and programs for regional and local CSOs. For example, in March, the Konrad Adenauer Stiftung launched the second call of the Development of Local Civil Society in the Republic of Moldova grant program, which is funded by the EU. More than 80 percent of the approximately EUR 1 million budget was distributed to regional and local projects. In the Northern region, ProCoRe in partnership with CASMED provided grants to twenty-five CSOs through the project Engaging Citizens and Civil Society in Decision-Making and Sustainable Local Development, which is funded by the EU and implemented by GIZ. The total amount of the local grants program was EUR 750,000.

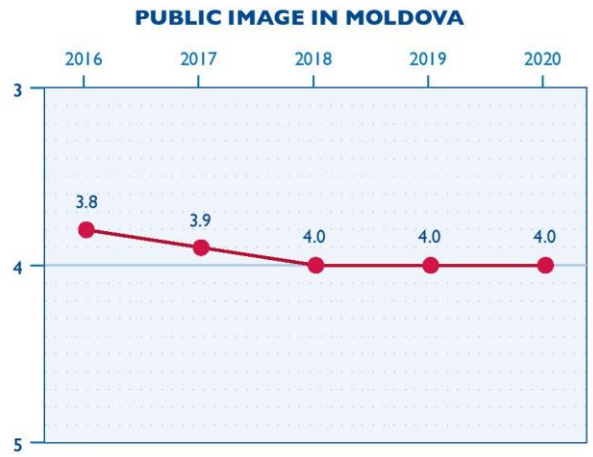
The NGO Council and the National Platform of the Eastern Partnership Civil Society Forum remain the most representative and active platforms of CSOs in Moldova. In December, the NGO Forum—the general assembly of the NGO Council—was organized and new board members were elected for the NGO Council. In addition to existing networks and platforms, new structures have been created. For example, in August, CSOs in the

Northern region launched the Platform for Health Cooperation (CORES) to strengthen the collaboration of CSOs working in the field of health care and promoting social responsibility.

Donors funded multiple training and support programs for CSOs during the year. For example, CASMED in partnership with ProCoRe launched a training and consulting program for twenty-five northern-based CSOs on financial management, human resources management, good governance, and communication and visibility. CONTACT Center Cahul launched a training program and platform for CSOs which included several training courses on five relevant topics related to the activity of CSOs entitled Online School for CSOs. In recent years, however, CSOs have become less interested in the training programs offered to them. This is due to the fact that some CSOs face few challenges in functioning at a low level of institutional development, and the training often does not include a practical approach. After CSOs adjusted to the new situation created by the pandemic, they started to organize online trainings. However, these activities were deemed to be less effective, and many capacity-building organizations mentioned that it is more difficult to facilitate these meetings and keep participants engaged.

CSOs have registered little progress regarding collaboration with other sectors. The most important successes are related to the collaboration within LAGs. The thirty-two existing LAGs involve over 1,200 public, associative, and business organizations. In 2020, the Solidarity Fund PL in Moldova in collaboration with the National LEADER Network launched the call for proposals Initiatives for the Creation of Local Action Groups, which is focused on the expansion of the existing network and the creation of seven new LAGs.

PUBLIC IMAGE: 4.0



The public image of CSOs did not change significantly in 2020.

CSOs' presence in the media increased in 2020, largely due to new regulations that oblige national media organizations to provide at least ten hours of local media content. Therefore, the media increasingly invite CSO representatives to take part in television talk shows to comply with the existing legal provisions. On the other hand, CSOs are losing interest in the traditional media, while they are more proactively promoting themselves online, and by engaging with civic journalists, vloggers, influencers, and other resources on their social networks.

The level of public trust in CSOs is increasing. According to two separate Public Opinion Barometers, the number of people with absolute confidence and some confidence in CSOs increased from 19 percent of those polled in December 2019 to 29.3 percent in June 2020. However, the confidence rate then decreased in October 2020 to 23.1 percent. This significant variation may indicate either decreased confidence in CSOs or a data management error, given that data for the various editions of the barometer were collected by different companies and surveyed different segments of the population.

Although the image of CSOs seems to be improving, the population still does not discern between the different types and composition of organizations or the socio-economic functions they perform. Despite this, according to the October 2020 Public Opinion Barometer, CSOs benefit from greater trust compared to other actors such as government (23.2 percent), the justice sector (19 percent), parliament (15.5 percent), and the general prosecutor's office (18.5 percent). Although no official surveys were done regarding the public perception of CSOs during COVID, beneficiaries were generally appreciative of the services they received from CSOs during the pandemic.

In 2020, the government did not show much openness to civil society. Throughout the year, several politicians and officials launched verbal attacks on CSOs. A member of parliament from the Socialist Party (PSRM) published a book in October, which presented information in such a way as to defame active CSOs and foreign donors, and to cast conspiratorial theories on their activities.

The commercial sector maintains a relatively good view of CSOs, and the pandemic has played a strong role in solidifying solidarity between businesses and CSOs providing important social services to the community. The business community also perceives CSOs as important resources for addressing common problems and in providing advocacy platforms to raise issues of joint concern. With the adoption of the Law on Non-Commercial Organizations, businesses can now become members of CSOs alongside individuals and non-commercial organizations. This could further improve collaboration between businesses and CSOs.

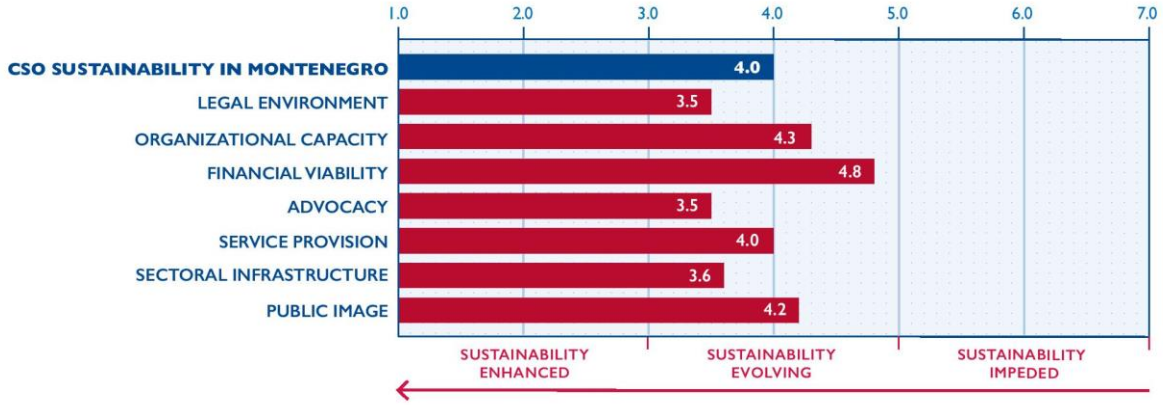
In 2020, due to the pandemic, CSOs focused their public relations and promotional activities on the online environment. According to the study conducted by Konrad Adenauer Stiftung, the communication channels most used by CSOs include Facebook pages (used by 81.5 percent of the 300 CSOs surveyed), organizational websites (used by 51.3 percent), and Viber groups (used by 39.7 percent). A study conducted for the Northern Development Region by CASMED had similar results, finding that about 70 percent of CSOs have at least one Facebook page and about 30 percent have webpages.

According to the provisions of the new Law on Non-Commercial Organizations, CSOs are required to submit annual activity reports, which were previously mandatory only for public utility CSOs. If CSOs are not able to publish their reports, then they must send a copy to any entity or individual who requests it within a month. Annual reports must include information on the activities carried out, the value of the financial means and materials obtained and used, as well as other relevant information. This will significantly improve the transparency of CSO activity.

MONTENEGRO

Capital: Podgorica
Population: 607,414
GDP per capita (PPP): $21,470
Human Development Index: Very High (0.829)
Freedom in the World: Partly Free (63/100)

OVERALL CSO SUSTAINABILITY: 4.0



After thirty years in power, the Democratic Party of Socialists (DPS) failed to form a majority in the parliamentary elections held on August 30, 2020. The new ruling majority is composed of three coalitions. Although a coalition agreement was signed immediately after the elections, a new government was not formed until December 2020. In his inaugural speech, the new prime minister emphasized the importance of partnership with CSOs and announced that the environment for CSO operations would be improved through an enhanced strategic and normative framework and a substantial change in the participation of CSOs in the decision-making process. The government is largely composed of experts and is faced with high public expectations. The fact that the head of DPS is the president of state might present a challenge to the new government.

The first cases of COVID-19 were recorded in Montenegro in March 2020. Although initially kept under control, allowing Montenegro to be declared a COVID-free destination for a short time in early summer, the virus started to spread again in mid-June. After several large public gatherings, Montenegro recorded one of the highest infection rates globally. The Montenegrin economy relies heavily on tourism, which suffered a severe blow as a result of the pandemic. The state of public finances and extremely high public debt in the country put additional strains on the government's efforts to mitigate the economic crisis. The civil sector actively monitored the actions taken by the government to limit the spread of COVID-19 and initiated several challenges in the Constitutional Court, as described below.

The Law on Freedom of Religion and Legal Status of Religious Communities, which was adopted on December 27, 2019, increased polarization in the country in 2020. The most controversial provision of the law stated that religious buildings and land used by religious communities that were built or obtained from public revenues of the state or were owned by the state until December 1, 1918, and for which there is no evidence of ownership by the religious communities, shall constitute state property. The Serbian Orthodox Church (SOC) considered the law discriminatory against it, and tens of thousands of citizens staged ongoing demonstrations to protest the Law's adoption both before and after the outbreak of the pandemic. SOC also became involved in parliamentary elections by urging the public not to vote for the then ruling parties. In late 2020, the new parliamentary majority adopted amendments to the Law that repealed the key provisions that had sparked protests. Although the president initially refused to sign a decree adopting the amendments, he eventually did so after a repeat vote in January 2021.

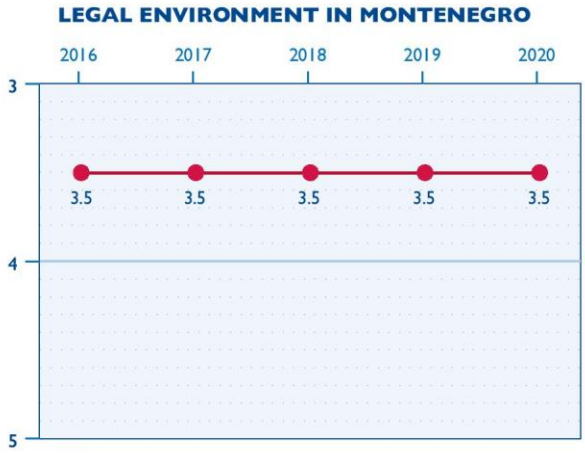
Little progress was made towards Montenegro's goal of European Union (EU) accession during 2020. Montenegro opened the last negotiation chapter (Chapter 8 - Competition) in June 2020 but failed to close any chapters during the year. Montenegro has temporarily closed only three out of a total of thirty-three negotiation chapters to date.

The rule of law continues to be a crucial issue in EU negotiations. In 2020, the government accepted the EU's revised methodology for the accession process, which divides negotiation chapters into clusters.

Overall CSO sustainability, as measured by the CSO Sustainability Index, remained unchanged in 2020. However, organizational capacity and service provision both deteriorated slightly, largely as a result of the effects of the COVID-19 pandemic. CSOs experienced many challenges in implementing project activities and moving to remote work. According to a survey conducted by Center for Development of Non-Governmental Organizations (CRNVO) in April 2020, these negative impacts included the inability to provide assistance and direct services to beneficiaries and layoffs. Although no precise information is available, there are indications that the pandemic circumstances had the biggest toll on local CSOs and CSOs that provide services to vulnerable groups. The government did not include CSOs in its measures to mitigate the consequences of the crisis.

The law distinguishes between two forms of non-governmental organizations (NGOs): non-governmental associations and non-governmental foundations. According to the Ministry of Public Administration, Digital Society and Media, there are 6,043 registered NGOs in Montenegro, including 5,703 non-governmental associations, 118 foreign NGOs, and 222 foundations. In 2020, 306 new NGOs were registered and 16 were deleted from the Registry.

LEGAL ENVIRONMENT: 3.5



The legal environment governing CSOs did not change significantly in 2020.

The Law on Non-governmental Organizations (hereinafter the Law on NGOs) regulates the establishment, registration, status, financing, and other aspects of the operations of non-governmental associations and foundations. The Law does not apply to political parties, religious communities, trade unions, sports organizations, business associations and other foundations, or organizations founded by the state. In 2020, the Ministry of Public Administration began the process of drafting the Analysis of the Law on NGOs, which will assess the effects of the law's implementation and start the procedure for initiating needed amendments. In June 2020, a working group was formed, consisting of three NGO representatives elected by public invitation and five representatives of government institutions.

Establishing a CSO is a fairly simple process. A non-governmental association may be established by at least three persons, one of whom must have a domicile, residence, or seat of office in Montenegro. With the consent of a legal guardian, a minor who is at least fourteen years old can also be a founder. A non-governmental foundation may be established by one or more persons, regardless of their domicile, residence, or seat. A foundation can also be established according to a testament. A foreign NGO may operate in Montenegro after registering its branch office. An application for the registration of an NGO may be rejected if its statute sets out goals that are unconstitutional or unlawful. Such a decision may be challenged before the court. In 2020, five NGOs had their applications rejected.

The Ministry of Public Administration established the eRegister of NGOs in 2020. This register does not differ from the one previously maintained by the Ministry of Interior, except for the fact that information is now regularly updated. Although the ministry planned to include more information about organizations, such as statutes and contact details, this information has not been included to date. The Ministry of Public Administration also maintains the NGO web database (www.nvoinfo.me), on which NGOs enter information themselves; however, this database is not widely used.

The objectives of the Strategy for Enhancing Conducive Environment for Activities of NGOs 2018-2020 were partially met. According to the implementation report from June 2020, one-third of the planned activities were not

implemented, most of which were included under the area outlining the role of NGOs in socio-economic development. The most significant achievement in terms of the Strategy's implementation was the improvement of the normative framework for the operation of NGOs, in particular the establishment of a new system to provide support for projects and programs of NGOs from the state budget and the adoption of an act regulating the public consultation process, both of which were adopted in 2018. A new strategy for the activities of NGOs is due in 2021. The report on the previous strategy's implementation recommends that the new strategy cover issues of donor coordination; regulation of the normative framework to ensure the freedoms of expression, assembly, and association; measures to implement the Law on Volunteering; and adoption of adequate measures for socio-economic empowerment of NGOs, among other issues.

Formally, CSOs enjoy rights and freedoms to carry out their activities and the authorities regularly state their commitment to cooperating with the civil sector. Despite this, a confrontational environment tends to arise whenever NGOs criticize government policies or the activities of public officials. After the Network for Affirmation of the NGO Sector (MANS) published research in September 2020 on the construction of a secondary sewage network, which was entrusted to a company previously convicted of evading taxes and social security contributions and criminal association, the mayor of Podgorica made insulting remarks about the organization and one of its activists. Center for Civic Education (CCE) requested information in order to examine the regularity of an open call launched by the Ministry of Science for the award of scholarships for doctoral research, prompting the minister to make negative comments on CCE's Facebook page.

Freedom of assembly has been restricted in the country since the beginning of the pandemic. However, these measures were respected selectively, and a number of mass gatherings were able to be organized. Human Rights Action and the Institute Alternative submitted to the Constitutional Court an initiative to review the constitutionality of the order banning political rallies and restricting religious gatherings and proposed suspending those measures. They argued that the order introduced excessive and disproportionate restrictions on the right to freedom of peaceful assembly for the protection of health and that they were of a discriminatory nature. The Constitutional Court issued a decision rejecting this initiative on January 28, 2021.

The Law on Corporate Income Tax recognizes donations to registered NGOs as tax-deductible expenses up to 3.5 percent of total revenue for the year. Only donations that support the causes envisaged by the law qualify for those benefits. The Law on Personal Income Tax recognizes donations as deductible expenses up to a maximum of 3 percent of the donor's gross annual income. Despite plans to do so, the Law on Personal Income Tax has still not been harmonized with the Law on Corporate Income Tax and the Law on NGOs in terms of the scope of public interest activities that are eligible for tax relief. For projects funded by the EU, all expenditures above EUR 50 are exempt from value-added tax (VAT).

CSOs may perform economic activity as envisaged by their statutes as long as they are entered into the Registry of Business Entities. Revenue from economic activity in a given year may not exceed EUR 4,000 or 20 percent of the total annual revenue in the previous year. Any excess amount must be paid into the state budget. NGOs are exempt from profit tax if they are established to carry out nonprofit activity.

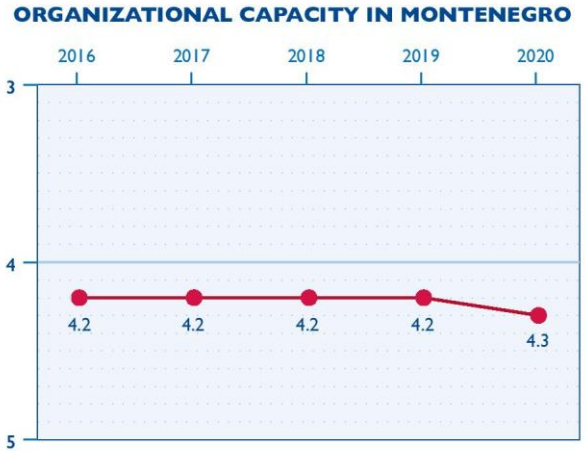
CSOs provide legal aid and free legal counseling to vulnerable categories of the population. Human Rights Action provides legal assistance to NGO activists in certain cases, but no organization is primarily engaged in providing legal assistance to CSOs.

ORGANIZATIONAL CAPACITY: 4.3

The COVID-19 pandemic challenged CSOs' organizational capacities over the course of 2020. A survey conducted by CRNVO indicated that negative effects, such as layoffs, the inability to implement activities, and the suspension of services, were apparent even in April. For example, over 42 percent of NGOs experienced delays in the implementation of financing agreements due to the pandemic; 35 percent were unable to pay rent, utilities, internet, and maintenance expenses; 19 percent had to terminate their leases for office space; about 9 percent had to lay off employees; and 7 percent had to reduce the salaries of their employees.

Most CSOs in Montenegro are small organizations that operate locally and have limited capacities. Major CSOs operate at the national level, with rule of law and human rights as the main areas of their work. State budget allocations are particularly important for small CSOs.

According to the law, a non-governmental association must have an assembly and an authorized representative, while a non-governmental foundation must set up a managing board and have an authorized representative. NGOs can also define additional governing bodies in their statutes.



Only well-established CSOs strategically plan their operations, whereas other CSOs only engage in project-based planning. In the first months of the pandemic, implementation of CSOs' projects was delayed as they took time to develop and transition to new ways of working and planning. After a few months, however, CSOs adjusted to the new modes of operation. Some CSOs are starting to align their in-house rules on issues such as personal data protection and prevention of conflict of interest with donor requirements, while also conforming to international policies.

There is no official data on the number of people employed in Montenegrin CSOs, their salaries, or the number of part-time associates, volunteers, or members. However, many CSOs noted that they were unable to cover the costs of associates to carry out one-off tasks in 2020. The Law on NGOs does not require organizations to provide full-time employment. However, if they do opt for this type of engagement, they are subject to the Labor Law as are all other employers. CSOs are still not perceived as desirable employers as they cannot guarantee financial security or long-term employment prospects. According to the new Labor Law that came into force in 2020, the maximum duration of fixed-term employment contracts is now thirty-six months, instead of twenty-four months. If an employee continues to work for the employer upon the expiration of this term, the employee becomes a permanent employee, which places additional responsibilities on the employer, such as paying severance pay if the employee is terminated. An exception is made for employees working on specific projects, which is favorable for many NGOs. CSOs can apply to bring interns on board for a period of nine months through a government-endorsed professional training program for higher education graduates. The government did not envisage paid leave of absence to parents employed in NGOs during the pandemic, as was the case with some other economic sectors.

The Law on Volunteering has been pending before the parliament since late 2019 but has not been adopted yet. The adoption of this law would be a positive step, as volunteering would no longer be treated as a type of employment.

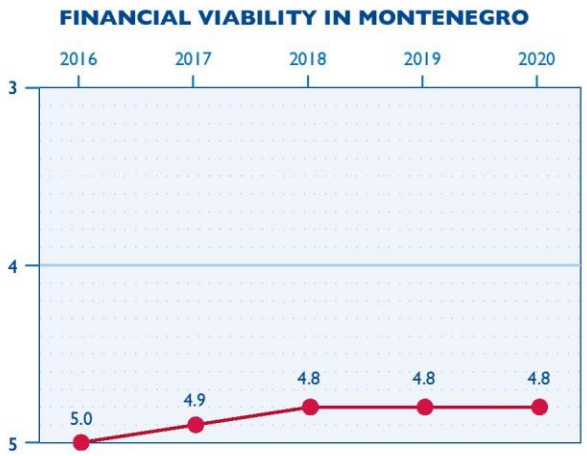
Most CSOs are equipped with basic information and communication technologies (ICT), such as computers, telephones, and internet access. However, a significant number of CSOs do not have their own websites. Some CSOs make up for the lack of official web pages by running social media accounts. In 2020, CSOs had to adapt to the new working environment by switching to "remote work" and carrying out their activities online. While this presented a challenge to some CSOs, well-established CSOs demonstrated flexibility in switching to new ways of working.

FINANCIAL VIABILITY: 4.8

Financial viability in the CSO sector did not change notably in 2020.

There is still no precise data on the extent to which the COVID-19 pandemic affected the financial capacity of the civil sector. However, few organizations have well-structured financial systems capable of surviving the crisis. CSOs reported that donors were flexible in accommodating requests to postpone or adapt project activities to the new circumstances. The donor community placed significant emphasis on pandemic-related topics, which might shape future CSO activities. In 2020, the government adopted three packages of support measures to help the economy combat the effects of the pandemic crisis, but they did not cover CSOs.

The COVID-19 pandemic did not have a significant impact on government funding of CSOs. The process of providing state budget allocations to NGOs is carried out in line with the model introduced by amendments to the



Law on NGOs in 2017. The government identifies priority funding areas based on proposals by ministries, after which the line ministries allocate the funds. At least 0.3 percent of the budget is to be provided for NGO projects and programs in the areas of public interest, 0.1 percent in the area of protection of persons with disabilities, and at least 0.1 percent for the co-financing of NGO projects and programs financed by the EU.

Ministries still fail to comply with the legally prescribed deadline for launching open calls for proposals for the allocation of funds. According to the 2019 data of the Ministry of Public Administration, only three out of fifteen ministries launched open calls within the prescribed period, while the rest exceeded the deadline by periods between four days and five months. The NGO sector continues to challenge the criteria for selecting independent evaluators, which do not guarantee their independence and expertise. NGOs have disputed certain calls for proposals, with accusations that competitions were not fair, evaluators were not imaprtial, and some NGOs received preferential treatment. The Law does not specify any deadlines for the issuance of decisions on the allocation of funds. According to data from 2019 from the Ministry of Public Administration, some ministries issue decisions on the allocation of funds up to eight months after the closure of the open call. Due to such lags, NGOs are often forced to delay a major portion of project activities into the following year, which affects the planned impact of projects.

NGOs argue that the system of public funding needs to be more transparent and that a mechanism should be introduced to ensure compliance with the prohibition on receiving multiple funding for the same project. They also emphasize the need to improve the finansiranjenvo.me web platform or create a separate platform that would provide more details on the allocation of funds—by donor and year of allocation—as well as project implementation reports. Also, NGOs find that the authorities need to improve project monitoring mechanisms by conducting regular monitoring visits. In the course of 2019, seven ministries conducted field visits.

According to data released by the Ministry of Public Administration in 2020, at least 970 project proposals were submitted through the open calls launched in 2019, 318 of which received funding. Funding was provided for 271 of at least 815 submitted project proposals in the area of public interest. Most project proposals were in the field of culture (176), while only one proposal—which was not funded—was focused on consumer protection. The lowest amount allocated to a single project was EUR 1,000 for a plant health protection project, while the largest grant of EUR 21,840 went to an elderly assistance project. As many as 47 out of 155 project proposals focused on the protection of persons with disabilities received funding. The lowest allocated amount for a single project was EUR 4,000, while the highest single-project amount was EUR 61,922.

Only eleven out of seventeen ministries and a single administration authority applied to allocate funds for NGO projects and programs of public interest in 2020. A total of thirty-four open calls were launched in 2020, three of which focused on the protection of persons with disabilities. As in 2019, as many as 318 projects received funding, including 263 projects in the area of public interest and 55 in the area of protection of persons with disabilities. Approximately EUR 3.46 million was distributed, while EUR 252,812 remained unallocated. Approximately EUR 857,000 was allocated for the co-financing of EU projects.

In line with the trends of the last few years, not all ministries applied to allocate funds for NGO projects and programs in 2021. However, since the new government undertook a reorganization of the public administration and the budget for 2021 has not yet been adopted, funding procedures will be reorganized.

Local CSOs still have weak financial viability and rely heavily on funding from local governments. The manner in which local budget funds are allocated is not sufficiently transparent, with persisting doubts that personal ties are favored over the quality of the projects proposed. According to the civil sector, some municipalities distribute funds to NGOs without launching open calls. Some municipalities did not issue calls for funding for NGOs in 2020 due to the COVID-19 pandemic.

CSOs are still primarily funded from international sources. EU funds, such as the Instrument for Pre-Accession Assistance (IPA), Europe for Citizens, Creative Europe, Erasmus +, and European Instrument for Democracy and

Human Rights (EIDHR), are of particular importance. However, this type of support is available to a limited number of organizations that have more developed capacities to meet the demanding requirements of calls for proposals.

Several donors launched COVID-19 emergency funds for Montenegro-based CSOs in 2020 to address various effects of the pandemic. These include the U.S. Embassy's COVID-19 Response Fund, the Balkan Trust for Democracy's Balkan CSOs Response to COVID-19, and the Council of Europe's Promotion of Diversity and Equality in Montenegro, which focused on CSOs fighting discrimination during COVID-19.

The Regional Program on Local Democracy in the Western Balkans (ReLOaD), funded by the EU and implemented by UNDP, has been implemented for almost four years in five Montenegrin municipalities (Podgorica, Kotor, Nikšić, Pljevlja, and Tivat). A total of fifty projects implemented by thirty-seven NGOs have been funded. Over EUR 500,000 has been allocated through thirteen open calls, including EUR 25,600 to combat the consequences of COVID-19.

The *2019 Report on the State of Philanthropy* by Catalyst Balkans, published in 2020, noted an upward trend in philanthropy in Montenegro. The top theme for giving was support to marginalized groups, followed by health care, education, and poverty reduction. The organizations that received the most donations included the Be Human Foundation Montenegro, Association Parents from Podgorica, Hilal Humanitarian Fund, Association Women of Bar, and Red Cross Nikšić. Preliminary data from Catalyst Balkans confirms that this trend continued in 2020, finding that the total number of donations in Montenegro increased from 935 in 2019 to 1,598 in 2020, while the total value of donations increased five times to about EUR 19 million.

In 2020, CSOs, media, and citizens organized a series of fundraising events for those in need. During the pandemic, over EUR 8 million in donations from the country and abroad were paid into the account of the National Coordination Body. In the first five days alone, over EUR 2 million was donated by 483 individuals. A donor SMS line was also opened, through which citizens could send donations of EUR 1. In addition, a large-scale civic fundraising campaign was organized after an earthquake hit parts of Croatia.

In partnership with the Montenegrin Chamber of Commerce and the Diaspora Administration, fAKT presents the annual Iskra philanthropy awards to companies, associations, and individuals that selflessly contribute to the common good and the development of civil society. In 2020, special recognition for civic contributions to the common good went to the CSOs Women of Bar, Source of Life, and Sabra Decevic for carrying out numerous activities aimed at helping the economically disadvantaged. Hajriz Brcvak, a prominent businessman, also received an award in recognition of his donations of money, hospital equipment, protective equipment, and other supplies through his foundation.

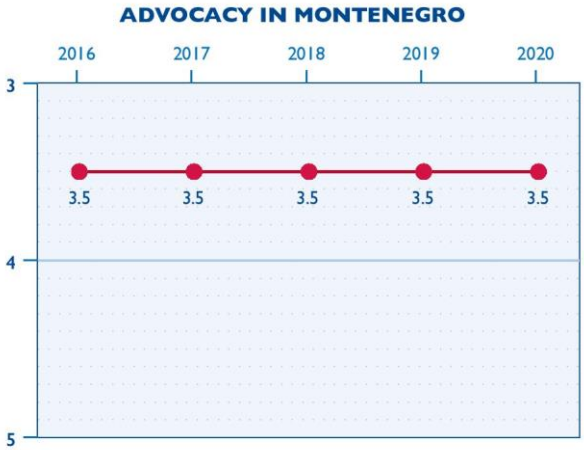
NGOs are obliged to keep accounting records and compile annual financial statements. CSOs submit the same financial statements as companies. A by-law specifying the content and form of financial statements to be submitted by CSOs has not been adopted yet. Larger CSOs have designated finance staff and hire accounting firms. Other CSOs cannot afford to hire financial managers on a full-time basis, while some do not employ a single employee. CSOs are not legally required to conduct audits of annual financial statements, although EU-funded projects in excess of EUR 60,000 are subject to audit.

ADVOCACY: 3.5

CSO advocacy did not change significantly in 2020. The government still fails to consult substantially with the civil sector in policy- and decision-making processes. Government authorities were focused on the pandemic during the year, while the elections decreased the number of acts passed, meaning that there were fewer public policies on the agenda.

The Law on State Administration stipulates that state administration bodies should cooperate with NGOs by organizing public discussions when drafting laws and strategies and through the work of working groups and other bodies. Participation of the civil sector is further prescribed in the Decree on the Election of NGO Representatives into Working Bodies of State Administration and Conducting Public Discussions in Drafting Laws and Strategies (hereinafter, "the Decree").

Numerous examples of non-compliance with the prescribed obligations and deadlines in the organization of public discussions still occur. According to the report of the Ministry of Public Administration, in 2019, public discussions were conducted with full respect for participation requirements for only 57 percent of regulations.



According to the Report on the Implementation of the Decree in 2019, only eight out of seventeen ministries published a list of laws to be considered in public discussions. In 2019, thirty-seven open calls for consulting the interested public and fifty-two open calls for public discussions were published. Some state bodies do not transparently provide feedback on the quality and outcome of consultations with the interested public. Three reports on consultations held with the public and six reports on public discussions were not published, despite the legal obligation to do so. Also, half of the total number of reports were not published within the prescribed deadline. According to the civil sector, public discussions are usually but a formality and the number of comments that gets accepted is merely symbolic. In cooperation with SIGMA/OECD, the Ministry of Public Administration created a methodology to measure the impact of NGOs in the creation and implementation of public policies in 2020. The Ministry of Public Administration runs the eParticipation and ePetition platforms, though they have not triggered active public participation; a single comment was submitted via eParticipation in 2020.

According to the Report on the Implementation of the Decree in 2019, ninety-one public calls for the election of NGO representatives to working groups and other working bodies were published. A total of sixty-five NGO representatives were involved in working groups. The quality of CSO involvement varies from one working group to another, although CSOs generally feel that they have little substantive impact on the decision-making process.

Free access to information remains crucial for many areas of CSO work and activities. The 2019 Draft Law on Amendments to the Law on Free Access to Information came under harsh public criticism. At the request of civil society, the Ministry of Public Administration postponed a public discussion on this law, so it would not take place amid the pandemic. In December 2020, a group of NGOs submitted draft amendments to the Law to the new government and the minister of public administration and called for a public discussion to be organized as soon as possible. According to the European Commission's latest report on Montenegro, the amount of information that public institutions deem to be classified is growing, thus restricting access to key policy decisions in practice.

The civil sector supports the announced adoption of new provisions as part of the planned electoral legislation reform in 2020. CSOs are also greatly interested in the adoption of the Law on Parliament and Law on Government, which top the new government's list of priorities.

In February, the former prime minister launched consultations with representatives of the civil sector, media, political parties, and academia to discuss key topics in the EU accession process. The consultations came to a halt in March due to the outbreak of the COVID-19 pandemic and were then resumed in late May with representatives of political parties. Many organizations expressed dissatisfaction with the final outcome of these consultations. CSOs are also involved in working groups for EU accession negotiation chapters.

CSOs actively monitored the government's activities during the COVID-19 pandemic. CSOs submitted several initiatives before the Constitutional Court to review the constitutionality of measures restricting freedom of assembly, the right to privacy, and the right to vote. In response to NGO initiatives, the Constitutional Court repealed the government's decision revealing the identity of persons in self-isolation, as well as some of the provisions of the Technical Recommendations for the Epidemiological Protection of Voters During Elections and the Rules on Voting by Letter, which unduly restricted voting rights. NGOs also played an important role in combating the infodemic that accompanied the pandemic and exposing COVID-19 disinformation.

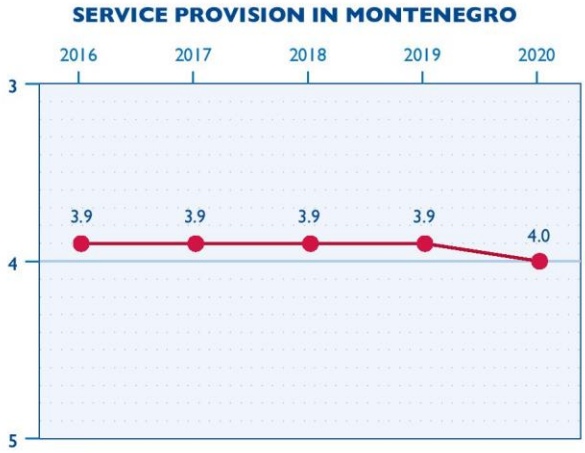
CSOs were actively involved in monitoring the regularity of all segments of the election process, and two organizations, Center for Democratic Transition and Center for Monitoring and Research, monitored voting on election day and provided information on election violations, turnout data, and election result projections.

The adoption of the Law on Life Partnership of Same-sex Persons in July 2020 was a major step forward in improving the status of the lesbian, gay, bisexual, transgender, and intersex (LGBTI) population. A car caravan was organized to mark the eighth Pride Parade in December 2020.

CSO participation in decision making at the local level is limited. At the end of 2020, Podgorica adopted a decision on the conditions and procedures for financing NGO projects and programs, which was criticized for only allocating at least 0.1 percent of the city's budget, not counting the capital budget and debt repayment, for NGO activities.

The Council for the Development of NGOs is tasked with monitoring the implementation of the Strategy for Enhancing Conducive Environment for Activities of NGOs and issuing opinions on draft regulations and documents related to the work and development of NGOs, as well as the implementation of regulations, strategies, and other documents pertaining to the activities and development of NGOs. In its latest report, the European Commission pointed out that the Council still lacks visibility and outreach to local CSOs in more remote areas. The Council held three sessions in 2020.

SERVICE PROVISION: 4.0



CSOs in Montenegro provide numerous services in different areas. Among the most common services provided by CSOs are legal aid, consumer protection, whistleblower protection, social and child protection, protection and assistance to persons with disabilities, education, and health care.

CSO service provision deteriorated slightly in 2020 as a result of the effects of the COVID-19 pandemic. In response to the crisis, CSOs were forced to suspend, delay, or adapt activities aimed at vulnerable groups. While many activities were moved online, not all of CSOs' beneficiaries have access to digital channels or are familiar with online communication. Some CSOs, therefore, continued to do fieldwork to reach these groups, whenever it was feasible, therefore placing their employees at a greater risk of exposure to COVID-19. The CRNVO survey from April 2020 showed that 14.7 percent of surveyed organizations believe that their users would be completely deprived of the services they provide, while 70 percent indicated that their users would be deprived of their services to some extent, but not completely, while only 16.2 percent responded that their users will have the opportunity to use their services without interruption.

There was increased demand for the services of CSOs that provide assistance to women and children victims of domestic violence in 2020 due to the increase in violence in the context of the COVID-19 pandemic. As indicated in the *Report on the Rapid Assessment of the Social Impact of the COVID-19 Epidemic in Montenegro*, issued by the United Nations in Montenegro, NGO Safe Women's House received 46 percent more calls from March 16 to June 1 than in the same period last year, and shelter accommodations were provided to 60 percent more victims of gender-based violence. NGOs working to protect the rights of the LGBTI population also received a larger number of reports of violence against their members.

Several different laws regulate the provision of services in different areas, which is cumbersome for CSO service providers. CSOs must be officially licensed by ministries in order to provide services in specialized areas. For example, to become a licensed service-providing CSO in the field of social and child protection, an organization must be registered and meet the standards for the provision of the service for which the license is sought, which refer to location and premises, equipment, number and type of professional staff, and service provision program. The competent authorities exercise control within the period for which a license is issued and may suspend service provision in the event that the prescribed conditions are not met. Once CSOs are identified as potential service providers, they are bound by the same rules that apply to other legal entities or natural persons permitted to provide those services. CSOs that provide services in areas where specialized licenses are not prescribed by law

do not face any legal restrictions. The registry of CSOs accredited as service providers has not yet been established.

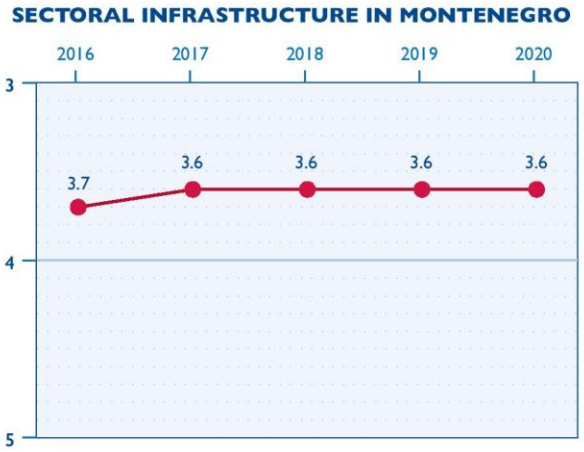
According to the CRNVO survey, CSO representatives would benefit from further tax relief, as the taxes currently levied on nonprofit organizations reduce the scope of services they would otherwise provide. As many as 58.3 percent of organizations that participated in the survey were not familiar with the tax incentives for NGOs.

CSO service provision is hampered by the lack of stable funding. There is a danger that some NGOs will be forced to shut down and cease providing services due to problems with their financial sustainability, which have been exacerbated by the COVID-19 pandemic. Ministries are not required to provide regular funding for the provision of services in areas that require state-issued licenses, so CSOs must independently raise funds for their services from foreign and other funding opportunities. The government or ministries may allocate funds through separate decisions, following requests by CSOs. The new Public Procurement Law stipulates that all legal entities can participate in public procurement procedures, although the term "CSO" was not used. The Employment Agency provides grant schemes through calls for proposals for which both companies and CSOs can apply.

Social entrepreneurship is underdeveloped in Montenegro. The Law on Professional Rehabilitation and Employment of Persons with Disabilities regulates the establishment of work centers and protective workshops for persons with disabilities, which are considered forms of social enterprises. The law provides tax incentives for employers hiring people with disabilities.

SECTORAL INFRASTRUCTURE: 3.6

The infrastructure supporting the CSO sector did not change significantly in 2020.



CRNVO runs the Resource Center, which aims to improve the management and technical capacity of CSOs, facilitate cooperation with academia and local and national authorities, and increase citizens' trust and support in the civil sector. The Resource Center is a consortium of one national and four local resource centers with funding from the EU. The national resource center is located in Podgorica, while local resource centers are located in Pljevlja, Bijelo Polje, Ulcinj, and Herceg Novi. fAKT continues to act as the only local non-governmental and non-profit grantmaking foundation in Montenegro. In 2020, fAKT awarded a total of EUR 60,667 to twenty-one projects. The funds were provided by the Rockefeller Brothers Fund and the Balkan Trust for Democracy.

A memorandum of cooperation between the government of Montenegro, the Rockefeller Brothers Fund, the capital city of Podgorica, and the Civic House Foundation was terminated in 2020. The government and the capital city failed to deliver on their promise to back the construction of the Civic House by assigning a plot of land of appropriate size that is exempt from the payment of utilities. The funds for construction were to be provided by the Rockefeller Brothers Fund.

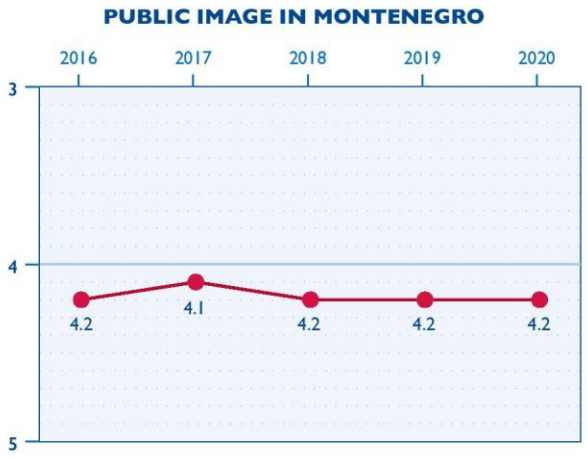
CSOs usually join forces and set up informal initiative groups in response to specific topics and events and take initiatives to address specific issues. There are two major CSO coalitions in Montenegro: Together Towards the Goal with 100 member organizations and Open Platform with around 30 members. CSOs also form coalitions focused on particular topics, such as the Coalition Together for the Inclusion of Roma and Egyptians in Montenegro and Coalition 27 for environmental protection. CSOs also form smaller coalitions, mostly on the regional level, to tackle relevant topics.

In 2020, most trainings, lectures, discussions, and conferences were organized online, making them accessible to a larger number of participants. In 2020, Resource Center organized a series of trainings aimed at small and medium-sized CSOs. The key training topics were: capacity building for future fund managers (re-granting), writing

proposals for projects funded by ministries and the EU, project management and financial management, capacity building for CSO networks, strategic planning, human resources, and advocacy.

Cross-sectoral partnerships are rare, although there are individual cases of partnership between CSOs and the media. fAKT continues to encourage the development of corporate philanthropy through a series of trainings and the annual Iskra award in partnership with the Montenegrin Chamber of Commerce.

PUBLIC IMAGE: 4.2



The public image of NGOs did not change significantly in 2020.

Media widely report on the initiatives and activities of leading CSOs. CSO representatives are present in the media on an almost daily basis and participate in popular TV talk shows covering topics within their respective scopes of work. As a result, the public is generally familiar with the leaders of prominent CSOs.

There is no data available on how much NGOs' monitoring of government activities or service provision in the context of the COVID-19 pandemic affected public perceptions of the sector. Available data suggest that trust in various institutions, including NGOs, is at a historically low level. According to a survey conducted by the Center for Democracy and Human Rights (CEDEM) on citizens' trust in institutions in August 2020, only 37.9 percent of respondents indicated that they trust NGOs, down from 39.3 percent in December 2019.

A public opinion poll conducted by CRNVO in October 2019 found that 21 percent of respondents perceive NGOs as "fighters for human rights and justice," while 12 percent see the involvement of NGOs in society as spurred by "embezzlement and greed." The survey also indicated that 58 percent of citizens believe that NGOs are a good form of organization for addressing major social issues. However, slightly more than half of respondents (54 percent) believe that NGOs are there to help skilled individuals to gain money and influence. One-fourth of citizens believe that NGOs should be banned because they serve the interests of foreign countries. The poll also found that the public tends to have more positive reactions to the term "civil society organizations" than to the term "non-governmental organization": while 12 percent of respondents questioned the expertise and good intentions of NGOs, only 2 percent challenged the expertise and good intentions of CSOs.

CSOs are perceived to play an important role in supporting all key reform processes. The new prime minister initiated meetings with representatives of the NGO sector after the elections, but it is still too soon to determine the new government's perception of NGOs. CSOs' perception by the business sector did not change in 2020, and cooperation between the two sectors remains limited.

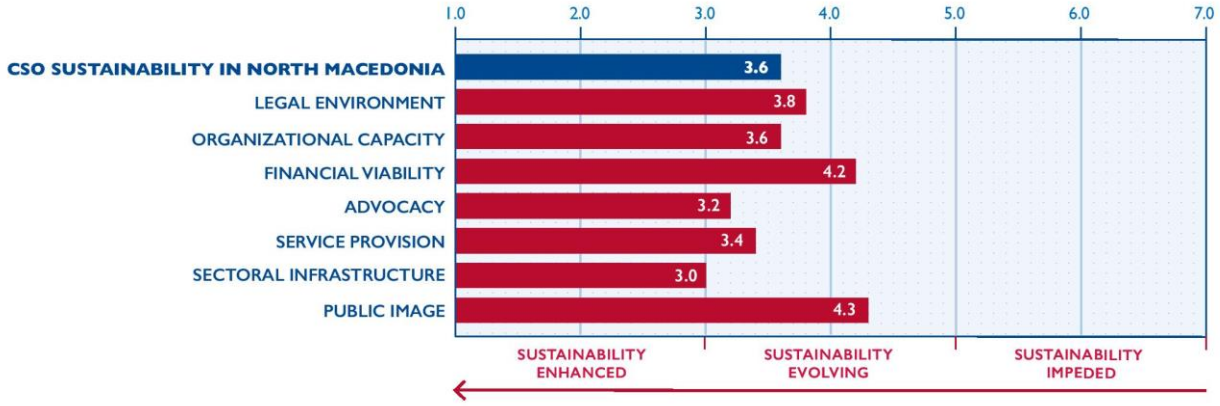
A growing number of organizations have started developing public relations (PR) strategies to present their research and analysis to the public in a straightforward and easy-to-understand manner through the media. However, few CSOs have designated PR or communications officers. The Law on NGOs stipulates that NGOs are to determine in their statutes the manner of publicizing their work. Well-established CSOs communicate and promote their work through social media (primarily Facebook, Twitter, and Instagram) on an almost daily basis. CSOs increasingly use infographics, video animations, and other interesting content in their social media posts.

An increasing number of organizations publish annual reports that include information on implemented projects, activities, budgets, and donors on their web pages. However, as many organizations do not have their own websites, information on their work is not always readily available. Audit reports prove that financial operations are performed in accordance with the law, however, it is up to individual organizations to pay for such audits and to publish audit reports on their websites.

NORTH MACEDONIA

Capital: Skopje
Population: 2,128,262
GDP per capita (PPP): $16,479
Human Development Index: High (0.774)
Freedom in the World: Partly Free (66/100)

OVERALL CSO SUSTAINABILITY: 3.6



The outbreak of the COVID-19 pandemic in 2020 had a profound effect on social, economic, and political developments in North Macedonia, including the work of CSOs.

In parallel to the outbreak of the pandemic, the country faced a political and institutional crisis. Prime Minister Zoran Zaev resigned in January and parliament was dissolved on February 16. A technical government was then constituted with the task of organizing early elections. Because of the pandemic, the elections were postponed from April 12 to July 15, 2020. When the elections were finally held, the previous governing alliance of the Social Democratic Union of Macedonia (SDSM) and the Democratic Union for Integration (DUI) again received the most electoral votes, enabling them to form a government.

As a result of the political crisis, the country was ruled by the technical government, which did not have a clear political mandate, during the early stages of the pandemic. On March 18, 2020, the President of North Macedonia signed a decree instituting a state of emergency, which enabled the technical government to rule by decree through June 13, 2020. To contain the spread of the virus, restrictive measures including curfews, limitation of non-essential movement, and closure of borders and air traffic, were introduced. Special permits were provided to CSOs and activists providing humanitarian and social services to the most vulnerable communities, allowing them to travel around the country despite the bans. Measures were also introduced against individuals who spread disinformation about COVID- 19 on social media.

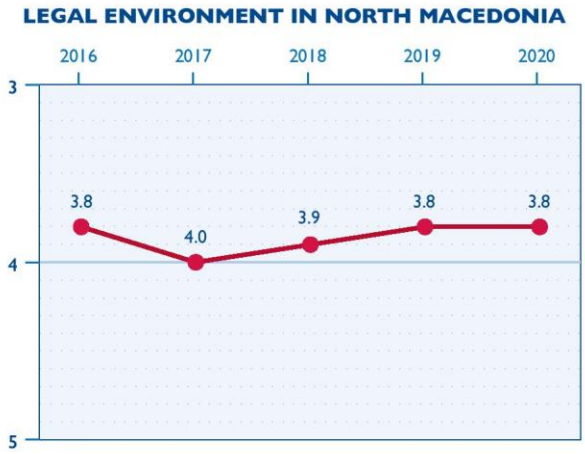
In 2020, North Macedonia made some progress but also experienced a significant setback in its Euro-Atlantic aspirations. After signing an accession protocol in 2019, the country became the twenty-ninth member state of the North Atlantic Treaty Organization (NATO) on March 27, 2020. However, the country's long-standing attempts to join the European Union (EU) were once again stymied, when Bulgaria vetoed the start of accession talks in November 2020, demanding that negotiation talks include bilateral issues between the two neighboring countries related to the Macedonian identity, language, and history.

Overall CSO sustainability improved slightly in 2020, mainly due to CSO's abilities to adapt to and mitigate the effects of the pandemic. Organizational capacity within the CSO sector improved driven by advances in constituency building, volunteerism, and the use of technology, while CSOs quickly adjusted to the new circumstances presented by the pandemic and provided new services to address their constituencies' needs, resulting in an improved score in the service provision dimension. The sector's public image also improved, due to the positive media coverage and citizens' recognition of CSOs' positive role in society, especially during the COVID-19 crisis. At the same time, the sector's financial viability deteriorated slightly due to the reduction of state

funding for CSOs from both the central and local budgets. The legal environment, advocacy, and sectoral infrastructure dimensions remained stable.

The number of registered CSOs decreased in 2020. Data from the Central Registry of North Macedonia (CRNM) indicates that there were a total of 10,812 registered CSOs by the end of 2020, down from 15,476 in 2019. However, challenges related to the precision, usefulness, and timeliness of the data regarding the civil sector available from CRNM persist.

LEGAL ENVIRONMENT: 3.8



The legal environment governing CSOs in North Macedonia remained unchanged during 2020, affected by both positive and negative developments.

The 2010 Law on Associations and Foundations (LAF) continues to provide a relatively clear and enabling framework for the operation of associations and foundations, outlining requirements for organizational governance, reporting obligations, and other aspects of CSOs' work. The process for registering a CSO is generally fast and easy to complete. Although there was an effort in 2019 to waive registration fees for CSOs, these remained in place in 2020.

CSOs must register EU-funded projects in the Secretariat of European Affairs. The procedures for doing so were lengthier and more burdensome in 2020, causing CSOs administrative obstacles in project implementation.

CSOs generally operate free from state harassment, although isolated incidents do occur. For example, a CSO providing humanitarian, medical, and legal assistance in migrant camps reported that a police officer arbitrarily obstructed its work by limiting access to the camp to their legal team and medical associate without providing any official document describing such a decision.

Rapidly changing restrictions to the freedoms of movement and assembly in the first half of 2020 that were introduced as part of the government's measures to prevent the spread of COVID-19 affected the work of CSOs. Some CSOs had to postpone their field activities or terminate aspects of their projects.

There were also some positive developments in the legal framework affecting the work of CSOs in 2020. Most notably, in January, the Law on Youth Participation and Youth Policies was adopted. The new law—the first in the country to regulate these issues—defines youth organizations and establishes a National Advisory Body for youth policies and a Registry of Youth Organizations. The Law on Prevention and Protection Against Discrimination, which will promote and improve equality and prevent discrimination in the country, was once again adopted in October 2020 after the Constitutional Court repealed the 2019 Law because it was passed without the required majority. The law is important for CSOs working in the field of human rights and equality and was adopted with significant support and involvement of the civil society sector.

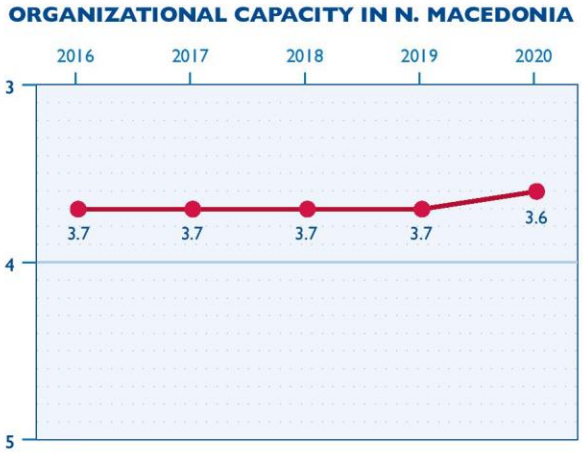
The 2018 Law on Money Laundering and Financing Terrorism continued to be an issue for CSOs in 2020. Banks continued to treat CSOs as high-risk subjects and therefore imposed burdensome procedures for opening bank accounts and performed rigorous monitoring of CSOs' bank accounts and transactions. In 2020, thanks to strong cooperation between CSOs and the authorities, a targeted risk assessment was initiated to evaluate the concrete risks of terrorist financing by CSOs and determine an appropriate methodology to conduct such assessments in the future.

CSOs face no legal restrictions to their ability to access various funding sources, including through income generation and economic activities, organizing fundraising campaigns, accepting funds from foreign donors, or competing for government procurements.

The Law on Donations and Sponsorship in Public Activities provides CSOs with exemptions from value-added tax (VAT) on foreign grants and domestic donations. Income derived from sources other than economic activities is exempt from profit tax. CSOs' economic activities are subject to a preferential tax rate of 1 percent of the total generated revenues from economic activity in the calendar year on amounts that exceed MKD 1 million (EUR 16,260). Volunteer costs are also exempt from the personal tax.

There were no specific training programs on CSO-related law in 2020. However, the Civil Society Resource Center and the Macedonian Young Lawyers Association (MYLA) have active legal support programs. As long as they have access to information technology (IT) tools, CSOs from all regions of the country can access legal advice.

ORGANIZATIONAL CAPACITY: 3.6



Organizational capacity within the CSO sector improved slightly in 2020 due to improvements in constituency building, volunteerism, and CSOs' use of technology.

CSOs were among the first to recognize the urgency of the pandemic and they quickly adapted their project activities to meet the needs of people most affected, including marginalized groups and vulnerable communities. CSO constituency building improved, as CSOs, especially those providing humanitarian assistance and those working on the grassroots level, engaged extensively with constituents to respond to their needs.

CSO staffing, on the other hand, further worsened in 2020 due to the crisis. According to research conducted by Association Konekt about the effects of the pandemic on CSO financial viability, 36 percent of CSOs surveyed responded that they faced challenges maintaining their current staff. Data from CRNM indicates that the number of people employed in the sector increased slightly from 1,645 in 2019 to 1,677 in 2020. However, it declined as a percentage of total employment in the country from 0.29 percent to 0.2 percent. CSOs, especially those working outside the capital, report growing challenges in obtaining skilled staff due to ongoing emigration.

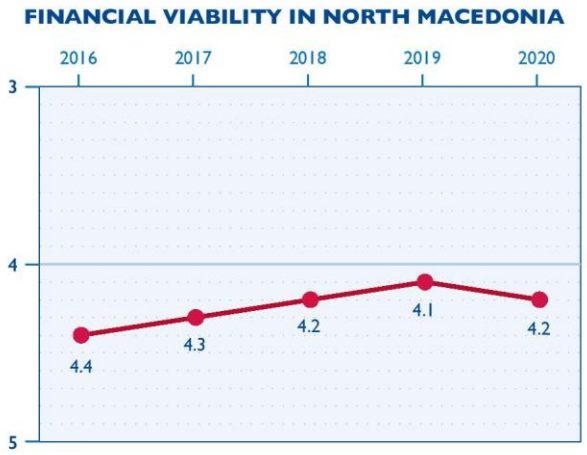
CSOs reported an increase in the number of volunteers engaged amid the COVID-19 pandemic. For example, LGBTI United Tetovo reported a 30 percent increase in the number of volunteers it engaged in the provision of food and groceries to the local community. An informal group of volunteers from different sectors, including medical doctors and private companies, came together under the name 3D Print Medical Equipment to produce and distribute protective equipment to more than 20,000 doctors and frontline workers across the country. Nevertheless, CSOs continued to face administrative barriers in developing volunteer programs, and greater challenges when it comes to accepting and working with foreign volunteers.

According to the *Report on the Governance Practices, Transparency and Accountability of Civil Society Organizations* for 2019 by the Macedonian Center for International Cooperation (MCIC), nearly three-quarters of CSOs (73 percent) have strategic plans. However, almost half of them (49 percent) do not have a monitoring and evaluation plan for their strategies. These practices did not change significantly in 2020, as strategic planning was not a priority for CSOs in 2020. Instead, CSOs were focused on adapting their programs to the new reality of the pandemic, ensuring the continuation and achievement of results, and responding to the needs of their beneficiaries in light of the pandemic mostly through short-term projects. According to the *TACSO Report on the State of the Enabling Environment and Capacities of Civil Society 2019*, many organizations also lack a clear division of roles for their governing bodies.

Technical advancement accounted for the biggest improvement in organizational capacity in the sector in 2020. Most CSOs have access to the internet, as well as state-of-the-art technical office equipment, which allowed them to adapt quickly to the use of online tools for their daily work. The Civil Society Resource Center provided CSOs with free use of Zoom's videoconferencing platform from July through the end of December 2020. At the same

time, CSOs expressed concerns that they had inadequate knowledge and practices concerning privacy and online security, especially with the way information is stored and exchanged.

FINANCIAL VIABILITY: 4.2



The financial viability of the CSO sector deteriorated slightly in 2020 due to the reduction of state funding for CSOs from both the central and local budgets. The research conducted by Association Konekt on the impact of the pandemic on the financial viability of CSOs found that 62 percent of CSOs faced financial difficulties; 64 percent indicated that they need more funding in order to respond to the urgent needs of citizens; and 44 percent responded that they have had grants or other sources of funding temporarily stopped. These trends were confirmed by the findings of an electronic questionnaire distributed to CSO representatives to collect more representative input into the *CSO Sustainability Index*; according to this survey, 57.7 percent of respondents indicated that the CSO sector's access to various sources of financial support declined in 2020.

In general, larger CSOs have access to longer-term funding from a few donors, while the majority of CSOs depend on one or two donors for short-term funding. CSOs continue to rely heavily on foreign donors for funding. According to the *Monitoring Matrix on Enabling Environment for Civil Society Development - Country Report for North Macedonia 2020*, almost 80 percent of surveyed CSOs receive funding from foreign donors.

According to the *Monitoring Matrix*, 82.4 percent of CSOs believe the public funding to CSOs is insufficient and not commensurate to the needs of CSOs. At the beginning of the pandemic, the government eliminated more than a half-million Euros in funding allocated for support to CSOs from the 2020 Budget. This funding would have been provided through the General Secretariat of the Government and a number of different ministries. As this decision was made without any consultations with the Council for Cooperation and Development of the Civil Society Sector or the public, CSOs called on the government to reconsider its decision. Following this reaction from civil society, the General Secretariat published a call to provide financial support to CSOs to implement measures focused on COVID-19. Through this program, a total of MKD 29.5 million (around USD 581,000) was awarded to forty CSO projects. In February 2020, the Ministry of Justice published a call under the newly adopted Law on Free Legal Aid to provide financial support to authorized CSOs and legal clinics to provide primary legal aid services. However, no information was available as to whether any funds were awarded under this call during the year. In addition, no specific measures were created for CSOs in any of the four packages adopted by the government to overcome the negative economic impacts of the pandemic in 2020.

There were also few public calls for support to CSOs on the local level in 2020, as many municipal governments reallocated their funds for CSOs to other purposes. In addition, most of the funding for CSOs distributed by the municipalities is awarded to sports clubs rather than CSOs, both of which are funded from the same budget line.

The level of foreign funding remained generally the same in 2020, although many donors reoriented their funding to react to the COVID-19 crisis. Under the Civica Mobilitas program for 2019 to 2022, which is funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by MCIC, approximately CHF 5.6 million (approximately USD 6.3 million) will be awarded as grants to CSOs over a four-year period. In 2020, Civica Mobilitas awarded a total of MKD 60 million (approximately USD 1.2 million) to fifteen CSOs to support their institutional development and strengthen their capacities. In addition, Civica Mobilitas awarded MKD 31.2 million (approximately USD 612,000) in ad hoc grants to allow CSOs to address immediate needs related to the COVID-19 crisis. The Foundation Open Society Macedonia (FOSM) awarded USD 779,600 for projects focused on COVID-19 support.

In January 2020, the Delegation of the EU launched a call to support civil society networks and platforms with total funding of EUR 2.5 million. However, CSOs that had served as the lead implementer of an EU-funded project over

the past five years were not eligible for this funding, excluding most of the well-established CSOs in the country. Many CSOs expressed concerns that such a practice might harm the many CSOs for which the EU has been a key source of funding.

USAID's new country development cooperation strategy for North Macedonia for 2020-2025 identifies three development objectives: greater economic growth through improved competitiveness; fostering economic opportunities attractive to youth, strengthening their job competencies, and empowering youth to take an active role in the country's development; and supporting the critical need for accountability of government institutions and citizens to increase their actions to counter corruption. Other donors, such as the British Embassy, the Embassy of the Kingdom of the Netherlands, and some smaller bilateral donors, are also still present in the country.

CSOs' fundraising capacity continues to be limited and there were no notable developments concerning online giving in 2020. Although the Law on Donations and Sponsorship in Public Activities provides tax incentives for donations and sponsorships, the procedures to claim these benefits continue to be burdensome, so they have little effect on individual and corporate donations especially by small and medium enterprises. In April 2020, urgent changes were made to the law that introduced a facilitated procedure for donations to institutions dealing with COVID-19 and established a Solidarity Fund. CSOs were not included in the new procedure prescribed by the law, despite the fact that they also collect donations and address pandemic-related needs. CSOs were also not recognized as potential recipients of the fund, which received significant funding from companies.

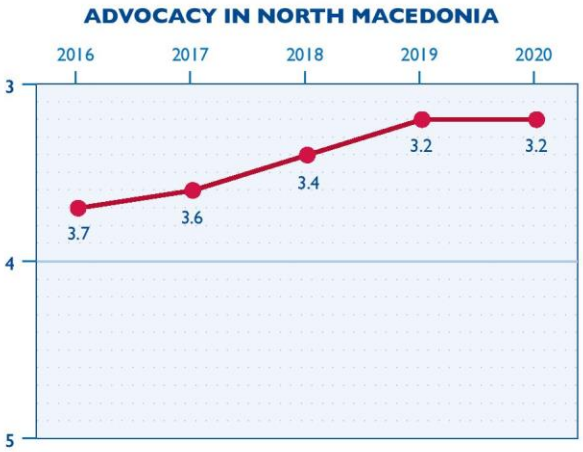
In 2020, companies provided significant support for COVID-19 pandemic response activities. Most of this support went directly to public institutions, although some valuable support was also provided to CSOs, in particular by producers and retailers of food and household products.

The extent to which CSOs engage in income-generating activities did not change significantly in 2020. According to the Monitoring Matrix survey, 48.8 percent of CSOs engage in economic activity. Changes to the Law on Public Procurement in 2019 allow the state to provide preferential treatment or reserved procurement of certain services from CSOs. This was seen as an opportunity for CSOs to tap into this financial resource. However, there are no known examples of this provision being used in 2020.

CSOs' financial management systems must comply with donors' requirements and national legislation and facilitate transparent reporting. No significant changes were recorded in CSOs' financial management practices in 2020, as the pandemic made it difficult for CSOs to devote resources to the development of policies and procedures in this area.

ADVOCACY: 3.2

CSO advocacy remained unchanged in 2020. Despite the difficult circumstances during the year, including the restrictions to movement and freedom of assembly adopted as part of the state of emergency and the obstructed functioning of the parliament for nearly half the year, CSOs were able to achieve some positive results through their advocacy initiatives and efforts. CSOs contributed to relevant policy-making processes, such as the drafting of the Law on Lobbying, the preparation of the National Strategy for the Fight against Corruption, and the election of candidates to the Commission against Discrimination. Moreover, many politicians participated in CSOs' online events, demonstrating their willingness to cooperate on issues of common importance.



The Council for Cooperation with and Development of Civil Society, which was established in 2018, continued to promote cooperation between CSOs and the government and to encourage further development of the civil sector. Nine sessions were organized in 2020 to discuss policies relevant to CSOs, such as public funding of CSOs,

cross-border cooperation programs, and civil society involvement in anti-crisis bodies. CSOs submitted five times more proposals to the Council's call to support civil society's contribution to the preparation of the government program for 2021 than in previous years.

Despite persistent challenges, CSOs remained engaged in policy-making processes at the local and national levels in 2020, and some of their initiatives were accepted by the authorities. Although CSOs were not initially involved in the anti-crisis management bodies created to tackle the pandemic, in response to CSO advocacy, the government eventually included two CSO representatives in the General Body for Crisis Management, although they were not given voting rights. Cooperation between the government and CSOs was better at the local level. A CSO representative in the municipality of Gostivar, for example, is the president of the local anti-crisis body.

During 2020, CSOs were involved in many initiatives in the field of transparency. After a series of meetings organized with CSOs on the national level, the government adopted the Strategy for Transparency of the Government of the Republic of North Macedonia 2019-2021 and the Action Plan in December 2019 and officially published them in January 2020. As a result of advocacy led by the Center for Civic Communications, the State Audit Office introduced notable changes in the preparation and publication of reports that contribute to a wider outreach and greater understanding of the oversight and audit processes by the media and the public.

CSO representatives also contributed their expertise as members of working groups that prepared various laws and policies, including the Law on Youth Participation and Youth Polices, which was adopted in January 2020, and the Law on Prevention and Protection against Discrimination, adopted for the second time in October 2020. CSOs also served on working groups for the Law on Equal Opportunities, Law on Gender-Based Violence, and Law on Compensation of Victims of Crime, all of which were under development during 2020. Association Konekt, together with Youth Cultural Center (YCC/MKC) Bitola, and Coalition of Youth Organizations SEGA from Prilep, are involved in preparing a new Strategy for Volunteering and amendments to the Law on Volunteering. Furthermore, a group of CSOs led by FOSM proposed a model for the participation of CSOs in sectoral working groups in order to enhance the structural dialogue between institutions and civil society in twelve different sectors.

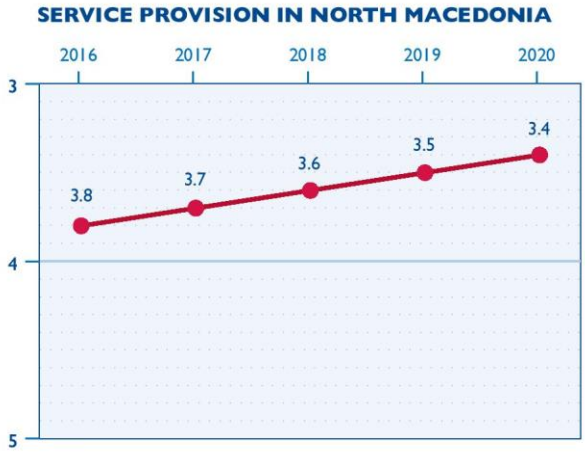
After Bulgaria obstructed North Macedonia's entry into the EU, a network of CSOs strived to push the country's EU agenda within the international community and to mitigate the negative outcomes of the process.

A group of CSOs cooperated effectively with the Ministry of Justice to exempt CSOs from the draft Law on Lobbying, in which they were initially included, noting that such legislation is in conflict with the LAF, which states that CSOs are free to initiate and participate in public opinion and policy making. The final version of the law has yet to be adopted by the parliament.

A number of CSOs supported by the USAID-funded Civic Engagement Project worked with municipalities around the country. The Local Community Development Foundation – Stip worked with municipalities in the eastern region to establish and strengthen local advisory bodies in various areas (including ecology, urbanism, and tourism) and provided recommendations to improve the municipal councils, as well as solutions to specific municipal problems. Functional advisory bodies were established in Stip, Probistip, Delchevo, Kocani, Zrnovci, and Berovo. Most of the provided recommendations were adopted by municipalities, and in some cases their implementation was integrated as part of the projects implemented by the CSOs. Finance Think worked with eleven municipalities to include civil society, businesses, citizens, and local media in the municipal budgeting processes. Municipalities accepted 45 percent of citizens' proposals as part of the participative budgeting process.

In 2020, the Council for Coordination and Monitoring of the Open Government Partnership (OGP) Process was established to co-create the new National OGP Action Plan. The Council consists of fourteen members, with an equal number of members from government institutions and civil society. The Council will develop the government's future responsibilities and commitments to promoting openness, encouraging civic participation, and contributing to a greater change in society.

SERVICE PROVISION: 3.4



CSO service provision improved slightly in 2020 due to CSOs' abilities to provide services to the most vulnerable communities amid the COVID-19 pandemic.

According to the survey conducted by Association Konekt, around 66 percent of organizations offered their services during the year. By receiving special permits, grassroots organizations were allowed to address local needs and the priorities of their constituencies during the curfews and state of emergency.

During the crisis, CSOs provided humanitarian services to people in need, such as the distribution of food and protective equipment, help to victims of domestic violence, and educational and language programs for children. Shelters or safe houses in Skopje, Bitola, Strumica, and Struga, which were financed by the Ministry of Labor and Social Policy in cooperation with the Red Cross, provided services for homeless people. Open Gate/La Strada provided safe accommodation, psycho-social support, and basic necessities to victims of trafficking and sexual violence. Health Education and Research Association – Skopje (HERA) engaged unemployed Roma women to provide basic services such as food, medicine, and household support to the elderly and single parents of children with disabilities. In addition to humanitarian services, CSOs were also recognized as service providers for digital tools and software during 2020. For example, the First Family Center provided online counseling during the pandemic for victims and perpetrators of sexual and domestic violence, while Eurothink – Center for European Strategies created a comprehensive digital tool to enable education, monitoring, and sharing of knowledge related to the EU accession process.

In 2020, MYLA continued to provide free legal aid to vulnerable groups and support for advocacy-related activities (for example, legal research related to a particular environmental problem). In December 2020, MYLA signed a Memorandum of Cooperation with the Legal Chamber, which includes training, research, and analysis for effective advocacy, and lobbying to improve laws and policies on access to justice and protection of human rights. During the crisis, registered legal clinics and associations, such as Healthy Options Skopje (HOPS), HERA, and the Association for Emancipation, Solidarity and Equality of Women (ESE), provided free legal aid.

CSOs offer their services to citizens, other organizations, government institutions, and academia free of charge and without discrimination with regards to race, gender, ethnicity, or sexual orientation.

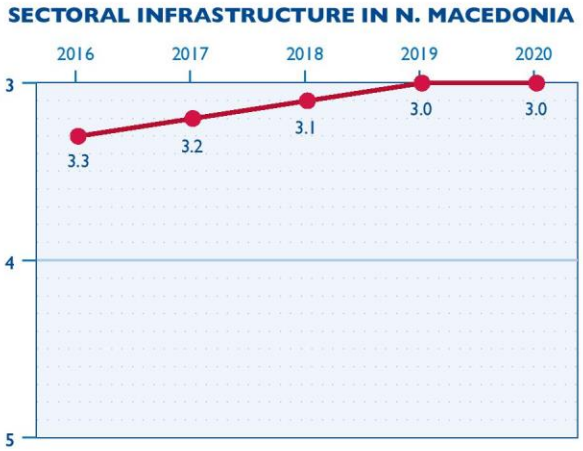
CSOs rarely receive funding from service recipients. A large part of their services are funded by foreign donors. During the unprecedented circumstances surrounding the COVID-19 pandemic, the government acknowledged the positive role of CSOs as service providers in local communities in 2020. However, as described above, the government provided little financial support to CSOs to deal with the consequences of the pandemic.

SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting CSOs did not change significantly in 2020. However, CSOs did form some important partnerships with other societal groups and increased the availability of online training. While CSOs have access to a number of different facilities to increase their capacities, this infrastructure is largely funded by foreign donors, which makes its long-term sustainability questionable.

In 2020, national and local CSOs had increased access to numerous, cost-free trainings. With support from the EU, the Civil Society Resource Center provided information, consultations, training, free legal advice, and event management services to other CSOs. FOSM continues to provide vital support to two resource centers in the municipalities of Struga and Stumica. CSOs in other municipalities, however, still lack infrastructural support.

The switch to remote modes of work in 2020 resulted in an increase in the availability of training offered to CSOs. The new phase of the EU-funded Technical Assistance for CSOs (TACSO 3) program, which started in 2019, provided regional workshops and training in which CSOs from North Macedonia also participated. These training programs addressed research and evidence-based advocacy, volunteering for social change, digital tools, and emergency response. The Civil Society Resoource Center provided training related to networking and coalition building, CSO management practices, institutional development and capacity building, and fundraising.

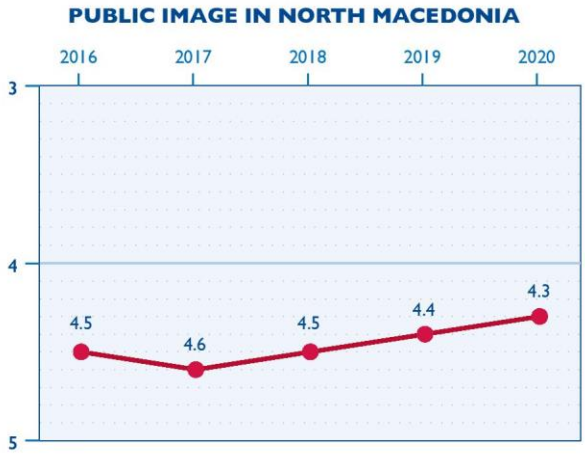


Several local organizations provide financial support to local CSOs under foreign-funded projects, thereby encouraging activists and small organizations to address local problems. The Civica Mobilitas program implemented by MCIC is the only locally-managed program that provides institutional grants to CSOs working on different sectors, including human rights, health care, agriculture and rural development, the rule of law, gender issues, communications and media, culture, people with disabilities, and poverty.

Cooperation between CSOs exists in many areas. Several coalitions work together towards common aims in the area of rule of law. Nine CSO networks representing more than 100 CSOs joined together to advocate for the priority adoption of the Law for Prevention and Protection from Discrimination; the Blueprint Group for Judiciary Reforms and the CSO Platform for Fighting Corruption worked together on several issues; and nine CSOs active in the area of rule of law, transparency, and good governance recently established the Probation Coalition. CSO coalitions are also active in the areas of environment and health, and CSO networks have come together to respond to challenges related to COVID-19.

CSOs are also involved in joint initiatives with different actors. Association Konekt continued to enhance cooperation with the business sector through the Club of Responsible Businesses, which brings CSOs and companies together to conduct activities of common interest. In 2020, the Macedonian Banking Association, Financial Intelligence Unit, and Financial Sustainability Network of CSOs established a Platform for Dialogue focused on terrorist financing risk, which is crucial for making recommendations to relieve the burden on CSOs imposed by various regulations. In 2020, upon the initiative of and with support from the EU and the Council of Europe, CSOs, the Macedonia Bar Association, and the Ministry of Justice established a National Coordinative Body for implementation of the Law on Free Legal Aid in order to improve access to legal aid.

PUBLIC IMAGE: 4.3



The sector's public image improved slightly in 2020 due to the positive media coverage of CSOs' actions to mitigate the effects of the pandemic. While there have been notable improvements over the past few years, the sector's public image remains low as a result of negative trends in the past, particularly the previous government's negative rhetoric.

CSOs received significant media coverage during 2020. Civil society representatives participated in informative programs and TV debates, and TV documentaries reporting on CSOs' role during the crisis helped improve the sector's image.

These media appearances allowed the public to increasingly recognize CSO activism and the positive change CSOs bring in society, both through their

advocacy and service provision. CSOs were regarded as representatives of citizens' voices and a channel to get in touch with government institutions. However, a part of the population still criticizes CSOs for receiving a lot of money in a non-transparent manner.

The government's perception of CSOs is satisfactory. Many public institutions recognize CSOs' role and participation in public affairs and CSOs are consulted when important public decisions are made. In its program, the government commits to cooperating with CSOs. During 2020, there were no orchestrated attacks against CSOs by the state. However, there is still a lack of understanding of CSOs' work among government officials, the business sector, and a significant portion of society. Some political parties spread negative messages about CSOs in 2020. Of particular note was hate speech spread on the official Facebook pages of two political parties. The rhetoric included calls for public lynching and even threats to the lives of employees of the Metamorphosis Foundation, a CSO running a fact-checking site in partnership with Facebook in order to combat fake news. The official program of one of these political parties, Levica, which entered parliament for the first time and recorded the biggest increase in support in 2020, calls for measures for the "de-Sorosization" of the country's civil society sector and sanctioning the spread of "propaganda" by think tanks and NGOs funded by foreign donors.

CSOs demonstrated good public relations skills, and widely promoted their work on social media in 2020.

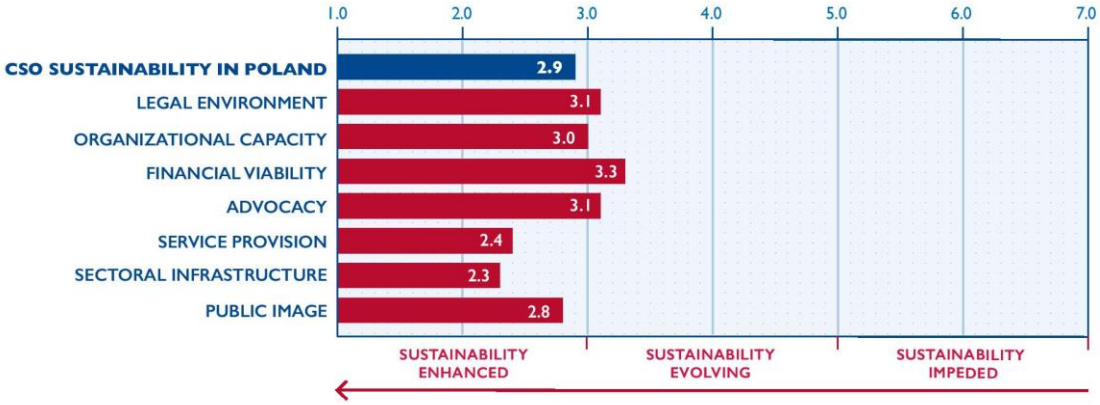
There is no clear information on the amount of public funding provided to CSOs versus that provided to political parties, both of which are funded through the same budget line "469 transfers to CSOs." This lack of transparency regarding the amount of public funds distributed to CSOs might have a negative effect on public trust towards CSOs.

Self-regulation within the sector did not change notably in 2020. Under the program Sustainable Civil Society – State Financing of CSOs, implemented by MCIC in partnership with the Balkan Civil Society Development Network (BCSDN), grant support was provided to five CSO networks to improve their internal policies; strengthen their organizational capacity, transparency, and accountability; enhance CSO self-regulation; and increase awareness of good governance practices. CSOs still do not have an established joint code of conduct or other self-regulation mechanisms.

POLAND

Capital: Warsaw
Population: 38,185,913
GDP per capita (PPP): $33,221
Human Development Index: Very High (0.880)
Freedom in the World: Free (82/100)

OVERALL CSO SUSTAINABILITY: 2.9[1]



The COVID-19 pandemic was the most prominent event affecting CSOs in Poland in 2020. The pandemic exacerbated existing challenges for civil society, while also creating new ones. In this context, overall CSO sustainability declined, with weaker scores recorded in nearly every dimension.

To address the challenges caused by the pandemic, the Polish government adopted an extraordinary act giving the executive the right to declare a "state of epidemic threat" and a "state of epidemic." Although Poland's constitution has provisions in place to declare "a state of emergency," officials instead enacted this separate extraordinary act. As noted in the report *Emergency Measures and the Rule of Law in the Age of COVID-19*, published by Democracy Reporting International, questions were raised about both the legality and motivation behind this decision. The government ultimately declared both a state of epidemic threat and a state of epidemic through ordinances issued by the Minister of Health, thereby bypassing normal constitutional requirements.

With the enactment of the state of epidemic on March 20, the government limited or suspended several rights and freedoms, including the right to peaceful assembly, freedom of movement (e.g., a general ban on moving within Poland and using parks, forests, boulevards, or beaches), freedom of expression (e.g., health care workers were prohibited from informing the public about the conditions in their facilities), and freedom of religion (e.g., by limiting the exercise of religious practice in public to fifty and then five participants).

The lockdown measures had serious economic repercussions. To counteract these challenges, the government introduced various forms of support included in a set of legislation referred to as the "anti-crisis shield." The parliament adopted the first of these laws on March 31. While there were several positive provisions focused on providing a social safety net, these laws also reduced government accountability by relaxing the rigorous control of public expenditures and limiting the statutory accountability of public servants for purchasing goods and services necessary to combat the epidemic.

Presidential elections were originally scheduled for May 10. While the ruling party pushed to hold the election on the originally scheduled date at all costs, the opposition demanded that a constitutional state of emergency be

[1] The score for the Sectoral Infrastructure dimension was recalibrated in 2020 to better reflect the situation in the country and to better align it with other scores in the region, rather than based on change from the previous year. This resulted in a .2 deterioration in the overall CSO sustainability score, which would normally represent a moderate change, while in reality CSO sustainability only deteriorated slightly in comparison to the previous year.

declared, which would allow the vote to be postponed legally. Eventually, after prolonged political disputes, the election was postponed to late June and early July through unlawful measures, including an unconstitutional amendment to the electoral law that violated international standards and rulings of the Polish Constitutional Tribunal.

After the incumbent president, with the support of the ruling party, won his second term, the government engaged in an intensified ideological struggle and further increased its control over independent media and CSOs, as well as the rule of law. Attacks on the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community, already a component of the president's campaign, also expanded, with the support of the public media, which had close ties to the ruling party, as well as the Catholic Church. In the fall, a Constitutional Court ruling introduced an almost total ban on abortions. This sparked intense mass protests that were met with violent reactions from the police.

Regardless of the challenges, the Polish civic sector remained relatively large in size. According to the most recent available data from the Polish Statistical Office, in 2019 there were 69,900 active associations and similar organizations (including 13,900 voluntary fire brigades) and 15,300 foundations. These numbers differ significantly from the official numbers of registered organizations, which indicate approximately 117,000 associations and 26,000 foundations. This discrepancy indicates that a growing number of inactive organizations, especially associations, remain on the register even though they do not carry out any activities, as they are not legally obligated to dissolve.

LEGAL ENVIRONMENT: 3.1

The legal landscape governing CSO operations in Poland deteriorated moderately in 2020 for the second year in a row.

The regulations governing CSO registration, however, did not change. While it was still relatively easy to register a foundation, it was a bit more difficult to register an association, as it was not clear how to fulfil the procedural obligations while observing the social distancing restrictions in place. The Law on Associations is not clear on the possibility of establishing an association using online tools; it requires a founding meeting at which each participant signs the attendance list. At least seven people are needed to set up an association, while in-person meetings were limited to five people.

The introduction of lockdown measures at the end of March coincided with the deadline for organizations to submit their annual tax returns (CIT-8 declarations) and to draft their annual financial statements. The government extended the reporting deadlines for CSOs, but only at the last minute. First, a change in the deadline for filing CIT-8 declarations was introduced on March 27. The decision to postpone the deadline for preparing and approving financial statements was announced in the first so-called anti-crisis shield law without prior notice only on March 31, the original deadline for preparing the reports. The change was prompted by appeals from the CSO community, including an informal coalition of CSOs, and a letter from the Warsaw Council for Public Benefit Work. The same law also enabled CSOs to hold meetings and vote remotely, despite the lack of relevant provisions in their statutes.

Unrelated to the pandemic, the manner in which CSOs submit financial statements changed for some CSOs in 2020. Reports are now sent in a centralized manner to the National Tax Administration and must be prepared according to a specific structure. While the mechanism for preparing these statements is available free of charge, the tool for sending reports was underdeveloped and caused organizations many difficulties.

The authorities constantly put pressure on and harassed CSOs that disagree with government policy. There were numerous incidents in which the police entered the houses of activists criticizing the government. In early August, while implementing a court order, police arrested an LGBTI activist for hanging rainbow flags on monuments and

blocking a van in Warsaw that was spreading hate speech against LGBTI people. (The van's driver, a pro-life foundation activist, was also allegedly attacked and the foundation's property was damaged). This triggered a protest by LGBTI activists in the center of Warsaw that ended in clashes with the police and the detention of forty-eight pro-LGBTI protesters. Among others, the Council of Europe's Commissioner for Human Rights appealed for the activist's release. In late August, the district court overturned the lower court's decision, and the activist was released, applying non-custodial pre-trial measures instead. Around these events, right-wing media and ruling party politicians launched a campaign against LGBTI CSOs and activists.

With the introduction of social distancing restrictions to counter the pandemic, the right to assembly was limited in 2020. The police and sanitation services imposed heavy fines on people organizing spontaneous protests, including in the spring during the campaign before the presidential elections, even if they observed the social distancing requirements. These sanctions were automatically enforceable, without any judicial assessment of the legitimacy of their application.

Protests organized in response to the October 22 verdict of the parliamentary majority-controlled Constitutional Court, which introduced an almost total ban on abortions, met with a violent police response. Police prevented demonstrators, often minors, from leaving the protest site, which the Ombudsman said was a violation of people's civil rights. Police also unjustifiably used tear gas against protesters, while plain-clothes officers from the anti-terrorist unit used telescopic batons. Demonstrators were detained and transported to police stations several dozen kilometers away from the location of the protests (and their places of residence) to provide testimony. Parents were not informed of the minors' detention in a timely manner. Police officers who used direct coercive measures against some members of parliament who attempted to mediate the conflict between protesters and the police were not held accountable for their actions. Law enforcement repression was also directed against demonstrators, as well as people supporting the cause on social media, after the protests. They faced police visits at home, and some parents were threatened with cases in the family court.

Conservative organizations, such as Ordo Iuris, as well as public media and other media close to the ruling party, targeted CSOs that expressed support for an alternative candidate for the new Ombudsman, as described in more detail below. Some CSO representatives received phone calls verifying their support and suggesting that they might face consequences. In addition, the right-wing media questioned the authenticity of signatures and suggested irregularities, thereby discouraging and intimidating activists.

Taxpayers continue to be able to designate 1 percent of their income taxes to CSOs with public benefit status. However, the way that funds from the 1 percent income tax mechanism were distributed to eligible public benefit organizations became less transparent in 2020. Previously, CSOs received these funds between May and July from individual tax offices around the country. In 2020, CSOs received their allocations through a bank transfer from the Tax Authority's Clearing Competence Center at the end of July, without being notified of this change. Some CSOs also claimed they got smaller amounts than they expected, although they were unable to verify the figures. Experts suspect that this may be an attempt by the state to control the flow of money to CSOs and to discourage people from donating 1 percent of their taxes, especially to CSOs that criticize governmental policies.

There were no major changes to the legal regulations governing CSOs' access to various sources of funding in 2020. CSOs can conduct economic activity and charge for their services and products. While CSOs can access foreign funds, at the beginning of August, the Minister of Environment proposed to create a list that would present all CSOs' sources of funding, indicating funds "from abroad." According to the minister, this would discourage some environmental CSOs from "following big business orders" or even being influenced by foreign intelligence services. No further work has been undertaken on the draft law so far, and the chairman of the Public Benefit Committee, who is also the deputy prime minister representing the Law and Justice (PiS) party, dissociated himself from the proposal in an official communiqué.

After all activities shifted online in 2020, CSOs had slightly more opportunities to access lawyers familiar with the laws governing CSOs. Many lawyers assisted people who violated the law while demonstrating. In smaller towns, however, legal knowledge is still limited, as there are few lawyers or legal services are too costly. In addition, not all groups equally benefit from online legal services; people with disabilities or the digitally excluded, for example, had more problems using online tools.

ORGANIZATIONAL CAPACITY: 3.0[2]

The organizational capacity of the CSO sector in Poland deteriorated slightly in 2020.

According to a study conducted by Klon/Jawor a month after the outbreak of the pandemic in Poland, a third of CSOs had to limit their activities to some extent as a result of the pandemic and related restrictions. Another Klon/Jawor survey conducted in December 2020 and January 2021 showed a deepening of the negative trend, finding that two-fifths (41 percent) of CSOs—mostly smaller organizations—stated that they had to suspend all or most of their previous activities.

Despite the difficult circumstances surrounding the pandemic, most CSOs successfully maintained relationships with their constituencies and beneficiaries and were able to reorient their activities to respond to new social needs. For example, some offered new activities, such as sewing protective masks. The transition to remote work also facilitated participation in CSOs' meetings. However, other factors hindered CSOs' constituency building efforts during the year. While CSOs' activities were being curtailed, citizens were increasingly involved in street protests, a trend that culminated in October and November during the Women's Strike protests. With few exceptions, however, the demonstrations did not result in more people joining CSOs, even those organizing or supporting these protests. Federation, umbrella, and infrastructure CSOs experienced decreased activity of their member organizations, which were struggling to maintain organizational stability and did not have the capacity to engage in collective action. Finally, the fact that most contact was limited to virtual formats further weakened the commitment of some CSOs' members and allies.

Strategic planning and long-term thinking were put on hold, as CSOs had to focus on surviving and responding to the unexpected events that paralyzed social and economic life in the country. Planning was also complicated as the priorities of local communities were constantly changing. At the same time, the pandemic prompted some CSOs to redevelop their strategies or begin planning, despite the difficulties in predicting future scenarios. Most small CSOs already operated on an *ad hoc* rather than a strategic manner.

CSOs' internal management structures did not change significantly in 2020. Although the pandemic did force some CSO leaders to gain new online management competencies, the overall quality of management seems to have deteriorated in many CSOs as leaders, preoccupied with the fight for their CSOs' survival, neglected team management and relationship building. In the absence of face-to-face meetings, internal communications also languished.

The COVID-19 pandemic also affected CSOs' human resource bases. Many CSOs had to significantly reduce staff and curtail their operations, as the lack of stability and job prospects that already characterized the sector were exacerbated. Many CSOs had to lay off a large part of their teams as they were not able to continue their activities. CSOs working in culture, tourism, and sports faced the greatest difficulties, as the possibility to carry out their activities was restricted and the institutions where they operated were closed. Data collected in the middle of the year by the National Statistical Office (GUS) shows that 14.4 percent of CSOs employing staff projected a reduction in their workforce in 2020 compared to the previous year (compared to 8.1 percent in 2017), while just 6.7 percent of CSOs with staff on employment contracts expected to increase their employment levels in 2020 (down from 14.9 percent in 2017). In order to maintain permanent employees, in the early days of the pandemic

[2] The score for Organizational Capacity was recalibrated in 2018 to better reflect the situation in the country and to better align it with other scores in the region. The score does not reflect a change in Organizational Capacity, which remained largely the same in 2018 as in 2017.

some CSOs took advantage of government opportunities, including salary subsidies and a three-month exemption from making social security contributions.

The Klon/Jawor survey conducted at the end of 2020 indicated that CSOs made efforts to retain permanent collaborators. The number of employees on labor law contracts did not change during the pandemic for 82 percent of CSOs and decreased in less than 9 percent. The same was true for permanent collaborators on civil law contracts, whose numbers were unchanged in 78 percent of CSOs and decreased in just 13 percent. For occasional collaborators under civil law contracts, 68 percent of CSOs reported no change while one-fifth reported a decrease. The biggest changes occurred in cooperation with volunteers: 35 percent of CSOs reported a decrease in the number of volunteers they engaged, while this group size did not change in 46 percent of CSOs.

The pandemic forced a major advance in the use of modern technology and information and communications tools (ICT) and the large-scale acquisition of new competencies, including in online event organization. The use of electronic signatures also became more widespread, while the shift to online work encouraged some CSOs to introduce data protection policies, indicating a slow increase in the awareness of digital threats.

The April Klon/Jawor survey found that 38 percent of CSOs planned to make significant use of new technologies to conduct activities and 42 percent were open to this option in some of their activities. However, the sustainability of this change is not clear. In the Klon/Jawor survey at the end of 2020/beginning of 2021, 35 percent of CSOs stated that they conducted all or most of their activities online, while 38 percent did almost none.

Not all CSOs were able to shift effectively to remote work. For many CSOs, especially those composed of elderly people, transitioning to online modes of work presented a major difficulty. Smaller CSOs often lack adequate equipment, and instead rely on members to use their private equipment. The scale of needs in this area is shown by the number of CSOs that requested funds for computer equipment from local authorities. In Warsaw, three competitions were held in 2020 to provide CSOs with funds to purchase such equipment. In the first round, 363 proposals were submitted; just 36 of these were approved to receive total funding of $135,135. In the two subsequent competitions, approximately $70,000 in additional funds was awarded, but this was still insufficient to meet the high demand for such equipment, particularly among smaller CSOs.

FINANCIAL VIABILITY: 3.3

The financial viability of CSOs deteriorated moderately in 2020, primarily due to effects from the COVID-19 pandemic. According to Klon/Jawor's April survey, half of CSOs were struggling to maintain their financial stability and liquidity. More than half of CSOs faced problems retaining support from existing donors and sponsors and conducting fundraising activities. Nearly half (47 percent) of CSOs had problems covering recurring expenses, such as rent and utilities. CSOs were also concerned about paying salaries. One-third (34 percent) expressed concerns about paying the salaries of people on employment contracts, and 45 percent expressed similar concerns about people on other types of contracts. More than two-fifths (43 percent) of CSOs faced difficulties conducting business and collecting payments for their products or services. While CSOs engaged in some impressive fundraising efforts and private donors created some new funding opportunities for social causes, some of which benefited CSOs, these were unable to meaningfully reverse the devastating negative trends experienced in the sector.

According to a survey conducted by the Poland Statistical Office between April and August 2020, more than one-third (37 percent) of CSOs predicted that their financial situations would worsen in 2020 compared to 2019 (compared to 9 percent in 2017), while almost 59 percent said their financial situations would remain the same, and only 4 percent said they would improve (in 2017, the comparable figures were 73 percent and 18 percent, respectively). Reality seems to have surpassed these predictions; the 2020/2021 Klon/Jawor survey shows that the

budgets of 39 percent of CSOs were significantly lower in 2020 than in 2019, and in an additional 17 percent, they were slightly lower. Only one-quarter of CSOs reported that their budgets had remained stable. More than half (54 percent) of CSOs linked this change in revenue to the pandemic.

While the government offered financial support to CSOs affected by the pandemic, the level and scale of support was not commensurate to the needs. Following the outbreak of the pandemic, only one government body, the National Freedom Institute (NIW), created a new financial support program specifically targeting the shifting needs of CSOs. The funds, however, were available only to CSOs involved in countering the pandemic, primarily those focused on providing social assistance. While the program had a total budget of $2.7 million, CSOs submitted applications for programs totaling nearly $27 million.

The flexibility of private and public donors, which allowed for changes in the timing, formula, and scope of activities they were funding, provided a bit of relief to CSOs. In Warsaw, for example, on March 31, the city's president (i.e., mayor) signed an ordinance allowing for changes in the dates and conditions of government-funded tasks. At the same time, CSOs were given the option of amending their grant agreements to move some activities to remote mode and postpone other events. CSOs renting premises from Warsaw town hall could benefit from a one-time rent reduction for up to three months if they experienced a deterioration in their financial situations. Warsaw also significantly increased overall levels of CSO funding through grants and procurement by 40 percent, from approximately $55.8 million in 2019 to $79.7 million in 2020. In contrast, other local governments reduced their funding for CSOs as a result of the deteriorating economy.

CSOs' financial situation was also affected by ideological division, with the growing number of CSOs that follow the values and ideology of the ruling party or are established by people associated with it receiving more and more public funds from various ministries and NIW.

On the other hand, funding initiatives aiming to support activities neglected by the government appeared. For example, Batory Foundation created a special fund to support women's rights activities. In addition, the Feminist Fund—the only women's grantmaking fund in Poland that is financed mostly through private donations and crowdfunding—expanded and continued to provide funding for selected women's initiatives. In larger cities, support from individuals and small firms went to CSOs counteracting discrimination and attacked by the ruling party, alt-right politicians, and public media, particularly LGBTI and women's rights CSOs.

External economic circumstances influenced the decline in diversification of CSOs' funding sources. Many businesses were focused on their own survival, resulting in reduced donations to CSOs. The expected budget cuts in local governments may also have had an unfavorable impact on CSOs' funding levels, as public funds make up the majority of Polish CSOs' budgets. Provisions on the 1 percent tax allocation were absent in the first anti-crisis shield (later amended), which may have resulted in CSOs receiving less income from this source, as individual taxpayers were not clear on when and how they could allocate 1 percent of their tax returns to selected CSOs.

The first anti-pandemic legislation introduced looser rules for the expenditure of public funds by CSOs, considering expenditures for activities cancelled as a result of the pandemic to be justified. But this measure only addressed the needs of a fraction of CSOs and only at the beginning of the pandemic, in March and April. There was no effective government response to subsequent deteriorations or compensation for the losses of a larger group of CSOs.

The level of CSOs' use of foreign funds did not change significantly in 2020. One welcome exception was the addition of two new grant competitions offered through the nationwide strand of the Active Citizens Fund, which is financed by the European Economic Area/Norway Financial Mechanism. The first of these programs offered EUR 10.3 million for thematic projects and the second offered EUR 4.2 million for sectoral projects. This funding supported activities often not funded by other donors, including climate protection, human and minority rights, public participation, and the rule of law.

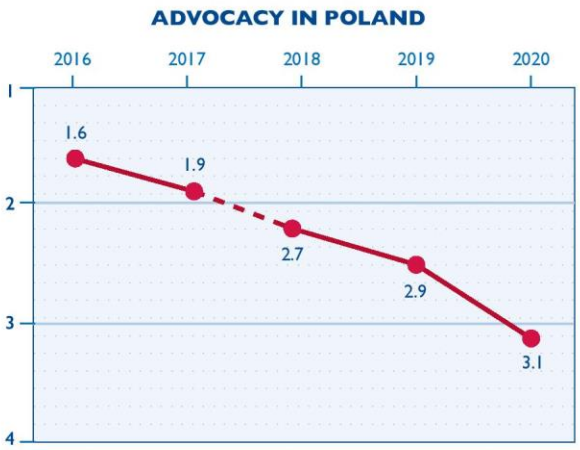
The pandemic also required CSOs to increase their fundraising efforts, including through online campaigning. For example, a group of popular hip-hop musicians recorded new songs and launched the #Hot16Challenge2 fundraising campaign. It was hugely effective, raising PLN 3,681,885 ($995,104), which was used to purchase seven ambulances and much-needed protective equipment for health-care workers. A few CSOs that were denied access to public funds also initiated public collections. For example, after not receiving funds from the Justice Minister's Justice Fund for another year, Dajemy Dzieciom Siłę (We Give Children Strength) Foundation organized a successful fundraising campaign for a helpline for children and youth.

Not every CSO could raise funds online, however, and raising funds through direct contact with people was difficult during the year because of the pandemic restrictions. Local events and festivals that normally serve this purpose did not take place in 2020. In addition, CSO members affected by economic hardship and instability defaulted on their dues more often than before.

The pandemic also strongly affected CSOs' ability to generate revenue through the sale of goods and services and worsened the situation of some social enterprises. The Act on the Social Economy, which in different forms has been under discussion for a decade, has still not been passed. Organizations with revenue from services, products, or property rentals experienced financial losses in 2020. Many of them struggled to maintain their properties, which they had to pay for even though they were unable to use them for much of the year. Governmental support to mitigate the effects of the pandemic was targeted primarily at companies, so only CSOs conducting economic activities and social enterprises had access to these funds. Moreover, new measures that were proposed in the second half of the year narrowed support to entities conducting economic activity in specific fields, such as culture and retail, that faced significant losses due to the pandemic.

No significant changes were registered in 2020 in terms of CSOs' financial management systems. While CSOs are increasingly aware of the need for proper bookkeeping and experienced accountants, fewer qualified people are willing to work for CSOs due to low salaries and the generally poor working conditions in the sector.

ADVOCACY: 3.1[3]



CSO advocacy deteriorated moderately in 2020, as CSOs' cooperation with public administration, especially at the central level, worsened and legislative standards deteriorated.

The government consistently avoided consultations with the public and CSOs during the year, often not honoring its legal obligation to involve CSOs when drafting legislation. This situation was no better in the parliament, especially in its lower chamber. For example, consultations on the Partnership Agreement, the basic document specifying the main rules and goals for spending the new pool of funds from the EU 2021-2027 budget period in Poland, were suspended overnight without warning. When organized, consultations were often shortened, reports summarizing the discussions were not published, and comments were rarely taken into account. Governmental consultative bodies, such as the National Committee for Social Economy Development, either did not function or, as in the cases of the Council for Public Benefit Work and the Council for Dialogue with the Young Generation, were consulted by the government only in cases where they believed the advice would benefit them directly. Some bodies, such as the Council of Non-Governmental Organizations advisory board to the Minister of Culture, were dissolved in 2020. The need to operate under pandemic restrictions further weakened the quality of civic dialogue.

There were some exceptions to this rule. One is the Government Plenipotentiary for Persons with Disabilities, acting in the rank of deputy minister, who cooperates closely with CSOs. As a result, the Strategy for Persons with Disabilities 2020-2030 and the new law on social and vocational activation of persons with disabilities were based largely on CSO proposals. The Ministry of Development involved an association of urban activists from across the country in the development of urban planning standards.

[3] The score for Advocacy was recalibrated in 2018 to better reflect the situation in the country and to better align it with other scores in the region. In addition to the recalibration, the score reflects a moderate deterioration in 2018.

In addition to being less physically accessible to their constituents, local governments' interaction with CSOs also deteriorated during the pandemic due to the authorities' limited use of technology. As a result, only consultations that were strictly necessary were carried out. In cities with *poviat* (i.e., county or district) rights, officials attempted to suspend the use of participatory budgets, which are obligatory under the law. The first anti-crisis shield suspended all deadlines for administrative proceedings, including for providing public information, during the first months of the pandemic, thereby depriving citizens and CSOs of access to this constitutional right. Despite this, in many cities, local authorities held daily online conferences, thereby actually improving the availability of information.

In some cases, the increased use of remote communication tools increased the possibility to hold meetings with and influence decision makers. A positive example of the use of such channels was the prompt action of a group of CSOs, including the National Federation of Polish NGOs (OFOP), which successfully lobbied government officials to include a limited number of provisions favorable for CSOs in the first anti-crisis shield law. Dialogue bodies such as the Warsaw Council for Public Benefit Work also appealed to the government on the same issue.

Independent CSOs' advocacy work is hampered by political polarization. Year after year, the channels of cooperation between the government and CSOs are monopolized by a narrow group of ideologically coherent, conservative activists and entities, pushing many other civic actors to the margin. Visible and effective conservative advocacy groups include Life and Family and Ordo Iuris, as well as anti-abortion movements. Public TV actively spreads negative rhetoric about CSOs that criticize government policies, including those working on the environment, women's and LGBTI rights, and the rule of law. Polarization also hinders advocacy at the local level. Local activists that are critical of the local authorities and/or their policies are often branded as "traitors" by those in power at the local level.

Faced with the closure of official channels to influence the decision-making process, citizens more intensively and frequently employed more radical methods, including mass protests, to impact public debate in 2020. The largest was the Women's Strike, which erupted in reaction to the government-controlled Constitutional Court's October 22 ruling banning virtually all abortions. Broad civic cooperation was seen around this topic, as well as climate change. The younger generation was also heavily engaged in advocacy and protests during the year.

Civil society has also taken up alternative activities to fill the gaps left by public institutions. An example is the Our Ombudsman campaign, in which a group of more than 1,200 CSOs from across the country, including remote areas, endorsed its own candidate for Ombudsman after the term of the previous one formally ended in September. This was one of the largest lobbying campaigns in recent years. Despite three attempts, the candidate failed to get the necessary support in the lower chamber of the parliament.

Due to the advocacy of Dajemy Dzieciom Siłę (We Give Children Strength) Foundation and parents' pressure, the government waived the ban on children leaving their houses during the winter holidays at the end of 2020. However, the success of this effort probably had more to do with the argument in favor of "the good of the children" and the involvement of parents than the role of CSOs. In addition, this was only reactive; no such successes were reached in proactive advocacy efforts.

In December, OFOP launched an advocacy campaign to involve CSOs in the drafting and implementation of new strategic documents on EU budget spending in Poland. Implementation of the new European Commission program called the European Green Deal was also discussed in OFOP's advocacy activities around the same time. However, it was difficult to say at the end of the year whether the government would take CSOs' positions into account in any meaningful way.

CSOs did not take systemic actions to reform the legal environment governing their work in 2020. Only the Social Dialogue Association and the Third.org Foundation engaged in work to simplify the law on CSOs' establishment and operation.

SERVICE PROVISION: 2.4

The range of services provided by CSOs was varied in 2020. Data from the Polish Statistical Office indicates that two million people benefited from CSOs' activities in the wake of the pandemic. At the same time, however, the provision of some existing services deteriorated due to the pandemic and its constraints. Activities that cannot be carried out remotely, such as catering and childcare, as well as activities in the areas of sports, culture, and education, suffered the most. In total, more services were lost than gained, resulting in a deterioration in service provision.

While still insufficient to meet all needs, CSOs' provision of relief services to the local community increased in 2020. CSOs dealing with psychological support, education, domestic violence, and women's rights were particularly busy. Disability services also increased, as services related to "accessibility," including audits, consulting, and training, gained new clients due to the new requirements for every local government and central institution to have an accessibility coordinator. CSOs also undertook some new activities, such as sewing protective masks or making meals for medical staff. However, CSO services were often displaced by businesses in the fall of 2020.

CSOs demonstrated their flexibility in 2020 by responding to emerging local needs. Not only did they help specific groups, such as senior citizens and people in quarantine, but they also provided various trainings to teachers on how to use online tools and delivered equipment to schools. CSOs tailored their activities to the needs of their audiences, such as providing online sports training. Moving activities online allowed CSOs to expand their audiences beyond their local communities and to increase the availability of trainings and events.

The results of the Klon/Jawor study from the first wave of the pandemic indicate that CSOs were in touch with their beneficiaries, had a good understanding of their needs, and tried to meet them. The results of the survey conducted at the end of the year were less positive. Only 34 percent of CSOs indicated they undertook new activities for their existing audiences, and only 18.5 percent did so for new audiences.

The pandemic exacerbated or stagnated an already problematic situation in terms of cost recovery. On the one hand, the ethos of social activists makes them reluctant to charge for services, and on the other, expectations about the quality of services are increasingly high. The public also expects online services to be free or cheap.

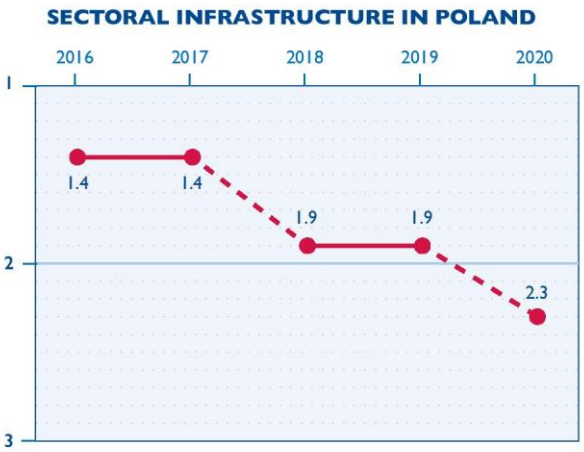
There was little change in the government's recognition of CSOs' role in providing services during 2020. As in past years, the government was more appreciative of CSOs that shared its worldview, a trend that was visible in both policy and the allocation of public funds.

SECTORAL INFRASTRUCTURE: 2.3[4]

As operations increasingly moved online in 2020, the infrastructure supporting the CSO sector became more accessible, as well as cheaper and less time-consuming to provide. Opportunities for CSOs to participate in interesting training, conferences, and debates increased. CSOs also found it easier to directly contact experts, access various thematic consulting opportunities, and participate in experience sharing. An example is the *Formalnosci w_ngo* (Formalities in NGOs) Facebook group, which focuses on various management aspects for CSOs

[4] The score for Sectoral Infrastructure was recalibrated in both 2018 and 2020 to better reflect the situation in the country and to better align it with other scores in the region. The 2018 score does not reflect a deterioration in Sectoral Infrastructure, while the 2020 score reflects a slight improvement, in addition to the recalibration.

and has been operating since April 2019 on the NGO.pl portal. By the end of 2020, it had more than 2,900 followers, more than double what it had in March.



Most of the support available to CSOs in 2020 addressed the problems caused by the pandemic and the ruling party's approach towards the sector, rather than proactively dealing with long-standing weaknesses in the sector. Thus, the development of digital competencies became an important new area of support for CSOs. In addition, lawyers' organizations provided legal advice to CSOs and activists experiencing harassment.

There was no significant change in the functioning of local institutions, organizations, and programs funding CSOs. Most grassroots fundraising activities were pandemic related and were coordinated by local organizations, but not necessarily by CSOs distributing funds. This assistance went to public entities, including hospitals and health care facilities, schools, and social welfare centers. It did not, therefore, provide support for the civil society sector itself.

More thematic coalitions emerged in 2020. The political tensions provoked increased unity and cooperation among the community of pro-democracy and human rights CSOs, as demonstrated by the coalition promoting a civic candidate for Ombudsman. CSOs also jointly conducted various advocacy activities, including those aimed at inserting solutions benefiting CSOs to the anti-crisis shield legislation.

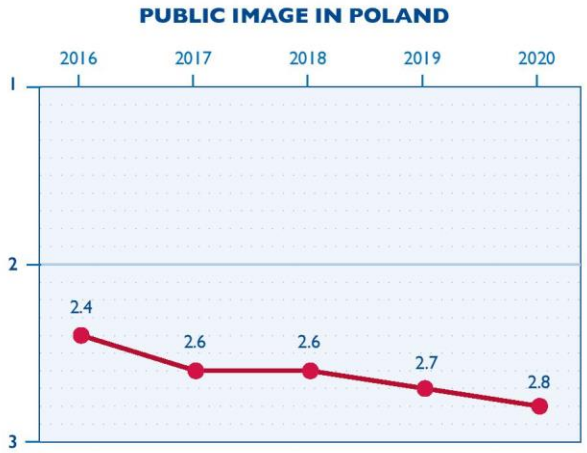
During the year, there were several impressive examples of civic cooperation and mobilization across social and professional groups. Additional government efforts to dismantle the judiciary in January triggered protests by Polish and European lawyers and judges against the so-called *muzzle law*. During the year, a broad range of people also protested attacks on LGBTI people and the limitation of women's rights. But some existing coalitions dealing with anti-discrimination education or equal opportunities became less active due to the deterioration in capacities of their member CSOs.

There are still some federations and umbrella organizations, such as OFOP, the Network of Support for NGOs (SPLOT), and the conservative Confederation of Non-Governmental Initiatives of the Republic of Poland (KIPR). There are also civic dialogue bodies operating in the state structures, such as the Council for Public Benefit Work (advisory to the Chairman of the Committee for Public Benefit), the Council of the NIW, and the Committee for Public Benefit (an intra-ministerial body coordinating the government's CSO policies). On the municipal and regional levels, there are federations of CSOs, although the quality of their operations varies. Information exchange took place entirely online during most of 2020, making it difficult for some CSOs to participate.

The number of CSOs supporting others through trainings increased, as did access to professional materials for CSOs, including on the NGO.pl portal. However, digitally excluded people and those in parts of Poland with poor internet connections had limited access to such resources. Moreover, training providers did not make cost-free online support services available to people with disabilities. As a result, these people had to make their own training arrangements. There was also a lack of training on how to promote teamwork and manage projects under the special pandemic-related operating conditions.

Many new activities undertaken by CSOs at the onset of the pandemic had a collaborative character. In particular, CSO collaboration with IT companies expanded. For example, Divante, an IT company in Wrocław, developed the online platform TechToTheRescue, which provided CSOs with free IT support. Some businesses implemented initiatives to counter COVID-19, including the donation of IT equipment to youth and children and personal protective equipment for CSOs' beneficiaries. However, the sustainability of these initiatives is questionable. Businesses that were economically affected by the pandemic were less collaborative with CSOs in 2020.

PUBLIC IMAGE: 2.8



CSOs' public image deteriorated further in 2020.

The nature of media coverage diverged across media types. Public media, which is controlled by the ruling party, played a negative role in this regard. They conducted an ongoing negative campaign against activists and CSOs, especially those promoting values not recognized by the government, particularly democracy, human rights, and anti-discrimination. The public media slandered CSOs and their activists and spread disinformation about the role and nature of their work. The Polish origin of CSOs and activists was also called into question by suggesting that they act in the interests of foreign entities and governments. Prominent politicians, including the president and the minister of education, science, and higher education, dehumanized LGBTI people by claiming in public speeches that "LGBTI are not people, it's an ideology." Negative rhetoric by politicians also targeted specific CSOs, including the Great Orchestra of Christmas Charity (WOŚP), other CSOs suspected of being driven by foreign funds, and those supporting a civic candidate for Ombudsman. In December, PKN Orlen, a fuel company co-owned by the State Treasury, purchased the Polska Press local media group, which consists of several hundred dailies, weeklies, and web portals, from its German owner; this may exacerbate such dynamics in the future.

Private and independent media attempted to mitigate the impact of these negative trends by providing more balanced and nuanced coverage. For example, they often tried to neutralize attacks by the government and public media by publishing statements made by CSO representatives, informing the public about the specific nature of CSOs' activities, and raising awareness about the important role CSOs play in society. Independent media also invited CSO experts to comment on government decisions, including the anti-crisis shields and privacy rights violations, such as the governmental app ProteGo Safe, which tracks COVID-19 virus transmission.

The It Works (#ToDziała) campaign, which is run by a group of nearly thirty CSOs, continued to present stories about CSOs working on issues of public importance. A new activity, Depends on Us (#OdNasZależy), was started, through which artists created virtual monuments about the country over the last forty years based on the visions of CSOs working in particular fields, such as education, animal rights, or environment. These images were then disseminated through social and traditional media, while the profiles and portraits of selected activists were published in printed lifestyle magazines.

These activities may have contributed to the relatively positive public recognition of CSOs during the year. According to a survey conducted in November by Klon/Jawor and 4P Group, 56 percent of respondents said that they trust CSOs. While this particular poll had not been conducted before, according to the 2018 Edelman Trust Barometer, 54 percent of Polish adults trusted CSOs. This seems to indicate that despite the many attacks on CSOs by the government and the public media over the last few years, trust in CSOs has remained largely unchanged. According to the Klon/Jawor and 4P Group survey, more than half (54 percent) of respondents either took part in, or had heard about, specific activities of CSOs in the past year. These numbers are similar to those reported in a Klon/Jawor survey at the end of 2014, when 58 percent said they had participated in or heard about CSOs' activities. Direct participation in CSOs' activities, on the other hand, has increased slightly. While only 13 percent of respondents indicated that they had done so in 2014, 16 percent said they had personally participated in such activities in 2020. According to the Klon/Jawor and 4P Group 2020 survey, the most prominent CSOs are those engaged in animal rights (recognized by 49 percent) and gender equality (45 percent). In many areas, CSOs' activities are rated higher than those of the central or local governments.

Popular support for CSOs' work was evident in the active public engagement in street protests in 2020. But the legal repercussions that protesters and local activists faced may have a chilling effect on such activism in the future. The increasingly negative image of some CSOs may also decrease support for their work, while, in other cases, it may help to mobilize more popular support for more visible CSOs. The negative campaign against the WOŚP

foundation, for example, resulted in increased public support, allowing it to raise a record amount of money in 2020.

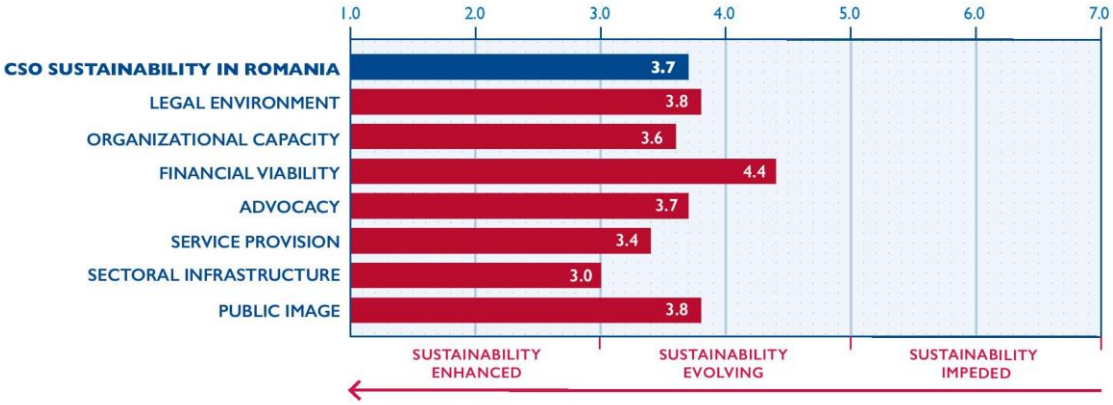
Central government officials tended to speak negatively about CSOs in the context of current policy issues, as noted throughout this report. The negative rhetoric of the ruling party was amplified at the end of the year in response to the largest street demonstrations in the country in the last thirty years. At the beginning of the protests in late October, the chairman of the ruling party, who is also deputy prime minister in charge of security, accused the demonstrators of threatening Polish tradition and the Catholic Church, while calling on private militias to defend allegedly endangered churches. Businesses, in general, while not overly critical of the sector, did little to highlight the sector's work, most likely because they underestimate CSOs' role.

Driven by their increased interest in fundraising and funding diversification, more CSOs became aware of the importance of public relations and communication activities to build their relationships with donors. Therefore, CSOs increased their presence on social media and improved the quality of their communications. These same factors also may have increased CSOs' awareness of the need to improve their overall transparency, not only by publishing reports, but also by more effectively communicating information about their activities to the public, including through social media. For some CSOs, efforts to increase their transparency were a response to ongoing harassment from authorities. Other organizations, primarily those that receive the most support from the government, such as Ordo Iuris, are not transparent at all.

ROMANIA

Capital: Bucharest
Population: 21,230,362
GDP per capita (PPP): $29,941
Human Development Index: Very High (0.828)
Freedom in the World: Free (83/100)

OVERALL CSO SUSTAINABILITY: 3.7



2020 was an intense year for CSOs in Romania as a result of changes in the political landscape and the outbreak of the COVID-19 pandemic. Relatively soon after the first case of COVID-19 was reported in Romania in late February, a two-month national lockdown and state of emergency was instated that resulted in restrictions on movement and travel and the closure of schools and entertainment venues. In mid-May, Romania began the process of gradually reopening, but in October, further restrictions were introduced locally based on infection rates. The vaccination program was launched at the end of December.

Under these circumstances, economic contraction was inevitable. Gross domestic product (GDP) decreased by 3.9 percent in 2020 compared to 2019. The crisis further highlighted the need for systemic changes in critical sectors including health, education, social assistance, and outreach to vulnerable groups. The government introduced various measures to address the effects of the pandemic, although it was often criticized for moving too slowly and depending largely on resources accessible through support mechanisms of the European Union (EU).

From the very beginning of the COVID-19 crisis in Romania, CSOs were vital actors in relief efforts, stepping in where government capacity was lacking. CSOs raised funds for the local health-care system; created a support call center for the Department of Public Health Bucharest; produced and distributed masks and protective equipment to hospital staff; increased testing capacity by building modular hospitals and purchasing testing equipment and PCR tests; coordinated local and national efforts to support the most vulnerable groups; and took care of elderly people and other categories of people affected by the pandemic.

Two rounds of elections were held in Romania during the year: local elections in September and parliamentary elections in December. The local elections, initially planned for June but postponed due to the pandemic, resulted in significant changes to the political landscape. Nicușor Dan (a former CSO leader who battled in the past with various administrations in Bucharest) became the mayor of the Romanian capital, while across the country, many other mayors and leaders of county councils changed. Two months later, on December 6, 465 new members of parliament (MPs) were elected. Voter turnout was low, with less than one-third of Romanians exercising their right to vote. The big surprise was that the new party AUR—a group of nationalists, anti-vaxxers, cultural conservatives, and anti-globalization supporters—received around 9 percent of the votes. A coalition including the Liberal Party, USR (Save Romania Union), and UDMR (a union representing the Hungarian minority) formed the new parliamentary majority, while the Social Democrats, which previously held the parliamentary majority, are now in the opposition. Given that Romania's scores are near the bottom of the "flawed democracy" category in Eastern Europe according to the *Democracy Index 2020* report, the new parliamentary majority will have a significant challenge in consolidating the rule of law framework.

Despite the difficult circumstances in 2020 surrounding the pandemic, overall CSO sustainability remained stable. Slight improvements were registered in the organizational capacity, financial viability, sectoral infrastructure, and public image dimensions. These were driven largely by the sector's extraordinary mobilization to address the needs and challenges emerging from the COVID-19 pandemic.

At the beginning of 2021, the National Non-Governmental Organization (NGO) Register included a total of 117,510 registered organizations, including 95,972 associations and 19,335 foundations. This was an increase of only 2,962 CSOs over the past year, approximately half the rate of increase in the previous two years. Although some of the CSOs registered in 2020 might not be updated in the Register until later in 2021, the slow pace of growth may also be a side effect of the COVID-19 pandemic. Only half of registered CSOs are estimated to be active.

LEGAL ENVIRONMENT: 3.8

While some changes were made to the main law governing CSOs, the overall legal environment governing CSO operations did not change notably in 2020.

Simplifying the processes to register and operate a CSO continues to be a priority. In July 2020, the government initiated an open consultation on reforms to Government Ordinance 26/2000 (GO 26/2000), which regulates the establishment and functioning of CSOs, but the process ended after the first round of discussions with no follow-up.

Through a separate initiative, the parliament adopted a new law amending some of the provisions of GO 26/2000. Some of these changes are expected to reduce the barriers to entry for new CSOs. For example, CSOs are no longer required to have their constitutive acts or beneficial owner(s) declarations notarized; the initial funding amount to set up a foundation was significantly reduced; and only one statutory act instead of two constitutive documents is now required. Other provisions will facilitate the functioning of CSOs, for example, by canceling the requirement to submit the annual declarations of beneficial owners required by the anti-terrorism and preventing money laundering legislation.

Although CSOs welcome the intent of the new law, the changes raise several difficulties at the enactment level. For example, no process is laid out to allow organizations established under different legal regimes to transition their registration to CSOs, therefore allowing legal professionals with too much space for various interpretations. At the same time, the new law barely touches upon some fundamental issues needed to comprehensively reform CSO registration and operations, including whether setting up a CSO should be a judicial or administrative procedure, the role of the National Registry of NGOs vis-à-vis that of the NGO registries in the local judicial courts, the extent to and manner in which CSOs can undertake economic activities, guarantees for third parties engaged in legal relations with CSOs, or the proper balance between the aim of increasing membership and the accountability and transparency needed to do so.

During the year, Romanian lawmakers revisited the definition of beneficial owner that was adopted in 2019 to comply with the EU's anti-money laundering directive and imposed burdensome administrative compliance rules on CSOs. According to the newly adopted language, the beneficial owners of CSOs include their founders, members, board members, and executive decision-makers, as well as "the physical persons in whose interest the association or foundation were established." However, the current phrasing leaves room for the enforcing authorities to use secondary legislation to further decide how CSOs should report on this final category.

CSOs can only be dissolved through a judicial procedure. Although this procedure is lengthy and complex, it protects CSOs against arbitrary dissolution by a third party, such as the state. CSOs can freely express criticism of the state, but state authorities rarely adjust their behavior or view such criticism as an opportunity for constructive dialogue.

CSO operations were affected by the restrictions imposed by the government in its attempts to limit the spread of COVID-19. Public assemblies and consequently the right to protest were banned for most of 2020 on the grounds of the public health measures issued by the government. Initially banned when the state of emergency was imposed in March 2020, the right to public assembly was ignored in the government's subsequent measures to relax the restrictions and was only reinstated in September 2020 after at least two open letters published by a group of CSOs. In addition, several curfews and travel restrictions from or towards quarantined settlements were instated in 2020.

During the pandemic, the state adopted several fiscal changes that benefited small and medium enterprises and other private employers, but these did not benefit CSOs. However, the deadlines for submitting annual financial statements and other required reports to the state were postponed beyond the regular due dates. For example, taxpayers were allowed to submit their declarations to direct up to 3.5 percent of their owed income tax to a nonprofit until June 30, 2020, instead of March 15, 2020.

As in previous years, corporate donors can deduct up to 20 percent of their owed income tax, or up to 0.75 percent of their annual turnover, whichever is lower, for sponsorships.[1] According to a law enacted in November 2020, the owed income tax may also be used by an employer to pay for the private education of its employees' children aged six and under. Although the majority of private education providers in Romania are CSOs, this is likely to result in a decrease in the volume of sponsorship for all other CSOs.

Individual taxpayers continue to have the option of directing up to 3.5 percent of their owed income tax towards a CSO or church or individual scholarship. However, income generated via state financial support schemes for employees affected by the pandemic crisis will not be eligible for this deduction.

CSOs are legally able to fundraise and earn income, as well as to compete for public funds. CSOs, trade unions, and business associations remain exempt from income tax up to EUR 15,000 on earned income per fiscal year or up to 10 percent of total tax-exempt income, whichever is lower. Revenue from grants and sponsorships is not subject to income tax.

CSOs' capacity to navigate throughout an already complicated legal system diminished in 2020 while the pandemic resulted in greater demand for sophisticated legal advice. Priority legal issues during the year included compliance with the EU's General Data Protection Regulation (GDPR) and the anti-money laundering legislation, both of which are still unclear to most CSOs, as well as the validity of decisions made remotely by governing and executive bodies. The availability of legal assistance continues to be limited, and the pro bono legal services and few specialized CSOs that cover these areas are unable to meet all the demand.

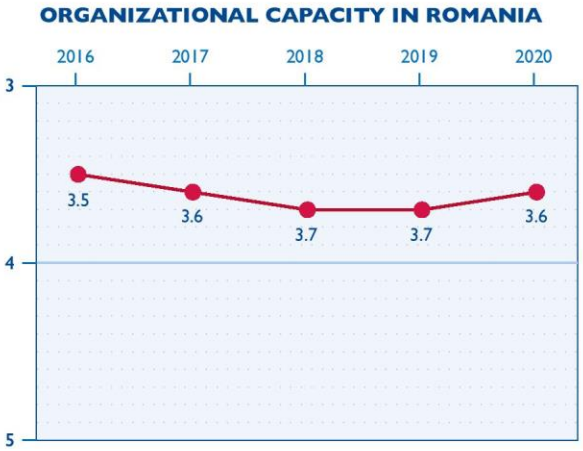
Romania joined the celebration of European Pro Bono Week for the first time in 2020. As members of the European Pro Bono Alliance, the Civil Society Development Foundation (FSDC) and ACTEDO, in partnership with the Federation of NGOs for Social Services, Save the Children Romania, and Accept Romania, promoted pro bono culture through a series of online events and matchmaking between lawyers and CSOs. In July 2020, the National Union of Bar Associations submitted an amendment to the lawyers' law that would address pro bono legal services; the amendment was supported by eighteen CSOs and was further debated during European Pro Bono Week.

ORGANIZATIONAL CAPACITY: 3.6

Despite the COVID-19 crisis and its socio-economic effects, the CSO sector's organizational capacity improved slightly in 2020 due to CSOs' efforts to maintain and improve their sustainability and capacities. Furthermore, there is some optimism that organizational capacity will continue to improve in the coming years as the Active Citizens Fund Romania, a large funding program dedicated to CSOs, started the process of awarding grants in 2020. The program is part of the European Economic Area (EEA) and Norway Grants 2014-2021 and will pursue the long-term development of the civil society sector with a total allocation of EUR 46 million through April 2024.

[1] In Romanian law, the term "sponsorship" refers to any financial flow from a legal person to a CSO, while a "donation" refers to a financial flow from an individual to a CSO.

CSOs' experience with constituency building in 2020 was mixed. On one hand, CSOs faced increased challenges engaging the public in their activities and projects because of the pandemic and resulting lockdown, which made it difficult for them to organize community meetings, communication activities, and other forms of face-to-face interaction with the public, beneficiaries, and stakeholders. On the other hand, CSOs were able to respond effectively to their constituents' priorities and to develop immediate solutions to the needs generated by the pandemic through interventions in the Romanian health system and the provision of support for vulnerable groups. According to the World Bank's *2020 Rapid Assessment of Romanian CSOs in the Context of COVID-19*, "Civil society response proved to be for Romania an important resource in an emergency."



According to GO 26/2000, all CSOs are legally required to have written missions and goals. Few CSOs, however, are able to organize their work under well-outlined strategies because the unstable financial environment makes long-term plans difficult to implement. Well-established CSOs develop strategic plans and try to put in place projects, activities, and actions accordingly. Smaller CSOs, on the other hand, operate on an ad hoc basis driven largely by available funding opportunities.

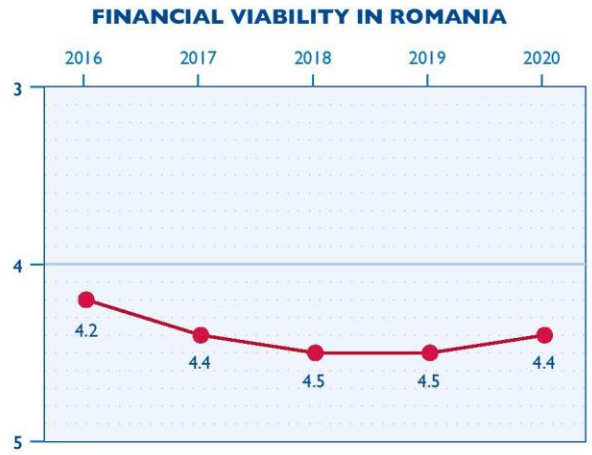
There were no significant changes to the internal management structures of CSOs in 2020, which continue to vary depending on how established a CSO is. Established CSOs have functional boards, but they are not always involved in decision-making processes, while in many other CSOs, the roles of board members are not clearly distinguished from those of staff.

According to the Charities Aid Foundation's *2019 World Giving Index*, which presents aggregate data from 2010 to 2018, Romania is among the bottom ten countries in terms of participation in volunteering activities. According to the World Bank's 2020 CSO survey, however, there is "a relatively high share of middle-sized CSO [sic] in terms of volunteering, with approximately 30% having between 10 and 50 volunteers annually over the course of the past three years. There also seems to be a declining share of volunteering for smaller organizations, and an increase in volunteering for larger organizations-with more CSO [sic] declaring 50 to 100 volunteers last year than in previous years."

Maintaining permanent paid staff is an ongoing challenge for the majority of CSOs. As stated by the World Bank, in 2020, a quarter of CSOs reported that "the number of employees or permanent collaborators decreased after the pandemic started in Romania. 60% of CSO [sic] did not lose any human resources, and 7% even registered increases of personnel." In general, the staff turnover rate is influenced by the fact that CSOs do not have efficient human resource management systems, and employees have limited opportunities to develop their skills through training and career development programs.

CSOs had limited opportunities to acquire high quality equipment in 2020. However, in response to the pandemic and lockdown, CSOs made significant efforts to improve their social media and online communication skills in order to stay connected both internally and externally. CSOs, including those that had previously not used or had limited use of modern technology and information communication technologies (ICT), embraced platforms such as Zoom, Skype, and Microsoft Teams. In addition, some CSOs started using customer relationship management (CRM) software to keep track of the large number of individual donors recorded since the beginning of the pandemic. Furthermore, Google provided tailored digital solutions to help CSOs manage their activities in the context of the COVID-19 pandemic, including methods and tools to increase awareness and fundraising, collaborate remotely, stay productive, and organize events and trainings.

FINANCIAL VIABILITY: 4.4



CSOs' financial viability increased slightly in 2020, primarily due to increases in local philanthropy and the accessibility of foreign support. While CSOs were able to rapidly mobilize domestic support, achieving extraordinary results during the peak of the pandemic, public support remains limited. The pressure to address immediate health, social, and educational needs narrowed CSOs' capacity to raise funds for operational costs or programs focused on their core missions, or to earn revenue through the sale of products and services.

CSOs struggle to access multiple sources of funding and to diversify their income. According to a 2017 study by FSDC, over 65 percent of active organizations register no income at all or income less than EUR 10,000 annually. Smaller organizations, which account for most of the Romanian sector, rely heavily on volunteering and individual contributions, occasionally receiving funding through the tax redirection mechanism and from companies and, to a very limited extent, accessing public funds (local or regional). Their access to the European Structural Funds available in the country is even more limited.

The 2020 pandemic allowed certain agile CSOs that operated as catalysts for COVID-19-related response activities to diversify their funding base by raising resources from individuals, corporations, and local communities, including through the use of social media (including the Romanian United Fund) and diaspora outreach. Some new funding for urgent COVID-19 projects was also available from foreign actors with national presence, including the Black Sea Trust and various embassies, rapid response funds at the EU and international level, and local sources. While important, these new funding sources were all limited in size and scope and had limited impact on the sustainability of organizations.

CSOs' mobilization in response to the COVID-19 crisis has been extraordinary. Thousands of initiatives mobilized volunteers and non-monetary support from communities and collaborated with and received direct support from companies and professionals. For example, Dăruiește Viață Association raised EUR 4 million in just six weeks from over 250,000 individuals and 600 companies to support medical units and build a new modular hospital.[2] Save the Children Romania set up an Emergency Fund for Hospitals that raised EUR 1 million in two months, plus additional support to cover educational needs. The National Red Cross raised over EUR 9 million in 2020 from individuals and more than 150 companies.

Corporate philanthropy continues to expand, with new substantial sources available to CSOs during the year, including from Kaufland, Lidl, and Societe Generale. According to the report *The dynamics and perspective of the CSR domain in Romania* (CSR Media and Valoria Business Solutions, 2020), 74 percent of respondents reported that that their corporate budgets for CSR programs have either stagnated or increased slightly, with education and health becoming the areas most commonly supported. Corporate donations connected to the emergency response to COVID-19 were estimated to be over EUR 100 million.

Central government funding to the sector did not change significantly in 2020 compared to previous years. As in previous years, annual central funding was available for national minority organizations, projects focused on combating intolerance and addressing vulnerable communities, sport federations, culture, and youth. In addition, social service providers had access to limited subsidies, which continued to be less than the real costs of providing services to end beneficiaries. Some funding programs were adapted to address the effects of COVID-19. CSOs were included in the governmental aid package to address some effects of the pandemic, such as technical

[2] After the first six-week response, Association for Community Relations reported collections up to EUR 14 million through the Emergency Fund it set-up, alongside the initiatives conducted by over eighty CSOs, including the national network of community foundations.

unemployment for employees whose labor contracts were suspended, extending the deadlines for various reporting obligations, and exemptions on fines and/or penalties for unpaid debts to the local or state budgets. However, there were no dedicated support programs for CSOs, and these initiatives had limited impact on the sector as a whole.

Local government funding varies significantly in different communities. In 2020, a few calls for funding were cancelled due to lockdown restrictions or the reallocation of resources towards other needs.

European Structural Funds 2014-2020 and the EEA Financial Mechanism 2014-2021 remained the most significant sources of foreign funding for CSOs in 2020. The Romanian-American Foundation remains a long-term stable and reliable source of funding for CSOs, awarding approximately $3.8 million a year in grants, including emergency support. Under the Active Citizens Fund, just a few rapid response projects were implemented in 2020, while contracting for the first round of calls was underway at the beginning of 2021. While most donors were flexible on the implementation of currently funded programs, the restrictions on movement and gatherings negatively influenced the efficient use of resources and CSOs' direct access to end beneficiaries.

Support from individual donors and constituencies continued to grow in 2020, with extensive use of ICT to facilitate donations or crowdfunding. The platform www.donatie.ro, which facilitates SMS campaigns and direct debits, reported a 14.5 percent increase in recurrent donations and a 49 percent increase in SMS donations between 2019 and 2020. The peer-to-peer platform www.galantom.ro reported a 47 percent increase in annual donations, which reached RON 5.6 million (approximately $1.32 million) and benefitted 206 CSOs and 476 community projects. Non-commissioned donations through www.bursabinelui.ro increased as well, reaching RON 800,000 (approximately $188,500) in 2020. Revolut and Banca Transilvania both introduced options to donate directly through their apps, adding to the already existing channels through which CSOs can receive funds, including doneaza.pago.ro, MobilPay Wallet, and the e-commerce platform emag.ro. The reward-based crowdfunding platform consolid8.ro opened to social entrepreneurs and creative industries, while the digital platform rohelp.ro facilitates donations towards CSOs involved in COVID-related efforts. At the same time, restrictions on gatherings led to a decrease in event-based fundraising. Despite the impressive success in fundraising for pandemic relief efforts, CSOs were not able to keep up with fundraising for their own operating costs and core mission-related programs.

Three years after their dissolution according to a Government Emergency Ordinance, sheltered workshops for persons with disabilities run by CSOs were reinstated through a law enacted in August 2020. CSOs are now allowed to set up and run protected shelters and benefit from the legal possibility that employers (public or private) that owe the disability tax can use 50 percent of this tax to acquire goods and services from such entities instead of paying it to the state budget.

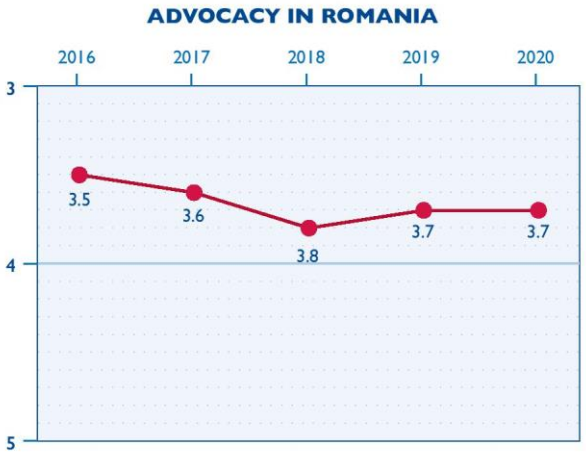
EU-funded grant schemes support the creation and development of social enterprises, though few of these choose to formally register as CSOs, due to the lengthier registration processes and administrative limitations. Insufficient support is provided to already existing social enterprises. In line with the overall economic contraction in 2020, revenues generated by CSOs through the sale of products and services also decreased.

CSOs submit annual financial statements, which are publicly available on the Ministry of Finance's website. Financial management systems tend to be more consolidated in larger CSOs. The sector continues to face a shortage of professional expertise and skilled financial management staff. The intensive fundraising in 2020 pushed CSOs to focus more on the transparency of the funds raised and their use. Independent financial audits are not a common practice among CSOs and are generally conducted only at the request of institutional donors.

ADVOCACY: 3.7

CSO advocacy capacities and opportunities did not change notably in 2020, although pandemic-related restrictions drastically reduced CSOs' access to decision makers in the first part of the year. Forty CSOs, including platforms and business associations, publicly requested access to the works of parliamentary commissions as the legislative process was carried out in a state of opacity. Relationships with the authorities were very limited in the first part of the year, then slightly improved with some unexpected successes. The imminence of both local and general elections created a two-sided effect: local authorities were generally reluctant to engage in any dialogue with CSOs and concentrated their efforts on the elections, while some ministries and the prime minister's office proved more

interested in hearing CSOs' voices. In March 2020, for example, the Service for Cooperation Policies with Civil Society was set up as a structure within the General Secretariate of the Government.



Citizens' interest in matters unrelated to COVID-19 was also limited in the first part of the year, while the low capacity of the government, particularly at the local level, put other initiatives on hold. Declic, one of the most visible online campaigning organizations, reported that the petitions with the highest number of signatures in 2020 focused on the urgent resumption of vaccine production at national level (130,258) and giving priority testing to medical personnel (54,779). Restrictions on public assemblies severely affected any form of citizens' offline organization throughout the year. Several public alerts launched by CSOs on www.stareademocratiei.ro pointed out the unbalanced treatment of the government in regards to public assemblies versus other forms of gatherings; while the government began loosening restrictions in other areas, such as malls and restaurants, beginning May, protests were allowed again only in September 2020.

FSDC drafted a position paper with a list of measures to support CSOs and their beneficiaries during the pandemic. The paper, which was endorsed by more than 550 organizations, served as the basis for a round table with the prime minister in May 2020. This meeting was followed by other similar meetings on the themes of environment, volunteering, education, and children's rights. Unprecedentedly, the prime minister agreed to revoke two of the acts issued by his office and to correct situations that CSOs claimed were against the principles of participatory democracy. In a notable example, 788 CSOs participated in an electoral process to select fourteen CSO representatives to Romania's Social and Economic Committee (SEC). The prime minister appointed those selected to the SEC, with the exception of the representative of a CSO promoting sexual education. After an extensive appeal process involving public petitions, press articles, and position papers, the prime minister eventually reconsidered his decision in January 2021.

In March 2020, the decree enacting a state of emergency due to the spread of COVID-19 included concrete limitations to the access to information of public interest and gave authorities the space to elude the provisions of the public information law (FOIA). Moreover, the Ministry of Interior issued a note to all prefectures in the country to stop responding to requests for public information about specific local data related to COVID-19. CSOs and journalists promptly objected to these limitations and later in the year, the Expert Forum launched a strategic litigation campaign challenging every county police department in the country, since they all refused to provide information required under FOIA, claiming that the law does not impose any obligation on a public authority or institution to process the raw data it collects and communicate it further to any interested party. FOIA was also the subject of two legislative initiatives in parliament in 2020. The first, which would have severely limited access to information, was withdrawn after a strong reaction by journalists and CSOs, including the Center for Independent Journalism, Active Watch, and Center for Public Innovation. The other one is still being debated in the second chamber of parliament.

The public agenda was dominated by pandemic-related issues in 2020; consequently, CSOs' advocacy actions focused on the state's measures—or lack thereof—to assist people in need. Service-providing CSOs—particularly those in the social, medical, and education fields—were the most visible in their attempts to alert the authorities when their actions were inadequate. For example, after being initially ignored by the authorities, the main platforms in the social field, including the Federation of NGOs for Social Services, Federation of NGOs for Child, Dizabnet, and Caritas, met regularly with the National Authority for the Rights of People with Disabilities, Children and Adoptions throughout the summer of 2020 to discuss the needs of the vulnerable populations they serve.

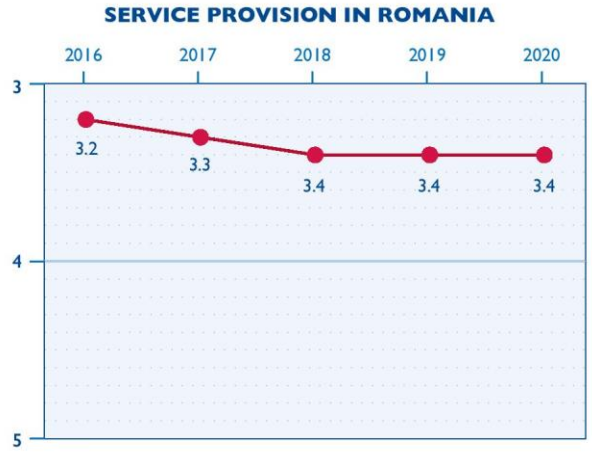
The authorities ignored some of the groups most affected by the pandemic despite CSO appeals. For example, the Prevention and Combating Violence against Women (VIF) Network alerted the authorities about the difficulties and risks of women victims of violence; the Center for Legal Resources repeatedly spoke up about the issues faced by persons with mental disabilities in state institutions; and the Romanian Independent Working Group against Trafficking in Persons and Smuggling warned the Romanian authorities about the serious situation of victims of

trafficking. The rights of the LGBTI minority, as well as sexual and reproductive health and rights, regressed as their progressive advocacy agenda was put on hold; moreover, sexual education in schools was eliminated from the Law on Protection and Promotion of Child Rights, despite the opposition of numerous CSOs and without a substantive public debate.

In 2020, environmental CSOs continued to advocate to bring back the role of CSOs in the management of environmentally-protected areas, which was severely reduced in 2019, and were part of consultation processes on the Energy Strategy and the National Emissions and Climate Plans. The government's plans on environment, energy, and climate change were included in the draft of the Romanian Resilience and Recovery Plan, but environmental CSOs challenged the plans' inconsistent approach and asked for further public consultation and revisions of them.

As described above, the provisions of the CSO law dealing with registration and operations was revised in 2020. Although this was not a full revision of the law, the process was criticized for its lack of transparency and the fact that it did not include any relevant stakeholders from the CSO sector.

SERVICE PROVISION: 3.4



CSO service provision did not change significantly in 2020. CSOs continued to provide a wide range of services, including basic social assistance to marginalized and vulnerable groups. CSOs' services respond to their constituents' needs and include areas such as education, social welfare, environment, civic activism, and youth education.

Given the circumstances surrounding the pandemic, CSOs increasingly focused on providing support and services in the field of public health during the year. According to data gathered by the Association for Community Relations, in 2020 CSOs "provided hospitals with supplies and equipment worth 14 million Euros and supported thousands of vulnerable people in all counties. More than 140 medical units have received the support of non-governmental organizations." Furthermore, the same data source shows that with CSOs' support, "the capacity of testing has increased in vulnerable places such as Iasi, Nadlac, Deva or Timisoara; with the help of the organizations, more than 30,000 PCR tests have reached the hospitals […] The capacity to treat patients with COVID-19 has increased by putting up modular hospitals as well".

Although CSOs delivered significant support and services in the health area, the overall quantity and quality of services provided by CSOs in 2020 was affected by the effects of the pandemic, including a lack of access to underserved geographical areas, lack of staff and resources that could have been allocated to other types of services beyond health, and remote working arrangements. Moreover, CSOs encountered difficulties in delivering certain types of services because of the lockdown and the high risk to staff of contracting the virus. In this context, certain services such as those focused on victims of human trafficking and domestic violence, homeless people, and people with severe disabilities, seem to have been more affected than other types of services.

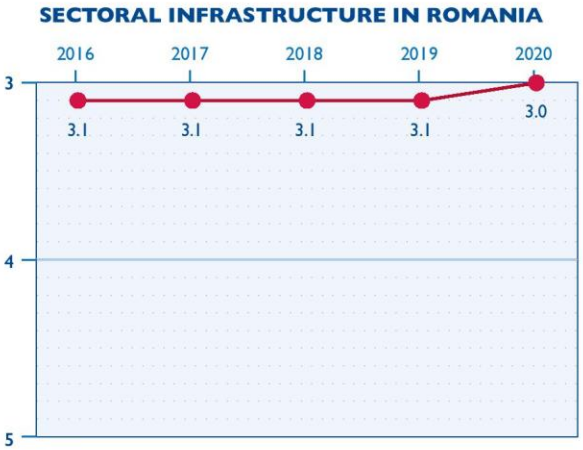
In general, CSOs cannot recover the costs for the services they provide and do not have the capacity to generate revenue through service provision. In a limited number of cases, however, CSOs charge fees for products and services such as home care services, addiction treatment, and informal or alternative education for children. The fees that these CSOs are able to charge for their services do not fully cover the costs of their interventions, necessitating them to seek supplementary sources of funding.

During 2020, CSOs continued to be reliable partners to private companies in the development of their corporate social responsibility (CSR) programs. For example, Coca-Cola Romania and HBC support projects focused on protecting the environment, developing communities and preserving local traditions, supporting young people, and

protecting water resources in cooperation with CSOs such as CSR Nest Association, Viitor Plus, WWF Romania, Tăşuleasa Social, Global Shapers, Social Innovation Solutions, and Social Incubator.

Cooperation between the government and CSOs fluctuates depending on the socio-political context and the government in power. While the current government, which came to power in December 2020, seems open to dialogue and cooperation with civil society, it is too early to make predictions about how this relationship will evolve. While government representatives sometimes make positive statements about the role of CSOs in service provision, this is not a constant message and no concrete measures have accompanied such statements to date. At the local level, the situation varies from county to county, but in general local governments rely on CSOs to address the needs of various vulnerable groups.

SECTORAL INFRASTRUCTURE: 3.0



The infrastructure supporting the CSO sector improved slightly in 2020. A larger number of CSOs had access to information and assistance given the increased use of ICT, while intersectoral partnerships and ad hoc coalitions and networks actively responded to the COVID-19 crisis and the change in government. Still, the availability of tailored support and services to smaller CSOs and CSOs in rural areas remains insufficient and inconsistent.

The number of CSOs providing advice and support to other organizations is still limited and there is an ongoing need for more specialized services for CSO capacity building. Various organizations provide other CSOs with support on diverse thematic fields or areas of expertise. For example, TechSoup and Code for Romania provide support on digital competencies and solutions, the Association for Community Relations specializes in fundraising and development of philanthropic behavior, and the Resource Centre for Public Participation (CeRe) and PACT focus on community development. The Center for Nonprofit Law specializes in legal information and advocacy, Policlinica de Marketing in communication and marketing, Impact Hubs in coworking space and innovation, and Funky Citizens in civic engagement and fake news. Timis County Youth Foundation (FITT), a few of the other county youth federations, and Young Initiative focus on youth-related governance and strategic planning, Pro Vobis serves as a resource center for volunteering, and Ashoka and Synerb provide support on social entrepreneurship and sustainable development. Representative federations in different areas, including social services, education, volunteering, rural development, human rights, gender, and social entrepreneurship, also provide information and support to their member CSOs, but this is highly dependent on the availability of financial resources. These organizations earn limited income through the provision of these services; instead, most services are provided as part of programs or projects covered through grant-based funding or sponsorships.

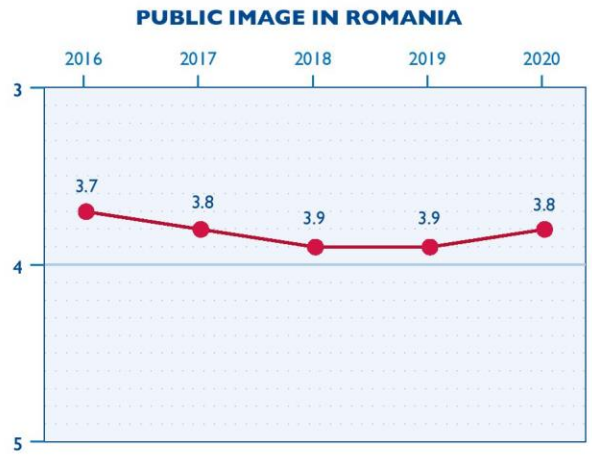
In 2020, grant schemes under the EEA's Active Citizens Fund made available significant resources for capacity building and the consolidation of sectoral infrastructure, but most projects will only begin in 2021. Kaufland Romania's "In stare de bine" funding program continued and included another pool of less experienced CSOs in its organizational capacity building and transformation processes.

Local grant-making organizations mobilized local resources and were among the first to react to the urgent community needs stemming from the pandemic. Nineteen community foundations covering 52 percent of the population engaged in intensive efforts in 2020. In addition to the ongoing initiatives in fields such as scholarships and education funds, thematic funds, philanthropic sports events, and community resilience programs, community foundations organized over twenty-five COVID-related campaigns that raised EUR 2 million in seventeen counties.

The numerous societal issues brought to the public agenda by the pandemic drove more intense collaboration at many levels. Within the sector, new ad hoc coalitions and informal groups of CSOs advocated for issues related to human rights, freedom of public gatherings, access to public data and personal data protection, access to education, support for vulnerable groups, environment, health, human trafficking, gender and sexual education, and culture.

CSOs also cooperated with the business sector to respond directly to community and public sector needs, including in terms of health infrastructure and education. CSOs also formed partnerships with media outlets and to some extent with government bodies at the central and local levels. For example, Code4Romania continued its efforts to provide digital solutions to community problems in partnership with the governmental Authority for Digitalization. Platforms such as AntiCovidTM (in Timișoara) and Moldovasolidara.ro (in North East part of Romania) are good examples of local collaboration for crisis response; they facilitate awareness among the public and facilitate communication and coordination among different stakeholders. In Timisoara, the platform even developed an instrument to measure public perceptions on priorities for local community development and facilitated public debates about these.

PUBLIC IMAGE: 3.8



The CSO sector's public image improved slightly in 2020 as CSOs received more media coverage and the perception of CSOs by the business sector, government, and the public became more positive.

CSOs enjoyed wider media coverage during the pandemic. Almost all the TV channels and radio stations ran or featured CSO campaigns. However, their approach was still unequal. For example, while some high-profile CSOs, such as Dăruiește Viața and Magic Camp received extensive media coverage, others were used as "tearjerker" subjects in various TV shows or news bulletins without offering information on how to support their causes. Although dominated by the pandemic, some environmental topics like air pollution also made their way into national media in 2020. For example, Bankwatch Association brought public attention to topics like the Green Deal and decarbonization.

According to a survey conducted by the Romanian Institute for Evaluation and Strategy (IRES) at the beginning of January 2021, 25 percent of the Romanian population had great or a great extent of trust in CSOs, a higher percentage than expressed in the presidential administration (22 percent), government (21 percent), parliament (13 percent), or political parties (10 percent). At the same time, 44 percent of the population expressed little/some confidence in CSOs. The level of trust in CSOs is greater among the younger generation: 31 percent of respondents between the ages of eighteen and thirty-five express great or a great extent of trust in CSOs.

CSOs' impressive fundraising results in 2020 would not have been possible without citizens' growing awareness and determination to get involved, thus reflecting the increase in public trust and a recognition of the efforts CSOs made towards pandemic relief.

The business sector has an increasingly positive perception of CSOs. Although statistical data is scarce, there is a general sense that the business sector increased its funding and collaboration with CSOs in the context of the COVID-19 pandemic. The government's perception of CSOs also improved. For the most part, the pandemic resulted in a significantly increased level of cooperation and an improved image of CSOs among governmental institutions. The prime minister and his office led various meetings with CSOs. On various occasions, both the president and prime minister expressed their gratitude for CSOs' efforts during the pandemic, as well as the time, resources, and expertise they invested into local communities. In one notable exception to this rule, however, a Facebook post by the minister of labor and social protection implied that community support, including from CSOs, was weak during the pandemic.

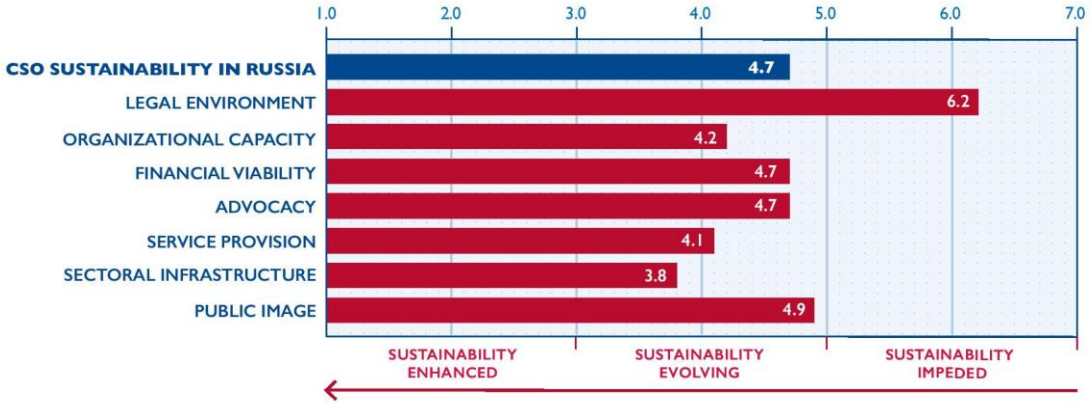
CSOs also improved their communication skills and, in many cases, became much more transparent. Many organizations involved in pandemic relief published presentations on the amounts collected and activities carried out. Many other CSOs, however, find their promotional efforts constrained by limited staff capacity. Nevertheless, many of them draft annual activity reports to fulfill donor requirements.

Social media—especially Facebook—became one of the most powerful tools for CSOs to keep in touch with their audiences and share information about their work. Many CSOs quickly adapted to the use of various online platforms or started to use online collaborative instruments, allowing the majority of CSO events to be held online during the year. In addition, the Public Participation Awards Gala, an annual event organized by CeRe, took place for the first time on one of the most popular radio stations in Romania.

RUSSIA

Capital: Moscow
Population: 142,320,790
GDP per capita (PPP): $27,044
Human Development Index: Very High (0.824)
Freedom in the World: Not Free (20/100)

OVERALL CSO SUSTAINABILITY: 4.7



The COVID-19 pandemic affected all aspects of life in Russia in 2020. Russia experienced two waves of the pandemic, one in the spring, and a second, stronger one in the fall. A lockdown introduced in the spring to slow the spread of the virus had a negative impact on the economy. The operations of thousands of enterprises were suspended, millions of workers began working remotely, schools switched to distance learning formats, and the health-care system was overburdened. Various restrictive measures were also introduced in the regions. In most cities, masks and gloves were required when visiting public places or using public transportation. In Moscow, electronic passes were introduced that were required to move around the city. Public events were banned; this restriction on protests remained in effect until the end of the year. To mitigate the harmful impact on the economy and citizens' incomes, some government support measures were announced that benefited enterprises and companies affected by the lockdown, as well nonprofit organizations. According to official data, the level of income of individuals fell by 3.5 percent, and unemployment rose to 5.7 percent, which is still far less than in many other countries.

Several other important events also took place that had an impact on civic activity in the country. In January, President Vladimir Putin proposed sweeping constitutional amendments. Among other changes, the amendments allow Putin to seek two more terms and potentially remain in office until 2036. A referendum on the amendments, known as an all-Russian vote, was held in the summer, with nearly 78 percent of voters backing the reforms. In Khabarovsk, protests were organized for more than 100 days in a row after special services arrested the popular governor, who was elected against the wishes of the authorities in 2018. Peaceful protests were organized following the presidential elections in Belarus. Finally, in August, the opposition politician Alexei Navalny was poisoned, allegedly by intelligence officers. Although all of these events increased public discontent, according to the Agency of Political and Economic Communications (APEC), the number of protest actions in Russia decreased by 20 to 30 percent in 2020, mainly because of the restrictions associated with COVID-19.

Polarization among CSOs continued to be an issue and even intensified in 2020. On the one hand, the legal conditions for the work of activist groups, independent organizations protecting the rights of citizens, independent journalists, and the media worsened. A package of repressive laws was adopted, civic protest activity was harshly suppressed, the number of "undesirable foreign organizations" increased, and pressure on CSOs performing the functions of "foreign agents" continued. On the other hand, the authorities increasingly recognized the achievements of loyal CSOs and replicated their experiences in government programs. In the context of the pandemic, the state announced significant support for most CSOs, but these measures did little to affect organizations recognized as "foreign agents."

The overall sustainability of CSOs remained unchanged in 2020. Although the majority of CSOs, like society as a whole, were not prepared for the wide variety of challenges they faced, flexibility, adaptability, responsiveness, and a sense of solidarity allowed CSOs to survive the most acute phase of the crisis. The legal environment for CSOs deteriorated again, but the organizational capacity of CSOs expanded, as many organizations improved their digital literacy. The pandemic also gave a new impetus to the development of charity and volunteerism, new coalitions and partnerships emerged, and additional resources for online training were created, strengthening the overall infrastructure supporting the CSO sector. The sector's public image also improved somewhat, as CSOs, which played a major role in mitigating the effects of the pandemic, became more visible. Other dimensions of CSO sustainability remained unchanged.

There were approximately 211,000 registered non-commercial organizations (NCOs) at the end of the year. However, this number includes state-owned NCOs, state corporations, municipal institutions, parties, and cooperatives, in addition to independent CSOs. Expert assessments indicate that only 15 to 35 percent of registered organizations are still active. Only approximately 35,000 organizations were included in the registers of NCOs that the authorities were ready to help in connection with the pandemic; this number represents the majority of active organizations that interact with the authorities in some form.

LEGAL ENVIRONMENT: 6.2

The legal environment governing the CSO sector deteriorated in 2020, for the eighth consecutive year. Although the government took efforts to support many CSOs during the pandemic, its attitude towards CSOs defending public interests became tougher, and new discriminatory laws were adopted at the end of the year.

In March 2020, the Russian authorities began to introduce extensive restrictive measures in order to stop the spread of COVID-19. As part of these efforts, public events were banned in forty-five regions. Nevertheless, according to a report of the Agora International Human Rights Group, from the beginning of March until August 2020, at least 775 single-person pickets and picket lines were organized in cities across Russia. In July 2020 alone, OVD-Info recorded 138 detentions in connection with single-person pickets in fifteen regions. According to the Ministry of Internal Affairs, more than 130 people were detained in Moscow in July at a rally against amendments to the constitution; the website of OVD-info reported 147 detentions.

In 2020, journalists, activists, and members of some CSOs continued to be subject to harassment. In 2020, Agora recorded 103 violent responses to people expressing opinions online, 40 of which occurred in Chechnya. For example, on the evening of February 6, at the entrance to a hotel, unknown assailants attacked Novaya Gazeta journalist Elena Milashina and lawyer Marina Dubrovina, who had arrived in Chechnya to learn about the fate of a persecuted blogger. Another blogger, Yegor Zhukov, who participated in mass rallies in 2019 and was convicted of extremism, was beaten outside his house in Moscow on August 30.

In November, the office of the Anti-Corruption Foundation (FBK) in Moscow was searched. Lawyers representing FBK were not allowed to be present, and all of FBK's equipment was confiscated. Similar searches accompanied by the confiscation of equipment took place in FBK offices in different regions. The Investigative Committee of Russia opened a criminal case against the head of the FBK, Alexei Navalny, for allegedly embezzling 356 million rubles (approximately $4.8 million) in donations that were intended for several organizations associated with the opposition politician. The August poisoning of Navalny, in which intelligence officers were apparently involved, resonated widely throughout the world.

In 2020, sentences were handed out in high-profile cases of members of the youth organizations New Greatness (Novoe Velichiye) and Network (Set'). Young people from New Greatness were found guilty of creating an extremist community and sentenced to suspended and real terms of up to seven years in prison. In the Network

case, seven people were sentenced to terms ranging from six to eighteen years in prison on charges of creating and participating in a terrorist community. The lawyers for these individuals assert that the verdicts were passed with numerous violations and that reports of the torture of the defendants were not properly verified. Many famous people and human rights organizations spoke out in support of the defendants in both of these cases.

After being acquitted in April 2018 and then re-arrested in August 2018, Yuri Dmitriev, the head of Karelian Memorial, was sentenced in July 2020 to thirteen years in a maximum-security colony on trumped-up charges of sexual assault against a minor adopted daughter. In July 2020, Ivan Safronov, a former journalist for Kommersant and Vedomosti, was arrested. The FSB announced that he was suspected of high treason and working for the special services of "one of the NATO countries." However, he still does not know exactly what he is accused of doing.

Members of the religious organization Jehovah's Witnesses, which is recognized as an extremist group in the Russian Federation, continued to be persecuted in 2020. Hundreds of searches in many regions of Russia have led to numerous arrests, criminal cases, and convictions. According to Memorial, more than 330 people have been persecuted for their involvement in Jehovah's Witnesses.

According to the 2015 Law on Undesirable Organizations, an undesirable foreign organization (UFO) is a foreign or international organization that poses a threat to the defense or security of the state or to public order or public health. As of the end of the year, thirty-one organizations were considered UFOs. Twelve organizations—including the Prague Civil Society Center and the French Association of Schools of Political Studies of the Council of Europe—were added to the list in 2020. UFOs are not allowed to work in Russia, and all contacts with them by Russian citizens and organizations are prohibited. The former coordinators of branches of Open Russia in Yekaterinburg and Krasnodar were sentenced to compulsory labor in 2020 for participation in the activities of a UFO.

According to the 2012 Law on Foreign Agents, any CSO that intends to receive foreign funding and conduct expansively-defined "political activities" must register as a foreign agent (FA). The number of organizations registered as FAs grew slightly and included a total of seventy-five organizations at the end of the year; during the year, nine new organizations were added to the list, and eight were removed. In addition, the first individuals appeared in the register of foreign media performing the functions of a FA, when the Ministry of Justice added to this list a Russian human rights activist and four journalists. As of the end of the year, there were twelve media outlets and five people in the register.

At the end of the year, the State Duma adopted several laws that expand the concept of "foreign agent." According to the new definition, FAs can now be public associations that are not registered as legal entities, as well as individuals who receive money from abroad and are engaged in political activities or the collection of military-technical information. They are not able to hold positions in the state or municipal service or have access to state secrets. If media mention any FA, they should say or write that it is a "foreign agent." CSOs that are included in the FA register are required to submit information about planned activities, followed by reports on their implementation, to the Ministry of Justice. The quality of the laws adopted by the Duma is very low and it will only be possible to understand how they will be applied in 2021.

As part of the measures adopted to mitigate the consequences of the pandemic, the federal government prepared a package of measures to support most CSOs. Among such measures are the reduction of the number of inspections (except for organizations recognized as FAs); the postponement of rent payments on federal property; the postponement of reporting to the Ministry of Justice; and the ability for the organization's governing body to hold online meetings. Socially-oriented foundations do not have to conduct a mandatory audit for 2019. The Ministry of Economic Development compiled two registers of NCOs, including more than 35,000 entities, which are eligible for this support. However, most of these support measures are temporary and only effective in 2020.

Positive legislative changes for CSOs were also adopted in 2020. In particular, these changes make CSO inspections faster and more transparent, regulate remote work, establish requirements for donation boxes, and ease the documentation requirements for CSOs with a small number of employees. In addition, starting October 1, 2020, the deposits of CSOs performing socially-useful services and charitable foundations will be insured by the Deposit Insurance Agency. Also, foundations are no longer required to conduct audits unless they receive more than 3 million rubles (approximately $40,540) in income during the year. Positive changes were also made to the endowment law. However, some of these changes are only applicable to sub-sets of the CSO sector. For example, only organizations engaged in charitable activities will be able to use donation boxes, meaning that informal groups

will not be able to collect donations in this way, for example, to help political prisoners. Foreign agents will not benefit from many of these changes.

The taxation of CSOs has not changed for several years. NCOs are exempt from taxes on grants, donations, and other funds received for charitable purposes. Starting in 2020, the free use of property is also not taxed. All other income is taxed. CSOs may engage in business activities but must separately account for this income in their financial statements. An individual has the right to deduct the amount of donations to CSOs up to 25 percent of total taxable income. In May 2020, a tax deduction was introduced for businesses under the general tax system that donate property, including cash, to CSOs. However, this applies only to certain categories of organizations.

Registering a CSO became slightly easier in 2020. There are now fewer forms for registration and documents can be submitted through the portal of Public Services. In addition, a new tool helps with the preparation of application forms. However, the process still takes about two weeks and requires a number of documents, and it is possible for registration to be refused for a number of reasons.

CSOs have an increasing number of opportunities to get legal support, especially online. For example, Lawyers for Civil Society has created an online NCO Law Academy for heads of Russian CSOs, which will run for two years. During this time, 200 CSO leaders will be trained.

ORGANIZATIONAL CAPACITY: 4.2

The organizational capacity of CSOs increased slightly during the year, as demonstrated by the sector's ability to mobilize during the pandemic, its focus on communities and beneficiaries, and the wide adoption of new technologies and online tools.

In March 2020, according to a study by the Charities Aid Foundation (CAF) on the immediate effects of the pandemic on CSOs, almost half of organizations had reduced face-to-face meetings and canceled planned events, while 67 percent had canceled business trips within Russia and abroad. In Moscow, 83 percent of the surveyed organizations had transferred employees to remote work, and 44 percent had closed their offices, while in the regions only a quarter of the respondents had taken such measures. Only 9 percent said that their work had not changed in any way as a result of the pandemic. Despite these numerous difficulties, only 5 percent of organizations had completely suspended their activities.

Many CSOs suddenly lost most of their contacts with their beneficiaries as a result of the dramatic change in operations. It took time and additional resources for them to adapt their work to online modes. In addition, the beneficiaries of many CSOs required additional assistance because of the pandemic restrictions.

Many CSOs deviated from their missions because of the COVID-19 pandemic. Charitable organizations urgently revamped their programs to provide direct assistance to vulnerable groups and to support hospitals and medical personnel. CSOs mobilized and used the volunteer potential of their communities and beneficiaries, while also working closely with businesses and private donors.

Many types of CSOs have supervisory or governing boards as required by law. But only the most professional organizations actually use their potential and have a true division of responsibilities between the board and management. In 2020, the imposed restrictions did not improve the situation.

Volunteer Medics, the Association of Volunteer Centers, and the All-Russian Popular Front launched a large-scale campaign called #MyVmeste (#WeTogether), with support from the state. As part of the campaign, volunteers united to help isolated elderly people by delivering food and medicine. Through this initiative, approximately 118,000 volunteers across Russia helped more than 3.4 million people over a period of four months, and individuals and businesses made more than 1.8 billion rubles (approximately $24.3 million) in donations. In addition,

many local community foundations and CSOs carried out smaller-scale actions in their cities and settlements, often involving local businesses in these efforts.

The crisis highlighted the strengths of CSOs, including their focus on beneficiaries, flexibility, and readiness to work in uncertain situations. A study by the Higher School of Economics (HSE) confirmed that during the pandemic, many CSOs were able to reduce costs, while engaging in strategic planning, fundraising, and organizational development. According to a survey conducted by CAF among 194 NCOs, most of which (72 percent) are from the regions, by July, CSOs had already begun to engage in organizational development (a third of respondents) and master digital tools, in particular, to support their beneficiaries online (a third of respondents).

During the lockdown period, many CSO employees improved their digital literacy and skills. Charitable foundations joined the Bank of Russia's quick payment system allowing donations to be made by scanning a QR code, a system that is cheaper and faster. The GRANI Center created the Generator of Ready-Made Solutions for Managing NCOs — a collection of algorithms, templates, and checklists to help CSO and project managers make decisions faster and more efficiently in frequently encountered situations.

At the same time, the gap between smaller organizations and more successful, large organizations increased. Access to high-quality internet communication is still a problem in rural and remote areas, such as Krasnoyarsk Krai. Small organizations do not have sufficient funds to purchase equipment and programs to secure their online work. Although a number of private foundations for the first time announced competitions to strengthen the organizational development of CSOs during the difficult time of the pandemic, only a small number of CSOs benefited from this support.

According to the CAF survey, 63 percent of CSOs managed to maintain their employees without reducing salaries. However, one-fifth (22 percent) of CSOs cut their employees' salaries. In the regions, 7 percent of CSOs noted that they had to lay off some of their employees, while in Moscow and the Moscow region, only 2 percent of CSOs faced such a need.

Many CSOs still do not have paid employees or sufficient resources to attract professionals from different fields. In part, the lack of specialists is compensated for by "intellectual" or pro bono volunteering. For example, ToDoGood is a social change platform that provides consulting services related to the strategic and organizational development of CSOs; Greenhouse of Social Technologies helps the sector in the field of IT technologies; ProCharity platform recruits pro bono specialists to help CSOs with specific tasks; and PILnet unites pro bono lawyers.

With the support of ToDoGood, the ESOMAR Research Got Talent competition—which aims to recognize young researchers who want to make a difference—was organized in 2020. Through this competition, a large number of research teams conducted pro bono marketing and sociological research for CSOs. Moreover, Russian researchers from the MediaCom Knowledge team won the international stage of the Research Got Talent competition for their study for the Civic Assistance Committee, which helps refugees and migrants.

The online technologies tested during the pandemic will remain relevant for all kind of CSOs, as they have significantly expanded their capabilities, increased the number of beneficiaries, and increased the popularity of distance education. However, the sustainability of these changes can be estimated only in the coming years.

FINANCIAL VIABILITY: 4.7

The financial viability of CSOs did not change significantly in 2020. On the one hand, as a result of the self-isolation regime announced in March, many of those who helped charitable organizations found themselves in difficult financial situations and could not continue to donate, even though the need for such assistance increased. At the same time, the number of online donations increased, support from large private foundations grew, and the Russian government adopted a package of support measures to mitigate the pandemic consequences for some CSOs.

State financing of social projects continues to be the most significant source of financial support for the sector. However, the most active and visible human rights CSOs and foreign agents very rarely receive government support. Foreign funding, on the other hand, is limited and received only by a small group of independent

organizations that either are already recognized as "foreign agents" or are at risk of becoming one. Private donations in the country continue to grow.

The Presidential Grants Fund (PGF) continues to be the main source of funding for most CSOs. According to a study conducted by CAF-Russia and the association All Together (Vse Vmeste) in late 2020, 68 percent of the surveyed CSOs received PGF grants in the last three years. In 2020, PGF held three competitions — two regular and one special—supporting 5,319 CSO projects with an unprecedented total of 10.7 billion rubles (approximately $144.6 million) in support.

The trends affecting regional authorities' support of CSOs were more complex and contradictory. In 2020, Chelyabinsk oblast became the first region in the country to distribute several types of governor's grants under procedures similar to the PGF. The operator of the competitions was a non-profit organization that was established by CSOs in Chelyabinsk oblast. Approximately 100 million rubles (approximately $1.37 million) were distributed during the three competitions it ran in 2020. The Moscow government launched its own platform for collecting donations during the year. To connect to the service, a CSO must have conducted socially-significant activities for at least a year and be listed in the register of charitable organizations of Moscow. The Novosibirsk Region also held a special competition for CSOs. However, in St. Petersburg, as in many other regions, there were no such competitions, as the regional budgets did not include funds for this purpose. Although specific data is not available, no examples are known of regions cutting their budget support for CSOs during the year because of the pandemic.

In 2020, the Ministry of Economic Development prepared two registers of socially-oriented NCOs that are eligible for state support in connection to the COVID-19 pandemic. The approximately 35,000 CSOs included in these registers are organizations that previously received financial support from the authorities and CSOs from the registers of social service providers and providers of public benefit services (PPBS), as well as charitable and private educational organizations. CSOs included in the register are exempt from taxes and insurance contributions to state extra-budgetary funds for the second quarter of 2020. They are also exempt from paying rent on federal property for four months, and receive a deferral on the lease of state, municipal, or commercial property for six months. These CSOs can also receive preferential loans at a rate of 2 percent. Few human rights organizations or FAs were included in the registers.

In response to the difficult circumstances of the pandemic, a few grant-making organizations began to provide funds to improve the organizational sustainability of CSOs. For example, in March, the Potanin Foundation invited CSOs to participate in two grant competitions, one of which was held monthly from March to September. The projects supported under these competitions helped the most active CSOs to strengthen their human and technological resources, organize their online work with target groups, and develop their fundraising capabilities. The Potanin Foundation ran a competition called School of Philanthropy that supported local projects and initiatives aimed at improving the quality of life of the least protected citizens. The Potanin Foundation allocated a total of 900 million rubles (approximately $12.2 million) under these competitions. Other foundations initiated similar special competitions and programs. A small number of donors showed flexibility and simplified the reporting process for CSOs that were already overwhelmed with work during the pandemic.

However, the state support and new assistance from grant-making foundations did not benefit all CSOs, and many were still in a difficult situation. A CAF study conducted between May 25 and June 8, 2020, among 194 non-profit organizations, most of which operate outside of Moscow, found that 78 percent of the surveyed CSOs need financial support for current programs, salaries, and administrative expenses.

According to a study by the NAFI Commercial Analytical Center that was conducted in February 2020, fewer Russians donated money to charity over the previous year, with just 38 percent reporting that they donated to charity, down significantly from 57 percent in September 2019. NAFI also found that people have started to donate more often through digital and remote channels and less frequently give money directly to people in need, usually on the street. At the same time, a study conducted by the international payment system MasterCard showed that

during the self-isolation regime, a quarter of the Russians surveyed made online donations, almost half of whom took part in charity for the first time. The number of fundraisers through which people collect donations on their personal debit cards skyrocketed. Leading CSOs are actively fighting against this fundraising method because of its potential for fraud.

CSOs that help the poor, victims of violence, orphans, and people with disabilities received more donations in 2020. At the same time, donations for the current programs of charitable foundations fell significantly. For example, the Zhivoy (Alive) Foundation, which supports sick adults, collected 176 million rubles (approximately $2.38 million) for personal protective equipment during the most difficult period of the pandemic, which is several times more than the organization's entire budget last year. But at the same time, the main donations for adult patients were drastically reduced.

On May 5, an extraordinary Giving Tuesday was organized to support those affected by the pandemic, including CSOs caring for people affected by the crisis. As part of this effort, more than 200 charity campaigns were organized in Moscow and the regions. The second Giving Tuesday was held on December 1. While the amounts collected were lower than in the previous year because of the pandemic, it still managed to raise 8.6 million rubles (approximately $116,216) for charity, with Russians making more than 30,000 donations on this day.

In December, the results of the traditional Leaders of Corporate Philanthropy competition were announced. In 2020, sixty-one companies participated in the project, slightly fewer than in 2019, when sixty-five companies participated; the participating companies spent over 47.5 billion rubles (approximately $642 million) on charity in 2019. In a notable example of corporate support for CSOs, the company Yandex, with the support of the Greenhouse of Social Technologies, introduced a new package of opportunities called CareYandex, which offers charitable foundations free access to the Yandex.Disk and YandexTracker business services for one year with the possibility of extension. Forty-four foundations have already received free access to these Yandex services. Yandex has also provided access to its virtual PBX - Yandex.Telephony service and pays for all calls of employees and volunteers of foundations that are members of All Together association. The same service is already used by charitable foundations, including Our Children, Enjoyable Aging (Starost v radost), and Hillel.

CSOs rarely earn money through the provision of paid services to businesses or the government. More than 1,600 applications were submitted for the All-Russian competition of projects in the field of social entrepreneurship for the Best Social Project of the Year in the 2019/2020 season; the competition is organized by the Russian State Social University and the Ministry of Economic Development with the support of SME Bank and the Our Future Foundation for regional social programs. More than 70 percent of these projects—all of which use business models to solve social problems—were submitted by representatives of small and medium-sized businesses. Ultimately, 389 projects from around Russia were supported. Our Future Foundation provided 11.7 million rubles (approximately $158,000) in targeted assistance to social entrepreneurs. The money was distributed among forty projects working in the fields of social tourism, medicine, and sports. Although no concrete data is available, many social enterprises are struggling to recover from the difficult economic circumstances in the country caused by the pandemic.

The financial management of most CSOs is still at a low level, and in small organizations the director often also serves as an accountant. In 2020, foundations were exempt from the annual financial audit requirement if they received less than 3 million rubles (approximately $40,540) in income during the year. All FAs must conduct such audits. CSOs submit financial reports to the tax authorities on an annual basis, but they are not required to publish these reports.

ADVOCACY: 4.7

In 2020, the ability of CSOs to protect their rights and public interests remained largely unchanged. Large CSOs successfully organized a wide public campaign that led to important measures supporting the sector during the pandemic. However, many other public campaigns and public actions did not have any positive results and direct contacts with the authorities were seriously limited due to the pandemic-related restrictions.

The Public Chamber of the Russian Federation and a network of Public Chambers in the regions facilitate interaction between CSOs and the government. Formally, these structures are responsible for monitoring the activities of government bodies in the country, both federal and regional. CSOs generally have limited trust in

these structures. Citizens and CSOs can also engage with government institutions through public councils that exist under all federal ministries and departments. Public councils monitor the activities of federal executive bodies and participate in the discussion of draft laws and documents. In 2020, the work of public chambers and public councils moved online, while the focus of their work shifted to social assistance and lobbying for support for the nonprofit sector.

At the end of March, the Public Chamber of the Russian Federation launched a hotline for the third sector called VmesteNKO (TogetherNCO) to collect and analyze the problems encountered by CSOs due to COVID-19. At the same time, CSOs themselves began to actively undertake actions in support of their work. For example, the Consortium of Women's Non-governmental organizations, Sisters' Centers, Violence.no, ANNA, the Mutual Aid Network TyNeOdna, and several other organizations signed a petition asking the state to address the increase in domestic violence during the periods of self-isolation. The appeal initiated discussions in the State Duma, but no law on domestic violence has been adopted yet.

In order to urgently develop measures to help CSOs, working groups were established to interact with the Ministry of Economic Development and local authorities. Working groups included representatives of the Public Chambers, All Together association, and large resource centers. As a result of these efforts, the Russian government adopted a package of support measures that benefited many CSOs, as described above. However, most of these measures did not benefit CSOs that perform the functions of an FA or organizations that had not previously received support from the authorities.

CSOs that provide social services to the population are more likely to be heard by the authorities and therefore to achieve some changes for their beneficiaries. For example, in response to letters and petitions from charities, President Putin instructed the government to arrange the delivery of vital imported medicines, including those necessary for the treatment of seriously ill children, as soon as possible. A large-scale discussion initiated by the sector about the allocation of funds for the purchase of a very expensive vaccine for children with spinal muscular atrophy led to the government's decision to establish the Circle of Kindness Foundation to support children with severe, life-threatening, and chronic diseases.

Environmental and human rights organizations also registered some advocacy successes during the year. For example, environmental advocacy resulted in Kushtau hill in Bashkiria being declared a cultural monument of national significance and the halting of construction of a landfill in the village of Shies in the Arkhangelsk region. Greenpeace of Russia and other organizations succeeded in changing the bill that previously allowed the federal government to change the borders of national parks. In addition, a discriminatory bill banning transgender people from marrying and adopting children was withdrawn.

Because of COVID-19, there were almost no protests in the country in 2020. Protest was mainly expressed through open letters and video messages, in addition to new "quarantine" forms of protests, such as online rallies and pickets. For example, in Rostov-on-Don, residents unable to leave their homes because of the pandemic protested through the Yandex.Navigator and Yandex.Maps applications, leaving comments on the map next to the regional government building and the square opposite city hall. Letters and pickets in defense of arrested activists had some results. The terms of several persons involved in high-profile cases were reduced and some cases were even dismissed.

The state system for the protection of human rights was further weakened in 2020, as four independent human rights defenders were excluded from the Council for Human Rights and Civil Society Development under the President of the Russian Federation. They were replaced by five new, more loyal members.

The regional branches of the Golos (Vote) movement trained 3,000 people to observe the regional elections in September; 1,500 observers took part in the election monitoring.

While CSOs were able to achieve some positive results through their advocacy in 2020, they prefer to express their opinions publicly through open letters and signature collection, rather than through official means or working in interaction with the authorities. The measures introduced during the pandemic only furthered this trend. To engage in dialogue with the authorities, CSOs actively used modern technologies, including Telegram and Signal, where the authorities publish news faster and more often.

SERVICE PROVISION: 4.1

The overall quality of CSO service provision remained stable in 2020, despite the dramatic changes caused by the pandemic.

CSOs continue to provide diverse services, ranging from charity meals for the homeless to legal aid and education. Due to the restrictions that were put in place to control the spread of COVID-19, CSOs transferred their services online to continue serving their beneficiaries whenever possible. For example, before the pandemic began, about eighty special needs children received regular help every month in the inclusive center Walking Together Fun. In 2020, the organization created about thirty online services, including consultations by specialists of various profiles and individual and group lessons. As a result, the center was able to serve not only families in Moscow, but families in the regions. However, many other organizations were unable to quickly adapt their services to online formats due to a lack of resources. In addition, service recipients were often not ready for such revolutionary changes in the delivery of services. There is still no assessment of the effectiveness of new online services.

In 2020, a large number of CSOs began helping the general population. For example, the Timchenko Foundation, together with the Silver Age Alliance, created the Caring Nearby coalition to help older people; by the end of the first wave of the pandemic, the coalition had 241 CSO members from 59 Russian regions. The coalition helped more than 81,000 people receive assistance and identified 3,900 "invisible" lonely people. The center for assistance to victims of domestic violence Nasilyu.net (Violence.net) created a Telegram bot that answers the most common questions from victims and witnesses of violence and tells them what to do in different situations.

CSOs that provide certain services included on a list approved by the government can register as Providers of Public Benefit Service (PPBS). The status is granted for two years, but it can be extended. The status has become a "quality mark" for service CSOs. In 2020, the number of PPBS included in the register increased to 957 organizations, from just 379 in 2019.

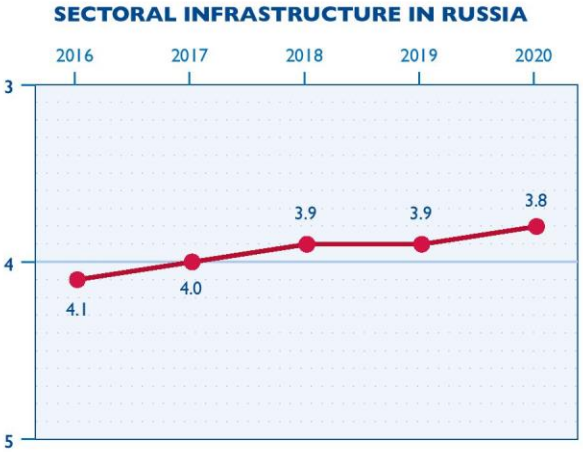
CSOs and other legal entities can register at the regional level as social service providers, which provides them with certain rights, benefits, and opportunities to obtain funding. In practice, organizations face many problems both when trying to get included in the register, and when providing services and receiving compensation from the budget. The deputy director of the center Hesed Avraam from St. Petersburg said that the city's debt to the center is about 200 million rubles (approximately $2.7 million). In many regions, the authorities did not compensate online service providers because they did not understand how to assess such services.

In July 2020, the Law on the State (Municipal) Social Order for the Provision of State (Municipal) Services in the Social Sphere was adopted, which is expected to stimulate competition between public institutions and non-state service providers. The law provides an opportunity for service CSOs and individual entrepreneurs to receive state social orders. In addition, two new competitive methods are envisaged: a competition through which service providers are selected by experts, and a certificate that gives the recipient of the service the right to choose whom to go to for it. The law will initially only be in effect in sixteen pilot regions.

Some specialized CSOs provide paid services that are becoming quite popular. In particular, in the environmental field, there are popular paid educational products, such as the Eco-Enlightenment School created by the Center for Conservation of Resources and the Association of Russian Trainers.

The government recognizes the successful experience of CSOs and replicates their experience for inclusion in government programs. For example, through a presidential decree in January 2020, the government was instructed to study and further use some models developed by CSOs, including their experiences in working with homeless people and in accompanied living of people with mental disabilities.

SECTORAL INFRASTRUCTURE: 3.8



The infrastructure supporting the CSO sector strengthened somewhat in 2020. Due to the pandemic, many major events and conferences were canceled, and the work of infrastructure organizations was significantly complicated and transformed. However, new coalitions emerged, and numerous additional resources for online learning became available.

The pandemic led to a significant increase in solidarity within the non-profit sector. Many CSOs began to cooperate more with their colleagues in the sector, and more experienced organizations tried to support less experienced ones. For example, a community of CSO trainers was created in the Krasnoyarsk Territory, and an Alliance of Independent Observers for the All-Russian Voting was established. The alliance of the Community Foundations of the Perm Region expanded, and now extends beyond the borders of the territory to include thirty-four organizations from ten regions. In January, a group of activists created the Coalition for Sustainable Development coalition (KURS), which brings together more than 160 organizations and 200 activists from around the country. KURS prepared a civil independent review of the implementation of the UN Sustainable Development Goals that was presented at the UN Political Forum along with the official one. A Fundraiser Club was created, which held monthly professional online conferences; the Fundraiser Association also became more active. Nevertheless, according to many experts, CSOs still lack platforms to discuss internal problems that arise in the professional community.

The pandemic also intensified intersectoral cooperation. Thanks to the efforts of the administration, the project My Social Assistant was created in Moscow, through which volunteers brought medicine, food, and other basic necessities to elderly people in their neighborhoods. Similar groups were created throughout the country, both through the efforts of CSOs and with the help of local administrations. According to estimates presented by the Deputy Minister of Health at a roundtable in October, during the first wave of the pandemic, volunteers helped more than 4 million people across Russia. However, there is a serious concern about the nationalization of volunteerism in the country, with special regional structures created by the Association of Volunteer Centers—that are in reality GONGOs—receiving most of the support from the authorities.

The Center for the Development of Philanthropy of the Potanin Foundation, together with the ZIRCON research group, conducted a study titled "Information, education, enlightenment: what knowledge is needed today for the non-profit sector." The study showed an increase in supply in the education market for CSOs, including many online events. For example, the Center for the Development of NCOs from St. Petersburg and Dobryi Gorod Petersburg Foundation created a set of online courses, including one on Crisis Management. A group of CSOs called Garant presented an online marathon for resource centers called #SilaVmete, organized a set of workshops called Smart Saturdays, and held schools for trainers of the non-profit sector. The NCO Media School, supported by the PGF, conducted a free public relations (PR) course for non-profit organizations. Participants learned how to work with social networks, create PR plans, and communicate with journalists. The Greenhouse of Social Technologies team offered eighteen online courses in 2020 that included eighty-four webinars and more than

thirty speakers and reached an audience of more than 2,500. It also prepared a package of programs, technologies, and video tutorials on the topic of remote work for NCOs.

Resource centers, which exist in almost all regions of the country, continued to develop their activities, but many were forced to switch to the provision of emergency assistance to residents and to work on promoting online technologies for CSOs. PGF continued to support infrastructure organizations, although to a slightly lesser extent (189 projects were supported in the area of Development of Civil Society Institutions in 2020, compared to 215 in 2019), as the focus of funding in 2020 was social projects.

Local authorities in some regions have facilitated the formation of their own resource centers for CSOs. For example, the resource center in Novorossiysk was created at the initiative of the head of the city, and the Resource Center for Supporting Volunteerism and Civil Initiatives of the Oryol Region was established by the order of the Oryol regional government. At the same time, the state's creation of its own CSOs and their direct subsidies divert a significant amount of budgetary funds from the general requirements for public procurement and transparency.

Many local community foundations continued to be active during the year, conducting campaigns to help people and support CSOs in their territories. Large private foundations and corporations worked with community foundations to distribute welfare assistance in 2020.

The organizers of large forums of non-profit organizations were forced to either change the format of or postpone their events in 2020. On November 28, the Eighth All-Russian Civil Forum (OGF) was held simultaneously at eleven thematic sites in six cities in a mixed format. The forum was attended by about 200 experts, 1,000 online participants, and about 30,000 viewers. Due to the difficult epidemiological situation in Russia, the in-person forum Community, organized by the loyal Public Chamber of the Russian Federation, was held only in Kurgan in March 2020. The final forum Community was held for the first time in an online format in November. The annual international conference White Nights of Fundraising was also canceled.

PUBLIC IMAGE: 4.9

The CSO sector's public image improved slightly in 2020 thanks to the active and dedicated work of CSOs and volunteers during the pandemic, and the extensive media campaigns about their role. A large amount of the charitable assistance from businesses and local authorities went through CSOs.

Federal and local authorities regularly encourage the activities of charitable and service CSOs. The State Award for Achievements in the Field of Human Rights and Charitable Activities is awarded annually, and in 2020 the amount of the award was increased to 10 million rubles (approximately $135,000). In addition, President Putin awarded some leaders of public organizations with state awards, and the Moscow Mayor personally expressed his gratitude to twenty-nine CSO leaders. Loyal representatives of the sector were invited to the working group on the preparation of proposals for amending the Constitution of the Russian Federation. Of course, such awards and commendations do not benefit the leaders of "inconvenient" human rights, environmental, or advocacy organizations.

The ZIRCON Group presented a study on how the work of CSOs was reflected in the media during the pandemic. The study showed that mainly local newspapers and portals that cover events in their city or region wrote about CSOs. Publications about CSOs were usually neutral or positive and were mostly about charitable foundations.

A campaign to support CSOs during the pandemic played a role in drawing attention to the activities of charitable organizations. The campaign Saving those who Save Us was supported by four TV channels that are part of the CTC Media holding. Many famous actors, directors, and TV presenters recorded videos with requests to make

small but monthly donations to charitable foundations. Online charity concerts were held, which attracted a large number of listeners. For example, the group Chaif organized a concert in support of the Khabensky Foundation with the support of Mobile TeleSystems company (MTS), while Kirill Richter held a concert to benefit the Friends Foundation. These and similar actions, as well as the active participation of CSOs and volunteers in helping the population during the lockdown, were widely covered in the media, impacting society's attitude towards them.

As before, the activities of human rights organizations and protest actions by civil activists were hardly mentioned at all in the federal media, especially on television. Their work and voices were presented more objectively on the internet and in a small number of independent media, including Dozhd (Rain) TV, Ekho Moskvy radio, and Novaya Gazeta.

The number of social ads increased dramatically since the end of March 2020. However, this was largely due to advertising campaigns related to the constitutional amendments and the COVID-19 pandemic, which were mostly produced by the government and businesses.

CSOs have effectively promoted and popularized the complex social topics on which they work. According to the Levada Center, people have become more sympathetic to homeless people, people with HIV, and people with mental disorders. For example, in 1989, only 53 percent of respondents answered that people with HIV need help, while in 2020, 79 percent did.

Data on the level of trust in non-profit organizations in 2020 are contradictory. The Lake Baikal Foundation together with OMI company conducted a study on the attitude of Russians to the activities of CSOs in the field of environmental protection. According to the survey, 74 percent of respondents said that they feel good about CSOs that are engaged in solving environmental problems, and 56 percent of respondents said that they trust them. The All-Russian Center for the Study of Public Opinion (VTsIOM) also confirmed the positive attitude towards such organizations.

According to another study conducted by the Public Opinion Foundation (FOM), however, just 41 percent of respondents believe that non-profit organizations work in good faith, while 27 percent are sure of the opposite, leaving a fairly large percentage of people who do not yet have an opinion on this matter. A study by VTsIOM about fraud in the charity field showed that 41 percent do not trust charitable organizations operating in the country. Overall, the level of trust in CSOs remains low.

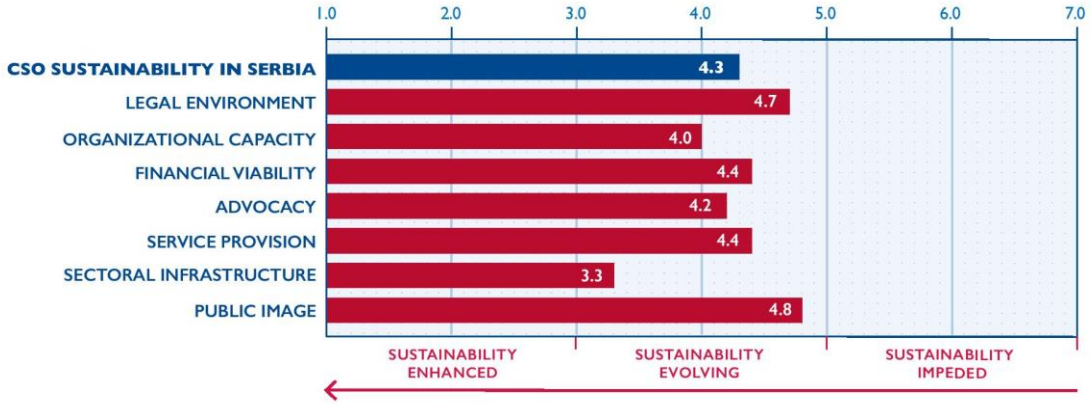
Only the largest and most successful CSOs have their own PR capabilities. Some CSOs use volunteer fundraising and flash mobs to promote their work. Often, famous people act as trustees of charitable organizations and hold benefit concerts, recitals, and performances both offline and in person. The pandemic resulted in an increase in the use of digital technologies, including social networks. Well-known bloggers sometimes help CSOs to become more visible. For example, after the release of the film "How the Russian Province Lives" by the famous blogger Yuri Dud', two charitable organizations featured in the film received donations worth more than 3 million rubles (approximately $40,540).

In 2020, the sector made further efforts to regulate itself. The Higher School of Economics, under a commission from the Social Navigator Foundation, conducted a study entitled Ethics in the Work of Non-Profit Organizations, which identified the need to discuss situations involving ethical dilemmas and create a set of cases for solving ethnical problems. Downside Up Foundation and Love Syndrome Foundation developed a Declaration of Ethical Principles for Services for People with Mental Disabilities and Their Families. Advertisers, CSOs, and the media signed a Memorandum of Cooperation to prevent the risks of fraudulent fundraising through social advertising. The Declaration on the Basic Principles of NCO Transparency, developed by the association All Together, was signed by 270 Russian charitable foundations.

SERBIA

Capital: Belgrade
Population: 6,974,289
GDP per capita (PPP): $18,233
Human Development Index: Very High (0.806)
Freedom in the World: Partly Free (64/100)

OVERALL CSO SUSTAINABILITY: 4.3



2020 was a turbulent year in Serbia, marked by the COVID-19 pandemic and parliamentary and local elections. The Serbian government imposed some of the worlds' strictest lockdown measures in April, officially called a "police curfew." In an unprecedented move, the Serbian Parliament was sidelined and the president and government assumed all authority in the country. Because of the pandemic, parliamentary elections were postponed from April 26 to June 21. The opposition boycotted the elections to protest their lack of access to media and electoral regulations that they claimed did not provide fair conditions for participation. In the run-up to the elections, supporters of the ruling party were allowed to organize activities in support of the government, including public events and torch-bearing actions on the roofs of apartment buildings, despite the strict police curfew in place. Lockdown measures were suddenly cancelled at the beginning of May, allowing soccer games and tennis tournaments to be organized in the country with no limits on crowd numbers. This led to accusations that the government was putting lives in danger by dramatically relaxing lockdown measures in order to increase voter turnout.

These sentiments seemed to be confirmed as the government tried to impose new lockdown measures soon after the elections took place, resulting in massive protests in bigger cities in early July. The protests brought together people from different ideologies, from the extreme right to leftists. The protests in Belgrade turned violent, with clashes between police and protesters and many incidents of police brutality against protesters. Although no official data is available on the total number of incidents, Belgrade Center for Human Rights filed criminal complaints on behalf of thirty-six individuals who were victims of police brutality, and A11 filed seven criminal complaints against more than forty policemen. In addition, right-wing protesters stormed the National Parliament building. Four months after the elections, a new government was formed with the support of all parties represented in the parliament, with the exception of the Albanian minority party, leading to a parliament with virtually no opposition members of parliament (MPs).

During 2020, the government's Administration for Prevention of Money Laundering and Combating Terrorism secretly investigated fifty-seven of the most prominent CSOs, media outlets, activists, and journalists. All fifty-seven entities are publicly known for being critical of the government. Through the investigation, the Administration obtained access to all of the bank account details and transactions not only of the targeted entities, but also of the private accounts of people connected to these groups. In response, more than 400 CSOs came together to protest the state's actions, arguing that they were in violation of the law and international standards. In addition, the United Nations and the Financial Action Task Force (FATF) demanded an urgent response from the Serbian government in the matter.

In addition to the investigation into the above entities, media freedoms were increasingly under attack in Serbia in 2020. According to a database maintained by the Independent Journalists' Association of Serbia (NUNS), there were 189 attacks—including physical attacks, attacks on property, threats to property, pressure, and verbal threats—on journalists in 2020, up from 119 in 2019. Physical attacks increased significantly, from eleven in 2019 to thirty-two in 2020, while there were fourteen attacks on journalists' property in 2020 versus just one in 2019.

In this context, CSO sustainability deteriorated, driven by negative developments affecting the legal environment, advocacy, and service provision. Financial viability, sectoral infrastructure, and public image remained largely unchanged, while the sector's organizational capacity recorded an improvement.

According to the Serbian Business Registry Agency (SBRA), there were 34,812 registered associations and 954 foundations and endowments as of January 2021. These numbers represent an increase of 2,000 associations during 2020, even though approximately 400 associations were deleted from the register in the second half of the year. Thirty-nine more foundations and endowments were registered in 2020 than in 2019.

LEGAL ENVIRONMENT: 4.7

The legal environment governing CSOs deteriorated moderately in 2020, primarily due to the investigations by the Administration for the Prevention of Money Laundering into some of the country's most prominent CSOs, media, journalists, and activists in mid-2020. While there have been few legislative changes over the past five years, the score for this dimension has dropped dramatically during this period as the result of increasing state harassment of CSOs.

The Law on Associations and the Law on Foundations and Endowments continue to serve as the basic legal framework for CSOs in Serbia. CSOs continue to be able to register fairly easily through the regional offices of SBRA. However, newer initiatives increasingly avoid registering and instead work as informal groups for a variety of reasons, including the fear of state impediments. Between July and December 2020, around 400 citizens associations were deleted from the registry. While it is not clear what led to these organizations being deleted, observers have noted that many organizations exist only on paper.

State harassment of CSOs was a significant problem in 2020. In an unprecedented move, in July 2020, the government initiated a secret inquiry into fifty-seven civic associations, media outlets, individual activists, and journalists in order to check their risk of "terrorism financing." The inquiry was revealed to the public through papers received and confirmed by investigative journalists. UN Special Rapporteurs within the Office of the High Commissioner for Human Rights and FATF asked the government to explain this move, since the inquiry was initiated in violation of the law and international standards. The Administration for the Prevention of Money Laundering publicly and through official documents provided several different and conflicting explanations for its actions, including a public statement that it is "looking for partners" among CSOs to join it in the fight against terrorism. A particularly troubling aspect of the Administration's requests was that banks were asked to provide all the data on all the accounts of the targeted entities, as well as data from the private accounts of people connected to these organizations. There is still a fear that this investigation could impact the bank credit files of individuals working in CSOs. In another incident, soon after the Administration's actions were uncovered by independent media, a private bank refused to open an account for a newly registered CSO in Leksovac as its leaders participated in a peaceful civic action against an investor and the city in order to protect a local park.

Women's rights groups reported that the state failed to provide them with protection in cases where they reported threats to the police. For example, although a feminist foundation from Belgrade reported threats at the end of 2019, the state did nothing about this throughout 2020. In another incident, a local priest in a small village in Vojvodina objected to an international cultural event organized by a women's group in the community, leading the municipality to withdraw its funding for the event.

While the lockdown measures were in place, several municipalities asked CSOs to use their resources—including staff, volunteers, and equipment—to support local government-led Crisis Units. While in most municipalities this was just a plea by local authorities, the cities of Bor and Zajecar adopted orders directing CSOs to do so. The enforcement of these orders was prevented by the quick reaction of CSOs and media attention, as well as the reaction of the Governmental Office for Cooperation with Civil Society, which still existed at the time.

After the new government was formed in the fall, it abolished the Governmental Office for Cooperation with Civil Society, which served as an important liaison between the government and civil society, and moved its mandate and personnel into the newly formed Ministry for Human and Minority Rights and Social Dialogue as a unit for civil society. This decision was made without any consultations with civil society. It is not yet clear how the restructured body will function as an organizational unit within a ministry. On one hand, the office no longer has the independence it once had and there is a fear that the next government might eliminate the ministry or will not be committed to the unit over the long term. This concern is fueled by the president's announcement that the next parliamentary election will take place in 2022. On the other hand, this organizational restructuring may give the office more power as it will be backed up by the voice of a ministry.

In a positive development, in June 2020, the Ministry of Finance, with the support of the Governmental Office for Cooperation with Civil Society, adopted a new regulation regarding financial reporting, according to which CSOs are required to provide more details on their donations, volunteers, cash payments, value-added tax (VAT) payments, and VAT deductions. This will allow better statistical analyses and increase the transparency of CSOs in the future.

CSOs do not receive tax exemptions on income from donations, although some international grants are exempt from VAT in accordance with bilateral agreements. Legal entities can classify donations to CSOs as expenses, thereby lowering their taxable income. In 2020, Serbia introduced an eco-tax, which will be assessed based on the estimated impact of legal entities on the environment. This imposes a new financial burden on CSOs, particularly small CSOs that have little to no revenues.

An increasing number of organizations provide legal information and counseling to local CSOs. Partners for Democratic Change, the National Coalition for Decentralization (NCD), and other strong organizations provide legal information and support to activists and CSOs. Belgrade Center for Human Rights and A11 were the only entities that provided protesters who were arrested or beaten by police in the mid-2020 protests with assistance initiating court procedures. However, the scope of legal aid is limited due to the Law on Legal Aid adopted two years ago.

ORGANIZATIONAL CAPACITY: 4.0

Organizational capacity in the sector improved slightly in 2020 due to advances in constituency building and technology usage.

Despite the limitations imposed by the COVID-19 pandemic, CSOs—particularly grassroots and local initiatives—more effectively engaged in constituency-building activities in 2020, engaging more people through petitions, crowdfunding, social networks, online events, and debates. This trend is demonstrated by the high demand for small grants from grassroots organizations. In 2020 alone, for example, NCD provided financial support to sixty-eight grassroots initiatives.

CSOs' strategic planning practices did not change significantly in 2020 and continue to be limited. During 2020, CSOs were increasingly focused on organizational resilience, particularly in light of the COVID-19 crisis and state harassment. At the same time, CSOs' advocacy strategies have improved, with more CSOs and local groups—including those supported through the USAID-funded Local Works program—involving citizens and mobilizing communities as part of their innovative strategies.

Experienced organizations continue to have sound internal management systems, and some organizations increased their awareness of the importance of effective management practices in 2020. On the other hand, newly established initiatives and grassroots organizations, which are a growing force within the civil society sector, still operate almost entirely without any internal management structures, and frequently even fail to define roles within their teams. More experienced CSOs, such as NCD, Belgrade Open School (BOS), Center for Research, Transparency and Accountability (CRTA), Trag Foundation, and Civic Initiatives, provide mentoring, field support, and training to help these groups overcome such shortcomings.

Only larger organizations, which make up a small percentage of the sector, have permanent staff. People continue to leave the sector for jobs in the public or for-profit sectors. According to research by Catalyst Balkans, 24 percent of CSOs had difficulties paying salaries and honoraria during the toughest phase of the lockdown, while 31.3 percent were not able to pay them at all. A total of 20 to 25 percent of CSOs faced difficulties either in paying bills, services, or rent. The greatest problems were reported by CSOs in Vojvodina and Southeast Serbia.

The pandemic pushed CSOs to use information and communication technology (ICT) more efficiently and effectively to communicate both internally and externally. Resource centers and intermediary support organizations reported that a very limited number of projects were stopped entirely due to the pandemic, as CSOs demonstrated great flexibility in the introduction of communication and managerial platforms. A separate research project by Catalyst Balkans found that nonprofit organizations mostly use software for internal and external communication (used by 94 to 98 percent of CSOs), as well as presentations, social networks, and text processing, while team productivity, analytics software, and VoIP are used the least. The biggest need continues to be for project management software (53 percent), donations management (49 percent), databases (44 percent), design (42 percent), and conference calls/webinars (41 percent). A total of 47 percent of CSOs claimed that the transition to working from home was easy, while 31 percent said that it was neither easy nor hard, and only 21 percent had trouble with this process. A total of 69 to 73 percent of organizations lack resources to purchase new hardware and software. Three-quarters (75 percent) of CSOs rely on personal computers as opposed to equipment purchased by their organizations.

FINANCIAL VIABILITY: 4.4[1]

Overall, the financial viability of civil society in Serbia remained at the same level in 2020 as in 2019. While government funding for the sector decreased, this was balanced out by an increase in foreign donor funding and local philanthropy. As in 2019, CSOs increasingly attempted to diversify their resources, especially from local sources. However, most funds collected in 2020 did not contribute to CSOs' long-term financial viability.

CSOs were crucial actors in crisis relief, enabling them to effectively raise funds from diverse sources like the diaspora, businesses, and individuals from the community. However, state-operated health institutions were the primary recipients of these funds, which they used to purchase medical and other necessary equipment. In Novi Pazar, individuals and organizations quickly joined together in the Network of Solidarity to coordinate donations of over EUR 80,000 and direct them where they were most needed. According to research by Catalyst Balkans, the total recorded value of donations in 2020 was EUR 50.9 million, 2.7 times more than in the previous year. The average donation per individual increased from EUR 4.9 to EUR 13. One-third of donations were focused on COVID-19 and an additional 25 percent was focused

[1] The score for the Financial Viability dimension was recalibrated in 2018 to better reflect the situation in the country and to better align it with other scores in the region, rather than based on change from the previous year.

on health care, illustrating how the pandemic changed the philanthropic landscape in Serbia in 2020. Although nearly half (48.9 percent) of donations went to CSOs, a few large organizations that acted as intermediaries for the medical treatment of individuals and support to families received the bulk of this support, while the rest of the sector received less support than in previous years.

Research data shows that businesses were the most engaged donors during 2020, both in terms of the number of instances and amounts. However, there is still no relevant information on the extent to which civil society benefited from these donations. Some long-running corporate giving programs were put on hold or discontinued during the year. For instance, Erste discontinued its Superste program due to a change in its strategy. Pandemic restrictions and social distancing rules also influenced some corporate initiatives. For example, Coca Cola HBC runs a volunteer program that encourages its employees to help and support CSOs; this program was drastically reduced during 2020 as internal procedures strongly emphasized social distancing to ensure employees' and CSO representatives' safety.

In 2020, CSOs could benefit from a state initiative in which the government provided the net minimum wage for every employee over a five-month period, as long as the employer did not reduce the number of employees. This measure was not designed specifically for CSOs, but benefited all legal entities in Serbia. According to research conducted by Catalyst Balkans, only 30 percent of CSOs took advantage of this benefit because it required the employers to pay for fringe benefits on the support themselves. In addition, many CSOs do not have sufficient financial management capacities to apply for state subsidies.

Local governments decreased funding to CSOs through the 481 budget line, which is dedicated to associations, due to the crisis caused by the pandemic. Many CSOs that provide social services lost their funding from local authorities as funds were redirected to COVID-19 measures. This had a particularly negative effect on marginalized groups including persons with disabilities who rely on those services to meet some of their basic needs, which were exacerbated by COVID-19 restrictions. While such budgetary decisions could probably be justified based on their necessity, most CSOs did not receive any official documents informing them of the decision. At the same, CSOs reported the use of nontransparent procedures to redistribute the funds and preferential treatment of government-organized NGOs (GONGOs) and political party NGOs (PONGOs) in local governments' funding calls.

Non-monetary means of support increased in 2020. The number of people willing to donate their time to help vulnerable populations affected the most by COVID-19 grew significantly. In Novi Pazar, volunteers in the community self-organized and founded two new organizations.

Foreign support from bilateral and multilateral donors and private foundations continued to be a crucial resource for CSOs in 2020. Some foreign and domestic donors opened additional grant calls dedicated to responding to COVID-19. The grant schemes were available for immediate crisis relief, community response to the crisis, adapting to pandemic conditions and the state of emergency, and addressing the socio-economic repercussions of the pandemic and lockdown measures. Since the beginning of the pandemic, the United States has provided more than $4.5 million in COVID-19 assistance to Serbia, most of which went through USAID. Assistance ranged from medical equipment like oxygen concentrators, X-ray machines, and testing and triage containers to partnering with the Serbian Red Cross and UNICEF to help some of Serbia's most vulnerable families. The Delegation of the European Union (DEU) supported civil society within the context of the pandemic by giving EUR 2.5 million to the Red Cross to help vulnerable groups, and an additional EUR 3.5 million to organizations working on domestic violence via UN Women and $90,000 to CSOs through the UNDP's RELOAD fast track grants program. Some bilateral donors, such as the German Embassy, financed community-based organizations directly for the first time in 2020. Balkan Trust for Democracy awarded sixty-four grants for COVID-19 related projects with a total value of over $1.5 million.

Some foreign donors also introduced new funding opportunities that were not COVID-related. For example, the For an Active Civil Society Together (ACT) program funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by Helvetas and Citizen's Initiatives announced new opportunities for institutional support, providing thirty CSOs with greater opportunities for organizational sustainability, as well as funding for CSO networks. Balkan Trust for Democracy announced a new grant scheme targeting issues such as freedom of the media and support to combat domestic and gender-based violence.

In light of the new ways of working and organizing, online crowdfunding has gained in popularity, and CSOs increasingly turned to the www.donacije.rs platform for their fundraising efforts. In 2020, individuals and companies

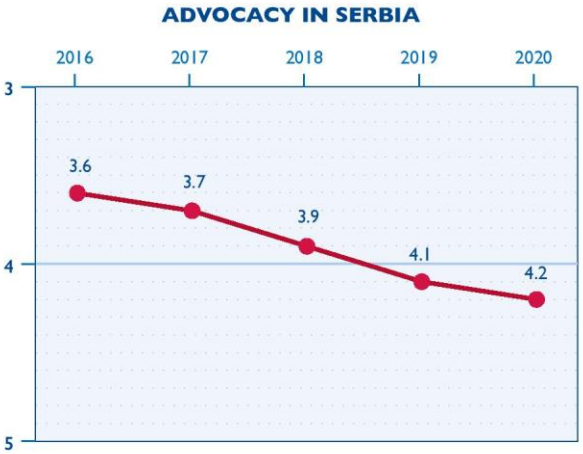
gave over EUR 132,000 to campaigns organized by various CSOs on donacije.rs to respond to the repercussions of the COVID-19 pandemic.

Social enterprises run by CSOs experienced a significant decline in profits in 2020 as a result of the economic crisis caused by the pandemic and lockdown measures. Financial measures to mitigate the economic consequences of COVID-19, including the coverage of minimum wage and postponement of taxes and contributions, provided some relief to these entities.

CSOs' financial management systems did not change notably in 2020. Large CSOs, foundations, and international NGOs (INGOs) have stable procedures and undergo external audits. Many mid-size to smaller CSOs do not have designated staff members working on finance, but instead use accounting services.

ADVOCACY: 4.2

Conditions for CSOs to conduct advocacy worsened in 2020, leading to a slight deterioration in the score for the advocacy dimension. National, provincial, and local governments remained almost entirely closed to cooperation with CSOs during the year. The June elections, which, as usual, provoked additional institutional silence between the election date and the formation of the new government, added to institutions' general unresponsiveness. Also, as there is virtually no opposition in the parliament due to the election boycott,[2] CSOs could not rely on opposition MPs to affect the policy process.



Many national advocacy processes stopped in 2020. For example, the Philanthropy Council, which was established through a decision by the prime minister in response to the Coalition for Giving's advocacy in 2018, did not meet once in 2020. In addition, as described above, the new government closed the Governmental Office for Cooperation with Civil Society and integrated it into a new ministry without consulting with the sector. Although the Office operated with limited funding, prerogatives, and human resources, it was often the only body connecting CSOs to the government.

EU accession is a critical framework for CSOs as it provides plans and strategies to which the government can be held accountable. However, Serbia's EU integration process stalled in 2020, with the country not opening or closing any chapters during the year. The EU's 2020 report on Serbia stressed the need for the government to invest greater efforts into improving the rule of law, freedom of speech, and political criteria in general.

CSOs are increasingly included in government working groups on a variety of topics at both the national and local levels. However, CSOs regularly report that their participation in these bodies is fruitless and frequently misused in order to fulfil EU demands as part of the accession process. The government often refuses to include CSO recommendations in its policies. For example, out of the sixty-two recommendations CRTA made to improve the electoral process, only twenty-seven were adopted partially or fully, most of which were limited to simple recommendations that did not require legal changes.

According to the law, the government is not required to include CSOs in the creation of its action plans. Following a broad consultative process and a delay of about a year, in January 2020, the government adopted the Media Strategy, but based on previous experiences, the sector fears poor implementation, although this will only be clear over the coming years.

[2] The only opposition MPs in the parliament in 2020 were from the Bosniak and Albanian minority parties, as well as an MP who was formerly with the Serbian Patriotic Alliance (SPAS).

Local activist groups unite to protect urban public spaces from commodification and natural habitats and watercourses from devastation, and the number of such groups continued to grow in 2020. While sometimes successful in stopping shady investors and corrupt local officials, these grassroots initiatives are generally too small and scattered to form a broader platform to advocate for change.

Although there are positive examples, including in Požega and Užice, CSOs and the public often remain excluded from decision-making processes at the local level. Often, when decision makers organize consultative processes, they try to limit participation, either by organizing them for short periods or during the vacation season. One example of this was related to the creation of the development plan for the city of Nis, where lockdown measures limiting public hearings to a maximum of thirty participants were used as an excuse to exclude CSOs from the hearing. Another flagrant case took place in Belgrade around the public discussion on opening a thermal power plant. After the Ministry for Construction published a call for participation, interested parties came at the announced time only to find that no discussion was taking place. Without notifying interested CSOs, the discussion then took place later on the same day. In addition, there have been some cases of local governments falsely claiming that CSOs participated in meetings that never actually occurred.

There were no CSO advocacy campaigns related to civil society law reforms in 2020. Two CSO initiatives that would indirectly contribute to the improvement of the regulatory framework for CSOs—the Coalition for Solidarity Economy Development's draft Law on Social Entrepreneurship, which would provide more security for CSOs operating as social enterprises, and the Coalition for Giving's initiative, which would advance philanthropy in general—were both postponed until 2021.

GONGOs and PONGOs continued to be active in 2020, addressing almost all issues CSOs cover, including judicial reform, transparency and accountability, security, youth, and media. These groups unquestionably support the government's policies and strategies. For example, the Judges and Prosecutors Association of Serbia supports the government's judicial reform plan, despite strong criticism from national and international experts and professional organizations. GONGOs also propose policy changes. For example, the Council for Monitoring, Human Rights and Anti-Corruption "Transparency" proposed changes to the Criminal Code that would increase control and penalties on those criticizing high state officials. These organizations also label and slander CSO leaders, intellectuals, activists, and others who criticize the government.

SERVICE PROVISION: 4.4

CSO service provision deteriorated slightly in 2020 as it was more difficult to provide services because of the lockdown measures and funding for CSO services declined.

CSOs still predominantly provide social services such as psychosocial support, SOS helplines, and daycare centers. Due to the global pandemic and strict lockdown measures imposed by the Serbian government, it was more difficult to provide services in 2020. Social services were particularly affected, at the same time as support to vulnerable people was more needed than usual. For example, the Autonomous Women's Center reported receiving three times as many calls to the SOS Helpline by victims of domestic violence than last year. They were limited to providing support online or via the phone due to the curfew and restricted mobility, even though providing confidential services to victims of domestic violence in their homes is a high-risk activity. The majority of CSOs could not obtain Lockdown Movement Permits from the police to provide in-person services, while businesses could do so quickly.

Funding for CSO services declined, as local governments discontinued contracts for the provision of services with CSOs. At the same time, systemic responses were put on hold, as institutions such as the Centers for Social Work could not process cases, so the beneficiaries had no choice but to turn to CSOs. As Association Rainbow reports, this was especially evident in social and health services like the prevention of HIV; due to the COVID-19 crisis,

beneficiaries could not rely on health centers, so CSOs became the only form of available support. On the positive side, once organizations adapted their work to digital tools, CSOs' educational services became more accessible.

In this challenging context, some high-capacity organizations invested in efforts to assess beneficiaries' needs and adapt their services accordingly. Several rapid assessment reports were shared with the public, especially regarding women's rights and domestic and partner violence.

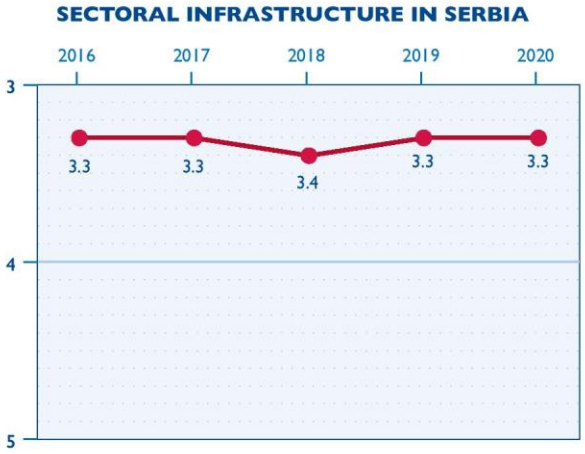
Some CSOs were able to reach new constituents and clients during the crisis. As public institutions were slower to adapt to the new working conditions than CSOs, they frequently referred beneficiaries to CSO service providers, increasing the number of CSO beneficiaries. In other services, such as accredited training to social and educational institutions, the number of participants was higher due to the easier access to the digital format of training. However, most local CSO service providers struggled to provide services to their regular beneficiaries in light of the new work conditions.

Although CSOs had a higher workload in terms of service provision, they did not generate revenue from these activities. Instead, most covered the costs of providing services through donor funds. The adaptation to online tools significantly cut the costs of most training and workshops that CSOs deliver to other parties. This trend may lead to a permanent reimagining of these kinds of services in the future.

The significant efforts by CSOs to meet the growing need for service provision were largely unrecognized by the local and national governments. In some communities, local governments tried to co-opt CSOs' services under the excuse of the state of emergency. For example, the Crisis Unit of the local government in Bor issued a directive ordering CSOs to provide all their available human resource capacities to help the elderly.

SECTORAL INFRASTRUCTURE: 3.3

The infrastructure supporting the CSO sector did not change significantly in 2020.



Resource Center (RC), an EU-supported program implemented by a consortium of CSOs led by Civic Initiatives, is the largest provider of training, legal advice, and other services to Serbian CSOs. In 2020, RC provided 560 legal and other information and four "open-door" sessions, seventeen technical assistance sessions, ten info sessions, and two live and fifty-three online workshops. In addition, it started providing mentoring support to twenty-five organizations. In partnership with Helvetas, Civic Initiatives also implements the ACT program. This four-year program, supported by SDC, offered five grant programs in 2020, providing approximately $1 million to seventy small- to mid-size CSOs.

A number of national organizations, including Trag Foundation, CRTA, NCD, and BOS, provide financial support to CSOs. Slavko Ćuruvija Foundation awarded grants to local media in 2020 for the first time in several years. The majority of these organizations also offer training and technical assistance to their grantees. Trag Foundation also offers holistic support—a combination of institutional, financial, technical, and any other support needed—to women's organizations within its Issues Affecting Women program.

Three community foundations—in Obrenovac, Novi Pazar, and Zaječar—continued to operate in 2020. In June 2020, Trag Foundation started supporting four initiative groups—in Niš, Pančevo, Stara Pazova, and Šabac—that are expected to establish community foundations and start local grantmaking in 2021.

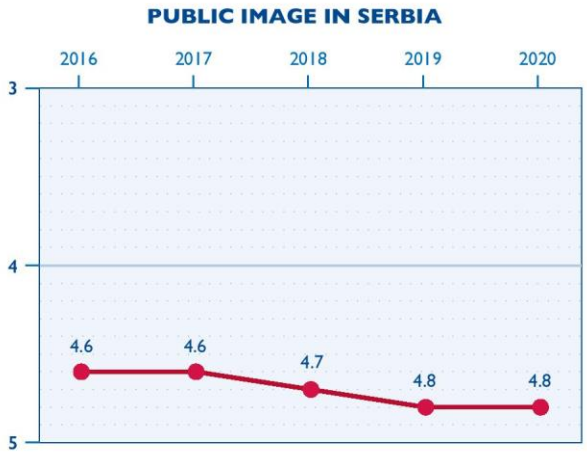
Capacity-building providers adapted their programs to the "new normal" by organizing training and workshops online and providing specific training relevant to new circumstances, like online communications and online events. However, demand for training is still greater than the supply, as many local CSOs and grassroots initiatives lack

essential skills, while many medium-sized organizations (especially in depopulating areas) need to renew their knowledge base due to the outflow of key staff.

No single CSO coalition represents the entire sector; however, a group of leading national and local CSOs rallies together whenever authorities exert pressure on CSOs or CSO leaders. Issue-based coalitions and networks focused on issues such as philanthropy development, social economy, environment, monitoring of the judicial sector, Roma issues, youth, and women continued to be active in 2020; these coalitions act as the voice of and resource and information hubs for their member base. However, these coalitions' efforts were diminished in 2020 because of the pandemic, parliamentary elections, and lack of opposition MPs in the new parliament.

CSOs worked in partnership with other sectors to address the effects of the COVID-19 pandemic in 2020. For example, two local CSOs covering the Šabac area - Duga and Caritas - provided hygiene and food packages and other essential items to those in need in cooperation with representatives of other sectors. While the pandemic provoked an increase in this type of cooperation, it slowed down policy-related partnerships, including in the areas of philanthropy development and social economy.

PUBLIC IMAGE: 4.8



CSOs showed increased resilience in protecting the sector's public image in 2020. CSOs came together to react to the states' secret inquiry against fifty-seven entities; more than 400 organizations participated in various public statements and reactions protecting the rights of the attacked CSOs and civil society as a whole. CSOs did not report any negative public reactions in the aftermath of the inquiry. On the contrary, CSOs received messages of support even from individuals that previously showed little interest in their work.

Media coverage of CSOs seemed to increase in 2020, primarily in terms of coverage of topics in which civil society plays a leading role, such as air pollution, protection of rivers, civic participation, and gender-based violence. Press clippings in 2020 implemented separately by Trag and NCD both showed increased coverage of local initiatives in different media outlets, mostly online and local. CSOs also organized humanitarian actions during the COVID-19 pandemic that were covered by the media.

Negative media coverage peaked during the summer protests when media close to the government openly attacked CSOs that provided legal support to victims of police brutality. Constant mention of "foreign factors" implied that their role was negative.

CSOs also receive negative coverage in tabloids, as well as newly formed pro-government Facebook groups such as Prismotra that directly attack local environmental activists. However, as local groups increasingly address topics that directly impact lives on the local level, it is questionable how much impact this kind of coverage has on public perception. Polarization in society is reflected in the media and social networks, leaving space for CSOs to be the rare neutral voice.

The pandemic fostered cooperation between businesses and CSOs in support of marginalized groups and the health sector, resulting in some positive coverage. However, these were mostly one-off instances of cooperation, and it is not yet clear whether they will have a longer-term impact. With the increase of visibility of environmental actions, activists report that a growing number of companies are looking to "green-wash" their brand by supporting CSOs. On the other hand, the private Sberbank refused to open an account for one such group due to its criticism of government actions.

State officials continue to make negative statements about CSOs, including an increasing number of statements that CSO actions are "political" or "led by the opposition," and occasional accusations of CSOs being "foreign mercenaries" and "traitors." Occasionally, high-ranking officials, such as the prime minister, make positive statements about the important role of civil society in Serbia; however, these often receive little coverage in the

media and have much less impact than the sensational slogans and stories published in tabloids close to the government.

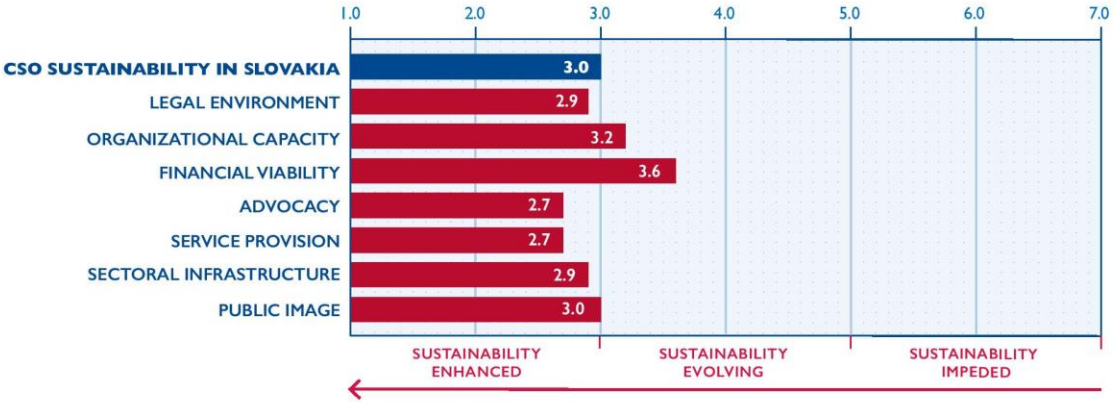
Few organizations have staff members in charge of public relations or communications, with such responsibilities generally depending on organizational leaders. Journalists from independent media have started to look more actively for activists in their local communities and are reporting that they now have more people they can interview. CSOs are increasingly skilled at using social media, but this is still generally not on a level that would make them more influential in shaping public opinion.

Self-regulation was not a high priority for CSOs in 2020. Only stronger organizations publish annual reports, and CSOs make limited effort to provide the public with information about their finances, with the exception of the largely unreadable organizational financial statements that are accessible for every registered organization through SBRA.

SLOVAKIA

Capital: Bratislava
Population: 5,436,066
GDP per capita (PPP): $32,730
Human Development Index: Very High (0.860)
Freedom in the World: Free (90/100)

OVERALL CSO SUSTAINABILITY: 3.0



Significant events in Slovakia in 2020 included parliamentary elections, the COVID-19 pandemic, and sweeping arrests by the National Criminal Agency (NAKA).

Parliamentary elections took place on February 29, 2020. Transparency International Slovakia monitored the financial aspects of the electoral campaign, leading them to lodge a complaint against the then-governing party Smer-SD for exceeding the election expenditure limit. The Ministry of Interior found the party's argument that the limit was not exceeded to be sufficient, without any further monitoring or investigation. The election turnout was 65.78 percent, the highest since 2002. The anti-corruption movement Ordinary People (OĽaNO) won the most seats. Political parties that failed to reach the threshold to be represented in parliament obtained 28 percent of the votes, the highest rate in the history of democratic elections in Slovakia. President Zuzana Čaputová gave the leader of OĽaNO, Igor Matovič, a mandate to constitute the government. Matovič subsequently formed a government with Sloboda a solidarita (SAS), Sme Rodina, and Za ľudí.

In its government program statement (GPS), the government declared its support for human rights, active citizenship, and the development of civil society and indicated that supporting organizations active in a variety of areas in society was one of its goals. The government also declared its interest in cooperating with the civil sector and claimed to respect the principles of open government.

The first state of emergency as a result of the COVID-19 pandemic was declared on March 16 and lasted until June 14. Strict rules at the beginning of the pandemic, including a ban on the assembly of people living outside a single household, resulted in low infection rates and helped to control the situation during the spring and summer. When measures were eased in the summer, however, infection rates rose. A second state of emergency was put in force on October 1 and lasted through the end of 2020. Despite this, hospitals neared capacity around Christmas. The public was dissatisfied with the government's management of the crisis, causing approval rates of the governing party to drop from 25 percent to 10 percent during the year.

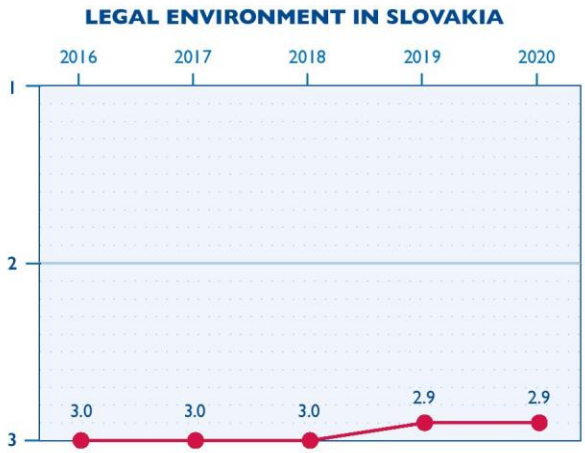
From the very beginning of the pandemic, CSOs actively helped to tackle the health crisis. In addition to providing protective and medical equipment to hospitals and social service homes, they also provided assistance to vulnerable groups forgotten by the government, countered COVID-related disinformation, and organized volunteers.

Another defining feature of 2020 was a massive wave of arrests by NAKA focused mainly on corruption and economic and violent crimes. During the year, NAKA arrested or accused more than fifty influential public figures, lawyers, police commanders, judges, and businessmen.

In this context, overall CSO sustainability deteriorated slightly in 2020, with negative developments recorded in four dimensions: organizational capacity, financial viability, advocacy, and service provision. These changes were driven mainly by the effects of the pandemic. No notable changes were observed in the other dimensions of CSO sustainability.

According to the most recent information available from the Ministry of Interior, there were 59,844 active CSOs in Slovakia as of December 31, 2020, including 56,905 civic associations, 510 non-investment funds, 1,778 nonprofit organizations providing public benefit services, 120 entities with an international element, and 531 foundations.

LEGAL ENVIRONMENT: 2.9



The legal environment governing CSOs remained largely unchanged in 2020 and continues to be largely enabling.

There were no changes to the legal regulations governing CSOs' registration, operation, or dissolution in 2020. Organizations can register as civic associations, non-investment funds, nonprofit organizations providing public benefit services, or foundations. Each legal form has its own registration process which is fairly simple and can be completed quickly. Because of the extraordinary measures adopted to tackle the COVID-19 crisis, the Ministry of Interior announced that it would not hold CSOs administratively and legally accountable if they did not submit their annual reports to the Register of Financial Statements by July 15, 2020.

The long-anticipated Act No. 346/2018 on the Register of Non-Governmental Non-profit Organizations, which entered into force in 2019, lays the groundwork for establishing a single up-to-date public register of all nonprofit non-governmental organizations (NGOs). By requiring organizations to provide more information to the registry in order to be eligible for public funding, the register is expected to increase transparency in the sector. However, the registry's launch was postponed to January 1, 2021.

CSOs were required to activate an electronic mailbox by June 1, 2020. Failure to do so could result in organizations failing to get their mail and missing legal deadlines for delivered documents. More than 43,000 of the 78,000 entities, including CSOs, as well as churches, political parties, and interest associations, that were supposed to activate their electronic mailboxes by this deadline had not yet provided information about their statutes, which was a requirement for the mailbox to become active.

CSOs and their representatives are free to operate in accordance with the laws. The government may dissolve or restrict CSOs only for specific reasons stated in the law. CSOs may openly express criticism and take part in public protests. CSOs have the same legal rights as other entities to challenge government decisions. The lockdowns and curfews imposed in response to the COVID-19 pandemic resulted in restrictions to the rights to assemble and protest.

As in 2019, representatives of several political parties, including ĽSNS, Vlasť, and Smer-SD, attacked CSOs during the electoral campaign and expressed their support for legal regulations to designate CSOs receiving foreign funds as "foreign agents." The prime minister also made many derogatory comments about CSOs and activists, including especially offensive slurs about Roma activists. However, such sentiments were not reflected in the new government's policies.

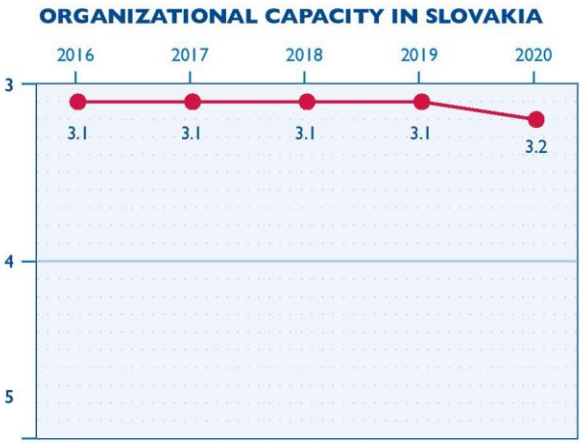
Natural persons and businesses supporting CSOs still do not receive tax benefits. However, the Income Tax Act allows them to assign between 0.5 and 2 percent of their owed taxes to eligible CSOs. In the summer, efforts to amend parts of the Tax Law addressing tax assignations took place without broad engagement of members in government advisory bodies or civil society stakeholders. The proposal would have added the option for legal persons to provide non-financial contributions alongside their tax assignations up to 2 percent. In the end, the proposal was withdrawn.

In May, after cooperation with the Nonprofit Sector Coordination Crisis Unit—an advisory unit formed of representatives of the Chamber of Non-Profit Organizations, grant foundations, and key organizations involved in crisis assistance, as well as lawyers and economists focused on the nonprofit sector—the Ministry of Finance adopted a legal regulation that allowed CSOs to obtain funding from the 2 percent tax assignations earlier in the year than they had been able to before. In addition, the deadline for using the assignations was extended by twelve months. The regulation also expands the possible uses of funds received from tax assignations, allowing recipients of these funds, regardless of the focus of their activities, to use the funds to help mitigate the negative consequences of a pandemic. In addition, the process of becoming an eligible recipient of 2 percent assignations was simplified; the needed confirmation now can be obtained from notaries rather than Social Insurance Offices. However, this service is provided on a fee basis.

Some CSOs are able to obtain income through fees and service provision as long as they reinvest the income into their operations or activities. CSOs can engage in public collections freely and accept foreign funding. On November 4, 2020, the National Council of the Slovak Republic (Slovakia's parliament) adopted an amendment to the Public Collections Act prolonging the reporting deadlines.

The Pro Bono Attorneys Program administered by Pontis Foundation continues to provide CSOs throughout the country with legal services. CSOs can also find legal information on the website of the First Slovak Nonprofit Service Center (1. SNSC).

ORGANIZATIONAL CAPACITY: 3.2



CSOs' organizational capacity worsened slightly in 2020. CSOs' operations were restricted by the measures adopted to control the pandemic. As a result, many CSOs had to reduce their staff and change or cancel their activities.

There continues to be a wide gap in organizational capacities among CSOs throughout the country. Strong and well-established organizations, organizations in bigger towns, and professionalized organizations with stable staff generally have stronger organizational capacities than small CSOs, those based in the countryside, and organizations that rely on volunteers. These capacity gaps increased in 2020.

Organizations actively seek to build relations with stakeholders in society, including potential supporters and volunteers. However, these efforts were significantly affected by the pandemic, which forced CSOs to change their activities, priorities, and methods. While some CSOs effectively adapted their services to reach more people, others had the opposite experience. Organizations that offer social services and cultural and sports activities were particularly affected. CSOs also had fewer opportunities to network and find supporters, as in-person activities were banned.

The majority of CSOs have clearly defined goals and visions, although these changed during the year to reflect the new situation. Most organizations still lack long-term strategic plans. Strategic planning became more difficult during the year due to the uncertain and rapidly changing circumstances.

CSOs had access to a variety of resources supporting resilience and fostering constituency building in 2020. For example, the Active Citizen Fund (ACF), supported by the European Economic Area, offers CSOs organizational and capacity-building support, rather than just project-based funds.

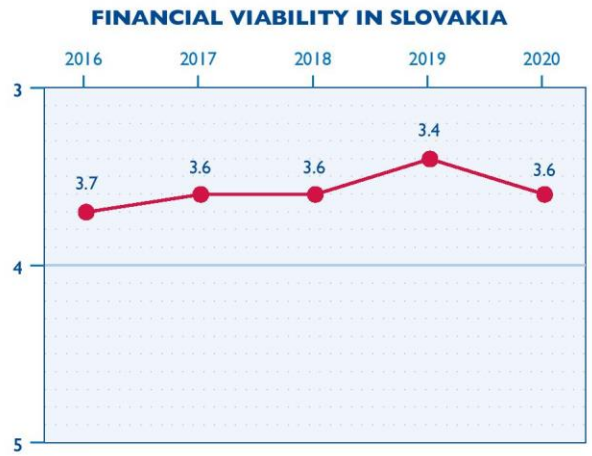
Management structures vary from organization to organization. Some CSOs have boards of directors to formally meet legal requirements, while executive managers actually make all decisions. Others actively engage their members in activities, fundraising, and strategic decision making. The legal regulations do not require CSOs to have written policies, procedures, or guidelines, although donors sometimes require them. Mainly larger and well-established CSOs have codes of conduct and commit to transparency in their procedures.

CSOs' long-term staffing capacities were affected by the social and economic impacts of the pandemic in 2020. Many projects that required in-person meetings were stopped or significantly limited; this resulted in funding being put on hold and forced several organizations to further reduce expenses by dismissing staff or delaying hiring. In addition, brain drain from the CSO sector continued during the year, as many people transitioned to political positions after the parliamentary elections. With the exception of employees of CSOs providing social services, most CSO employees still work on a freelance rather than a contractual basis. Working for the CSO sector is still considered most suitable for young people without children due to the lack of income stability and inadequate remuneration. CSOs still struggle to obtain resources for staff training and development.

Volunteering efforts were robust in 2020. Pontis Foundation managed to organize its annual Our City event helping ninety-seven CSOs, centers, schools, and kindergartens. However, due to the difficulties caused by the pandemic and the requirements to follow hygiene standards, only 3,500 company volunteers participated in the 2020 event, compared to 10,000 in 2019. The use of the expression "volunteer" also increased throughout the year as municipalities engaged so-called volunteers, who were actually paid, to conduct COVID-19 testing, increasing confusion as to what volunteering actually is.

Some organizations increased their use of information technologies as they carried out more activities online in 2020. This transition to online work enabled some CSOs to engage more participants. Other CSOs had insufficient skills, equipment, or staff capacities to transition to fully digital operations. The majority of CSOs own out-of-date equipment and employees do not have sufficient training opportunities to enable them to use software to its full potential. CSOs continue to lack appropriate cybersecurity measures.

FINANCIAL VIABILITY: 3.6



CSO financial viability deteriorated moderately in 2020, primarily because of the economic impacts of the pandemic. As a result, many organizations found their ongoing existence to be threatened at the same time as they were playing a vital role helping society.

CSOs continued to work towards diversifying their resources in 2020, including by actively engaging in fundraising. At the same time, many CSOs are worried that they will receive less funding from donations and tax assignations as many taxpayers lost their jobs and companies had less income, although this will only be clear in 2021. Well-established and experienced organizations were even more dependent on EU funds in 2020, although these funds often drive CSOs to shift from their original missions as they are administered globally and do not always take into account local or regional particularities.

Foreign funding proved itself to be very important during the crisis, providing many organizations with needed resources and proving to be more flexible than state granting schemes, ACF continued to provide CSOs with a reliable stream of funding with relatively low administrative burden. ACF aims to foster civil society, support active citizenship, and strengthen vulnerable groups in Slovakia. ACF primarily supports advocacy projects, including those focused on topical issues such as human rights, lesbian, gay, bisexual, transgender, and intersex (LGBTI) rights, and women's reproductive rights. In its second call for proposals, ACF awarded EUR 3.1 million to eighty-two organizations for projects that began implementation in July. Thirty-five projects that each received EUR 30,000 through the Open Society Foundation (OSF) Stronger Roots for Civil Society initiative started implementing activities in January 2020. The program strives to increase the organizational and sectoral resilience of CSOs and embed them in the societies in which they operate. Through a separate call titled Stronger Ties of Civil Society Networks, OSF allocated EUR 50,000 to two organizations. Recognizing that the pandemic complicated many activities, ACF and Stronger Roots enabled CSOs to adjust their budgets and indicators and extended deadlines. Financial schemes under the Ministry of Education, Ministry of Justice, and Ministry of Labor were not as flexible.

CSOs were initially excluded from government funding schemes focused on the COVID-19 crisis. In August, however, the Ministry of Investments, Regional Development and Informatization launched a call for proposals to support CSOs' activities to mitigate the impacts of the crisis with a budget of EUR 1.1 million. The call was carried out according to the Regional Development Support Act and therefore only some CSOs, namely foundations and civic associations, were eligible for funding. In addition, the minimal level of support, EUR 10,000, was still too high for small regional CSOs. Therefore, this program ultimately only provided support to a limited number of CSOs.

CSOs faced increasing problems with state funding after the new government took office in 2020. In particular, there were problems in the allocation of subsidies in the field of gender equality by the Ministry of Labor, Social Affairs, and Family. First, the ministry presented an amendment to the Act on Subsidies Supporting Gender Equality in conjunction with another unrelated act and only made it available for comments for seven days, despite the fact that it had not consulted previously with relevant stakeholders. The act was renamed the Act on Subsidies Supporting Equality of Men and Women and was significantly abridged. Subsidies were subsequently not allocated to organizations with expertise in gender equality, but instead went to three of the most visible organizations fighting against women's reproductive rights and gender equality. There was also evidence of conflicts of interest in the distribution of funding. One of the grantees – Fórum života – was co-founded by a member of parliament from the OĽaNO movement, while another member of this organization is an employee of the Ministry of Labor, Social Affairs and Family. Another one of the grantees – Poradňa Alexis – is actually a project of Fórum života. In October, the Ministry of Culture passed an amendment to the Act on Subsidies that gives priority to individuals in the creative industry who lack income due to the pandemic; CSOs are only eligible for the subsidies after that.

There was a lot of confusion related to the deadlines for the 2 percent income tax assignations in 2020. Days before the deadline for submitting tax returns, a measure was adopted that extended the deadline until "the end of the pandemic"; however, the measure failed to indicate whether the deadline for making tax assignations was also extended. This issue was only clarified in April, after the original deadlines had passed. As described above, CSOs had the opportunity to use assigned funds to combat the COVID-19 crisis, and not just for the public service for which they were initially registered. Postponing the tax returns reduced the income of many CSOs. According to data from the Financial Administration, tax assignations in 2020 reached EUR 53 million, a decrease of EUR 20 million compared to 2019.

Individual donations grew in 2020. During the year, the crowdfunding platform ĽudiaĽuďom raised EUR 2.8 million, an increase of 67 percent in comparison with 2019. However, crowdfunding has only been successful for specific projects and does not provide CSOs with support for operational costs or strategic topics. As a result of the pandemic, CSOs were not able to organize in-person public collections in 2020, affecting several large CSOs. Although many CSOs initiated online activities to raise funds, these efforts were insufficient to make up for the decrease in funding collected through in-person collections.

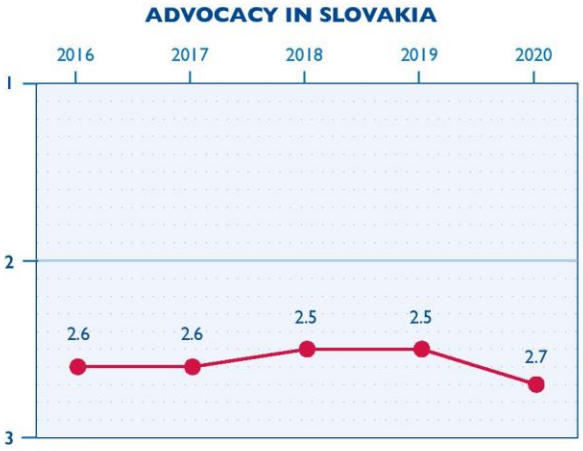
Corporate philanthropy decreased in 2020 as businesses shifted their priorities and focused more on either increasing their savings or supporting activities related to the pandemic. Less donor support for topics such as human rights, education, culture, arts, and access to justice decreased the financial stability of organizations working in these areas.

Gross domestic product (GDP) in the country is thought to have contracted by 10 percent in 2020, which will have a negative impact on tax assignations as well as donations from natural and legal persons from the private sector in the coming year. According to the Nonprofit Sector Coordination Crisis Unit, based on the experience during the 2009-10 economic crisis, the CSO sector's income is expected to drop by EUR 70 to 80 million in 2021, with an expected decrease of EUR 34 million from natural and legal persons' tax assignations and about EUR 22 million in donations from natural and legal persons. The rest represents decreases in income from CSOs' own activities.

Little information is available about CSOs' efforts to generate income, although there are efforts to develop sustainable social enterprises. The majority of registered social businesses are focused on integrating or employing disadvantaged and vulnerable people into the labor market. There are also examples of sheltered workshops that have successfully transformed and registered as social enterprises.

Well-established and larger CSOs have their own financial management systems that tend to be more transparent than those used by smaller organizations. Foundations, nonprofit organizations providing public benefit services, and non-investment funds are required to submit annual reports to the government. Ministries have the right to audit the use of funds received through tax assignations or other public resources.

ADVOCACY: 2.7



CSO advocacy worsened moderately in 2020. Although the newly elected government is not in ideological conflict with the sector (except for the Ministry of Labor, Social Affairs and Family, which has expressed its opposition to gender equality and women´s reproductive rights), it has not established closer relations with CSOs than the previous government. Due to the pandemic, many CSO activities were less visible in comparison to previous years.

To some extent, the structure of the new government should have fostered dialogue between the government and CSOs and improved the procedures of engaging CSOs in the formulation of public policies. In reality, however, the situation was often different. While the GPS reflected many CSO priorities, including in the fields of security, corruption, and environmental protection, it also questioned the importance of some already existing platforms, such as the Government Council for Human Rights, National Minorities, and Gender Equality (GCHR). GCHR only met once in 2020 and the activities of several of its committees were paralyzed for a number of reasons, including measures related to COVID-19 as well as poor management. Topics such as gender equality, abortion, and LGBTI rights became highly politicized as conservative political entities had increased representation in the parliament.

The engagement of CSOs in the formulation of public policies was unsystematic and in many cases was more declaratory without providing CSOs with a real opportunity to affect the form of proposed measures. The authorities did not perceive CSO sector stakeholders and official government advisory institutions such as the Government Council for CSOs and Chamber of Non-profit Organizations as partners, and therefore excluded them from many important debates, including those focused on changes to the tax law, formulation of a recovery and resilience plan, and pandemic solutions in marginalized communities. When CSOs were engaged in the preparation of important and strategic materials, it was on more of an ad hoc basis.

In 2020, the Government Council for CSOs continued to meet online, however, many of its committees, including the Committee for Preventing and Eliminating Racism and the Committee for Children and Youth, did not operate. In response to the pandemic and its impact on the CSO sector, the Nonprofit Sector Coordination Crisis Unit was established within the Chamber of Non-profit Organizations by the Government Council for CSOs. Among its primary objectives were identification of key impacts of the crisis on the CSO sector, mapping of organizations' needs, and cooperation between the state and civil society.

Representatives of the Nonprofit Sector Coordination Crisis Unit met with the prime minister to stress the importance of CSO activities in helping vulnerable groups during the pandemic and highlight the difficulties the sector is facing. They also led debates about measures important for CSOs' operations in the short and long runs. Unit representatives also met the deputy prime minister for investments and informatization and presented a proposal to serve as a base for discussions between state representatives and the CSO sector about how to mitigate the negative impacts of the COVID-19 crisis on CSOs. These discussions are expected to continue in 2021.

CSOs worked with the government's Office of the Plenipotentiary for Civil Society Development, an advisory body that promotes active citizen participation, to complete a CSO sector mapping exercise in 2020. At the beginning of the pandemic, this effort quickly identified core challenges to the sector and the Plenipotentiary started to work on them actively. These efforts led, for example, to changes in the possible use of 2 percent tax assignations and deadlines for spending these funds. The Plenipotentiary also submitted proposals to the Ministry of Finance to compensate for the pandemic's impact on CSOs.

Few protests were organized during the year because of pandemic-related restrictions. In addition, CSOs found that there was less public support for some of their issues, such as environmental concerns and reproductive rights, as people were focused on their own survival in the face of the pandemic.

Despite these obstacles, CSOs initiated many advocacy campaigns in 2020.

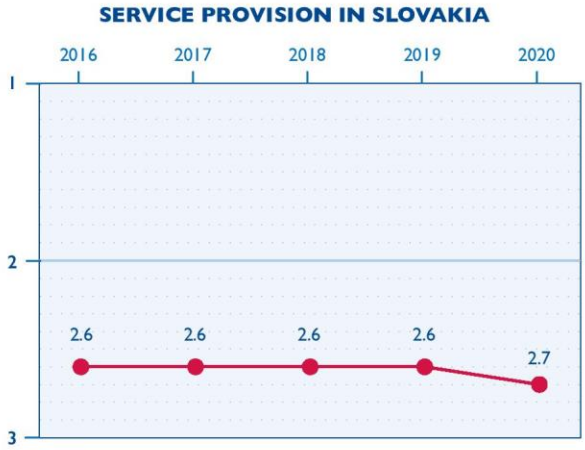
The citizens' initiative Heart at Home created an app that enabled 47,000 citizens to request ballots easily, allowing them to vote by mail. Heart at Home also advocated to political parties to broaden voting by mail for all elections.

Many green citizens' initiatives were established during the year. The Climate Needs You initiative launched a petition that was signed by 120,000 citizens, making it the biggest online petition in Slovak history. The initiative asked the National Council to declare a state of climate emergency and commit the government to adopting legislation, state schemes, and policies to reach carbon neutrality by 2040. It also demanded the National Council to support climate plans adopted by the EU. In December, the parliamentary Committee for the Environment decided that the petition would be discussed in the National Council in March 2021. Several climate protests were also organized. Greenpeace Slovakia, in cooperation with other organizations and activists, blocked the Government Office and ministries in October and organized a protest in front of the Government Office lasting sixty-five hours in December. The goal of these initiatives was to get the state to support ambitious climate goals at the European Council meeting. Activists, scientists, artists, musicians, well-known personalities, influencers, environmental protection organizations, and many other movements participated in this protest. Despite these efforts, the Slovak government did not support these goals at the European Council meeting.

The platform Voice of CSOs, which was established before the parliamentary elections to defend the civil sector, analyzed legislative proposals during the last phase of the electoral period and evaluated political parties' election programs and attitudes towards civil society. In November, the initiative submitted five demands related to the recovery and resilience plan to the government and asked the government to ensure public engagement in finishing the plan. In order to make this process sufficiently transparent, it also demanded CSOs' engagement in the implementation of proposed measures. In December, the platform's representatives met with the minister of finance to discuss the process of preparing the plan. Although the Minister of Finance said at the meeting that "further cooperation will be not only in the development and completion of the recovery plan, but in particular in its implementation," a draft of the plan was sent to the European Commission right before Christmas without any public engagement.

Women's rights and feminist organizations Možnosť voľby and ASPEKT, as well as the initiative Povstanie, led the campaign Nebuďme Ticho to oppose proposed legislation focused on limiting women's reproductive rights. A march was organized in July, while a protest planned for September was canceled because of the worsening situation with the pandemic. Instead, a collection of wooden cooking spoons with messages was transported to the parliament building.

SERVICE PROVISION: 2.7



CSO service provision deteriorated slightly in 2020, as CSOs' ability to provide services was limited by the pandemic and budget cuts. Some organizations adjusted their activities in response to the situation and moved them online, while others reduced their operations. Organizations providing social services found it particularly difficult to carry out their activities.

CSOs provide services in many areas, particularly social services. The state still does not fully use CSOs' potential in service provision. For example, CSO-run centers and shelters offering services to victims of domestic violence were crowded throughout the year. In addition, the state funding system gives preference to public social service providers over private ones. The government completely left CSOs out of the process of responding to the COVID-19 pandemic in 2020, despite the role CSOs could have played in mitigating the impact of the pandemic. For example, despite increased demand as a result of the pandemic, the government failed to support helplines, such as Linka dôvery or Linka detskej istoty, during 2020, which had already been forced to reduce their activities in 2019.

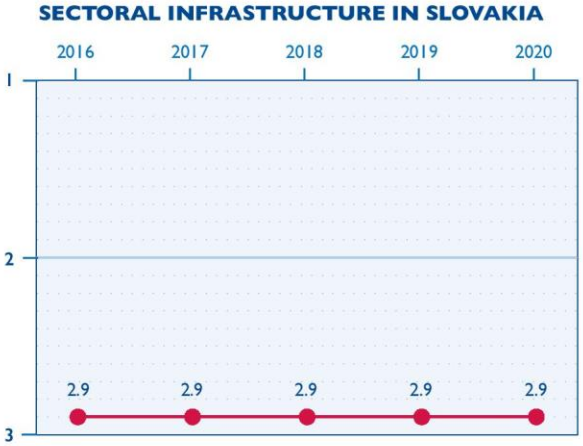
In general, CSOs react to community needs as well as donor priorities and continue to fill in the gaps in services provided by the state. Demand for CSOs' services changed throughout the pandemic. Many CSOs were actively engaged in activities related to the pandemic, including activating and organizing volunteers for testing centers, distributing personal protective equipment, helping the most vulnerable groups (including elderly people or marginalized Roma communities), and providing psychological counselling and interventions for abused women and children. Civic initiatives, such as Who will Help Slovakia (Kto pomôže Slovensku), provided medical and protective equipment to hospitals, social service homes, and other facilities serving vulnerable groups. These activities were all implemented without government support. CSOs also provided critical services to Roma communities, including the distribution of face masks and SIM cards so children could participate in distance learning. While the national government has nearly completely forgotten these vulnerable groups, municipalities such as Bratislava Municipality were also active in this area.

To the extent possible, CSOs moved their activities online and continued issuing publications, organizing workshops, and publishing analyses for other organizations, academia, businesses, religious institutions, and public authorities. CSOs generally provide their services without discrimination.

CSOs' services are usually financed through grants, although some CSOs cover their costs by charging fees for the services they provide. Certain services, such as care services for the elderly, should be partly financed by municipalities, but obtaining such funding is very time-consuming and often impossible to obtain and therefore, CSOs often offer these services for free with funding from other donors.

SECTORAL INFRASTRUCTURE: 2.9

The infrastructure supporting the CSO sector did not change in 2020. Unlike other countries in the region, Slovakia does not have dedicated intermediary support organizations or CSO resource centers. As a result, CSOs continue to have limited access to relevant information, technology, training, and technical assistance.



Similar to the situation in the previous year, CSOs mainly form coalitions to address current topics or carry out grant-funded projects. These coalitions often fall apart due to the lack of stable human and financial resources or when projects end. As the highest umbrella authority, the Government Council for CSOs connects several sectoral groups and platforms with the government. Its non-governmental part—the Chamber of Non-Profit Organizations—effectively coordinates positions among CSOs and their promotion.

In 2020, several coalitions, platforms, and partnerships defended CSOs' interests or focused on topics such as development aid and global education, despite a shortage of human and financial resources. As discussed above, the Nonprofit Sector Coordination Crisis Unit was established during the first wave of the pandemic and operated essentially without a break the rest of the year. Other successful examples include the platforms Who will Help Slovakia and Science Helps (Veda pomáha). The platform Voice of CSOs united fifty-one member organizations and continued its activities to foster democracy and solidarity in Europe in 2020. The informal platform CS Defense continues to share information to defend the sector mainly through its Facebook page.

Eight community foundations continue to raise funds from local donors, which are then used to provide assistance to people and CSOs. Several foundations such as Pontis Foundation and Center for Philanthropy provide CSOs with grants using funds obtained through tax assignations.

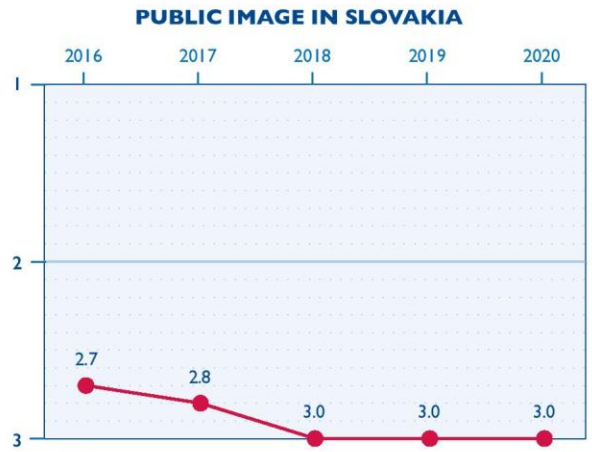
CSOs have access to a sufficient array of educational activities and training covering most of their needs, including time management, public speaking, accounting, fundraising, and the EU's General Data Protection Regulation (GDPR). Because of the pandemic, most training was offered online in 2020. Experts at several organizations, including Pontis Foundation, Voices, Slovak Fundraising Center, and getADVANTAGE, offer training to CSOs on a

pro bono basis. Maxman Consultants organizes pro bono as well as paid training, while Partners for Democratic Change Slovakia (PDCS) charges for its educational activities. In the east of Slovakia, there is still a lack of expert training for the sector, therefore CSOs in this part of the country sometimes form ad hoc partnerships with the business sector to meet their training needs.

CSOs continue to build partnerships with stakeholders from other sectors. The degree of partnership and cooperation with the authorities depends largely on the topic and existing contacts with the new administration. Partnerships with the business sector did not change in 2020. CSOs maintain positive relationships with businesses, some of which go beyond financial support to include the transfer of know-how and capacity building. For example, the Carpathian Foundation received support from T-Systems Slovakia as it explored the feasibility of incorporating agile management principles into its work. The Investigative Center of Ján Kuciak and Investigative Journalism Fund cooperate closely with the media and investigative journalists.

CSO representatives, sociologists, political scientists, analysts, and experts in several fields, together with the Office of the Plenipotentiary for Civil Society Development, issued a paper in late 2020 titled *Analysis of Socioeconomic Contribution of the Nonprofit Sector and State and Trends of Development of Civil Society*. The paper presents the current state of civil society development in Slovakia and identifies its trends. The data gathered for the paper and the results of the research will also serve as part of the basis for the new Strategy of Civil Society Development in Slovakia for 2021 – 2030.

PUBLIC IMAGE: 3.0



The CSO sector's public image did not change notably in 2020. Campaigns prepared and carried out by the civil sector, including Who will Help Slovakia and Science Helps, successfully mobilized the public and business sector and helped to improve the sector's reputation, as they presented CSOs as being highly agile and ready to help. In the second wave of the pandemic, however, misinformation, smear campaigns, and hoaxes about the virus spread mainly through social networks even faster than this positive news.

Due to the pandemic, CSOs were not the central targets of attacks in 2020. However, rhetoric accusing several CSO activists who entered politics of having foreign contacts and promoting an anti-Slovak agenda continued. These accusations were broadly distributed by misinformation media, activists, and politicians. At the beginning of the COVID-19 crisis, there were also efforts to accuse CSOs (mainly organizations focused on human rights and security matters or watchdog organizations) of passivity during the pandemic. Moreover, efforts continued to divide the CSO sector into so-called "good CSOs" (addressing charity, ecology, and social matters) and "bad CSOs" (addressing human rights issues).

The change in government resulted in moderately more favorable rhetoric among the highest political representatives. However, negative rhetoric by high government representatives, including very imprudent and undiplomatic remarks by the prime minister, continued. Several political parties, including ĽSNS, Vlasť, Smer-SD, and SME Rodina, engaged in efforts to smear advocacy, watchdog, and other CSO activists in 2020. The leader of ĽSNS, Marian Kotleba, has repeatedly smeared "political" CSOs, including by accusing them of being "pernicious international anti-Christian organizations"; CSO representatives responded in an open letter. The prime minister insulted three Roma activists and expressed suspicions that the sector supports the political opposition. On the other hand, the President of the Slovak Republic expressed her support of CSOs in her June 2020 Report on the State of the Republic.

"Uncivil society"—organizations that are formally CSOs but have goals that contradict the fundamental values that form the basis of the vast majority of CSOs, including rule of law, fundamental rights and freedoms, and the defense of the interests of vulnerable groups—continued to be a phenomenon in Slovakia. For example, civic association Our Homeland is the Future (Naša vlasť je budúcnosť) hosts several groups, including Slovak Recruits

(Slovenskí Branci, a paramilitary group), civic organization Slavica (a tool of Russian hybrid influence in Slovakia), and Slovak Revival Movement (Slovenské hnutie obrody). These organizations actively engage in public relations to gain public support for their work; at the same time, they use a wide range of strategies to undermine public trust in other CSOs, especially those that are involved in the promotion of human rights and liberal and democratic values.

Despite the enormous efforts of CSOs and civic initiatives to deal with the challenges of the pandemic, these activities still received limited media coverage in the standard broadcast media (TV and radio). Every week during the pandemic, however, Voice of CSOs chose and publicized the activities of five CSOs helping society through its newsletters, social media accounts, and website.

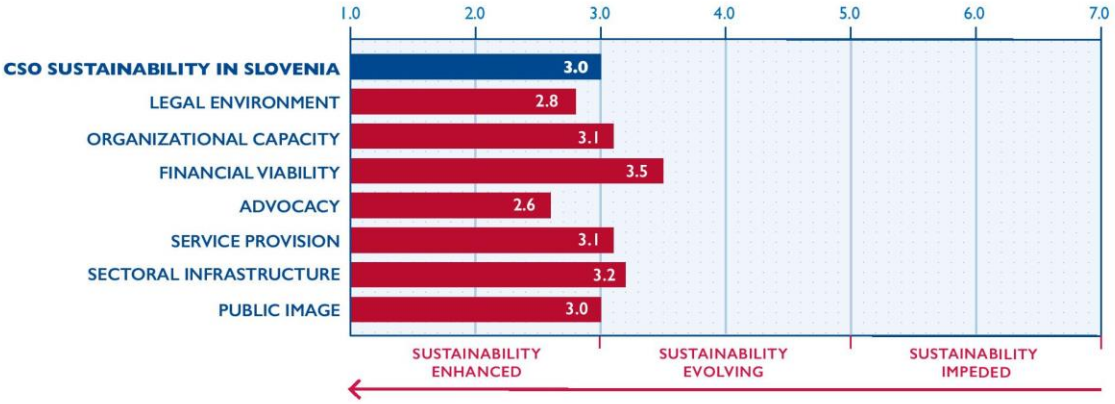
Within the above-mentioned analysis, the Office of the Plenipotentiary for Civil Society Development conducted a poll that suggested that trust in civic initiatives outweighs distrust. This was especially true among younger people with higher levels of education, who consider their household situation as financially sound, can speak several languages, and have positive experiences living abroad. A significant majority of respondents agreed that civic initiatives and CSOs belong to democratic society (81 percent), address citizens needs where the state is behind (74 percent), and that the majority of CSOs and civic initiatives are beneficial for Slovaks (72 percent). A majority (76 percent) agreed with the statement that citizens who want to influence problem solving should be active in civic initiatives and CSOs. Over half (56 percent) of respondents thought that the majority of CSOs manage their funds transparently, while more than two-fifths took a critical point of view (31 percent) or did not respond to the question (13 percent). Two-fifths (44 percent) also agreed that "the majority of CSOs promotes goals of foreign donors and serves foreign interests," while 43 percent disagreed with this statement. More than half (57 percent) agreed that CSOs should not meddle in politics, as this is the role of political parties. The poll further indicates that in order to foster citizens' trust towards CSOs, it is crucial to highlight CSOs' contributions in addressing the population's needs, rebut unfounded statements about their subordination to foreign interests or other non-Slovak stakeholders, and increase transparency, particularly when it comes to funding.

As in previous years, large and well-established CSOs publish annual reports as part of their transparency efforts. CSOs generally lack codes of ethics, although some larger and well-established organizations have them. Limited transparency, mainly in smaller organizations, and the existence of "pseudo-organizations" wanting to benefit from tax assignations continue to represent serious difficulties.

SLOVENIA

Capital: Ljubljana
Population: 2,102,106
GDP per capita (PPP): $39,088
Human Development Index: Very High (0.917)
Freedom in the World: Free (95/100)

OVERALL CSO SUSTAINABILITY: 3.0



In early 2020, the prime minister of the center-left government of Slovenia resigned. A new coalition was formed by right-wing and centrist parties and the new government was sworn in in March. This coincided with the official declaration of the COVID-19 outbreak in Slovenia. On March 12, the government declared a state of emergency and the country went into lockdown. The country's borders were closed, as were all cultural institutions and schools, non-essential shops and services, and non-urgent health services. In addition, public gatherings were prohibited. This successfully kept the number of infections down but had a significant impact on the economy. In June, Slovenia was the first country to declare that the pandemic had ended, even though infections had not been fully eliminated. Measures were loosened significantly, with many services, shops, and public gatherings allowed to resume to some extent. Over the summer, the borders were mostly open. This caused the number of infections to skyrocket over the next four months. Despite the warnings of experts over the summer, the country did not close down again until mid-October. By this time, the number of infections was already very high. Although a second lockdown was declared in October that lasted through the end of the year, the number of infections was still high at the end of the year. Therefore, after being one of the better countries in the first wave of the pandemic, Slovenia had some of the highest numbers of infections in the second wave.

Both the pandemic and the change in government significantly impacted certain aspects of CSO sustainability in 2020, with deteriorations reported in the legal environment, advocacy, and financial viability dimensions. However, overall CSO sustainability remained stable.

The government engaged in a lot of urgent legislative activity in response to the pandemic. This legislation was often inconsistent and unclear, requiring ongoing interpretation by authorities, which was often issued with delays, causing a lot of uncertainty and administrative burden on CSOs.

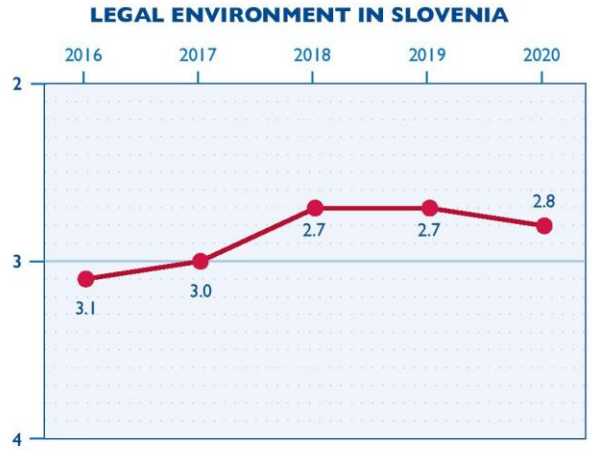
CSOs had limited abilities to advocate for their core issues in 2020, as they were forced to focus most of their efforts on responding to potentially damaging provisions in the new legislation and defending their existing rights. Their advocacy efforts were also negatively impacted by the new national government, which was significantly less open to communicating with CSOs than the previous government and in some cases was openly hostile towards them. Despite these setbacks, CSOs were able to come together quickly and develop successful advocacy coalitions targeting specific threats as they arose.

The ban on public gatherings, as well as impediments to movement and restrictions on the sales of goods and services, negatively impacted the financial viability of CSOs, restricting their ability to engage in revenue-generating and fundraising efforts and impeding the implementation of their publicly funded projects and programs. At the same time, many public funders showed flexibility in allowing CSOs to modify their activities and budgets as needed.

Although the sector's public image did not change, public attacks against CSOs by politicians, including Prime Minister Janez Janša and other ministers and members of parliament, increased significantly in 2020. These attacks culminated in the government's attempts to strip CSOs of rights and benefits granted to them by law, most notably in the area of environmental protection, and efforts to abolish the Fund for NGOs. However, the public did not support most of these attacks and CSOs were able to retain most of their rights.

An analysis by the Center for Information Service, Co-operation, and Development of NGOs (CNVOS) indicated that 27,986 CSOs were registered in Slovenia as of the end of 2020, an increase of approximately 50 since the end of 2019. This number includes 24,045 associations; 3,686 private institutes; and 263 foundations. Growth in the number of CSOs has slowed down in recent years.

LEGAL ENVIRONMENT: 2.8



The legal environment governing the CSO sector deteriorated slightly in 2020, predominantly due to the uncertainty CSOs faced following the passage of new laws and legislative amendments as part of the government's response to the COVID-19 pandemic.

The government adopted seven omnibus laws aimed at combatting the spread of COVID-19 and mitigating its potential socio-economic consequences. All seven of these laws covered a broad range of subjects, ranging from taxation, administrative affairs, and state aid to the regulation of various sectors such as education, health care, and the environment. The laws were drafted rapidly and without consultation with the public or even the most relevant stakeholders. The regulations were often unclear, and most measures lacked basic implementation procedures. For example, eligibility for state aid was not clearly defined, causing confusion among businesses and CSOs. As a result, the competent administrative authorities had to further clarify certain provisions, resulting in greater uncertainty, additional administrative burdens, and delays in implementation. In addition, the proposed laws often contained unexpected proposals for permanent legislative changes that were not related to the stated purpose of fighting the pandemic. For example, changes to the Act on NGOs included the abolition of the Fund for NGOs. Initially, regulations intended to mitigate the consequences of the pandemic targeted businesses only, but provisions were later put in place to assist CSOs as well.

The government introduced a ban on public gatherings and a partial ban on direct sales and services to consumers, which, despite being of a temporary nature, impacted CSOs' ability to fully execute their planned activities. The bans were in place for most of 2020 and were only fully suspended during the summer months.

CSOs became greatly concerned about the long-term impact of amendments to the Nature Conservation Act, which impeded their ability to participate in administrative and court proceedings related to potential environmental infringements, including those by construction companies and industrial plants. For example, the amendments stated that, in order to maintain their public benefit status (which enables them to participate in the aforementioned administrative and court procedures), associations must now have at least fifty members that pay membership fees and take part actively in at least two consecutive working assemblies of the organization. These changes will be challenging for CSOs, especially smaller and more specialized ones, to implement, thereby threatening their public benefit status.

Amendments to the Building Act included in one of the omnibus laws included similar criteria limiting the rights of CSOs to participate in procedures. The criteria in this law were even applied retroactively. A ruling by the Constitutional Court successfully halted these changes.

A number of CSOs reported in 2020 that they refrained from criticizing the new government's policies for fear of political retaliation, which included falling afoul of targeted "hate campaigns" on social and pro-government media or being threatened by targeted inspections. A prime example of such a reprisal was the government's attempt to

evict a number of CSOs from their offices in the Metelkova Cultural Center, a building owned by the Ministry of Culture. While the official reason given by the government for the proposed eviction was the need to renovate the building, it was clear that this should not have been a priority in the middle of the pandemic and that any renovations could easily have been done in cooperation with the tenants without their eviction. Thus, CSOs viewed this as a politically-motivated response to their advocacy efforts, a fact which was confirmed by a retaliatory tweet from a member of parliament. "Come on, be honest," he tweeted, "Those are the same NGOs who are milking the public funds for their paychecks. Their only program is riding bicycles on Fridays."[1]

On the positive side, legislative changes in 2020 allowed individual taxpayers to donate up to 1 percent of their income tax to eligible CSOs; the limit was previously 0.5 percent of a person's income tax. However, CSOs believe that the government only introduced this change as an attempt to replace and distract from the simultaneous proposal to abolish the NGO Fund. After facing extensive public backlash, the government removed the proposal concerning the abolition of the Fund for NGOs from the draft law, but kept the more popular provision on the increase of tax donations. While CSOs and others viewed the effort to abolish the Fund for NGOs as an attempt to cut off support to advocacy CSOs, the move also threatened funding for humanitarian, cultural, and sports organizations that have broad membership and widespread public support.

The rules and conditions for the registration of CSOs did not change in 2020. CSOs continue to be registered in accordance with provisions in the Societies Act, the Institutes Act, and the Foundations Act. Although the registration process is normally completed in under a month at a relatively low cost, there is still some inconsistency in the way different local units of the court and administrative units implement the registration procedures, in particular for associations and private entities. CSOs also continued to face major delays in being able to obtain public benefit status, with some ministries taking many months, often far longer than legally permitted, to decide on requests.

The regulation of internal governance and operations of CSOs remains unchanged from last year. The government has limited ability to interfere in the registration or management of CSOs and can only do so if a CSO engages in profit-making ventures, criminal activity, or pursues an agenda not set forth in its constitution.

CSOs may engage in commercial activities under the same conditions as other legal entities, including paying taxes on any profits. CSOs are able to receive tax-free donations from individuals. There are very few tax-related incentives for corporate donations to CSOs; corporations can only deduct eligible donations up to a maximum of 0.5 percent of all taxable income. CSOs are free to receive donations and grants from abroad.

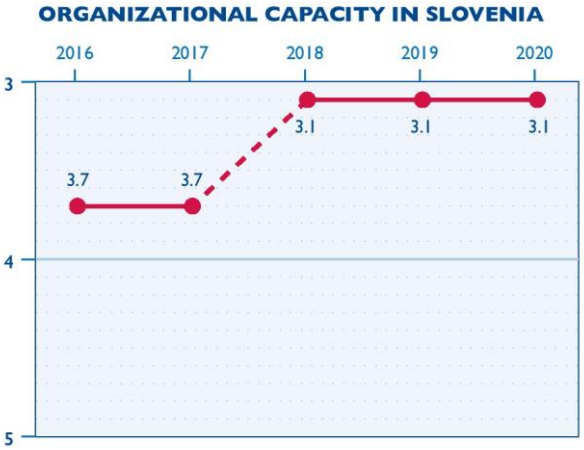
Intermediary support organizations (ISOs), including CNVOS, twelve regional CSO hubs, and the Legal-Informational Center for NGOs (PIC), continue to offer free legal aid to CSOs. The level of legal aid significantly increased in 2020 as more CSOs needed support in understanding the implications of the rapidly changing legal environment.

ORGANIZATIONAL CAPACITY: 3.1[2]

CSOs' organizational capacity remained largely unchanged in 2020.

In spite of the difficulties imposed by the COVID-19 pandemic, CSOs successfully used new digital communication tools to maintain close ties with their existing members and constituencies, while also identifying new audiences. In particular, CSOs used videoconferencing tools to organize membership meetings and other events. The switch to online events facilitated the participation of people from other parts of the country, who might not have been able to attend in-person meetings. However, reaching some demographics, such as the elderly and migrants, proved to be challenging.

[1] Riding bicycles on Fridays refers to protests, which were always on Fridays, and were done by cycling through the city as other kinds of protests would violate public health measures.
[2] The Organizational Capacity score was recalibrated in 2018 to better reflect the situation on the ground and to better align it with other scores in the region. The score did not reflect an improvement in Organizational Capacity, which remained largely the same in 2018 as in 2017.



Members of some CSOs, including associations, are required by law to meet once a year to approve plans and reports. Given the difficulties in meeting in person in 2020, ISOs provided legal and technical assistance to CSOs to ensure that their online management board and membership meetings and decisions complied with the law and their internal regulations.

CSOs are required by law to have clearly defined missions in their statutes and are expected to engage in strategic planning to carry out their respective missions. In 2020, many CSOs were forced to think more tactically and focus on short-term goals while adapting their activities as a result of the pandemic.

Each year CNVOS conducts informal monitoring of six CSOs in different fields of operation to track changes in their organizational capacity. According to this monitoring, in 2020, just as in 2019, five out of six organizations had strategic plans. However, only one organization was able to fully implement its plan, while two were able to implement most of their plans and two were able to implement only half of their plans. According to the organizations monitored, their inability to fully implement their plans was caused by the pandemic and its related restrictions.

According to the most recent data collected by CNVOS, the number of employees in the CSO sector continued to grow in 2019, with 8,297 full-time CSO employees in 2018 and 9,096 in 2019, an increase of 9.6 percent. However, still only 7.74 percent of CSOs had full- or part-time employees, while most relied on volunteers or staff engaged occasionally on other types of contracts. While normally, the previous year's data is a good indicator of employment in the following year, it is likely that this growth rate reversed or at least slowed down significantly in 2020 as a result of the pandemic. According to the CNVOS monitoring, the number of people employed by the six organizations remained roughly the same in 2020, although most held fewer trainings and educational workshops.

According to the Ministry of Public Administration's Summary Report on Volunteering for 2019, which analyzes volunteer work in organizations that have registered as voluntary organizations (VOs), 284,131 volunteers were involved in the work of 1,778 VOs, an increase from 2018, when there were 234,150 volunteers in 1,660 VOs. These volunteers performed 11,612,792 voluntary hours, an increase from 9,903,798 hours in 2018. The report estimates that volunteers contributed over EUR 115,706,304 worth of work to the general socio-economic well-being of the country. The report only includes organizations that have registered as VOs, and not all CSOs who have volunteers, but is still a good indicator of the general trends. There is no data available on volunteering in 2020.

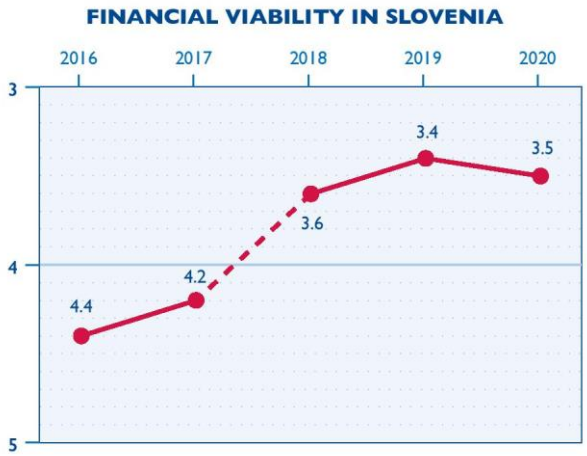
In response to the changing circumstances resulting from the pandemic, CSOs' use of information communication technology (ICT) grew substantially. Many CSOs adapted easily to the new means of communication, while some lacked sufficient funding for further investments in ICT and were not able to fully adapt.

FINANCIAL VIABILITY: 3.5[3]

The CSO sector's financial viability deteriorated slightly in 2020, as restrictions on public gatherings and services limited the ability of CSOs—especially those working in the areas of culture and sports—to implement their programs and to fundraise, as well as to access public funds.

As in previous years, CNVOS collects detailed data pertaining to CSO financing for 2019. In 2019, total CSOs' income was EUR 986 million, an increase of 7.5 percent from 2018. Public funding remained the largest source of funding for the CSO sector, amounting in 2019 to EUR 372 million, or roughly 37.7 percent of total CSO income,

[3] The Financial Viability score was recalibrated in 2018 to better reflect the situation on the ground and to better align it with other scores in the region. In addition to the recalibration, the score reflected a moderate improvement in 2018.



up 7.5 percent compared to 2018. This amount further increased to EUR 420 million in 2020, an increase of 12 percent. While this is a significant jump, it should be kept in mind that this number includes transfers to CSOs that were part of general state measures to offset the negative consequences of the pandemic on the economy. Based on data about tax deductions, corporate donations amounted to EUR 30.3 million in 2019, an increase from EUR 29.6 million in 2018. Only 7.78 percent of businesses made donations to CSOs in 2019. Personal income tax donations increased from EUR 5 million in 2018 to EUR 5.45 million in 2019. The number of individuals donating a share of their income tax to CSOs also increased, from 467,980 to 496,363. Usually, the trend shown by this data is a good indicator of the future financial sustainability of the sector, however, the pandemic most likely reversed or at least curtailed some of the upward trends in 2020. Due to the impact of pandemic-related restrictions on the economy and the business sector, for example, some CSOs reported that the willingness of corporations to donate to CSOs has diminished further.

Public funds were slightly less accessible in 2020 as the government introduced a temporary moratorium on administering its budget, meaning that ministries could not enter into new contracts and that many planned activities were halted. Some public bodies, such as the Government Communication Office and Ministry of Culture, used this as an excuse to halt payments to CSOs despite having signed contracts with them. The Ministry of Foreign Affairs forced CSOs to modify their projects to address the pandemic; however, not all CSOs were able to do this, as pandemic response did not fit the original project or program in any way. Other ministries were more cooperative and understanding of CSOs' inability to perform some of their contractual obligations due to limitations posed by the pandemic and let them change their project activities and timelines in accordance with the new circumstances, allowing them to keep their funding. Municipalities were also often sympathetic to the plight of CSOs but were legally limited in the ways in which they could adapt their contracts for most of the year; this situation was partially mitigated when new legal measures were adopted in December.

The government introduced some measures to mitigate the anticipated economic fallout from the pandemic for various legal persons and individuals. CSOs benefited from some of these measures, including: partial reimbursement of fixed costs; reimbursement of sick leave costs for providers of social services; reimbursement of salaries paid to employees absent due to force majeure; and the general postponement of credit installments. However, most of this assistance was available only to CSOs with full or part-time employees, which represents a small portion of CSOs in Slovenia.

CSOs working in the social care and social services sectors were able to benefit from an open EUR 2 million tender issued by the Ministry for Labor, Family, Social Affairs and Equal Opportunities with funding from the European Social Fund to provide financial assistance and aid to vulnerable groups negatively impacted by COVID-19.

Slovenia has not been a country of interest for many foreign donors for over a decade; therefore, foreign donors are not an important source of funding for most CSOs. The most important source of foreign funding is the Active Citizen's Fund (ACF), funded by the European Economic Area and implemented by CNVOS. In 2020, CNVOS awarded EUR 1.5 million in grants through ACF for various projects related to democracy, human rights, promotion of inclusion and equality, and advocacy.

The restrictions on public gatherings and services limited the ability of CSOs to fundraise in 2020. CSOs were not able to carry out their usual means of raising funds, such as seeking door-to-door donations and holding charity concerts. However, some CSOs implemented successful and innovative fundraising campaigns. For example, Lunina Vila, a CSO providing psychological and social support to children, organized a successful fundraising campaign on social media, raising around EUR 15,000. Ana Monro, a cultural CSO that organizes street theater performances, used a special QR code which allowed individuals to donate directly to them—a method seldom used in fundraising efforts. Humanitarček raised funds by selling sourdough bread starter kits, a very popular item during the lockdowns. An organization called MiDelamoDogodke (WeMakeEvents) raised funds for impoverished concert

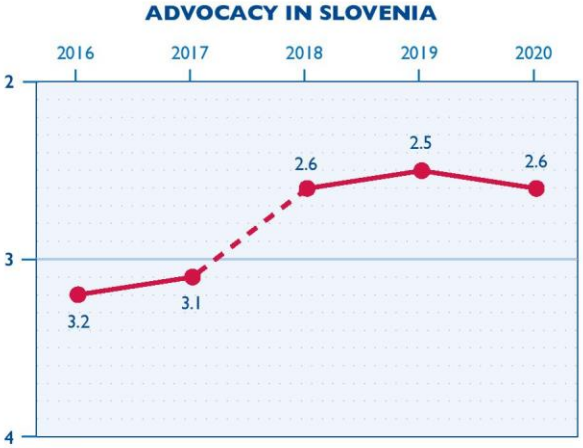
organizers and stage staff through various public interventions, such as building a Christmas tree from concert stage materials.

While there is no precise data, it is estimated that CSOs earn one-third of their annual revenues from services and products. Cultural and sports services were most clearly affected by the pandemic and related restrictions in 2020, resulting in reduced income from sales and various events. Services of social enterprises—particularly those focused on service provision and those that did not have an online presence before—were also affected. At the end of 2020, there were 273 social enterprises registered in the country, a slight increase from 268 at the end of 2019. In addition, many more organizations function as social enterprises without registering as such.

Financial reporting requirements for CSOs did not change in 2020. CSOs are obliged to follow accounting standards based on the type and size of their organization. All CSOs must submit annual financial and narrative reports to the Agency of the Republic of Slovenia for Public Legal Records (AJPES). Only CSOs with annual incomes of over EUR 1 million are required to be audited.

ADVOCACY: 2.6[4]

Advocacy deteriorated slightly in 2020.



Soon after the new government came to power, it became apparent that it was less willing to cooperate with civil society than its predecessor. Levels of engagement between government ministries and CSOs varied, with some retaining the same level of cooperation and others ceasing to work with consultative bodies that normally include CSO representatives. In some cases, the government unilaterally (i.e., without any prior consultation) changed the regulations governing consultative bodies or ignored them completely, thus abandoning a long-accepted practice of allowing CSOs to nominate their own candidates to these entities. In one case, the government removed two representatives who had been democratically selected by CSOs from a monitoring body for the implementation of the EU cohesion policy and passed a new regulation allowing it to replace these candidates with its own representatives. In another case, the government refused to accept the appointment of a CSO-appointed representative to the European Economic and Social Forum (despite having requested that CSOs select their own candidate) and replaced him with a member of the Youth Council of Slovenia, thereby denying the CSOs any representation.

Throughout the year, the government continued to breach rules for public consultations both for measures to address the pandemic and for other regulations, by either failing to initiate consultations, providing inadequate deadlines for consultation, or not providing deadlines. According to monitoring conducted by CNVOS, the new government breached the rules for public consultations 66 percent of the time in 2020. In comparison, the previous government breached the rules 41 percent of the time in 2020, and 60 percent of the time throughout its entire mandate. In total, 415 draft laws were prepared in 2020; 336 of the drafts, or 81 percent, were presented for public comment (in comparison to 91 percent in 2019), but only 145 (34.9 percent of all drafts, in comparison to 36.7 percent in 2019) of these had consultations that complied with the government's Resolution on Legislative Regulation.

[4] The Advocacy score was recalibrated in 2018 to better reflect the situation on the ground and to better align it with other scores in the region. In addition to the recalibration, the score reflected a slight improvement in 2018.

There was also a slight decrease in the number of training opportunities and awareness-raising campaigns held to educate government representatives on the importance of consulting CSOs in the drafting of laws and in policymaking, as the interest of public officials at different ministries and departments declined.

Despite the ban on public gatherings, there was an outstanding number of anti-government protests in 2020; the first of these started in late February, and from May to October, protests took place every Friday afternoon. The protests focused on a variety of issues, including corruption, politics of intolerance and hatred, the government's attitude towards the environment, and attacks on NGOs. The ban on public gatherings made the protests more difficult, forcing protesters to come up with original ways of protesting, such as hanging banners and making noise from balconies and riding bikes. In the autumn, protests mainly died out as the second wave of the pandemic struck. In late 2020, the government also increased fines for breaches of public health measures, effectively deterring many from protesting. There were indications that public health measures were being used to restrict citizens' right to protest, as even when public gatherings of small groups of people were allowed, protests were prohibited.

As they were largely unable to advocate for policies in their respective fields, most CSOs found themselves constantly on the defensive and having to fight just to maintain the status quo. As described above, many of the new laws proposed by the government under the guise of containing the virus and mitigating the potential economic losses emanating from it would instead have created a legal environment that was much less favorable to the functioning of CSOs. Some notable examples include the government's attempt to reduce the legal powers of CSOs operating in the area of nature conservation, as well as the effort to terminate the Fund for NGOs. CSOs therefore had to redirect their advocacy efforts to defend themselves from these attacks.

The threat to CSOs engaged in conservation efforts led to one of the biggest CSO advocacy campaigns in recent history. A network of environmental CSOs organized several large protests in front of the parliament, a sit-down in front of the Ministry for the Environment and Spatial Planning, and marches along the Slovene rivers. The campaign was widely covered in all media, including social media. As noted earlier, the government attempted to impose restrictions on environmental NGOs, threatening their ability take part in court and administrative procedures. Fortunately, a legal challenge initiated by CSOs caused the Constitutional Court to stop the implementation of the controversial provisions, which would have shut down their work completely, until it issues a final decision. A final ruling from the court was still pending at the time of writing.

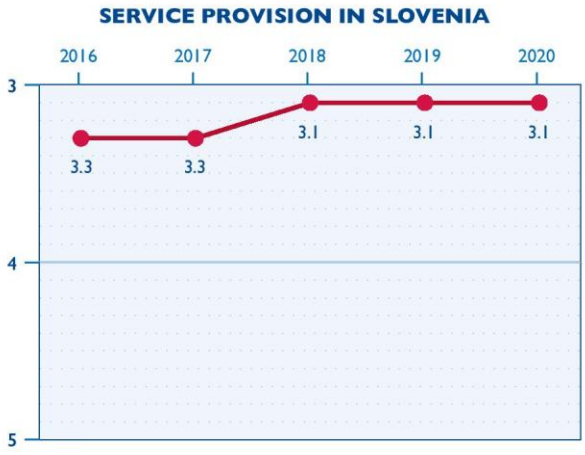
The government's proposal to abolish the Fund for NGOs, which is administered by the Ministry of Public Administration, was surreptitiously included in one of the omnibus laws aimed at combating the consequences of the pandemic. However, due to the immediate and strong response of CSOs, the media picked up on the story and it soon became national news, with opinion makers and the public expressing strong opposition to the move. Public pressure and direct advocacy efforts by a newly formed CSO coalition forced some groups (such as the SMC party, which had introduced the Fund in 2018 when it was part of the former government) to retract their initial support for eliminating the Fund, which ultimately remained intact.

In another example of effective advocacy, a broad coalition of CSOs and the public quickly formed to protest the attempted eviction of the twenty-three CSOs located in the Metelkova Cultural Center owned by the Ministry of Culture. Traditional media outlets and social media platforms both provided extensive coverage of the story, making clear CSOs' position that the threat of eviction was a matter of political retaliation. The issue had not been resolved by the end of the year.

The "Yes Means Yes" campaign, which sought to change the definition of rape in the Criminal Code, continued in 2020. Although the campaign did not have any concrete results by the end of 2020, it received significant media coverage.

While cooperation with national-level decision-making bodies deteriorated, collaboration between local governments and CSOs remained stable, and three new municipalities introduced budgets that supported increased participation with CSOs. On another positive note, CNVOS and the Association of Slovene Municipalities jointly formulated and proposed an amendment, which was successfully included in one of the omnibus laws at the end of the year, allowing municipalities to temporarily adjust their funding of CSO projects and programs in 2020 in response to the pandemic. This gave municipal governments the flexibility to prolong deadlines for CSOs in implementing projects affected by the pandemic and provide funds to them which might otherwise have been lost.

SERVICE PROVISION: 3.1



Overall, CSO service provision remained the same, with both positive and negative developments noted during the year.

Restrictions on public gatherings implemented in response to the COVID-19 crisis impacted the ability of CSOs—particularly those working in the fields of culture, sports, and youth—to provide services. As CSOs could not execute their plans fully or had to change the concepts of their previously planned activities, many introduced new outreach technologies (such as VOIP apps) and found innovative ways to organize public events while adhering to the relevant legislation (such as one-man-band performances in front of retirement homes). Other CSOs, however, had more trouble adapting their work.

Overall, CSOs were able to offer a diverse range of health and social services to a broad segment of the population, which were of increasing importance due to the economic fallout from the pandemic. This included efforts to prevent or reduce the risk of poverty by employing, educating, re-qualifying, and empowering groups vulnerable to unemployment. CSOs also provided new social services during 2020, including: a 24/7 telephone help line, which offered consultations to victims of abuse, the provision of free transportation services to medical and social workers when public transportation was closed, and the collection and distribution of computers and other hardware necessary for remote education to underprivileged children.

An example of an innovative approach in services was the digital platform Consul, developed by the Danes je nov dan Institute, which offered a free and open-source solution for developing participatory budgets on the municipal level. Many municipalities, including the cities of Koper and Nova Gorica and the municipality of Hrpelje-Kozina, successfully utilized this service in 2020.

CSOs were generally able to identify community needs by staying engaged on social media or through direct contact with their stakeholders and residents of their local communities. Outreach to certain communities was made easier by the fact that people spent more time online, although some target groups (such as the elderly and migrant populations) were harder to reach.

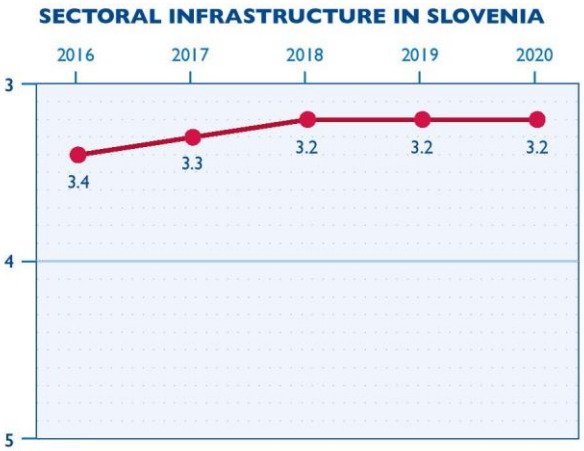
CSOs were able to generate some income by marketing their products and services to other CSOs, businesses, and the public sector, although it is difficult to project actual figures due to the fact that most CSOs do not conduct systematic market analysis or engage in cost recovery efforts.

While the rhetoric at the highest political level was extremely negative towards advocacy CSOs in 2020, for the most part, this did not affect the level of daily cooperation in service provision. State institutions generally continue to recognize the value of CSOs in providing social and other services. The relationship at the local level seems to be slowly and steadily improving, although municipalities still see CSOs more as service providers and less frequently engage them as stakeholders in decision making.

SECTORAL INFRASTRUCTURE: 3.2

The infrastructure supporting the CSO sector remained the same in 2020. Due to the confusing nature of the legislation adopted to combat the COVID-19 pandemic, demand for the services of ISOs grew significantly. ISOs played a crucial role in providing information to CSOs about new regulations, which individual CSOs had little capacity to effectively monitor and understand by themselves. CNVOS created the most comprehensive website in the country with information on the new legislation. The website included summaries, articles, FAQs, online consultations, workshops, and videos about all relevant legislative amendments, and even included a tool to help in the preparation of legal documents. The website was highly visited by CSOs, as well as companies and other entities.

In 2020, CNVOS allocated grants through the ACF to thirty-seven different projects. The only other local grantmaking was carried out through the Community-Led Local Development Program, funded through the European Structural and Investment Funds, through which Local Action Groups implement tenders for projects carried out by local partnerships.

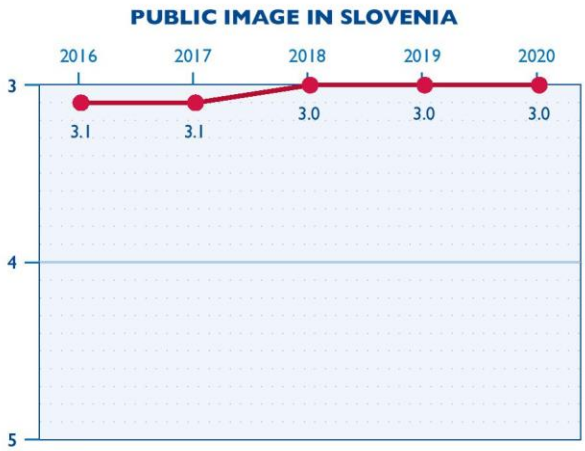


CSOs were able to cooperate with one another and form coalitions for various purposes. However, the most notable coalitions formed in 2020 were ad hoc advocacy groups that developed to address specific crises, such as the proposed eviction of CSOs from the Metelkova Cultural Center, the legislative changes affecting CSOs engaged in environmental protection, and the proposal to abolish the Fund for NGOs. Such informal coalitions were usually coordinated by one or two CSOs.

ISOs continued to offer many trainings in various areas, including organizational development, strategic planning, advocacy, accounting, and public relations. Basic training on the establishment and management of CSOs is available across the country, mainly offered by regional hubs. CNVOS provided a number of training programs on the quickly changing legislation. CNVOS also continued to implement an elaborate training and mentorship program to build the organizational development of selected CSOs. In 2020, most trainings were offered online. This change facilitated the participation of CSOs of all sizes from across the country, and CSOs generally adapted well to online events.

CSOs formed several notable intersectoral partnerships in 2020. One of the more successful examples in 2020 was a partnership between Toyota Slovenia, Zavod Sopotnik Institute, and the Olympic Committee Slovenia titled "S prevozom do 1000 želja" (A Ride for 1,000 Wishes), which granted wishes to elderly people. Friends of Youth Ljubljana Moste-Polje continued its successful project Botrstvo, which helps children and youth in difficult financial situations, with the public broadcaster Val 202. Friends of Youth formed a new partnership with the private broadcaster PRO Plus under the project "Veriga dobrih ljudi" (Chain of Good People), which provided food, money for basic utilities, and educational and other support to 1,800 people living below the poverty line. Another successful example of cooperation between media outlets, the private sector, and CSOs is the Charity Marathon, in which Radio 1 (a popular private radio station), Fundacija Preprosto Blizu (Simply Close), and the DM drugstore raised more than EUR 1 million in twenty-eight hours for families in need. In addition, supermarkets now regularly sell certain products and donate a portion of the sales to good causes.

PUBLIC IMAGE: 3.0



The CSO sector's public image did not change significantly in 2020, although there was a lot of notable coverage of CSOs' activities and the CSO sector in general, both in a positive and negative sense.

CSOs were the topic of public debate more often in 2020 than in previous years. This is largely due to the fact that various government officials and politicians openly attacked CSOs throughout the year in traditional and social media, calling them "parasites," "traitors," and "opposition stooges." Among the officials who openly attacked CSOs were one of Slovenia's representatives to the European Parliament, the Minister of the Interior, and several members of parliament. On several occasions, the Minister for Environment and Spatial Planning attacked CSOs, spreading falsehoods about

them, portraying them as dubious and untrustworthy, and implying that, by defending the environment, they are responsible for the lack of investment and new business development in the country. These types of attacks on CSOs culminated in the government's proposal to abolish the Fund for NGOs, which, as noted earlier, was defeated thanks largely to successful CSO advocacy efforts.

CSOs also received major publicity when the government attempted to make changes to the Nature Conservation Act and the Building Act to limit their ability to take environmental cases to court. CSOs from the nature conservation and environmental protection sectors organized protests and other forms of public dissent. As a result, spokespeople from those CSOs were invited by the media to participate in various nationwide broadcasts. For example, a spokesperson for the Balkan River Defense was invited to defend the CSOs' position on Odmevi, a well-known daily news program.

To counter the public attacks by politicians, CSOs actively communicated the importance and relevance of the sector's work to the public. For example, the campaign #MarNamJe (We Care), implemented by CNVOS, highlighted the work of twenty-five CSOs in various areas, while #CivicPride sought to remind the public of the important roles CSOs play in peoples' daily lives. Another example was the comic book "What are Non-Governmental Organizations," which was drawn by renowned comic book artist Ciril Horjak (aka Dr. Horowitz) at the initiative of Mirovni Inštitut and CNVOS. The comic book was featured in full in the daily newspaper Večer and on MMC RTV, the website of the national public broadcaster, and later turned into a traveling exhibit that was welcomed in a number of municipalities. The Obrazi nevladnikov (Faces of NGOs) column, developed in cooperation with the Dnevnik daily newspaper, continued to be published.

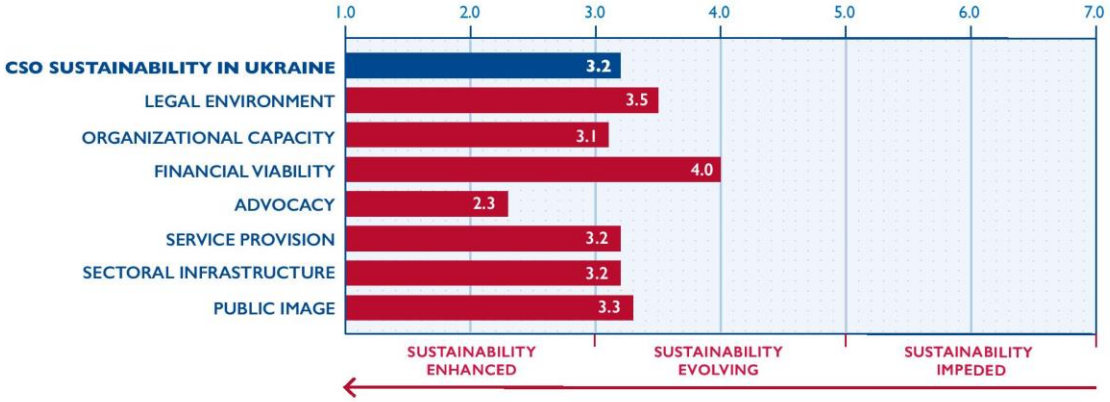
Despite the attacks on CSOs by the ruling party, most of the public still believe CSOs play an important role in Slovenian society, as evidenced by the public outcry when the government tried to eliminate the Fund for NGOs. However, CSOs fear that the kind of extreme language that has been used by government officials and members of parliament to demonize CSOs during 2020 could intensify animosity towards the sector. The long-term effects of such attacks will only become apparent in the future. The business sector's perception of CSOs did not change in 2020 and remains generally positive.

Most CSOs in Slovenia do not have individual codes of conduct governing their transparency or other rules or operations. However, CSOs have adopted codes of conduct for some areas of work, including in the areas of mental-health services, social assistance, and organized voluntary work. The law ensures a certain level of transparency in the sector. For example, all associations, which account for 90 percent of CSOs in the country, must publish annual reports on the AJPES website. However, these reports are often not reader-friendly and do not contribute significantly to public trust. ISOs have initiated a project to address this that will involve a website to rate and promote the quality and transparency of CSOs. However, the timeline for this initiative was prolonged due to the urgency of other activities in support of the sector during 2020. Some CSOs publish reports on their websites and the quality of reporting is gradually improving.

UKRAINE

Capital: Kyiv
Population: 43,922,939
GDP per capita (PPP): $8,800
Human Development Index: High (0.750)
Freedom in the World: Partly Free (62/100)

OVERALL CSO SUSTAINABILITY: 3.2



The COVID-19 pandemic negatively impacted all aspects of life in Ukraine in 2020. To control the spread of the virus, the government introduced various restrictions, such as limiting movement and imposing full and weekend lockdowns. These bans led to significant economic losses, hitting small and medium-sized businesses and the entertainment and tourism industries particularly hard. Combined with insufficient government support, the restrictions led to significant job losses and rising unemployment.

On March 2, 2020, President Zelenskyy, backed by the Verkhovna Rada (parliament), led a major government shakedown replacing the prime minister and cabinet members. The new government turned out to be less open to cooperating with CSOs. Local elections took place in the country on October 25, 2020, with extended voting times in some regions and cities. The elections were held under the new Electoral Code, which abolished the majority electoral system and introduced a proportional electoral system with open regional lists in cities with populations of 90,000 or more. It also included a 40 percent gender quota for female candidates. According to the Central Election Commission, representatives from the ruling party Servant of the People (Sluga Narodu) received more seats on the municipal level than any other party—approximately 15 percent of the vote—while the party's mayoral candidates received 30.74 percent of the vote. Despite these results, popular support for the ruling party and President Volodymyr Zelenskyy dropped significantly, from 41 percent in 2019 to 19 percent in 2020, according to a survey conducted by the Razumkov Center.

The conflict in the east of the country and Russia's ongoing occupation of Crimea remains unresolved. Ukraine continued its attempts to stop hostilities in Donetsk and Luhansk regions and tried to draw the attention of the international community to the illegal annexation of Crimea. A number of CSOs contributed to these efforts by implementing projects aimed at helping internally displaced persons, protecting the rights of vulnerable groups, and unmasking disinformation.

To some extent these trends negatively affected the activities of CSOs in Ukraine in 2020. In contrast to previous years, which reflected stable growth from year to year, the overall level of CSO sustainability stagnated in 2020. However, the level of advocacy fell as a result of the

significant changes in the composition of both the national government and local representative bodies and the COVID-19 pandemic restrictions, both of which complicated dialogue between CSOs and decisionmakers.

According to the Ukrainian State Statistic Service, as of January 1, 2021, there were 92,470 registered public associations, 1,875 unions of public associations, 26,651 religious organizations, 28,713 trade unions, 317 creative unions, 19,812 charitable organizations, and 1,649 self-organized bodies. The data does not include CSOs registered in the Autonomous Republic of Crimea or in the city of Sevastopol, as there is no access to these areas.

LEGAL ENVIRONMENT: 3.5

The legal environment governing the CSO sector was affected by both positive and negative developments that largely canceled each other out. The main legislation governing CSOs—the Law on State Registration of Legal Entities, Individual Entrepreneurs and CSOs, Law on Public Associations, and the 2016 Order of the Ministry of Justice on Approval of the Procedure for State Registration of Legal Entities, Entrepreneurs and Entities Forming Non-Legal Entities— remained unchanged in 2020.

On June 24, 2020, a consortium of organizations comprised of the Initiative Center to Support Social Action Ednannia, Ukrainian Center for Independent Political Research (UCIPR), and Center for Democracy and Rule of Law (CEDEM) presented the Legal Reforms Roadmap for Civil Society in Ukraine to the public. More than 150 CSO representatives from different regions in Ukraine were consulted during the Roadmap's development. This analytical document outlines the civil sector's reform priorities and recommends improvements to the legal provisions governing CSOs in Ukraine from 2021 to 2025. Among the issues highlighted in the Roadmap are the lack of transparent procedures in the allocation of budget funds to CSOs, the unfavorable tax environment for public, charitable and volunteer organizations, and the threats faced by civil activists. The Roadmap provided important input into the National Strategy for Civil Society Development, which was being developed during the year.

There were no significant changes to the registration process for CSOs in 2020, although minor changes were made to the registration forms for public associations to streamline the registration process and bring them in line with existing legislation. CSOs register easily; it only takes three days to register a public association and one day to register a charitable organization. The registration process is free of charge. CSOs can register at the national or regional levels in Justice Departments located in twenty-five oblast centers, Administrative Services Centers, or Centers of Free Secondary Legal Aid. CSOs can register online, a possibility that became even more important in 2020 when, due to pandemic restrictions, the Administrative Service Centers and the Ministry of Justice's regional offices were closed. However, CSOs are often denied registration. According to the study "Practice and legislative problems in the field of registration of public associations in 2018-2019," which was published by UCIPR in December 2020, CSOs are denied registration in about 17 percent of cases.

In addition to legal status, a CSO can choose to obtain nonprofit status, which exempts it from the 18 percent income tax as long as the income received from grants, endowments, fees, or economic activity is not distributed among its founders, but only used for its activities.

In August 2020, the Ministry of Justice announced the launch of the updated Unified State Register of Legal Entities, Individual Entrepreneurs, and Public Associations (USR). Through its new user-friendly web interface, it is possible to search for information about all legally-registered individuals and organizations with a public rather than corporate status.

On April 28, 2020, the Law On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction entered into force. The law requires legal entities—including CSOs—to provide information on their ultimate beneficial owners, although there is still confusion as to who CSOs' beneficial owners are.

Civil society activists were subject to numerous threats in 2020. The Zmina Human Rights Center recorded 101 cases of attacks and harassment of civil society activists in 2020, up from 83 in 2019. Two of the most noteworthy incidents included the attempt to imprison Serhiy Sternenko, an anti-corruption whistleblower in Odessa, and the arson of the house of anti-corruption activist Vitalii Shabunin.

During 2020, twelve draft laws that would have threatened freedom of association and peaceful assembly and provoked discrimination against human rights and public activists were registered in the Verkhovna Rada. These

included three draft laws that attempted to place restrictions on access to foreign funding for CSOs. All of these draft laws were rejected.

Despite the pandemic restrictions in place throughout much of the year, the freedom of assembly guaranteed in the constitutions was largely respected. In a few places like Kharkiv and Mariupol, local authorities attempted to limit assemblies, selectively applying the pandemic restrictions against groups supporting the rights of lesbian, gay, bisexual, transgender, and intersex (LGBTI) individuals and entrepreneurs protesting the closure of markets.

Lobbying is still not legally regulated in Ukraine, although a number of draft laws submitted in 2020 attempted to regulate the work that public associations do in protecting the rights, freedoms, and interests of various social groups. These laws would equate the activities of CSOs with those of private lobbyists, which could impose significant obstacles for CSO advocacy.

Businesses and individuals that support CSOs continued to be eligible for tax benefits in 2020. According to a nationwide survey on civic engagement conducted by the USAID-funded ENGAGE program, approximately one in ten respondents (8.9 percent) exercised their right to receive tax rebates for charitable donations.

CSOs are allowed to receive funding from international donors, from the state budget in the form of grants, and from physical and legal persons. CSOs are also allowed to compete for government contracts and procurements at the local and central levels and to conduct economic activities. CSOs can raise funds through crowdfunding platforms.

There was very little change to the legal services available to CSOs in 2020. CSOs can get legal consultations from law firms, as well as Administrative Service Centers and regional offices of the Ministry of Justice, among other organizations. UCIPR, a non-governmental and non-partisan think tank, reestablished its legal aid services for CSOs in 2020.

ORGANIZATIONAL CAPACITY: 3.1

CSOs showed varying levels of organizational capacity in 2020, although the overall capacity of the sector remained largely unchanged. According to CSOs that conducted the Ednannia CSO Organizational Capacity Self-Assessment before and after receiving capacity-building grants, 85 percent strengthened their capacity as a result of received grants. However, the COVID-19 pandemic tested the capacity of CSOs to operate and respond to crisis conditions and also exposed their weaknesses.

CSOs were limited in their ability to provide on-the-ground support to vulnerable groups in 2020 as a result of the pandemic. Large organizations were generally able to adjust their work to these new conditions and make use of new communication and planning tools to reach out to their constituents. These organizations were also able to adapt and improve their internal operating policies during the pandemic. According to a study conducted by the Democratic Initiatives Foundation from April 15 to May 1, 2020, CSO representatives noted that increased cooperation between members of the public and representatives of public organizations helped to improve their "social capital," i.e., human ties and solidarity, mutual trust, and organizational capacity. At the same time, some organizations noted significant deterioration in their constituency building as a result of the restrictions imposed because of the pandemic.

CSOs continued to strengthen their strategic planning in 2020. Approximately 60 percent of CSOs that applied for grants to Ednannia in 2020 asked for support in strategic planning.

Large CSOs clearly divide responsibilities between their executive and governance bodies and have well-developed administrative and financial management systems. Few CSOs are able to engage full-time staff. Most CSO representatives work as volunteers or individual entrepreneurs, which allows them to pay fewer taxes. This trend

worsened in 2020 as a result of the pandemic, as some organizations had insufficient resources to pay their workers. Public relations and communication professionals became more actively involved in the work of CSOs during the pandemic.

According to a May 2020 survey conducted by the Reanimation Package of Reforms (RPR) that focused on CSO capacity during the COVID-19 pandemic, more than two-thirds of CSOs (67.6 percent) began to implement innovative approaches in their activities, primarily by organizing conferences, trainings, consultations, and other events online. However, more than half of organizations (55.9 percent) state that online discussions were less effective than in-person ones.

According to the Ednannia survey, The Lockdown Year: Challenges and Needs of Civil Society under COVID-19 Crisis and Quarantine, many CSOs said that the lack of necessary software and equipment, including laptops, printers, and cameras, was the main challenge during the year and inhibited their ability to move their activities online and work remotely during the lockdown.

In 2020, some online service providers provided CSOs with free technical tools. For example, Google provided several new opportunities for Ukrainian CSOs through the Google for Nonprofits program, including free G Suite, Ad Grants, YouTube for non-profits, and data visualization tools such as Google Earth and Google Maps.

FINANCIAL VIABILITY: 4.0

The financial viability of CSOs in Ukraine remained stable in 2020.

According to a study on charitable giving conducted by the Zagoriy Foundation, most contributions to CSOs in 2020 came from individuals and the business sector, international donors, government programs, and through social entrepreneurship. More than half (57 percent) of Ukrainian charitable organizations are funded through local contributions, while 35 percent of organizations attract resources from abroad. However, the study does not indicate the exact funding breakdown, including which type of funding was the most predominant and what funding techniques were the most effective.

Overall, foreign donors continued to be the main source of funding for the CSO sector, with the exception of charitable organizations. In 2020, foreign donors provided increased funding for CSOs. According to ForeignAssistance.gov, the United States obligated $31.9 million in aid to Ukrainian civil society and spent $27.6 million in 2020, nearly three times more than in 2019. EU funding for Ukrainian civil society doubled from 2019 levels to reach EUR 20 million in 2020. Donor funds were directed not only at specific projects, but also towards the institutional capacity and organizational development of CSOs.

State funding continues to be an important source of funding for CSOs. In 2020, the government allocated UAH 66 million (approximately $ 2.4 million) to support CSOs working on disability rights (compared to UAH 89 million in 2019), as well as UAH 8.6 million (approximately $ 311,000) to veterans' organizations (down from UAH 22.5 million in 2019), UAH 13.5 million (approximately $ 490,000) for youth and children's organizations (up from UAH 12 million in 2019), and UAH 8 million (approximately $290,000) for organizations focused on the patriotic civic education of youth (the same amount as provided in 2019). More than half of these funds were distributed without competitive procedures. The state also provided approximately UAH 334 million (approximately $12.1 million) in 2020 for the implementation of cultural projects through the Ukrainian Cultural Foundation, less than half the amount provided in 2019. There is still no state financial support available to environmental, human rights, educational, and other types of organizations. The government did not provide any special support to CSOs affected by the COVID crisis.

Local governments also continued to support CSOs. About UAH 50 million (approximately $1.8 million) is budgeted for such initiatives, out of which UAH 40 million (approximately $1.5 million) is distributed on a

competitive basis. As of 2020, competitions for veterans' CSOs and CSOs assisting people with disabilities were introduced in fifteen oblasts and in the city of Kyiv; one region only held a competition for veterans' CSOs, while eight regions held no competitions at all.

CSOs continue to receive limited funding from individual contributions. According to a nationwide survey on civic engagement conducted by the ENGAGE program in summer 2020, most Ukrainians believe that public initiatives and organizations should be funded by wealthy people (62.7 percent) and businesses (51.1 percent). Approximately one-fifth (19.9 percent) believe that individuals should also support CSOs' activities. The poll also found that one out of every five Ukrainians (20.9 percent) made donations to charitable organizations or CSOs during the past twelve months. Among the factors that motivate them to contribute to a CSO, respondents named clear goals and results of specific civil initiatives (37.6 percent), transparent management of funding (30.4 percent), and references from people they trust (30.1 percent). One in every three Ukrainians (31.8 percent) who supported at least one initiative stated that it was a positive experience that brought the desired results.

CSOs at the local level are quite adept at raising funds from local residents and individual patrons. According to a survey conducted by the NGO Modern Format within the framework of the United Nations Development Programme (UNDP) project Civil Society for the Development of Democracy and Human Rights in Ukraine, the main sources of funding for CSOs in the Zhytomyr region in 2020 were charitable donations from individuals and membership fees. However, due to COVID, most local organizations received less support from patrons and businesses in 2020.

While CSOs have yet to adopt the practice of raising funds over SMS, crowdfunding initiatives have become quite popular. In 2020, the Renaissance Foundation provided more than UAH 2 million (approximately $72,400) in matching funding to CSO projects that had successfully raised funds through crowdfunding.

In June 2020, Google in Ukraine made available the Google for Nonprofits program, which provides non-monetary grants of up to $10,000 per month in the form of advertising in Google search results.

In February 2019, the government issued a letter explaining how CSOs could conduct business activities without losing their nonprofit status, resulting in positive growth in this area. However, CSOs still need to gain more experience from the business sector in order to improve overall efficiency in this area. An EU-funded project published a White Paper on the Development of Social Entrepreneurship in Ukraine in September 2020. The White Paper analyzes international experience and recommends appropriate state policy for the development of social entrepreneurship in Ukraine at the national, regional, and local levels.

Financial planning and financial management continued to be challenging for smaller CSOs, while large organizations improved their competency in this area.

ADVOCACY: 2.3

CSO advocacy deteriorated slightly in 2020. The reshuffling of the government in March 2020, including the ousting of the prime minister and the cabinet, impacted CSOs' ability to gain the trust of and work effectively with the government, as many of the newly appointed officials were more conservative and close-minded than their predecessors. In addition, pandemic restrictions in the country and the focus on local elections contributed to a decline in both the level and effectiveness of CSO advocacy activities.

According to the ENGAGE survey, participation in public committees was the most popular form of civic engagement (8.4 percent), followed by participation in public hearings (6.7 percent) and in peaceful assemblies (6.2 percent). Only 5.7 percent of those surveyed said they issued complaints about infrastructure issues and 4.7 percent said they initiated electronic petitions to send to their respective mayor, district, or regional council, and the president, among others.

Restrictions on public gatherings and movement related to the pandemic significantly reduced the number of round tables, forums, conferences, and other events in 2020, thereby decreasing opportunities for public participation. While many public events and practices were curtailed under the pretext of enforcing the lockdown, many felt that the government's reluctance to engage with CSOs was also partially responsible for these cancellations.

On a positive note, state executive bodies increased their use of online tools to involve the public in the drafting of policies and legislation and CSOs made better use of online communication tools, such as Zoom and Skype, to engage in dialogue with the government. For example, the Facebook page Civil Society and Government was created to inform people when public consultations were being held. However, mastering these new online tools took some time and many opportunities were lost.

In the summer of 2020, the government and representatives of the public sector began working on a new National Strategy for Civil Society Development for 2021-2026 that will determine the priorities of state support for the development of civil society in the coming years. The government held thirty-seven events and consultations with CSOs to develop the strategy during the year. In total, the project received more than 500 recommendations and comments from representatives of CSOs. The consultation process for the strategy was still ongoing at the end of 2020 and consultations with the authorities had begun.

In early 2020, the Verkhovna Rada established a working group with CSOs and other stakeholders to develop draft laws on various topics related to improving democracy and transparency and increasing civic engagement and participation in governance. With the participation of the working group, a draft law was developed to allow laws to be passed on the national level through a public referendum; the law was passed in January 2021. In October 2020, the Cabinet of Ministers of Ukraine approved a draft Law on Public Consultations, which defines the issues on which government entities are obliged to hold public consultations and prohibits the consideration of draft acts on which government entities did not organize consultations with the public.

From November 17-27, 2020, an online forum titled Dialogues on Reforms: On the Way to Vilnius was held, allowing leading politicians and civil society experts to discuss the progress of reforms that had taken place during the first year of the new government and parliament and to outline reform priorities for Ukraine in 2020-2021. During the forum, twenty-three panel discussions took place, including a platform devoted to the development of civil society in Ukraine. Each panel developed specific recommendations. In the field of CSO development, for example, recommendations included creating a platform for online interaction between the public and authorities, transferring all registration procedures for CSOs to an online platform, and introducing electronic competition of projects for state support of CSOs.

The project Pilot Implementation of the All-Ukrainian Public Budget, which is funded by the State Fund for Regional Development and implemented by the All-Ukrainian public budget Expert Office, allowed regions to identify and vote on projects to be funded through public consultation. By the end of the year, five regions had implemented projects while four others had started them.

According to the results of the poll conducted by Democratic Initiatives Foundation in April and May 2020, the main problems that impede a good working relationship between CSOs and the government include: reluctance of the authorities to cooperate; prejudice against CSOs; and non-transparency of the government and lack of information about its decisions.

CEDEM conducted its fifth School of Advocacy in December 2020. Through this initiative, thirty-one CSO representatives with basic experience in advocacy were able to deepen their knowledge to work further in this field.

CSOs continued to increase their interaction with local authorities, although the local elections and COVID-19 negatively affected the effectiveness of advocacy in some regions. On the eve of the local elections in Ukraine, Transparency International Ukraine and the Institute of Political Education presented the Code of Transparent Government, which promotes the development of good governance practices and local government accountability. In addition, Transparency International Ukraine created an online platform for transparency and accountability of local authorities. This platform allows community residents and CSO representatives to assess the levels of transparency and accountability of local authorities, provide feedback, and communicate with the authorities.

SERVICE PROVISION: 3.2

The overall level of service provision remained largely the same in 2020. CSOs successfully reoriented their activities to support vulnerable groups and the needs of the health system stemming from the COVID-19 pandemic. At the same time, however, the pandemic conditions negatively affected the ability of CSOs, in particular social service providers, to perform their tasks and activities. In addition, neither the state nor donor institutions prioritized support for CSOs' activities in this area.

Although social services remain the most prominent area of CSOs' activity, CSOs also provide educational and environmental services and legal aid, mostly for free. In 2020, however, most CSO services focused on combating the consequences of COVID-19. Many organizations came together to support vulnerable groups, such as the elderly, the homeless, and doctors and medical staff. For example, in the beginning of the lockdown in Ukraine, public organizations in Donbass joined forces to support the population by creating the initiative Let's Beat COVID-19 Together, which provided free legal and psychological assistance online and through a hotline. In addition, volunteers of the initiative distributed products to the elderly and disseminated information about COVID-19.

Most services in 2020 were provided online. While this model worked well for training, educational, and consultative activities, CSOs providing social services faced more difficulties moving their services online, as many require in-person contact.

CSO services generally respond to the needs of the communities they serve. According to data from Ednannia, CSOs show some improvement in understanding the needs of their clients and target audiences. In 2020, these needs focused primarily on overcoming the effects of the pandemic.

Although an increasing number of organizations provide paid services, this still remains a minor source of revenue. According to Prozorro, an online platform for public procurement, CSOs received contracts worth just UAH 2.3 million (approximately $83,300) for the provision of COVID-19 prevention services in 2020. Altogether, CSOs won tenders through Prozorro worth UAH 262.6 million (approximately $9.5 million) during the year.

On January 1, 2020, the Law on Social Services came into force. According to this law, CSOs are full-fledged providers of social services, and the state may now purchase these services from them. However, as some legal acts of the Cabinet of Ministers of Ukraine are not yet harmonized with the Law on Social Services, local governments purchased only a few social services from CSOs over the course of the year.

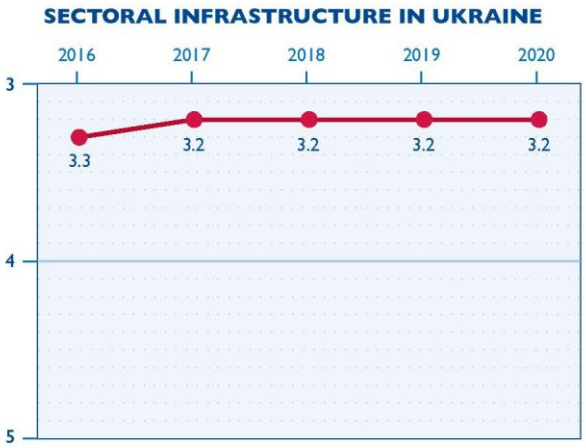
SECTORAL INFRASTRUCTURE: 3.2

The infrastructure supporting the CSO sector remained stable in 2020. While collaboration among CSOs and between CSOs and other institutions increased, pandemic restrictions had a negative impact on CSOs' abilities to hold live events on the ground in most communities, which previously fostered interaction between CSOs and other actors.

Donors and intermediary support organizations continued to provide grants for the development of CSOs' organizational capacity. Requests for these types of grants increased in 2020. The EU launched the EU4CSOs project, which helped to increase the capacity of Ukrainian CSOs during the pandemic. Ednannia, a traditional provider of CSO capacity support, is one of the implementers of this project.

CSOs increasingly worked in coalitions and networks in 2020, including on advocacy activities. For example, the network of CSO hubs, which operates with the support of UNDP, initiated local advocacy campaigns in 2020. As a result, twenty-seven normative legal acts and decisions on the development of local democracy were adopted.

The enhanced level of cooperation among CSOs is evidenced by the creation of large-scale common projects, such as the Legal Reforms Roadmap for Civil Society in Ukraine, as well as the National Strategy for Civil Society Development, which involved about 200 representatives of CSOs and experts from various ministries. RPR, one of the largest CSO coalitions in Ukraine, continued to promote CSO consolidation throughout the country in 2020. According to the study *Recommendations for further development and support of CSO coalitions in Ukraine*, conducted in August 2020 by CEDEM, twenty-two out of the thirty-eight organizations surveyed have incorporated the experience and policies of RPR into their own work. The study also identified ten key areas of development for CSO coalitions, including specific recommendations for improvement in each target area.



Cooperation among charitable organizations is also intensifying. According to a study by the Zagoriy Foundation titled *Charity in Ukraine: an Inside Look* (October-December 2019), 67 percent of representatives of charitable organizations cooperate with partner organizations to implement common projects and exchange information. Charitable organizations have also developed relationships with other actors, such as the business community and the media. According to representatives of charities, businesses' main interest in allocating funds to charities is a desire to solve important problems (66 percent), because they sympathize with the needy (54 percent), and because they simply enjoy supporting good deeds (48 percent). It was noted that 52 percent of charitable organizations cooperate with the media mostly to inform them about the successes of their completed projects.

CSO representatives had the opportunity to attend various online trainings and workshops to improve their skills during 2020. The Ukrainian Catholic University continued to offer its master's program in nonprofit management. Despite the lockdown, CEDEM, in conjunction with the Open University of Reforms and the School of Advocacy and Communication, continued to offer educational opportunities, primarily to young people interested in working on various reform projects.

Intersectoral partnerships were robust in the fight against the pandemic. For example, CSOs created partnerships with businesses, diaspora groups, creative agencies, and political parties to purchase the equipment needed by the Ukrainian health-care system. Charity Map 2.0 is a database of anti-pandemic initiatives undertaken by charitable organizations, businesses, and individuals from all regions of Ukraine.

Ednannia organized the IX Civil Society Development Forum in December 2020. Due to pandemic restrictions, the event was held as an open online "telemarathon," bringing together approximately 9,500 participants from twenty-four regions, including Donetsk, Luhansk, and Crimea. For the first time, regional events were held on the same day as the main event in Kyiv. The forum enhanced networking between CSOs, government, and business, by improving each party's understanding of the main challenges and needs of Ukrainian civil society and identifying common ground for cooperation.

PUBLIC IMAGE: 3.3

The CSO sector's public image did not change in 2020. According to research by the Razumkov Center that was published in December 2020, public trust in civil society decreased slightly but remained relatively high. Approximately 46 percent of respondents indicated that they trust CSOs (a decrease from 51 percent in 2019) and 66 percent indicated that they trust volunteer organizations (a decrease from 70 percent in 2019). The difference between those who trust public organizations and those who do not dropped significantly compared to 2019 (0.3 percent in 2020 as compared to 15.8 percent in 2019). CSOs were actively involved in countering the effects of the COVID-19 pandemic, which strengthened their credibility in the public eye.

Despite this public support, Ukrainian CSOs faced some challenges in establishing an effective dialogue with the government during the year. Headed by Prime Minister Shmygal, the new government showed itself to be quite

closed with limited understanding of CSO activities. On a positive note, the information campaign Civil Society and Government - Best Cooperation Practices, implemented by the Ministry of Culture and Information Policy and a consortium of CSOs including UCIPR, Ednannia, and CEDEM as part of the Ukraine Civil Society Sectoral Support Activity Project, gathered examples of successful cooperation between the civil sector and government. For example, the CSO Urban City Development Agency received funding for the project Give a City to a Tourist through the public budget competition. The project was implemented with the support of the Economic Department of the Executive Committee of the Kryvyi Rih City Council and the Municipal Enterprise Institute of Development of the City of Kryvyi Rih. The aim of the project was to raise awareness among hospitality workers—including taxi drivers, waiters, and hotel workers—about tourist attractions in Kryvyi Rih and teach them to present these attractions to visitors to the city.

A number of media outlets continued to run negative information campaigns about CSOs and civil activists in 2020. For example, media published inaccurate information about the activities of CSOs, activists, and human rights defenders, sensitive personal data (such as their addresses, phone numbers, and information about their families), and hate speech. In November 2020, the Ukrainian Helsinki Human Rights Union (UHHRU), the Zmina Human Rights Center, and the Institute of Mass Media (IMM) launched the Media Fuflo project to counter this phenomenon. It compiled and published a list of eighteen media outlets that disseminated discrediting and manipulative information about human rights and civil society activists in 2020.

Campaigns against the civil sector contributed to a persistent negative attitude towards CSOs on certain issues. According to the research *What do Ukrainians expect from NGOs?*, conducted by the NGO Center for Communication Modeling (CCM) from July 20 to August 10, 2020, 40 percent of respondents believe that the activities of foreign donors should be controlled and blocked; 40 percent believe that foreigners receive data through NGOs in order to establish control over attractive areas of Ukraine's economy; and 45 percent share the opinion that NGOs collude with foreign structures to share these grant funds. At the same time, 70 percent believe that simply because they are recipients of foreign funding does not necessarily mean that NGOs are not working in Ukraine's interests.

CSOs continued to work with some journalists and independent media companies in 2020, including at the local level. For example, the local CSO Development Platform in Chernihiv (Zaporizhzhya region) cooperates with the newspaper Voice of Chernihiv to publish its announcements, news, and information about major events. CSOs also actively use social media—primarily Facebook, Twitter, Instagram, Telegram, and even TikTok—to promote their image and activities.

Large CSOs generally issue annual program and financial reports, while small ones either do so irregularly or not at all. CSOs do not actively implement or adhere to good governance principles.

ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

INSTRUCTIONS FOR CSOSI IMPLEMENTING PARTNERS

2020 CSO SUSTAINABILITY INDEX

I. INTRODUCTION

USAID's Civil Society Organization Sustainability Index (the Index or CSOSI) reports annually on the strength and overall viability of CSO sectors in Africa, Middle East and North Africa (MENA), Central and Eastern Europe and Eurasia, and Mexico. The CSO Sustainability Index is a tool developed by USAID to assess the strength and overall viability of CSO sectors in countries around the world. By analyzing seven dimensions that are critical to sectoral sustainability, the Index highlights both strengths and constraints in CSO development. The Index allows for comparisons both across countries and over time. Initially developed in 1997 for Central and Eastern Europe and Eurasia, the CSOSI is a valued tool and methodology used by non-governmental organizations (NGOs), governments, donors, academics and others to better understand the sustainability of the civil society sector. USAID is continually striving to ensure the cross-national comparability of the Index scores, and to improve the reliability and validity of measurements, adequate standardization of units and definitions, local ownership of the Index, transparency of the process of Index compilation, and representative composition of panels delivering the scores.

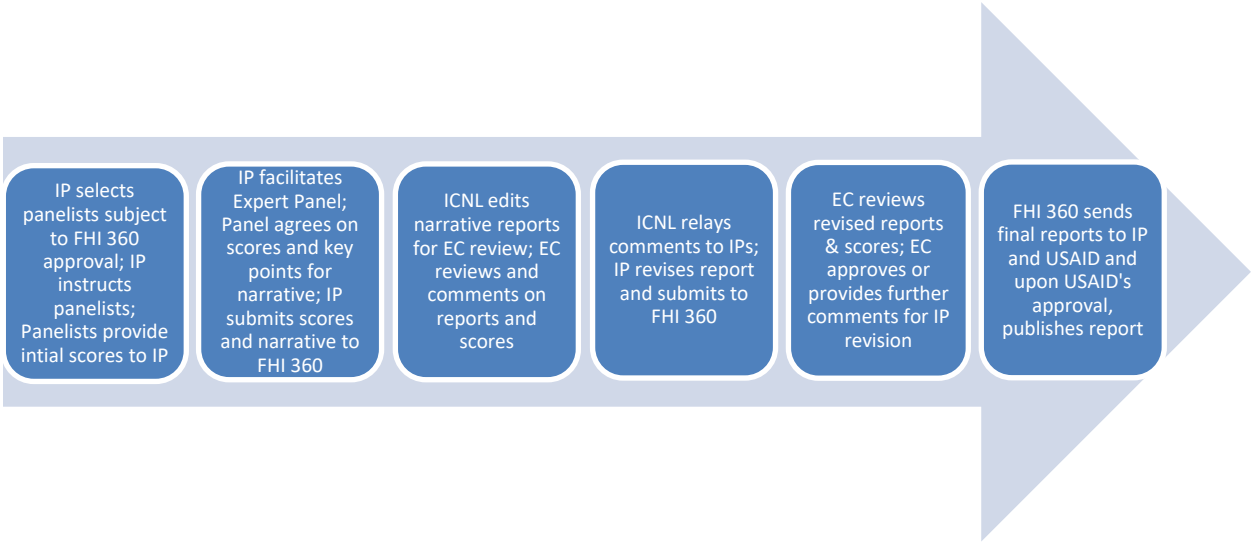
Beginning with the 2017 Index and for the following four years, FHI 360 and the International Center for Not-for-Profit Law (ICNL) are managing the coordination and editing of the CSOSI. A senior staff member from both FHI 360 and ICNL will serve on the Editorial Committee as will one or more senior USAID/Washington officials. FHI 360 will provide small grants to local CSOs to implement the CSOSI methodology in country, while ICNL will be primarily responsible for editing the reports. Local Implementing Partners (IPs) play an essential role in developing the CSO SI and need a combination of research, convening, and advocacy skills for carrying out a high quality CSOSI.

Local Implementing Partners should please remember:

- Panels must include a diverse range of civil society representatives.
- Panelists should formulate initial scores for dimensions and justifications individually and in advance of the Panel Meeting.
- Discuss each indicator and dimension at the Panel Meeting and provide justification for the proposed score for each dimension.
- Compare the score for each dimension with last year's score to ensure that the direction of change reflects developments during the year being assessed.
- Note changes to any indicators and dimensions in the country report to justify proposed score changes.
- The Editorial Committee will request additional information if the scores are not supported by the report. If adequate information is not provided, the EC has the right to adjust the scores accordingly.

II. METHODOLOGY FOR THE IMPLEMENTER

The following steps should be followed by the IP to assemble the Expert Panel that will meet in person to discuss the status of civil society over the reporting year, determine scores, and prepare a country report for the 2020 Civil Society Organization (CSO) Sustainability Index.



1. Select Panel Experts. Carefully select a group of at least 8-10 civil society representatives to serve as panel experts. Panel members must include representatives of a diverse range of CSOs and other stakeholders, such as:

- CSO support centers, resource centers or intermediary support organizations (ISOs);
- CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- CSOs involved in local and national level government oversight/ watchdog/ advocacy activities;
- Academia with expertise related to civil society and CSO sustainability;
- CSO partners from government, business or media;
- Think tanks working in the area of civil society development;
- Member associations such as cooperatives, lawyers' associations and natural resources users' groups;
- Representatives of diverse geographic areas and population groups, e.g., minorities;
- International donors who support civil society and CSOs; and
- Other local partners.

It is important that the Panel members be able to assess a wide spectrum of CSO activities in various sectors ranging from democracy, human rights and governance reforms to the delivery of basic services to constituencies. CSOs represented on the panel must include both those whose work is heavily focused on advocacy and social service delivery. To the extent possible, panels should include representatives of both rural and urban parts of the country, as well as women's groups, minority populations, and other marginalized groups, as well as sub-sectors such as women's rights, community-based development, civic education, microfinance, environment, human rights, and youth. The Panel should to the extent possible include an equal representation of men and women. If two or more representatives of the same CSO participate in the Panel, they can only cast one vote. It is recommended that at least 70 percent of the Expert Panel be nationals of the country that is being rated.

In countries experiencing civil war, individuals should be brought from areas controlled by each of the regimes if possible. If not, individuals from the other regime's territory should at least be contacted, to incorporate their local perspective.

In some instances, it may be appropriate to select a larger group in order to better reflect the diversity and breadth of the civil society sector in the country. For countries where regional differences are significant,

implementers should incorporate, to the greatest extent possible, differing regional perspectives. If financial constraints do not allow for in-person regional representation, alternative, low cost options, including emailing scores/ comments, teleconferencing/Skype, may be used.

If there is a USAID Mission in the country, a USAID representative must be invited to attend the panel. USAID representatives that attend are welcome to provide some words of introduction to open the event, as it is funded by USAID, and they are welcome to observe and participate in the discussion. However, they will not have the ability to cast their vote in terms of scores.

Please submit to FHI 360 for approval the list of the Panel members who you plan to invite at least two weeks before the meeting is scheduled to occur using the form provided in Annex A. It is the responsibility of the IP to ensure that the panel composition, and the resulting score and narrative, are sufficiently representative of a cross-section of civil society and include the perspectives of various types of stakeholders from different sectors and different areas of the country.

2. Prepare the Panel meeting. Ensure that panel members understand the objectives of the Panel, including developing a consensus-based rating for each of the seven dimensions of civil society sustainability covered by the Index and articulating a justification or explanation for each rating consistent with the methodology described below. We encourage you to hold a brief orientation session for the panelists prior to the panel discussion. This is particularly important for new panelists but is also useful to update all panelists on methodology and process changes. Some partners choose to hold a formal training session with panel members, reviewing the methodology document and instructions. Other partners provide a more general discussion about the objectives of the exercise and process to the panelists.

Definition of CSO:

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

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

The overall goal of the Index is to track and compare progress in the sector over time, increasing the ability of local entities to undertake self-assessment and analysis. To ensure a common understanding of what is being assessed, the convener shall provide a definition of civil society to the panel members. The CSOSI uses the enclosed definition to ensure the report addresses a broad swath of civil society.

In order to allow adequate time to prepare for the panel, distribute the instructions, rating description documents and a copy of the previous year's country chapter to the members of the Expert Panel a minimum of three days before convening the Panel so that they may develop their initial scores for each dimension before meeting with the other panel members. It is critical to emphasize the importance of developing their scores and justifications before attending the panel. It is also important to remind panel members that the scores should reflect developments during the 2020 calendar year (January 1, 2020, through December 31, 2020).

We also recommend you encourage panelists to think of concrete examples that illustrate trends, since this information will be crucial to justifying their proposed scores. In countries with closing civic space, the IP should take initiative to ensure that expert panel members do not self-censor themselves, including by taking whatever measures possible to build trust. The confidentiality of all members must be ensured and participants must be protected against retaliation; to this end, the IP can choose to enforce Chatham House Rules.

Lastly, it is highly recommended to compile and send to panelists data and information sources to guide them as they score. Recommendations of information sources are listed below under #4.

We are very interested in using the preparation of this year's Index to track lessons learned for use in improving the monitoring process in upcoming years. We would appreciate implementers recording and submitting any observations they might have that will increase the usefulness of this important tool. In addition, we will solicit feedback through regional debriefs, and will continue to maintain an online forum where IPs can share best practices, ask questions, and submit their comments or suggestions. These methods will be supplemented by brief satisfaction surveys that will be used to help evaluate the success of methodological and process innovations.

3. **Convene a meeting of the CSO Expert Panel**.

3.a. We do not require panelists to score individual indicators but only overall dimensions. For each dimension, allow each panel member to share his or her initial score and justification with the rest of the group. (Note: If two or more representatives of the same CSO participate in the Panel, only one vote can be cast on their behalf.) Although scoring will not take place at the indicator level, please be sure that panel members discuss each indicator within each dimension of the CSOSI and provide evidence-based, country-relevant examples of recent or historical conditions, policies, and events within each of the dimension narratives. Please take notes on the discussion of each indicator and dimension, detailing the justification for all dimension scores, in the template provided. These notes must be submitted to FHI 360 with the first draft of the narratives (they do not have to be translated to English if not originally written in English).

At the end of the discussion of each dimension, allow panel members to adjust their scores, if desired. Then, for each dimension, eliminate the highest score and the lowest score (if there are two or more of the highest or lowest scores, only eliminate one of them) and average the remaining scores together to come up with a single score for each dimension. Calculate the average or arithmetic mean[22] of these scores for a preliminary score for the dimension. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Use a table similar to the one provided below to track panel members' scores without personal attribution.

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

3.b. Once a score is determined for a dimension, please have panel members compare the proposed score with last year's score to ensure that the direction and magnitude of the change reflects developments during the year. For example, if an improved score is proposed, this should be based on concrete positive developments during the year that are noted in the report. On the other hand, if the situation worsened during the year, this should be reflected in a worse score (i.e., a higher number on the 1-7 scale).

Please note that for countries where a democratic revolution took place in the previous year, the panelists should be conscious to avoid scoring based on a post-revolution euphoria. The score-change framework should be closely followed to avoid panelists scoring based on anticipated changes, rather than the actual level of change thus far.

A change of 0.1 should generally be used to reflect modest changes in a dimension. Larger differences may be warranted if there are more significant changes in the sector. The evidence to support the scoring change must always be discussed by the panel and documented in the dimension narrative. See **CSOSI Codebook – Instructions for Expert Panel Members** for more details about this scoring scale.

In addition, for each dimension score, review the relevant description of that dimension in "CSOSI Codebook – Tiers and Scores: A Closer Look." Discuss with the group whether the score for a country matches that rating

[22] Arithmetic mean is the sum of all scores divided by the total number of scores.

description. For example, a score of 2.3 in organizational capacity would mean that the civil society sector is in the "Sustainability Enhanced" phase. Please read the "Sustainability Enhanced" section for Organizational Capacity in "Ratings: A Closer Look" to ensure that this accurately describes the civil society environment.

If the panel does not feel that the proposed score is accurate after these two reviews, please note this when submitting proposed scores in your narrative report, and the Editorial Committee will discuss whether one or more scores needs to be reset with a new baseline. Ultimately, each score should reflect consensus among group members.

3.c. Discuss each of the seven dimensions of the Index and score them in a similar manner. Once all seven dimensions have been scored, average the final dimension scores together to get the overall CSO sustainability score. Please submit the table with the scores from the individual panelists together with the narrative report. Panelists should be designated numerically.

3.d. Please remind the group at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C. The Editorial Committee will ensure that all scores are adequately supported and may ask for additional evidence to support a score. If adequate information is not provided, the EC may adjust the scores.

4. Prepare a draft country report. The report should focus on developments over the calendar year 2020 (January 1, 2020, through December 31, 2020).

The draft report should begin with an overview statement and a brief discussion of the current state of sustainability of the civil society sector with regard to each dimension. In the overview statement, please include an estimated number of registered and active CSOs, as well as a description of the primary fields and geographic areas in which CSOs operate. Also include a brief overview of any key political, economic, or social developments in the country that impacted the CSO sector during the year. If this information is not provided, the editor will request it in subsequent rounds, which will require additional work from you.

The report should then include sections on each dimension. Each of these sections should begin with a summary of the reasons for any score changes during the year. For example, if a better score is proposed, the basis for this improvement should be clearly stated up front. These sections should include a discussion of both accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses that impact the operations of a broad range of CSOs. Each indicator within each dimension should be addressed in the report.

The report should be written based on the Panel members' discussion and input, as well as a review of other sources of information about the CSO sector including but not limited to analytical studies of the sector, statistical data, public opinion polls and other relevant third-party data. Some international sources of information and data that should be considered include the following:

- CIVICUS State of Civil Society Report - https://www.civicus.org/index.php/state-of-civil-society-report-2019
- CIVICUS Monitor -- https://monitor.civicus.org/
- World Giving Index - https://www.cafonline.org/about-us/publications
- Varities of Democracy (V-Dem) - https://www.v-dem.net/en/analysis/CountryGraph/
- Media Sustainability Index - https://www.irex.org/projects/media-sustainability-index-msi
- Nations in Transit - https://freedomhouse.org/report-types/nations-transit#.VdugbqSFOh1
- Freedom in the World - https://freedomhouse.org/report/freedom-world/freedom-world-2019
- Freedom of the Press - https://freedomhouse.org/report-types/freedom-press
- ITUC Global Rights Index: https://www.ituc-csi.org/rights-index-2019
- ITUC Survey of Violations of Trade Union Rights: https://survey.ituc-csi.org/?lang=en
- U.S. Department of State Human Rights Report: https://www.state.gov/j/drl/rls/hrrpt/
- ICNL Civic Freedom Monitor: http://www.icnl.org/research/monitor/
- Carnegie Endowment for International Peace: https://carnegieendowment.org/regions
- Afro-Barometer: http://www.afrobarometer.org/

Please limit the draft reports to a maximum of **ten pages in English**. Please keep in mind that we rely on implementers to ensure that reports are an appropriate length and are well written.

While the individual country reports for the 2020 CSO Sustainability Index must be brief, implementers may write longer reports for their own use to more fully describe the substance of the panel meetings. Longer reports may include additional country context information or examples and could be used for a variety of purposes, including advocacy initiatives, research, informing project designs, etc.

Please include a list of the experts who served on the panel using the form provided. This will be for our reference only and will not be made public. Also, **please remember to provide the individual panelists' ratings for each dimension** (with the names replaced by numbers).

Submit the draft country reports with rankings via email to FHI 360 by the date indicated in your grant's Project Description.

5. Initial edits of the country report. Within a few weeks of receiving your draft report, FHI 360 and its partner, ICNL, will send you a revised version of your report that has been edited for grammar, style and content. As necessary, the editors will request additional information to ensure that the report is complete and/or to clarify statements in the report. Please request any clarification needed from the editor as soon as possible, then submit your revised report by the deadline indicated.

6. **Editorial Committee review**. In Washington, an Editorial Committee (EC) will review the scores and revised draft country reports. The EC consists of representatives from USAID, FHI 360, ICNL, and at least one regional expert well versed in the issues and dynamics affecting civil society in the region. A USAID representative chairs the EC. If the EC determines that the panel's scores are not adequately supported by the country report, particularly in comparison to the previous year's scores and the scores and reports of other countries in the region, **the EC may request that the scores be adjusted, thereby ensuring comparability over time and among countries, or request that additional information be provided to support the panel's scores**. Further description of the EC is included in the following section, "The Role of the Editorial Committee."

7. Additional report revision. After the EC meets, the editor will send a revised report that indicates the EC's recommended scores, and where further supporting evidence or clarification is required. Within the draft, boxes will be added where you will note whether you accept the revised scores or where you can provide further evidence to support the original proposed score.

The report should be revised and returned to the editor within the allotted timeframe. The project editor will continue to be in contact with you to discuss any outstanding questions and clarifications regarding the scoring and the report's content. Your organization will be responsible for responding to all outstanding comments from the EC, as communicated by the project editor, until the report is approved and accepted by USAID.

8. Dissemination and promotion of the final reports. After the reports are approved by USAID and final formatting is conducted, the country reports will be grouped into regional reports. Each Implementing Partner will be responsible for promoting both the final, published country report and the regional report. Your organization will conduct activities to promote the Index's use and its visibility. This may include organizing a local public event, panel discussion, or workshop and by making the report available electronically by web posting or creating a social network page for the country report and through the other methods described in your Use and Visibility Plan. Documentation that you have conducted these activities as described in that Plan must be submitted to FHI 360 before it will authorize the final payment.

III. THE ROLE OF THE EDITORIAL COMMITTEE

As an important step in the CSO Sustainability Index process, all country reports are reviewed and discussed by an Editorial Committee composed of regional and sector experts in Washington, DC, and an expert based in the region. This committee is chaired by a USAID Democracy Specialist and includes rotating members from USAID (past members have included experts from regional bureaus, the USAID Bureau for Democracy, Conflict and Humanitarian Assistance's Center of Excellence on Democracy, Human Rights and Governance (DCHA/DRG), the USAID Bureau for Economic Growth, Education and the Environment's Local Solutions Office, and USAID Democracy, Human Rights and Governance foreign service officers). The committee also includes civil society experts from FHI 360 and ICNL.

The Editorial Committee has three main roles. It reviews all reports and scores to ensure that narratives are adequate and compelling from the standpoint of supporting the proposed score and to determine if the proposed change in score is supported by the narrative. A compelling narrative demonstrates that a score results from evidence of systematic and widespread cases and is not based on one or two individual cases. For example, a country environment characterized by a growing number of CSOs with strong financial management systems that raise funds locally from diverse sources is a compelling justification for an elevated financial viability score. A country in which one or two large CSOs now have the ability to raise funds from diverse sources is not. The Editorial Committee also checks that scores for each dimension meet the criteria described in "Ratings: A Closer Look," to ensure that scores and narratives accurately reflect the actual stage of CSO sector development. Finally, the Editorial Committee considers a country's score in relation to the proposed scores in other countries, providing a regional perspective that ensures comparability of scores across all countries.

CSOs are encouraged to remind their panels from the outset that the Editorial Committee may ask for further clarification of scores and may modify scores, where appropriate. **While implementing partners will have the chance to dispute these modifications by providing more evidence for the scores the panel proposed, the USAID Chair of the EC will ultimately have the final say on all scores.** However, by asking panels to compare their scores with last year's scores and "Ratings: A Closer Look" (which is essentially what the Editorial Committee does), it is hoped that there will be few differences between proposed scores and final scores. Ensuring that the narrative section for each dimension includes adequate explanations for all scores will also limit the need for the Editorial Committee to ask for further clarification.

INSTRUCTIONS FOR CSOSI EXPERT PANEL MEMBERS

Introduction

USAID's Civil Society Organization Sustainability Index (the Index or CSOSI) is a tool developed by USAID to assess overall viability of civil society organizations (CSOs) in a particular country. By analyzing seven dimensions that are critical to sectoral sustainability on an annual basis, the Index highlights both strengths and constraints in CSO development.

The Index allows for comparisons both across countries and over time. Initially developed in 1997 for Central and Eastern Europe and Eurasia, the CSOSI is a valued tool and methodology used by CSOs, governments, donors, academics and others to better understand the opportunities, challenges and sustainability of the civil society sector in a particular country or region. In 2020 the CSOSI was implemented in 73 countries.

For the period of 2017-2022, FHI 360 and the International Center for Not-for-Profit Law (ICNL) are managing the coordination and editing of the CSOSI. To develop the Index each year, FHI 360 provides small grants and technical support to local CSOs who serve as Implementing Partners (IPs) responsible for leading the in-country process to prepare the annual country report, using the CSOSI methodology. ICNL oversees the editing the country reports once they are drafted by IPs. A senior staff member from both FHI 360 and ICNL serves on an Editorial Committee that reviews all reports, as do one or more senior USAID/Washington officials.

The Expert Panel (EP) members for whom this Codebook is designed participate in in-country panel discussions on the seven dimensions of sustainability covered by the Index. The IP convenes these panel discussions annually to assess the situation of civil society in their countries and determine scores based on an objective analysis of the factual evidence.

The CSOSI management team is continually striving to ensure the cross-country and cross-year comparability of the Index's scores, as well as to improve the reliability and validity of measurements, standardization of definitions, local ownership of the Index, and transparency of the Index's methodology and processes.

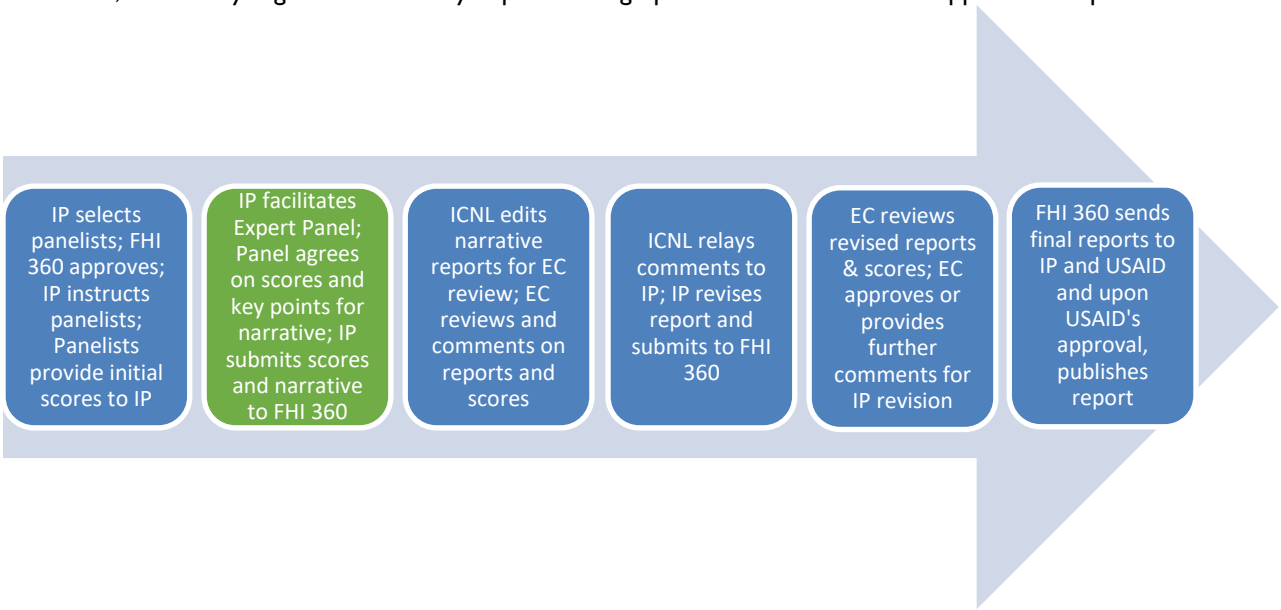
Therefore, FHI 360 has created this Codebook to inform and guide expert panel members through the scoring process. The Codebook provides definitions of the key concepts used to assess the overall strength and sustainability of the civil society sector in a given country, explains the scoring process, and standardizes the scale to be used when proposing score changes.

This document is the first part of the Codebook, providing an overview of the concepts and processes that guide the expert panel members' role in the CSOSI's methodology. The second part of the Codebook provides descriptions, or vignettes, of each score for each dimension, to standardize expert panel members' understanding of the scoring scale and to assist them in ensuring that scores are accurate.

CSOSI Methodology

The CSOSI measures the sustainability of each country's CSO sector based on the CSOSI's seven dimensions: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image. Its seven-point scoring scale used not only by CSOSI, but also variety of well-known reviews such as Freedom House in its publications "Nations in Transit" and "Freedom in the World."

The IP in each country leads the process of organizing and convening a diverse and representative panel of CSO experts. EPs discuss the level of change during the year being assessed in each of the seven dimensions and determine proposed scores for each dimension. The IP then drafts narratives that document the rationale for each score. The scores are organized into three basic "tiers" representing the level of viability of the civil society sector: *Sustainability Impeded*; *Sustainability Evolving*; and *Sustainability Enhanced*. All scores and narratives are then reviewed by a Washington, D.C.-based Editorial Committee (EC) for consistency, completeness and methodological adherence, assisted by regional civil society experts. The graph below summarizes the approach and process.



Definition of Concepts

The overall goal of the Index is to track progress or regression in the CSO sector over time, increasing the ability of local entities to undertake self-assessment and analysis. To ensure a common understanding of what is being assessed, panel members need a shared understanding of the key concepts underlying their assessment.

Civil Society Organization

Civil society organizations are defined:

"*...As any organizations, whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is a matter of free choice. Both member-serving and public-serving organizations are included. Embraced within this definition, therefore, are private, not-for-profit health providers, schools, advocacy groups, social service agencies, anti-poverty groups, development agencies, professional associations, community-based organizations, unions, religious bodies, recreation organizations, cultural institutions, and many more.*"[1]

[1] *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.*

This definition of CSO includes informal, unregistered groups and movements, but to be included in the CSOSI, the movement must possess the structure and continuity to be distinguished from a single gathering of individuals and from personal or family relationships. In many countries political parties and private companies establish and support CSOs, but these entities are usually either public, for-profit, or not self-governing.

Civil Society Sector
The CSOSI defines the CSO sector to include all of the following: non-governmental organizations (focused on advocacy, oversight, or service provision), social movements, community-based organizations and faith-based organizations, trade and labor unions, women's groups, youth groups, resource centers and intermediary support organizations, research institutes and think tanks, professional associations, cooperatives, and natural resource users' groups, recreational organizations, cultural institutions, social enterprises, and informal movements, networks, and campaigns.

Throughout the report, please address differences between these different types of CSOs and note where trends and developments have affected specific types of CSOs.

Seven Dimensions of Sustainability

The CSOSI measures sustainability across seven dimensions by analyzing a series of indicators related to each dimension. (**see Scoring: Dimensions and Indicators, provided as Annex A, for the full list of questions to guide your analysis of each indicator**):

1- **LEGAL ENVIRONMENT:** The legal and regulatory environment governing the CSO sector and its implementation.

Registration – Legal procedures to formalize the existence of a CSO
Operation – The enforcement of the laws and its effects on CSOs
State Harassment – Abuses committed against CSOs and their members by state institutions and groups acting on behalf of the state
Taxation – Tax policies that affect CSOs
Access to Resources – Legal opportunities for CSOs to mobilize financial resources
Local Legal Capacity – Availability and quality of legal expertise for CSOs

2- **ORGANIZATIONAL CAPACITY:** The internal capacity of the CSO sector to pursue its goals

Constituency Building – Relationships with individuals or groups affected by or interested in issues on which CSOs work
Strategic Planning – Organizational goals and priorities for a set timeframe
Internal Management – Structures and processes to guide the work of CSOs
CSO Staffing – Quality and management of human resources
Technical Advancement – Access to and use of technology

3- **FINANCIAL VIABILITY:** The CSO sector's access to various sources of financial support

Diversification – Access to multiple sources of funding
Local Support - Domestic sources of funding and resources
Foreign Support – Foreign sources of funding and resources
Fundraising – CSOs' capacity to raise funds
Earned Income – Revenue generated from the sale of products and services
Financial Management Systems – Processes, procedures and tools to manage financial resources and operations.

4- ADVOCACY: The CSO sector's ability to influence public opinion and public policy

Cooperation with Local and Central Government – Access to government decision-making processes
Policy Advocacy Initiatives – Initiatives to shape the public agenda, public opinion, or legislation
Lobbying Efforts – Engagement with lawmakers to directly influence the legislative process
Advocacy for CSO Law Reform – Initiatives to promote a more favorable legal and regulatory framework for the CSO sector

5- SERVICE PROVISION: The CSO sector's ability to provide goods and services

Range of Goods and Services – Variety of goods and services offered
Responsiveness to the Community – Extent to which goods and services address local needs
Clientele and beneficiaries – People, organizations and communities who utilize or benefit from CSOs' services and goods
Cost Recovery – Capacity to generate revenue through service provision
Government Recognition and Support – Government appreciation for CSO service provision

6- SECTORAL INFRASTRUCTURE: Support services available to the CSO sector

Intermediary Support Organizations (ISOs) and CSO Resource Centers – Organizations and programs that provide CSOs with training and other support services
Local Grant Making Organizations – Local institutions, organizations or programs providing financial resources to CSOs
CSO Networks and Coalitions – Cooperation within the CSO sector
Training – Training opportunities available to CSOs
Intersectoral Partnerships – Collaboration between CSOs and other sectors

7- PUBLIC IMAGE: Society's perception of the CSO sector

Media Coverage – Presence of CSOs and their activities in the media (print, television, radio and online)
Public Perception of CSOs – Reputation among the larger population
Government/Business Perception of CSOs – Reputation with the government and business sector
Public Relations – Efforts to promote organizational image and activities
Self-Regulation – Actions taken to increase accountability and transparency

How to Score

The CSO Sustainability Index uses a seven-point scale from 1 to 7. **Lower numbers indicate more robust levels of CSO sustainability**. These characteristics and levels are drawn from empirical observations of the sector's development in the country, rather than a causal theory of development. Given the complex nature of civil society sectors, many contradictory developments may be taking place simultaneously. The levels of sustainability are organized into three broad clusters:

Sustainability Enhanced (1 to 3) - the highest level of sustainability, corresponds to a score between 1.0 and 3.0;
Sustainability Evolving[2] *(3.1 to 5)* - corresponds to a score between 3.1 and 5.0;
Sustainability Impeded (5.1 to 7) – the lowest level of sustainability, corresponds to a score between 5.1 and 7.0.

Sustainability Enhanced	Sustainability Evolving	Sustainability Impeded
1.0 – 3.0	3.1 –5.0	5.1 –7.0

[2] The 'Sustainability Evolving' categorization does not assume a direct or forward trajectory. Dimension and Overall Sustainability scores that fall within this category may represent both improvements and regressions.

Scoring Process[3]

The primary role of the EP is to provide an assessment of the CSO environment based on the seven dimensions mentioned above. During the panel discussion, panel members are tasked with analyzing each dimension and any recent developments, identifying and discussing initial scores for each dimension, including their evidence for these scores, and determining their final proposed scores for each dimension. The overall score for the country will be an average of these seven scores.

Each expert panel member is asked to follow the steps below:

Step 1: Please start by reviewing last year's report and other sources of information about sectoral developments from the last year of which you are aware related to each dimension and its indicators. Then, based on the evidence, rate each dimension on the scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged. See "Scoring based on Level of Change" on page 6 below for guidance on how to determine proposed scores.

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

Step 2: Review your proposed score for each dimension to ensure that it makes sense in comparison to last year's score and narrative. Please carefully consider the importance of any developments and weigh more heavily those changes that have had an impact at the sector level, especially in cases when there have been both positive and negative changes. In determining the level of change, including the incremental change over the past year, look at the evidence of change, the various factors over the year being assessed that led to those changes (events, policies, laws, etc.), the durability of the change and the extent to which the change impacts the sector as a whole.

Step 3: Once you have scores for each dimension, average these seven scores together to arrive at an overall CSO sustainability score and provide all these scores to the IP before you attend the expert panel discussion.

Step 4: Attend the EP discussion. Listen to other experts describe the justification for their scores. After discussing each indicator in a dimension, you will have the opportunity to revise your proposed score. Should the panel achieve consensus regarding the scores, the consensus scores will be the panel's final proposed scores. If consensus is not reached among the panelists, the IP will average the panelists' scores, removing one instance of the highest and lowest scores each, to arrive at the final scores that will be proposed to the EC.

It is very important that the discussion includes specific examples and information that can be used to justify the Expert Panelist's scores. Therefore, please come prepared to share specific evidence to support trends you have noted during the year. **If adequate supporting information is not provided, the EC has the right to adjust the scores accordingly, to ensure objectivity and methodological consistency in scoring.**

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3 NOTE: For countries in which the CSOSI is being implemented for the first time, the below scoring process does not apply. Instead, please refer to the document Scoring Process for Setting Country Baselines. For countries discussing baseline score recalibration, please use the Recalibration Guidance Sheet.

Important Note: In countries with disputed territories or areas (e.g., self-declared states, breakaway states, partially recognized states, declared people's republics, proto-states, or territories annexed by another country's government), panelists should score based only on the area under the national government's control. However, these territories' contexts should be discussed, to be referenced briefly in the introduction of the country report.

In countries experiencing civil war (political and armed movements that administer parts of the country, regions governed by alternative ruling bodies), panelists should balance the situation in each of the territories when determining all scores, and discuss trends and developments under each regime.

In countries where a great deal of regional autonomy is recognized (e.g. Iraqi Kurdistan), expert panelists should take those areas into account when scoring and compiling examples, and IPs should ensure the situation in these areas are well-integrated into the scoring decisions and narrative report.

For countries with closing civic space, sufficient data and infrormational sources should be discussed to both aknowledge the changes in civic space and consider its impacts on dimensions. The panelists should respond to published sources and present their evidence to ensure balance between positive and negative developments affecting civil society in their country. To avoid self-censorship, and ensure the confidentiality of and non-retaliation against any expert panel member, the IP could choose to enforce the *Chatham House Rule*. When a meeting, or part thereof, is held under the *Chatham House Rule*, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

In countries where a democratic revolution took place in the previous year, the panelists should still closely follow the score-change framework when determing the new dimension-level scores to justify the changes, avoiding exaggerated score increases that may be due to a post-revolution feeling of euphoria. The proposed scores should always measure the actual changes thus far and not anticipated impacts in the near future.

Scoring Based on Level of Change

The level of change in a dimension from one year to the next is determined by assessing the impact of multiple factors including new policies and laws, changes in implementation of existing policies and laws, various organization-level achievements and setbacks, changes in funding levels and patterns, as well as contextual political, economic, and social developments. While individual examples may seem impactful on their own, ultimately a sector's long-term sustainability only changes gradually over time as the implications of these positive or negative developments begin to be felt and their long-term effects take hold. Therefore, dimension-level score changes each year should not in normal circumstances exceed a 0.5-point change from the previous year[4].

When determining what weight to give different trends and developments in how they affect the scores, consider the relative scope of the changes and the duration of their impacts. Those trends and developments that will have larger and longer-term impacts on the sector as a whole should be weighted more heavily compared to those that affect only limited parts of the sector and are more likely to change from year to year. For example, a demonstrated increased capability to mobilize domestic resources (e.g through corporate philanthropy or crowdfunding) broadly witnessed throughout the sector, or a new mechanism for long-term funding of CSOs (e.g. through a basket fund or a tax designation mechanism) would signal a longer-term change in a sector's financial viability than a one-year increase in donor funding to CSOs such as during a year of national elections or following an emergency.

In determining how the level of change in the dimension of sustainability should translate into a change in score, the following scale can be used to assist expert panel members' decision making:

[4] **Note:** This scale has been adjusted for the 2018 CSOSI to more accurately reflect the scale at which trends and developments should impact a score given the definitions of the scoring scale above.

What was the overall impact of the change(s) on the dimension?

Deterioration	**Cataclysmic deterioration**: Trends and developments have had a completely transformative negative effect on at least one or two indicators in the dimension and significantly affected other dimensions as well. Example: Legal Environment – A law has banned all international CSOs and their affiliates from the country, as part of the government's systematic crackdown on civil society organizations.	0.5 or greater
	Extreme deterioration: Trends and developments have had very important negative effects on at least one or two indicators in the dimension. Example: Organizational Capacity – Economic depression and instability have led donor basket funds to close abruptly, leaving many major CSOs without funding for their activities. Outreach efforts to constituencies have been halted due to funding shortages and many major CSOs have lost their well-qualified staff members.	0.4
	Significant deterioration: Trends and developments have had important negative effects on at least one or two indicators in the dimension. Example: Public Image – The government conducts a relentless media campaign to discredit the image of CSOs by calling them agents of foreign actors seeking to destabilize the country. At the same, the government intimidates media outlets and threatens them with retaliation should they partner with or cover CSO activities without prior approval by the government.	0.3
	Moderate deterioration: Trends and developments have had a somewhat negative impact in at least one or two indicators in the dimension. Example: Legal Environment – In an effort to increase public revenue, the government has decided to increase fees by 100% for some types of government services, including CSO registration renewal fees, which were already very high according to many CSOs. As a result, some CSOs, particularly community-based organizations (CBOs), had to delay or suspend their activities.	0.2
	Slight deterioration: Trends or developments have had a slightly negative impact on a at least one or two indicators in the dimension. Example: Legal Environment – The government has decided that CSOs should submit their financial statement and annual activity report to the registration agency every year. This may have a long-term positive effect but in the short-term it has increased bureaucratic hurdles and the possibility of harassment by overzealous government officials.	0.1
No Change	The country has not encountered any significant trends or developments in the dimension or developments have been both positive and negative in equal measure.	0
	Slight improvement: Trends or developments have had a slightly positive impact on a at least one or two indicators in the dimension. Example: Legal Environment – To facilitate CSO registration, particularly for those in rural areas, the government has decided its registration agency will allow the agency to take applications locally and process registration directly at the district level. Now, CSOs in rural areas are not required to travel to the capital to apply. However, this measure is accompanied with a small increase in the registration fee.	0.1

Improvement	**Moderate improvement**: Trends and developments have had a somewhat positive impact in at least one or two indicators in the dimension. Example: Service Provision – To improve the effectiveness of public service delivery, the central government has decided that at least 10% of local government contracts for basic service delivery will be set aside for CSOs. The law is lacking in specificity, particularly around the application process, but it reinforces CSOs' image as credible partners.	0.2
	Significant improvement: Trends and developments have had important positive effects on at least one or two indicators in the dimension. Example: Public Image – There has been a net increase of CSO partnerships with businesses. CSOs have also agreed to and published a general code of conduct for the sector, reinforcing a positive trend of greater transparency and accountability.	0.3
	Extreme improvement: Trends and developments have had very important positive effects on several indicators in the dimension. Example: Organizational Capacity – The government and international donors have launched a five-year multi-million-dollar basket funds to support CSO-led activities and to strengthen CSO capacity, with a special focus on skills training for CSO staff members, particularly those from CBOs.	0.4
	Transformative improvement: Trends and developments have had a completely transformative positive effect on at least one or two indicators in the dimension and will potentially affect other dimensions as well. Example: Legal Environment – A nonviolent revolution that toppled an authoritarian regime and installed a more democratic regime has produced sudden political and legal changes that will protect basic freedoms and human rights.	0.5 or greater

Instructions for Baseline Recalibration

Background

To enhance its methodology, the Civil Society Organization Sustainability Index (CSOSI) incorporated several activities into its annual process. These activities respond directly to the methodological issues identified through consultations conducted with stakeholders in 2018 and 2019.

One of these activities to strengthen the CSOSI methodology is to reset dimension-level scores which are not accurate, either because their baseline scores were inaccurate or because they have not moved significantly enough over time to reflect structural changes in the sector's sustainability. The goal of resetting these scores is to improve the cross-country comparability of scores and to increase the analytical usefulness of the CSOSI to its target audiences.

There are two scenarios in which a score can be recalibrated:

- Scenario 1
    - FHI 360 informs the Implementing Partner (IP) about the dimension score(s) that the Editorial Committee (EC) has flagged for needing recalibration
- Scenario 2:
    - A majority of expert panelists flag the score for recalibration at the panel discussion.

Scenario 1: EC recommended recalibration

Instructions

1. **Inform participating expert panel members about the scores flagged for recalibration** – When the IP sends the expert panelists the annual CSOSI package of relevant materials, it also communicates to them the purpose of baseline score recalibration and the dimension scores that have been selected by the EC, in consultation with regional experts, for recalibration.
2. **To determine the new score(s), use *Sustainability Categories and Scores – A Closer Look* and a comparison to other scores in the region** – Instead of using the scoring guidance whereby proposed scores are determined by analyzing the level of change from the previous year, the scores identified for recalibration are determined by analyzing where they should fall on the one-to-seven scoring scale, as well as a comparison with the other countries' CSOSI scores for that dimension in the same region. The expert panelists should review the vignettes and illustrative examples in *Sustainability Categories and Scores – A Closer Look* to familiarize themselves with how various levels of CSO sustainability should correspond to the CSOSI's scoring spectrum. Scores should be proposed to the tenth decimal point based on how well they match the descriptions of the various full-point scores listed in this codebook. To help narrow proposed scores to the tenth decimal point, experts can review other countries' scores listed for that dimension in the most recent CSOSI regional report.
3. **Discuss evidence for recalibrated scores, as well as trends and developments in the past year that led to improvements and deterioration in the dimension –** The narrative report should be drafted the same as in the other dimensions, reviewing the current situation and discussing what has changed over the previous year. A note will be included into the final report that clarifies that the new score for that dimension is based on a recalibration

and should not be compared with the previous year's score to make assertions about improvement or deterioration.

4. **Prepare and submit a recalibration justification note to FHI 360 –** To justify a proposed baseline recalibration, or to disagree with the EC's recommendation to recalibrate a score, the IP should prepare a justification note to be sent to FHI 360. The note should summarize the panel members' decision to accept or reject a requested recalibration. It should also outline the evidence and examples provided by the panelists related to each and every dimension being recalibrated, justifying the new score specifically in relation to the vignettes in *Sustainability Categories and Scores – A Closer Look.*
5. **The Editorial Committee will decide to accept or reject the proposed score –** As with scoring decisions based on the level of change, the EC will make a final decision on the proposed baseline recalibration. If EC rejects the proposed new score, it will propose an alternative score for the dimension.

Scenario 2: Expert Panel (EP) recommended recalibration

Instructions

1. **Inform participating expert panel members about the changes in methodology regarding recalibration** – When the IP sends the expert panelists the annual CSOSI package of relevant materials, it also communicates to them the purpose and the process of optional baseline score recalibration. If expert panel members believe that one or more dimension-level scores are significantly out of place, they should attend the panel discussion about a proposed score recalibration, bringing supporting evidence for the score(s) to be recalibrated.
2. **To determine the new score(s), use *Sustainability Categories and Scores – A Closer Look* and a comparison to other scores in the region** – Instead of using the scoring guidance whereby proposed scores are determined by analyzing the level of change from the previous year, the scores identified for recalibration are determined by analyzing where they should fall on the one-to-seven scoring scale, as well as a comparison with the other countries' CSOSI scores for that dimension in the same region. Expert panelists that want to propose a recalibration should review the vignettes and illustrative examples in *Sustainability Categories and Scores – A Closer Look* for the relevant dimension(s), to familiarize themselves with how various levels of CSO sustainability should correspond to the CSOSI's scoring spectrum. Scores should be proposed to the tenth decimal point based on how well they match the descriptions of the various full-point scores listed in this codebook. To help narrow proposed scores to the tenth decimal point, experts can review other countries' scores listed for that dimension in the most recent CSOSI regional report.
3. **Discuss evidence for recalibrated scores, as well as trends and developments in the past year that led to improvements and deterioration in the dimension** – If a majority of expert panelists want to recalibrate a score, the dimension(s) should be discussed in the context of what the recalibrated score should be. The narrative report should be drafted the same as in the other dimensions, reviewing the current situation and discussing what has changed over the previous year. A note will be included into the final report that clarifies that the new score for that dimension is based on a recalibration and should not be compared with the previous year's score to make assertions about improvement or deterioration.
4. **Prepare and submit a recalibration justification note to FHI 360** – To justify a proposed baseline recalibration, the IP should prepare a justification note to be sent to FHI 360. The note should summarize the panel members' decision. It should also outline the evidence and examples provided by the panelists related to each and every dimension being recalibrated,

justifying the new score specifically in relation to the vignettes in *Sustainability Categories and Scores – A Closer Look.*

5. **The Editorial Committee will decide to accept or reject the proposed recalibration** – As with scoring decisions based on the level of change, the EC will make a final decision on the proposed baseline recalibration. If EC rejects the proposed new score, it will propose a score for the dimension(s).

Tips

If FHI 360 informs the IP that certain dimension scores have been identified for recalibration by the EC, the IP should communicate with the expert panelists which dimensions have been selected for baseline recalibration at least one week in advance of the panel discussion. This advance notification will give the panelists an opportunity to prepare evidence about the status quo in the country under this dimension to inform their selection of a new baseline score.

If the local EP decides to recalibrate the score unprompted by the EC, the IP should ensure that the panelists present evidence during the panel discussion to justify the change and to include in the recalibration justification note.

In either case, the IP should be prepared to respond to the EC's questions about the justifications for recalibrated scores.

Instructions for Electronic Questionnaire

Background

To enhance its methodology, the Civil Society Organization Sustainability Index (CSOSI) has incorporated several activities into its annual process. These activities respond directly to the methodological issues identified through the feedback and consultation process conducted with project stakeholders in 2018 and 2019.

One of these activities to enhance the methodology's implementation is to disseminate an electronic questionnaire or e-questionnaire to a larger group of individuals. The questionnaire allows a larger, more diverse group of individuals to contribute their perspectives and insights on the CSOSI dimensions, strengthening the representativeness and inclusiveness of the process and data, enhancing Expert Panel (EP) deliberations, and providing Implementing Partners (IPs) more evidence to improve report quality. Dissemination of the questionnaire also helps to improve visibility of the IP and Index, and foster engagement with stakeholders who are the most likely to subsequently use the Index when completed.

Instructions

- **Identify approximately 50 participants to whom to send the questionnaire** – The IP selects individuals who will expand the scope and diversity of inputs into the process. The selected individuals should include representatives of or specialists in specific sub-sectors of civil society organizations (CSOs), such as labor unions, capacity building organizations, organizations representing marginalized and vulnerable groups, informal movements, community-based organizations, faith-based organizations, intermediary support organizations, resource centers, and research institutes. Emphasis should be placed on selecting individuals who are in other localities of the country and those located in rural areas. The objective is for the IP to select a group of people who would add new perspectives on various aspects of the sector on which the in-person panelists might not have deep expertise, as well as individuals who have broad knowledge but would be unable or available to attend the in-person panel discussion. FHI 360 and the local USAID Mission may request additions to the list of questionnaire recipients from their own network of contacts.
- **Design your e-questionnaire** – Look at the mandatory and optional questions shared by FHI 360 to design an e-questionnaire that best responds to the needs of the civil society sector in your country. You can translate the e-questionnaire into the principal local language(s) of the country. The country-specific questionnaire should be brief and should take no more than 10-15 minutes to complete.
- **Disseminate the electronic questionnaire to your selected additional participants** – The IPs can disseminate electronic questionnaire on the online platforms of their choice or consult with FHI 360 on setting up the e-questionnaire on SurveyMonkey, to be distributed to the IP's selected additional participants. The IP can use snowball sampling to disseminate the questionnaire to both increase the number of responses as well as to diversify them. To reach larger audiences, the IP can work with local CSO umbrella organizations to tap into their mailing lists, social media pages and other sector-specific online platforms to share the questionnaire link. The IP should ask the additional participants to complete the questionnaire within a period of two weeks or less.
- **Compile analysis of the questionnaire's results**– After the e-questionnaire deadline that the IP identified has expired, the IP compiles the quantitative and qualitative data received. In

cases when FHI 360 supported the IPs to set up the e-questionnaire on SurveyMonkey's CSOSI account, FHI 360 collects the electronic questionnaire results and submits to the IP.

- **Incorporate the findings into the panel discussion** – Statistics and examples that are raised through the questionnaire responses should be presented to the in-person panel to serve as an additional data source for the scoring process and the discussion around the relevant indicators. When responses are not conclusive or do not align with the experts' opinions, the IP should still present them at the panel discission for the panelists' consideration.
- **Write the conclusions reached into the narrative report** – While panels should analyze the questionnaire results and use them to inform their discussions, the e-questionnaire responses do not directly translate into scoring decisions. The data received from the electronic questionnaire should be incorporated into the narrative report in the same way that the expert panelists' insights are incorporated -- justifying scores, sharing without attribution to a particular individual or reference to the questionnaire. Instead, the inputs should simply be mentioned where relevant as evidence of what has changed positively or negatively in ways that affected the sustainability of the CSO sector in the relevant year. Anecdotal evidence, specific examples, and references to events through open-ended questions may provide IPs necessary data to strengthen their narrative reports.

Tips

- When selecting additional participants, please keep the following points in mind:
    - Sending the e-questionnaire to people with whom you already have a working relationship may increase the response rate, so consider sharing it with organizations and individuals in other areas of the country with whom you have worked;
    - Sharing the e-questionnaire with donor agencies operating in your country and allowing them to propose individuals to receive the e-questionnaire can be a useful way of reaching new experts and perspectives outside of your own organization's network;
    - Sharing the e-questionnaire with civil society networks and allowing them to forward it to their member organizations' leaders, or other experts with whom they work, is a useful way of maximizing circulation outside of your network;
    - When sending out the e-questionnaire, it may be useful to commit to send participants a copy of last year's final country and regional reports, so they feel a sense of participation in the larger process of developing the CSOSI;
    - When preparing your distribution list, consider whether the situation in the country is such that individuals may try to manipulate the e-questionnaire results. If that is a possibility, consider steps to target distribution, establish specific time frames or other measures to address the concern.
- When disseminating an e-questionnaire, inform your audience about the survey deadline, and send a reminder few days before the last day.
- As a best practice, the IP can compile a written overview of the conclusions and evidence of the additional participants and send it to the EP members before the panel discussion, so they can review it. If a written overview is sent out before the panel discussion, the IP can ask the expert panelists at the discussion which findings stood out most to them, to spur discussion.
- When e-questionnaire findings are not conclusive, the IP should ask the expert panelists to analyze the results to better understand the data.
- Pay special attention to geography – if your country has breakaway regions, is experiencing civil war or has regions' that may be unrepresented or marginalized, make extra efforts to reach people in all the relevant areas.
- Convincing the participants that their inputs are confidential is key to obtaining a high participation rate and meaningful findings. Especially in countries where self-censorship might be

an issue, be very clear that only your organization and FHI 360 will see their inputs, and no comments made will be personally attributed under any circumstances.

- The IPs can use any online platform of their choice to disseminate the electronic questionnaire. In the past, FHI 360 used SurveyMonkey while some other IPs reported using Google Forms. The IPs should take relevant measures to ensure data privacy.

ANNEX B: STATISTICAL DATA

2020 CENTRAL AND EASTERN EUROPE AND EURASIA SCORES

Country	CSO Sustainability	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Sectoral Infrastructure	Public Image
Albania	3.7	3.7	3.6	4.5	3.2	3.4	3.6	3.7
Armenia	3.6	3.6	3.3	4.9	2.8	3.7	3.0	3.7
Azerbaijan	5.9	6.4	6.1	6.4	5.5	5.4	5.8	5.6
Belarus	5.5	6.9	4.7	6.4	5.3	5.0	5.0	5.2
BiH	3.8	3.4	3.9	5.0	3.2	3.9	3.6	3.4
Bulgaria	3.5	2.8	4.1	4.7	2.8	3.1	2.9	3.8
Croatia	3.4	3.1	3.5	4.6	3.1	3.2	2.9	3.1
Czech Republic	2.6	2.8	2.6	3.1	1.8	2.3	2.7	2.6
Estonia	2.1	1.9	2.5	2.4	1.8	2.3	1.6	2.0
Georgia	4.0	3.3	3.9	5.0	3.5	4.0	4.1	3.9
Hungary	3.9	3.9	3.7	4.6	4.3	3.5	3.2	4.2
Kosovo	3.6	3.4	3.7	4.2	3.7	3.6	3.6	3.2
Latvia	2.6	2.6	2.9	3.3	1.7	2.4	2.2	2.9
Lithuania	2.5	2.2	2.5	3.0	1.7	3.0	2.8	2.1
Moldova	3.7	4.0	3.6	4.3	3.1	4.1	3.1	4.0
Montenegro	4.0	3.5	4.3	4.8	3.5	4.0	3.6	4.2
North Macedonia	3.6	3.8	3.6	4.2	3.2	3.4	3.0	4.3
Poland	2.9	3.1	3.0	3.3	3.1	2.4	2.3	2.8
Romania	3.7	3.8	3.6	4.4	3.7	3.4	3.0	3.8
Russia	4.7	6.2	4.2	4.7	4.7	4.1	3.8	4.9
Serbia	4.3	4.7	4.0	4.4	4.2	4.4	3.3	4.8
Slovakia	3.0	2.9	3.2	3.6	2.7	2.7	2.9	3.0
Slovenia	3.0	2.8	3.1	3.5	2.6	3.1	3.2	3.0
Ukraine	3.2	3.5	3.1	4.0	2.3	3.2	3.2	3.3

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COUNTRIES RANKED BY SCORE

Legal Environment

SUSTAINABILITY ENHANCED

Estonia	1.9
Lithuania	2.2
Latvia	2.6
Bulgaria	2.8
Czech Republic	2.8
Slovenia	2.8
Slovakia	2.9

SUSTAINABILITY EVOLVING

Croatia	3.1
Poland	3.1
Georgia	3.3
BiH	3.4
Kosovo	3.4
Montenegro	3.5
Ukraine	3.5
Armenia	3.6
Albania	3.7
North Macedonia	3.8
Romania	3.8
Hungary	3.9
Moldova	4.0
Serbia	4.7

SUSTAINABILITY IMPEDED

Russia	6.2
Azerbaijan	6.4
Belarus	6.9

Organizational Capacity

SUSTAINABILITY ENHANCED

Estonia	2.5
Lithuania	2.5
Czech Republic	2.6
Latvia	2.9
Poland	3.0

SUSTAINABILITY EVOLVING

Slovenia	3.1
Ukraine	3.1
Slovakia	3.2
Armenia	3.3
Croatia	3.5
Albania	3.6
Moldova	3.6
North Macedonia	3.6
Romania	3.6
Hungary	3.7
Kosovo	3.7
BiH	3.9
Georgia	3.9
Serbia	4.0
Bulgaria	4.1
Russia	4.2
Montenegro	4.3
Belarus	4.7

SUSTAINABILITY IMPEDED

Azerbaijan	6.1

Financial Viability

SUSTAINABILITY ENHANCED

Estonia	2.4
Lithuania	3.0

SUSTAINABILITY EVOLVING

Czech Republic	3.1
Latvia	3.3
Poland	3.3
Slovenia	3.5
Slovakia	3.6
Ukraine	4.0
Kosovo	4.2
North Macedonia	4.2
Moldova	4.3
Romania	4.4
Serbia	4.4
Albania	4.5
Croatia	4.6
Hungary	4.6
Bulgaria	4.7
Russia	4.7
Montenegro	4.8
Armenia	4.9
BiH	5.0
Georgia	5.0

SUSTAINABILITY IMPEDED

Azerbaijan	6.4
Belarus	6.4

Advocacy

SUSTAINABILITY ENHANCED

Latvia	1.7
Lithuania	1.7
Czech Republic	1.8
Estonia	1.8
Ukraine	2.3
Slovenia	2.6
Slovakia	2.7
Armenia	2.8
Bulgaria	2.8

SUSTAINABILITY EVOLVING

Croatia	3.1
Moldova	3.1
Poland	3.1
Albania	3.2
BiH	3.2
North Macedonia	3.2
Georgia	3.5
Montenegro	3.5
Kosovo	3.7
Romania	3.7
Serbia	4.2
Hungary	4.3
Russia	4.7

SUSTAINABILITY IMPEDED

Belarus	5.3
Azerbaijan	5.5

COUNTRIES RANKED BY SCORE

Service Provision

SUSTAINABILITY ENHANCED	
Czech Republic	2.3
Estonia	2.3
Latvia	2.4
Poland	2.4
Slovakia	2.7
Lithuania	3.0

SUSTAINABILITY EVOLVING	
Bulgaria	3.1
Slovenia	3.1
Croatia	3.2
Ukraine	3.2
Albania	3.4
North Macedonia	3.4
Romania	3.4
Hungary	3.5
Kosovo	3.6
Armenia	3.7
BiH	3.9
Georgia	4.0
Montenegro	4.0
Moldova	4.1
Russia	4.1
Serbia	4.4
Belarus	5.0

SUSTAINABILITY IMPEDED	
Azerbaijan	5.4

Sectoral Infrastructure

SUSTAINABILITY ENHANCED	
Estonia	1.6
Latvia	2.2
Poland	2.3
Czech Republic	2.7
Lithuania	2.8
Bulgaria	2.9
Croatia	2.9
Slovakia	2.9
Armenia	3.0
North Macedonia	3.0
Romania	3.0

SUSTAINABILITY EVOLVING	
Moldova	3.1
Hungary	3.2
Slovenia	3.2
Ukraine	3.2
Serbia	3.3
Albania	3.6
BiH	3.6
Kosovo	3.6
Montenegro	3.6
Russia	3.8
Georgia	4.1
Belarus	5.0

SUSTAINABILITY IMPEDED	
Azerbaijan	5.8

Public Image

SUSTAINABILITY ENHANCED	
Estonia	2.0
Lithuania	2.1
Czech Republic	2.6
Poland	2.8
Latvia	2.9
Slovakia	3.0
Slovenia	3.0

SUSTAINABILITY EVOLVING	
Croatia	3.1
Kosovo	3.2
Ukraine	3.3
BiH	3.4
Albania	3.7
Armenia	3.7
Bulgaria	3.8
Romania	3.8
Georgia	3.9
Moldova	4.0
Hungary	4.2
Montenegro	4.2
North Macedonia	4.3
Serbia	4.8
Russia	4.9

SUSTAINABILITY IMPEDED	
Belarus	5.2
Azerbaijan	5.6

ANNEX C: REGIONAL MAP