

STRENGTHENING
CIVIL SOCIETY
GLOBALLY



2022 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

CENTRAL AND EASTERN EUROPE AND EURASIA
NOVEMBER 2023



2022 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

**FOR CENTRAL AND EASTERN EUROPE AND EURASIA
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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.

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INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the twenty-sixth edition of the *Civil Society Organization (CSO) Sustainability Index for Central and Eastern Europe and Eurasia*, which chronicles developments in 2022. In contrast to previous years, when the Index covered all twenty-four countries in the region, this year's Index reports on the state of CSO sectors in nine countries: Armenia, Belarus, Georgia, Hungary, Moldova, Poland, Russia, Serbia, and Ukraine.

For more than a quarter century, the Index has provided local CSOs, governments, donors, academics, and others with critical information on trends affecting the sustainability of CSO sectors in Central and Eastern Europe and Eurasia. It reports on advances and setbacks in seven key components or “dimensions” of the sustainability of civil society: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image.

The Index'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 panel agrees on a score for each dimension, which ranges 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. An 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 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. For 2022, a regional edition of the *CSO Sustainability Index* assessing the civil society sectors in six countries in West Africa is also available.

A publication of this type would not be possible without the contributions of many individuals and organizations. We are especially grateful to the individuals who participate in the expert panels. Their knowledge, perceptions, ideas, observations, and contributions are the foundation upon which this Index is based. In addition, special thanks are due David Lenett of FHI 360, the project manager; Jennifer Stuart of ICNL, the report's editor; and Erin McCarthy of USAID. A full list of acknowledgments is on page ii.

Happy reading,



Lisa Peterson,
Director, Civil Society and Peace Building Department, FHI 360
November 29, 2023

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ARMENIA	Anahit Hakobyan, Civic Development and Partnership Foundation (CDPF)
BELARUS	Vladimir Korzh and Maryia Lando
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MOLDOVA	Tudor Lazăr, Center for Organizational Consultancy and Training (CICO)
POLAND	Filip Pazderski, Institute of Public Affairs (IPA)
RUSSIA	Natalia Arno, Natalya Lunde, Olga Khvostunova, Free Russia Foundation
SERBIA	National Coalition for Decentralization: Bojana Selakovic, National Convention on the European Union; Dragan Srekovic, Civil Society Expert; Aleksandra Galonja, Partners Global
UKRAINE	Valeriia Skvortsova, Ukrainian Center for Independent Political Research (UCIPR)

PROJECT MANAGERS

FHI 360

David Lenett

Alex Nejadian

William Daley

INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW (ICNL)

Jennifer Stuart

EDITORIAL COMMITTEE

Irina Lashkhi (Regional Expert), David Lenett (FHI 360), Erin McCarthy (USAID), Šarūnas Radvilavičius (FHI 360), Junela Salnikava (FHI 360), Tamás Scsaurszki (Regional Expert), Jennifer Stuart (ICNL), Ruta Valaityte (FHI 360)

EXECUTIVE SUMMARY

This edition of the CSO Sustainability Index for Central and Eastern Europe and Eurasia reports on developments in 2022 across seven key dimensions affecting the sustainability of the CSO sectors in nine countries in the region—Armenia, Belarus, Georgia, Hungary, Moldova, Poland, Russia, Serbia, and Ukraine.

CSOs in the region operated in a turbulent environment during the year that was shaped by the Russian Federation’s invasion of neighboring Ukraine in February 2022. In the largest armed conflict in Europe since World War II, large parts of Ukraine were faced with regular shelling that often systematically targeted civilian infrastructure such as schools, health-care facilities, and electricity grids. Although initial projections foresaw a quick defeat of Ukraine by Russia’s superior military, Ukraine defied these expectations, first halting Moscow’s advances and then recapturing much of the land that Russian troops had occupied. As 2022 came to a close, the war showed no sign of ending.

Ukraine’s resistance was not without costs, however. Russia committed horrific war crimes, including arbitrary executions, widespread detentions, enforced disappearances, and attacks on civilians. The military conflict also resulted in a huge wave of internal and external displacements. The International Organization for Migration (IOM) estimated that about 5.9 million Ukrainians, mostly women and children, were internally displaced as of December 2022, while the UN Office for the Coordination of Humanitarian Affairs (OCHA) reported that over 4.9 million Ukrainians.

THE WAR’S EFFECTS ON CIVIL SOCIETY

The unprecedented military conflict had dramatic effects on civil society, both in Ukraine and Russia and across the region.

Ukrainian civil society demonstrated its resilience and adaptability by helping the population and even the army meet material and other needs generated by the war. OCHA credited the work of CSOs and local volunteers in reaching close to 6 million people with life-saving and life-sustaining humanitarian assistance. These efforts were recognized and supported by the public through an unprecedented outpouring of philanthropic giving and volunteerism. Paradoxically, this led to a reported increase in CSO sustainability in Ukraine despite the brutal conflict.

Meanwhile, in Russia, the government dramatically curtailed civil rights and political freedoms and silenced dissenting voices. In March, for example, President Putin signed a censorship law that made it a crime to disseminate “fake” information about the invasion, effectively making it illegal to use the word “war” to describe the conflict in Ukraine. Violations of the law were punishable with up to fifteen years in prison. According to OVD-Info, an independent human rights and media group, by the end of 2022 almost 21,000 people had been detained for protesting the war and other political issues and over 5,500 people had been arrested for administrative offenses. Estimates indicate that about 900,000 people left Russia in 2022 due to the effects of the war. Although Russian civil society also demonstrated its resilience and agility, these efforts were unable to fully overcome the repressive environment, leading to a significant deterioration in overall CSO sustainability.

The military conflict also had dramatic effects in other countries in the region. Large numbers of refugees ended up in several of the countries covered by this edition of the Index, both as transit and destination countries. According to the UN Refugee Agency (UNHCR), Poland recorded the largest number of refugees among all European countries; as of December 20, 2022, more than 1.5 million individuals had registered for temporary protection in Ukraine’s western neighbor. The Moldovan Ministry of Internal Affairs reported that about 650,000 Ukrainians had entered Moldova by mid-December 2022, a higher number per capita than in any neighboring country or European Union (EU) member state. About 89,000 refugees were still in Moldova at the end of the year. UNHCR reported that over 160,000 Ukrainians had entered Georgia between the invasion in February and November 2022.

CSOs in all three countries responded ably to the needs of refugees. In Poland, CSOs quickly took the lead in coordinating the provision of aid to the refugees, entering into partnerships with businesses and local government

units to do so. CSOs were also among the first to respond and provide substantial support to the refugees flooding into Moldova. According to a report by the Alliance of Active NGOs in the Field of Children and Family Social Protection (APSCF), 100 interviewed CSOs had provided support to approximately 240,000 refugees by early June 2022, spending about \$6.5 million on these efforts between March and May. In Georgia, CSO services to refugees included psycho-social assistance, cash assistance, humanitarian aid, healthcare services, and access to education.

CSOs' response to the unfolding crisis was well-received in all three countries, and local communities provided significant financial support to initiatives to support refugees from Ukraine, as well as those remaining inside Ukraine. In Georgia, for instance, UKRAINA.ge was created to collect donations in support of Ukraine and to connect donors and volunteers with those in need. Within its first year of operation, the site mobilized GEL 1,181,400 (approximately \$454,000) in the form of monetary and material donations.

Politically, the Russian invasion increased the momentum for EU integration in several countries in the region. In June 2022, Moldova and Ukraine were both granted official EU candidate status, less than four months after applying. Conditions for both countries to be granted membership include reforms in key areas such as the judiciary, corruption, public administration, and human rights. Georgia also applied for EU candidate status in early March 2022. Unlike the other two countries, however, it was not granted candidate status, but a "membership perspective" subject to the government meeting twelve conditions ranging from addressing political polarization in the country to ensuring civil society involvement in decision-making processes at all levels.

CSOs in all three countries actively engaged in advocacy around the EU-mandated reforms in 2022. In Ukraine, CSOs' efforts focused on judicial reform and anti-corruption, but also addressed the development of democratic and participatory mechanisms and transparency and government accountability. In Moldova, CSOs actively participated in steering committees, advocated for and monitored the implementation of reforms required by the EU, and helped formulate responses to the European Commission's questionnaire designed to appraise Moldova's application for accession. In Georgia, twenty-three local and international organizations developed a plan outlining a unified vision of the steps to take to meet the EU's twelve conditions. The government, however, ignored this plan and continued to limit CSO participation in decision making.

The war also had an impact on CSOs' financial viability in several countries. In Russia, 40 percent of CSOs responding to a Pulse of NGOs survey reported a decline in total funding at the end of 2022. This was driven in part by the imposition of Western sanctions in response to the war, which caused many independent and socially-oriented CSOs to lose funding from foreign donors and international businesses that left Russia. Denial of service by international payment systems including Visa, MasterCard, and Apple Pay, as well as the disconnection of Russian banks from SWIFT (the global financial telecommunication system) fueled further funding cuts. In addition, with many international businesses withdrawing from Russia, many large CSOs saw a substantial decrease in corporate donations in 2022. The Georgia report also notes that foreign funding levels declined in 2022, partly because many donors started shifting funds towards Ukraine.

At the same time, the war led to improvements in financial viability in Ukraine and Moldova, as foreign and domestic donors increased their support to help CSOs address the effects of the war. Funding from foreign donors to Ukraine was substantial in 2022. According to ForeignAssistance.gov, the US government provided Ukraine with a record \$8.6 billion for government and civil society development in 2022, compared to \$93 million in 2021. Of this amount, non-US CSOs received \$86.37 million, up from \$16.45 million in 2021. Donations from individuals and businesses were also an important source of income for charitable foundations in Ukraine in 2022. For example, the Come Back Alive Foundation received UAH 5.7 billion (approximately \$196 million) in donations, while the Serhiy Prytula Charity Foundation received UAH 4.2 billion (approximately \$145 million) during the first year of the war, allowing them to cover the costs of equipment, training, and materials for tactical medical services, and even weapons for the military. Although no data is available on overall amounts, Moldovan CSOs also received significant foreign funding to assist the influx of refugees to the country, contributing to improved financial viability of the sector.

CONTRACTING LEGAL ENVIRONMENTS

While the smaller number of countries covered in this year's edition of the Index discourages generalization, several other trends are highlighted in this year's Index reports, including the ongoing contraction of both the legal environments in which CSOs operate and CSOs' financial viability.

The legal environment governing CSOs contracted in six of the nine countries covered in this year's Index, while the other three countries—Armenia, Moldova, and Ukraine—reported unchanged legal environment scores. As already discussed above, the most dramatic deterioration was in Russia, where the government introduced many repressive laws that explicitly target independent, rights-focused CSOs and used other measures to curtail civil rights and political freedoms. As a result, the score for Russia's legal environment for CSOs fell dramatically to 6.8, one of the lowest scores among all countries covered by the *CSO Sustainability Index* over the past quarter century.

The only country in Europe and Eurasia with an even more repressive legal environment for CSOs than Russia is Belarus. Belarus' legal environment was already rated at 7.0—the lowest score possible on the Index's scoring scale—in 2021. Although the score could not reflect further deterioration, the legal environment became even more restrictive in 2022 as Belarusian CSOs were subject to increasingly widespread repression. This pressure took various forms, including inspections; written warnings; suspension of activities; administrative and criminal charges against CSO leaders, staff members, and volunteers; pressure on the relatives and loved ones of those associated with CSOs; searches of CSOs' offices and the homes of staff; forced liquidation and self-liquidation of CSOs; blocked access to websites; labelling of information materials and the organizations producing them as extremist; and defamation in the media. Repressive practices targeting civil activism were also enshrined in legislation. For example, norms on “special proceedings” allowing trials of activists who have left the country to be held in absentia were introduced. In response to the repressive environments in both Russia and Belarus, many CSOs and activists relocated to other countries.

In the other countries covered in this year's Index, the legal environments are not nearly as restrictive, with all scores falling in the middle category of sustainability, Sustainability Evolving, with scores between 3.1 and 5.0. However, long-term negative trends have been reported in several of these countries, notably Hungary, Poland, and Serbia. While the legal environment scores in all three of these countries fell just slightly (by .1) in 2022, they have deteriorated dramatically over the past decade or so. Thus, for example, Hungary went from having the strongest legal environment score in all of Europe and Eurasia from 1998 to 2008 (with scores varying from 1.0 to 1.5) to having a score of 4.1 in 2022. This dramatic decline was the result of the intentional policies of the ruling right-wing Fidesz party to restrict civic space. Similarly, Poland's legal environment score has fallen from an enviable 2.1 (well within the Sustainability Enhanced category) in 2016 to a 3.4 in 2022. The decline has also been driven by the policies of the populist government there. Serbia's legal environment was never quite as enabling as those in Hungary or Poland. Nevertheless, in the face of constantly growing state harassment of CSOs, it has fallen from 3.9 in 2014 to 4.9—on the cusp of Sustainability Impeded—in 2022.

In all three countries, government harassment of independent organizations was a main driver of the reduced legal environment scores in 2022. In Hungary, the government fined sixteen CSOs that organized a campaign to invalidate an anti-LGBT referendum organized by the government. In Poland, CSOs engaged in human rights activities were subject to legal harassment in 2022. For example, CSOs and independent groups that had aided migrants on the Polish-Belarusian border in 2021 continued to face prosecution throughout 2022, while activists helping people access safe abortions were slapped with various criminal charges. In Serbia, the police prevented people from joining protests and threatened and used excessive force on protesters. In addition, media and activists were the targets of many strategic lawsuits against public participation (SLAPPs), leading Serbia to be nominated for “SLAPP country of the year” by the Coalition Against SLAPPs in Europe.

Georgia, while continuing to have one of the stronger legal environments for CSOs in Eurasia, also reported deterioration in this dimension in 2022, for the second year in a row. Recent changes to the Law on Entrepreneurship require CSOs to re-register, imposing financial and administrative burdens on CSOs. In addition, in late 2022, ruling party members announced they were working on a “foreign agent” law—a copy of a repressive Russian law and the most overt attack on civil society and freedom of expression in Georgia to date. While the law was ultimately withdrawn in March 2023, its introduction signified a low point in the state of democracy and civic space in Georgia, and set the stage for even bigger declines to the legal environment for civil society in 2023.

SHRINKING FINANCIAL VIABILITY

Financial viability has long been the weakest dimension of CSO sustainability in Central and Eastern Europe and Eurasia. Developments in 2022 further worsened the financial outlook of CSOs, with five of nine countries—Hungary, Serbia, Belarus, Georgia, and Russia—all reporting weaker financial viability during the year. The biggest decline was in Russia, where the imposition of Western sanctions in response to the war dramatically affected CSOs’ access to funding. At the same time, as noted above, an influx of foreign and domestic donations to help CSOs address the needs of refugees and others affected by the war boosted financial viability in Moldova and Ukraine, although the long-term impact of these funding streams remains unclear.

Turbulent economic conditions around the world, including soaring inflation, were cited as important contributors to the financial woes of the CSO sectors in Hungary, Serbia, and Georgia. In Hungary, inflation reached an astonishing 25 percent by the end of the year. This was believed to contribute to the 13 percent decline in the number of people who assigned 1 percent of their income tax to a CSO in 2022 compared to the year before. Hungarian CSOs also fear that the cost-of-living crisis will have a negative impact on the success of future fundraising efforts. In Serbia, where inflation reached 15 percent, CSOs struggled to cover their rising expenses. This problem was exacerbated by the fact that most of the sector’s funding comes from foreign donors and was allocated before inflation increased. In addition, corporate giving to CSOs fell from EUR 5.3 million in 2021 to EUR 3.4 million in 2022 due to the economic crisis. In Poland, while overall financial viability remained unchanged, CSOs worried that the economic crisis could drain local government budgets and further restrict individual and corporate philanthropy, thereby affecting their sustainability in the future. High rates of inflation also made it more difficult for CSOs to attract and retain qualified staff in Hungary, Poland, and Serbia.

Government funding continued to be an important source of support for CSOs across Europe and Eurasia. However, public funds are often distributed in a biased manner, contributing to declines in financial viability in 2022 in several countries. In Russia, for example, government grants remained the most important source of funding for the sector. However, government funding typically benefits government-organized NGOs (GONGOs) and other quasi-government structures that do not fall under the definition of CSOs in this report, while independent, rights-focused CSOs have limited access to such funding. Likewise, about 44 percent of the sector’s income in Hungary is comprised of state funding. However, decision making has been shown to be politically-biased towards organizations directly controlled by local Fidesz politicians or their affiliates. As a result, independent organizations, while not formally excluded from applying for public funding, rarely secure such grants. In Georgia, the introduction of the draft “foreign agent” law in late 2022 deepened the distrust between CSOs and the state, making it less likely that CSOs will apply for government funding in the future.

While financial viability remained unchanged in Armenia and Poland in 2022, both reports also note issues with the uneven distribution of public funding. In Armenia, for example, several ministries allocate funding to CSOs, but show a more favorable and responsive attitude towards service-providing CSOs, as opposed to those focused on human rights, watchdog, or environmental initiatives. Political bias is a larger factor in Poland, where an increasing percentage of public funds is directed to CSOs associated with the current government, either personally or ideologically, including organizations associated with the Catholic Church. The most blatant case of this in 2022 was known as the Villa Plus affair, in which the Minister of Education awarded funds to CSOs close to the ruling party for the purchase and renovation of expensive properties. In addition, illiberal, nationalist, and radical right-wing organizations continued to receive significant amounts of financial support from the Polish government.

Foreign funding also continues to be an important source of funding in the sector, although several reports—including those for Armenia, Georgia, Hungary, Poland, and Serbia—noted that these funds generally benefit a small group of well-known CSOs with the knowledge, human resources, and compliance systems to meet foreign donors’ criteria. Local CSOs, on the other hand, generally only receive foreign funding through smaller subgrants that are passed down by these organizations. While providing an important source of funding, local CSOs are increasingly critical of the fact that these grants limit the scope of their activities and provide limited opportunities for their long-term organizational development. In 2022, a group of mid-sized CSOs in Serbia started to form an informal network to address this issue.

CSOs in Belarus report the weakest financial viability both in Eurasia and among all of the countries covered by the Index in recent years. Financial viability declined further in 2022 as the authoritarian government adopted and implemented restrictive policies that made it more difficult for CSOs to receive funding. Belarusian CSOs can only

obtain foreign funding for certain purposes and must receive prior approval from the state. CSOs reported increased difficulties registering foreign grants with the Department of Humanitarian Activities in 2022. Likewise, CSOs faced significant restrictions in obtaining funding from domestic sources, including under the pretext of combating extremism and terrorism. Many Belarusians who donated funds to support protests and other civic actions faced pressure, including unlawful demands to transfer amounts ten times larger to state-supported projects. In some cases, people were criminally prosecuted for funding “extremist activities that violate public order.”

TRENDS IN CSO SUSTAINABILITY

2022 was a challenging year for CSO sustainability among the nine countries covered in this edition of the Index. In the face of Russia’s invasion of Ukraine, increasing repression in several countries, and growing inflation, twenty-four out of sixty-three dimension-level scores deteriorated during the year, while only six dimension-level scores registered improvements.

Overall CSO sustainability only changed in three of the nine countries covered. While Russia and Belarus reported lower levels of sustainability, Ukraine reported that its civil society was more sustainable as CSOs successfully rose to the unprecedented challenges facing the country during the year.

Russia reported a significant decline in overall CSO sustainability, one of the steepest declines in overall sustainability in a single year ever captured by the Index, while Belarus reported a moderate deterioration. Both Russia and Belarus reported deteriorations in all seven dimensions of CSO sustainability in 2022¹ and their third consecutive year of deterioration in overall CSO sustainability. In both countries, government authorities increasingly clamped down on political freedoms and dissenting voices and sought to discredit CSOs. As a result, CSOs’ had less access to funding and fewer opportunities to engage in advocacy and service provision during the year. In addition, the repressive atmosphere caused many CSOs and activists to either operate in exile or become less active and less visible to protect themselves.

Despite the difficult circumstances in Ukraine, CSO sustainability increased slightly, reflecting the significant resilience and adaptability shown by the sector. CSOs demonstrated enhanced performance in four dimensions: financial viability was strengthened with a significant boost in funding from both home and abroad; service provision improved as CSOs helped nearly every segment of Ukrainian society affected by the invasion; the infrastructure supporting CSOs expanded with an increase in the number of intermediary support organizations (ISOs); and the sector’s public image improved as the public recognized CSOs’ efforts to meet urgent needs in the country.

Although the other six countries reported no change in overall sustainability, most of them recorded more negative developments than positive ones. In Hungary, slight deteriorations were noted in four dimensions, stemming largely from the government’s sustained antipathy towards independent CSOs. The continued harassment of independent organizations drove a deterioration in the legal environment, while ongoing smear campaigns and vilification of CSOs also resulted in a worsened public image for the sector. Financial viability declined in part because of the continued bias in the distribution of public funds, while CSOs’ lethargy after their unsuccessful attempt to defeat the ruling party in national elections weakened advocacy.

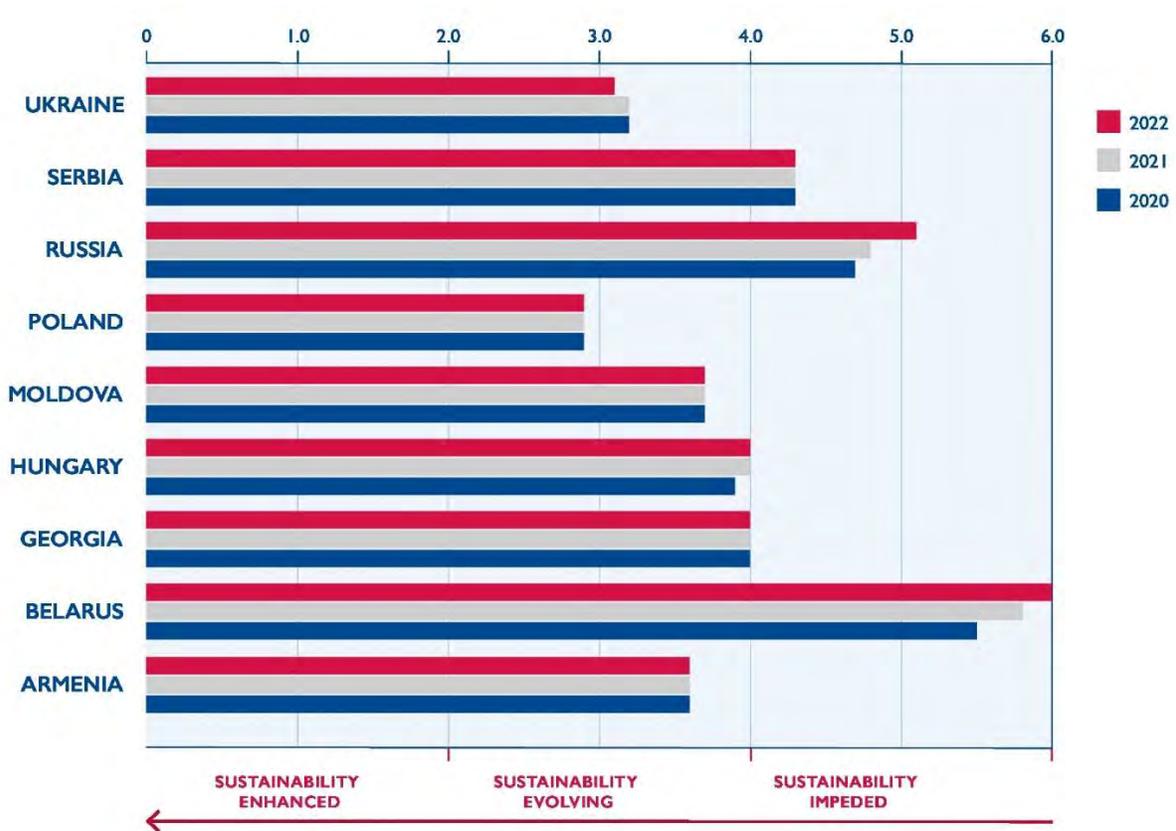
In Serbia, two dimensions deteriorated. The legal environment worsened as more CSOs and activists were harassed, threatened, and even tortured by the police and private security companies, and financial viability declined as the unfolding economic crisis took a toll on the sector. The legal environment and financial viability also both deteriorated in Georgia, although this was offset somewhat by a slight improvement in service provision.

The only dimension recording a change in score in Poland was the legal environment, which deteriorated slightly both because of the implementation of existing laws and the introduction of some legal changes that could have negative effects on the sector’s sustainability. Meanwhile, in Armenia, advocacy continued to weaken as the unstable political situation and national security concerns induced organizations to self-censor and avoid criticism

¹ While the legal environment score for Belarus does not show change, the legal environment in which Belarusian CSOs operated in 2022 declined moderately. This deterioration is not reflected in the score because the score for 2021 was already the worst possible score on the CSO Sustainability Index’s scoring scale.

of the government, while all other dimensions of sustainability were unchanged. In Moldova, on the other hand, the only dimension reporting a change in score was financial viability, which improved slightly thanks to significant financial support focused on the refugee crisis from donor organizations.

Figure I. Central and Eastern Europe and Eurasia Overall CSO Sustainability Score Over Last Three Years



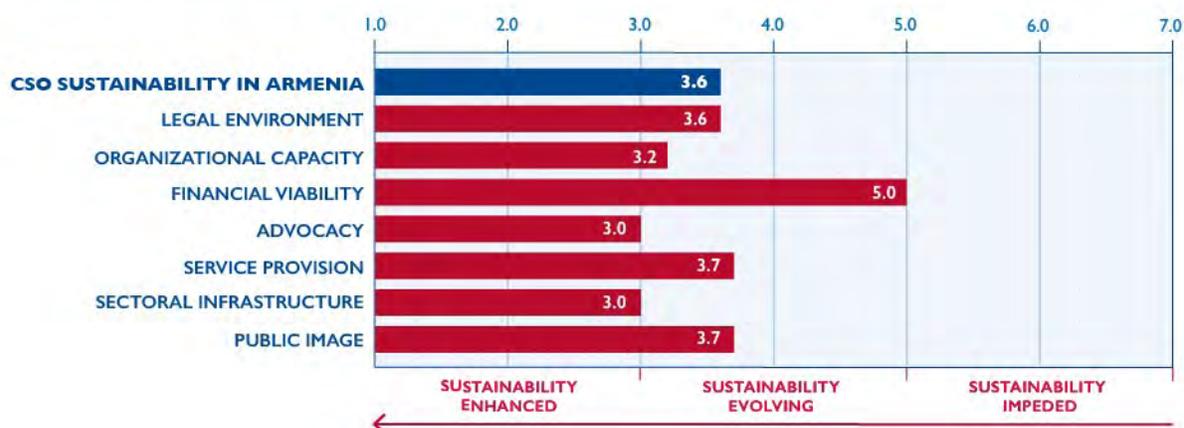
CONCLUSION

The country reports that follow provide an in-depth look at the CSO sectors in nine countries in Central and Eastern Europe and Eurasia during a challenging year. They document both the resilience and adaptability of CSO sectors in the region and the incredible challenges they continue to face. We hope that this annual survey captures useful trends for civil society actors, governments, donors, and researchers supporting the advancement of the region’s CSO sectors. We would again like to thank our many partners, collaborators, and friends who have contributed to the *CSO Sustainability Index for Central and Eastern Europe and Eurasia* over the past quarter century. While this is the final edition of the Index, USAID remains committed to supporting and monitoring the development of the region’s civil society in other ways.

ARMENIA

Capital: Yerevan
Population: 2,989,091
GDP per capita (PPP): \$18,942
Human Development Index: High (0.759)
Freedom in the World: Partly Free (55/100)

OVERALL CSO SUSTAINABILITY: 3.6



Armenia continued to face security challenges after its defeat in a brief war with Azerbaijan over Nagorno-Karabakh (also known as the self-proclaimed Republic of Artsakh) in 2020. Despite the ceasefire agreement, conditions on the Armenia–Azerbaijan border remained unstable in 2022. Intense clashes in the summer culminated with an Azerbaijani military incursion into Armenian territory in September in which an estimated 200 Armenian and 80 Azerbaijani soldiers were killed. In addition, at least 7,600 civilians were displaced. In December, Azerbaijani civilians blockaded the Lachin corridor linking Nagorno-Karabakh to Armenia, hindering the delivery of essential food and medical provisions to 120,000 residents of Nagorno-Karabakh and deepening the humanitarian crisis in the region.

The opposition organized mass protests from April to June calling for the resignation of Prime Minister Nikol Pashinyan over his handling of the war. The police detained many participants in the protests. Among those detained was a member of the board of CSO Repat Armenia, Avetik Chalabyan. Chalabyan was apprehended on charges of attempting to bribe the chairman of the Yerevan Agrarian University's Student Council to mobilize students to attend the protests. He remained in detention for a month before being released on bail.

After Russia invaded Ukraine on February 24, 2022, more than 1 million Russian citizens entered Armenia, bringing a large influx of capital that improved the country's macroeconomic and fiscal performance. According to Central Bank data, banks in Armenia [recorded](#) an unprecedented net inflow of about \$2.5 billion in transfers in 2022, 70 percent of which came from Russia. Relocated Russians greatly increased domestic consumption, thereby fueling the expansion of the service industry and consequently boosting the gross domestic product (GDP). Overall, Fitch Ratings estimates that the Armenian economy grew by 11.6 percent in 2022, a fifteen-year high. These trends also led to the appreciation of the Armenian dram (AMD) against the U.S. dollar by 15.7 percent in the first half of 2022 and a further 3.5 percent in the second half of the year. According to data obtained from the Agency for State Register of Legal Entities of the Ministry of Justice, Russian citizens registered 2,284 limited liability companies (LLCs) in Armenia during 2022 and 4,968 registered as individual entrepreneurs.

For the second year in a row, Armenia was rated in Freedom House's 2022 *Nations in Transit* report as a transitional or hybrid government, maintaining its improvement from a semi-consolidated authoritarian regime in earlier years. The report highlighted journalism leading to criminal investigations and political reforms and successful court cases by media outlets over access to information.

The overall sustainability of the civil society sector was stable in 2022. Advocacy continued to weaken as the unstable political situation and national security concerns induced organizations to self-censor and avoid criticism of the government. All other dimensions of sustainability were unchanged.

According to the Electronic Register of the Ministry of Justice, the number of public organizations in Armenia increased from 5,659 in 2021 to 6,079 in 2022, and the number of foundations increased from 1,476 in 2021 to 1,601 in 2022. However, these counts include many inactive organizations. As in previous years, 225 unions remain registered although they have not been considered legal bodies since legislative changes in 2017. They are supposed to modify their charters and re-register as either foundations or public organizations, but the process has stalled, largely because of a lack of legislative enforcement.

Approximately 250 CSOs are registered in Nagorno-Karabakh. Experts estimate that fewer than 20 percent of these are active. Functioning CSOs engage mostly in philanthropy, humanitarian assistance, and social aid and in 2022 were especially focused on responding to the challenges caused by the blockade. During the year, CSO representatives met with the president of Nagorno-Karabakh to discuss pressing issues, and twenty-three organizations worked with the Artsakh Human Rights Defender's Office to compile a report detailing the extensive, systematic human rights violations resulting from the blockade. The authors intend to distribute the report to international organizations and human rights groups as an independent account of the crisis.

LEGAL ENVIRONMENT: 3.6



The legal environment governing CSOs was unchanged in 2022.

The constitution guarantees freedom of association, with restrictions only in cases that affect state security, public order, health and morals, or the rights and freedoms of others. The legislative framework enables the registration of two types of organizations—membership-based public organizations, regulated by the Law on Public Organizations, and non-membership foundations, regulated by the Law on Foundations. Public organizations may be formed by multiple individuals or legal entities, although political parties, religious organizations, and trade unions may not be founders or members. Foundations may be established by individuals or legal entities without restrictions based on residency,

nationality, or citizenship. Judges are not allowed to manage nonprofit organizations.

The Agency for State Register of Legal Entities under the Ministry of Justice is responsible for CSO registration. The process for registering both public organizations and foundations is generally easy and straightforward and consists mainly of verifying legal compliance. Organizations are usually advised to align their charters with a template provided by the Agency for faster registration. Some groups seeking to register complain that the template is inflexible and inconvenient. The registration process typically takes up to ten working days and costs approximately USD 27. Online registration is still not possible for CSOs. (In contrast, businesses may register online, usually within two days, free of charge.) Individuals, organizations, and civic initiatives may associate freely without formal registration. Online association is not restricted.

There were no cases of involuntary dissolution of CSOs in 2022. Fourteen organizations dissolved voluntarily. Many inactive CSOs choose not to dissolve because of the associated costs and red tape.

According to amendments to the Law on Public Organizations implemented in May 2021, public organizations and foundations must submit annual reports on their activities and budgets to the State Revenue Committee, which publishes the reports on its website. CSOs consider the reporting requirements generally straightforward and not overly burdensome, although they do complain that the State Revenue Committee website has limited functionality. Foundations must additionally provide annual audit reports if the value of their assets exceeds AMD 10 million (approximately USD 25,000) at the end of the reporting year. Public organizations are required to

submit audit reports if they receive more than AMD 10 million (around USD 25,000) in funds from the state or local self-government bodies during the reporting year. Failure to comply with reporting requirements can lead to sanctions as prescribed by law. From January to September 2022, fines of approximately AMD 50,000 (approximately USD 125) were imposed on twenty-six public organizations and three foundations for failing to meet reporting obligations within the specified timeframe, according to the European Center for Not-for-Profit Law's *CSO Meter*. Six public organizations and one foundation received additional fines of approximately ADM 200,000 (approximately USD 500) for failing to publish reports after the initial penalty. No public organizations were sanctioned for engaging in activities that contradicted their charters in 2022.

Law enforcement agencies interfered several times with the exercise of freedom of assembly in 2022. For example, authorities reportedly used disproportionate force during opposition protests in May and June. In August, police in Yerevan briefly detained without explanation about twenty individuals protesting Russia's war in Ukraine. In September, police banned a protest in front of the Russian embassy and briefly detained two activists. The Committee to Protect Freedom of Expression reported an increase in violence against journalists and documented twenty-six incidents involving thirteen victims in 2022, with perpetrators including both public officials and private individuals. In September, thirty-five CSOs issued a joint call for the dismissal of the country's chief of police, expressing concerns about an incident involving the excessive use of force and unlawful detention of relatives of fallen servicemen at the Yerablur military pantheon, where soldiers who were involved in the border conflict are buried.

In July 2021, Yezidi human rights activist Sashik Sultanyan was indicted for allegedly inciting national, racial, or religious enmity based on comments he made to a journalist in Iraq in which he raised human rights concerns regarding the treatment of the Yezidi community in Armenia. The trial against him was suspended in October, after the court determined he had left the country in July. The court subsequently issued a warrant for his arrest. International human rights organizations criticized the prosecution, considering Sultanyan's remarks as protected speech and viewing the case as a threat to democracy.

CSOs may raise funds from foreign donors, engage in fundraising campaigns, and charge for goods and services. They may also participate in government tenders, although the requirement that public organizations, unlike businesses, submit audit reports if their annual income from public budgets exceeds AMD 10 million (approximately USD 25,000) acts as a disincentive to doing so. Any income generated from these various activities must be used exclusively to achieve the objectives stated in an organization's charter.

There is no legal framework for social enterprises. Instead, social enterprises operate under a variety of legal forms, including individual enterprises, LLCs, CSOs, foundations, and cooperatives. In addition, some social enterprises operate as projects within CSOs. No progress was made in 2022 on the Social Entrepreneurship Development Program.

The laws pertaining to taxation tend to be more advantageous for businesses than for CSOs. Unlike businesses, CSOs are unable to benefit from simplified taxation schemes, such as turnover tax or microenterprise options. Fiscal incentives to encourage donations to CSOs are limited. While commercial organizations may deduct up to 0.25 percent of their gross annual income for donations to eligible CSOs, individual donors are not eligible for tax deductions. CSOs tend to undergo fewer tax inspections than businesses.

As the sector's demand for legal services is low, CSO-related law is not an attractive field for legal experts and the number of specialists in this field is limited. However, CSOs have access to legal advice from the Armenian Lawyers' Association (ALA), Transparency International's Anticorruption Center (TIAC), A.D. Sakharov Armenian Human Rights Protection Center, NGO Center (NGOC), Eurasian Partnership Foundation (EPF), and other organizations. With remote work increasingly widespread, legal expertise has become more accessible for CSOs in both the capital and secondary cities.

ORGANIZATIONAL CAPACITY: 3.2

CSOs' organizational capacity was largely steady in 2022, with a few minor advances reported.

As tensions persisted in the Armenian-Azerbaijani border region, CSOs focused on delivering humanitarian aid to their communities. After many people were displaced by the armed conflict in September, several CSOs shifted their focus from democracy, anti-corruption, human rights, and government accountability to transporting civilians

from border communities to safe locations. This undertaking enhanced CSOs' collaboration with local governments and businesses and improved their management capabilities.

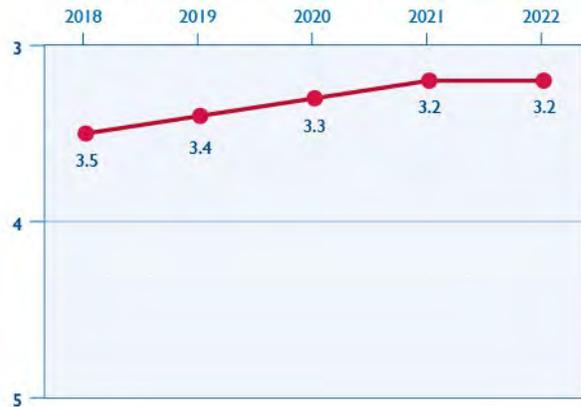
Although CSOs develop strategic plans to meet donor requirements, they often do not follow them in practice. CSOs engaged in social entrepreneurship have improved their capacities to identify target audiences and develop strategic models in order to promote their goods and services and diversify their income sources.

In 2022, Armenian CSOs continued to improve their ability to develop and implement organizational procedures for managing human resources, planning, and procurement. Larger CSOs have defined policies, procedures, and systems for their internal management and governance, to which they usually adhere. Smaller and regional CSOs often lack well-defined organizational structures and the resources needed to develop them, as funding for organizational development is difficult to secure. Only a few large CSOs can afford to maintain staff permanently. Most other CSOs outsource professional services such as accounting, information technology, and marketing.

CSOs, especially those operating at the regional level, experienced notable success in engaging volunteers in 2022. For example, Restart Vanadzor NGO has actively involved local volunteers in project management and media-related activities. Young people increasingly embrace the concept of volunteering as they recognize its potential for enhancing their career opportunities. The Youth Initiative Center NGO based in Gyumri successfully established three Youth Houses in the Armavir and Gegharkunik regions during 2022, adding to those already operating in Shirak and Lori regions. These facilities provide a platform for local youth to participate in voluntary work and community-building initiatives. In 2022, Russian migrants settling in Armenia after the start of the war in Ukraine contributed significantly to the growth of volunteerism by initiating and participating in diverse volunteer initiatives, particularly those with an ecological focus. They have organized voluntary groups dedicated to cleaning parks, reservoirs, gorges, and roads in communities like Dilijan, Etchmiadzin, and Yerevan.

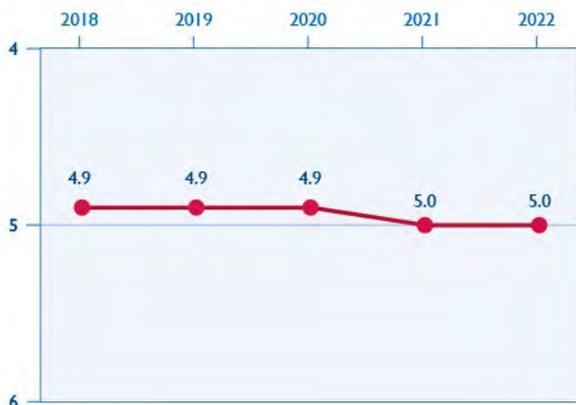
Throughout 2022, CSOs continued to develop technical skills and leverage digital technology effectively. Armenians enjoy widespread access to affordable internet services. Many CSOs have a strong presence on popular social media platforms such as Facebook, YouTube, Instagram, and Telegram, and their use of these platforms increased in 2022. Regionally based CSOs, particularly youth initiatives, continued to benefit from the availability of free office space provided by local governments. Armenian CSOs have yet to prioritize cybersecurity.

ORGANIZATIONAL CAPACITY IN ARMENIA



FINANCIAL VIABILITY: 5.0

FINANCIAL VIABILITY IN ARMENIA



CSOs' financial viability, which has long been the weakest dimension of sustainability in Armenia, was unchanged in 2022.

The level of foreign donor funding was largely stable in 2022. Prominent foreign donors supporting the CSO sector include the European Union (EU), USAID, and the Black Sea Trust for Regional Cooperation. Large donor-funded projects in 2022 included Strong CSOs and Local Partnerships for Accountable Communities and Inclusive Social Protection in Armenia (2021–2024), Civil Society Resilience and Sustainability (2020–2024), and Eastern Partnership Civil Society Facility (2021–2024), all funded by the EU. In 2022, Counterpart International launched

the USAID-funded Civil Society in Action activity, which aims to improve CSOs' financial viability, enhance the organizational capacity of community-based organizations, promote CSO-government dialogue on public policy, and strengthen locally-led development. Smaller grants were provided by the Swedish, Dutch, and German governments; the US, Czech, and Japanese embassies; and the German Robert Bosch Stiftung, Friedrich-Ebert-Stiftung, and Heinrich Böll Stiftung. At the end of 2022, Open Society Foundations–Armenia announced that it would become a fully independent foundation and discontinue its affiliation with the Open Society Foundations global network. The new foundation, called Democracy Development Foundation, started operating in March 2023 with a mission of advancing democracy, security, and human rights. It will be an operational foundation and will not provide grants to other CSOs.

CSOs in Yerevan and the regions increasingly partner to apply for funding and implement programs. For example, Urban Foundation, a CSO based in Yerevan, together with regional CSOs, such as Armenian Caritas, Women for Development NGO, Compass Research, Training, and Consultancy Center, and NGOC, formed a consortium to apply for the USAID-funded CapSLoc: Capacities for Sustained Locally-Led Development program, which aims to increase the capacity and resilience of the Akhuryan community to lead its own development. Large organizations often award sub-grants to smaller organizations, and regional CSOs have increasingly secured sub-grants from well-established local organizations in recent years. For example, the Association of Social Workers provided subgrants to nine regional CSOs under the Together for Social Communities project funded by the EU and the Austrian Development Cooperation. Similarly, under the Labor Action: Collaborative Effort for Accountable and Inclusive Employment project, funded by the EU, Armavir Development Center allocated sub-grants to regional CSOs to conduct shadow monitoring of the observance of labor rights in both private and public sectors. Although appreciative of these opportunities, small and newly founded CSOs express concern about their limited direct access to donor funding as they see the same well-known CSOs receiving most donor funding from year to year. Smaller, regional CSOs believe that their reliance on such sources of income limits the scope of their activities and does not always align with their capabilities, which can impact the program quality.

Various ministries continue to allocate funding to CSOs. In general, authorities show a more favorable and responsive attitude towards service-providing CSOs, as opposed to those focused on human rights, watchdog, or environmental initiatives. There continues to be a lack of capacity and skills among public servants to monitor awarded grants. In 2022, CSOs such as NGOC were involved in public hearings focused on replacing and improving the process of the ARMEPS electronic procurement system, which has been marred by poor technical and functional capabilities. The Ministry of Finance will use the suggestions made by CSOs and others at the public hearings as it reforms the website to accommodate the requirements of various stakeholders.

The government also continued to outsource social services to CSOs in 2022. The majority of state funding is allocated to projects related to social, educational, cultural, and sporting endeavors. For example, the Ministry of Labor and Social Affairs contracted with local CSOs including Women's Rights Center, Young Tavush, Talin Hope, Women's Empowerment Resource, and Family without Violence to provide psychological support and shelters to victims of domestic violence. The financial support extended to CSOs mainly takes the form of one-year grants based on the annual budget of the granting body. CSOs face challenges both in winning contracts and in implementing such contracts, such as delayed transfers of funding.

Although local governments are legally allowed to allocate funding to CSOs through a separate budget line, they rarely do so. To the extent that they do, this funding generally benefits social and youth organizations, often for one-time events like festivals or humanitarian assistance. Local governments often rely on discretionary methods to allocate these funds. In-kind support at the local level is usually limited to the provision of space in community-owned buildings.

Armenian CSOs seek to attract revenue in different ways. Organizations increasingly use online platforms and other electronic tools to raise funds. The main crowdfunding platforms used by CSOs include ReArmenia, Project Harmony, and Ayo!. In 2022, the ReArmenia platform raised funds to support innovative initiatives. For example, it supported programs that made programming accessible at schools in Armenia and Nagorno-Karabakh (for example, the MOONQ technoschool was launched in Nagorno-Karabakh), produced wheelchairs for people wounded in the war, and provided solar water heaters in rural communities, among other initiatives. CSOs have also started to integrate “donate” sections into their websites to encourage online giving.

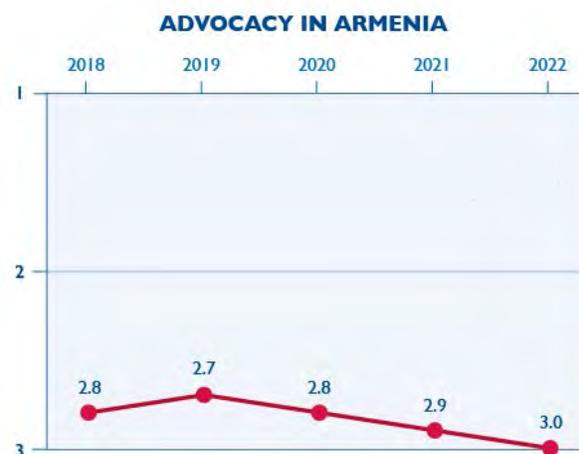
CSOs have limited ability to generate income through service provision, the sale of products, and rentals. Donors such as the EU support social enterprises, primarily newly established initiatives. Older social enterprises found the market for their services unfavorable in 2022 and as a result remained highly dependent on donor funding.

Corporate philanthropy remained limited in 2022. Most companies prefer to carry out corporate social responsibility projects without involving CSOs.

Mandatory government and donor reporting requirements encourage CSOs to maintain sound financial management systems. CSOs undergo external audits when required by the state or donor organizations. As a rule, CSOs outsource financial management and accounting services. Exchange rate fluctuations significantly challenged CSOs' ability to plan programs funded by international donors, affecting their ability to allocate resources optimally and limiting their purchasing power.

ADVOCACY: 3.0

CSO advocacy continued to weaken in 2022 as the unstable political and security situation induced organizations to self-censor and avoid criticizing the government. In particular, CSOs that focus on democracy, corruption, human rights violations, and government transparency curtailed their advocacy activities, limited their efforts to making calls to international organizations, or shifted their focus to humanitarian concerns. As CSOs drew back from advocating directly with the government, their oversight of government activities was compromised. Unlike in previous years, the prime minister did not meet with CSO representatives. Armenia's score on V-Dem's civil society participation index decreased slightly from 0.71 in 2021 to 0.7 in 2022, suggesting a decline in the frequency with which policymakers consult CSOs.



Public councils operating under the auspices of government ministries are meant to ensure CSOs' access to government decision-making processes. But CSOs often question whether the public councils have any purpose beyond the purely formal. These bodies were mostly inactive in 2022. As of October 2022, public councils had only met in six of twelve ministries and three of these bodies only met once. The government has taken a few steps to improve the operations of public councils. In May 2022, for example, it adopted the Public Administration Reform Strategy, which suggests reforms to the councils and other mechanisms to promote more inclusive and transparent decision-making processes.

The government publishes draft bills for public review, discussion, and comment on the www.e-draft.am portal. However, CSOs do not consider the portal an effective advocacy tool because it does not facilitate meaningful two-way communications. CSOs have reported that even subscribers to the portal do not receive proper notification when new documents are posted, and many organizations feel that their comments have little impact. CSOs also submit individual and collective petitions related to the activities of national, regional, and local authorities through the www.e-petition.am platform. However, there is a lack of public awareness about these platforms. In addition, to access the platform, a special device must be used to scan an identification card; most citizens do not have this device, thus limiting use of the platform.

Despite these challenges, CSOs and the government collaborated successfully on several initiatives in 2022. For example, CSOs including TIAC, NGOC, Armavir Development Center, and Asparez Journalists Club played a significant role in developing the new Open Government Partnership Action Plan for 2022–2024. Seven of their ten recommendations were included in the final action plan. These aimed to increase participation, for example, by setting up electronic tools that allow more effective and large-scale participation in state and community budget design processes, modernizing the institutional system of communication in the government, and addressing gaps and any inconsistent and discriminatory approaches in the area of government-CSO communication.

During 2022, Armenia concluded the ratification process of the Council of Europe Convention on Access to Official Documents. This is the first international document of this level in which states not only acknowledge the right to access information but also pledge to safeguard and collaborate on ensuring this right. The Freedom of Information Center of Armenia (FOICA) played an active role in advocating for the ratification of the Convention and will be actively engaged in monitoring its implementation.

The National Security Service released a draft law on state secrecy in July 2022 that included a new concept called “limited service information.” This type of information, although not classified as secret, would still be subject to restricted dissemination because of its potential to harm the country's security, foreign relations, political, and economic interests or the rights and interests of individuals and other entities. Several CSOs including Open Society Foundations-Armenia, TIAC, Protection of Rights Without Borders, and Helsinki Civil Assembly Vanadzor Office criticized the proposal as an unnecessary limitation on freedom of information. Although the government incorporated a few of CSOs' suggestions for revising the law, the problematic provisions remained in the draft, which was approved by the government and sent to parliament in November 2022.

CSOs successfully used strategic litigation to promote access to public information in 2022. A court upheld a claim by FOICA against seven municipalities, mandating that these municipalities publish all the information subject to compulsory disclosure as defined by the Law on Freedom of Information on their official websites.

During 2022, CSOs continued their advocacy against the “grave insults” law, which the National Assembly adopted in 2021. This law criminalizes “grave insults” and any offense to others’ dignity in an “extremely indecent manner,” imposing a fine of AMD 500,000 (around USD 1,250) for such actions. The Constitutional Court upheld the constitutionality of this law. Nevertheless, the law faced significant criticism from both local and international experts and CSOs, such as Media Initiative Center, FOICA, Journalists for the Future, Journalists for Human Rights, and Freedom House, who argued that it restricted freedom of speech. As a result, in June 2022, the government decriminalized grave insults.

CSOs were actively involved in police reforms in 2022. In particular, Union of Informed Citizens, Helsinki Civil Assembly Vanadzor Office, and Driver's Friend were involved in the Board of Police Reforms, which was formed at the initiative of the Union of Informed Citizens. The Board accepted several suggestions made by CSOs, including the establishment of a water police unit in Lake Sevan, enhancements to the educational modules of the patrol service, and improvements to the website activesociety.am.

Environmental CSOs continued to engage in advocacy in 2022. In 2009, the Armenian government granted a permit to Lydian Armenia CJSC to operate the Amulsar gold mine. This led to protests by local citizens and CSOs over the following years. In 2019, Lydian Armenia sued environmental activist Tehmine Enokyan for defamation, seeking compensation of AMD 1,000,000 (around USD 2,500) for damage to its business reputation. In July 2022, the Court of Appeals ordered Enokyan to publicly refute her statement and pay Lydian Armenia over AMD 1,000,000. Enokyan appealed this decision, but the Court of Cassation upheld it in December 2022. Sixty-two CSOs published a statement expressing their deep concerns over the oppression faced by environmental activists within the country's judicial system, noting that the trial against Enokyan is a threat to democratic values, aiming not only to silence Enokyan but also to discourage other activists.

A coalition of Armenian CSOs issued an appeal on December 15, 2022, to the Secretary General of the United Nations (UN), UN special rapporteurs, the Council of Europe, and EU bodies urging immediate action regarding the humanitarian crisis resulting from the blockade of the Lachin corridor.

CSOs were also involved in the public discussion of the draft law on volunteering and voluntary work organized by the National Assembly Standing Committee on Labor and Social Affairs and the Ministry of Labor and Social Affairs, with the support of the International Republican Institute. The main purpose of the proposed law is to define the common legal bases of volunteering and voluntary work.

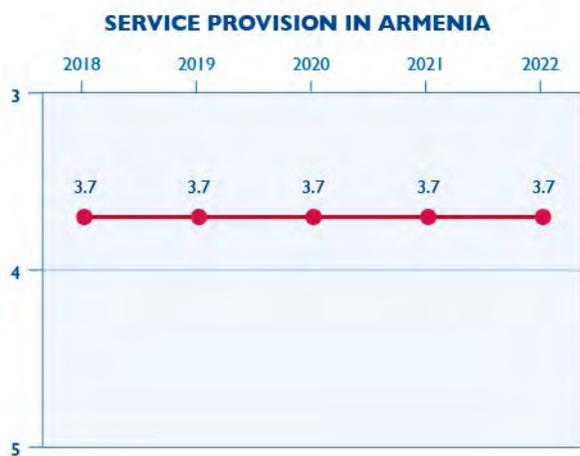
SERVICE PROVISION: 3.7

CSO service provision was unchanged in 2022.

CSOs continued to provide a wide range of services to their constituencies and beneficiaries, including humanitarian, social, economic, health-care, psychological, educational, and cultural services. CSOs demonstrated

resilience and adaptability and diversified their services in 2022 in response to the border conflict, providing affected populations with humanitarian aid, social support, and education. For example, People in Need, Armavir Development Center, and Armenian Red Cross Society provided humanitarian aid during the conflict and later conducted training on civic protection and first aid.

The unstable security situation encouraged CSOs to engage with new beneficiaries in 2022. Many organizations expanded their mandates to address the needs of displaced individuals, families affected by the conflict, and other vulnerable groups. Some organizations have begun to employ various marketing tools to reach intended beneficiaries. For example, some CSOs effectively utilized digital platforms, including social media networks, to engage with their target audiences, while organizations like the Helsinki Civil Assembly Vanadzor Office, TIAC, Education and Solidarity Trade Union, and Factor TV actively organized and facilitated face-to-face discussions.



CSOs adhere to the principle of non-discrimination in the provision of goods and services as mandated by the Law on Public Organizations. While membership associations primarily serve their members, some extend their activities to wider audiences. For example, the Social Entrepreneurship Association, Corporate Governance Center, Small and Medium Business Association, and Chamber of Commerce and Industry make their products and services available to all businesses, whether or not they are members.

Some CSOs, such as NGOC, Partnership and Teaching NGO, Compass, Disability Rights Agenda, International Center for Human Development, and Youth Cooperation Center of Dilijan, have diversified their revenue streams by offering paid rental services, consultancy, and research, including market publications,

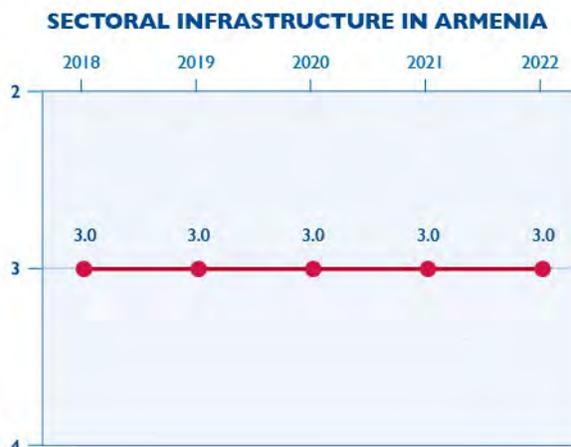
workshops, and expert analysis. However, there is a lack of festivals, exhibitions, conferences, and other events that could facilitate the promotion and sale of CSO goods and services. In recent years, several CSOs have founded social enterprises to generate income. A significant portion of these initiatives depend on funding from donors and have yet to attain self-sufficiency.

The government acknowledges the valuable contributions of CSOs in the social sector by outsourcing services to them. In 2022, CSOs signed more than ninety contracts with the Ministry of Labor and Social Affairs to provide services. For example, Mission Armenia, Armenian Caritas, SOS-Children’s Villages, and Full Life all received contracts to provide care to elder citizens and children.

SECTORAL INFRASTRUCTURE: 3.0

There were no changes in the infrastructure supporting the CSO sector in 2022.

Several intermediary support organizations (ISOs) and resource centers, including EPF, NGOC, Partnership and Teaching NGO, TIAC, the Infotun network, Armavir Development Center, and ALA, offered valuable assistance to CSOs in 2022. These organizations offered various capacity-building programs, as well as experience-sharing activities to promote cooperation between CSOs and active local actors and to increase the visibility of CSOs. The CSO DePO portal continued to offer a consolidated platform for announcements, news, information on grant opportunities, and other resources. ISOs and resource centers usually offer their services free of charge. Local



grantmaking organizations include EPF, Women’s Fund Armenia, Gulbenkian Foundation, Urban Foundation, Armavir Development Center, and NGOC. With the exception of the Gulbenkian Foundation, these organizations depend on funding from international organizations for these grants.

CSOs frequently engage in consortia, recognizing the advantages and effectiveness of such collaboration in tackling intricate challenges. A number of dynamic coalitions significantly influence the overall landscape of their respective domains. Notable examples include the Coalition to Stop Violence Against Women, comprising ten CSOs, and the CSO Anti-Corruption Coalition of Armenia, which consists of over seventy CSOs. However, collaboration between CSOs operating in different fields is limited.

CSOs in Yerevan and the regions continued to benefit from capacity-building and training programs in 2022. Donor-funded projects, including those supported by the EU, USAID, and UN Development Programme (UNDP), offered training opportunities covering a wide range of topics, such as strategic management and communication, human resources management, internal governance, financial sustainability, youth entrepreneurship, advocacy, and women’s empowerment. Training was offered both online and in person.

Collaboration between CSOs and the government is still not institutionalized and there are no established strategic plans to guide such partnerships. However, the Ministry of Labor and Social Affairs maintains strong connections with CSOs involved in the delivery of social services, and the Legislation Development Center of the Ministry of Justice collaborates with various CSO stakeholders. The engagement of CSOs with businesses during the border tensions has helped increase cooperation between the two sectors. In general, however, partnerships between CSOs and the private sector remain limited, as businesses commonly choose to conduct charitable initiatives without CSOs.

PUBLIC IMAGE: 3.7

CSOs’ public image was affected by both positive and negative trends in 2022, resulting in little overall change.

CSO representatives are increasingly involved in public discussions, particularly on online media platforms. Unless their activities intersect with those of international organizations or governmental structures, however, CSOs generally only receive coverage or platforms for discussion from like-minded media sources, such as 1in.am, Aravot.am, Lragir.am, Factor TV, AI+, medialab.am, Article 3 Club (operated by For Equal Rights), Media Center (managed by the Public Journalism Club), and the Infocom Information Committee. This coverage still tends to lack substantive analysis and depth. Other outlets are more hostile to CSOs and provide mainly negative coverage. These include Yerkir Media, ArmNews, Hraparak, and 5th Channel.

The public was favorably impressed by CSOs’ efforts to deliver humanitarian aid and address the pressing needs of groups affected by the border conflict in 2022. The community-level work carried out by CSOs and civic initiatives such as People in Need, Syunik Women’s Resource Center Network, Work and Motherland Regional Development NGO, and Voma NGO, especially after September, contributed significantly to improving CSOs’ public reputation. In regional areas, public perceptions of CSOs tend to be generally positive, as their work is readily visible.

Overall, however, the public continues to associate the CSO sector with the authorities and often attributes government failures to the sector. This is due to the fact that following the Velvet Revolution in 2018, several civil society activists assumed positions in the government, National Assembly, and other state structures. CSOs themselves, particularly organizations involved in environmental and human rights causes, have further contributed to this perception. Environmental CSOs, for example, have not achieved any success concerning the Amulsar mine,



the most widely covered environmental topic in recent years. CSOs dedicated to safeguarding human rights are seen as being passive in response to cases involving violations of freedom of speech and human rights, especially when these cases involved opposition representatives. This perceived inaction, combined with CSOs' self-censorship, has created public doubt about CSOs' principles and mission. The lack of collaboration and highly competitive relationships among some CSOs has also reinforced negative public perceptions.

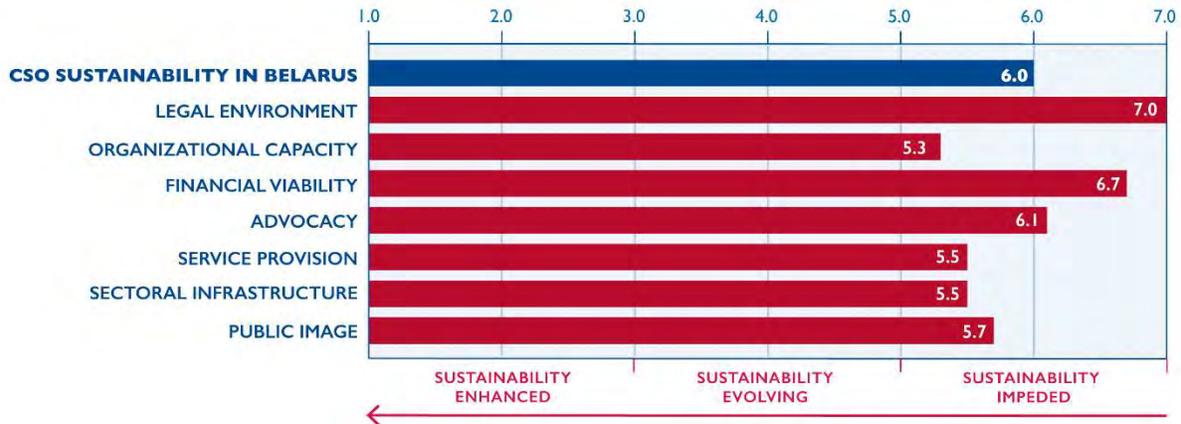
Many CSOs have communications strategies aimed at ensuring transparency in their activities. However, their implementation of these strategies is often ad hoc. Many CSOs have a strong presence on social media.

Following implementation of new financial reporting requirements in May 2021, the CSO sector has improved its overall transparency and accountability by publishing reports on financial flows on their websites. This has helped raise public awareness about CSOs' activities and operations, although most of the reports published are quite generic, with limited detail about CSOs' operations and finances. Only larger CSOs have made additional efforts to ensure transparency by adopting codes of conduct and providing user-friendly reports.

BELARUS

Capital: Minsk
Population: 9,383,853
GDP per capita (PPP): \$22,591
Human Development Index: Very High (0.808)
Freedom in the World: Not Free (8/100)

OVERALL CSO SUSTAINABILITY: 6.0



In February 2022, Russian forces launched a full-scale invasion of Ukraine from Belarusian territory. The Belarusian government also supported Russia's war efforts in other ways, including by hosting thousands of Russian troops and offering to station some of Russia's tactical nuclear weapons. The status of Belarus as a co-aggressor country has also worsened the attitude towards Belarusians in other countries, affecting the activities of organizations and activists that relocated from Belarus.

Also in February, a referendum was held in which voters approved several constitutional amendments. The approved amendments included provisions granting President Lukashenko lifelong immunity from prosecution.

In this difficult context, the sustainability of Belarusian CSOs decreased again in 2022, with deteriorations noted in all dimensions of sustainability. Belarusian authorities increasingly persecuted civil society representatives and liquidated CSOs. Human rights defenders, journalists, opposition party members, lawyers, trade union and CSO activists, and participants of peaceful protests were all targets of repression during the year. As of December 31, 2022, there were 1,446 documented political prisoners in Belarus, up from 969 at the end of 2021. Many others were forced to flee the country. As a result, independent Belarusian civil society now largely operates from outside of the country.

The state also further reduced the ability of CSOs to receive funding. CSOs must register all foreign funding with the government before receiving it. In many instances, the government perceives funding of civic activities as financing of extremism, terrorism, and mass riots, making it very difficult for CSOs to receive foreign funds. Government officials and state media discredit CSOs and use hate speech against them. In addition, Belarusian authorities have taken steps to replace independent CSOs and their activities with state-controlled organizations.

As a result of this pressure, many CSOs have become less active and less public, negatively affecting their access to target groups and constituencies. Organizations that still work inside Belarus operate in a highly risky environment and note that it is only possible to plan a few months in advance. Extremely difficult working conditions have led to high stress and burnout of a large number of CSO representatives, and many have left the sector.

When the war started, many activists, and in some cases entire organizations, began to provide assistance to Ukrainian refugees, raise awareness about the war, and organize solidarity actions. Anti-war protests in the country were harshly suppressed. On February 27, for instance, at least 900 individuals were arrested for protesting the Russian invasion of Ukraine and a constitutional referendum. By the summer of 2022, the majority of CSOs returned to their "pre-war" agendas.

As of January 1, 2023, there were 2,544 registered public associations (including 213 international, 668 national, and 1,663 local associations), 20 trade unions, and 44 unions of public associations in Belarus. These numbers represent a decrease from a year earlier, when there were 2,978 registered public associations, 25 trade unions, and 45 unions of public associations. However, even these numbers are exaggerated, as most of the CSOs that were liquidated in 2021-2022 have still not been excluded from these statistics. Unlike previous years, current Ministry of Justice statistics do not contain information on the number of registered foundations or the number of public associations newly registered in 2022. Information on the number of nonprofit establishments and associations of legal entities registered in the country has not been available for many years. Numerous Belarusian CSOs continue to work from exile in Lithuania, Poland, Georgia, Czech Republic, and other countries.

LEGAL ENVIRONMENT: 7.0



In 2022, the legal environment in which Belarusian CSOs operate declined moderately. However, as the score for 2021 was already the worst possible score on the *CSO Sustainability Index's* scoring scale, the score remains unchanged.

The constitutional amendments approved in February affected CSOs in several ways. The new Constitution mentions the term “civil society” for the first time, although it does not define the concept. The legal definition of freedom of association became more limited as the reforms define specific goals for establishing an association. In addition, public associations no longer have the right to nominate candidates for political offices.

The constitutional changes also triggered amendments to many CSO-related laws, as well as the adoption of new laws. The draft Law on Essentials of Civil Society, which was adopted in the first reading in December 2022, aims to create a hierarchy of CSOs based on their collaboration with the state by creating conditions for suppressing independent CSOs and promoting the state's “own” civil society. The Law on All-Belarusian People’s Assembly creates the All-Belarusian People's Assembly to serve as the “supreme representative body of the power of the people of the Republic of Belarus that determines the strategic directions of the development for society and the state, and ensures the inviolability of the constitutional system, the continuity of generations, and civil accord.” In theory, the All-Belarusian People's Assembly includes representatives of civil society and provides the opportunity for members of civil society to participate in government decision making for the first time. In practice, however, this institution will further strengthen pro-government CSOs vis-à-vis independent civil society.

Belarusian CSOs were subject to increasingly widespread repression in 2022. Pressure took various forms, including inspections, written warnings, suspension of activities, administrative and criminal responsibility of leaders, staff, members, and volunteers of CSOs, pressure on the relatives and loved ones of those associated with CSOs, searches, forced liquidation and self-liquidation, blocked access to websites, recognition of information materials and the organizations themselves as extremist, and defamation in the media. Many CSO representatives, including seven representatives of human rights organizations, were in prison or detention at the end of 2022. During the year, trade unions also started to become the targets of various forms of repression, including criminal prosecution of activists and forced liquidation. In addition, a new law was under development that provided for the re-registration of all political parties in the country.

The state’s campaign to liquidate CSOs, which began in the middle of 2021, has affected hundreds of CSOs. A total of 757 were forcefully liquidated in 2021 and 2022, according to Lawtrend. Of these, 451 were liquidated in 2022 alone. Another 416 CSOs decided to self-liquidate in 2021 and 2022.

In January 2022, Belarus’ parliament passed a law reinstating criminal liability for organizing or participating in the activities of a non-registered CSO (Article 193-I of the Criminal Code). The law came into effect later that month. Article 193-I includes punishment of up to two years in jail for violations. At least two criminal cases were filed

under this article in 2022: one against the former head of the charitable CSO Grodno Children's Hospice and another against officials of LLC Kleryhata, which, according to the prosecution, pursued the goals and objectives of an unregistered Union of Poles. These cases were still ongoing at the time of writing.

Repressive practices targeting civil activism are also being enshrined in legislation. For example, norms on “special proceedings” allowing trials of activists who have left the country to be held in absentia were introduced. At the end of 2022, special proceedings were being conducted against seventeen people in absentia. The ex-head of the Belarusian Sports Solidarity Fund Alexandra Gerasimya and the executive director of the Fund Alexander Opeikin were both sentenced to twelve years in prison through such proceedings. In addition, the law on citizenship was amended to allow citizenship acquired by birth to be revoked.

Legislation on combating extremism, money laundering, income obtained by criminal means, and counterterrorism is widely used against CSOs, as well as their leadership, staff, members, volunteers, and activists. This legislation serves as a basis for inspections, information requests, blocking of websites, liquidation of organizations, and criminal prosecution of individuals associated with CSOs. Both organizations registered in Belarus, such as Ecohome and the Belarusian Independent Trade Union REP, and organizations registered abroad, including the Professional Union of Belarusians in Britain and the organization Dapamoga, have been labeled as extremist groups. In addition, by the end of 2022, at least eighty-three people had been convicted for creating, leading, or joining extremist formations for the purpose of committing extremist crimes; providing or collecting funds for them; or providing other assistance to extremist activities. These repressive practices are a clear example of the misuse of international anti-money laundering and counter-terrorism financing standards to restrict, deprive resources from, and silence civil society.

At the same time, some positive legislative changes were introduced in 2022. For example, parliament adopted in the first reading amendments to two laws—the Law on State Support for Youth Organizations and the Law on Local Administration and Self-government—to allow for the provision of funding to CSOs that are not registered organizations. However, given the reintroduction of criminal liability for participating in the activities of unregistered organizations, it is evident that these norms are primarily being developed to benefit pro-government CSOs and organizations whose activities correspond to the state ideology.

The registration of CSOs continues to be complex and subjective. No information is available on how many new CSOs successfully registered in 2022. State bodies can use broad legal grounds to refuse registration, and CSOs' registration applications are commonly denied.

Access to domestic and foreign assistance has been significantly reduced for those CSOs remaining in the country. CSOs can only officially receive foreign aid for a narrow list of allowable purposes that does not include human rights, gender equality, and many other types of CSO activities. In addition, CSOs must register the aid with the government and pay fees to do so prior to its use. In practice, projects receiving foreign financing are generally not registered, although the legislation fails to lay out clear grounds for refusing to register foreign funding received by a CSO. Representatives of trade unions have been held administratively accountable for violating the procedure for using foreign aid.

If foundations or institutions engage in business activities, the income from such endeavors is subject to taxation at the same rates as the income of any company. Public associations, on the other hand, are prohibited from engaging in business activities. However, amendments to the Law on Public Associations adopted in 2022 state that public associations can perform work and provide services within state social contracts without forming or participating in commercial organizations. Regardless, the tender conditions for state procurements are usually formulated in a manner that is unfavorable for CSO participation. The law does not specify a special public benefit status or the notion of social entrepreneurship.

At the end of 2022, amendments were made to the Tax Code that became effective at the beginning of 2023. They limit tax deductions and eliminate the previously existing possibilities for CSOs that do not carry out entrepreneurial activities to file paper tax returns. As a result, many organizations will be forced to register in the electronic declaration system, which imposes additional financial burdens.

The Tax Code defines a list of seventeen organizations to which donations by corporations are eligible for tax benefits. These donations must be formalized through a written contract with the recipient. Other than this, the tax system does not provide incentives for businesses or individuals to provide charitable aid. Moreover,

regulatory agencies and tax inspectorates sometimes treat the provision of a donation to a CSO that is not on the special list in the Tax Code as a potential risk that requires more inspections.

CSOs' access to legal assistance has significantly decreased over the past several years. As a result of pressure on attorneys,¹ lawyers have refused to work on "political" cases, including those related to the forced liquidation of CSOs and their recognition as extremist. The repression of organizations that traditionally provide free legal assistance to CSOs and the fear of some CSOs remaining in Belarus to directly seek legal consultations has also contributed to the decline in available legal services.

ORGANIZATIONAL CAPACITY: 5.3

The organizational capacity of Belarusian CSOs deteriorated moderately in 2022 due to the continued liquidation and relocation of organizations, repression, recognition of CSOs as "extremist" formations, burnout, and personnel crisis in the sector.

The gap between CSOs in Belarus and those that have relocated continues to grow. According to the second regular update to *State and Current Needs of Belarusian Civil Society Organizations (CSOs) in Situation of Political Crisis*, a study conducted by SYMPA/BIPART, the location of a CSO and its representatives conveys "different agendas, different assessments of the situation, and different assessments of the risks."

In 2022, CSOs had less access to their constituencies, volunteers, and target groups. Many organizations stopped actively and systematically working to attract constituencies and shut down their websites and social media pages. In addition, CSOs organized fewer public events. Potential volunteers and members are afraid to join CSOs due to the threat of persecution. Only GONGOs and organizations that are supported by the state engaged in active and formal work with their members and constituencies.

A number of studies show that strategic planning remains a challenge for CSOs. The majority of CSOs that participated in the survey *State of Belarusian CSOs*, conducted by human rights organization Lawtrend in December 2022, stated that their planning time frame is short: 45 percent of CSOs plan their activities for one to two years and 19 percent for half a year or less.² In response to the outbreak of war in Ukraine, many organizations adjusted their priorities and strategies. Nevertheless, CSOs stay committed to their missions. According to the Lawtrend survey, 97 percent of relocated CSOs continue their activities for the benefit of Belarus.

During the year, CSOs became more concerned with internal management and operational procedures and developed communication, security, financial management policies, and ethical principles. At the same time, good governance and board development were not a priority for most CSOs. There is no division of responsibilities between the board and staff members in the majority of recently-formed CSOs. Governing bodies often are just symbolic or exist only on paper.

During 2022, CSOs continued to relocate from Belarus to other countries. Some CSOs and their teams had to relocate for a second time in 2022, leaving the war zone in Ukraine and settling in a new country once again. CSO staff and volunteers who remain in Belarus work in extremely risky conditions where they face pressure and threats of persecution. Even though relocated CSOs can legally hire employees, many of them still do not provide



¹ In 2022, sixteen lawyers were detained and fifty-eight had their licenses revoked.

² 10 percent of CSOs plan for two to three years, 5 percent for three to five years; and 8 percent for more than five years; 13 percent find it difficult to answer.

their staff with employment contracts, both because doing so is more expensive and because there is not a culture of ensuring labor and social guarantees for their employees.

Harsh working conditions in the face of repression, relocation, stress, and uncertainty have caused many CSO representatives to burn out. According to a study conducted by the independent laboratory Civic Leverage in April-May 2022, 53 percent of Belarusian CSO activists report health problems that they consider to be caused by their work in the sector. Many experienced managers and highly qualified experts have left the sector. At the same time, it is very difficult for CSOs to hire competent new employees, indicating a staffing crisis in the Belarusian CSO sector.

The technical advancement of CSOs worsened in 2022 due to two factors. First, equipment was confiscated during searches of organizational offices and the apartments of their staff. Second, as a result of sanctions against Belarus as a co-aggressor country in the war in Ukraine, Belarusian CSOs lost access to various software, IT tools, and services, such as TechSoup, which provided nonprofit organizations with access to donations and discounts on software and services from major brands.

FINANCIAL VIABILITY: 6.7

The financial viability of Belarusian CSOs deteriorated slightly in 2022 as the negative trends of 2020-2021 continued to worsen. CSOs' access to financial sources was limited by both stringent legislation and harsh new sanctions for its violation.



CSOs face restrictions in accessing both domestic and foreign funding. As described above, CSOs in Belarus can only obtain foreign funding for certain purposes and must receive prior approval from the state. While there were no significant changes in the legislation regarding foreign assistance in 2022, CSOs reported increased difficulties registering foreign grants with the Department of Humanitarian Activities.

According to the Department of Humanitarian Activities, Belarus received \$87.41 million in foreign gratuitous assistance in 2022, with Russia and the United States as the leading donor countries. This is less than the \$102 million received in 2021 and \$91.04 million received in 2020. The volume of registered foreign aid from the United States dropped to \$17.36 million in 2022, 55.8 percent of the 2021 level.

In September 2022, the government reclassified the criminal case against the Human Rights Center Viasna from a tax crime to smuggling. Under the new charge filed against the organization's leaders, money legally imported between 2016 and 2021 for organizational activities was labeled as smuggling. In March 2023, four leaders of Human Rights Center Viasna, including the Nobel Peace Prize laureate for 2022, Ales Bialiatski, were sentenced to lengthy prison terms ranging from seven to ten years for smuggling and financing actions that violate public order. This seems to indicate a new and even harsher method of blocking CSOs from receiving foreign funding. Foreign and international charitable assistance and its recipients are commonly defamed in state media.

Belarusian CSOs that relocated to countries with more favorable conditions for accessing financial resources also faced some restrictions affecting their financial viability. For example, the bank accounts of most Belarusian activists in Ukraine were frozen after the start of the war and remain frozen to date. CSOs founded by Belarusians in Georgia also faced difficulties opening bank accounts. Given the sanctions imposed against Belarus by the United States, European Union, and other countries, Belarusian CSOs are viewed as risky clients by banks, often leading to denial of service.

CSOs face significant restrictions in obtaining funding from domestic sources, including under the pretext of combating extremism and terrorism. Many Belarusians who donated funds to support protests and other civic actions faced pressure, including unlawful demands to transfer amounts ten times larger to state-supported

projects. In some cases, people were criminally prosecuted for funding extremist activities that violate public order. For example, media manager Andrey Alexandrov was sentenced in the fall of 2022 to fourteen years in prison for paying lawyers' fees and providing financial assistance to protest participants in 2020. In addition, the mass deregistration of CSOs restricted their access to resources, as unregistered organizations are banned from conducting any activities in Belarus, including fundraising, and businesses are wary of giving to unregistered organizations. Given such practices, many organizations have consciously suspended their domestic fundraising campaigns.

Many CSOs whose offices were searched in the summer of 2021 subsequently had their bank accounts blocked. The Ministry of Information blocked access to the crowdfunding platform Patreon in Belarus in December 2022.

Belarus still lacks a competitive system to provide state funding to CSOs. However, in 2022, two laws were developed that establish new mechanisms for competitive state funding of local initiatives and youth initiatives. Both mechanisms will make funding available to unregistered initiatives as well as registered organizations. However, these mechanisms are expected to benefit only pro-government CSOs and organizations whose activities correspond to the state ideology.

New provisions added to the legislation at the end of 2021 expanded the list of information that public associations and foundations must include in their public reporting. For example, CSOs must provide detailed information on the receipt of funds and other assets, foreign and international donors, and the amounts of funds and specific assets. The requirements for providing information on the expenditure of funds and other assets have also changed significantly. Public associations and foundations must report overall levels of expenditure and the use of funds and other assets separately for each expenditure item. Foundations and public associations first had to submit such reports covering the previous year by March 1, 2022.

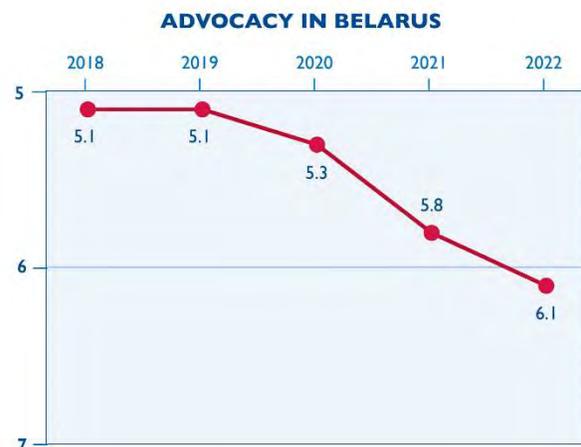
ADVOCACY: 6.1

Advocacy deteriorated significantly in 2022, as lines of communication and interaction with government bodies and their representatives was almost non-existent.

Belarusian CSOs did not conduct advocacy campaigns to change legislation in 2022, even in response to the laws enacted by the authorities on public associations and essentials of civil society. Only GONGOs participated in the discussions. The expanding practice of adopting normative acts without publishing their contents made it impossible to advocate for legislative changes since CSOs simply do not know what is being proposed. The number of normative acts submitted for public discussion and the comments received on them decreased from 195 projects and 7,500 comments in 2020 to 133 projects and 880 comments in 2022. The number of collective appeals through the platform Petitions.by also continued to decrease, falling from 400 in 2021 to less than 370 in 2022.

After the adoption in June of the updated Law on Citizens and Legal Entities' Appeals, CSOs had to register in a special system on the website обращения.бел (appeals.bel) to communicate with government bodies through electronic appeals. Dissolved CSOs, as well as organizations recognized as extremist formations, are unable to register on this system and are thus excluded from communicating with state authorities.

Due to the ongoing liquidation campaign, CSOs' representation in Belarusian advocacy bodies, such as supervisory and public councils, has decreased. Liquidated organizations in Belarus also faced difficulties advocating at the international level. For example, after it was liquidated, the environmental CSO Ecohome was deprived of the opportunity to participate in the European Eco-Forum, as well as at other events in Brussels and Geneva.



In 2022, the government introduced criminal liability for any calls for sanctions against Belarus. Broad definitions made it possible for the authorities to consider any appeal to international structures that resulted in the imposition of sanctions on Belarus as harmful to national security, making international advocacy within Belarus impossible for CSOs.

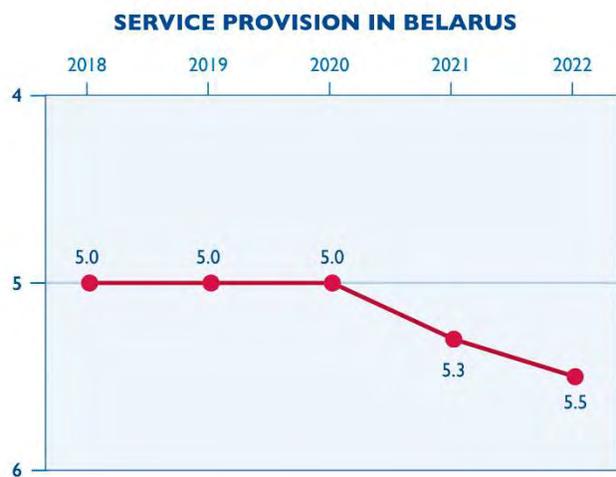
In 2022, Belarus ceased its participation in the Aarhus Convention, an international treaty that gives people the right to access information about the environment, thereby limiting the framework for advocacy on environmental issues. Additionally, Belarus denounced the Optional Protocol to the International Covenant on Civil and Political Rights, depriving Belarusians of the opportunity to submit complaints to the UN Human Rights Committee. As Belarus is not under the jurisdiction of the European Court of Human Rights, the UN Human Rights Committee was the only forum in which Belarusians could defend their rights at the international level.

Nevertheless, Belarusian CSOs based outside of the country engaged in international advocacy. In particular, the UN Human Rights Committee and the UN Special Rapporteur on the situation of human rights in Belarus published reports that identified human rights problems in the country and contained recommendations on how to improve the situation. CSOs successfully advocated for the inclusion of recommendations in these reports on the need for international bodies and the international community to recognize and interact with relocated Belarusian CSOs, despite their liquidation in Belarus. Though dissolved by the government, the Belarusian Helsinki Committee earned consultative status at the UN Economic and Social Council in 2022.

Despite the repressive atmosphere, an underground anti-war movement is developing in Belarus. Activists inside the country distribute samizdat on anti-war topics and create anti-war graffiti. Citizens report Russian troop movements on the Belaruski Hajun Telegram channel, which receives nearly 1,000 messages per day. Honest People publishes a weekly digest that it distributes in Belarus to arm activists with information and suggestions for how to pressure local councils and members of parliament regarding the war in Ukraine.

SERVICE PROVISION: 5.5

In 2022, service provision by Belarusian CSOs was further influenced by the escalating repression against civil society and the outbreak of a full-scale war between Russia and Ukraine.



According to the survey *State of Belarusian CSOs* conducted by Lawtrend, the most common areas of activity among CSOs are education and awareness-raising activities (62 percent), civil society development (48 percent), protection of human rights (40 percent), culture and arts (29 percent), and local development and urban studies (25 percent).

In 2022, CSOs organized many cultural events, such as poetry readings and exhibitions. CSOs also offered a wide range of services to support political prisoners and their families. At the same time, repression led to a decrease in demand for certain services, such as legal assistance. Some organizations working with vulnerable groups, such as people living with HIV and people with mental disorders, continued to operate openly.

The forced liquidation of organizations has led to a reduction in the number and variety of services provided by CSOs, particularly those delivered in-person within the territory of Belarus. In March 2022, for example, the NGO Radislava was liquidated, so it can no longer offer services to victims of domestic violence. Similarly, the liquidation of independent trade unions during the year meant that the social and legal assistance, information, and educational services they provided were no longer available. In addition, no open educational or informational events or film festivals were organized during the year. In addition, some CSOs, especially human rights organizations, were labeled as “extremist” formations or their materials were deemed extremist. As a result, the informational resources of these organizations were blocked in the country.

CSOs—both those operating within Belarus and those that relocated—continued to shift their services to online platforms in 2022. Constituents and communities had access to courses and webinars on civic education, self-care, community development, financial sustainability, and other topics. CSOs continued to develop automated chatbots to provide information and consultation services. For example, the Green Phone bot, created in 2022, helps solve environmental problems in Belarus and provides algorithms of interventions and samples of appeals on various issues. The growth of online services made them more accessible for active online audiences, such as young people. However, other groups, such as elderly people and residents of rural areas, faced challenges working online due to their limited internet access or lack of technical skills.

CSOs still operating within Belarus primarily provided in-person services to local communities and specific target groups. In order to maintain their security, CSOs often verified potential participants before giving them access to educational programs. For example, an initiative group working with the lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) community closed its social media accounts, verified its subscribers, and announced in-person events in Belarus only in secure spaces. These security measures hindered the participation of some people.

Relocated CSOs reached out to broader audiences, while keeping Belarusians as a special focus. With the onset of the war, some organizations, particularly those that relocated to Poland, temporarily shifted their focus to providing services to Ukrainian refugees. After a few months, when the flow of refugees decreased, most CSOs returned to their regular activities. Some relocated organizations, however, continued providing services targeting Ukraine and Ukrainian refugees as part of their ongoing work. For instance, CSOs such as the Belarusian Solidarity Foundation BYCOL, Free Belarus Center, Razam, and the Telegram channel Movement of the Majority, organized fundraising campaigns to support Ukraine and sent medication and other necessities to the country.

As a result of the difficult political context, the access of CSOs to their constituencies further decreased in 2022. This was a particular issue for CSOs that have relocated. Despite this, CSOs increased their efforts to determine the needs of their target groups, mainly through online surveys, throughout the year.

CSOs were unable to promote their services in state media. In addition, the government introduced a 20 percent fee for advertising in the media in Belarus and independent media were closed or labeled as “extremist.” As a result, the number of articles about CSOs decreased, making it more difficult for CSOs to share information with their target groups. Instead, CSOs communicated with their target groups through social media, often using private accounts.

CSOs in Belarus have limited capacity to recover costs due to their legal status, as liquidated organizations are unable to receive payments and donations. Some organizations began registering as commercial entities and provided services either at market rates or rates that partially recover their costs. For example, some CSOs organized paid excursions, online educational courses, and offline workshops focused on developing specific skills.

The state continued to implement a targeted defamation campaign against CSOs and their activities. Local and national authorities do not recognize the value that independent CSOs can add in the provision of social services or do so solely in a declarative manner. State contracting of CSO social services continued in 2022, albeit in a highly limited form.

SECTORAL INFRASTRUCTURE: 5.5

The infrastructure supporting the Belarusian CSO sector continued to deteriorate in 2022. The limited sectoral infrastructure is now entirely based outside of the country, and organizations that continue to work inside Belarus have limited access to their services.

Since July 2021, no resource centers have worked openly and publicly in Belarus. However, several umbrella organizations and intermediary support organizations continue to function from abroad. These include Belarusian National Platform of the Eastern Partnership Civil Society Forum, Belarusian National Youth Council RADA, Green Network, Belarusian Human Rights House, and Belarusian Council for Culture. These organizations provide technical assistance, training, and capacity-building activities to both CSOs inside Belarus and those operating in exile. In addition, organizations such as the Belarusian Youth Hub and Free Belarus Center in Warsaw, Kropka in Tbilisi, and CreateCulture Space in Vilnius offer relocated Belarusian CSOs and activists co-working spaces, training, consultations, and networking, as well as opportunities to organize events. To assess the changing needs

of CSOs, several sector studies were conducted during the year, including ongoing monitoring of the state and needs of Belarusian CSOs conducted by SYMPA/BIPART.

In response to ongoing repression, the civil society sector continued to focus on self-preservation, implementing regular programs to support human rights defenders, journalists, activists, and sector workers. CSOs were able to participate in some workshops, trainings, and long-term educational courses, mostly online. Belarusian National Youth Council RADA organized several training courses, including training of trainers, on advocacy, blogging, inclusion, and other topics for youth CSOs and activists. The Others CSO offered an online course on organizing events called Do It Boldly!.

Community Development Mentoring Program paCHATak held the School of Community Development to improve the soft skills (including communication, teamwork, conflict management, and stress management) of activists from Belarus. SYMPA/BIPART conducted a unique eight-week online course on project development and proposal writing in English. At the end of 2022, Belarusian Human Rights House launched a training course on CSO management basics for organizations and initiatives that emerged in the last few years. In addition to training, during the year Belarusian CSOs had opportunities to receive help with evacuation and relocation, psychological assistance, support for strategic sessions and retreats, and registration of organizations abroad, and could take internships in foreign CSOs. Most of these services were provided by organizations based outside the country but were aimed at people and organizations remaining in Belarus.

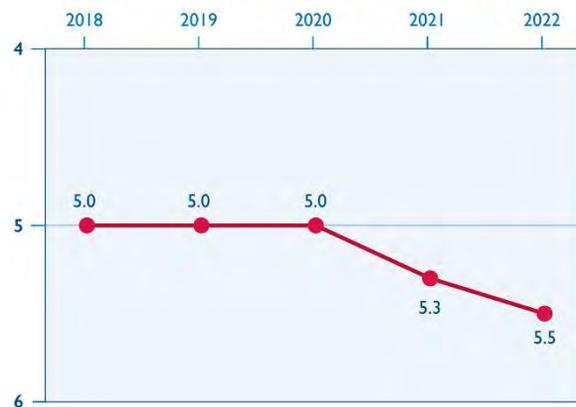
Nevertheless, available services are insufficient to fully meet the needs to improve the capacities of CSOs, their staff, and volunteers. There is a lack of training on topics such as organizational and anti-crisis management, risk assessment, reporting, and legal regulation in the countries where CSOs have relocated. Additionally, there is a critical shortage of experienced trainers, facilitators, organizational development consultants, and security specialists in the country since many of them relocated abroad in 2021-2022.

In 2022, relocated CSOs re-granted more funds received both from foreign donors and through crowdfunding. For example, Belarusian Human Rights House and other umbrella associations and networks re-granted funds to support stabilization, capacity building, and innovative activities of Belarusian CSOs within the project Emergency Support and Rehabilitation for Belarusian CSOs. CSOs in Belarus have reduced access to funding, since there are practically no legal and safe ways to transfer funds to the country.

According to the results of the study conducted by Lawtrend in December 2022, 43 percent of surveyed Belarusian CSOs are members of national and international coalitions or umbrella structures. In 2022, Belarusian CSOs that relocated increasingly interacted with each other. For instance, more than forty Belarusian organizations and initiative groups in Georgia created a forum to foster cooperation. In February, the informal Association of Belarusian Organizations in Poland started to function. BYSOL, the charity foundation Country for Life, Dissidentby (an initiative to help political prisoners in Belarus), and the charity organization Littwin LIONS CLUB formed a coalition to jointly conduct fundraising campaigns and provide assistance to political prisoners and their families. Cooperation among environmental CSOs was strengthened both within Belarus and in other countries.

Intersectoral partnerships continued to be minimal in 2022. Although in most cases, Belarusian CSOs no longer interact with the authorities, there are a few examples of governmental institutions inviting representatives of CSOs that legally continue to work in Belarus to events and providing them with premises and venues. Interaction of Belarusian CSOs with the authorities in the countries of relocation is most systematic and successful in Poland. Cooperation between CSOs and businesses remains weak.

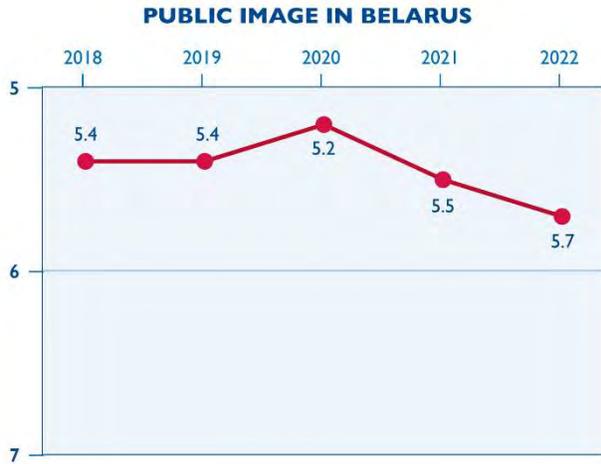
SECTORAL INFRASTRUCTURE IN BELARUS



PUBLIC IMAGE: 5.7

The public image of CSOs continued to deteriorate in 2022.

The state continues to persecute and defame CSOs and their representatives in the state media. For example, in the newspaper of the President's administration, propagandist Andrey Mukovozhchik compares CSOs to terrorists and supporters of Stepan Bandera (a symbol of Ukrainian nationalism) and accuses even loyal CSO activists of seeking, above all, access to foreign money. State media outlets call for purges within CSOs, stating, "Civil society should be able to cleanse itself right at the doorstep, otherwise later it will become more difficult."



The state also distorts the meaning of the term "civil society" in the public space. The only representatives of "civil society" in the new Belarusian People's Congress are GONGOs, such as Belaya Rus, Belarusian Republican Youth Union, and Federation of Trade Unions of Belarus. This distorts public perceptions of what CSOs are.

Communication channels between CSOs and the public within Belarus have been reduced. Both non-state media and the channels created by CSOs themselves, such as Honest People, are labeled as "extremist" formations. Access to their information is blocked without a VPN, and subscribing to recognized extremist channels can lead to persecution, including criminal charges. As a result, Belarusians fear accessing genuine information about CSOs. The fear of

repression also hinders Belarusians' personal involvement in CSO activities within the country.

However, in 2022, relocated Belarusian CSOs strengthened their image among the diaspora by providing assistance to people who relocated and establishing their own communication channels, including email newsletters, Telegram channels and chats, YouTube channels, and Facebook pages. Relocated Belarusians seek ways to expand their social circles in their new places of residence and to maintain ties with Belarus. They satisfy these needs by becoming involved in the activities of Belarusian CSOs in their host countries and establishing their own CSOs.

According to a survey conducted by the Belarusian National Youth Council RADA in 2022, the level of knowledge about CSOs among Belarusian internet users aged 14 to 31 is low. Just under half (49 percent) of respondents stated that they either know nothing or know very little about CSOs. The proportion of those who claimed to have a good understanding of CSOs decreased from 16 percent in 2020 to 7 percent in 2022.

The transparency and accountability of CSOs operating in Belarus is practically non-existent due to security risks. Even officially registered organizations publish mandatory reports on their activities less frequently. While there were 100 such reports on the Ministry of Justice's website in 2021, there were only 40 in 2022. The reporting of relocated CSOs is also limited because even the legally required minimum of public information is used against CSO activists in Belarusian courts. For example, data from public reports and extracts from public registers were used in the trial of human rights defenders from the Human Rights Center Viasna.

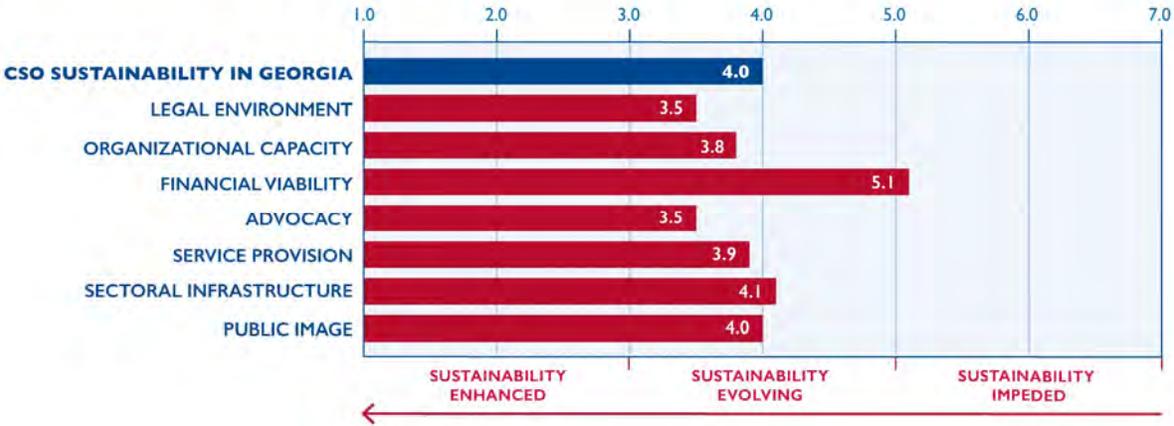
Overall, CSOs are very cautious about publicizing their activities and disclosing information about their teams. Many CSOs have removed information about their staff from their websites and avoid mentioning activists' names. While these measures may enhance security, they also damage the image of CSOs. Relocated CSOs also refrain from publicizing their activities in Belarus, fearing that this may provoke repression against current or former activists who remain in the country.

In 2022, there were fewer self-regulatory efforts within the CSO sector, such as the promotion of codes of ethics. For example, the Ethics Commission of the Belarusian Association of Journalists (BAJ) ceased its activities and did not publish any decisions in 2022.

GEORGIA

Capital: Tbilisi
Population: 4,936,390
GDP per capita (PPP): \$20,113
Human Development Index: Very High (0.802)
Freedom in the World: Partly Free (58/100)

OVERALL CSO SUSTAINABILITY: 4.0



Russia’s all-out war against Ukraine had a significant impact on Georgia’s domestic and foreign policy in 2022. The Georgian public demonstrated their support for Ukraine, with more than 60,000 people taking to the streets on the day of the invasion. However, the Georgian government’s continued ‘policy of restraint’ towards Russia continued to raise doubts about the country’s alignment with the consolidated stand of the European Union (EU) against Russia’s aggression. In addition, despite popular dismay, the government continued to use hostile language against the Ukrainian leadership for its alleged interference in Georgia’s internal affairs.

Shortly after Russia’s invasion in Ukraine in February, Georgia officially applied for EU membership alongside Ukraine and Moldova. On June 23, 2022, the European Council recognized the “European Perspective for Georgia,” instead of granting it EU membership candidacy as it did for Ukraine and Moldova. In its opinion on Georgia’s application, the European Commission (EC) “recommended Georgia to be granted candidate status, once it has addressed a number of key priorities.” The twelve recommendations proposed by the EC cover a range of issues, ranging from depolarization to ensuring civil society involvement in all decision-making processes at all levels.

According to a report by the United Nations High Commissioner for Refugees (UNHCR), between the Russian invasion of Ukraine in February and November 2022, over 160,000 Ukrainians entered Georgia, which served both as a transit and destination country. As of October 2022, around 25,000 Ukrainians remained in the country. In addition, Georgia experienced a massive influx of Russian citizens escaping increasing repression and possible conscription. According to a study by the Institute for the Development of Freedom of Information (IDFI), between March and June 2022, 277,698 Russian citizens entered Georgia through all border checkpoints. While the overall number of entries is on par with the pre-COVID annual averages for Russia, statistics indicate that a large portion of Russians coming to Georgia intend to settle for long periods. The intense presence of Russian nationals, especially amid the war in Ukraine, fueled an increase in political polarization about Georgia’s political trajectory and Western integration.

The Russian influx also helped fuel rapid economic activity, while also raising concerns about the country’s level of dependence on Russia. The National Statistical Service of Georgia estimates that the country’s gross domestic product (GDP) grew by 10.1 percent in 2022. According to Transparency International Georgia, in 2022, the country’s income from Russia through remittances, tourism, and the export of goods amounted to USD 3.6 billion, three times that in 2021. An estimated 15,000 Russian companies were registered in Georgia in 2022, sixteen times more compared to 2021.

Despite the drive to enter the EU, the state of democracy and civic space in Georgia continued to deteriorate in 2022, reaching a low point in early 2023 when the ruling party introduced the “foreign agent” law—a copy of a repressive Russian law and the most overt attack on civil society and freedom of expression in Georgia to date. The law was first introduced as an initiative by the People’s Power, created by a group of ruling party members who never actually left the ruling party ranks, in December 2022 and was officially introduced in parliament in February 2023. The law would require entities that receive 20 percent of their annual revenue from “foreign powers” to register themselves as “agents of foreign influence.” The introduction of the so-called Russian law triggered a major domestic political crisis, with tens of thousands of people taking to the streets in the capital, Tbilisi, to protest the initiative, fearing the country’s slide to autocracy. International partners such as the US Ambassador and EU member states warned that the law could pose a threat to Georgia’s Western integration. The President of Georgia also refused to support the initiative. The ruling party was ultimately forced to withdraw the bill in March 2023.

In January 2022, in another indication of the country’s democratic erosion, the State Inspectorate, an independent state body charged with monitoring personal data protection and probing abuse of power, was abolished after the agency found the Justice Ministry and its Penitentiary Service to have violated the personal data protection law. Despite the backlash on both international and domestic levels, state officials moved forward with the process, fast-tracking a new legislative initiative to create two new agencies, the Special Investigation Service and Personal Data Protection Service.

The onset of the war in Ukraine spurred new waves of anti-Western disinformation in Georgia. The anti-western narratives emphasized two alleged threats: a supposed Western conspiracy to push for a “second front” in Georgia to weaken Russia’s focus in Ukraine and Russia’s potential military retaliation should Georgia fully join the West in its support of Ukraine. Far-right political groups and media outfits, as well as ruling party leaders and their associated media, actively circulated these narratives, which portrayed CSOs as agents of the “global war party” that intended to “drag Georgia into war” with Russia.

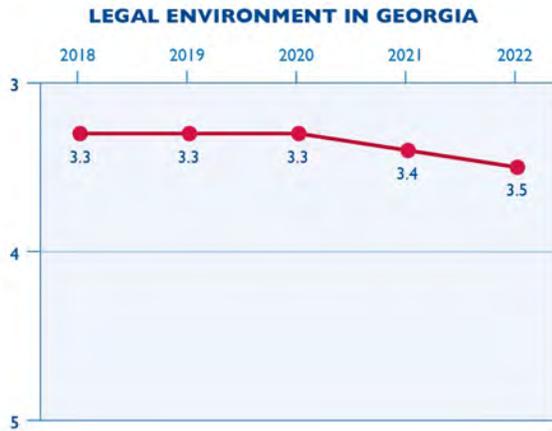
In spite of the challenging context, overall CSO sustainability remained unchanged in 2022. The legal environment and financial viability both deteriorated slightly during the year, while service provision improved slightly. All other dimensions remained unchanged. Local CSOs remained at the forefront of all major social, political, and economic developments in the country, providing assessments, opinions, services, and solutions to a wide range of clients, and the sector continued to actively advocate for reforms and improvements in human rights, accountable governance, and other key policy areas.

Legally, CSOs operate as non-entrepreneurial (non-commercial) legal entities (NNLE). According to the National Agency of Public Registry (NAPR), there are 31,339 registered NNLEs in the country, but only 4,051 are recognized as “active” by the National Statistical Office of Georgia. The large discrepancy between the number of active and registered entities is due to the cumbersome liquidation procedure, which most CSOs tend to avoid. The total number of registered NNLEs is also misleading as, in addition to CSOs, NNLE status is held by a range of public institutions that are owned and operated by municipal or central governments. The new Law on Entrepreneurship is expected to resolve this issue, as all legal entities are required to re-register.

The situation in the occupied regions of Georgia—Abkhazia and South Ossetia—remained tense in 2022. In the aftermath of Russia’s invasion of Ukraine, Russian disinformation capitalized on the false premise of a ‘second front’ in the occupied regions of Georgia, cultivating public fears of a possible Georgian incursion. The EC’s August 2022 *Association Implementation Report on Georgia* states that “The environment for engagement in Abkhazia and for local civil society to operate continues to deteriorate, partly due to increased pressure from Russia.” In mid-2022, the de facto foreign ministry barred global humanitarian organization Action Against Hunger from carrying out a project that it claimed would promote “the goals and objectives of Tbilisi by organizing Georgian-Abkhaz meetings of a political nature.”

LEGAL ENVIRONMENT: 3.5

The legal environment governing the work of CSOs deteriorated in 2022, setting the stage for even bigger declines in 2023. Recent changes to the Law on Entrepreneurship require organizations with NNLE status to update their information and, in most cases, to re-register, while the draft law on “agents of foreign influence” threatened to undermine the independent operation and viability of the civil society sector at large.



The new Law on Entrepreneurship, adopted in 2021, requires all legal entities registered before January 1, 2022, to re-register by January 1, 2024, when the law comes into force, with an additional three-month term after the deadline expires. Re-registering under the new law will impose additional financial and administrative burdens on CSOs, and failure to meet the new requirements within the prescribed period will result in the annulment of registration status. The law also introduces new requirements, including three-year terms for directors, and changes the rules for choosing the name of a legal entity. Names that incite resentment on any discriminatory grounds, are contrary to public order and generally accepted moral standards, or use words that indicate approval and/or propagation of violence and/or violations

of Georgian law are now forbidden. In addition, the new law prohibits advocating the violation of the country's independence or territorial integrity, or inciting national, sectarian, religious or social strife, war, or terrorism.

While CSOs generally find the spirit of the new regulations acceptable, they criticize the government for its complete disregard of public consultations in the process of drafting the law. Given the government's escalating hostility towards CSOs, some experts also fear that the government may misuse the new regulations to selectively deny registration or re-registration.

CSOs are able to register freely. Registration templates for organizational statutes are publicly available on government websites and at Public Service Halls operated by the Ministry of Justice. The registration process can be completed within one working day or on the day of registration for double the fee. In 2022, standard registration fees increased from GEL 200 (approximately USD 77) to GEL 400 (approximately USD 153); same-day registration still entails double the fee. Re-registration is subject to these same increased fees. The only restrictions on who can register or become a member of a CSO are on civil servants and persons under the legal age.

Although CSOs generally operate free from government interference, certain laws and practices create barriers to CSO activism, operations, and services. The Law on Assemblies and Demonstrations, for example, is often criticized for being vague and subject to interpretation. According to the law, ongoing assemblies can "be terminated immediately upon the request of an authorized representative" if the articles of the law are "massively violated," without specifying what exactly is considered to be a massive violation.

The unclear nature of the legislation allows for the possibility of arbitrary detention and the use of force against protesters. In March 2022, at least twelve people were detained by the police following pro-European rallies organized to criticize the Georgian government's decision to refrain from imposing sanctions against Russia. One of the arrested activists, who reportedly threw eggs at the Georgian Government Chancellery, was sentenced to four days in prison. The court's ruling was deemed as "selective, disproportionate and unsubstantiated" by representative of the Georgian Young Lawyers' Association (GYLA) and Transparency International Georgia, among others.

In late 2022, ruling party members announced they were working on two draft laws to regulate the transparency of CSOs by mandating a registry of "agents of foreign influence" and "regulating the dissemination of fake news by the media." The draft laws, initiated by the People's Power—a newly launched faction within the ruling party—received the full support of the ruling party. The draft laws were eventually withdrawn in March 2023 amid massive public protests and international pressure.

Georgian law allows CSOs to mobilize financial resources through fundraising. CSOs may also conduct economic activities, such as selling goods and services, and access various government grants. Many CSOs, however, do not pursue government funding due to concerns about the politicization of grantmaking mechanisms.

CSOs are generally taxed the same as businesses, although tax legislation allows CSOs to request refunds on value-added tax (VAT) on their grant expenditures. Most donors allow CSOs to retain the recovered funds. Additionally, agreements between Georgia and several foreign governments, such as the US and EU, waive VAT payments altogether. CSOs are only required to pay property tax in proportion to their non-grant income that is classified as commercial/economic activity. As reported in the study *Assessment of the Legal Environment for CSO*

Financial Sustainability and Corporate and Individual Philanthropy (2022), prepared by the International Center for Not-for-Profit Law (ICNL) and the European Center for Not-for-Profit Law (ECNL) based on statistics from the State Revenue Service (SRS), only 736 CSOs paid property tax in the first eight months of 2022. Corporate donors are technically eligible for deductions on a minor portion of their gross income.

Both the government and CSOs provide free legal services in Tbilisi and the regions, via email and hotlines. CSOs are also likely to need the help of lawyers to re-register under the new Law on Entrepreneurship, which is expected to strain local legal capacity as the deadline nears.

ORGANIZATIONAL CAPACITY: 3.8

The organizational capacity of CSOs remained unchanged in 2022. Tbilisi-based organizations continue to lead the pack in terms of organizational capacity, with greater access to donors, networks, and other resources.

Local CSOs are mostly value-driven and strongly dedicated to serving their target communities. However, donor dependency and project-focused funding makes it difficult for many, especially those that operate outside the capital, to strategize and plan long-term. CSOs increasingly use social media platforms to build relationships with constituencies but lack sufficient skills and resources to communicate effectively. Many industry and professional associations representing large groups of professional constituencies exist, but few have developed sound institutional structures.

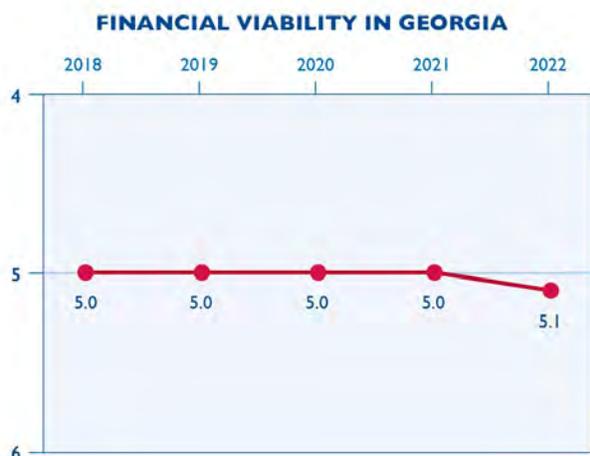
While most CSOs have boards of directors, they generally only exist on paper. The recent changes to the Law on Entrepreneurship may have a positive influence on the composition of CSOs' governing structures. Local CSOs' management structures have improved significantly over the past decade, but it is difficult to see change from year to year. Donors typically require adequate compliance systems to be in place, which are usually verified through pre-award assessments and closeout audits. However, funding gaps, uncompetitive salaries, and high staff turnover make it difficult for many CSOs to apply these systems fully and consistently in practice. Local CSOs struggle to offer competitive pay. Staffing challenges also often limit local CSOs' ability to meet donor reporting requirements.

Volunteering expanded rapidly in response to the COVID-19 pandemic and the war in Ukraine, but remains underdeveloped. According to the *2022 World Giving Index* produced by Charities Aid Foundation, 22 percent of respondents in Georgia reported volunteering in 2021. The recent *Study of Philanthropy and Volunteering Activities: International Practice and Georgia (2022)*, produced under the Civil Society STAR Initiative, outlines the lack of financial and legal incentives to promote "a culture of philanthropy and volunteering and the establishment of an appropriate ecosystem in the country." The study highlights the need to refine the Law on Volunteering to create a more unified regulation of taxation, grants and public procurement, and related areas. It also proposes the creation of incentives for volunteering, including insurance packages for volunteers and giving educational institutions the right to grant training credits for volunteer work.

Technical advancement continues to be a challenge for CSOs, especially those operating in the regions. Due to the lack of diversified funding opportunities, a very limited number of organizations are able to purchase new equipment on a regular basis. Some organizations struggle to retain office spaces. Local CSOs find it difficult to create and maintain well-established organizational websites. Moreover, increased internet-based attacks and disinformation strategies have made cybersecurity a bigger concern for CSOs. However, only a few well-established organizations can afford advanced VPN systems and private institutional domains to respond to these new threats.



FINANCIAL VIABILITY: 5.1



Financial viability deteriorated slightly in 2022, driven by the declining availability of funding for local CSOs and crippling inflation. In addition, the introduction of the draft “foreign agent” law deepened the distrust between CSOs and the state, making it less likely that CSOs will apply for government funding in the future.

CSOs can receive financial support from both local and international donors. However, financial viability remains a core challenge for Georgian CSOs, regardless of their location or size. Most CSOs struggle to diversify their sources of income, and many depend on a single donor, which undermines their long-term sustainability.

According to the annual *CSO Meter* study, conducted by ECNL, international donors remain the main source of income for CSOs. Development assistance funding for

Georgia peaked in 2020 amid the COVID-19 crisis, doubling from USD 540 million in 2019 to USD 1.1 billion in 2020, according to data from the Organization for Economic Cooperation and Development (OECD). Although data is not yet available for 2022, funding levels have substantially declined since 2020, as COVID-19 recovery funds have expired and many donors started shifting funding towards Ukraine.

Most international funding continues to go directly to international organizations, including United Nations (UN) agencies, such as the UN Development Programme (UNDP) and UN Children’s Fund (UNICEF). Local CSOs are still unable to compete directly for most of the available EU and USAID funding as they lack adequate knowledge, human resources, and compliance systems. Although local CSOs are rarely able to serve as the prime recipients for larger funding opportunities, they receive some of this funding through smaller subgrants that are passed down under the prime awards. While an important source of funding, subgrants provide limited opportunity for the long-term organizational development of the recipients. There are some positive developments in this regard, however. In 2022, for example, USAID/Georgia awarded the \$20 million Unity through Diversity program to the United Nations Association of Georgia (UNA Georgia), a local CSO, thereby setting an important precedent for future programming strategies.

In the face of the global reform processes being undertaken by the Open Society Foundations (OSF), the Open Society Georgia Foundation (OSGF) is set to localize in the coming years without continued financial backing from OSF. OSGF’s expected exit as the key grantmaker for local activist groups, informal movements, media, human rights defenders, and smaller CSOs, especially those in the regions, will further deteriorate the already difficult financial position of the sector.

CSOs have access to state funding mechanisms, including grants, public procurement, and program funding from local governments. However, CSOs rarely compete for government funding and procurements due to a lack of transparency in selection and award procedures, as well as the administrative harassment and reputational risk that state funding may entail. Growing distrust between the two sectors has further decreased the likelihood of Georgian CSOs applying for government-offered funding opportunities.

Domestic philanthropy—from both individuals and corporations—is still a relatively insignificant source of funding for the sector. This is partly due to the lack of legislative incentives. Crowdfunding is still nascent but showed promising signs throughout the COVID-19 crisis and the charity drives to support Ukrainian refugees in Georgia. In March 2022, [UKRAINA.ge](https://ukraina.ge) was created to collect donations in support of Ukraine and to connect donors and volunteers with those in need. Within its first year of operation, the site mobilized GEL 1,181,400 (approximately USD 454,000) in the form of monetary and material donations. Corporate philanthropy, while also underdeveloped, also improved significantly during the COVID-19 pandemic, with CSOs, businesses, and government entities taking a joint stand to help those in need.

A few CSOs, such as Partners Georgia (PG) and the Center for Training and Consultancy (CTC), earn income from consulting, training, coaching, and other services that they successfully market to government and business

clients. Their revenues started to recover in 2022 after the significant drop during the COVID-19 crisis. However, these organizations still rely on international donor funding to ensure their operational sustainability. There are only a few membership CSOs, but even in these organizations, collected dues are usually insignificant and make minimal contributions to financial viability.

The quality of financial management and compliance systems varies among CSOs. A few larger and more established organizations have sufficient resources to afford advanced financial management systems, as well as experienced and highly qualified staff. Recruitment and retention of experienced financial staff is a challenge, especially for CSOs that operate outside of the capital city. CSOs generally disclose information about their donors, as well as the amounts received and priorities of the projects they implement, but few conduct annual audits and only a handful make their audit reports or more detailed financial information public.

ADVOCACY: 3.5

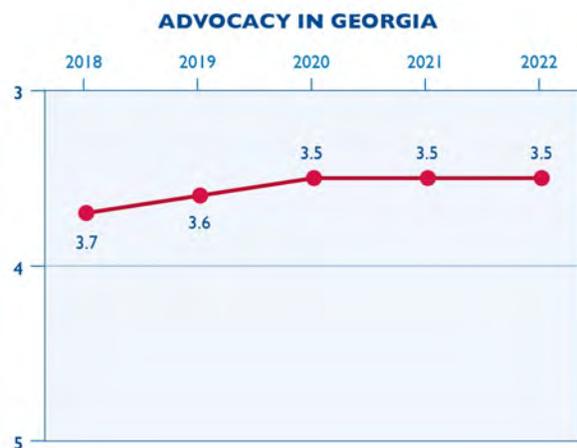
CSO advocacy remained unchanged in 2022. CSOs' participation in decision-making processes both at the central and local government levels is ensured by law. The right to participate includes the ability to lobby, petition, initiate laws, attend parliamentary sessions, and participate in working groups and meetings, among other actions. However, CSOs continued to face challenges in exercising these rights during the year, including the continuing disinformation and hate campaign against them and the decline in cooperation with the national government.

Despite government-imposed barriers to the substantial involvement of civil society in policy making, CSOs continued to influence national discussions and political agendas both locally and nationally. The EC's *Association Implementation Report on Georgia*, published in August 2022, notes that "civil society organizations remained very active and involved in monitoring the implementation of the AA [Association Agreement], including the DCFTA [Deep and Comprehensive Free Trade Areas], in policy formulation, and in holding the government accountable, including to some extent at the local level."

Georgia's EU aspirations were the overarching focus of CSO advocacy in 2022, with many Georgian CSOs quickly mobilizing to advocate for progress on the twelve recommendations put forward by the EC to grant Georgia EU candidacy. Twenty-three local and international organizations developed a plan outlining a unified vision of the steps to take to meet the twelve conditions. The proposal included substantial strategies focused on strengthening cooperation among the parties by establishing multi-party committees and adopting impartial selection procedures, amongst many others, claiming that the reforms "can be implemented by the end of 2022 if there will be the political will to do so."

The government ignored this plan and continued to limit CSO participation in decision making, including within the parliamentary working groups that the ruling party launched to implement the EC's recommendations. For example, the International Society for Fair Elections and Democracy (ISFED)—Georgia's leading elections watchdog—was rejected from participating in the parliamentary working group on electoral issues. In protest, GYLA—a leading human rights and legal aid champion—also refused to participate in the working group, while many leading CSOs issued individual and joint statements calling on the ruling party to change its decision.

Another incident showing the ruling party's inconsistency in addressing the EC's recommendations involved the selection of the Public Defender. Soon after the EC's conditional recommendations were made public, the ruling party proposed a new, more inclusive rule for the selection of the Public Defender. The parliamentary minority was granted the lead on selecting a candidate, which they did with the full involvement of CSOs. After a lengthy selection process, including discussions and televised interviews, however, the ruling party refused to vote for the CSO-backed candidate and scrapped the entire process.



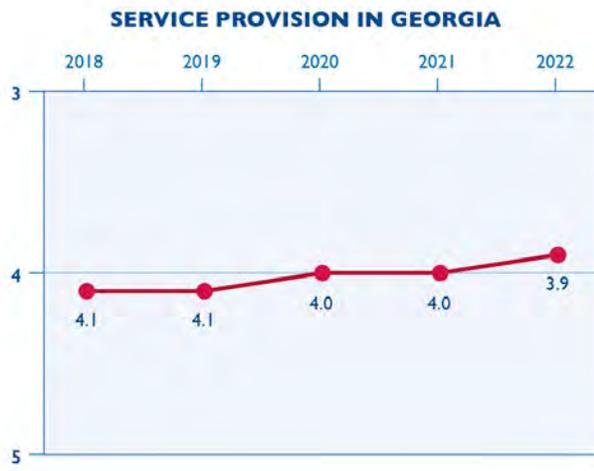
Similarly, even though one of the EC’s recommendations focused on increasing civil society involvement in decision making, People’s Power spearheaded the failed “foreign agent” legislation at the end of 2022 and early 2023. CSOs actively pointed out the proposal’s inconsistency with EU requirements and democratic principles and raised awareness about its shortcomings and controversial nature among the wider public. In addition to issuing individual and joint statements, CSOs helped organize large-scale rallies against the controversial bill in March 2023. After the law was withdrawn, CSOs lobbied in support of the rights of citizens who were forcibly detained by the police during the protests and called on the Special Investigation Service to examine the use of disproportionate force by law enforcement officers during the rallies, leading to the launch of an investigation into the alleged instances of abuse of power.

Public institutions responded less frequently to freedom of information (FOI) requests in 2022. According to IDFI, the rate of complete responses to FOI requests in 2022 was just 33 percent, the lowest rate since 2010. State LLCs and NNLEs rejected or left unanswered the largest number of requests, with state-owned entities rejecting or not responding to 90 percent of requests.

Local CSOs have an extensive history of cooperation with international partners and both public and private sector actors. Each September since 2015, for example, the Economic Policy Research Center (EPRC), in partnership with the McCain Institute at Arizona State University, has organized the Tbilisi International Conference, a large-scale event that brings together regional experts on foreign policy, security, and democracy issues to discuss Georgia’s democratic progress and transatlantic aspirations. The 2022 conference focused on the challenges posed by the invasion of Ukraine and its implications for the region and beyond.

In contrast to their exclusion of civil society in decision making on political issues, both the ruling party and the executive branch remained mostly open to productive collaboration with CSOs in non-political areas, such as infrastructure, environment, education, health care, and animal rights. Partnerships with local governments are also generally productive only in non-political areas, as the local authorities remain heavily dependent on Tbilisi in their decision making. Decentralization has been on Georgia’s political agenda for two decades, but without any meaningful success yet.

SERVICE PROVISION: 3.9



CSO service provision improved slightly in 2022 as CSOs demonstrated their capacity to respond to the constantly changing needs of diverse groups of constituents and develop effective crisis response mechanisms.

CSOs provide a wide range of health, education, relief, employment, environment, governance, and other services to communities, government, and businesses. According to the EC’s *Association Implementation Report on Georgia*, “During the COVID-19 crisis, civil society played an important role in supporting those in need and complementing state assistance.”

In 2022, CSOs actively responded to the needs of the refugees that came to the country after the Russian invasion of Ukraine. Services provided included psycho-social assistance, cash assistance, humanitarian aid,

health-care services, and access to education. For example, a group of volunteers launched Dopomoga Ukraine, which provides refugees with updated information on public services, accommodation, legal issues, support services, and charities. Many leading international organizations operating in Georgia, including UNHCR and UNICEF, also launched new projects and initiatives to support Ukrainian refugees, providing funding to local organizations to implement the projects.

Since the start of the war, both Georgian and Ukrainian nationals have formed a number of new CSOs to support Ukrainian refugees arriving in Georgia. For example, a local Georgian resident and a refugee from Ukraine founded

NGO Sauk-2022, which operates in Gori in the Shida Kartli region, to assist newcomers in various ways, including with language barriers.

Economic development is another growing area of CSO services. A 2021 study by the Georgian Institute of Politics identified at least thirty-one Georgian CSOs that are actively working with small and medium enterprises to strengthen value chains, increase sales, or explore exports through various EU and USAID projects. There has also been a steady increase in the number of industry and membership associations that provide a variety of services to their members. The Small and Medium Enterprise Development Association (SMEDA), for example, was established in 2021 and has grown rapidly in terms of membership and services. SMEDA provides tax, audit, training, legal, and other services to its members, while also offering a range of educational programs and opportunities to the public.

CSO services usually respond to local needs. CSOs actively interact with their constituencies and use various feedback and data collection tools including surveys, focus group discussions, and key informant interviews to continuously identify constituents' needs and interests.

CSOs and the government are the primary clients for most CSO services. Businesses are also important clients for the few well-established training and consulting organizations, such as PG and CTC. Georgian CSOs tend to be value-driven organizations, generally maintaining high standards of integrity in partnerships, as well as equality in the production, marketing, and delivery of their projects and services.

While many CSOs generate some income from services, this income generally is not sufficient to sustain them. Limited access to funding and qualified human resources makes it difficult for CSOs to invest meaningfully in diversifying and marketing their product lines.

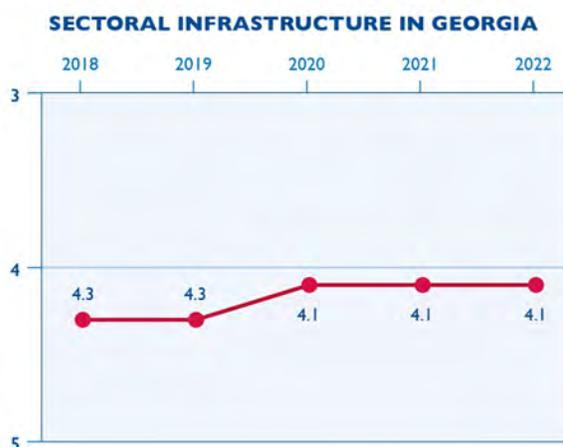
The government generally recognizes the value of CSOs and the services they provide. The sectors actively cooperate on a variety of non-controversial issues, including the provision of basic social services. Relations have stalled on high-profile issues, however, as the government and the ruling party continue to publicly undermine the credibility of CSOs, their work, and their staff.

SECTORAL INFRASTRUCTURE: 4.1

The infrastructure supporting the CSO sector is of a high quality, but its scope and range of services are limited. A few notable examples are the Centers for Civic Engagement (CCE) and the Network of Youth Centers, both funded by USAID, and the EU-funded Regional Coordination Centers (CSO Hubs). The CCEs provide free space and various services to local CSOs, while charging affordable fees to organizations outside the region. CSO Hubs provide a wide range of services such as capacity building, information support, and other forms of assistance to local civil society groups. The USAID-funded network of Youth Centers, implemented through USAID's Unity through Diversity initiative, operates in sixteen municipalities across Georgia and serves as a valuable resource for local and national CSOs engaged in youth outreach, awareness, and education activities. The CSO Georgia website, created by the Civil Society Institute (CSI) with financial support from OSGF, Bread for the World, and the EU, remains the largest CSO-focused information resource.

Local grantmaking organizations remain few in number. The Europe Foundation and Women's Fund in Georgia continue to re-grant donor funds to local organizations, but their scopes are limited. The ongoing changes in OSGF's funding and structure are expected to further limit local grantmaking capacities in the coming years.

Most CSO coalitions are based in Tbilisi. In 2022, CSOs primarily joined forces around the topic of Georgia's Euro-Atlantic integration. One such initiative formed in 2022 is Take a Step Towards Europe, which unites local civil society leaders, journalists, artists, and public figures. During the launch event in May, participants in the



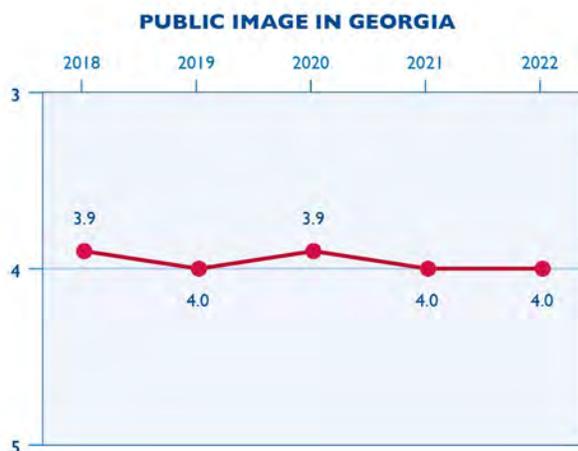
initiative presented a nine-point manifesto outlining Georgia’s future European path. The manifesto highlights the importance of human rights, fair elections, and freedom of speech, among other fundamental rights.

A few coalitions have been active for a long time. For example, the civil society platform No to Phobia! was founded by thirteen CSOs in 2014. Since 2010, the Georgian National Platform of the Eastern Partnership Civil Society Forum has promoted European integration and facilitated reforms and democratic transformations in Georgia. The Coalition for an Independent and Transparent Judiciary, which was founded in April 2011, currently unites forty member nonprofits.

The lifting of pandemic-related restrictions allowed in-person meetings, training events, and conferences to resume at their pre-pandemic pace. Training is mostly offered to CSOs through donor-funded projects, but the range of services is limited to human resource management, strategic planning, fundraising, and other general areas. CSOs have more limited access to quality training opportunities in accounting, financial management, compliance management, reporting, grant writing, and other technical areas. Some CSO support projects create relevant literature, video classes, and other resources on such issues as taxation, proposal writing, grant writing, and related areas. While most of these are publicly available on organizational websites, they rarely reach high target numbers.

Cooperation with the private sector is limited and mostly happens on an ad hoc basis. However, many of the large-scale EU and USAID projects launched within the last two years incorporate cross-sectoral cooperation and private sector engagement as core parts of their agendas. CSOs are working more actively with both small and large businesses as a result, providing capacity building, access to finance, employment, startup incubation, acceleration, export compliance assistance, and other services. In addition, USAID has partnered with larger businesses and employers, such as TBC Bank and Adjara Group. In doing so, it is paving the way for its implementing partners (and their subrecipients) to collaborate with these companies in other areas, including minority inclusion and equality in the workplace. CSOs’ collaboration with the business sector also grew in response to the COVID-19 pandemic and the war in Ukraine. For example, in March 2022, the delivery service Glovo and the Georgia Red Cross launched a joint campaign to collect donations from users of the app to help Ukrainian refugees.

PUBLIC IMAGE: 4.0



The CSO sector’s public image was affected by both positive and negative developments in 2022, leaving it unchanged overall. CSOs were subject to constant attacks and disinformation that questioned the origins and transparency of their funding, the motives and intentions behind their work, and their alignment with Georgia’s national interests and traditional values. At the same time, however, the massive public opposition to the “foreign agent” law demonstrated the public’s recognition of CSOs’ contributions to Georgia’s civic, political, and economic life. In addition, local CSOs have established a reputation as reliable actors on the international level, which was evident from the backing they received from allies such as the US and EU in the face of domestic attacks during the year.

Most of the media coverage that CSOs receive is focused on ongoing political debates, including EU integration and judicial reform. In 2022, government-critical media tended to solicit CSO commentary on all major political processes, including Georgia’s EU integration prospects, while government-friendly media outlets, which have far greater funding levels and viewership, engaged in continued smear and disinformation campaigns against the leading civil society groups in the country. In September 2022, for example, Imedi TV—Georgia’s largest media group and the de facto communication arm of the ruling party—aired a media report titled “clan of rich NGOs” that cast public doubts on the financial motives behind CSO activism. Imedi TV and the ruling party continued the “rich NGO” rhetoric throughout the year, producing a range of manipulative reports including one that claimed that “rich NGOs are against January 7th / Christmas.”

According to the limited research data that is available from the Caucasus Research Resource Center (CRRC) for 2022 as of the time of this report, only 24 percent of Georgians trust CSOs. However, it is important to note that trust levels in other sectors are also alarmingly low. For example, the same CRRC study indicates that just 23 percent of respondents trust the parliament.

Overall, the public understands the value of CSOs and their contribution to Georgia's Western trajectory. As stated in a September 2022 study carried out by CRRC for National Democratic Institute (NDI), while there is a “wide public consensus” on the importance of involving CSOs in the process of fulfilling the twelve EC recommendations, only a third believe the government will include CSOs in the process.

There continues to be a perceived “disconnect” between the issues that CSOs address and Georgians’ priorities, largely because local CSOs struggle to communicate about the diversity of services they provide. CSOs actively contribute to many high-priority issues for the Georgian public, including employment, education, health, and other public services. However, only a small portion of this work reaches the media spotlight. Instead, in 2022, most CSO media coverage continued to focus on Georgia’s highly criticized judicial reforms (one of the EC’s conditional recommendations), while only 5 percent of Georgians named the court system as one of the three most important national issues in NDI’s December 2022 survey. At the same time, however, public protests against the “foreign agent” law proved there is significant popular support for the work and role of civil society in Georgia.

Both USAID and the EU increasingly support private sector engagement, creating opportunities for local CSOs to do more work in areas that are of high importance and relevance to the public, including employment, economic development, skills training, education, and health care. Increased CSO participation in high-value opportunities such as the start-up economy, value chains, production capacities, exports, and vocational education is helping to boost the image of CSOs among the private sector and the public. Georgian media increasingly covers such stories as well, allowing CSOs to better promote the services and opportunities that they create through donor-funded programs.

The government continued to attack CSOs both directly and indirectly through government-controlled media and other channels. The negative rhetoric from members of the ruling party towards civil society reached a tense point in September 2022, when the party chair and other members of parliament openly questioned the income and financial transparency of several organizations.

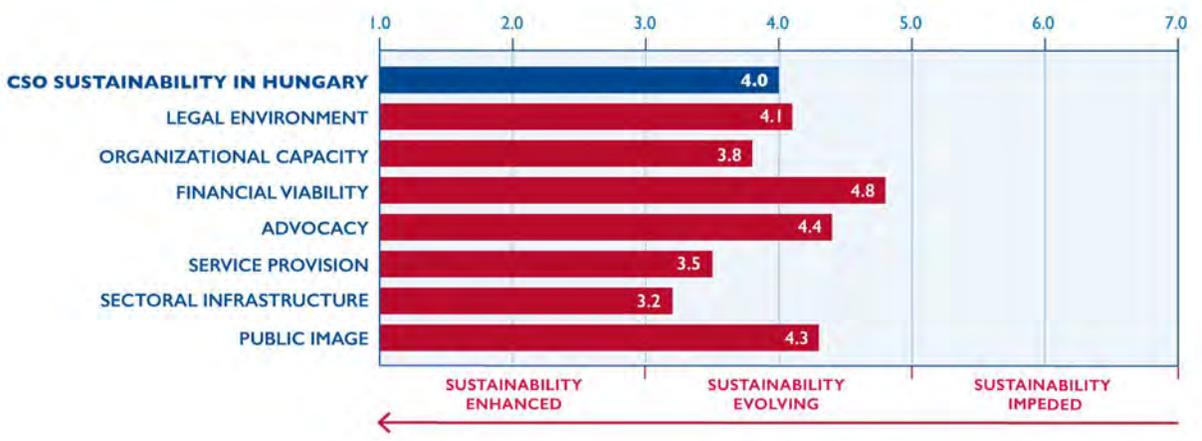
CSOs increasingly use social media platforms to communicate and increase their visibility. They lack human and financial resources, however, to effectively translate their work into media and social media products, limiting the reach of the highly important and relevant knowledge products, services, and processes that they create.

The ruling party's narratives in 2022 focused on the lack of transparency in CSOs’ funding, implying malign influence operations by the US and the EU. In reality, however, local CSOs generally demonstrate a high degree of transparency in their operations, with the majority providing comprehensive information about the projects they undertake and the sources of their funding. While there is a code of ethics for CSOs spearheaded by CSI, a local legal advocacy group, the sector’s accountability, ethics, and operational integrity are also effectively regulated by donor guidelines.

HUNGARY

Capital: Budapest
Population: 9,670,009
GDP per capita (PPP): \$43,906
Human Development Index: Very High (0.846)
Freedom in the World: Partly Free (69/100)

OVERALL CSO SUSTAINABILITY: 4.0



On April 3, 2022, parliamentary elections were held in Hungary. The election campaign dominated public attention during the first quarter of the year. In contrast to the previous two elections, the six main opposition parties—from various ends of the political spectrum—organized primaries in the fall of 2021 to choose a consensus candidate in each electoral district. This allowed the opposition to compete against the governing party, Fidesz, in one-on-one competitions in the election. This approach gave rise to cautious optimism, which was shattered when Fidesz surpassed predictions and achieved another landslide victory. With 53 percent of the votes, Fidesz won 135 of 199 seats in parliament, thus securing a comfortable, two-thirds majority for the fourth time. In an unexpected development, the radical right Mi Hazánk (Our Homeland) party also crossed the threshold, securing seven seats. The united opposition, on the other hand, performed worse than expected, receiving 35 percent of the vote and winning just fifty-six seats. The urban-rural gap was clearly demonstrated in the election results: while the opposition won fourteen of sixteen districts in Budapest, as well as the central districts of Pécs and Szeged, it failed to win any other seats.

Many factors led to this result. The gerrymandered, “winner-takes-all” electoral system unfairly favors the strongest contender. Two-thirds of media outlets are directly or indirectly controlled by the government and parrot its propaganda, while government institutions are captured by the ruling party. Fidesz receives practically unlimited campaign resources, including funding from state coffers far above the legal limit, and the government engaged in generous welfare spending in the months before the election in the form of extraordinary tax returns and freezing the price of gasoline below market rates. During the final weeks of the campaign, the war in Ukraine also became a key factor. After some initial hesitation, the government quickly settled on the message that Hungary must stay out of the conflict and remain “neutral.” It further implied that Fidesz was the only political force able to guarantee peace and security, without once condemning Putin’s aggression.

The defeat left opposition parties frustrated and exhausted both in terms of financial and human resources. This led to a certain impotence in the months after the election in addition to internal scapegoating and bickering. There were several reasons for the oppositions’ weak performance. Research shows that daily welfare and survival are the only issues on people’s minds, therefore opposition messages about democracy and corruption failed to resonate. In addition, the opposition parties were unable to fully overcome their differences and personal tensions. The election results also highlighted the fact that old patterns of paternalism and helplessness inherited from before 1989, coupled with strong individualism, persist in Hungarian society, especially in the countryside, leading people to look to the state to solve their problems.

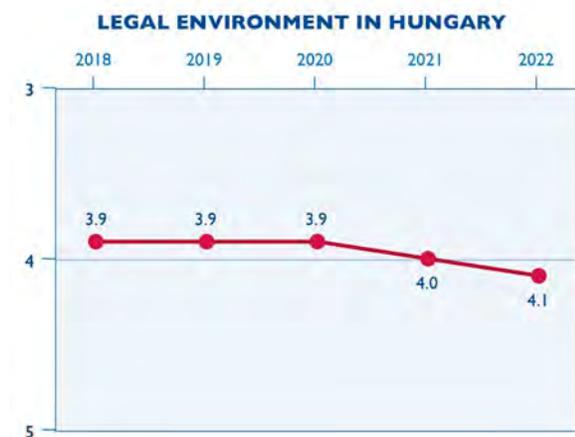
In the second half of the year, public attention shifted towards the unfolding economic and cost-of-living crisis, marked by soaring energy and food prices. Instead of introducing comprehensive economic policies adapted to the new situation, the government opted for short-term, ad hoc measures including price caps on some basic food items, such as sugar, bread, and milk. These actions failed to meaningfully address the root causes of the crisis, allowing inflation to reach 25 percent by the end of the year and resulting in a significant devaluation of the national currency. In addition, the government again left vulnerable social groups to cope on their own. Many municipalities were forced to close public institutions such as libraries, culture houses, and theatres for the winter in order to curb their energy bills. Small businesses similarly struggled.

The government’s conflict with the European Commission (EC) further exacerbated the country’s economic problems. On the day after the general elections, the EC President triggered the conditionality mechanism linked to the payment of EU Cohesion Funds, obliging the Hungarian government to introduce measures and make improvements in a number of areas mainly related to fighting corruption and judicial independence. For similar reasons, the EC did not approve Hungary’s Reconstruction and Recovery Plan (RRP) to help recover from the economic damage caused by the COVID pandemic. The government responded to the EC’s actions by passing new legislation and creating new institutions, notably the Integrity Authority. However, these actions only partially addressed the EC’s conditions and it remains to be seen whether these measures will safeguard democratic institutions and advance the rule of law.

The already adverse state of civil society did not change much in 2022, although slight deteriorations were noted in several dimensions, stemming largely from the government’s sustained antipathy towards independent CSOs. The continued harassment of independent organizations drove a deterioration in the legal environment, while ongoing smear campaigns and vilification of CSOs also resulted in a worsened public image for the sector. Financial viability declined as a result of the continued bias in the distribution of public funds, some CSOs’ ongoing reliance on foreign funding, and the impact of the unfolding economic crisis and inflation. Meanwhile, CSOs’ lethargy after the elections weakened advocacy.

According to the latest data from the Central Statistical Office, which covers 2021, there were approximately 55,000 nonprofits in the country, roughly the same as in 2020. A slight decrease in the number of foundations (from 19,000 to 18,700) was offset by a similar increase in associations (from 34,000 to 34,800). Their total income reached HUF 1,070 billion (approximately \$2.89 billion).

LEGAL ENVIRONMENT: 4.1



The continued harassment of independent organizations drove a slight deterioration in the score for this dimension, even though the laws governing civil society in Hungary did not change in 2022.

Freedom of association, assembly, and expression are guaranteed by Articles VIII and IX in the Fundamental Law (Constitution) of Hungary. The Act on the Right to Association, Public Benefit Status and the Operation of and Support to Civic Organizations (2011, the Nonprofit Act for short) further codifies the freedom of association and contains detailed rules on the operation of non-profit organizations. The Civil Code (2013) also contains provisions on the establishment and general functioning of associations and foundations. These laws did not change in 2022, and no new legislation relevant to civil society was

passed during the year. It should be noted though, that since spring 2020, parliament has routinely extended the “state of danger” imposed in response to the COVID pandemic and then the war in Ukraine, theoretically allowing the government to rule by decree.

Anyone can freely register a CSO at the administrative courts, though there are still some differences among the practices of courts in different parts of the country. Registration can also be completed online. There were no known cases of CSOs being deregistered in 2022. In principle, CSOs can operate freely, but in practice,

administrative burdens stemming from regulation and oversight practices remain high. Organizations with public benefit status (which 20 percent of registered CSOs have) and those receiving public funding must meet rigorous reporting obligations. For example, they must annually and publicly report separately on their accounts and activities, donations, and the use of 1 percent personal income tax assignments.

Several restrictive pieces of legislation remained in effect in 2022, though they were not implemented or were only partially implemented. For example, the 2018 Stop Soros package, which criminalizes aid to migrants and refugees, including by imposing a punitive 25 percent tax on organizational incomes, remained on the books but has not been implemented. However, the 2021 acts on organizations “capable of influencing public life” and on “homosexual propaganda to minors” were used in 2022 as a pretext to harass “unwanted” organizations.

The 2021 act on organizations “capable of influencing public life” affects CSOs with annual budgets above HUF 20 million or approximately \$55,000. In late May 2022, coinciding with the deadline to submit their annual reports, the State Audit Organization (SAO) ordered hundreds of CSOs falling into this category to submit documents, including internal financial rules and guidelines, through the agency’s online platform within a period of about ten days. Financial regulations oblige CSOs to have documents such as accounting policies, rules on inventory, and rules on cash and asset management, but in practice, most organizations use templates that do not reflect their actual practices and circumstances, so many of them needed to update them in a hurry. Despite the occasional malfunctioning of the online platform, all affected CSOs complied with the request, and to the author’s best knowledge, none of them received any follow-up or further requests from SAO by the end of the year.

During the electoral campaign in the spring, Amnesty International-Hungary and Háttér Society organized a campaign in partnership with fourteen other major CSOs to invalidate the referendum organized by the government on anti-LGBT amendments to the Child Protection Act. The referendum, held alongside the parliamentary elections, was the government’s response to the infringement procedure by the EC regarding the 2021 law banning “homosexual propaganda to minors.” While the government claimed that it organized the referendum to show Hungarians’ opposition to allowing LGBT activists to provide sex education in schools, it further stigmatized LGBT people in public discourse and mobilized the more homo- and trans-phobic parts of society in the general elections. Because of the manipulative nature of the referendum’s questions, the only way to ‘win’ was to invalidate it. CSOs thus encouraged voters to cast invalid votes in the referendum, successfully convincing 1.7 million people to select both answers (Yes/No) to all four questions. This rendered the whole referendum invalid, as fewer than 50 percent of eligible voters cast valid ballots.

Five days after the referendum, the National Election Commission notified all sixteen CSOs that signed on to the campaign that they were being fined for an “abuse of rights” that was counter to the purpose of exercising power through a referendum. The two main organizers were fined HUF 3 million (\$8,000) each, and the supporting organizations HUF 176,400 (\$470) each. This move was interpreted as revenge for the success of the campaign. The affected organizations jointly appealed to the Supreme Court (Curia), which overturned three of the five decisions and nullified fourteen of the sixteen fines, but refused to deal with two cases citing lack of merit. The affected organization, Háttér Society, turned to the European Court of Human Rights in the matter.

On February 21, the tax authority conducted a raid of the headquarters of Oltalom Charitable Association/Hungarian Evangelical Brotherhood, as a follow-up to an earlier fine imposed on it for non-payment of taxes. The root cause for this omission on the side of Oltalom was that following a 2016 ruling of the European Court of Human Rights, the government failed to restore the organization’s earlier church status, thereby causing it to lose billions in subsidies for its services to homeless and poor people to which it was rightfully entitled.

Authorities also restricted freedom of assembly during the year. For example, several people occupying bridges in Budapest to protest a tax change in July 2022 were fined for breaching traffic or assembly regulations. In at least one instance, the police used a taser against peaceful protesters.

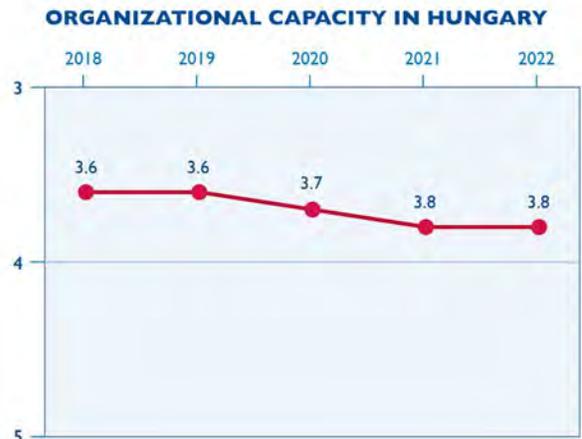
In theory, CSOs can raise funds freely, earn income, and enter into contracts, though in practice the situation is more complicated (see Financial Viability section). Taxpayers continue to have the option of assigning 1 percent of their income tax to a CSO. One change related to taxation was introduced in 2022 that affected the sector, even though it was not specific to the sector. In the summer, a simplified taxation form available to very small/individual entrepreneurs (abbreviated as KATA) was unexpectedly abolished. Many CSOs issued contracts under this tax regime with their staff, and its abolition will result in higher tax rates. As in past years, CSOs were again ineligible to apply to the government for compensation in the face of the unfolding increase in energy prices.

County Civil Information Centers provide some basic legal services to CSOs, such as help drafting statutes. Budapest-based organizations like the Hungarian Civil Liberties Union (HCLU) and Global Network of Public Interest Law (PILnet) can provide assistance on more complicated legal matters; however, their capacities are insufficient to meet demands, especially in light of the needs of Ukrainian refugees who arrived in Hungary throughout the year.

ORGANIZATIONAL CAPACITY: 3.8

In 2022, CSOs mobilized masses of volunteers to respond to both the Ukrainian refugee crisis and the parliamentary elections. At the same time, however, the gap between the capacities of large Budapest-based organizations and smaller CSOs in rural regions increased further. These opposing trends resulted in an unchanged organizational capacity score.

Immediately after Russia’s invasion of Ukraine, tens of thousands of Ukrainians—many of them Hungarian speakers from the border regions—fled to Hungary. CSOs and church-based charities were the first to respond. Volunteers welcomed the arrivals at the borders and the main train stations in Budapest. Organizations such as the Budapest Bike Mafia launched aid collections (both monetary and in-kind), organized shelter, and later helped those intending to stay to find their way through the labyrinthine institutional system to become legal. In the first few weeks, civil society was alone in these efforts. When the government stepped in later, it pushed out CSOs, centralizing and delegating the management of arrivals to the five main church-based charities – Red Cross, Baptist Aid, Ecumenic Aid, Caritas, and the Hungarian Charity Service of the Order of Malta.



During the election campaign, in addition to other types of activities, CSOs mobilized almost 20,000 volunteers to serve as election observers and vote counters in the polling stations. This was the first time that many of these individuals engaged in this type of action. Unfortunately, disappointment with the election results caused many of them to cease their civic engagement afterwards.

The turbulence of the past few years has not been conducive to strategic operations, and in 2022, both the Russian-Ukrainian war and the election results overrode organizational strategies. Many independent organizations were shocked by the election results and it took the whole summer to overcome this paralysis.

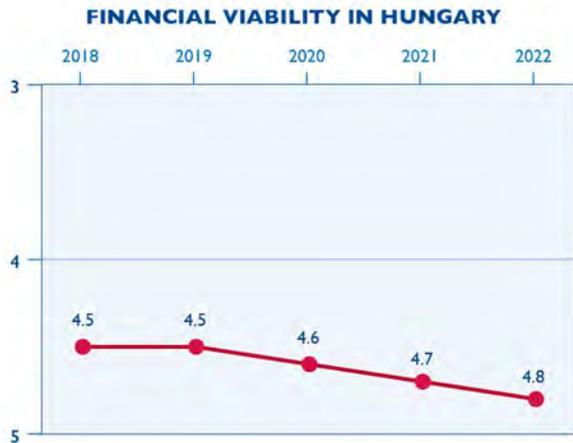
In terms of management, staffing, and technical capacities, the gap between the more institutionalized, Budapest-based organizations and smaller groups in the countryside continued to expand. Only the former are able to maintain functional and transparent management systems, although some newer CSOs founded by professionals increasingly rely on practices learned from the private sector. As a positive side effect, the SAO document requests (see above) forced many organizations to “put their houses in order,” at least to some extent.

Combined with the unexpected changes in taxation described above, record-high inflation increased CSOs’ difficulties in retaining staff. This affected even the more professional organizations, especially as rigid funding systems (such as that of the EU) were not prepared to accommodate these types of changes. Most organizations also struggle to reach out to and involve young people and are just starting to learn “the language” of the Y and Z generations. At the same time, the effects of working under adverse conditions for many years are becoming increasingly felt, manifesting in fatigue, burnout, and loss of motivation. As a result, the need to address “staff well-being” and mental health became more generally acknowledged. However, little is happening to address these issues in practice at this point.

The technical conditions of CSOs remain the same: most organizations have the necessary equipment, albeit in various states of obsolescence, but there are huge variations in the ability to use it. The use of videoconferencing

has become standard by now. CSOs increasingly used encrypted channels to increase security, although there were no reports of surveillance targeting CSOs in 2022.

FINANCIAL VIABILITY: 4.8



CSO financial viability deteriorated slightly in 2022 as a result of the continued bias in the distribution of public funds, certain CSOs' ongoing reliance on foreign funding, and the impact of the unfolding economic crisis and inflation.

Large discrepancies continue to persist within the sector in terms of individual organizations' overall budgets. According to the latest official statistics for 2021, 35 percent of CSOs continue to work with annual budgets less than HUF 500,000 (\$1,350) and three-quarters have budgets below HUF 5 million (approximately \$13,500), with the average being around HUF 21 million (approximately \$56,800) per organization.

About 44 percent of the sector's income is comprised of state funding, including EU Structural Fund support

distributed by the Hungarian government, while 22 percent comes from private sources. The remainder is made up of organizations' own income and other sources of income. The central state support instrument to CSOs, the National Cooperation Fund, provided grants totaling HUF 11 billion (approximately EUR 29.75 million) to approximately 4,000 organizations in 2022, and the so-called Village and Town Civil Funds (for CSOs operating in settlements under and over 5,000 inhabitants, respectively) each distributed HUF 5 billion (EUR 13.5 million). The operation of these funds remains rather non-transparent. For example, grants are not searchable on the webpage, and decision making has been shown to be politically-biased towards organizations directly controlled by local Fidesz politicians or their affiliates. As a result, independent organizations, while not formally excluded from applying for public funding, rarely secure such grants.

Many smaller organizations depend on one or two local (e.g., municipal) sources of funding. However, the financial resources of local governments are decreasing as well. In spite of this, some local governments made efforts to help local CSOs cope with their growing energy bills in 2022.

There are no dedicated national public funding sources that specifically support CSOs engaged in the areas of democracy, rule of law, and fundamental rights. The government also did not provide any additional funding to CSOs engaged in the refugee crisis stemming from the war in Ukraine. Thus, CSOs engaged in these issues remain dependent on international philanthropic and institutional donors, but often only those with sufficient expertise, language skills, and international contacts have a chance to secure such support. Although foreign funding comprises a minor part of the sector's overall income, it plays a crucial role in the income structure of these organizations. Private philanthropies that had already been active in Hungary, such as United Way and Civitates, created special funds in 2022 to support CSOs' work with refugees from Ukraine. In addition, both the EU (through the Citizens, Equality, Rights, and Values program) and the US (through USAID) opened up new sources of funding to be re-granted by local intermediaries. However, these programs were effectively launched only in 2023, so their impact was not yet seen in 2022.

Individual giving and crowdsourcing have become mainstream and were instrumental in raising support to aid the refugees arriving from Ukraine in spring 2022. CSOs themselves are also becoming more professional in collecting donations, especially online and through other creative tools, such as collections by "ambassadors" and Giving Tuesday. Ninety-eight campaigns collected more than HUF 70 million (approximately \$190,000) through the adjukossze.hu platform in 2022, a slight decrease from 2021 (HUF 76 million or \$205,000).

The cost-of-living crisis will likely have a negative impact on the success of future fundraising efforts. Indeed, the number of people who assigned 1 percent of their income tax to a CSO decreased in 2022 compared to the year before by 13 percent (from 1.65 million to 1.44 million), although the total amount given grew slightly. However,

as the period of collecting these donations coincided with the election campaign, the latter probably drew people’s attention elsewhere.

Domestic institutional philanthropy remains weak, although five new community foundations launched small local grant programs in 2022. Altogether, seven community foundations provided local CSO projects with HUF 62 million (\$168,000) in support in 2022.

In 2022, the Hungarian branches of some large multinational companies, such as Tesco and E.on, continued their small grant programs aimed at local communities. Many other businesses provided mainly in-kind support to refugees from Ukraine, especially during the first half of the year. Local businesses usually give on an ad hoc basis, often through relatives and acquaintances. Few organizations, including social enterprises, are able to generate significant income on their own. Besides running webshops and selling merchandise, there is a growing network of Community-Supported Agriculture (CSA) and similar initiatives sprouting up around the country.

All CSOs are required by law to prepare and publish their annual financial reports and accounts. Only the larger and more exposed organizations maintain more sophisticated systems and have their books audited, another area in which the growing gap in capacity within the sector can be observed.

ADVOCACY: 4.4

Despite the success of the referendum campaign and new legislation passed upon pressure from the EU, CSO advocacy deteriorated slightly in 2022 as a result of the lethargy after the elections.

In theory, Act CXXXI. of 2010 on Public Participation in Legislation provides for public participation in the legislative process, however, it is hardly implemented. In practice, draft legislation is usually published for comments with a very short deadline (maximum eight days), if at all. Public consultations are often not organized at all for important acts. In an effort to meet the conditionality criteria to access EU funds, an amendment of the above act was passed in the summer that introduces some new sanctions for non-compliance. But CSOs point out that this is no more than window-dressing in the absence of the proper implementation of existing rules. Indeed, the Minister of Justice submitted this amendment to parliament without any public consultation. Also, CSOs including HCLU, Hungarian Helsinki Committee, and K-Monitor Association regularly go to court to obtain public-interest data, but even after a positive ruling, authorities often drag their feet to implement the court’s orders.

While various consultative bodies, such as the National Council on Sustainable Development, have civil society representatives, they are rarely convened and their functions are often formal, without any substance. Again, in order to meet EU criteria, a new Anti-corruption Roundtable was established towards the end of the year that includes representatives of relevant CSOs, such as Transparency International-Hungary and K-Monitor Association. It remains to be seen whether this body will have any real impact in practice. Also to meet EU criteria, for the first time, CSOs could apply through an open call to become members of the Monitoring Committees of the EU Structural Funds. Other forms of dialogue and civic participation have become practically non-existent, as traditional channels of advocacy and consultation with state institutions ceased to work years ago. Open letters and petitions are routinely ignored—or even vilified—by the government. While some organizations, including those engaged in nature conservation, are still able to maintain good contacts with lower levels of the public administration, their results are frequently overruled by the higher levels.



Instead of real participation, the government still uses so-called “national consultations,” i.e. questionnaires on topical issues with leading questions and distorted statements that are sent occasionally to all households. In autumn 2022, a consultation on the “damages caused by Brussels’ sanctions” was carried out. As the government never releases any verifiable information on the results of the questionnaires (such as return rates or division of

responses), it is safe to say that these exercises largely serve to promote the government's narratives rather than to offer people a real opportunity to express their opinions.

The campaign leading up to the parliamentary elections and referendum involved an unprecedented civil society mobilization, as described above. During this period, CSO coalitions advocated for their causes on both the local and national levels. For example, the united opposition's election program ultimately included Civil Minimum 2022, an outline for a future government's civil society strategy that was compiled by the Civilization coalition in 2021. Other CSOs and networks made similar initiatives in their respective fields, such as housing. In addition, CSOs engaged in voter mobilization, election monitoring, and fraud prevention initiatives. Their efforts secured the presence of two independent observers in each polling station for the first time ever. (Under relevant legislation, officially only parties can nominate members to these polling commissions, but the vast majority of the volunteers had no party affiliations and were recruited and trained by CSOs). Nevertheless, the election results were a major disappointment for many CSOs, and the lethargy that followed was palpable throughout the remainder of the year.

Besides the elections, problems facing public education—undignified pay, adverse working conditions, lack of autonomy stemming from excessive centralization—sparked the largest wave of protests, bringing together teachers' movements and unions and organizations of parents and students alike. The first mass demonstrations took place at the beginning of the year along with strikes in some schools. In response, the government severely curtailed teachers' right to strike by requiring children to be supervised in schools during the strike. This inspired some to engage in acts of civil disobedience. During the election period and summer break, teachers suspended their activism, but revitalized it with the start of the school year. This time, high school students and to some extent parents' organizations mobilized as well, staging some spectacular actions, such as living chains around the capital, sit-ins, and flashmobs. Teacher strikes—both legal and illegal—and civil disobedience continued, too. Rather than engaging in dialogue with the teachers or accommodating their demands in any way, the government—specifically the Ministry of Interior, which is now responsible for education matters—responded by firing a total of thirteen teachers in Budapest high schools. Those fired were not necessarily the leaders of the activities, and the seemingly arbitrary nature of the firings seemed designed to deter others from speaking up.

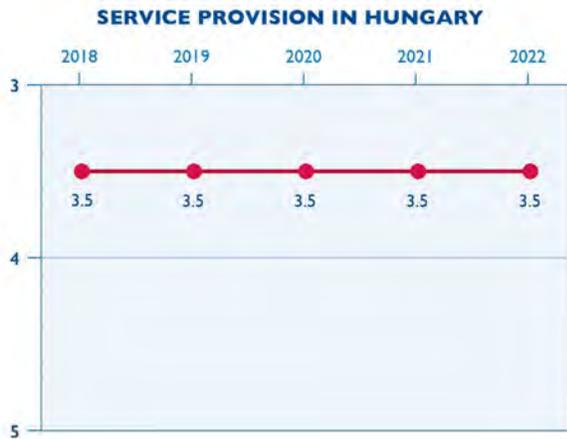
Plans to build factories for electric car batteries with enormous state subsidies in several locations around the country, including Debrecen and Győr, were also contentious during the year. The government views this as the industry of the future and has simply swept aside citizen concerns regarding potential pollution or the excessive water and energy needs of these huge installations, tagging the critics as “politically motivated.” This led to heated scenes in public hearings between angry citizens and official representatives, as well as to demonstrations in the affected cities.

On the local level, opposition-led municipalities are usually open to dialogue and experiment with various participation methods, including citizen assemblies in Budapest, Miskolc, and Érd and participatory budgeting in Budapest and some of its districts, as well as Pécs. However, they often lack the necessary expertise, and even more importantly have little room to maneuver as their competencies and financing were severely curtailed, in part under the guise of the COVID crisis.

SERVICE PROVISION: 3.5

The conditions and characteristics of CSO service provision remained basically unchanged in 2022, although the impact of the cost-of-living crisis was starting to be felt towards the end of the year. The continued absence of reliable data makes it difficult to draw an accurate and comprehensive picture of this aspect of CSOs' work.

The majority of Hungarian CSOs continue to have a strong service orientation, in part due to the perceived dangers of advocacy, including smear campaigns and defunding. CSOs provide a range of services, mainly in the human and social fields, such as social care, health, education, and culture, attempting to fill the growing gaps left by the deteriorating official institutional system. CSOs primarily respond to immediate needs. A case in point was the broad mobilization to help the waves of refugees arriving after the war broke out in Ukraine. Many organizations quickly responded to the crisis and provided services ranging from immediate relief to supporting the longer-term settlement of the arrivals. Only a minority of CSOs provide services with a longer-term, strategic vision. Most needs assessments rely on anecdotal data and direct contacts with constituencies instead of formal research. Only a few CSOs offer professional services, consultancies, or consumer protection services. For example, the Energy Club develops local Climate and Energy Action Plans for municipalities.



CSOs are increasingly pushed out of social services, as the government exclusively contracts the five main church-based charities for these purposes. Even among these organizations, the Order of Malta has gained exceptional status, which raises conflict of interest issues, as its vice-chair is also a Prime Minister’s Commissioner. The Order of Malta was appointed to manage the only publicly-funded program to help rural people living in deep poverty (mostly Roma) in 300 villages, thereby gaining a quasi-monopoly status in the field. While it involves other organizations in the actual work on the ground, they must commit themselves to using the Order of Malta’s methods and work under its direction.

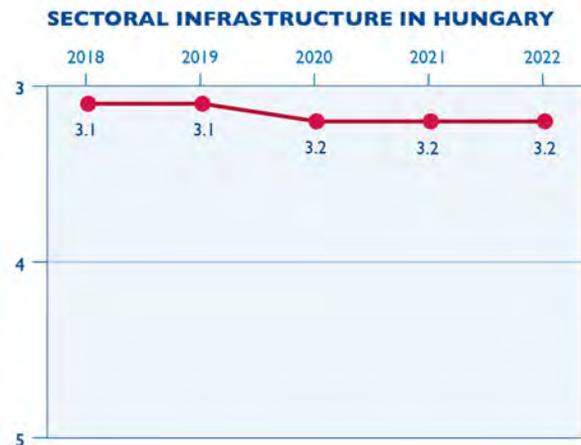
Other CSOs must rely on unpredictable grants and fundraising to cover their costs, as their target groups are

usually not in a position to pay for the services. Increasing energy prices in the fall hit service-providing organizations especially hard, with little or no recognition from the central government. In contrast, some municipalities tried to alleviate the problems by providing compensation to the extent that they were able.

SECTORAL INFRASTRUCTURE: 3.2

No significant changes were observed in the infrastructure supporting the CSO sector in 2022.

The government-appointed network of county Civil Information Centers continues to operate, and some of them have become more experienced and professional over the past few years. In addition, traditional resource centers, such as the Non-profit Information and Education Centre (NIOK), remain important. A new actor in the field is the Roots and Wings Foundation, which supports new and existing community foundations around the country. Strong CSOs that work as resource centers in the cities of Pécs, Szeged, Debrecen, and Miskolc recently formed an umbrella to exchange knowledge called the Aspect group. Some resource centers—especially With the Power of Humanity Foundation in Pécs—are also active in local grant-making. Currently, seven community foundations are active in the country, five of which – those in Eger, Nyíregyháza, and the 2nd and 3rd districts of Budapest – effectively started working in 2022. On the corporate side, Magnetbank is an important local grantmaker.



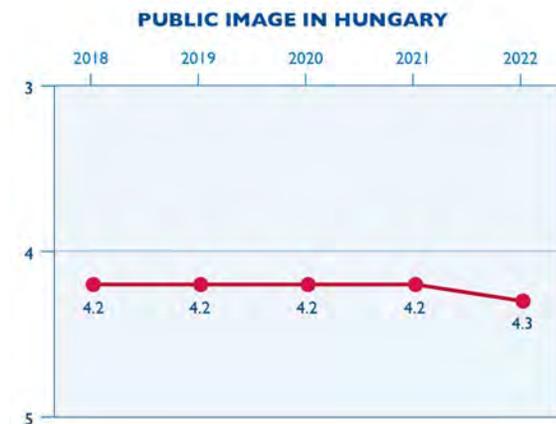
With the proliferation of webinars, CSOs now have significant access to a variety of short-term trainings. Some specialized organizations such as Civil College Foundation and the School of Public Life also offer longer courses coupled with mentoring in the fields of community organizing, participation, and citizen activism. In the framework of its Stronger Roots program, NIOK previously offered training in constituency building coupled with grants to a limited number of CSOs. In 2022, NIOK presented the results of this work in a collection of case studies and webinars. In the face of increasing hardship, however, many organizations lack the time and capacity to invest in educational efforts. In terms of formal higher education, the Budapest-based university ELTE, as well as universities in Szeged and Győr, offer MA courses on Civic and Community Studies, while the Budapest Technical University includes nonprofit management as part of its economics curricula.

Civilization continues to be the main coalition engaged in the defense of civil space. It remained active throughout the year and expanded its membership, which now includes forty major CSOs. Networks of CSOs working in specific thematic fields such as the environment or with Roma (the Egalipe network) also continue to operate.

Similar structures, such as the Child Rights Coalition, emerged in 2022 in a few other areas. In the autumn, broad informal cooperation between teachers', students', and parents' organizations and unions developed parallel to the protests (see above).

No changes were observed during the year in terms of cooperation or partnership between CSOs and other sectors. Some large companies have working partnerships with specific CSOs that have resulted in long-term joint activities. The partnership between IKEA and NaNE, a leading women's rights association, is an example of this. The growing social pressure—and legal obligations in some sectors, such as banking—on companies to develop environment, social, and governance (ESG) policies and reporting will likely motivate them to develop more such partnerships in the future. Organizations like Effekteam Association help nurture CSO-business cooperation.

PUBLIC IMAGE: 4.3



The public image of Hungarian civil society was affected by conflicting phenomena stemming from the deep polarization in the country in 2022, but deteriorated slightly overall.

The ubiquitous pro-government media conglomerate either does not report on civil society activities or smears and vilifies CSOs with disinformation. In the first half of the year, a new scam targeted several CSO leaders. Lured with the promise of fake job interviews, they were asked to reveal condemning information about their funding sources or political ties, which was promptly leaked to and distorted in several media outlets. In the autumn, after the elections, Magyar Nemzet ran a series of articles on US “interference” in Hungarian politics. The stories mainly targeted the political opposition, but also accused CSOs active in the election and referendum campaigns of being foreign agents

funded from abroad. A new catchphrase “rolling dollars” was coined to refer to money being sent from foreign powers to the Hungarian opposition to undermine the nation; governmental figures have used the phrase often ever since. In several instances, courts ruled against these misleading statements in slander and libel suits brought by human rights organizations such as the Hungarian Helsinki Committee.

The independent media outlets that continue to operate, such as the TV channel RTL and online outlets, cover CSOs' activities quite intensively. For example, they actively covered the proactive roles CSOs played in aiding refugees. Some CSOs are also important allies to investigative journalists, for instance, in corruption cases. In the last few years, YouTube channels and podcasts run by activists that regularly discuss matters relevant to civil society have gained in popularity. The Partizán YouTube channel, for example, has 325,000 followers.

With small independent online media cropping up in more and more countryside cities, including Debrecen, Szeged, and Kecskemét, CSOs have better coverage locally. Civil Szemle, a professional journal, has published research on civil society since 2004.

Social media platforms remain crucial communications channels for CSOs. While Facebook remains the dominant social media platform in Hungary, CSOs increasingly use Instagram as well. However, changes in the algorithms continually decrease their reach (even as paid advertisements), a problem affecting many larger organizations. Most see the remedy in direct messaging to their constituencies through e-newsletters and similar means.

While there was no comprehensive research on the public perception of civil society in 2022, the general impression is that in the increasingly adverse circumstances in the country, the public increasingly appreciates the role of independent CSOs, although negative propaganda has had an impact, especially in the countryside. In a poll conducted by Publicus Institute in November 2022, 72 percent of the adult population (including many government supporters) said they support the ongoing teachers' protest.

The corporate sector—especially multinationals with regional or European policies on social impact and responsibility—is increasingly open to CSOs, albeit with some variations. While some companies openly engage

with critical organizations on controversial issues (such as child abuse or LGBTQI people), others are more cautious, keeping a low profile or only supporting large, traditional charities such as the Red Cross.

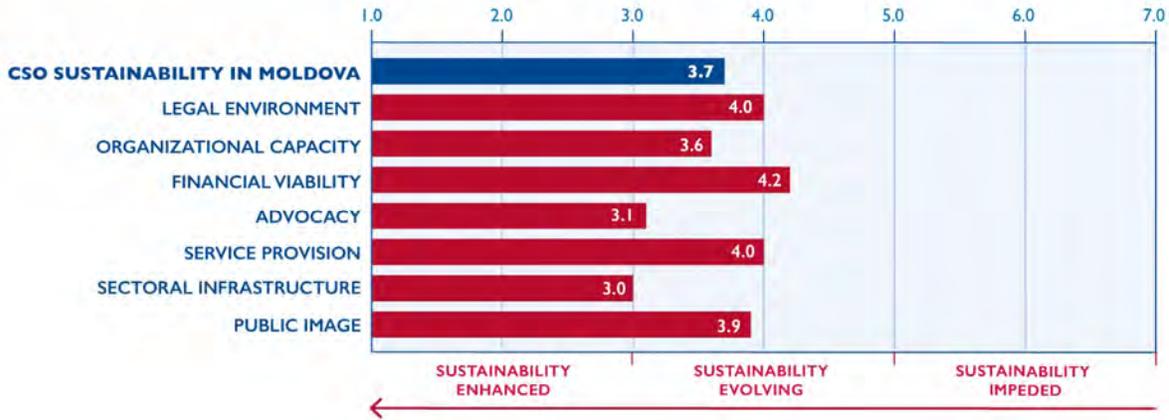
The Commissioner of Fundamental Rights has failed to adequately address a range of human rights concerns, including violations against ethnic minorities, LGBTI people, refugees and migrants. In May, this led to a demotion of this office to category B by the Global Alliance of National Human Rights Institutions.

CSO self-regulation did not change in 2022. CSOs continue to be legally obliged to publish annual reports, but in the absence of practical guidelines, the quality of these reports varies. The Body of Ethical Fundraising Organizations has a growing impact and membership, adding a few additional members over the year.

MOLDOVA

Capital: Chişinău
Population: 3,250,532
GDP per capita (PPP): \$15,238
Human Development Index: High (0.767)
Freedom in the World: Partly Free (62/100)

OVERALL CSO SUSTAINABILITY: 3.7



The Republic of Moldova suffered serious economic, political, and social repercussions after the Russian Federation invaded Ukraine on February 24, 2022. The day the war started, the Moldovan parliament decreed a state of emergency, which was extended several times throughout the year. Among other measures, the state of emergency established special regulations for entry and exit from the country, movement within the country, and special working conditions, and prohibited gatherings, public demonstrations, and other mass actions. The waning COVID-19 pandemic took a back seat as the government of Prime Minister Natalia Gavriliță of the pro-European Party of Action and Solidarity contended with the mounting challenges caused by the war, including dwindling gas supplies and national security threats. A hybrid war consisting of violent protests, cyber-attacks, energy blackmail,⁴ and disinformation, which many Moldovans believed was instigated by Russia, continued during the year.

As the war dragged on, Moldova became a destination for Ukrainians fleeing their country. According to the Ministry of Internal Affairs (MIA), about 650,000 Ukrainians had entered the country by December 19, 2022—a higher number per capita than in any neighboring country or European Union (EU) member state. About 89,000 refugees were still in Moldova at the end of the year. Responding to the refugee crisis with more speed and agility than the government was able to muster, CSOs and other civil society groups mobilized within weeks of the start of the war to provide services such as transportation, shelter, funding, information, and psychological counseling.

On June 23, 2022, Moldova and Ukraine were granted official EU candidate status, the first step in the long road to EU membership. The decision was made just one week after the European Commission recommended that Moldova be given candidate status to join the EU. The recommendation came with a number of conditions, including reforms in key areas such as justice, corruption, public administration, and human rights.

Partly as a result of the war, inflation reached more than 30 percent in 2022, compared to 14 percent in 2021. The greatest price increases were in services (including energy, transportation, and catering services), which increased by 44 percent, followed by food, which increased by 32 percent. CSOs and citizens alike were affected by the

⁴ For example, Russia cut its natural gas exports to Moldova. Combined with its bombing of Ukraine’s energy infrastructure, this has disrupted Moldova’s imported electricity sources and weakened its energy security.

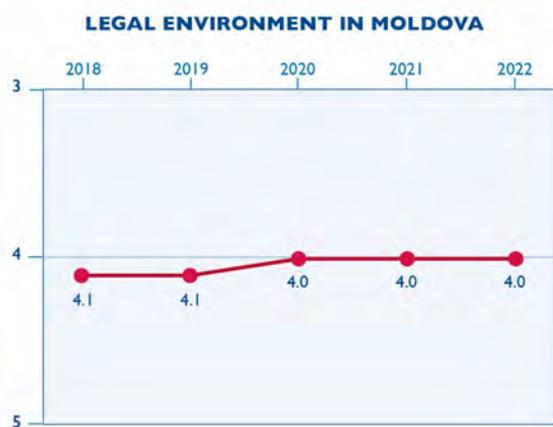
rising prices, but the government was generally seen as handling the economic situation acceptably thanks to budgetary and political support from the EU, United States, and other countries.

Despite a difficult year, the overall sustainability of Moldovan CSOs remained unchanged in 2022. CSOs' financial viability improved slightly, thanks to significant financial support focused on the refugee crisis from donor organizations. Other dimensions of CSO sustainability were unchanged.

The State Register of Nonprofit Organizations reported that 15,538 nonprofit organizations were registered in Moldova as of December 2022. About 92 percent (14,276) of registered organizations are CSOs in the sense used in the *CSO Sustainability Index*, while the remaining organizations include public institutions, political parties, and other types of social and political organizations. Seventy-seven percent (11,047) of registered CSOs in the narrower sense are public associations. Other forms of CSOs include religious organizations, foundations, private institutions,⁵ trade unions, water users' associations, employers' associations, trade unions, non-commercial periodicals, and local action groups (LAGs). LAGs are a new type of CSO that includes nonprofit organizations, local public authorities (LPAs), and commercial entities as members. In 2022, the Public Services Agency (PSA) registered 473 new organizations, of which 318 were public associations, 41 were LAGs, and 20 were branch offices of international organizations registered to work mainly with Ukrainian refugees. According to data presented by the National Bureau of Statistics (NBS), only 3,982 organizations (just 25 percent of all registered organizations) filed reports in 2022, approximately 80 percent of which are based in Chisinau. As all CSOs are required to submit annual financial statements to NBS, this is often considered a more accurate representation of the number of active organizations in the country.

The working environment for CSOs in the Transnistrian region, a breakaway region in the eastern part of Moldova, continued to be difficult in 2022. CSOs in the region were harassed and monitored by local law enforcement and security services. CSOs receiving foreign funding are forbidden from engaging in advocacy, protests, criticism of the authorities, and other types of "political activity," generally understood to be anything other than service provision. CSOs in the Transnistrian region have limited access to foreign funding. As of January 2022, CSOs were obliged to submit financial, fiscal, and statistical reports to the self-proclaimed authorities in electronic format, although in December 2022, this deadline was extended to 2024. At the end of 2022, the Register of Public Associations and Political Parties in the Transnistrian region reported 633 registered CSOs, ten of which were newly registered during the year.

LEGAL ENVIRONMENT: 4.0



The legal environment for CSOs did not change in 2022.

The Law on Non-Commercial Organizations of 2020 is the main law governing public associations, private institutions, and foundations, which account for more than 80 percent of registered CSOs in the country. In September 2022, the parliament began to draft a law on inter-community development associations, a new type of association that will have LPAs as members. Inter-community development associations will be able to implement local and regional development initiatives and provide community services.

Any natural or legal person, with the exception of public authorities, state institutions, and state and municipal enterprises, may be a member or founder of a non-commercial organization. Two or more natural or legal

persons are required to form a public association. To register, an organization must submit an application to the

⁵ A private institution is a non-commercial organization established by a single person or natural or legal entity for the achievement of non-commercial purposes, with partial or full funding by the founder.

PSA. Public associations can register directly in PSA offices located in every region, whereas foundations and private institutions may submit their applications to regional PSA offices for processing in the capital city of Chişinău. In 2022, the PSA began to accept documents submitted by mail or electronically provided they are signed by an official electronic signature. One of the required documents is a statement identifying the organization's beneficial owner(s) in accordance with the Law on Preventing and Combating Money Laundering. CSOs have criticized this requirement as the managers and leaders of non-commercial organizations cannot be considered beneficial owners of their organizations.

The registration of most types of organizations is free of charge, although trade unions and LAGs must pay MDL 1,149 (approximately \$60) to register. The PSA levied fees ranging from MDL 100 to MDL 440 (approximately \$6 to \$23) in 2022 for certain services required for registration, such as the expedited issuance of certain documents or the validation of proposed organizational names. Registration may take up to fifteen days, although in practice is usually faster.

Under the Law on Non-Commercial Organizations, public associations, private institutions, and foundations were required to file amended bylaws with the PSA by August 27, 2022, if they were not aligned with the current legal framework. The PSA continued to accept amended bylaws past the stated deadline, and by the end of the year, 3,000 organizations had complied with the requirement. Some CSOs reported that PSA staff rejected amended bylaws if the text was not identical to the model bylaws published on the PSA website. Although the law allows the Ministry of Justice to initiate liquidation procedures against non-compliant CSOs, this requires considerable administrative effort and is unlikely to be applied in practice.

CSOs did not report significant harassment in 2022. As in previous years, CSOs were generally subject to less frequent financial inspections than commercial entities. According to the Radiography of Attacks against CSOs in Moldova compiled by the Legal Resource Center of Moldova, the number of attacks on CSOs decreased in 2022. The attacks tended to target CSOs criticizing the government's justice reforms or involved in events such as the Moldova Pride Festival. Methods included denigrating CSOs' activities by claiming, for example, that they worked on behalf of the Party of Action and Solidarity or Western countries and undermined national sovereignty by accepting foreign financing. Investigative journalists alleging corruption involving former dignitaries and politicians were also frequently attacked.

In October 2022, the Commission for Emergency Situations (CSE) limited the freedom of peaceful assembly. It prohibited weekday traffic-blocking assemblies and provided the police with a unique role in legal proceedings to stop and disperse assemblies. In December, the Commission suspended the broadcasting licenses of six television stations for the duration of the state of emergency "for the lack of correct information in the coverage of national events, but also of the war in Ukraine." In response, many CSOs issued a statement demanding that the CSE make the basis for its decision public; the CSE did not provide a detailed response.

Amendments proposed to the Law on Access to Information by the government would only allow electronic petitions signed with official electronic signatures to be registered. This could limit the usefulness of this advocacy tool because few people have such signatures.

CSOs may raise funds from both local and international sources to achieve their statutory aims. In addition to international and domestic donations, they may use crowdfunding, seek online donations and donations by text messaging, and generate their own income. In addition, individuals may direct 2 percent of their income tax to CSOs accredited by the PSA.

The law allows CSOs to carry out any types of activities that do not require special licensing. However, under the Tax Code, CSOs' income is exempt from taxation only if it is applied to activities that are consistent with the goals stipulated in their bylaws. For income from other activities, CSOs must pay a 12 percent income tax. After the onset of the refugee crisis, many CSOs revised the goals stated in their bylaws to include services to refugees so that they would not be liable for income tax.

The Law on Philanthropy and Sponsorship allows commercial entities to make tax-deductible financial and in-kind donations to CSOs of up to 5 percent of their taxable annual income. The Law on Philanthropy and Sponsorship was amended in the middle of 2022. The amendments provide more precise definitions for philanthropic activity, sponsorship activity, philanthropist, sponsor, and beneficiaries; expand the list of philanthropic and sponsorship purposes; and clarify the potential beneficiaries of these activities.

The Framework Regulation on non-reimbursable funding mechanisms for projects of nonprofit organizations was approved in September 2022 and entered into force in January 2023. It is expected to standardize the award of funding and grants to CSOs by central and local public authorities and should help CSOs diversify their funding sources.

CSOs had increased need for legal services in 2022 because of the requirement that their bylaws be brought into alignment with the Law on Non-Commercial Organizations. Organizations such as CONTACT Center and the Center for Organizational Consultancy and Training (CICO) provided free legal services to more than fifty organizations in 2022.

ORGANIZATIONAL CAPACITY: 3.6

CSOs' organizational capacity did not change in 2022.

After the start of the war in Ukraine, hundreds of organizations swiftly provided indispensable support to refugee populations. Especially in the first half of 2022, CSOs suspended their core activities so that they could direct their resources and efforts to assisting the refugees. Thanks to the development of relatively good organizational capacity over the preceding years, many Moldovan CSOs were able to make this shift easily. Because the law stipulates that an organization's bylaws must reflect its activities, many CSOs adjusted their bylaws to add activities that target refugees. To help address the needs of refugees, international organizations provided local CSOs with grants, equipment, and materials and helped them develop internal policies and procedures. For example, with support from the United Nations High Commissioner for Refugees (UNHCR), Laolalta Association improved its internal management systems and developed several policies and procedures related to human resources and financial management, as well as a code of ethics and anti-corruption and anti-fraud policies.

CSOs continued to improve their ability to interact with constituents and beneficiaries in 2022. This is demonstrated by the fact that the number of taxpayers who assigned 2 percent of their taxes to an eligible CSO increased from 34,805 people in 2021 to 37,955 people in 2022.

CSOs' planning efforts are usually project-based. Most CSOs lack strategic plans and do not consider the development of longer-term plans a priority. This tendency was exacerbated by both the COVID-19 pandemic and the war in Ukraine, both of which demanded immediate responses. As donors and CSOs shifted their attention to these crises, CSOs' stated goals were set aside to some extent. Nevertheless, strategic planning is slowly becoming more common among Moldovan CSOs. According to a survey of grantee organizations conducted by CONTACT Center, approximately 70 percent of respondents had strategic plans in 2022, a 20 percent increase over 2021. However, this statistic does not accurately reflect the situation in the sector as a whole.

The lack of efficient leadership and oversight bodies remains a weakness of Moldovan CSOs. CSOs have some flexibility to establish internal management structures, although a private institution must be overseen by the founder, a public association by the general assembly of members, and a foundation by a council. A CSO must also have an executive or administrative body. Although the law stipulates that CSOs failing to meet these requirements may be subject to liquidation, this has not been enforced. Most organizations have yet to comply with the requirements, and leadership bodies usually exist only on paper with members only involved in governance processes in limited ways.

Employment in the CSO sector is financially more attractive than employment in the private sector. According to data from NBS for 2021, CSO salaries are on average about 40 percent higher. However, only well-established CSOs with access to longer-term funding can ensure long-term employment. In addition, the sector has far fewer employees—approximately 5,000 compared to 700,000 in the private sector. Smaller organizations usually hire



staff for defined periods of time as stipulated in individual employment contracts or service-provision contracts. Given their financial limitations, CSOs able to hire staff usually operate with small teams limited to essential positions such as accountants and project coordinators. According to the CONTACT Center survey, about 50 percent of respondent organizations had fewer than five employees in 2022 and 20 percent had no employees. Some CSOs were able to increase their staffing levels in 2022 thanks to the influx of donor funding to support refugees. For instance, the Law Center of Advocates (LCA), which provides services to refugees, stateless people, and foreign citizens, increased its staff from ten employees in 2021 to about 100 employees in 2022.

Many CSOs recruit volunteers to help them with their work. Volunteerism expanded in 2022 in response to the influx of refugees. Since the beginning of the humanitarian crisis, for instance, approximately 4,000 people applied to become volunteers within the Moldova for Peace initiative.

Organizations that host volunteers for more than twenty hours a month should apply for accreditation with the Ministry of Education and Research. Accredited organizations must sign agreements with volunteers, develop three-year volunteer programs, maintain registers of volunteers, and issue volunteer cards. However, few organizations seek accreditation. According to the Register of Host Institutions for Volunteer Activities published by the Ministry of Education and Research, only eighty organizations were accredited as host institutions as of December 2022, forty-six of which were CSOs.

CSOs' use of digital and online communications continued to be widespread in 2022, although it decreased somewhat as meetings and other activities began to take place in person once the pandemic subsided. CSOs in Chişinău and other big cities generally have better access to technical services due to the existence of resource centers in these areas, as well as the ability of these CSOs to raise more funds. The law allows both natural and legal persons to use digital signatures for various transactions, such as signing legal documents and filing reports with the authorities. However, instances have been reported in which government officials, including some associated with the judicial system, would not accept digitally signed documents.

FINANCIAL VIABILITY: 4.2



The financial viability of Moldovan CSOs improved slightly in 2022 thanks to the sudden and generous influx of funding to support refugees. According to data received from NBS, Moldovan CSOs received nearly MDL 4.4 billion (approximately \$232 million based on exchange rates in 2022) in revenue in 2022, 6 percent more than in 2021. The CONTACT Center survey indicates that approximately 52 percent of respondent CSOs were able to diversify their revenue sources in 2022 compared to 2021.

The main foreign donors continue to be the EU and USAID, followed by United Nations (UN) agencies, the German Agency for International Cooperation (GIZ), and the Swedish International Development Cooperation Agency (Sida). At the beginning of 2022, CSOs were actively

implementing twenty-two EU-funded projects valued at EUR 22 million (approximately \$24 million). According to [foreignassistance.gov](https://www.foreignassistance.gov), USAID allocated \$8.5 million for projects to encourage democratic participation and develop civil society in 2022. GIZ provided EUR 350,000 (approximately \$375,000) each to CSOs in North, Center, and South regions and the Găgăuzia Autonomous Territorial Unit (ATU) for local projects to fight corruption and promote good governance. The Solidarity Fund PL in Moldova, in partnership with LEADER National Network, provided grants amounting to approximately \$491,000 to newly created LAGs through the Rural Development Fund–Inception Fund.

Although no data is available on the overall amounts, CSOs also received significant foreign funding to assist the influx of refugees to the country. For example, Pro Bono Information and Resource Center received over \$2 million from the UN Children's Fund (UNICEF) to implement programs for Ukrainian refugees, as well as various youth projects.

CSOs may access government funding through grants, subsidies, and service contracts. The Ministry of Education and Research offers the largest amount of funding to CSOs and in 2022 provided approximately \$286,000 in grants for projects on youth participation, economic opportunities for youth, and strengthening of the youth sector. Other government entities that fund CSOs include the Ministry of Agriculture and Food Industry, Ministry of Culture, Ministry of Health, and Bureau for Diaspora Relations under the State Chancellery. Piloting of the LEADER program—an EU instrument focused on rural development—got underway in 2022 and allowed Moldovan LAGs to access up to 5 percent of the National Fund for Agriculture and Rural Area Development, which had a total budget of \$3.27 million.

For the sixth year in a row, individuals paying income tax in Moldova were able to redirect 2 percent of their income tax to accredited CSOs in 2022. According to the State Tax Service, the number of organizations receiving such income increased from 665 in 2021 to 710 in 2022 and the amount collected increased from MDL 9,783,950 (approximately \$551,694 based on exchange rates in 2021) to MDL 9,958,023 (approximately \$527,000 based on exchange rates in 2022). CSOs affiliated with government institutions, such as the Public Association of Veterans and Pensioners of the Ministry of Internal Affairs and Association of Veterans and Pensioners of the Main State Tax Inspectorate UNI-M, continued to lead in terms of amounts collected from taxpayers, together receiving about 10 percent of total contributions.

Crowdfunding showed various results. The major online crowdfunding platforms—www.particip.md, www.sprijina.md, www.caritate.md, and www.guvern24.md—continued to be active but the number of initiatives and collected amounts were low. Among several successful crowdfunding campaigns, the Moldova for Peace initiative collected almost EUR 100,000 (approximately \$107,000) to meet the needs of refugees and cover expenses of their volunteers.

CSOs may generate income through economic activities or by developing social enterprises. According to an August 2022 report on social enterprises by Eco-Visio Association, about sixty social enterprises operated in Moldova at the end of 2022, of which eleven were accredited by the National Commission for Social Entrepreneurship. Despite its potential, social enterprises remain at an early stage of development and most are not yet financially sustainable. Improvements in the legal, fiscal, and public procurement frameworks are needed to stimulate their development.

Most CSOs, especially smaller organizations, lack adequate financial management systems. Financial management is limited largely to carrying out and recording primary accounting operations, and financial policies are developed mainly to meet donor requirements. According to NBS data and trends observed in recent years, less than one-third of CSOs submit financial statements and reports to the authorities even though they are legally obliged to do so. External audits are usually carried out only for large projects funded by foreign donors.

ADVOCACY: 3.1

CSO advocacy was mostly unchanged in 2022. The authorities remained open to working with CSOs, but the government's transparency in decision making and acceptance of CSOs' input on anti-corruption issues, the government program, justice reform, and other sensitive areas were limited.

A variety of reports document deficiencies in the level of cooperation between CSOs and central and local authorities in 2022. According to an expert report on the implementation of the recommendations proposed by the European Commission in response to Moldova's EU membership application, the government's cooperation with civil society achieved the lowest score—2.8 out of 5 points—out of the nine categories rated. The report highlights deficiencies related to the transparency of decision making and permanent platforms for government-civil society cooperation. Similar findings are reflected in the 2022 CSO Meter report of the European Center for Not-for-Profit Law and Promo-Lex Association's report on parliamentary activity in 2021–2022. Both reports emphasize that the authorities frequently violated rules on transparent decision making. For example, Promo-Lex's report found that 33 percent of draft laws ignored the legal timeline and procedure for receiving citizens'

recommendations before taking a vote after the first reading and only 21 percent of draft registered laws were subject to public hearings and debate in all relevant committees.

More than 150 consultative platforms involving civil society exist in the government, including at the ministry level, but no official data are available regarding their efficiency or productivity. Several mechanisms and platforms for cooperation between CSOs and central public authorities have not functioned for several years and were still inactive in 2022. These include the annual conference convened by the speaker of the parliament (last convened in 2016), the National Participation Council (inactive since 2019), parliament’s Consultative Platform with CSO representatives (inactive since 2019), and the Civil Society Council under the aegis of the President’s Office (which has not existed since 2020). In addition, while the previous Civil Society Development Strategy ended in 2020, no progress was made towards creating a new strategy in 2022.



Despite these deficiencies, in 2022, CSOs played an instrumental role in furthering Moldova’s EU integration. CSOs actively participated in steering committees and advocated for and monitored the implementation of reforms in multiple sectors. In April 2022, the National Commission for European Integration (NCEI) was established, which includes a civil society representative. Additionally, CSOs and affiliated think tanks from the National Platform of the Eastern Partnership Civil Society Forum took part in the process of evaluating the conditions for Moldova to receive EU candidate country status. Additionally, these organizations were engaged in the formulation of responses to the European Commission’s questionnaire designed to appraise Moldova’s application for accession.

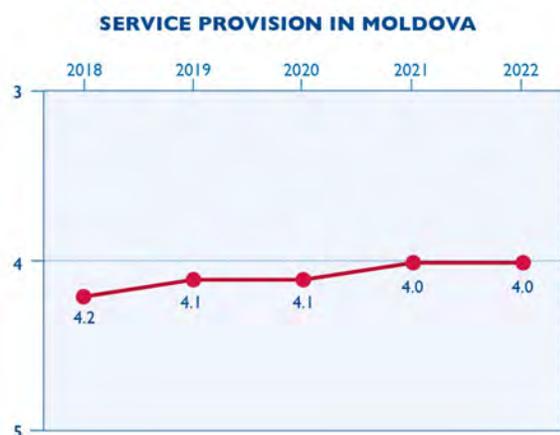
CSOs launched activities to monitor issues such as hate speech and discrimination against refugees and protect the rights of Roma, refugees, and other vulnerable groups. CSOs also promoted freedom of expression. In 2022, the Coordinating Council for Information Security was established. The Council includes representatives of CSOs, public institutions, and private entities and aims to oversee various information domains including cyber, operational, and media spheres. The members will assess media transparency regarding public interest access, monitor adherence to information rights, and suggest mechanisms for civil society participation in defining and evaluating information security policies. Furthermore, they will propose strategies for cultivating an autonomous online media landscape.

Cooperation between CSOs and LPAs registered some positive results in 2022. CSOs continued to work with LPAs in Soroca, Cahul, and Căușeni districts via district participation councils to improve citizens’ access to information about policies and enhance the governance process. Other forms of cooperation with LPAs established in 2022 included crisis cells to coordinate the assistance efforts of the government, international organizations, CSOs, private initiatives, and volunteers and the Sub-National Refugee Coordination Forum in Bălți.

Lobbying is not regulated in Moldova, although the Law on Transparent Decision-Making and the Law on Access to Information establish a basis for lobbying activities. In addition, the classification of occupations in Moldova, which establishes the names of all positions and professions in the country, includes a position called “lobbying specialist.”

Several CSO advocacy efforts in 2022 focused on improving the legal framework for CSOs. For example, in July 2022, the parliament approved amendments to the Law on Philanthropy and Sponsorship after years of effort by the Philanthropy Promotion and Development Platform. Several networks continued to promote the interests of civil society with the authorities. At the urging of the National NGO Council, the commission awarding public utility status finally resumed activity in 2022. In October, the NGO Council organized the NGO Forum, where CSOs approved a resolution that included several requests for the authorities to improve cooperation. The National Platform of the Eastern Partnership Civil Society Forum, which promotes European integration, took part in a meeting with parliamentary committees in October, where it was decided that the two sides would meet annually to set priorities and more frequently to discuss draft laws.

SERVICE PROVISION: 4.0



CSO service provision did not change in 2022. While CSOs provided an unprecedented level of services to refugees from Ukraine, this was a temporary phenomenon that did not have a long-term impact on the service provision sector.

After the war in Ukraine began, CSOs were among the first to respond and provide substantial support to the refugees flooding into Moldova. According to a report of the Alliance of Active NGOs in the Field of Children and Family Social Protection (APSCF) entitled Mapping the Efforts of CSOs and Members and Partners of APSCF to Support Ukrainian Refugees, 100 interviewed CSOs, members, and non-members had provided support to approximately 240,000 refugees by early June 2022. Between March and May, the mentioned CSOs spent about \$6.5 million on

these efforts. Most of the respondents provided hygiene products (78 percent) and food (76 percent), as well as children's products (68 percent), clothing (67 percent), and psychological counseling (62 percent). A December 2022 report by UNHCR documents some of the support services that Ukrainian refugees received from both international organizations and partner CSOs. For instance, the Law Center of Advocates provided legal services to about 78,000 refugees, and about 3,600 people benefited from psychological counseling and support provided by INTERSOS. More than 100,000 people received cash support totaling more than \$57 million. While most of this support was provided by major international agencies, such as the World Food Program and the EU, some of the funds were distributed by local CSOs.

According to the APSCF report, at the onset of the crisis, no clear mechanisms existed to structure the delivery of a standard package of services to refugees, which led to overlapping efforts by various organizations. Best practices for providing integrated services developed over the course of the year. For example, Blue Dot centers were established by UNICEF and UNHCR together with local authorities and their CSO partners to provide safe spaces where children and families could obtain critical services and information. As of July 2022, eight Blue Dot centers had provided services to about 16,000 persons. The Moldova for Peace initiative launched a platform where local volunteers could offer help such as accommodations and transportation and newly arrived refugees could ask for short- or long-term support. About 125,000 requests for help were processed and 300,000 people were served through the website.

While massive assistance was directed at the Ukrainian refugees, local populations did not benefit to the same extent. Nevertheless, CSOs continued to provide services in areas such as education, entrepreneurship, legal aid, institutional development, disabilities, and home-based medical care in 2022. To determine needs, CSOs usually contact beneficiaries directly or conduct surveys, studies, and other types of analysis.

The government supports CSO service provision through various mechanisms, including non-reimbursable funding, contracting, and earmarked funding such as social procurement⁶ and direct subsidies. The government also provides CSOs with free or preferential rights to use public property. For example, CSOs accredited to provide social services take part in tenders for contracts to provide health services on behalf of the National Health Insurance Company (NHIC). According to the CSO Meter, eighteen CSOs received contracts for services in 2022 valued at EUR 1.3 million (approximately, \$1.4 million). In 2021, CSOs accounted for 20 percent of contracted institutions, while in 2022, 27 percent of contracted institutions were CSOs. CSOs participating in public procurements are somewhat hampered by burdensome requirements to have significant resources up front, as well as frequently late payments of funds for services provided.

⁶ Under social procurement, public authorities issue a set of contracts to provide services in the community's interest. Only accredited businesses and nonprofit organizations can participate in social procurement competitions.

National and local authorities appreciated and acknowledged the importance of CSO involvement in managing the refugee crisis in 2022. For instance, in May 2022, the president sent letters of gratitude to more than 100 national and international CSOs as well as private companies for their support and volunteer activity to help the refugees.

SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector was stable in 2022.

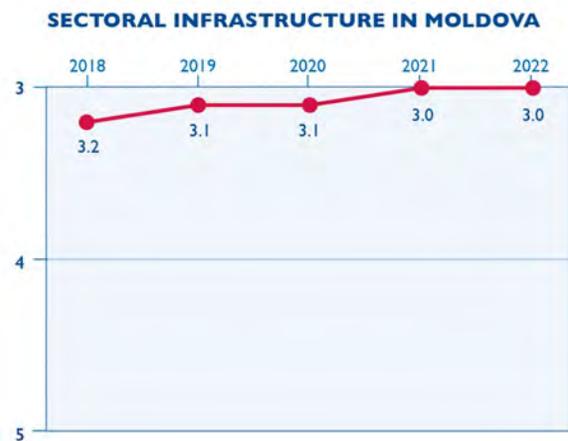
Intermediary support organizations and resource centers based both in Chişinău and regional centers offer institutional support and capacity building to CSOs as well as the public. CONTACT Center and CICO are key resource centers at the national level, while in Găgăuzia ATU, ProEuropa Association continues to be the main resource organization for the sector. In 2022, these groups provided small grants to local CSOs, organized thematic events, trainings, and other capacity building activities, and helped implement activities. The LEADER National Network helps establish and strengthen LAGs.

In addition to providing grants for activities to support refugees, local grantmakers offered funding in other areas. For example, with financial support from the EU, the East European Foundation in partnership with the Contact Center offered grants totaling EUR 375,000 to support social entrepreneurship activities. As part of the Citizens and CSOs – Together Against Corruption project, funded by the EU and GIZ, the Pro Regional Cooperation Association (ProCoRe) provided funding to sixteen CSOs in the North region. Individual grants ranged in size from EUR 10,000 to EUR 30,000. Internews Moldova provided grants to independent media organizations amounting to more than EUR 240,000 (approximately \$257,000) through the EU-funded Support Fund for Independent Media in Moldova program.

Existing coalitions and associations continued to cooperate in 2022. Among these are APSCF, the Moldovan National Platform of the Eastern Partnership Civil Society Forum, the Platform for Gender Equality, the Platform for Promoting and Developing Philanthropy, the platform for the development of social entrepreneurship, and the NGO Council. In addition, new initiatives emerged in response to the war in Ukraine in 2022. For example, Moldova for Peace attracted a large number of volunteers, private donors, and citizens to help refugees arriving in the country.

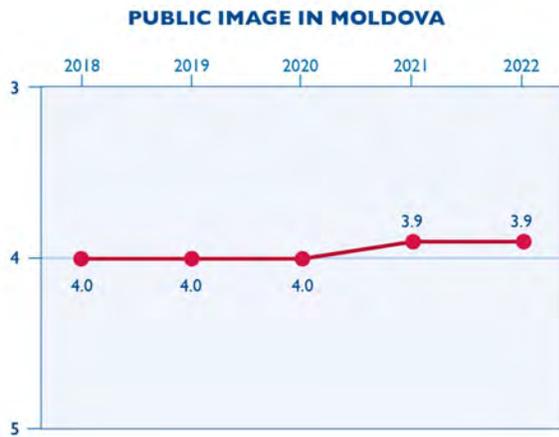
The availability of training opportunities for CSOs increased in 2022, thanks mainly to donors' increased support to CSOs focused on assisting refugees. For example, APSCF trained 500 specialists from four districts on preventing human trafficking; built the skills of forty-one social workers and specialists in protecting child rights; and coached 600 education professionals in providing psycho-emotional support. CSOs had access to training opportunities in most fields in 2022, although workshops and experts in areas such as financial management and media expertise were lacking. CONTACT Center trained representatives of more than twenty CSOs under the Restart NGO Development Program. Training topics included strategic planning, monitoring, evaluation, and reporting, human and financial resource management, financial resilience, mobilization of community and volunteers in crisis conditions, public relations and communications, and the integration of gender and environment in organizational policies and activities.

CSOs' cooperation with the public sector improved in 2022 as the two sides worked together to manage the refugee crisis. Ninety-five local CSOs and international organizations were members of a task force set up by the government, which was later reorganized into the Single Crisis Management Center. CSOs partnered with the media on the Know Your NGO campaign organized by CONTACT Center. The campaign broadcast four shows on a national television channel about the impact and role of CSOs in communities, their contributions to local development, and their support to beneficiaries. Altogether, the campaign reached about 720,000 people on TV and 66,000 people through social media. The private sector partnered with CSOs on some lobbying and advocacy activities. For example, the Moldova Fruit Association, which brings together over 180 businesses in the agricultural field, organized more than a dozen meetings with the Ministry of Agriculture and Food Industry, the



president of the parliament, and others. As a result of these actions, car traffic at the borders that affected exports was streamlined and the Fruit in Schools Program was promoted.

PUBLIC IMAGE: 3.9



CSOs' public image did not change in 2022. While the overall perception of CSOs improved in the first half of the year due to their involvement in the refugee crisis, it decreased again in the second half of the year due to CSOs' association with the government.

CSOs' response to the refugee crisis was received positively during the first half of the year. These efforts benefited from strong media attention, which helped the public understand the significant role that CSOs played. CSOs involved in other activities received occasional media coverage, depending on their area of expertise and subjects of national interest.

In the second half of the year, after the influx of refugees had abated, media coverage of CSOs was less positive. For

example, opposition parties accused the government of incompetence. CSOs were blamed for part of this failure, as many government officials came from the civil society sector.

According to the Public Opinion Barometer survey conducted in November 2022, public trust in CSOs decreased during the year. Only 24 percent of respondents said that they trusted CSOs, compared to 30 percent in June 2021. Significant fluctuations in public perceptions of CSOs from year to year most likely result from a poor understanding of the concept of CSOs and their role in society.

The authorities also recognized and valued the significant role of CSOs in handling the refugee crisis. The president, for example, expressed her gratitude to over 100 organizations for their involvement, services, and volunteering efforts aimed at assisting Ukrainian refugees. CSOs' involvement in managing the refugee crisis also strengthened the solidarity between the business environment and CSOs. The private sector increasingly sees CSOs as platforms that can solve the problems they face and as a useful resource for developing their own businesses.

CSOs' promotion of their work and other public relations activities is deficient, mainly because CSOs depend on project-based funding, which provides limited resources for hiring specialized communications personnel. Outreach and other communications responsibilities are often assigned to lower-salaried positions, hindering the recruitment of qualified personnel.

Transparency and the implementation of self-regulation mechanisms are a low priority for Moldovan CSOs. Although the Law on Non-Commercial Organizations requires all CSOs to publish annual reports in the first six months of the year, only large CSOs develop and publish activity and financial annual reports while other organizations do so irregularly or not at all. The launch of the www.ngo.md platform was a step towards raising CSOs' transparency, as they can now create individual pages to share information about their activities, including activity reports. By the end of 2022, more than 100 CSOs had registered on this platform.

POLAND

Capital: Warsaw
Population: 37,991,766
GDP per capita (PPP): \$43,269
Human Development Index: Very High (0.876)
Freedom in the World: Free (81/100)

OVERALL CSO SUSTAINABILITY: 2.9



After two years of dealing with the effects of the COVID-19 pandemic, CSOs in Poland were confronted with a new crisis at the beginning of 2022: the outbreak of war in neighboring Ukraine. The Russian invasion of Ukraine in February 2022 led to an influx of several million refugees to Poland. Individual activists were the first to offer support to the refugees. However, CSOs quickly became involved, demonstrating their flexibility and ability to rapidly reorganize their day-to-day activities. In the face of the government's initial passivity, CSOs coordinated the provision of aid to Ukraine and the refugees, entering into partnerships with businesses and local government units to do so. These efforts were well-received by the public.

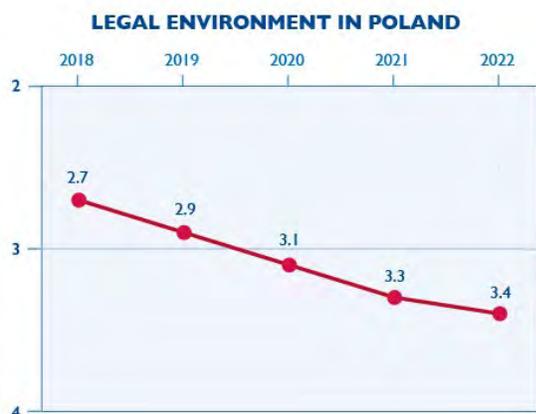
While these events were transpiring, CSOs continued to be affected by negative trends familiar from recent years. Those in power continued to divide the sector into "good" (those close to them) and "bad" organizations (practically all others, especially those engaged in activities other than service provision). CSOs' voices continued to be disregarded during the law-making process, and the activities of civil dialogue bodies were a façade. At the same time, the government adopted several legal changes that loosened the rules on the allocation of public subsidies, allowing more public subsidies to be given to CSOs with personal and ideological ties to the ruling party. The most blatant case of this was known as the Villa Plus affair, in which the Minister of Education awarded funds to CSOs close to the ruling party for the purchase and renovation of expensive properties.

Inflation was a growing concern in Poland in 2022, as it was throughout Europe and other parts of the world. CSOs worried that the economic crisis could drain local government budgets and further restrict individual and corporate philanthropy, thereby affecting their sustainability.

Despite the challenging circumstances, overall CSO sustainability remained unchanged in 2022. The only dimension recording a change in score was the legal environment, which deteriorated slightly both because of the implementation of existing laws and the introduction of some legal changes that could have negative effects on the sector's sustainability.

According to the latest available official data, at the beginning of 2022, there were approximately 138,000 registered non-governmental organizations (NGOs) in the country, including 107,000 associations and 31,000 foundations. The Central Statistical Office estimates that up to half of the NGOs registered in the country are inactive, as there is no legal obligation to liquidate such organizations. In addition, this number does not include some forms of civic activity, including fire brigades, hunting clubs, trade unions, social cooperatives, employers' organizations, rural housewives' circles, farmers' circles, craft guilds, and church institutions, of which there are over 70,000 altogether.

LEGAL ENVIRONMENT: 3.4



The legal environment governing CSOs deteriorated slightly in 2022, the sixth consecutive year of decline. Existing laws were applied in a restrictive manner, while new restrictions were proposed or anticipated.

According to the law, registration courts have seven days to consider an application for the establishment of an association or foundation. In reality, however, the process often takes many weeks. Inconsistent jurisprudence causes some courts to question certain provisions in the statutes of new organizations, which further prolongs the process. Companies and other private enterprises, on the other hand, can count on fast-track registration.

The possibility to register a CSO by means of electronic communication with the court was introduced in the middle of 2021, making 2022 the first full calendar year in which it was possible to assess the effectiveness of the new system. Unfortunately, the new registration procedures did not solve long-standing problems with registration and the process of registering a new organization continued to take a long time in some parts of the country. Furthermore, both registration and online reporting are particularly difficult for small CSOs and those whose members are digitally-excluded.

Registered CSOs were required to submit information on so-called actual beneficial owners—which includes people who have influence on their decisions—in a special register by the end of January 2022. The register was set up to prevent money laundering and financing of terrorism. These obligations are troublesome for CSOs, with many finding it difficult to identify these owners. In addition, any changes related to beneficial owners, including their addresses, must be reported. Failure to meet these obligations is subject to a fine.

The standard annual reporting requirements for organizations registered with the National Court Register are also burdensome. They must submit annual reports on income and corporate income tax due. The reports must be signed by their board members through the use of electronic signatures, which costs several hundred zloty per year. This presents a particular burden on smaller organizations with limited budgets and capacity. Only CSOs that did not employ a single person (even on minimum wage) in the reporting year are exempt from this requirement.

Given the difficulties associated with registering and reporting, an increasing number of community initiatives are deciding not to seek formal legal status and are operating as non-registered structures instead. This trend has been fostered by the increase in public funding available to such initiatives over the past several years, as well as the development of social media and crowdfunding tools.

In August 2022, the Law on Social Economy Entities was adopted. While the law's passage is a positive development, several provisions in the law do not meet the sector's expectations. In particular, the law gives competence to grant the status of a social enterprise, which confers certain rights, to the provincial governors, who are representatives of the central authority at the regional level. The CSO community advocated for this duty to be performed by the local government bodies that were engaged in supervising and funding the activities of social economy entities before the new law came into force (in particular, Regional Social Assistance Centers acting in cooperation with Social Economy Support Centers).

In 2022, several legal changes were introduced related to the operation and reporting of CSOs. In a positive development, a change in the Accounting Act now allows financial statements to be signed either by the entire board of directors (as before) or by a single person designated by the board. This is particularly convenient for organizations with large boards of directors, or with boards that include digitally-excluded people.

Throughout 2022, work continued on the Family Foundation Act. CSOs criticized the name of the proposed new legal form as misleading as family foundations are not civic organizations; their purpose is to organize succession in large companies and ensure the continuation of business operations. Despite CSOs' appeals, the government did not change the name. The law was finally passed at the beginning of 2023.

Work on the NGO reporting bill, which was introduced in 2021, continued throughout 2022. However, no consultations were organized with CSOs during the year to validate its assumptions. The draft provides for a major expansion of oversight of CSOs, granting broad supervisory powers to the Chairman of the Committee for Public Benefit (the government body responsible for coordinating policies concerning CSOs).

On March 30, 2022, a parliamentary bill on the transparency of NGO funding was introduced in parliament. The bill would require CSOs to keep registers of contributions and contracts and disclose information on support received, sources of project funding and other income, and costs and types of activities carried out. The law also proposes new reporting obligations, especially for the largest organizations and entities receiving support from abroad. Work on the bill was ongoing in the Sejm (lower chamber of the parliament) at the end of the year.

In 2022, another version of the amendment to the Education System Act (known as Lex Czarnek 2.0 from the name of the Minister of Education who proposed it) was introduced. Its adoption would mean, among other things, a drastic restriction in the abilities of CSOs to operate in schools and, as a result, a reduction in the activities and programs they offer. According to the proposed law, the local education superintendent (a regional representative of the Minister of Education) would decide which activities can take place on the premises of a school and which organizations can run them. The superintendent could even block activities that were approved by parents, students, and school management. On December 15, the president vetoed this second attempt to amend this law.

Numerous CSOs engaged in human rights activities continued to be subject to legal harassment in 2022. In the middle of 2021, a humanitarian crisis was instigated on the Polish-Belarusian border when Belarusian authorities brought migrants, primarily from the Middle East, to the border and effectively pushed them into Poland. In response to the situation, in September 2021, the government established a state of emergency in the border areas, which significantly restricted civil liberties, including media access and the activities of CSOs, in the area. Most of these restrictions were lifted as of July 2022. However, CSOs and independent groups that had previously aided migrants in the area continued to deal with prosecutions and lawsuits throughout 2022. In most of these cases, the courts decided in favor of the CSOs, pointing out the illegality of the border guards' conduct. The operation of CSOs working with the lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) community also continued to be hampered during the year, with some municipalities continuing to uphold so-called LGBT-free zone resolutions.

In the face of a nearly total ban on abortions in the country, activists helping people access safe abortions were subject to repression during the year. In 2022, there was a high-profile trial against Abortion Dream Team activist Justyna Wyrzyńska, who provided assistance for pharmacological abortions. Possession of medicine for such an abortion can be imported from abroad for one's own use legally, but assisting in the abortion itself is illegal. The district court announced its verdict in 2023, finding Wyrzyńska guilty. In 2022, another activist, Elżbieta Podleśna, was found guilty by the court of insulting a police officer. The incident took place during an activist-led rescue of refugees drowning in a swamp in Eastern Poland. During the rescue operation, an out-of-uniform police officer approached Podleśna, demanded to see her ID card, and tried to push her away. In response, she used the words "bully," "murderer," and "boor" against him.

Women's rights and LGBTQI+ activists were harassed while trying to stop buses that broadcast homophobic slogans on city streets and displayed photos of fetuses from alleged abortions. The same vehicles are used to jam Equality Parades. Activists were charged and fined for improper parking or obstruction of traffic for trying to disable these vehicles.

Several legal proposals were introduced in 2022 that would loosen the rules for the transfer of public money to CSOs. Both the Draft Law on Amendments to the Law on Public Benefit Activity and Volunteering and the Draft Law on the Protection of National Heritage included provisions that would allow the central authority to transfer funds without considering the opinion of competition committees.

In a positive development, at the beginning of the year, the government introduced regulations specifying lower gas rates for selected entities, including CSOs. Towards the end of the year, additional regulations were introduced to protect organizations from high electricity prices. In addition, organizations providing support to refugees from Ukraine were covered by a special law facilitating the provision of support. However, a March 2022 decree issued by the finance minister that eliminated value-added tax (VAT) on unpaid goods or services for the purpose of assisting victims of warfare in Ukraine did not initially include CSOs as "key coordinators and intermediaries of the assistance provided." CSOs were only added to the regulation in July, following, among other things, the intervention of the National Federation of Non-Governmental Organizations (OFOP).

As a result of CSO advocacy, individuals can now designate 1.5 percent of their personal income taxes to public benefit organizations, up from the previous limit of 1 percent. This change was made to compensate CSOs for a potential decrease in income from this mechanism stemming from a decrease in the overall amount of income tax paid by Poles as a result of a reduction in tax rates introduced by the government in 2022, among other things.

A law referred to as the Polish Deal introduced major changes to the tax system—including a new system for calculating income taxes and applying for tax relief—that came into effect at the beginning of 2022. After six months, the government backed down from most of these changes, but the related work had already been done in many organizations. In addition, the entry into force of amendments to the relevant law in July meant that CSO accountants had to readjust their internal procedures again, which burdened them with extra work.

In May, the BORIS Association received an unfavorable tax interpretation (later upheld by the Voivodship Administrative Court) ordering the payment of VAT on a grant received for public benefit activities. It is not clear whether this is an isolated case or an action inspired, for example, by guidelines from the Ministry of Finance.

CSOs are legally allowed to generate income from the supply of goods and services. However, the ability of some organizations, including sports clubs, pupils' sports clubs, and rural housewives' circles, to engage in such activities is unclear. Various groups of CSOs can legally bid for public contracts from local and central governments. However, especially at the central level, more and more contracts were awarded to a select group of organizations with personal or ideological ties to the ruling majority. CSOs are increasingly willing to engage in fundraising, although the rules defining crowdfunding are not always fully clear. There are no formal restrictions on CSOs' use of financial support from abroad.

CSOs have access to online legal knowledge, advice, and materials provided by umbrella and expert organizations, including through the NGO.pl portal. Despite the proliferation of remote access to legal services, there are still not enough lawyers proficient in CSO law or interested in cooperating with CSOs, particularly in smaller localities. It is somewhat more common for lawyers to support activists working in certain programmatic areas, primarily women's rights and LGBTQI+ rights, when they come into conflict with the law as a result of their participation in protests.

ORGANIZATIONAL CAPACITY: 3.0

The organizational capacity of the CSO sector in Poland was affected both by positive and negative developments in 2022, leaving it unchanged overall. On the one hand, CSOs rapidly responded to the needs of the influx of refugees from Ukraine, building their constituent base in the process. In addition, these CSOs received a lot of support—both financial and technical—from international organizations, increasing their capacity. At the same time, however, this new crisis placed a significant burden on CSOs that were not prepared for it and hindered long-term planning.

CSOs quickly reorganized their activities to provide relief services to the refugees from Ukraine, involving broad groups of interested individuals in the process. Many of the people that volunteered to help the refugees became socially engaged for the first time. However, the sustainability of this involvement is uncertain. Available research by Klon/Jawor Association and others shows a downward trend in the number of CSO members and volunteers before 2022. At the same time, new organizations run by migrants themselves are emerging. No major change was observed in the constituency-building efforts of CSOs not involved in supporting Ukrainian refugees.

The war in neighboring Ukraine also resulted in the appearance in Poland of many large foreign organizations providing humanitarian assistance. They introduced new standards of operation, including practices concerning transparency and internal management structures, to their local partners and required them to engage in strategic



planning. Human rights organizations, on the other hand, are unable to plan their activities for longer than a year given the difficult environment in which they operate.

Only a small number of the largest CSOs with regular sources of funding, including public funds or high membership fees, have clearly defined internal management structures. Management in the rest of the sector is concentrated in the hands of organizational leaders.

The Klon/Jawor Association's 2021 survey found that 28 percent of organizations had strategy documents, around 20 percent would like to have one, and the remainder see no need for one. The same survey showed that in 2021 organizations were more likely than in 2018 to publish information online about their projects/activities, people active in the organization, sponsors, and their statutes. The frequency of publishing narrative (27 percent) and financial (23 percent) reports did not change.

There was increased demand for staff in CSOs during the year as the war in Ukraine resulted in the emergence of new aid organizations in the country from abroad that sought paid staff, as well as the expansion of domestic aid organizations. The increase in the number of staff has resulted in more elaborate structures in these organizations, as well as variations in salary levels. However, the stability of staffing in other organizations remained largely unchanged in 2022. CSOs still operate largely on a “project” basis and the predominant mode of employment is civil law contracts (if there are any). In addition, CSOs struggled during the year with inflation and the resulting expectations of their employees for higher salaries. Human rights organizations, especially those operating outside major cities, rarely have the capacity to hire permanent staff. From time to time, scandals involving CSO managers bullying employees come to light. No one is addressing this problem in a more systemic way. CSOs working to assist people from Ukraine, refugees on the Polish-Belarusian border, LGBTQI+ people, and women’s reproductive rights worked under permanent stress, threat, and uncertainty during the year.

Most organizations, especially smaller ones continue to rely primarily on their members’ private equipment and personal internet access. According to the 2021 study by the Klon/Jawor Association, more than half of CSOs still do not have their own computers. Organizations’ awareness of digital security risks is increasing, but at the same time these risks are becoming more and more sophisticated. Only larger CSOs can afford training in this area. There is also a growing threat of disinformation linked to the war in Ukraine.

FINANCIAL VIABILITY: 3.3



The financial viability of Polish CSOs remained largely unchanged in 2022. Knowledge of fundraising techniques—including the use of various types of crowdfunding platforms—has spread, and the number of CSOs undertaking paid and economic activities continued to increase. At the same time, however, local governments are in an increasingly difficult financial situation, forcing some to reduce their financial support to CSOs.

CSOs continue to receive support from the National Freedom Institute (Niw) and other government programs. However, an increasing percentage of public funds is directed to CSOs associated with the current government, either personally or ideologically, including organizations associated with the Catholic Church. The most prominent example of this is the Villa Plus scandal,

in which the Minister of Education allocated PLN 40 million (approximately \$10 million) for the purchase or renovation of properties by selected CSOs that were supposedly active in the field of education. Among the forty-two grant recipients were twelve CSOs linked to ruling party politicians, government officials, the Catholic Church, and the Boy Scouts, each of which received several million zlotys. Some of the properties to be financed were extravagant and the experts evaluating the applications found that the activities of many of these organizations were aimed at adults and often boiled down to organizing conferences, despite the fact that the competition was intended to support entities related to the public education system. In addition, some of them did

not have prior experience handling public funds. The minister also awarded grants to projects that received strongly negative reviews from the experts evaluating them. In a report published in mid-2023, the Supreme Audit Office found that the Minister of Education and Science had illegally allocated PLN 6 million (approximately \$1.5 million) in this program.

In addition, there have been situations in which politically-controlled selection committees changed the ranking lists of projects. This occurred, for example, in the case of the Civic Initiatives Fund 2022, based on the argument of “compatibility of supported activities with government policy.” This raises serious concerns about the objectivity of the evaluation of applications, undermines the competence of the experts (who are selected and vetted by the current government), and reduces the transparency of their activities.

Moreover, illiberal, nationalist, and radical right-wing organizations continued to receive significant amounts of financial support from the government. For example, the Fidei Defensor Association fights alleged discrimination against Catholics in Poland with support from the Justice Fund, which is supposed to benefit victims of crime. The same is true of the Anti-Polonism Monitoring Center, which is run by a Solidarna/Suwerenna Polska politician linked to the so-called “troll factory” at the Ministry of Justice (a group that has been involved in slandering independent judges online). The National Guard association, led by nationalist Robert Bąkiewicz, has also received many high-value public grants. In addition, the Justice Fund supports fascist organizations that run media outlets promoting the activities of the Solidarna/Suwerenna Polska party, which is part of the ruling majority.

The government also allocated additional funds to Rural Housewives’ Circles and Volunteer Fire Brigades in 2022, sometimes using funds reserved for other purposes. Meanwhile, human rights, minority-led, and environmental CSOs still have little to no access to government funding.

The operational programs under the EU Financial Perspective 2014-2021 came to an end in 2022. Planning for the next perspective—in which there will be fewer funds for CSOs for the implementation of service activities, such as the activation of excluded groups—was underway. Funds allocated to Poland from the EU’s post-pandemic Recovery and Resilience Program remained frozen in 2022 (and continued to be frozen as of this report’s publication) as a result of the ongoing dispute between the Polish government and EU institutions concerning rule of law violations in Poland.

Local CSOs, including those working on human rights, have received grants and access to premises from municipal governments in some parts of the country for several years. Some local governments also implement participatory budgets, from which they fund small grants for CSOs and informal groups. Although comprehensive data is not yet available, local government revenues were expected to decrease in 2022 as a result of changes in the tax law. This may affect the amount of funds provided to CSOs for commissioned tasks, a trend that could be exacerbated by the economic crisis and inflation. The latter may also reduce individual philanthropy.

Many new public fundraising initiatives dedicated to helping Ukraine and Ukrainian refugees were launched in 2022. These campaigns were organized not only by CSOs with long-standing relevant experience, but also by new, local groups. Such efforts were fueled by the increased popularity of tools such as zrzutka.pl, Patronite, [Siepomaga.pl](https://siepomaga.pl), and influencer-focused groups on YouTube.

Private companies are most likely to support image-building activities, including support for people in need. In 2022, this primarily took the form of support to refugees from Ukraine. CSOs dealing with more polarizing issues (such as minority rights or human rights in general), on the other hand, are less likely to benefit from such support.

In 2022, foreign donors, including large international organizations such as the United Nations Refugee Agency (UNHCR), provided significant funding for efforts related to the war in Ukraine, with CSOs as the main beneficiaries of this support. In addition, towards the end of the year, donors that had previously stopped supporting Polish CSOs decided to resume programming in the country (and the region as a whole), primarily because of the growing crisis affecting democracy and the rule of law in Poland. Thus, for example, USAID launched a new program focused on Central Europe, with an emphasis on Poland and Hungary. New EU-funded programs, most notably the Citizens, Equality, Rights, and Values (CERV) program, also started to be implemented during the year. For instance, under CERV, a call for proposals was launched, through which a group of intermediaries was selected to build the capacities of CSOs working to promote EU values at local, regional, or national levels. Two of these intermediaries—the Foundation for Local Democracy Development (FRDL) and SPLOT Network—will regrant funds to smaller CSOs in Poland. However, the projects funded by USAID and CERV only started to be implemented on a wider scale in 2023. In addition, the funds available from foreign

donors still cover only a small portion of the sector's needs, with the vast majority of foreign funding still going to a relatively small group of CSOs with resources and capacities to write competitive proposals and then manage the grants.

Klon/Jawor's 2021 survey showed that the percentage of organizations conducting economic or paid activities had increased by a few percentage points compared to 2018. The adoption of the Social Economy Act may further improve the situation, but this will only become apparent in the following years. To date, most social enterprises have been set up as part of ongoing projects, mainly funded by the EU. Only a small number of them have been able to sustain their activities after projects ended.

Local governments are starting to introduce social clauses, namely, procurement criteria focused on social goals, for example, employment of persons at risk of social exclusion or the professional and social integration of such people. The government and the CSO community have started to develop the idea of de-institutionalizing the provision of social services, which involves outsourcing the provision of these services by the state to CSOs. De-institutionalization will be a priority in the new EU financial perspective.

Many CSOs still rely on the services of professional accountants due to complicated regulations and the time-consuming preparation of required documents. CSOs continue to struggle to find good accounting offices or accountants who know or simply want to take on a CSO's bookkeeping. Only the largest organizations undergo financial audits.

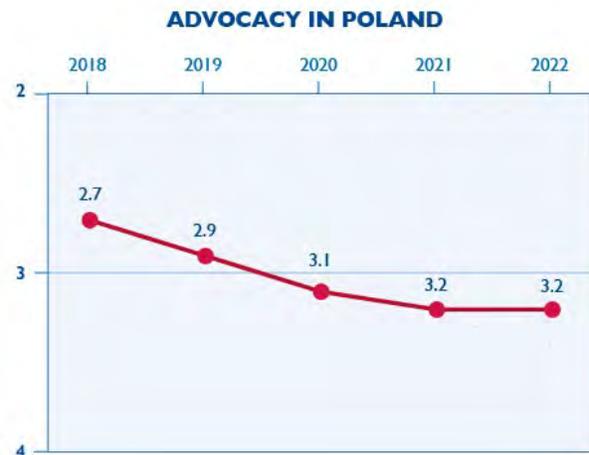
ADVOCACY: 3.2

CSO advocacy also remained largely unchanged in 2022. The Klon/Jawor report *The Freezing Effect*, published in December 2022, notes several issues with the law-making process that make it difficult for CSOs to engage in effective advocacy. These include the overly fast pace of the process, the use of the parliamentary track to submit bills to the Sejm (which avoids the need to organize public consultations), the low quality of legislation, and the superficial nature of consultations when they are organized.

At the central level, draft laws developed by the government are passed on to further proceedings as parliamentary bills in order to avoid the obligation to organize public consultations. In the rare cases where consultations are organized, they tend to be of a superficial nature, with a very short period of time given for comments. Suggestions made through the consultation process are generally not taken into account. An example of this from 2022 is the Law on Social Economy: rather than taking suggestions made by various actors into account, the government adopted a version of the text that only included minor corrections.

Bodies for civil dialogue have also been shown to be facades. For example, the committees responsible for monitoring the programs implemented by NIW are increasingly marginalized. In part, this is caused by the dilution of responsibilities between different bodies, including the Steering and Monitoring Committee, the NIW Council, the Public Benefit Committee, and the Chairman of this Committee. Another contributing factor is that these bodies are staffed by organizations "from the ruling camp" and appointed by members of the ruling party.

This was less of a problem with the bodies monitoring the disbursement of EU funds, in part because of the legal rules guiding their activities. For example, CSOs were given the opportunity to play an active role in the Subcommittee for the Development of the Partnership Principle (operating within the framework of the National Partnership Agreement, signed by the Polish government with the European Commission). Under the new EU financial perspective, working groups are being set up for national and regional operational programs, particularly those focused on equal treatment and the application of the Charter of Fundamental Rights. The selection of members of the Partnership Agreement Committee, the main body supporting the Minister of Development and



Finance in the process of coordinating the use of EU funds, was prolonged over the course of 2022, as the government cancelled the selection procedure several times in an effort to avoid the appointment of representatives designated by independent CSOs. Thanks to strong CSO advocacy, however, the selection of the representatives chosen by the civic sector was ultimately achieved.

There were some positive examples of cooperation between the public administration and CSOs at the local government level, most notably in relation to the war in Ukraine. For example, in Lublin, shortly after the outbreak of war, local organizations, volunteers, and employees of City Hall and municipal cultural institutions established the Lublin Social Committee for Aid to Ukraine to coordinate the provision of aid to refugees. In Białystok, local organizations and institutions working with and for immigrants in the city held seven working meetings in 2022. Together, they also planned to work on the Municipal Strategy for Integration of Refugees in Białystok.

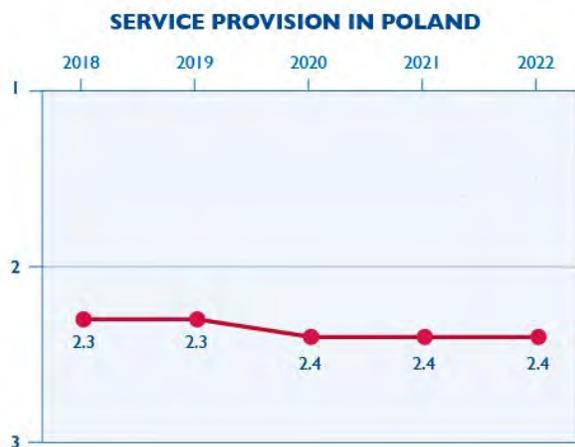
Policies on equal treatment and cooperation with citizens are a new development in Polish local governments. In 2022, the number of Women’s Councils and Councils for Equal Treatment, which are created as advisory bodies to city mayors, nearly doubled. In about thirty local governments (out of several thousand in the country), equal treatment plenipotentiaries, who have formed an active nationwide network, are playing an increasingly important role. In addition, a Commission on Human Rights and Equal Treatment that brings together more than fifty-five local governments was established within the Association of Polish Cities.

Faced with the ineffectiveness of existing mechanisms for dialogue with the government, CSOs have started to set up independent initiatives. The civic coalition S.O.S. for Education, which promotes education reform, was very active in 2022. The activities of the Free School initiative once again contributed to the President’s veto of the amendment to the education law (Lex Czarnek). CSOs also drafted a law on the Constitutional Tribunal to restore the independence of this body.

Illiberal, nationalist, and radical right-wing organizations, which receive significant public financial support, still have visible influence on the government’s activities. These CSOs carry out advocacy activities and their representatives are included in civil dialogue bodies.

In 2022, CSOs engaged in some advocacy focused on legislation affecting the sector. The most important examples of this were the Free School initiative and efforts to increase the amount of personal income taxes that can be designated to public benefit organizations to 1.5 percent. CSOs also proposed to allow corporations to designate 1 percent of their corporate income taxes to CSOs with public benefit status, although the idea has failed to attract the interest of those in power so far. The same happened with the petition concerning the introduction of a fast-track registration procedure for associations. Some Norwegian-funded projects, including ProsteNGO and Stronger Voice of CSOs, involve a broader range of CSOs in discussions on needed changes to the laws defining the rules of CSOs’ operations. Among other things, the former project developed a model statute for CSOs in 2022.

SERVICE PROVISION: 2.4



CSO service provision did not change significantly in 2022.

CSOs provide a wide range of services. The areas in which the largest number of organizations operate continue to include sports, tourism, recreation, and hobbies; education and upbringing; and culture and the arts, followed by health care, social services, local development, ecology, and other areas. There is still high demand for CSO services related to accessibility for people with disabilities. The slow emergence of new alternative energy initiatives (energy cooperatives)—in which individuals jointly initiate, finance, and implement projects related to the production, sale, storage, and distribution of electricity and/or heat from renewable

resources or engage in projects to promote energy efficiency—is also noteworthy.

The most prominent new services during the year were directed at helping Ukraine and Ukrainian refugees. CSOs' response to the refugee crisis also allowed them to demonstrate their flexibility and ability to adapt the products they offer to new audiences, for example, by translating publications into Ukrainian. At the same time, however, this shift reduced the capacity of CSOs to provide other services. For example, many organizations focused on education turned their attention to preparing educational materials for children from Ukraine at the expense of their ongoing work. Similarly, organizations dealing with the integration of migrants refocused their work in 2022 on Ukrainian refugees, causing them to pay less attention to other groups of migrants and refugees.

CSOs still have limited abilities to recover costs through their service provision. CSOs offer most of their products and services free of charge, with funding usually coming from publicly-funded projects. Organizations do not identify market demand and have no understanding of the willingness of their beneficiaries to pay. Charging a reasonable fee for the delivery of social services is still not broadly socially accepted. Instead, CSOs are expected to work for free, while beneficiaries expect high quality services.

The attitude of the authorities towards CSO services depends more on the political orientation of a CSO than the quality of the services it provides. This applies not only to the central government, but also to local authorities. When governmental authorities recognize the role played by CSOs in service provision, it is generally only at a declarative level. There was greater recognition of the role CSOs played in assisting Ukraine and Ukrainian refugees during the year. In the planning of EU funds, the government seemed more focused on securing funding for public institutions providing social assistance than financially supporting services provided in the same area, but at a higher quality, by CSOs.

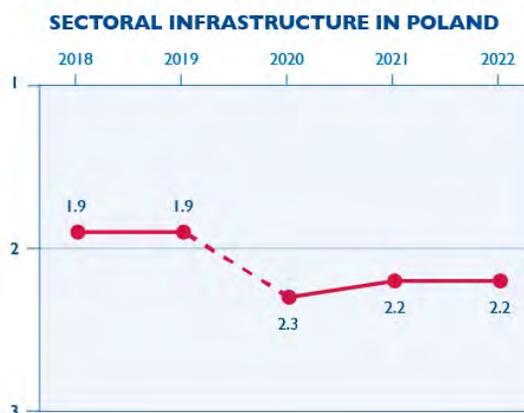
SECTORAL INFRASTRUCTURE: 2.2¹

The infrastructure supporting CSOs remained stable in 2022.

As part of the Norwegian-funded Active Citizens program, a special funding line was launched in 2022 to support larger organizations that are conducting sectoral-oriented activities. Twenty-three such entities received institutional grants. As in previous years, a network of Social Economy Support Centers continued to operate with EU funding.

The operations of local grantmaking organizations and the availability of local funds was largely the same in 2022, although the purpose of this support shifted to helping Ukraine during the year. Henryk Wujec Civic Fund and the Feminist Fund continued to be the largest recipients of grassroots support for civic activities, in part through crowdfunding. These funds are rare examples of initiatives that provide financial support to very small CSOs or even informal groups.

Several civic coalitions were active in 2022. OFOP played an important role in organizing knowledge transfer and support inside the emerging monitoring committees of EU operational programs, among other functions. Thematic coalitions, such as Women's Congress, Grand Coalition for Equality and Choice (WKRW), S.O.S. for Education, and Anti-Violence Women's Network (ASK), were also active. Networking at both the national and local levels was also fostered by the need to coordinate support for Ukraine and Ukrainian refugees. The Border Group continued to be active in connection with the situation on the Belarusian border. National federations such as OFOP and the Donors Forum also increased their cooperation by informing each other about activities and developing common positions and advocacy campaigns.

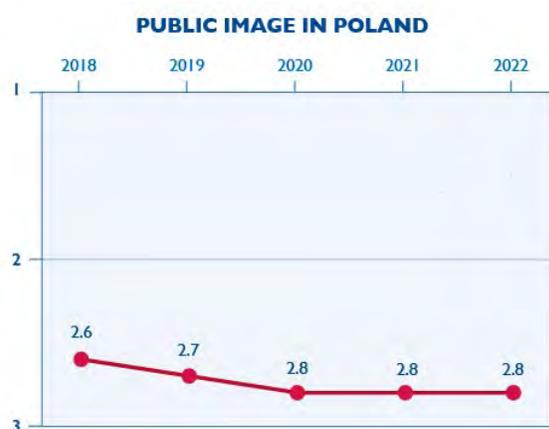


¹ The score for Sectoral Infrastructure was recalibrated in 2020 to better reflect the situation in the country and to better align it with other scores in the region. The 2020 score reflects a slight improvement, in addition to the recalibration.

Although online training on the management of local CSOs is available, there is a lack of relevant experts outside the larger cities. An increasing percentage of training takes place online rather than in face-to-face meetings.

The formation of cross-sectoral partnerships has been fostered by initiatives such as S.O.S. for Education and the Free School initiative, as well as the monitoring committees set up under EU funds. The Responsible Business Forum promotes diversity in businesses, local governments, and CSOs, including the adoption of a Diversity Charter. The Women’s Congress Association and Global Impact Poland cooperated with businesses to address diversity management and the wage gap. Partnerships between CSOs, local governments, and businesses were also formed at the central and local levels to provide assistance to Ukraine and Ukrainian refugees. In just one program of the Polish-American Freedom Foundation, implemented by the Academy for the Development of Philanthropy in Poland, twenty such local partnerships were established. In 2022, CSOs also worked with employers and trade unions in the Partnership Agreement Committee, especially in the Partnership Development Subcommittee.

PUBLIC IMAGE: 2.8



CSOs’ public image did not change significantly in 2022, as positive developments—including the positive public reaction to the support CSOs provided to refugees from Ukraine—was offset by ongoing smear campaigns by the government and pro-government media.

CSOs are portrayed differently in different types of media. Public and pro-government media still divide organizations into “good” (those that support the policies of the ruling party) and “bad” ones (all others). CSOs dealing with progressive issues and human rights are described in a deprecating way as left-wing, anti-Polish, and opposing family values. The attempt to pass Lex Czarnek 2.0 was accompanied by a narrative labeling organizations teaching human rights or sex education in schools as leftist or

seeking to allegedly “sexualize” children. Given their ongoing degradation, CSO representatives are rarely invited to participate as experts in the local media, particularly media outlets from the Polska Press group. In 2022, there was somewhat less of a crackdown on some CSOs, including those that were targeted regularly in recent years, such as the Great Orchestra of Christmas Charity (WOŚP). Even the attacks on the LGBTQI+ community and CSOs working on its behalf weakened slightly during the year.

CSOs involved in supporting Ukraine were loudly praised, both by the government and parliamentarians, but this was not accompanied by sufficient financial or logistical support. In the private media, especially towards the end of the year, there was an increasing amount of reporting on irregularities in the distribution of public funds to CSOs, including through the Villa Plus program and NIW.

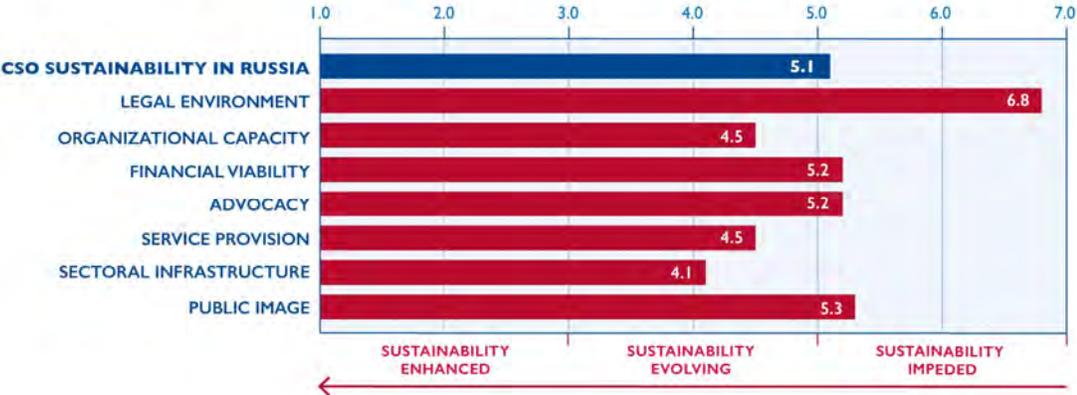
CSOs—especially those involved in service provision—are generally perceived positively by the public. CSOs’ mobilization and demonstrated organizational capacities related to helping Ukraine further enhanced the public perception of CSOs in 2022. Research conducted by the Klon/Jawor Association at the beginning of 2023 shows that despite the numerous attacks on CSOs in recent years by the public media and those favoring the ruling party, the sector’s image is not deteriorating, and there is even strong trust and belief in CSOs’ competence. According to this research, 63 percent of Poles trust CSOs (a much greater number than express trust in the central government), and 62 percent believe that organizations are needed in Poland (the same as in 2020). The percentage of Poles who had personal contact with CSOs increased from 16 percent in 2020 to 24 percent in 2022. CSOs’ response to the war in Ukraine—including their knowledge of the needs of refugees and proven methods of helping them—has also caused businesses to see CSOs as partners to a greater extent.

CSOs have made some progress in promoting their image due to growing digitalization and the associated opportunities this has presented to communicate about their activities more widely. However, this development has not been accompanied by any concerted actions to increase the transparency of CSOs’ operations.

RUSSIA

Capital: Moscow
Population: 141,698,923
GDP per capita (PPP): \$27,584
Human Development Index: Very High (0.822)
Freedom in the World: Not Free (19/100)

OVERALL CSO SUSTAINABILITY: 5.1



On February 24, 2022, Russia launched a full-fledged invasion of Ukraine, thereby initiating the largest land war in Europe since World War II. In addition to presenting a serious security challenge to the entire region, this unprovoked aggression resulted in a significant deterioration of the sustainability of Russian civil society.

In the immediate aftermath of the invasion, an anti-war movement emerged throughout Russia. In just a few days, an anti-war petition on Change.org gathered over one million signatures—a record for the country. Numerous professional unions and human rights groups issued open anti-war letters calling for the end of the war. Protests denouncing the war were organized in cities around the country.

Against this backdrop, the Russian government swiftly passed a set of repressive measures that dramatically curtailed civil rights and political freedoms, silenced dissenting voices, and sought to neutralize the independent segment of Russian civil society. By the end of 2022, according to OVD-Info, an independent human rights and media group, almost 21,000 people had been detained for protesting the war and other political issues and over 5,500 people had been arrested for administrative offenses. According to the Memorial Political Prisoners Project, the number of political prisoners increased from 430 in 2021 to 516 in 2022. Over a dozen foreign and international CSOs were removed from the registry of legal persons and were therefore forced to leave Russia. The remaining independent media outlets, including *Novaya Gazeta*, *Echo of Moscow*, and *TV Rain*, were forced to shut down. It is estimated that about 900,000 people left Russia in 2022 because of the war, including hundreds of CSO representatives and over 500 journalists.

In March 2022, Russia was expelled from the Council of Europe, an organization that focuses on promoting human rights, democracy, and the rule of law. In September, the Russian government withdrew from the European Convention of Human Rights, ending the jurisdiction of the European Court of Human Rights inside Russia. These developments marked Russia’s most prominent drift from the West and democratic development since the Cold War.

In response to the war, a coalition of Western countries imposed harsh economic sanctions on Russia, limiting its ability to acquire capital, technology, and military materiel. Top Russian banks were banned from SWIFT, the global financial telecommunication system, and according to Yale’s Chief Executive Leadership Institute, over 1,000 Western private companies withdrew from Russia. The World Bank reported that the gross domestic product (GDP) in Russia contracted by 2.1 percent in 2022—less than originally predicted—and civil society lost access to most of its foreign funding.

Since the Russian government first adopted its reactionary course in the early 2010s, civil society in the country has been steadily deteriorating. Over the past decade, the sector has fragmented into what can notionally be

described as three segments: independent, rights-based CSOs; apolitical, socially-oriented non-profits; and loyal, quasi-government, “patriotic” CSOs. The government tends to repress the first segment, use the services of the second, and support the third. In 2022, following the outbreak of the war, independent activities that challenged the government were no longer tolerated at all.

The official 2022 report issued by Russia’s Public Chamber, a consultative civil society body whose members are approved by the president, claims that a “patriotic consensus” emerged among CSOs, including “a high level of public consent” on government policies. This statement reflects the one-sided, pro-government position adopted by the Chamber and disregards the more complex situation in the sector, particularly harsh repression of independent, rights-focused CSOs.

Overall CSO sustainability deteriorated significantly in 2022, with notable declines in all dimensions of sustainability. New repressive laws and toughening of existing ones further constrained the sector’s legal environment. Organizational capacity diminished as mass emigration led to staffing cuts, while the flight of international businesses and sanctions caused technological disruptions and foreign funding cuts, which affected financial viability. Advocacy opportunities and service provision narrowed, especially for independent CSOs, due to the government’s prioritization of war-related activities. Sectoral infrastructure suffered as the availability of support services declined. The Russian government’s increased stigmatization of foreign-funded CSOs had a negative effect on the entire sector’s public image.

Despite the unprecedented circumstances and difficulties, independent Russian civil society showed remarkable resilience and agility. Hundreds of CSO activists and many independent CSOs relocated to other countries and resumed operations serving in-country beneficiaries. Some in-country CSOs managed to adapt and meet the growing demand for humanitarian assistance. Russian CSOs also proved they can do more work with fewer resources, partially offsetting the deterioration’s effects.

According to the Russian Ministry of Justice, there were around 210,000 nonprofit organizations registered in Russia in 2022, including about 46,000 socially-oriented nonprofits. However, only a fraction of these were active. Many exist just on paper, and some are set up to implement one-off projects or as fronts for corrupt schemes.

LEGAL ENVIRONMENT: 6.8

The legal environment governing CSOs deteriorated in 2022 for the tenth consecutive year, declining sharply with the introduction of many repressive laws that explicitly target independent, rights-focused CSOs.

In March 2022, new federal laws introduced de facto military censorship in Russia by establishing criminal and administrative liability for spreading “knowingly false” information about Russia’s armed forces, discrediting the army, public calls to impose sanctions on Russia, and discrediting the Russian authorities.¹ Under the new laws, use of the term “war” in relation to the Russian invasion of Ukraine is forbidden, and independent media can be penalized if they refer to the conflict as anything but a “special military operation.” The Russian government aggressively used these laws to harass and silence activists.

According to a database maintained by OVD-Info, 20,467 people were detained in 2022 for political reasons—during street protests and in their aftermath, for online posts, and for opinions expressed in personal



¹ Federal Law No. 32-FZ and Federal Law No. 31-FZ of March 4, 2022; Federal Law No. 63-FZ and Federal Law No. 62-FZ of March 25, 2022 (known collectively as the “law on military censorship”). Undesirables: Following the July 14, 2022, amendments to Article 284.1 of the Criminal Code

conversations. The vast majority of detentions (19,478) were related to anti-war activities. Other detentions were connected to environmental protests, public demonstrations in support of jailed opposition leader Alexei Navalny, pickets against corruption, the new law on LGBTQI+ propaganda, and other issues. The police also actively used disproportionate violence against protesters. By the middle of December, 378 persons in sixty-nine regions had been persecuted for their anti-war stance, fifty-one of whom were convicted, according to OVD-Info. One notable case is that of opposition leader Ilya Yashin, who was sentenced to eight and a half years in prison for spreading “fakes” about the Russian army. Alexei Gorinov, a Moscow municipal deputy, was sentenced to six years and eleven months in prison for calling the conflict in Ukraine a “war” and citing a death toll that differed from official sources.

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. Foreign agent status imposes obligatory quarterly reporting and requirements to mark all public speech and publications as “created by a foreign agent,” with heavy fines for non-compliance. In July 2022, amendments to the law were adopted that expanded the definition of a foreign agent, established a separate registry of individuals “affiliated with foreign agents,” and introduced the term “foreign influence.” However, no clear definitions of these new terms were provided, allowing for wide interpretation of the law.

Also in 2022, the four separate registries of foreign agents that the Ministry of Justice had previously kept—for non-profit organizations, media, unregistered public associations, and individuals—were merged into a single list of foreign agents. A total of 515 foreign agents were on the consolidated foreign agents registry at the end of 2022.² During the year, 188 new entries were added to the registry, including 167 media entities and 11 CSOs. CSOs newly added to the registry included the Charities Aid Foundation (CAF) Russia, Women’s Voice, and Environmental Watch of Sakhalin. Foreign agents also received fines 2.7 times more often in 2022 than during the previous year, and the average size of fines increased sixty-fold.

The 2015 Law on Undesirable Organizations bans foreign organizations that pose a threat to the defense or security of the state, public order, or public health from operating in Russia. A total of seventy-two organizations were recognized as undesirable as of the end of 2022, including twenty-two that were newly added to the list during the year (compared to nineteen added in 2021). These include Chatham House and the Woodrow Wilson Center as well as independent investigative projects *Bellingcat* and *Important Stories*. In a criminal case launched under this law, former director of the Open Russia movement Andrei Pivovarov was sentenced to four years in prison.

In July 2022, changes were made to the Criminal Code that expand the definition of state treason and espionage and increase penalties for treason. According to these changes, a Russian citizen can now be found guilty of treason for providing any kind of support to a foreign organization whose activities are directed against the security of Russia. As a result, support for an undesirable organization—even if outside of Russia—can lead to prosecution.

The number of cases and guilty verdicts for treason increased in 2022. About two dozen cases were opened and sixteen guilty verdicts were handed down. In September, Ivan Safronov, former correspondent of the *Kommersant* newspaper, was sentenced to twenty-two years in prison for treason for allegedly sharing state secrets. In April 2023, opposition leader Vladimir Kara-Murza, who had been charged in 2022 with treason, cooperation with undesirable organizations, and spreading “fakes” about the Russian army, was sentenced to twenty-five years in prison.

Extremism legislation,³ which the Russian authorities often use to target independent activities, was toughened in 2022 as well. As part of a July 2022 legislative package, criminal liability—punishable by up to four years in prison—was introduced for repeated public demonstration of prohibited symbols, including those of extremist or terrorist organizations. Russian authorities often use articles on extremism to target the political opposition and critical

² This number includes those that were subsequently excluded from foreign agent registries.

³ The extremist legislation includes a number of articles of the Criminal Code of the Russian Federation: Articles 282 (incitement of hatred), 280 (calls for extremist activity), 280.1 (calls for separatism), 205.2 (calls for and justification of terrorist activities), 354.1 (rehabilitation of Nazi crimes, desecration of symbols of military glory, insulting veterans, etc.) and parts 1 and 2 of the Article 148 (the so-called “insult to the feelings of believers”).

voices as well as to curtail public debate. According to SOVA Center, a nonprofit that conducts research on nationalism and racism in Russia, over 250 people were charged in 2022 in unjustified extremism cases. For instance, a criminal case was initiated against Kirill Martyushev from Tyumen for an anti-war post on his Telegram channel in which he harshly criticized the police. The investigators argued that his message contained a public call for violent actions against police officers, while SOVA maintained that Martyushev's "emotional" language did not warrant a criminal case. In 2021, Alexei Navalny's Anti-Corruption Foundation (ACF) was recognized as extremist and was forced to shut down. In 2022, twenty-three people were charged in criminal cases on extremism in relation to ACF activities, according to OVD-Info. Under extremist legislation, people who donate to organizations recognized as extremist can become liable for financing extremist activities. In 2022, Andrei Zayakin, co-founder of the Dissernet project that fights plagiarism in Russian science, was charged under this article and placed under house arrest but managed to flee the country. In May 2022, Russia also recognized Meta Platforms Inc. as extremist, banning two of its brands—Facebook and Instagram.

The 2013 law "on propaganda of non-traditional sexual relations,"⁴ which prohibited exposing children to any positive or neutral depiction or discussion of non-heterosexual relations, was also amended in 2022. It now bans "propaganda" targeting both minors and adults, making the work of CSOs focusing on lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) issues virtually impossible.

The Russian government also facilitated some minor improvements to the legal environment governing CSOs. It reduced the processing time for registration, lightened administrative penalties for CSOs that are first-time offenders, reduced fines for socially-oriented CSOs,⁵ expanded the range of charitable activities and volunteering,⁶ and allowed CSOs to deposit cash donations through ATMs. In further support of socially-oriented CSOs, the government also loosened the rules for managing endowment funds.⁷

Registration with the Ministry of Justice helps CSOs operate more sustainably, but it is still possible to operate without registration. In 2022, some CSOs opted to work without registration to avoid government scrutiny.

CSOs are allowed to engage in business activities as long as they separately account for this income in their financial statements and use the revenues for their statutory purposes. In practice, it is more prudent for CSOs to register separate commercial entities if they are rendering commercial services.

CSOs continue to be exempt from taxes on grants, donations, the free use of property, and other funds received for charitable purposes. All other income is taxed. Since 2020, businesses using the non-simplified taxation system have been eligible for tax benefits of up to 1 percent of revenue if they donate money or property to socially-oriented CSOs and centralized religious organizations included in the registry administered by the Ministry of Economic Development.

CSOs have access to pro bono legal advice through specialized CSOs, resource centers, and online consultations. The availability of online advice and trainings expanded in 2022, though the quality was uneven.

ORGANIZATIONAL CAPACITY: 4.5

The challenging circumstances of 2022 tested the resilience and organizational capacity of Russian civil society. War-induced uncertainties narrowed CSOs' strategic planning horizon, mass emigration undermined staffing in the sector, and the withdrawal of Western tech companies and bans imposed by the Russian government on social media platforms stripped CSOs of needed resources and tools. At the same time, the increasingly restrictive legal environment has made it difficult for CSOs to operate, resulting in many CSOs ceasing operations.

Exiled CSOs lost access to much of their in-country constituencies, as logistical barriers and political risks reduced their ability to remotely build relationships with individuals and groups interested in their work. In-country CSOs also faced difficulties in constituency building. For example, the Crew Against Torture, a human rights CSO that

⁴ Federal Law No. 478-FZ of December 5, 2022.

⁵ Federal Law No. 290-FZ of July 14, 2022.

⁶ Federal Law No. 340-FZ of July 14, 2022.

⁷ Federal Law No. 279-FZ of July 14, 2022.

investigates torture cases in the Russian Federal Penitentiary Service, has historically relied on state mechanisms to assist victims. After it was recognized as a foreign agent in 2022, the organization lost all access to detention and prison facilities, resulting in a total collapse of its constituency-building efforts.

According to the 2022 NGO Organizational Capacity Study conducted by the Pulse of NGOs project, which is administered by Higher School of Economics (HSE) and the Need Help Foundation, CSOs remaining in the country were able to improve their organizational structures and internal management processes but continued to prioritize project management over human resources management. Strong dependence on organizational leaders remained a weakness among small CSOs. Only a handful of large CSOs enjoy professional management, whereas smaller and regional CSOs continue to work with “unprofessional heroism,” according to the Potanin Charity Foundation’s report.



Registered organizations formally define their management structures and decision-making systems in their charters. Boards often do not play an active role in governance, although board members in “strong and stable” organizations tend to be more engaged and informed. Smaller organizations, on the other hand, tend to have less sophisticated planning and governance systems.

Disruptions caused by the war negatively affected strategic planning in the sector. Previously, CSOs would plan strategically for the coming year. The pandemic-related uncertainties had already undermined these efforts, and with the outbreak of the war, strategic planning in the sector collapsed. According to a 2022 survey on war-related disruptions conducted by Pulse of NGOs, 46 percent of social and health-care CSOs and 52 percent of

large CSOs were forced to revise their strategies. Independent CSOs that focus on human rights and environmental issues faced the greatest uncertainty, with planning horizons narrowing down to just three to six months. While CSOs’ planning became more short-term and less ambitious, it also became more realistic.

Mobilization and mass emigration affected all segments of the CSO sector. According to the Pulse of NGOs study, one out of every five organizations experienced staff and volunteer cuts. Only 32 percent had sufficient staff capacity to pursue their missions—a significant decrease from 2021. Environmental and human rights CSOs suffered the most, followed by CSOs that focus on charity, volunteering, and local community development. The Pulse of NGOs 2022 survey on war-related disruptions found that while 65 percent of CSOs noted the stability of their teams as a strength, in some cases, ideological differences over the war caused splits as some team members left Russia. The emigration of senior staff caused additional disruptions to the capacity of some CSOs.

In 2022, the mass exodus of tech companies and professionals halted opportunities for further growth in the digital competencies of CSOs and resulted in deterioration of the sector’s technological infrastructure, which particularly affected large CSOs. The Russian government’s blocking of major social media platforms—including Facebook, Instagram, Twitter, and TikTok—further disrupted the work of many CSOs, as did YouTube’s decision to suspend monetization functions for Russian users. The government actively promoted domestic tech products and services, but many CSOs, particularly in the independent segment, raised privacy and security concerns due to the pervasive nature of surveillance and control exercised by the Russian state. Demand for digital security and use of technology in CSOs’ work noticeably increased compared to previous years.

FINANCIAL VIABILITY: 5.2

Financial viability, which was already tenuous, was a growing problem for Russian CSOs in 2022, particularly independent, rights-focused organizations. According to the Pulse of NGOs study, 40 percent of CSOs saw a decline in total funding at the end of 2022, particularly in donations from individuals and commercial companies. Only 31 percent of CSOs had sufficient resources for current operations and 39 percent had reserves for no more than three months.

As a result of the war and Western sanctions, many independent and socially-oriented CSOs lost funding from foreign donors, as well as international businesses that left Russia. Denial of service by international payment systems (including Visa, MasterCard, and Apple Pay), as well as the disconnection of Russian banks from SWIFT fueled further funding cuts. In addition, some CSOs voluntarily stopped accepting foreign funding to avoid the risk of being recognized as a foreign agent.



The effects of these developments were uneven across the sector. While some CSOs lost up to three-quarters of their funding, others managed to preserve and even increase their budgets by reorienting their activities and finding new donors. The Lighthouse Charitable Foundation, a large nonprofit that supports children’s hospices in several Russian regions, reported major financial disruptions due to sanctions. In 2021, the foundation won a \$20,000 grant from PayPal only to discover that it was canceled in 2022. On the other hand, the Vera Hospice Charity Foundation, another large charity, managed to retain support and save all projects, but had to cut development costs and put aside new project ideas.

Overall, government grants remained the most important source of funding for the sector. However, government funding typically benefits GONGOs and other quasi-government structures that do not fall under the definition of CSOs in this report. The Deputy Minister of Economic Development said in a 2023 interview that the amount of government support to the sector was the same in 2022 as in 2021. The ministries that allocated the most funds to CSOs in 2021 included the Ministry of Education (which awarded 47.9 billion rubles to 109 CSOs), the Ministry of Digital Development and Communications (54.8 billion rubles to 280 CSOs), and the Federal Agency for Youth Affairs (20.9 billion rubles to 100 CSOs). The government distributed more resources to projects aimed at helping the Russian army and for “patriotic” initiatives during the year.

The Presidential Grants Foundation (PGF) is the single most important source of funding for the sector. According to Pulse of NGOs, half of all of the sector’s funds came from PGF in 2022—a 2 percent increase compared to 2021. Every year, PGF awards billions of rubles in grants to thousands of CSOs—mainly socially-oriented CSOs. In total, PGF provided 4,324 socially significant projects with total funding of 10 billion rubles (approximately \$105 million) in 2022. Another 2 billion rubles (approximately \$21 million) were distributed among the Russian regions to co-finance their own competitions for socially-oriented CSOs. In its first round of grant competition in 2022, PGF awarded its largest grant of 36.8 million rubles (\$406,000) to the charitable organization Doctor Lisa’s Fair Care for a project aimed at helping wounded and critically ill people from the so-called Donetsk and Luhansk People’s Republics (DNR and LNR, respectively).

At the same time, however, the amount of presidential grants received by environmental and human rights organizations dropped by 27 percent compared to 2021. The majority of CSOs that signed an open letter against the war in Ukraine did not receive presidential grants in 2022. For example, the Vera Foundation, which had received PGF support for five years in a row, did not receive any funding in 2022.

Despite the difficult circumstances, independent CSOs managed to find new opportunities to raise funds during the year. According to Pulse of NGOs, individual donations increased by 27 percent and donations through fundraising platforms increased by 28 percent. Some CSOs managed to increase their funding diversification by working more actively to collect donations through cashback arrangements,⁸ deductions, and points transfers.

According to a survey conducted by the Need Help Foundation and Tiburon Research, only 10 percent of Russians made charitable contributions on a monthly basis in 2022—a decrease compared to 2020-2021— marking the

⁸ Cashbacks are a customer reward program in which a percentage of a purchase is returned to the customer and can then be donated to a charity of their choice.

return to pre-pandemic levels. Most often, people donate to help children and orphans, the poor, nursing homes, and stray animals. The share of people donating to help immigrants and refugees increased from 2 percent in 2021 to 6 percent in 2022, while those donating to media outlets increased from 2 percent to 4 percent.

Overall, more than 1.1 billion rubles (\$11.3 million) was donated through Russian charitable crowdfunding platforms in 2022, according to a Culture of Charity Foundation study. The number of people donating through such platforms grew by 27 percent compared to 2021 and amounted to about 600,000. However, the amount of donations increased only insignificantly after several years of significant growth. In fact, large platforms, such as Need Help, VK Dobro, and Blago.ru saw a decline in overall donations made through their platforms, while donations made through relatively new services continued to grow: donations on the Help application grew by 50 percent, the Tooba service by 43 percent, and the SberVmeste platform by 23 percent.

According to a recent study conducted by Sber Private Banking, Frank RG, and Philin Philgood, corporate donations and corporate social responsibility (CSR) spending account for about 75 percent of all charitable giving in Russia. The same study indicates that while the amount of corporate support did not change much in 2022, funds were redistributed to address urgent issues relevant to the corporate donors' business. Despite this, many large CSOs saw a substantial decrease in recurring corporate donations in 2022—ranging from 10 to 50 percent—not only due to the withdrawal of international businesses from Russia but also due to technical disruptions caused by the suspension of the major payment systems. For example, World Wildlife Fund Russia noted that its corporate fundraising suffered more than private donations, as its core corporate donors were mainly financial and IT companies, as well as manufacturers of consumer goods, most of which were affected by war-related sanctions. The amount of donations environmental and human rights organizations received from commercial organizations fell by 12 percent in 2022 compared to 2021. Yet, some CSOs, such as the Shelter (Nochlezhka) Foundation, which helps homeless people in St. Petersburg, reported a slight increase in corporate donations.

Some CSOs earn revenue through the provision of products or services. In 2022, according to the Pulse of NGOs study, such revenues accounted for a greater percentage of CSOs' overall income compared to the previous year. The share of total income that came from service provision increased from 34 percent to 37 percent for CSOs engaged in social support and medical aid; from 21 percent to 35 percent for organizations focused on environment and human rights defense; from 50 percent to 54 percent for organizations involved in the development of charities and local communities; and from 38 percent to 42 percent for organizations engaged in culture, education, and sports.

A registered CSO is obliged to hire an accountant and publish its annual financial statements on the Ministry of Justice's website. Several types of CSOs, such as foundations with revenues over 3 million rubles (approximately USD 32,000 per year), foreign agents, and foreign non-governmental non-profit organizations are obliged to undergo annual audits.

ADVOCACY: 5.2

The war-related effects on advocacy varied across the CSO sector. CSOs' ability to influence public opinion, access government decision-making processes, and directly influence the legislative process notably decreased. The only exceptions were activities that aligned with the government's priorities, such as war-related patriotic and humanitarian projects and mandated social initiatives. Overall, the government's encroachment on civil society continued, further undermining the sector's independence and ability to advocate.

Advocacy opportunities and CSOs' ability to influence the authorities varied depending on the region and the targeted level of government. CSO advocacy was more successful at the municipal and regional levels and least successful at the federal level. The Pulse of NGOs'



annual study on organizational development reported that the ability to influence federal authorities was out of reach for 54 percent of CSOs. Meanwhile, in the Pulse of NGOs 2022 survey on war-related disruptions, some CSO members noted that relations with state agencies became “tense and anxious” and risks of being recognized as a foreign agent became “colossal for everyone” due to the war and growing repressions. CSOs in more developed regions with more sustainable civil society sectors had better access to authorities. According to the regional ranking of CSOs compiled by Russia’s Public Chamber and RAEX ranking agency, the three most developed regional CSO sectors in 2022 were in Moscow, Vologda region, and Khanty-Mansiysk Autonomous District. In regions with less developed CSO sectors, CSO have limited interactions with local authorities.

Public councils—advisory bodies formed on a voluntary basis with members of the public, professional groups, and CSOs to liaise between the public and the federal authorities—continued to operate within various state agencies. According to RAEX agency’s 2022 ranking, public councils were particularly effective in the Ministry of Education and Science, Ministry of Industry and Trade, Federal Anti-monopoly Service, and Federal Youth Agency, among others. Independent rights-focused CSOs, however, have little to no access to participation in public councils. Moreover, public councils are largely seen as “façades” that accept funds from various interest groups to lobby policymakers and government officials on their behalf, while offering few meaningful opportunities for public participation. Transparency International Russia analyzed the work of fifty Public Councils in 2021 and identified 328 cases signifying a conflict of interest.

According to Pulse of NGOs Study, one of the most common advocacy practices by CSOs involved performing the function of government advisor. For example, CSOs organized joint events with the government, submitted official appeals to the authorities, and participated in expert groups set up by the authorities. However, these types of engagement were limited to issues allowed by the state. Conversely, grassroots advocacy practices were least popular during the year: only 10 percent of CSOs made public statements on social and political issues and only 5 percent participated in protests. Policy advocacy initiatives and efforts to advocate for CSO reform were overshadowed by war and repressive actions.

While civic space was generally restricted during the year, one group of citizens independent of the state—namely war correspondents and military bloggers—was able to find its voice and force the authorities to reckon with it. This group of about 500 people—some of whom have over a million followers on Telegram channels—developed a distinct public voice criticizing the Ministry of Defense, the General Staff of the Russian Armed Forces, and top military officials. Although the group holds pro-war, nationalist views, its criticism of the failing “special military operation” gained public traction. As a result, President Vladimir Putin personally met with a select group of war correspondents in September 2022 in an effort that could be seen as both co-optation and establishment of a back channel with people “on the ground.” This phenomenon remains controversial due to the correspondents’ ideology and their quick integration into the government-controlled public space.

SERVICE PROVISION: 4.5

In 2022, the CSO sector’s ability to provide services, as well as the variety of goods and services provided, declined significantly, as did CSOs’ capacity to generate revenue through service provision. In addition, government appreciation for the services provided by CSOs decreased. The situations of in-country socially-oriented CSOs and exiled independent CSOs diverged: while the former group reported moderate improvements in their ability to address local needs and reach beneficiaries, the latter reported significant disruptions.

The sharpest decline in services was in the organization of public events on social and political issues. In 2022, Golos, an independent vote-monitoring organization, stopped organizing roundtables and other public discussions due to severe restrictions on the freedom of speech, focusing instead on producing analytical reports and supporting the work of election observers. Similarly, OVD-info, an



independent human rights and media group, suspended its educational activities and public events, while expanding the provision of legal assistance to those detained and arrested at anti-war rallies.

In 2022, socially-oriented and pro-government CSOs provided services that addressed the consequences of the war. According to Pulse of NGOs survey, four out of ten in-country CSOs started providing support to those affected by the war: 22 percent began working with refugees, 21 percent with families of servicemen and mobilized, and 17 percent with residents of the occupied Ukrainian regions of Luhansk, Donetsk, Zaporizhia, and Kherson. As a result, 59 percent of CSOs saw an increase in the number of beneficiaries served, as well as growing demand for targeted assistance. CSOs that focused on narrow groups of beneficiaries, such as immigrants, refugees, homeless persons, or social services and medical care, experienced a pronounced shift in service provision as they were forced to expand the scope of their work to address war-related challenges. However, the expansion of war-related services was often achieved at the expense of other services. For example, Activatica, an online platform for grassroots activism across Russia, saw a decline in the number of environmental projects, with the focus instead shifting to helping refugees from the occupied territories of Ukraine and securing their safe passage across the border from Russia to Europe.

The war-related services provided most often were psychological support, humanitarian aid, food, hygiene products and medicine, and legal assistance. According to Vera Foundation, some CSOs and volunteer associations were able to support specific hospices and palliative care departments in regional hospitals. CSOs such as More Life in Perm and Samara Hospice facilitated the development of full-fledged palliative care wards without “wasting time” interacting with the federal authorities. Yet, due to the lack of official data, CSOs’ ability to understand and assess public needs beyond the immediate demand for humanitarian aid was limited.

Sixteen percent of CSOs collected donations and aid such as protective equipment and medical kits to help the military and frontline workers. However, CSOs that publicly condemned the war, such as the Need Help Foundation, drew the line at delivering help to the military and instead focused on peaceful activities to support their families and other civilian groups.

Employees of independent organizations and exiled CSOs managed to expand their services and launch new projects in response to the new challenges faced by their in-country constituencies. Many aided Russian emigrants, Ukrainian refugees, and conscientious objectors. A former head of Shelter (Nochlezhka) launched the online project Idite Lesom (Go through the woods). The project offered assistance to Russian men seeking to avoid mobilization for the war in Ukraine and relocate abroad safely. In just three days after its launch, Idite Lesom received over a thousand requests for help. Launched by a group of exiled Russian journalists, Help Desk is another new project that offered support to current and future Russian emigrants as well as reports on the war in Ukraine. Over the year, it responded to over 32,000 requests for help or advice.

With new challenges mounting in 2022, cost recovery declined across all segments, with the exception of large and Moscow-based CSOs. In general, CSOs tended to recover costs by applying for government subsidies, which decreased at the regional level as a result of the war. To address this challenge, Moscow authorities pledged to allocate 192 million rubles (\$1.92 million) in subsidies for capital-based CSOs. However, the scope of the subsidies was limited to employee wages, access to head-hunting websites, and the purchase and use of domestic software.

As shown by recent legislation and funding priorities, the government’s recognition of and support for the sector focused on socially-oriented and patriotic CSOs, reflecting the government’s encroachment on civil society and continued efforts at establishing control over its activities by eliminating independent, rights-focused CSOs. Independent CSOs considered acts of state harassment, such as “purges” and being labeled as a foreign agent, as signs that the government recognizes the impact and importance of their work.

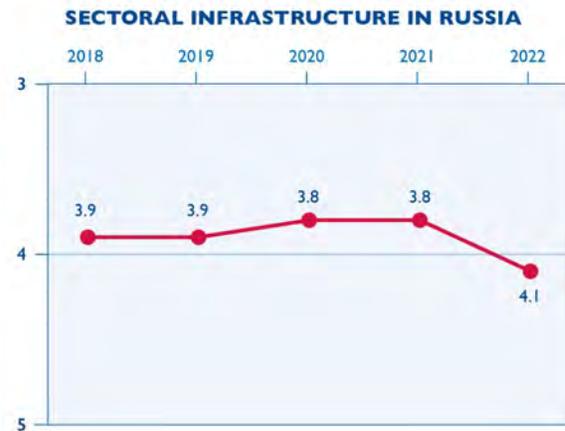
SECTORAL INFRASTRUCTURE: 4.1

The War-related developments damaged the infrastructure supporting the CSO sector, decreasing the availability of support services from intermediary support organizations and resource centers. Independent CSOs partially compensated for war-related disruptions by building new coalitions, while demand for training and education opportunities increased moderately.

Rights-focused CSOs, such as OVD-Info, the Crew Against Torture, and Agora (all designated as foreign agents), had been previously forced to shut down their legal entities in Russia and worked in exile in 2022. Although this

decreased the availability of their services, some of these groups managed to conduct limited activities to help CSOs still in the country—legal aid, evacuations, and fundraising—remotely through an underground network of supporters.

Opportunities for mutual assistance also decreased due to war-related disruptions. For example, Free Russia Foundation, an international CSO whose work focuses on democratic development in Russia, helped evacuate most of its in-country partners during the year, while the remaining partners were forced to go underground, decreasing opportunities for mutual assistance. In a rare exception to this disruption, Moscow Helsinki Group, Russia’s oldest human rights organization (which was dissolved in January 2023 by court decision) and Need Help Foundation held a charity auction to help people accused under the war censorship laws. A number of well-known Russian actors, journalists, writers, and cultural figures, who are mostly exiled now, donated their awards to the auction. Outside the country, new partnership opportunities emerged for independent CSOs. In 2022, OVD-Info partnered with Justice for Journalists Foundation, Access Now, and Article 19—nonprofit organizations that focus on freedom of speech—to produce a report on freedom of speech violations in Russia for the United Nations’ Universal Periodic Review.



According to the Agency for Social Information, there were notable regional differences in infrastructure. CSOs in more developed regions had better access to individualized support from established resource centers, such as the Public Center for Social Initiatives in the Rostov region. Overall, however, regional CSOs, particularly socially-oriented ones, observed a decrease in infrastructural support with the focus shifting toward targeted, direct assistance. At the same time, they received less support from other NGOs and businesses.

The supply of training noticeably declined in the first half of the year in response to war-related disruptions, although some capacity was restored by CSOs in exile. In response to the overlapping crises within the sector, demand for training, especially on technological savviness and anti-crisis management, grew in 2022. Greenhouse (Teplitsa) of Social Technologies, a CSO that offers educational and training opportunities for the nonprofit sector, saw an uptick in requests for its services in 2022.

Fewer companies and donors in the regions supported CSOs’ work systemically through local grants in 2022. However, top charitable foundations provided CSOs with some additional support—but only on issues mandated by the government. For example, the Vladimir Potanin Foundation, the largest private grant-making organization in Russia, awarded anti-crisis grants to fifty-three CSOs across twenty-one regions on top of its regular giving. The Timchenko Charity also launched anti-crisis programs focused on assistance to refugees from Donbass.

Eighty community foundations in thirty-one regions in Russia use donations from individuals and local businesses, grants, and subsidies to conduct independent grantmaking that supports local initiatives. In St. Petersburg, Dobry Piter (Kind Peterburg) community foundation brought together twenty-five charitable CSOs for a New Year fundraiser to help the young and the elderly, as well as those experiencing hardships.

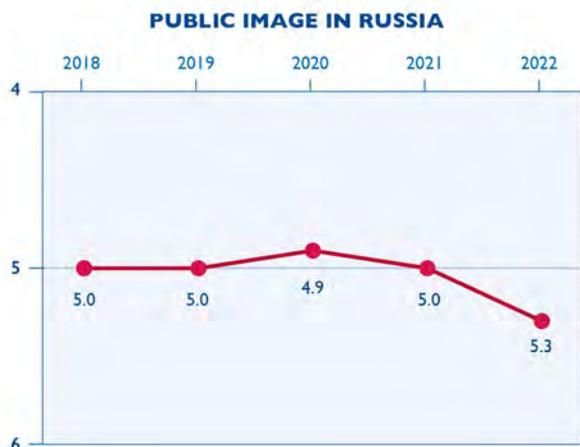
The main types of partnerships in the sector remained relations with other CSOs (72 percent) and the government (59 percent), according to Pulse of NGOs. Large CSOs are more likely to partner with businesses than smaller ones (64 percent versus 29 percent).

Coalition-building remains one of the least-developed functions of CSOs in Russia, although the COVID-19 pandemic and the war brought some CSOs together. The Care Is Near coalition, which formed in 2020, assists elderly citizens. By the end of 2022, it included about 400 CSOs across sixty-four Russian regions. Following the outbreak of the war, its members expanded their focus to help refugees from the occupied Donbass.

In 2022, in-country CSOs lost the opportunity to interact with international partners. For exiled CSOs, however, the situation was the opposite, as they gained wider access to international partnerships. Many exiled CSOs came to each other’s help and pooled resources to operate more efficiently, including through newly established resource centers, such as Reform Spaces, in the key destinations for Russian exiles—Vilnius, Berlin, Prague, and

Tbilisi. A growing synergy also emerged between exiled CSOs and independent media projects. Some in-country CSOs expressed hope that the current challenges could foster development of cross-sector connections.

PUBLIC IMAGE: 5.3



The public perception of independent CSOs continued to diverge from that of socially-oriented and government-supported organizations. Propaganda outlets and government officials increasingly portray recipients of foreign funding as “traitors.” These efforts had a negative effect on the sector as a whole, including charitable organizations. In 2021, 39 percent of surveyed Russians cited lack of trust as a barrier to their participation in charity; in 2022, this number increased to 56 percent, according to Pulse of NGOs. According to a member of the Presidential Human Rights Council, people continue to be unaware or misinformed about the purpose and significance of CSOs.

In 2022, CSOs reported that media coverage of their activities declined, as it largely fell outside of the war-

driven, government-controlled agenda. This decline was especially disappointing for regional CSOs that already struggled to reach federal media. According to a study by ASI and sociological research organization Zircon, federal media provided less than 25 percent of the sector’s overall media coverage in 2022. Regional organizations also found it more difficult to recruit celebrities and influencers to promote their work. At the same time, exiled independent CSOs found more opportunities to collaborate with exiled independent media.

The introduction of war-time censorship in the government-controlled information environment further obstructed CSOs’ public relations (PR) efforts. While their PR skills were improving, CSOs had little ability to influence the agenda or the public’s and government’s perceptions of the sector during the year. Some CSOs reported that their PR specialists were at increased risk of burnout due to their exposure to the “information frontline.”⁹

PR activities mostly focused on promoting the organization’s brand and posting on social networks, with much less attention paid to strategic and crisis communication. The majority of CSOs do not have strategies for responding to negative information about their work on the internet. As in previous years, small CSOs lacked resources to hire PR professionals.

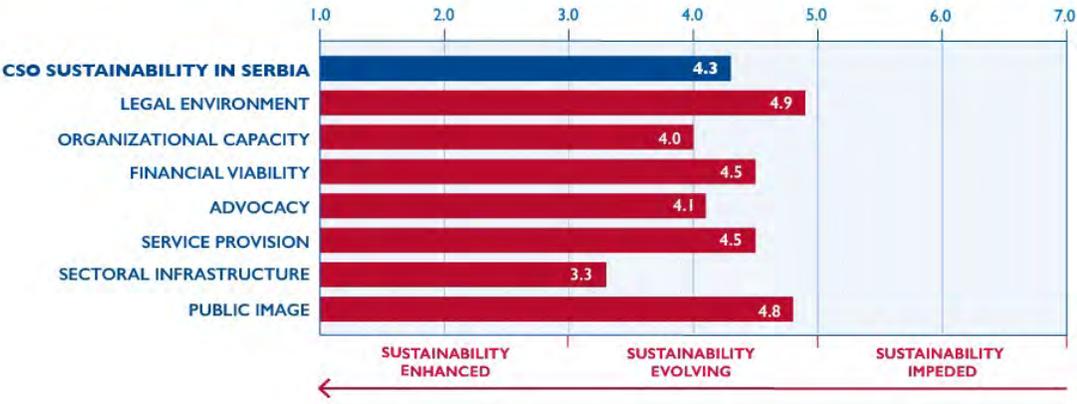
Self-regulation in the sector worsened in 2022 due to the war-related disruptions and economic challenges during the year. Few CSOs published financial reports, as some CSOs turned to less transparent methods of fundraising. For example, the numerous initiatives that emerged in 2022 to help refugees often provided assistance in an unprofessional manner, for example, collecting donations through personal banking cards without reporting on the use of the funds. Some CSOs complained that their years-long efforts to increase transparency in the sector were significantly offset by such practices. Large CSOs are more likely to have regularly updated websites and publish both annual and financial reports detailing their work.

⁹ The “information frontline” is a metaphor referring to the fact that many PR managers and journalists are overly exposed to war-related news coverage.

SERBIA

Capital: Belgrade
Population: 6,693,375
GDP per capita (PPP): \$23,911
Human Development Index: Very High (0.802)
Freedom in the World: Partly Free (62/100)

OVERALL CSO SUSTAINABILITY: 4.3



Elections were held in Serbia in April 2022 for the presidency, members of the National Assembly, and local positions in twelve municipalities and two cities, including the capital Belgrade. The election process lasted most of the year: elections were announced in February and held in April, official results were declared at the beginning of July, the first session of the new parliament was held in August, and the new government was established in October. During this period, there was even less communication between CSOs and the government than usual, as institutional and political processes largely came to a halt.

The opposition participated in the 2022 elections, winning one-third of the seats in parliament. This is a change from the previous parliament, in which the ruling party held a supermajority as a result of the opposition’s boycott of the 2020 elections. Although the ruling majority in the parliament continues to attack the independent media, CSOs, and opposition, the composition of the new parliament provides CSOs with a new, although limited, opportunity to advocate and ask for accountability.

The Serbian government continued to balance its foreign policy between the West and Russia. Thus, for example, while Serbia supported most of the United Nations (UN) resolutions condemning Russian aggression in Ukraine, it did not join sanctions on Russia. At the same time, most of the reporting by the most influential pro-government media in Serbia, including TV stations with national frequencies, was pro-Russian and contained disinformation. Such reporting fueled attacks on CSOs, which have been labeled for decades as traitors and servants of the West.

Serbia’s maintenance of close connections with Russia and its decision not to align with any European Union (EU) sanctions raised concerns within the EU about Serbia’s strategic direction that are expressed in the European Commission’s Serbia 2022 Report. The report also concludes that the EU accession process—including reforms needed to ensure systematic cooperation between the government and civil society—made limited progress in 2022.

In this context, overall CSO sustainability in Serbia remained unchanged in 2022, although two dimensions—legal environment and financial viability—deteriorated slightly. The legal environment worsened as more CSOs and activists were harassed, threatened, and even tortured by the police and private security companies. Financial viability declined as corporate giving decreased, while the economic crisis—with inflation reaching 15 percent—took a toll on the sector.

According to the Serbian Business Registry Agency (SBRA), the number of CSOs, endowments, and foundations continues to increase. There were 36,491 registered associations at the end of 2022 (a 2.12 percent increase from 2021) and 1,051 endowments and foundations (a 5.5 percent increase from 2021). There is no publicly available

data on newly registered CSOs. Many grassroots initiatives still avoid registering and instead choose to work as informal groups, in part because of the administrative and financial burdens that registration and operating as a registered entity brings.

LEGAL ENVIRONMENT: 4.9



The legal environment in which CSOs operate slightly deteriorated in 2022, driven by increasing harassment of CSOs and activists by state authorities.

The Law on Associations and the Law on Foundations and Endowments continue to be the key laws governing CSOs. CSOs can easily register through SBRA's regional offices, but electronic registration for CSOs has still not been introduced as it has for other legal entities.

In February 2022, parliament adopted the Strategy for the Creation of an Enabling Environment for the Development of Civil Society in the Republic of Serbia for the Period 2022-2030 (hereinafter the Strategy for the Development of CSOs). Although other CSOs continued to participate in the strategy's development, a significant number of the most prominent human rights

and civil society development CSOs boycotted the drafting process due to its lack of transparency and the government's failure to address the increasing attacks on civil society and independent media. The Strategy assesses the status of the sector and sets goals to increase the sector's involvement in decision-making processes, the transparency of funding, the sustainability of the sector, and CSOs' participation in socio-economic development and the EU accession process. One of the most significant weaknesses of the Strategy is that while it recognizes the unfavorable environment for CSOs, it fails to address the government's crucial role in creating and allowing such an environment. The Action Plan for implementing the Strategy was adopted in September 2022.

The Strategy also calls for the establishment of the Council for Cooperation and Development of Civil Society, which should include representatives of the state administration and CSOs and act as a mechanism for strengthening the principles of participation, openness, and inclusiveness of the policy-making process. The Ministry of Human and Minority Rights and Social Dialogue held consultations in June on the establishment of the Council. Fifty-seven CSOs sent a proposal on the Council's mandate and the election process for members, but the Ministry had not responded to these recommendations by the end of the year. Thus, the Strategy's adoption did not open up meaningful space for dialogue between the government and CSOs in 2022.¹

According to the *Three Freedoms Under the Magnifying Glass* reports issued by Civic Initiatives (CI) throughout the year, state harassment of CSOs and activists was a growing problem. In particular, the police used excessive force on protesters. In some cases, police threatened protesters or prevented people from joining protests. Police also continued to visit some activists at their homes or places of work to warn them not to organize or join protests, threatening them with legal action if they do. In several cases, police and private security used violence against protesters, sometimes in a particularly brutal fashion. For example, during environmental protests in Novi Sad, a security officer was filmed kneeling on a protester's neck to subdue him. Protesters tried to file charges against the private security firm for excessive force but were unsuccessful. In Majdanpek, members of a private security firm destroyed a camp set up by activists and later stated in the media that they were paid by the company protesters railed against to film themselves beating protesters. In Majdanpek and nearby Negotin, respectively, an activist accused the police of beating him in order to force a confession, while two other activists were held in prison, extensively tortured by the police, and denied the right to communicate with anyone outside the police station.

¹ Civil society selected its representatives to the Council during the spring and summer of 2023. As of the time of writing (September 2023), the government had still not officially approved their selection.

Freedom of assembly was also infringed during the EuroPride Parade. Serbian authorities initially banned the march, but a few hours before the march was scheduled to begin, they allowed it to proceed along a shortened route. Anti-lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) protesters disrupted the event, leading to clashes with the police, which detained sixty-four of the protesters. After the event, protesters also attacked some foreign LGBTQI+ activists, two of which suffered injuries as a result. Participants were cursed at and threatened by protesters because of the LGBTQI+ signs they carried. The Minister of Interior announced criminal charges against some foreign nationals participating in the event for alleged violations of religious and national sentiments.

Legal proceedings were also used to deter protests. For example, some individuals who participated in environmental protests in late 2021 were fined, and those who refused to pay the fines—including opposition politicians—were given jail sentences. In addition, criminal proceedings were launched against participants in the Novi Sad protest.

Strategic lawsuits against public participation (SLAPPs) continued to target media and activists in 2022, leading Serbia to be nominated for “SLAPP country of the year” by the Coalition Against SLAPPs in Europe. For example, at the end of 2022, KRIK (an investigative journalist portal) was found guilty and fined for publishing the content of wiretapped conversations from the trial of a criminal group that imply that Serbia’s new Interior Minister and former chief of the Security Information Agency has ties to organized crime. The verdict against KRIK states that the article “represents information capable of injuring the honor and reputation of the plaintiff, taking into account first of all the function he performs, which presupposes the fight against organized crime.”

CSOs can freely engage in income-generating and fundraising activities and receive donations from abroad. The Law on Social Entrepreneurship, which was adopted in February 2022, is expected to open up space for more CSOs to enter the market. To date, however, no actions have been taken to implement the law. CSOs do not face any legal barriers to participating in public procurement. CSOs do not receive tax exemptions on income from donations, although some international grants are exempt from value-added tax (VAT) in accordance with bilateral agreements. Legal entities can classify specific contributions to CSOs (and other types of donation recipients) as expenses to reduce their income tax.

The legal capacity within CSOs is still inadequate, so local organizations depend largely on legal guidance from more prominent organizations. Resource Center, a program implemented by CI and six partners, continues to provide legal support to CSOs through its Belgrade and local partners’ offices.

ORGANIZATIONAL CAPACITY: 4.0

The organizational capacity of the sector remained largely unchanged in 2022. There continues to be a significant capacity gap in the sector based on organizations’ size, years of operation, geographic focus, and field of operations.

Smaller and local CSOs and grassroots organizations continue to use various tools and approaches to engage their constituencies, including petitions, street events, and social media, while larger organizations usually rely on social and traditional media. Several larger CSOs continue to provide knowledge and skills to local organizations related to citizen engagement. For an Active Civil Society Together (ACT), implemented by CI and Helvetas, offers training and mentoring support to local and mid-sized organizations. The National Coalition for Decentralization (NKD) and Trag Foundation (TF) offer similar services through their support programs.

No significant changes were observed in the strategic planning practices of CSOs in 2022. Mid-sized organizations supported through the ACT program continued to develop strategic documents, including strategic plans and fundraising and communication strategies. Building on the previous USAID-funded INSPIRES project in which larger



CSOs developed different strategies, tools, and networks to respond to the challenges facing civil society, Partners Global started the Civil Society Resiliency Activity, a five-year USAID-funded program through which twenty-five local CSOs will undergo a similar process.

As in 2021, generally only seasoned CSOs maintain solid management systems, like active governing boards, clear divisions of responsibilities, and other structures. Most organizations lack fully operational and transparent governing structures and management procedures, including clearly defined responsibilities, mostly due to a lack of critical resources, primarily staff and knowledge. Newly established initiatives and grassroots groups continue to operate through flexible and adaptive structures that reflect their ad hoc nature.

Only larger organizations have permanent staff, while others employ staff on short-term project bases. The economic crisis and high inflation during the year put additional pressure on CSOs, particularly smaller and mid-sized organizations outside of big cities. Combined with daily pressure and attacks from local media and governments, depopulation, and other issues, it was particularly difficult for them to attract and retain employees during the year. Most staff in local CSOs have additional jobs besides those in CSOs. A growing number of organizations report staff burnout and the need for greater work-life balance. Organizations and activists are also identifying how external pressure, like police harassment, media slander, and threats, in addition to work-related stress and extended office hours, affect their mental health.

According to the *2022 World Giving Index* by the Charities Aid Foundation, Serbia continues to have one of the lowest rates of volunteering in the world, with only 9 percent of respondents indicating that they volunteered in 2021. Volunteer management continues to be a significant problem, particularly among smaller CSOs. Although plans to amend the Law on Volunteerism, which currently requires time-consuming administrative procedures to engage long-term volunteers, were announced, no discussions between the government and civil society ever took place.

As in previous years, smaller, especially newly established, organizations and grassroots initiatives lack essential information communication technology (ICT) and other equipment. They usually rely on the personal resources—including laptops, phones, and cameras—of their staff and activists.

FINANCIAL VIABILITY: 4.5



CSOs' financial viability deteriorated slightly in 2022 as the financial landscape for CSOs became more challenging overall. The lingering effects of the COVID-19 pandemic, followed by the economic crisis—with inflation reaching 15 percent by the end of the year—and the uncertain political environment all significantly impacted the financial sustainability of CSOs. Corporate philanthropy also substantially decreased. Public funds increasingly benefited party-organized NGOs (PONGOs) and government-organized NGOs (GONGOs). Foreign donor funds, still a critical source of funding for CSOs, continued to be absorbed mainly by more prominent CSOs. While the use of crowdfunding has increased slightly, individuals primarily donate to CSOs with charitable purposes, as opposed to those working on issues such as democracy and human rights.

Government funding for independent CSOs is insufficient at all levels. According to CI's *Monitoring Matrix on Enabling Environment for Civil Society Development*, the government planned to distribute EUR 94,580,272 in support to CSOs in 2022. Only 27 percent of this amount—less than half the amount in 2021—was allocated through open calls, with the rest distributed through non-competitive means.

Irregularities in the distribution of public funding, including favoritism and lack of transparency, increased in 2022. Balkan Investigative Reporting Network (BIRN) Serbia's database points to an increase in misused funds and non-transparent spending. For example, in 2022, the Ministry for Family Care and Demography allocated EUR 3 million

through three open calls. The vast majority—EUR 2.6 million—of this amount went to phantom CSOs that lacked offices, phone numbers, and references, and half of the allocated funds went to twenty-one CSOs connected to two individuals.

According to Catalyst Balkans' Giving Serbia database, domestic philanthropic support to CSOs is predominantly directed toward health care and medical treatments (71 percent). A single organization—Budi human Foundation, founded by the current mayor of Belgrade—received EUR 18.6 million in donations, 67 percent of the total amount donated to all CSOs. Catalyst Balkans' preliminary data also shows that approximately EUR 27.6 million was donated to CSOs in 2022, significantly less than in 2021, when EUR 32.1 million was given. Individuals supported CSOs in 2022 mainly through mass individual giving,² donating EUR 22.2 million in this manner.

Giving by the business sector, a major donor during the pandemic, started a downward trend in 2021, which continued in 2022 due to the economic crisis. Overall donations from corporations fell from EUR 12.8 million in 2021 to EUR 7.6 million in 2022; corporate giving to CSOs specifically fell from EUR 5.3 million in 2021 to EUR 3.4 million in 2022. However, companies are slowly resuming their usual corporate social responsibility (CSR) and corporate philanthropy programs and goals. For example, in 2022, Avon Cosmetics provided support to the Autonomous Women's Center for its psycho-social and legal support to women victims of domestic violence, and VEGA IT supported software and website development for CSOs involved in education, human rights, environmental protection, and other issues.

The economic crisis and high inflation hit CSOs hard in 2022. Most of the sector's funding comes from foreign organizations and foundations and was allocated before inflation increased. CSOs struggled to adjust to the new economic reality. The most significant grant schemes in 2022 were the same as those in 2021. With funding from the Swiss Agency for Development and Cooperation (SDC), the ACT Program, implemented by CI and Helvetas, awarded approximately \$720,000 to CSOs through four grant programs. TF awarded up to \$2 million to CSOs and grassroots groups, with most of the funds coming from foreign donors. Belgrade Open School (BOS) awarded approximately \$1.3 million through five grant schemes with funding from the EU and the Swedish International Development Cooperation Agency (Sida).

In 2022, small and medium-sized CSOs primarily benefited from small re-granting schemes that typically offer grants between \$5,000 and \$20,000. However, some CSOs note that the complex administrative procedures to which these grants are often subject threaten their sustainability. For example, national grantmakers sometimes use intricate application forms similar to those for multi-million Euro EU projects to support projects that are local, short-term, and have a considerably lower value. Also, administrative requirements are sometimes too rigid, while obligatory participation in technical support activities seems to disregard the lack of capacity—particularly the availability of staff—of local CSOs. As in 2021, larger, mostly Belgrade-based organizations and consortia absorbed a significant part of these funds.

Income-generating activities remain a limited source of funding for CSOs. Although the Law on Social Entrepreneurship was adopted at the beginning of 2022, only a handful of organizations have claimed the status of social enterprises to date.

Catalyst Balkans reported a 7 percent increase in support to CSOs on the crowdfunding platform www.donacije.rs in 2022 compared to 2021, with total donations exceeding EUR 210,000. This growth is attributed to the emergence of CSOs that successfully execute fundraising campaigns, engage the community, and are more strategic.

The financial management capacities of CSOs slightly deteriorated in 2022, primarily due to a continuing shortage of professional financial staff. Mid-sized and smaller CSOs and grassroots groups still lack essential internal capacities for financial management and rely almost exclusively on external accounting agencies.

² Mass individual giving refers to donations from unnamed groups of people through a variety of means, such as at charity concerts or sports events, direct payments to the account of a person/family/organization in need, or at charity bazaars.

ADVOCACY: 4.1

CSO advocacy did not change significantly in 2022.

The year 2021 ended with several positive advocacy developments. Notably, mass protests resulted in the withdrawal of the controversial Law on Expropriation from parliamentary procedure and amendments to the Law on Referendum and People's Initiative. However, this momentum did not continue in 2022. At the same time, a major blow to 2021's advocacy success was experienced when the parliamentary administration reported that it had lost the people's initiative on banning the mining of lithium and boron, which was signed by more than 38,000 citizens. As a result, it cannot be discussed in parliament.

In practice, the state remains closed to most CSO initiatives. Official channels of communication are practically closed or just used to give the appearance of CSO-government dialogue. For example, in 2022, there were just ten calls for public debate regarding the adoption of new regulations, according to data from the eConsultations portal. There is also no publicly accessible documentation regarding the consultations conducted, including on any input from CSOs. General elections in April further hampered communication between CSOs and the government for most of the year.

The lack of communication between the government and CSOs is especially evident when organizations advocate for changes that target dominant narratives or threaten the interests of political parties or big business. For example, the Ministries of the Interior and Justice put up several draft laws for public debate that included controversial provisions on biometric surveillance and storage of personal data to combat terrorism and organized crime. The debates on these complex laws happened concurrently over the winter holidays, leaving little meaningful opportunity for engagement. However, CSOs including SHARE Foundation and Belgrade Center for Human Rights, did manage to engage and successfully prompted the Ministry of Interior to withdraw the contentious draft Law on Internal Affairs in February 2023.

However, some advocacy initiatives that did not challenge power relations were successful in 2022. For example, in February, parliament adopted the Law on Social Entrepreneurship, which is an essential foundation for the development of this sector. In addition, the government made some positive steps towards cooperation with civil society with the adoption of the Strategy for the Development of CSOs and its Action Plan. However, neither the Law on Social Entrepreneurship or the Strategy were implemented in 2022.

The Center for Research, Transparency, and Accountability (CRTA) was able to document the multifaceted pressures on the electorate during the April elections in a qualitative study. Collected testimonies and analysis, including from representatives of local CSOs and activists, describe how ruling party representatives put pressure on them and other people to vote for them, secure a certain quota of voters, or participate in campaign rallies. CRTA used these findings to increase awareness of the problem. After the research was published, some independent media reported on such examples and several other people contacted CRTA to share their experiences.

On the local level, grant programs by ACT, TF, and NKD supported new advocacy initiatives dealing with youth, environment, urban development, and other issues, many of which resulted in changes. For example, in Varvarin, the youth CSO Sowers of Fortune succeeded in securing premises for a local Youth Center in an abandoned public building and the establishment of a diverse local Youth Council, which in recent years has only included members from the ruling political parties' youth corps. Although these support programs offer technical support alongside financial support, there is still an evident need for knowledge on advocacy and campaigning. For example, many CSOs perceive advocacy solely as being focused on changing regulations, neglecting other aspects of advocacy such as awareness raising or monitoring the implementation of achieved policy changes.



Other than advocacy focused on the Strategy and the Law on Social Entrepreneurship, CSOs had little success in advocating for improvements to the legal environment affecting the sector. Some previous advocacy initiatives, such as efforts to change the Law on Volunteerism, were not on the agenda in 2022. The government is also pushing aside an initiative led by the Coalition for Giving that would indirectly affect the sector by abolishing VAT on donations of food.

SERVICE PROVISION: 4.5

CSO service provision remained largely unchanged in 2022.

CSOs continue to face significant challenges that hinder their efforts to provide services. The limited capacities of organizations make it difficult for them to meet licensing requirements. In addition, most organizations with licensed services are hesitant to register for public procurement. For many organizations, this reluctance stems from concerns about the complexity of the registration process and the perceived lack of transparency in procurement procedures. Also, CSOs working on disability rights have criticized the criteria for selecting service providers in public procurement contracts. The focus on cost and cost-effectiveness prioritizes the lowest-priced bids, resulting in poorer quality services in health care, social protection, and independent living for persons with disabilities.



In 2022, as in previous years, the government was not a significant source of funding for services provided by experienced and independent CSOs. Instead, the government directed public funds for service providers to newly formed organizations or those with connections to decision-makers at the local, provincial, or national levels. In July, the association Women for Peace published an open letter reporting that the local authorities in Leskovac had allocated funds for the operation of an SOS line for women victims of domestic violence to a newly established CSO, whose legal representative is a twice-convicted perpetrator of domestic violence. In response, Women for Peace was subject to harassment, death threats, and false criminal reports alleging its involvement in organized crime. In an act of support, the UN Special Rapporteur on the Situation of Human Rights Defenders tweeted a joint picture with a representative of Women for Peace, while Front Line Defenders issued an urgent appeal to the government to intervene, investigate, and allow Women for Peace to work safely. Autonomous Women Center recorded a similar example in Jagodina, where the local government allocated funds for another domestic violence hotline to an organization founded by an individual convicted of domestic violence. Such practices divert resources from experienced CSOs with proven track records of delivering effective services and raise questions about due diligence and oversight processes.

The government-funded Social Services Provision Centers remain the primary service providers on the local level. This puts CSO service providers at a disadvantage, as these centers drain resources from social service budgets while not providing quality or crucial services.

The Strategy for Deinstitutionalization and Development of Community-Based Social Protection Services for the Period 2022-2026 was adopted in 2022 as part of Serbia's efforts to accede to the EU. The Strategy aims to allow people with disabilities and others to avoid institutional placement by developing community services, providing sustainable financing, and respecting users' rights. However, dedicated resources and established institutional mechanisms for guiding and overseeing the strategy's implementation have not yet been provided or developed.

A number of CSOs, led by CSO Rainbow, prepared the *Rulebook on Detailed Conditions and Standards for Field Associate Service Provision* with staff of the previous Ministry of Labor, Employment, Social and Veteran Affairs at the beginning of the year. The Rulebook aims to further institutionalize intersectoral fieldwork and allow for its implementation across Serbia. Apart from creating opportunities for broader outreach and better social service provision, the Rulebook details standards of cooperation between CSO service providers and medical, social

protection, and other public institutions' experts in delivering services. Unfortunately, the new Minister, appointed after the 2022 elections, did not take any action to approve the Rulebook during the year.

CSOs continue to provide relevant services to various populations in need, sometimes even to those not recognized in governmental social protection strategies. For example, *LiceUlice*, a social enterprise, often engages homeless people, the needs of which the state has no specific programs to address.

CSOs often focus on reactive measures rather than systematically collecting data on the needs of community members and developing tailored services. The lack of systematic data collection hinders the sector's ability to respond effectively to community needs and limits its long-term impact.

Only a few CSOs offer goods and services on the market. For example, some smaller, rural CSOs offer crafts and produce at local fairs and farmers' markets. Some think tanks and advocacy organizations, like the Coalition for Social Entrepreneurship Development (CoSED), offer their publications and expertise for a fee. CSOs like Proactive and SINHRO Hub rent out their office space for events and co-working. However, the majority of these organizations still lack marketing and other business-related skills, and for most of them, the funds they generate in this way constitute a small portion of their budgets.

SECTORAL INFRASTRUCTURE: 3.3

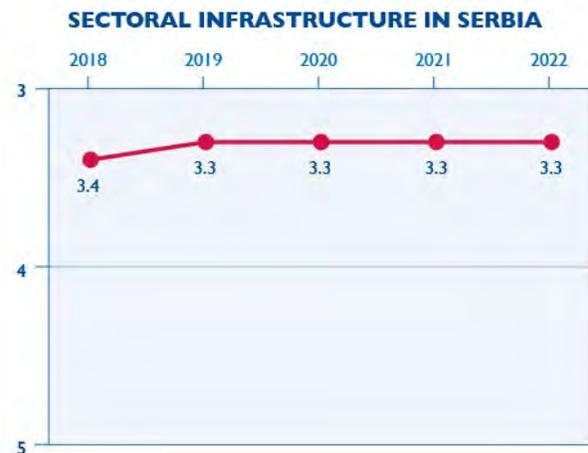
In 2022, the infrastructure supporting the CSO sector was affected by several positive changes, as well as a few negative trends, leaving the score the same as in 2021.

The Resource Center program, implemented by a consortium led by CI with funding from the EU, continued to serve as the central source of support for CSOs in Serbia in 2022, providing training, legal and administrative support, and other services. Other CSOs also act as informal resource centers. For example, Lawyers Committee for Human Rights (YUCOM) provides legal support and advice and CoSED provides advice regarding the establishment of social enterprises.

Major re-granting organizations such as BOS, CRTA, CI, NKD, and TF continue to provide technical support alongside their grants. The technical support addresses topics ranging from general CSO and financial management issues to skills in areas such as communications, advocacy, and community building. CI and TF provide longer-term mentoring support to some of their grantees in strategic areas such as developing organizational, fundraising, media strategies, campaigning, advocacy, and policy development. However, the sector still needs additional kinds of knowledge. Catalyst Balkans, for example, observed increased interest in specific information technology (IT) knowledge and expects even higher demand in 2023. In addition, the growing number of grassroots initiatives over the last few years requires different types of skills in areas such as community organizing, campaigning, and policy analysis, and more flexible delivery of technical support in terms of timing (working hours or after hours, weekdays or weekends), online and offline training, and location (local communities or Belgrade and other major cities).

In 2022, three community foundations (in Pancevo, Nis, and Stara Pazova) were officially registered, although they had been effectively operating for several years. Along with existing community foundations in Novi Pazar, Obrenovac, and Zaječar, they promote local philanthropy and provide financial support to local CSOs and grassroots initiatives. In addition, three new local groups—from Smederevo, Zrenjanin, and Rasina County—joined TF's support Program Our Local Foundation – the Community Has a Say!, and are expected to be officially registered as community foundations in 2023.

Issue and project-based coalitions established in previous years continued to be active in 2022. These include the Coalition for Media Development, NKD, National Association of Youth Practitioners, PrEUgovor, Green List of Serbia, Network of Children Organizations, National Youth Council of Serbia, CoSED, and Three Freedoms,



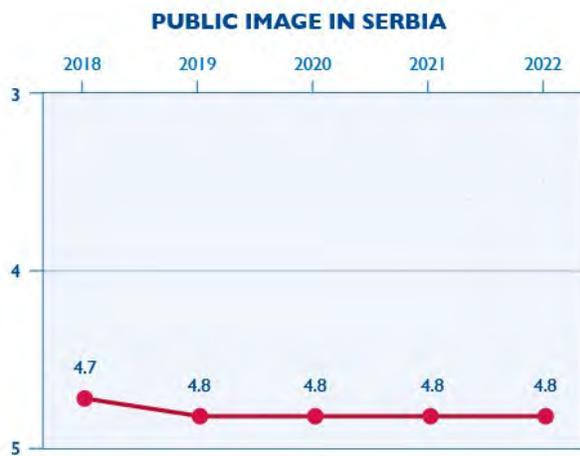
among many others. Some grantmaking programs, like ACT, had specific grant opportunities for CSO coalitions and networks in 2022.

In 2022, a group of mid-sized CSOs started to form an informal network to address the issue of international funds being concentrated on more prominent organizations and consortia due to strict donor rules and eligibility criteria that favor bigger organizations with professional staff. As a result, mid-sized organizations are largely limited to being local partners of larger CSOs, preventing them from having more substantive influence on the development of their communities based on local needs.

CSO cooperation with academia seems to be increasing. CSOs increasingly outsource research skills from experts at universities in Belgrade, Novi Sad, and Niš. In addition, some CSO representatives participate in summer schools organized by universities or partner with faculties and research institutes to develop postgraduate programs. A TF program called *Pokret Polet* brings together local advocacy CSOs with postgraduate students as policy researchers.

CSOs also cooperate with the private sector. For example, CoSED cooperated with the Chamber of Commerce while organizing info sessions on the Law on Social Entrepreneurship; Youth Disabilities Forum cooperates with companies to provide job opportunities to people with disabilities; and Labris has a similar approach focused on providing job opportunities to LGBTQI+ individuals. There were no changes in the level of CSO-government partnerships during the year. While CSOs participate in various working groups and forums, they usually view these efforts as a way for the government to show its EU partners its openness to dialogue, but they have no practical impact.

PUBLIC IMAGE: 4.8



The public image of CSOs did not change in 2022. While there were some positive developments, like improved citizen attitudes towards CSOs and improved communication skills among CSOs, independent media and journalists continued to be subject to pressure, and the dominant, pro-government media continued to portray prominent CSOs as traitors and foreign mercenaries.

The dominance of pro-regime media, which does not allow any criticism or grounded analysis of the government, continued. According to CRTA media monitoring, in 2022 TV stations with national coverage focused 92 percent of their coverage of political actors on government representatives. Government representatives were presented neutrally (85 percent of the time) or positively (15 percent of the time), but

almost never negatively (just 0.4 percent). On the other hand, representatives of the opposition had “ups and downs” in how they were presented, but coverage was more negative than positive on balance.

The war in Ukraine expanded the already vast space for attacks on CSOs. According to a report by CRTA, especially during the first three months of the Russian invasion of Ukraine, pro-government media produced “Disinformation...to present Russia in a positive light and the West negatively.” This dominant pro-Russian and anti-West narrative in the pro-government media provided more space to right-wing organizations and political parties to attack and slander CSOs focused on human rights, good governance, and government transparency, which have been labeled for decades as traitors and servants of the West by those same media. For example, the new Minister of Public Administration and Local Self-government called CSOs that criticize the government part of the opposition and questioned their financing.

Independent media and journalists, which present the only opportunities for many CSOs to present themselves and their work objectively, also continued to be attacked. According to the Independent Journalist Association of

Serbia's Database on Attacks on Journalists, there were 137 attacks, a 13 percent decrease from 2021, with more physical attacks and threats and fewer verbal attacks and pressure attempts recorded.

According to CRTA's opinion poll on the Political Attitudes of Citizens of Serbia, "four out of ten [citizens] think that non-governmental organizations protect the public interest and fight for societal changes (43 percent)."

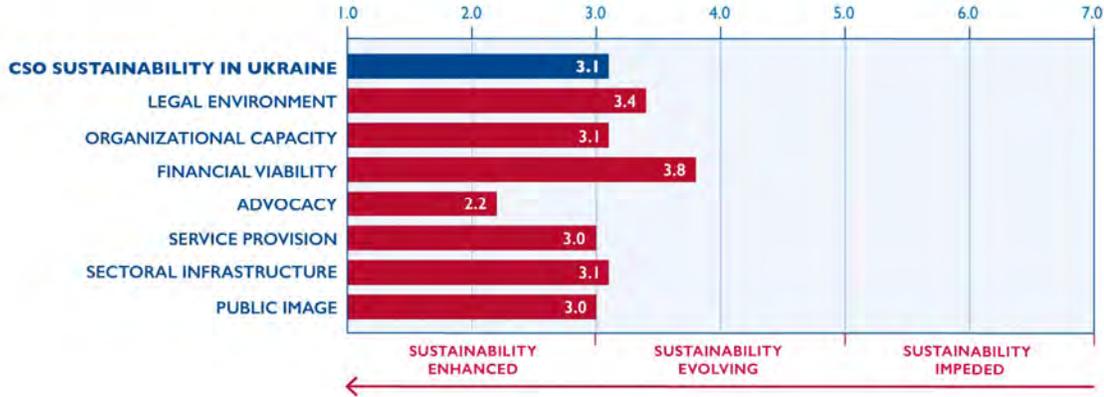
Although there are CSOs capable of communicating effectively with the public, most CSOs lack the capacity or a strategic approach to adapt their messages to different target groups. Some newer, mostly local CSOs and young activists like the grassroots group Odbranimo Teslu from Pančevo are better at connecting with the public through the use of podcasts and social media. However, most CSOs do not have sufficient capacity to promote themselves through different means (such as direct outreach and social media) at the same time. Also, many CSOs do not have adequate websites to serve as a first source of information for people interested in their work.

There were no significant developments in the self-regulation and transparency of CSOs in 2022. A growing number of CSOs share information about their work and finances on the online platform www.neprofitne.rs, launched by Catalyst Balkans several years ago, but this still represents a small share of the sector. While many CSOs publish their reports online, no sectoral mechanisms exist to support and increase transparency. Also, many organizations are reluctant to share their data as government-controlled media and ruling party representatives may use that information to smear and attack CSOs.

UKRAINE

Capital: Kyiv
Population: 43,306,477
GDP per capita (PPP): \$12,671
Human Development Index: High (0.773)
Freedom in the World: Partly Free (61/100)

OVERALL CSO SUSTAINABILITY: 3.1



Ukraine faced an existential challenge when the Russian Federation launched a full-scale invasion of it on February 24, 2022. In addition to offensives along the eastern and northern borders with Russia and Belarus, Russian armed forces regularly shelled the entire country, systematically targeting civilian infrastructure such as schools, health-care facilities, and electricity grids. The invading forces also committed horrific war crimes against civilian populations. The United Nations (UN) Human Rights Monitoring Mission in Ukraine reported that the Russian army was responsible for arbitrary executions, widespread detentions, enforced disappearances, and attacks on civilians on Ukrainian territory. According to the Office of the Prosecutor General of Ukraine, about 72,000 war crimes were recorded in the twelve months after the invasion. By the end of 2022, the regions of Donetsk, Kharkiv, Kherson, Luhansk, Mykolaiv, and Zaporizhia (in addition to the Autonomous Republic of Crimea, which Russia illegally annexed in 2014) were fully or partly occupied by Russia. The country’s precarious situation changed constantly throughout the year as the Ukrainian armed forces launched increasingly successful counteroffensives.

The military conflict resulted in a huge wave of internal and external displacements. About 5.9 million Ukrainians, mostly women and children, were internally displaced as of December 2022, according to the International Organization for Migration (IOM). In addition, the UN Office for the Coordination of Humanitarian Affairs (OCHA) reported that over 4.9 million Ukrainians had registered for temporary or other protection in European countries by January 1, 2023. OCHA estimated that the international community raised \$3.8 billion to help meet Ukraine’s acute humanitarian needs in 2022, a significant portion of which was given by the private sector and individual donors.

In response to the invasion, martial law was decreed on February 24, 2022, and remained in place at the end of the year. Martial law imposed significant restrictions on freedom of expression. For example, journalists were not allowed to report on certain topics, such as the locations of military units and other information that might aid Russian forces. In addition, media faced dilemmas on how to report on corruption in 2022, with many journalists and watchdog groups deciding to put their public criticism of the Ukrainian government on pause and focus on documenting Russian war crimes instead.

In this difficult situation, Ukrainian civil society showed great resilience and adaptability. CSOs helped the population and even the army meet material and other needs. OCHA credited the work of CSOs and local volunteers in reaching close to 6 million people with life-saving and life-sustaining humanitarian assistance. Philanthropy boomed as CSOs raised an unprecedented amount of funding from the local population to engage in these efforts. In addition, donor organizations generously supported many public initiatives. This

outpouring of funding led to a marked increase in the number of charitable organizations operating in the country. Volunteerism also increased dramatically.

The overall sustainability of the CSO sector improved slightly in 2022, with CSOs demonstrating enhanced performance in four dimensions. CSOs' financial viability was strengthened with a significant boost in funding from both home and abroad, which in turn helped improve financial management skills. Service provision improved moderately as CSOs helped nearly every segment of Ukrainian society affected by the invasion. An increase in the number of intermediary support organizations (ISOs) expanded the infrastructure supporting CSOs, and the sector's public image improved moderately as the public recognized CSOs' efforts to meet urgent needs. The legal environment, organizational capacity, and advocacy dimensions did not change.

According to the Ukrainian State Statistics Service, 99,556 public associations, 28,757 trade unions, 27,091 religious organizations, 26,846 charitable organizations, 2,212 unions of public associations, 1,762 self-organized bodies, and 318 creative unions had legal status in Ukraine as of January 1, 2023. These figures do not include organizations registered in Crimea or the city of Sevastopol, which were inaccessible during the year. According to the study *Ukrainian Civil Society under the War*, published in 2023 by Isar Ednannia, 6,367 charitable organizations were newly registered in 2022 to respond to urgent needs stemming from the war. This is a dramatic increase from the 830 charitable organizations created in 2021.

LEGAL ENVIRONMENT: 3.4



Despite the dramatic changes in the operating environment, the legal environment for CSOs' activities was unchanged in 2022. Although many useful pieces of legislation were adopted, CSOs encountered problems with the practical application of certain laws.

CSOs consider the legal framework for their work generally enabling. The main laws governing CSOs are the Law on State Registration of Legal Entities, Individual Entrepreneurs, and CSOs (2003); Law on Public Associations (2012); Law on Charitable Activities and Charitable Organizations (2012); Law on Volunteering (2011); and a 2016 Ministry of Justice order on the registration of legal entities and other bodies.

Several laws were amended in 2022 to facilitate CSOs' work. Amendments to the Law on Volunteering

increased the number of areas in which volunteers may work, guaranteed government support for volunteering, and expanded the list of allowable expenses for reimbursement. Amendments to the Law on Charitable Activities and Charitable Organizations simplified procedures for registering individuals who collect charitable donations in public in the Register of Anti-Terrorist Operation (ATO) Volunteers. Individuals included in the Register of ATO Volunteers are exempt from paying taxes on funds raised, as long as they are used to provide charitable aid to combatants and certain other categories of persons.

Several other laws and regulations affected CSOs' operations—both positively and negatively—in 2022. In March, the Cabinet of Ministers adopted Resolution No. 344, which simplified procedures for transporting humanitarian aid over Ukraine's borders. Under the new rules, only a declaration is required to import aid, thereby ensuring that volunteers and CSOs can deliver needed items more quickly. Under the 2020 Law on Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism, and Financing of Proliferation of Weapons of Mass Destruction, CSOs are defined as institutions with a high risk of financing terrorism. In connection with this law, banks stringently check CSOs' payments and receipts from abroad and sometimes block access to their accounts and transactions.

The ongoing war and imposition of martial law resulted in some restrictions on the freedom of assembly during the year. For example, some peaceful assemblies were not allowed to proceed due to security concerns, such as missile attacks. In addition, nighttime curfews were in place for much of the year, limiting freedom of movement. In

general, however, people were still able to exercise their right to protest. For instance, people participated in peaceful demonstrations calling for the exchange and return home of Ukrainian servicemen from Russian captivity.

In an incident that raised concern in the human rights community, police conducted searches of the residences of several volunteers in the summer of 2022. According to a statement by the police, the basis for the searches was suspicions of embezzlement of donations and the sale of humanitarian aid from foreign countries. Some of the lower-profile cases resulted in the confiscation of humanitarian aid.

CSO registration is quick, easy, and free of charge. CSOs register at the national or regional offices of the Justice Department. Registration documents can also be submitted to administrative service centers. Charitable organizations and certain public associations have the option of registering online. Public associations can generally register in three days and charitable organizations in one day. Various registers for CSOs, such as the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Formations, list details about registered organizations, including their address and names and contacts of founders and heads of organizations. These registers were closed to the public in 2022 for security reasons; access was partially restored in 2023. Some organizations reported problems with the processing of their registration applications or the electronic submission of documents. A draft law introduced in 2022 would simplify procedures for registering public associations, including allowing registration through the government's [Diia web portal](#) and providing a model charter.

CSOs may receive funding from international donors and physical and legal persons. They may receive government grants and compete for government contracts. CSOs are allowed to generate income by conducting economic activities (only within the framework of statutory activities) and fundraising, including through crowdfunding platforms.

Businesses and individuals that donate to CSOs are eligible for tax deductions. The value of social services received is exempt from personal income tax (18 percent) as long as the provider and recipient are both included in the register of providers and recipients of social services, which began to operate in the middle of 2022. Amendments to the Tax Code in 2022 allow for the exemption from personal income tax and military duty (tax) for charitable donations collected by individual donors on their bank cards used to provide specific types of support to the armed forces or internally-displaced persons (IDPs). Other amendments provided exemption from personal income tax for individuals included in the Register of ATO Volunteers who make donations; they were also exempted from the requirement to provide documentary evidence of expenses related to the provision of assistance for the period February 24 to May 1, 2022.

CSOs obtain legal advice from law firms and organizations such as the Pro Bono platform, Ukrainian Center for Independent Political Research (UCIPR), and Ukraine Philanthropy Forum. Legal assistance is normally also available from administrative service centers and regional offices of the Ministry of Justice; however, these offices stopped operating in Russian-occupied territories in 2022.

ORGANIZATIONAL CAPACITY: 3.1

CSOs' organizational capacity was affected by both positive and negative developments in 2022, leaving it unchanged overall. CSOs proved their resilience by responding to the needs generated by the war and adapting to the massive security challenges. At the same time, the war had a negative impact on CSOs' ability to plan, staffing, and technical advancement.

According to the study *Ukrainian Civil Society under the War*, published in 2023 by Isar Ednannia, nearly 20 percent of CSOs reported that they reoriented their activities to meet new challenges in 2022. Only one-quarter of CSOs continued to operate in their usual fields of activity, while the majority (56 percent) of organizations combined their pre-war work with new



directions prompted by the war. A vast majority—89 percent—estimate that their activities will still be relevant after the end of the war in Ukraine.

In order to adapt their activities to the changed circumstances, many CSOs defined new priorities and more clearly identified their target audiences in 2022. As attempts to find a compromise for a peaceful settlement of the conflict in Donbas became irrelevant, think tanks, for example, refocused on issues related to sanctions against Russia, the formation of negotiating positions for Ukraine, international advocacy for assistance to Ukraine, and Ukraine's accession to the European Union (EU) and NATO. The environmental organization Ekodiya helped communities affected by Russian shelling to purchase systems for filtering drinking water. At the end of the year, organizations focused on economic development began to work more actively on Ukraine's eventual economic recovery. Educational and cultural topics were also not priorities, although some organizations focused on these issues also managed to adapt to the new realities. For example, cultural CSOs provided shelter for IDPs, taught children, and held art therapy sessions. On the other hand, topics such as gender equality, the fight against corruption, the development of democracy, and decentralization took a back seat during the year.

CSOs managed to develop productive relationships in 2022 with many new constituencies, including IDPs, military personnel and veterans, and volunteers. On the frontlines of the war, insecurity and damaged infrastructure posed significant obstacles to CSOs' work. However, initiative groups were able to deliver humanitarian aid and essential items to local residents and even the military.

While CSOs were able to adjust their strategic directions in response to the war, project planning was difficult during the year due to the unstable security situation. CSOs that were founded to respond to the urgent challenges facing Ukraine during the war were often unable to prioritize strategic planning and organizational development.

CSOs struggled to hire and retain staff in 2022. According to the Isar Ednannia study, 41 percent of CSOs identified staff safety and 29 percent identified staff shortages as main challenges of adapting to the working conditions during the war. Many employees left the country because of the war. A large proportion of the emigres were managers, and their departures weakened their organizations. Military mobilization also caused many organizations to lose many of their male employees. Other employees took jobs with international organizations, whose presence increased significantly in response to the war and that generally offered higher salaries. At the same time, the professionalism of CSO employees increased considerably in 2022 as they fulfilled demanding responsibilities under extreme conditions.

The number of volunteers working with CSOs was high in 2022. According to *Ukrainian Civil Society under the War*, nearly 40 percent of CSOs had volunteer programs. In December, a summit on volunteers in Kyiv brought together government officials, members of parliament, representatives of the armed forces, ambassadors of partner countries, and the leaders of 120 volunteer and charitable initiatives. Among the issues discussed at the summit were ways to improve legislation for volunteers and further simplify the rules for importing humanitarian aid. Under USAID's Ukraine Civil Society Sectoral Support Activity, a consortium of CSOs including Isar Ednannia, UCIPR, and the Center for Democracy and Rule of Law (CEDEM) promoted tax and other benefits for volunteers in 2022.

Many CSOs were challenged by technical shortcomings because of the war. This was especially true of organizations forced to relocate from the frontlines or territories occupied by Russian forces. CSOs lost not only their offices but also equipment such as computers and laptops. In addition, Russian attacks on critical infrastructure caused systematic blackouts that hindered CSOs' operations, including by causing internet outages. Concerted efforts supported organizations coping with damage and loss. For example, donors provided additional funds for the purchase of equipment such as generators, batteries, and power banks.

FINANCIAL VIABILITY: 3.8

The financial viability of the CSO sector increased moderately in 2022 as organizations received significantly more funding from both home and abroad, which in turn helped fuel improved financial management skills. Funding increases were focused on humanitarian initiatives. International donor funds generally benefited international organizations and grant-making organizations, which then distributed grants to smaller organizations. Domestic donations focused on helping the army and victims of the war. Due to the reduction of state funding programs for

CSOs, CSOs working in areas such as people with disabilities, youth initiatives, and local community development suffered during the year.



According to the study *Ukrainian Civil Society under the War*, the most common sources of funding for the Ukrainian civil sector in 2022 were donations and member contributions, reported by two-thirds of surveyed organizations. International grants were reported by 21.6 percent of organizations, and 15.3 percent of organizations reported income from economic activity. Other studies indicate that a higher percentage of organizations, especially think tanks and advocacy-oriented CSOs, attract foreign grants.

Funding from foreign donors was substantial in 2022. Major foreign donors in Ukraine in 2022 included USAID programs, UN agencies, IOM, and other international organizations. According to ForeignAssistance.gov, the US government provided Ukraine with a record \$8.6

billion for government and civil society development in 2022, compared to \$93 million in 2021. Of this amount, non-US CSOs received \$86.37 million, compared to \$16.45 million in 2021. Many foreign donors delayed deadlines for implementing activities planned before the war given conditions on the ground.

Donations from individuals and businesses were an important source of income for charitable foundations in Ukraine in 2022. According to the Isar Ednannia study, approximately 39 percent of established CSOs and 47.5 percent of newly created CSOs sought charitable donations from other organizations and individuals in Ukraine. The Come Back Alive Foundation received UAH 5.7 billion (approximately \$196 million) in donations, while the Serhiy Prytula Charity Foundation received UAH 4.2 billion (approximately \$145 million) during the first year of the war. With the funds received, the foundations were able to cover the costs of equipment, training, and materials for tactical medical services, and even weapons for the military.

In addition to attracting donations directly, CSOs raised funds through special crowdfunding platforms such as Spilnokosht, the Ukrainian Philanthropic Marketplace, and Starter. Over UAH 105 million (approximately \$3.6 million) in charitable contributions was collected on the Ukrainian Philanthropic Marketplace in 2022. New platforms, such as United 24, were also created to collect donations both from within Ukraine and from abroad.

Government funding for CSOs decreased significantly in 2022 given the needs of the security and military sectors. The Ukrainian Cultural Fund received 3,384 applications for the implementation of cultural projects in 2022 but suspended all funding because of the invasion.

The concept of social entrepreneurship continued to gain traction in 2022. Several incubation and acceleration programs supported a large number of social entrepreneurs. The Ukrainian Social Venture Fund issued grants to support social enterprises totaling more than EUR 100,000 (approximately \$104,000) in 2022. The School of ME and SiLab Ukraine also supported the development of social enterprises.

The financial management skills of CSOs improved considerably in 2022 as the large amounts of funding received by many organizations—including local and regional organizations—demanded careful administration.

ADVOCACY: 2.2

The level of CSO advocacy did not change significantly in 2022.

The war altered the dynamics of CSOs' advocacy and policy-related interventions. Government officials reduced their public engagements and became largely inaccessible to CSOs after the start of the war. In both the *Verkhovna Rada*, the unicameral parliament of Ukraine, and central and local government offices, only collaboration with long-standing CSO partners was effective. Martial law also introduced many restrictions that impeded advocacy in 2022, including limits to the right to free assembly and restrictions on public information by the government. Despite this, authorities regularly consulted with verified CSOs. At the local level, the situation was somewhat more

complicated as many regional and city administrations were replaced by military structures that worked in a fairly closed manner. In these localities, CSOs had minimal influence and involvement in decision-making processes in 2022.

Despite the difficult conditions, some CSOs successfully pursued their advocacy goals in 2022. In an important undertaking, the Ukrainian human rights community documented war crimes committed in Ukraine by the Russian armed forces. Immediately after the invasion, more than thirty leading human rights organizations created the Ukraine 5 AM Coalition, which began to record evidence of war crimes, raise public awareness, and advocate for bringing war criminals to justice. The effort attracted international attention, and the Ukrainian human rights organization Center for Civil Liberties received the Nobel Peace Prize in 2022 for its contribution to the documentation of war crimes and the fight against human rights violations and abuses of power.



CSOs including the National Interests Advocacy Network (ANTS), the Center for Political and Legal Reforms, and members of the Reanimation Package of Reforms (RPR) coalition actively advocated for Ukraine's integration into Europe and pushed for reforms aligned with EU criteria. These efforts focused on judicial reform and anti-corruption, but also addressed the development of democratic and participatory mechanisms and transparency and government accountability.

Civil society also worked with dozens of experts to develop proposals for the country's eventual recovery. RPR presented the recommendations at the Ukraine Recovery Conference in Lugano in July 2022.

Feminist activists and human rights organizations have long pushed the government to acknowledge its responsibility for protecting women against gender-based violence. Their efforts ended in success when Ukraine ratified the 2014 Istanbul Convention on Preventing and Combating Violence Against Women and Domestic Violence, an initiative of the Council of Europe, in June 2022. This effort was facilitated by the country's initiation of the EU membership process.

CSOs continued to advocate for the adoption of the Law on Public Consultations, Law on Local Democracy, and Law on Bodies of Self-Organization of the Population, all three of which were still under consideration at the end of the year. CSOs also actively encouraged the implementation of the Barrier-Free Strategy, which lays out a plan to ensure full access of all population groups to various spheres of life. Partly as a result of efforts by RPR, the Law on Media was adopted in December 2022. The law, a requirement for Ukraine to join the EU, creates legal norms in the field of media. RPR also raised public awareness of anti-tobacco legislation that was adopted in December 2021 and entered into force in July 2022. The legislation prohibits the smoking of electronic and tobacco cigarettes in public places.

Some Ukrainian CSOs, including ANTS, Ukrainian Prism, New Europe, and Center for Civil Liberties, also conducted international advocacy. CSO representatives emphasized increasing international support for Ukraine, advocated for Ukraine's accession to the EU and NATO, and advocated for resources to support the population and military of Ukraine.

To improve the legal framework for CSOs, RPR led a group of twenty-five organizations in promoting legal reforms to better enable CSOs' activities. Their work resulted in the passage of the Law on Administrative Procedure, which regulates the interaction of authorities with individuals and legal entities (in particular, CSOs) regarding the consideration and resolution of various administrative appeals. In addition, CSOs led by UCIPR helped ensure adoption of amendments to the Law on Charitable Activities and Charitable Organizations that simplified the procedures for registering individuals who collect charitable donations in public. The Ukraine Civil Society Sectoral Support Activity actively advocated for improved tax benefits for volunteers, easier procedures to engage foreign volunteers, and other positive initiatives for volunteerism.

SERVICE PROVISION: 3.0

Service provision increased moderately in 2022 as CSOs helped nearly every segment of Ukrainian society affected by the invasion.

After the war began, CSOs focused on meeting the basic needs of targeted audiences. For the first few months of the war, domestic organizations and volunteer-led initiatives largely acted alone in these efforts, with international humanitarian donors only effectively mobilizing later. The main recipients of support were IDPs, military personnel, and vulnerable populations such as women with children and people with disabilities. For example, regional Caritas branches, organizations of the Save Ukraine network, the Ukraine Shelter initiative, and the Ukrainian Red Cross all worked with IDPs. Many organizations and civil initiatives mobilized to provide accommodations and food, evacuate people from occupied and near-frontline territories, and provide psychological support. Other services included training, help with employment, and support for IDPs in adapting to new communities.



In a major initiative, the Ukrainian Volunteer Service, in partnership with the SoftServe company, developed the Palyanytsya.info platform. Platform users can perform quick searches of more than 800 organizations in all regions of Ukraine to identify CSOs that help IDPs, the elderly, children, and other vulnerable people with housing, food, medical care, and evacuation. Organizations such as Legal Hundred provided free legal aid to active military personnel, veterans, and their family members on issues such as military service and social security. Jurfem assisted victims of sexual violence, which increased significantly in territories occupied by the Russian armed forces, as well as gender discrimination.

Most organizations also sought to continue to offer services to their usual clients in 2022. However, services related to the environment or creative pursuits were less prevalent during the year.

Ukrainian CSOs provide their services free of charge thanks to the support of individual and international donors. On moral grounds, most CSOs do not demand payment for their services.

The government did not hinder CSOs' ability to provide services in 2022. Although most government funding for CSOs was refocused on the needs of the war, the government recognized the value of CSO services, and many CSOs worked with local authorities on humanitarian issues.

SECTORAL INFRASTRUCTURE: 3.1

The infrastructure supporting CSOs improved slightly in 2022 as the war triggered an increase in the number of hubs supporting CSOs.

A number of organizations and projects continue to promote the organizational development of CSOs. For example, Ednannia implements USAID- and EU-supported projects to build CSOs' sustainability by developing technical, institutional, adaptive, and influential capacities. The Marketplace, an online platform, continued to link providers of organizational development services and CSOs that need them in 2022.

In addition, new hubs providing material, technical, organizational, and legal assistance to local and relocated organizations were established in 2022. For example, CSO hubs were formed in Chernivtsi and Lutsk under the Ukraine Civil Society Sectoral Support Activity. Some organizations from occupied territories moved to safer regions. For example, the NGO Zakhody moved to Khmelnytskyi from Maryupol, where it actively works with CSOs and IDPs who were forced to leave their home cities due to Russian aggression. The Zakhody Hub co-working center was opened in Khmelnytskyi to provide conditions for individuals and teams to work online and offline.

According to the Gromadskyy Prostir website, 145 CSOs in Ukraine provide grants on the local and national level. In 2022, local grant-making organizations focused their support on war victims, IDPs, doctors, and others. The International Renaissance Foundation, Ukraine's largest charitable foundation, disbursed about UAH 800 million (approximately \$27.6 million) in grant support for civil society in 2022. Some organizations regrant international donor funds to other CSOs. For example, the Center for Public Monitoring and Analytics provided grants for CSOs in Ternopil'ska oblast aimed at helping IDPs and other vulnerable groups. Community foundations regrant funds raised from both local communities and foreign donors. In 2022, the Kherson Community Fund Zakhyst provided UAH 4.3 million (approximately \$148,000) to families with children, and also supported Kherson's medical facilities.



CSOs had multiple opportunities to network in 2022. For example, on December 5, the ninth annual Civil Society Development Forum, organized by Isar Ednannia, brought together 3,500 participants from various sectors to discuss the most important trends affecting Ukrainian civil society. The event took place both in person and online. RPR continues to unite twenty-five organizations working to build an independent, democratic Ukraine. The Coalition of Legal Reforms for CSOs continues to promote reforms and better legislation for CSO activities.

Although training for CSOs took a back seat 2022, several opportunities were offered. Many training sessions addressed issues of safety, medical care, stress resistance, and mental health caused by intensive work in war conditions. To help develop the overall capacity of CSOs, CEDEM offered a program in which fifteen organizations were mentored by fifteen other organizations as they developed plans for advocacy and financial sustainability, in addition to their capacity to address inclusion. CSOs expressed interest in training on topics such as digitization and transitioning to an online environment, the development of security policies, and audits.

CSOs and the government pursued active partnerships in areas related to the war effort. For example, the authorities worked with CSOs to develop volunteerism, simplify the import of humanitarian assistance products, and provide support to IDPs. Businesses helped fund CSOs' services. For example, large foreign-owned companies transferred donations to Ukrainian charitable organizations to support victims of the war.

PUBLIC IMAGE: 3.0



CSOs' public image improved moderately in 2022 as the sector was perceived to provide critical support to the population and cooperate with the government on urgent issues.

Mentions of CSOs in Ukrainian media increased almost ten times from February to November 2022, according to *Civil Society Under the War*. Nearly 600,000 publications in the mass media and social networks mentioned CSOs and their activities after February 24, including 97,940 mentions in November alone. The greatest attention was paid to charitable organizations, foundations, and the work of volunteers. The organizations mentioned most often were the Come Back Alive foundation, the official fundraising platform United 24, and Sprava Hromad, which gathers donations for the army. Media outlets such as

Detector Media and Liga Net regularly highlight the activities of CSOs. Detector Media even has a separate Media

for Change division dedicated to civil activism and initiatives. At the same time, the main television news program *United News* did not invite CSO representatives to participate in its programs very often during the year.

According to a survey by the Razumkov Center in November, public levels of support for CSOs increased significantly in 2022. Eighty-five percent of respondents said that they trusted volunteer organizations, compared to 64 percent in 2021, and 60 percent said that they trusted public organizations, compared to 47 percent in 2021.

No negative rhetoric from the government regarding CSOs' activities was noted in 2022, a slight improvement in comparison to 2021. On the contrary, government officials evaluated their cooperation with CSO partners positively. For example, in a speech on International Volunteer Day, President Zelenskyy commended the work of civil society and especially volunteers. The President recognized several organizations and charitable foundations, such as Veteran Hub, Army SOS, and PLAST, in his speech. Businesses also appreciated CSOs' efforts in 2022.

Ukrainian CSOs primarily disseminate information about their activities online. The most popular platforms are Facebook, Twitter, YouTube, Instagram, TikTok, and Telegram.

Older CSOs generally strive to be publicly accountable. According to a May 2022 study by the Zahoriy Foundation, the main reason that organizations report to the public is to promote and protect their reputations. Charitable organizations and foundations usually report on the receipt and use of donations. Newer organizations are less aware of the need for accountability and transparency.

ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

INSTRUCTIONS FOR CSOSI IMPLEMENTING PARTNERS

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, the 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.

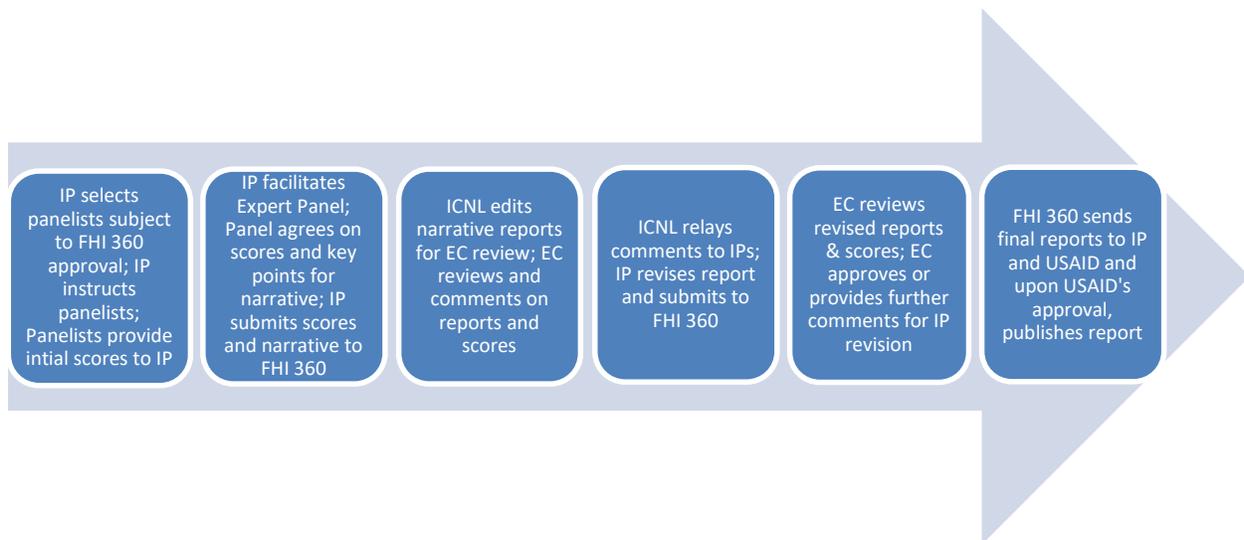
Beginning with the 2017 Index and for the following five years, FHI 360 and the International Center for Not-for-Profit Law (ICNL) are managing the coordination and editing of the CSOSI. A senior staff member from both FHI 360 and ICNL will serve on the Editorial Committee as will one or more senior USAID/Washington officials. FHI 360 will provide small grants to local CSOs to implement the CSOSI methodology in the 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 2022 Civil Society Organization (CSO) Sustainability Index.



I. 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, and 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 whom 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 2022 calendar year (January 1, 2022, through December 31, 2022).

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 for 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 into 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 mean¹ 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 reflect 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 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 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 need to be reset with a new baseline. Ultimately, each score should reflect a 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

¹ Arithmetic mean is the sum of all scores divided by the total number of scores.

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). 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 2022 (January 1, 2022, through December 31, 2022).

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 upfront. 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/media-center/reports-publications/socs-reports>
- CIVICUS Monitor - <https://monitor.civicus.org/>
- World Giving Index - <https://www.cafonline.org/about-us/publications>
- Varieties of Democracy (V-Dem) - <https://www.v-dem.net/>
- Media Sustainability Index - <https://www.irex.org/projects/media-sustainability-index-msi>
- Nations in Transit - <https://freedomhouse.org/report-types/nations-transit#.VdugbqSFOhI>
- Freedom in the World - <https://freedomhouse.org/report/freedom-world>
- Freedom of the Press - <https://freedomhouse.org/report-types/freedom-press>
- ITUC Global Rights Index - <https://www.globalrightsindex.org/en/2021>
- 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 - <https://www.icnl.org/resources/civic-freedom-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 2022 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 visibility. This may include organizing a local public event, panel discussion, or workshop and 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 the 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 2022 the CSOSI was implemented in 15 countries.

For the period of 2017-2023, 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 of 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.

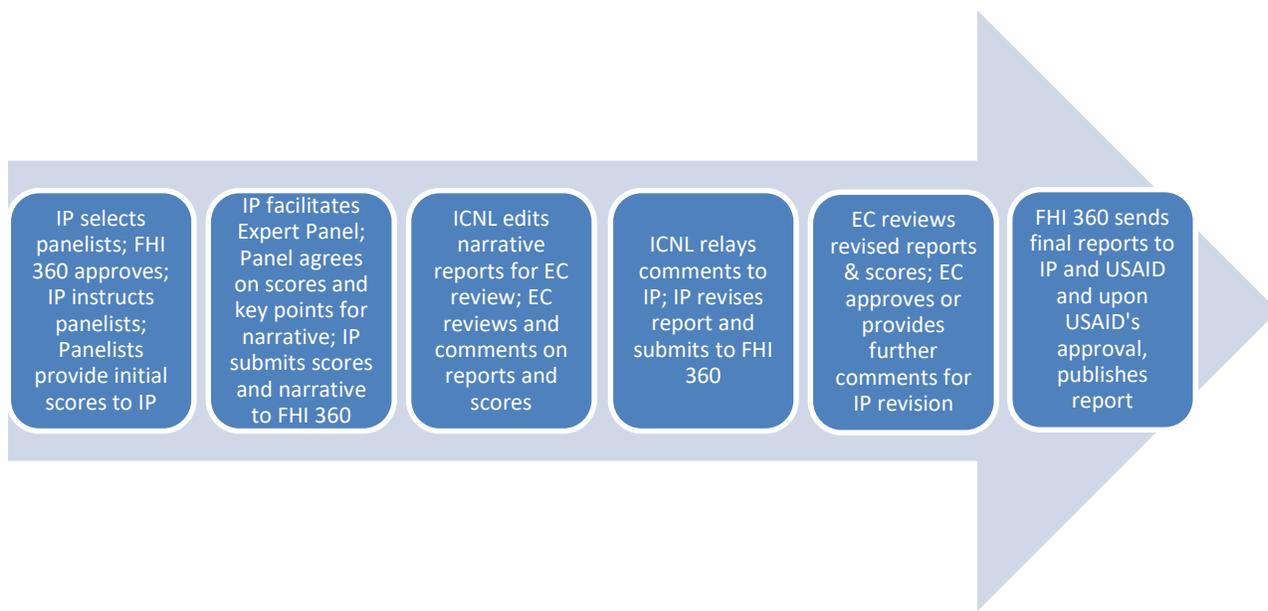
Therefore, FHI 360 has created this Codebook to inform and guide expert panel members through the scoring process. The Codebook provides definitions of the key concepts used to assess the overall strength and sustainability of the civil society sector in a given country, explains the scoring process, 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.”²

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.

² 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.

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.

<i>Registration – Legal procedures to formalize the existence of a CSO</i>
<i>Operation – The enforcement of the laws and its effects on CSOs</i>
<i>State Harassment – Abuses committed against CSOs and their members by state institutions and groups acting on behalf of the state</i>
<i>Taxation – Tax policies that affect CSOs</i>
<i>Access to Resources – Legal opportunities for CSOs to mobilize financial resources</i>
<i>Local Legal Capacity – Availability and quality of legal expertise for CSOs</i>

2- ORGANIZATIONAL CAPACITY: The internal capacity of the CSO sector to pursue its goals

<i>Constituency Building – Relationships with individuals or groups affected by or interested in issues on which CSOs work</i>
<i>Strategic Planning – Organizational goals and priorities for a set timeframe</i>
<i>Internal Management – Structures and processes to guide the work of CSOs</i>
<i>CSO Staffing – Quality and management of human resources</i>
<i>Technical Advancement – Access to and use of technology</i>

3- FINANCIAL VIABILITY: The CSO sector's access to various sources of financial support

<i>Diversification – Access to multiple sources of funding</i>
<i>Local Support - Domestic sources of funding and resources</i>
<i>Foreign Support – Foreign sources of funding and resources</i>
<i>Fundraising – CSOs' capacity to raise funds</i>
<i>Earned Income – Revenue generated from the sale of products and services</i>
<i>Financial Management Systems – Processes, procedures and tools to manage financial resources and operations.</i>

4- ADVOCACY: The CSO sector's ability to influence public opinion and public policy

<i>Cooperation with Local and Central Government – Access to government decision-making processes</i>
<i>Policy Advocacy Initiatives – Initiatives to shape the public agenda, public opinion, or legislation</i>
<i>Lobbying Efforts – Engagement with lawmakers to directly influence the legislative process</i>
<i>Advocacy for CSO Law Reform – Initiatives to promote a more favorable legal and regulatory framework for the CSO sector</i>

5- SERVICE PROVISION: The CSO sector's ability to provide goods and services

<i>Range of Goods and Services – Variety of goods and services offered</i>
<i>Responsiveness to the Community – Extent to which goods and services address local needs</i>
<i>Clientele and beneficiaries – People, organizations and communities who utilize or benefit from CSOs' services and goods</i>
<i>Cost Recovery – Capacity to generate revenue through service provision</i>
<i>Government Recognition and Support – Government appreciation for CSO service provision</i>

6- SECTORAL INFRASTRUCTURE: Support services available to the CSO sector

<i>Intermediary Support Organizations (ISOs) and CSO Resource Centers – Organizations and programs that provide CSOs with training and other support services</i>
<i>Local Grant-Making Organizations – Local institutions, organizations, or programs providing financial resources to CSOs</i>
<i>CSO Networks and Coalitions – Cooperation within the CSO sector</i>
<i>Training – Training opportunities available to CSOs</i>
<i>Intersectoral Partnerships – Collaboration between CSOs and other sectors</i>

7- PUBLIC IMAGE: Society's perception of the CSO sector

<i>Media Coverage – Presence of CSOs and their activities in the media (print, television, radio, and online)</i>
<i>Public Perception of CSOs – Reputation among the larger population</i>
<i>Government/Business Perception of CSOs – Reputation with the government and business sector</i>
<i>Public Relations – Efforts to promote organizational image and activities</i>
<i>Self-Regulation – Actions taken to increase accountability and transparency</i>

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*³ (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

Scoring Process⁴

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" 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

³ 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.

⁴ 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.

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.

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 information sources should be discussed to both acknowledge the changes in civic space and consider its impacts on dimensions. The panelists should respond to published sources and present their evidence to ensure the 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 determining 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.⁵

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:

What was the overall impact of the change(s) on the dimension?

Deterioration	<p>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.</p> <p>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.</p>	0.5 or greater
	<p>Extreme deterioration: Trends and developments have had very important negative effects on at least one or two indicators in the dimension.</p> <p>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.</p>	0.4
	<p>Significant deterioration: Trends and developments have had important negative effects on at least one or two indicators in the dimension.</p> <p>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.</p>	0.3
	<p>Moderate deterioration: Trends and developments have had a somewhat negative impact in at least one or two indicators in the dimension.</p> <p>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.</p>	0.2
	<p>Slight deterioration: Trends or developments have had a slightly negative impact on at least one or two indicators in the dimension.</p>	0.1

⁵ 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.

	<p>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.</p>	
No Change	<p>The country has not encountered any significant trends or developments in the dimension or developments have been both positive and negative in equal measure.</p>	0
Improvement	<p>Slight improvement: Trends or developments have had a slightly positive impact on at least one or two indicators in the dimension.</p> <p>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.</p>	0.1
	<p>Moderate improvement: Trends and developments have had a somewhat positive impact in at least one or two indicators in the dimension.</p> <p>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.</p>	0.2
	<p>Significant improvement: Trends and developments have had important positive effects on at least one or two indicators in the dimension.</p> <p>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.</p>	0.3
	<p>Extreme improvement: Trends and developments have had very important positive effects on several indicators in the dimension.</p> <p>Example: Organizational Capacity – The government and international donors have launched a five-year multi-million-dollar basket fund 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.</p>	0.4
	<p>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.</p> <p>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.</p>	0.5 or greater

ANNEX B: STATISTICAL DATA

2022 CENTRAL AND EASTERN EUROPE AND EURASIA SCORES



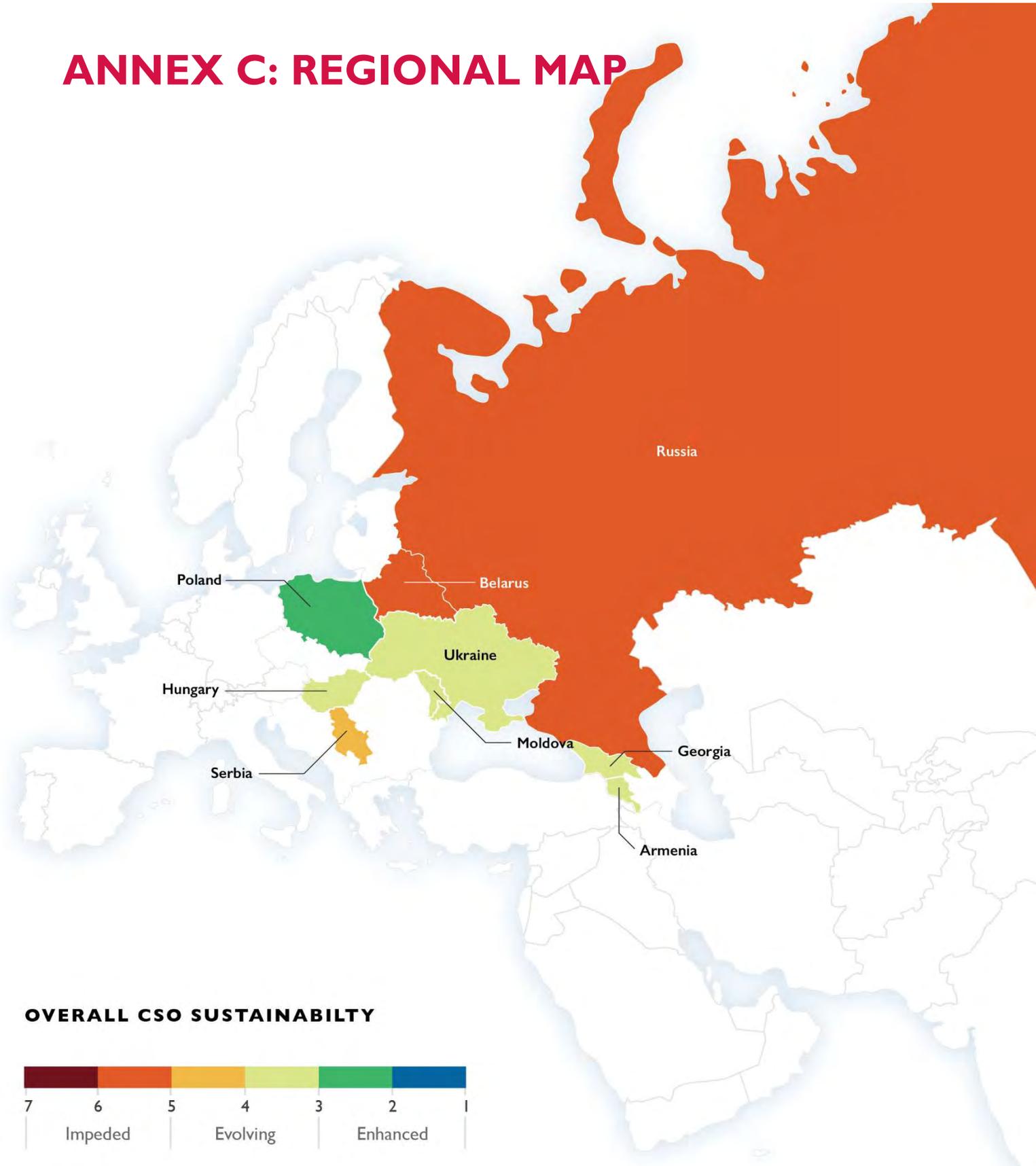
Country	CSO Sustainability	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Sectoral Infrastructure	Public Image
Armenia	3.6	3.6	3.2	5.0	3.0	3.7	3.0	3.7
Belarus	6.0	7.0	5.3	6.7	6.1	5.5	5.5	5.7
Georgia	4.0	3.5	3.8	5.1	3.5	3.9	4.1	4.0
Hungary	4.0	4.1	3.8	4.8	4.4	3.5	3.2	4.3
Moldova	3.7	4.0	3.6	4.2	3.1	4.0	3.0	3.9
Poland	2.9	3.4	3.0	3.3	3.2	2.4	2.2	2.8
Russia	5.1	6.8	4.5	5.2	5.2	4.5	4.1	5.3
Serbia	4.3	4.9	4.0	4.5	4.1	4.5	3.3	4.8
Ukraine	3.1	3.4	3.1	3.8	2.2	3.0	3.1	3.0

CENTRAL AND EASTERN EUROPE AND EURASIA HISTORICAL SCORES

Country	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Armenia	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.8	3.7	3.6	3.6	3.6	3.6	3.6
Belarus	6.0	5.9	5.9	5.9	5.8	5.7	5.7	5.6	5.5	5.5	5.4	5.5	5.5	5.8	6.0
Georgia	4.2	4.2	4.2	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0
Hungary	2.7	2.8	2.8	N/A	3.0	3.2	3.4	3.4	3.6	3.8	3.9	3.9	3.9	4.0	4.0
Moldova	4.2	4.3	4.2	4.1	4.1	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.7	3.7	3.7
Poland	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.1	2.2	2.3	2.6	2.7	2.9	2.9	2.9
Russia	4.4	4.4	4.3	4.4	4.4	4.4	4.5	4.7	4.8	4.7	4.7	4.7	4.7	4.8	5.1
Serbia	4.4	4.3	4.3	4.3	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.2	4.3	4.3	4.3
Ukraine	3.6	3.5	3.5	3.5	3.4	3.4	3.3	3.3	3.3	3.2	3.3	3.2	3.2	3.2	3.1

To further explore CSOSI's historical data and past reports, please visit - www.csosi.org.

ANNEX C: REGIONAL MAP



U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov