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2013 CSO SUSTAINABILITY INDEX

FOR PAKISTAN



The 2013 CSO Sustainability Index for Pakistan

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

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INTRODUCTION

The third edition of the CSO Sustainability Index for Pakistan reports on the sustainability of the civil society sector in Pakistan based on the assessment of local civil society representatives and experts. The CSO Sustainability Index is an important and unique tool for local civil society organizations (CSOs), governments, donors, academics, and others to understand and measure the sustainability of the CSO sector. This publication complements other editions of the Sustainability Index which cover sixty-two countries in Central and Eastern Europe and Eurasia, Sub-Saharan Africa, the Middle East and North Africa, and Afghanistan.

This Index uses the same methodology as that of other editions of the Sustainability Index. A panel of local experts met to discuss progress and setbacks in seven interrelated dimensions of CSO sustainability: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. As part of their discussion, the panel assigned scores to the seven dimensions, which were then averaged to produce an overall CSO sustainability score.

Based on the expert panel's discussions as well as its own knowledge of the sector, the implementing partner then drafted a narrative report that describes CSO sector sustainability, both overall and for each dimension. An Editorial Committee of technical and regional experts reviewed the country report and scores. More detail about the methodology used to determine the scores and draft the report is provided in the Annex.

This publication would not have been possible without the valuable contributions of many individuals and organizations. In particular, this publication was made possible by the financial support provided by the Aga Khan Foundation. In addition, the knowledge, observations, and contributions of the many civil society experts, practitioners, and donors who participated in the panels are the foundation upon which this CSO Sustainability Index is based. Specific acknowledgements appear on the following page.

ACKNOWLEDGEMENTS

Local Partner

Center for Public Policy and Governance

Project Managers

Management Systems International, Inc.

Gwendolyn G. Bevis

Vanessa Coulomb

The International Center for Not-for-Profit Law

Catherine Shea

Jennifer Stuart

Margaret Scotti

Editorial Committee

USAID: Joseph Brinker (USAID/OAPA/TS), Julie Browning (USAID/DCHA/DRG), Waseem Ashraf (USAID/Pakistan, Lahore), and Khalid Saleem (USAID/Pakistan, Islamabad)

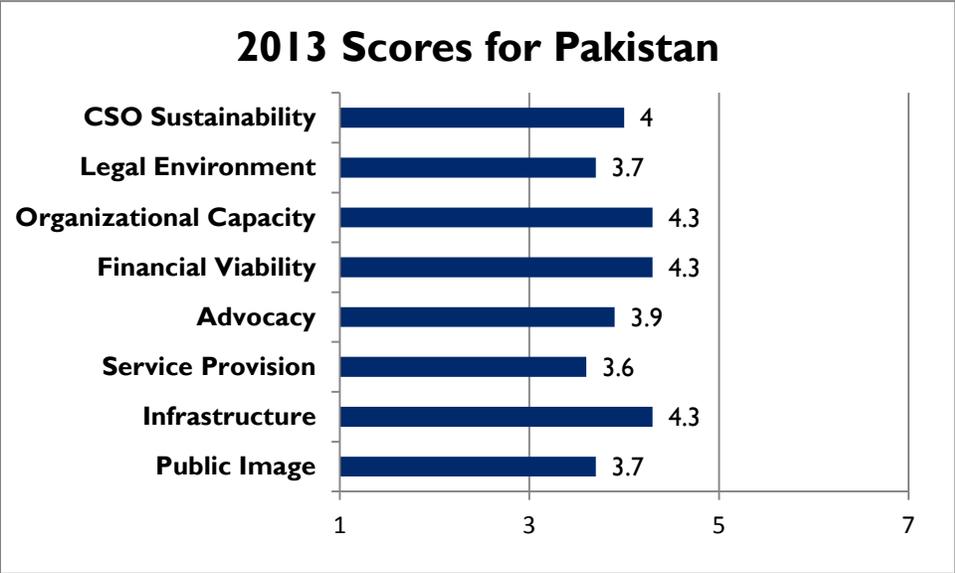
Aga Khan Foundation: Natalie Ross, Brian Haupt, Anam Raheem

ICNL: Catherine Shea

MSI: Gwendolyn G. Bevis

Country Expert: Mehreen Farooq

PAKISTAN



Capital: Islamabad

Government Type: Federal republic

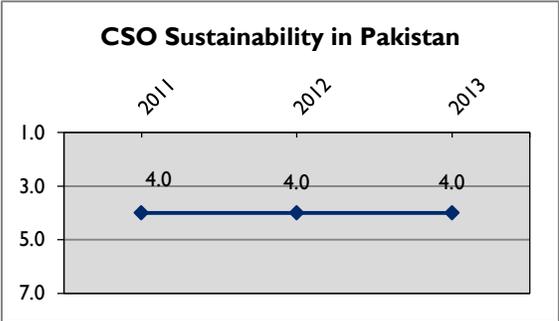
Population: 193,238,868

GDP per capita (PPP): \$3,100

Human Development Index: 146

CSO Sustainability: 4.0

In 2013, following the completion of the 13th National Assembly’s five-year term, Pakistan underwent its first democratic transition of power. The national focus during the first half of the year was therefore the general elections, which were held in May. While the public was generally optimistic about the elections, there were lingering concerns over whether the elections would take place; how the electoral procedures would function; and how the electoral outcome would impact the direction of the country, particularly civil society. CSOs engaged in the electoral process, especially on voter education, election monitoring, and support to the Election Commission of Pakistan (ECP). These efforts included large donor-funded initiatives such as those implemented by the Free and Fair Election Network (FAFEN), the most extensive election monitoring network in the country, which supported voter education, development of an election information management system, and domestic observers ; Democracy Reporting International, which advocated extensively for electoral reform, both pre- and post-election; and smaller grassroots CSOs focused on voter education and voter registration. The elections were declared largely free and fair by both local and foreign independent monitoring teams. As of the end of 2013, it remained to be seen whether elected officials would implement their platforms, which included cracking down on corruption and implementing good governance reforms, and whether civil society would continue to pressure the government to make these reforms.



Some of the turbulence from preceding years—including militant attacks, a worsening electricity crisis, and rising inflation—continued in 2013. Additionally, tensions with Western powers, primarily the US, increased government mistrust of foreign-funded CSOs. Both foreign and local health-based CSOs working on vaccination campaigns across the country experienced significant problems, especially in the Balochistan and Khyber Pakhtunkhwa (KPK) provinces. From July 2012 to December 2013, over thirty people were killed in

Taliban-led attacks on anti-polio workers alone. In addition, aid workers frequently came under attack by militant groups in several provinces in Pakistan.

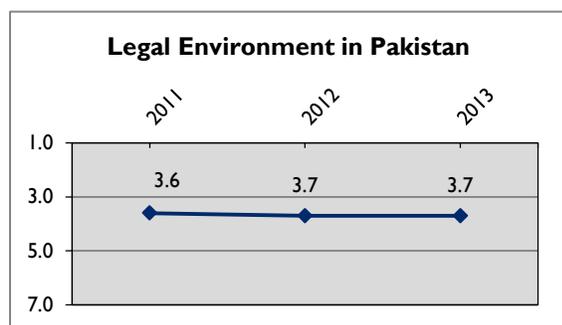
According to the 2013 CIVICUS State of Civil Society Report, relations between CSOs and the government in Pakistan have shifted dramatically, particularly in KPK and Balochistan. CSOs continue to need permission from the military to operate in these areas because of the difficult security situation, but the military is not required to provide reasons for refusing permission and the criteria for making such decisions remain vague.

2013 was also a difficult year for journalists in Pakistan, although marginally better than the preceding year. According to the Committee to Protect Journalists (CPJ), at least five journalists were killed in the country in connection with their work, which ranked Pakistan as the fourth most dangerous country around the world for journalists.

Despite these difficulties, CSOs continued to work widely throughout Pakistan. Civil society in Pakistan encompasses a diverse range of organizations focused on education, health, emergency services, gender rights, and a variety of other areas. It is difficult to assess the magnitude of civil society in Pakistan, as there is no comprehensive database of CSOs and a large number of CSOs remain unregistered. According to a statement by the Minister of Social Welfare and Special Education in 2010, there were approximately 100,000 non-government organizations (NGOs¹) and community-based organizations (CBOs) operating in the country, 60,000 to 70,000 of which were registered.

There is great disparity in the capacities and resources among different types of CSOs. Organizations that receive foreign funding, and are able to fully conduct their business in English, tend to be donor-driven and often lack strong constituencies since they operate mostly on a project basis. However, they more often have greater organizational and financial capacities. Due to their international funding, they are also more likely to face greater scrutiny from the government and security agencies. Grassroots organizations that conduct most of their business in Urdu or regional languages have stronger constituencies, and some have good relationships with the government. However, these organizations have capacity constraints and may demonstrate little transparency.

Legal Environment: 3.7 (2012: 3.7)



CSOs can register under multiple laws and ordinances including the Societies Act of 1860, Charitable and Endowment Act of 1890, Voluntary Social Welfare Agencies (Registration and Control) Ordinance of 1961, Trust Act of 1882, Cooperative Societies Act of 1925, Companies Ordinance of 1984, and Local Government Ordinance of 2001. Most of these laws are outdated or not properly applied. Although most CSOs consider the laws to be well-defined on paper, implementation is poor and most organizations face a great deal of bureaucracy,

¹ Please note that the term NGO is used in this report to refer specifically to organizations registered as NGOs under the Companies Ordinance of 1984. CSO is defined more 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.”

bribery, and corruption in order to get registered. This is particularly true for NGOs, which register under the Companies Ordinance of 1984. Registering as a society, trust, or voluntary social welfare agency is less cumbersome and takes about two weeks.

In 2013, the draft Regulation of Foreign Contributions Act 2013, which aims to regulate foreign-funded NGOs, was introduced. Under this Act, all foreign NGOs and all domestic NGOs receiving a certain level of funding from any foreign source would be required to sign memorandums of understanding (MoU) with the government declaring their areas of operations, nature of funding received, and work being undertaken. Although NGOs receiving direct foreign funding for development purposes are a relatively small fraction of Pakistan's civil society, the bill remains a concern. The government maintains that the bill is intended to ensure the transparency of national and international NGOs that receive foreign funding. NGOs and opposition politicians, however, have criticized the bill as a means for the government to control NGOs. The only recourse an NGO would have against government interference would be to file a petition under the Constitution of Pakistan, which requires significant financial and legal resources. In November 2013, the Economic Coordination Council (ECC) approved a Policy for Regulation of Organizations Receiving Foreign Contributions, which is meant to enforce restrictions on foreign funding to domestic and international NGOs while the draft Act is being finalized.

State harassment persists, particularly for larger and national-level CSOs that receive funding from international donors, as well as rights-based organizations. These organizations are often subject to extra questioning from state security and intelligence agencies. Additionally, intelligence agencies periodically visit the premises of certain CSOs, particularly rights-based CSOs such as the Human Rights Commission of Pakistan and others working on sensitive issues such as minority rights and missing persons in Balochistan. In 2013, CSOs faced difficulties operating in certain districts of Balochistan and KPK because they were required to obtain No Objection Certificates (NoC) before commencing operations. Charitable organizations face less state harassment as their work is less controversial. Smaller organizations also find it easier to remain unnoticed by the state.

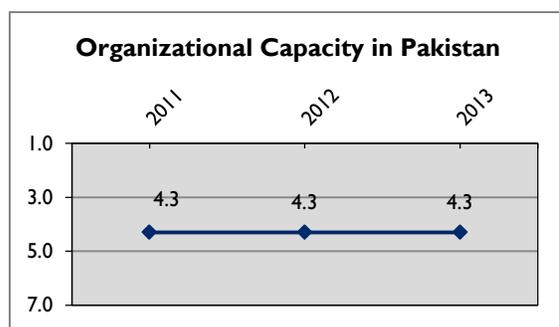
There were no changes in the tax regime governing CSOs in 2013. CSOs regulated as non-profit organizations are entitled to certain benefits and concessions whether or not they are approved by the tax authorities. CSOs approved by the tax authorities at various levels are entitled to some additional benefits. CSOs have to be registered with the Central Board of Revenue to apply for tax exemptions. The Ministry of Finance grants income tax exemptions. Individual and corporate donors also benefit from tax exemptions. CSOs in Pakistan are generally allowed to earn income and compete for government contracts.

Most small CSOs with limited resources and CSOs operating in smaller cities and rural areas continue to face difficulties accessing legal support. Even in larger cities, there is a dearth of legal expertise on CSO law, in part because law schools in Pakistan do not offer specific courses on the laws regulating CSOs. Thus CSOs that can afford legal support must settle for generalized legal expertise. Large CSOs increasingly include lawyers on their governing boards and executive committees.

Organizational Capacity: 4.3

Constituency building is underdeveloped in many CSOs. Smaller, grassroots organizations tend to have stronger constituencies than larger, donor-funded CSOs. However, the sector as a whole has shifted gradually towards project-based work, as opposed to long-term efforts with local constituencies, a trend that continued in 2013. Once projects are completed, CSOs typically do little follow-up with the targeted constituencies.

Strategic planning also suffers from both project-based



work and organizational constraints. CSOs often have very broad mission statements in order to be competitive for a wide range of funding. Smaller CSOs generally operate without missions due to a lack of resources and management expertise. Larger CSOs with fewer human resource constraints tend to cater to their donors' agendas, working on short-term projects and lacking longer-term strategic plans.

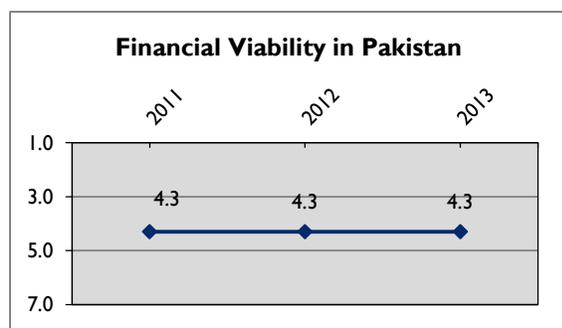
The organizational capacity of CSOs in Pakistan varies according to the size of the organization. Smaller CSOs generally lack adequate management structures, while large CSOs with international funding have stronger management structures, primarily because they are subject to donor requirements for management and reporting. Small CSOs also tend to have fluid divisions of responsibilities between staff members and boards of directors. Board members often become directly involved in CSO operations, causing an overlap in governance and management roles.

Staffing and human resource development remain difficult for most CSOs, with the exception of some large organizations. Most employment is project-based, and CSOs have little incentive to invest in training and other efforts to retain good employees since it is cheaper to hire short-term staffers. Larger CSOs are able to engage a core team of permanent employees who handle specialized organizational functions such as finance, accounting, human resources, information and communications technology (ICT), and general administration. Smaller CSOs mostly rely on a few general staff members who handle all core administrative issues. Smaller CSOs are able to attract a small crop of volunteers, generally for short-term periods.

The number of private consulting firms has increased in recent years. These firms access donor funding, then subcontract smaller organizations to help implement projects.

With the proliferation of social media and affordable technology in the country, most CSOs have modernized their ICTs and have at least basic office equipment. At the same time, CSOs in large urban centers still have greater access to ICTs than CSOs in rural centers and smaller cities. Urban CSOs—especially larger ones with more resources—have access to state of the art technological equipment such as tablets and laptops, while rural CSOs and urban CSOs with limited resources generally have older technology, such as desktop computers. Larger CSOs are also more able to cope with the intermittent electricity supply, as they are likely to have generators. The use of cellular technology is slowly growing among CSOs, although it remains concentrated in urban areas.

Financial Viability: 4.3



Most large, national-level CSOs—particularly those working on rights-based issues and advocacy—are unable to generate local funding, and therefore rely largely on foreign donor funding. Individual donations, especially to NGOs, are particularly limited. However, local charitable, philanthropic, and faith-based organizations such as Edhi Welfare Trust and Shaukat Khanum generally have a large support base of individual donors. These organizations also receive a significant amount of funding through religious-based donations such as Zakat. Anecdotal

evidence suggests that remittances from abroad are also channeled towards charitable and faith-based organizations. These groups are more successful at attracting such donations for a number of reasons. First, most of these organizations have very clear and transparent agendas, and the benefits of their work are apparent to the ordinary citizen. Second, the larger of these organizations have built significant social capital at the national level over the years and are considered reliable and trustworthy, so donors feel their contributions will be utilized properly without fear of corruption or misconduct. Third, most of these organizations are local and hence do not suffer from the same mistrust faced by foreign organizations. The CSO sector also receives tens of millions of US dollars from corporate social responsibility (CSR) initiatives.

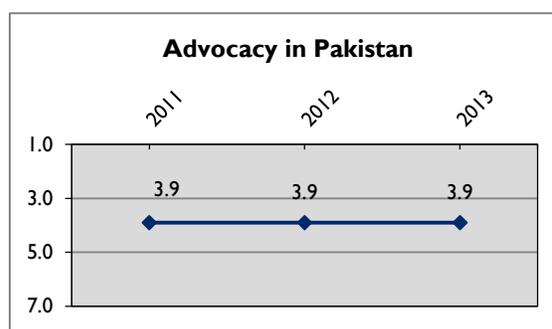
Government funding in the form of grants and contracts for services is minimal and only available to a few CSOs, primarily due to the government’s preference for direct service delivery. CSOs have not been very successful in implementing income-generating activities due to the inability of their core beneficiaries to pay for services. Some smaller CSOs raise a negligible amount of funds through the sale of promotional materials such as t-shirts or by charging nominal membership fees.

Under normal circumstances, in-kind donations are negligible, given that beneficiary communities are generally not in an economic position to support projects. In-kind donations are more common in cases such as natural disasters where specific types of donations—clothes, medicine, food—are required. Charitable organizations that run orphanages, schools, or hospitals for the underprivileged are also more likely to receive in-kind donations.

Financial management continues to be weak in most CSOs, particularly smaller, unregistered organizations and those based in smaller cities or rural areas. Accounting and record keeping are generally strongest in organizations that need to satisfy donor reporting requirements. The prevalence of project-based work also discourages long-term financial planning, as CSOs instead focus primarily on compliance with donor standards and systems.

Advocacy: 3.9

The relationship between the government and CSOs remained tenuous in 2013. On one hand, there are CSOs that work closely with the government in certain fields and exercise a degree of influence in their advocacy efforts. Some service delivery CSOs work with the government on projects funded by large foreign organizations and have been relatively successful in developing lines of communication and trust with key policy makers. Rights-based and development CSOs, on the other hand, made very little headway in their advocacy efforts in 2013.



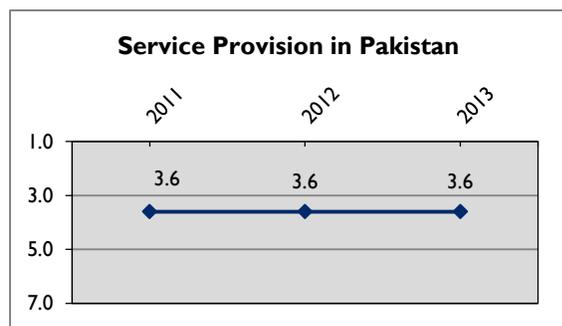
CSOs have had some success in building networks and conducting issue-based campaigns. In 2013, the Center for Peace and Development Initiatives (CPDI) engaged in activities to develop and raise awareness about the importance of a Right to Information Law. Such laws were ultimately passed in KPK in October and in Punjab in December. The Devolution Trust for Community Empowerment (DTCE) supported campaigns for gender equity and devolution around the country.

Citizens and CSOs participated in a number of protests in 2013 against issues such as corruption, electoral rigging, electricity shortages, terrorism, and attacks against minorities. The most sustained of these was the so-called Long March led by Muhammad Tahir-ul-Qadri, a Pakistani-Canadian scholar and founder of several NGOs, from Lahore to Islamabad in January. The march was organized to protest government corruption and called for electoral reforms to be implemented before general elections took place in the country. The march ended after negotiations between government representatives and Qadri.

At the same time, there are certain advocacy issues that remain dangerous and practically untouchable. Blasphemy in particular remains a highly charged and sensitive issue. In January 2013, the Supreme Court of Pakistan admitted a petition against Pakistan’s Ambassador to the United States Sherry Rehman for allegedly committing blasphemy. Additionally, a mob attacked houses in Joseph Colony in Lahore following allegations of blasphemy against a Christian man. Despite evidence that the man had been falsely accused, the police were forced to register a blasphemy case against him to placate the mob.

There is growing awareness within the CSO sector of the need for more favorable legislation regarding CSO registration and operations, particularly following the introduction of the draft Regulation of Foreign Contributions Act 2013. However, the sector did little in 2013 to address the problems with the legal environment, especially the faulty implementation of laws that otherwise have favorable provisions. CSOs perceive these issues as being largely out of their control.

Service Provision: 3.6



CSO service provision did not change significantly in 2013. CSOs provide a diverse range of services, ranging from basic services, such as health, education, and emergency relief (which CSOs sometimes provide more effectively than the government), to more advanced areas such as research and development and capacity building. The availability of funding significantly influences the quantity of services provided in a certain field.

While the services provided by CSOs reflect the needs of their constituencies and communities to some extent,

service provision is often driven by donor agendas, particularly in the case of foreign-funded NGOs. Goods and services that go beyond basic needs, particularly research and policy documents, are disseminated among relevant stakeholders, including other CSOs, academia, and the government. Research and policy institutes in particular share their findings widely. For example, in 2013, the Center for Public Policy and Governance (CPPG) at Forman Christian College launched a number of reports related to key policy issues that were disseminated to government functionaries, as well as organizations such as USAID.

Although still rare, CSOs are gradually starting to use mobile technology to enhance their service delivery. For example, Innovative Research and Development (IRD), a Karachi-based health research and delivery organization, uses cell phones for various aspects of tuberculosis screening and treatment, immunization (i.e., vaccine reminders), and infection control.

Government recognition of CSO services is mostly limited to those that fill public service gaps, such as the Edhi Welfare Trust, which provides emergency medical services. More broadly, government recognition and approval is mainly provided to CSOs involved in service provision, rather than rights-based or advocacy organizations. At the same time, the government continues to impose severe restrictions in the form of NOCs on CSOs operating in disaster-affected areas.

Most CSOs do not charge their beneficiaries for services because beneficiaries generally cannot afford to pay. However, some membership-based CSOs, such as nursing associations, the Pakistan Medical Association, lawyers associations, and the Employers Federation of Pakistan, recover costs by providing fee-based capacity building and other services to their members.

Infrastructure: 4.3

There are only a few resource centers and intermediary support organizations (ISOs) in Pakistan. Some of the more prominent ones include Akhtar Hameed Khan Resource Center, Applied Social Research (ASR) Resource Center, Civil Society Resource Center, Indus Resource Center, Institute of Rural Management, Punjab Urban Resource, and Shirkat Gah – Women’s Resource Center. Resource centers are primarily based in large urban centers; CSOs in rural areas or smaller cities, therefore, have limited access to the support of ISOs.

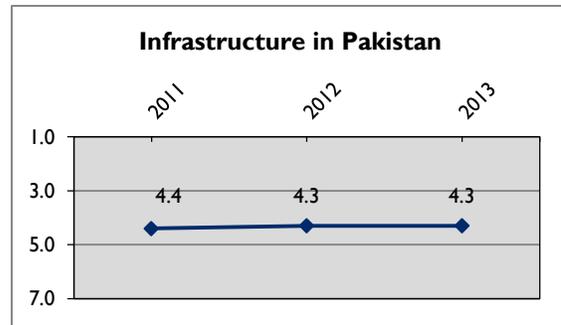
Most of these ISOs are funded by foreign donors, although they also receive limited support from local donors. These centers provide networking platforms, information technology support, and capacity building

services to CSOs. As in 2012, ISOs often channel foreign and local donor funds to small CSOs for community-based development initiatives. For example, the Trust for Voluntary Organizations (TVO), Strengthening Participatory Organizations (SPO), Aurat Foundation, and South Asia Partnership (SAP) Pakistan provide grants, technical assistance, and training to CSOs.

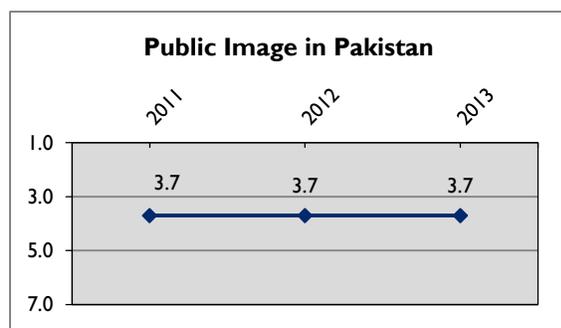
CSOs continue to join forces through both sector- and issue-based coalitions. Prominent coalitions and networks include the Pakistan Microfinance Network (PMN), Rural Support Program Network (RSPN), South Asia Microfinance Network (SAMN), the Right to Information (RTI) coalition led by CPDI, Alliance to Access led by Bolobhi, Aman-o-Nisa (Women's Peacebuilding Network), Chanan Development Authority, the Coalition on Media Ethics led by Rozan, and the Local Councils Association.

Local trainings are rare and typically too expensive for CSOs, particularly for smaller groups with limited resources. Church World Service, an international CSO, provides some affordable training to CSOs on issues such as human resource development, financial management, project management, monitoring and evaluation, and strategic planning. A network of eleven Rural Support Programs (RSPs) works across rural Pakistan to reduce poverty through a process of social mobilization. RSPs empower the poor by providing villagers with institution building, leadership training, and technical and financial assistance. RSPs offer frequent, affordable training to local CSOs.

Intersectoral partnerships are rare, and those that exist are generally short-term and issue-based. In 2013, the Free and Fair Election Network (FAFEN) engaged CSOs and the media in election monitoring and coverage.



Public Image: 3.7



The public image of large, donor-driven CSOs and initiatives, which continued to be viewed with suspicion by the local population, deteriorated in 2013. The public in Balochistan and KPK particularly mistrust foreign-funded initiatives, suspecting them of pursuing hidden foreign agendas.

The public and the state usually have negative perceptions of rights-based and development-oriented CSOs. On the other hand, CSOs working on charitable causes or involved in philanthropy are perceived positively by the public and are less threatening to the state. For example, communities are highly supportive of religious organizations that provide basic services to people, particularly those affected by disasters. Perceptions of CSOs also vary among the different levels of government. District governments are generally more amenable to working with CSOs, particularly on service delivery. At the federal and provincial levels, governments are starting to show more favor to CSOs that deliver services. Larger and more established CSOs enjoy better relations with all levels of government than smaller ones.

Businesses, particularly those involved in corporate social responsibility initiatives, have a relatively favorable image of CSOs. However, many businesses remain unaware of the nature of the work CSOs do and view them with the same mistrust as society in general.

The relationship of CSOs with the media remained mixed in 2013. Rather than showcasing the general work of particular organizations, media outlets mainly cover CSO events, particularly when a political figure attends. This is particularly the case for electronic media. The print media largely focuses on a few key CSOs

with which it enjoys favorable relationships, while ignoring most others. CSOs receive more coverage at the regional level. Most CSOs, particularly larger ones, draft press releases in English and send them to English-language news outlets. Urdu news outlets do not translate press releases, but are often amenable to printing them if they are already in Urdu.

The use of social media is growing slowly in CSOs, but remains generally limited to CSOs based in urban areas. Urban-based organizations increasingly rely on social media for a variety of tasks, such as recruitment and job advertisements, dissemination of advocacy materials and publications, and announcements of events or activities.

Many CSOs comply with legal requirements to submit reports to authorities. However, only a limited number of CSOs, primarily those registered under the Companies Ordinance of 1984 or those bound by donor requirements, publish annual reports. Likewise, only a limited number of large CSOs develop codes of ethics to which they adhere. Some networks have developed codes of ethics to which their members are signatories, but these are not legally binding. For example, the Pakistan Microfinance Network (PMN) has a voluntary Consumer Code of Conduct for its members.

ANNEX: CSO SUSTAINABILITY INDEX METHODOLOGY FOR PAKISTAN

I. Overview

The 2013 CSO Sustainability Index for Pakistan was developed in close cooperation with local CSOs. A local implementing partner convened expert panels in regional centers and in the national capital, each consisting of a diverse group of CSOs and related experts, to assess the sector in each of seven dimensions: Legal Environment, Organizational Capacity, Financial Viability, Advocacy, Service Provision, Infrastructure and Public Image. The U.S. Agency for International Development (USAID) has developed indicators for each dimension. The regional level panels discussed progress and setback in the seven dimensions. The national panel then discussed and scored each indicator, using the regional level information, along with other data the national panel had access to. Indicator scores were averaged to produce dimension scores, and the dimension scores were averaged to produce an overall CSO sustainability score. The partner drafted a country report based on the expert panels' discussions, as well as his own knowledge of the sector.

An Editorial Committee, made up of specialists on civil society in the region and the Index methodology from the Aga Khan Foundation (AKF), USAID, Management Systems International (MSI), and the International Center for Not-for-Profit Law (ICNL), and a regional expert, reviewed the narrative and scores to ensure that scores were adequately supported by the narrative's information and that they accurately reflected the state of CSO sector development. The Editorial Committee further considered the country's proposed scores in relation to the scores of other countries, to ensure comparability of scores within and across regions. In some cases, the Editorial Committee recommended adjustments to the proposed scores. The Editorial Committee also raised points for clarification and requested additional information necessary to complete the report. The project editor edited the report and sent it, along with the score recommendations and requests, to the implementing partner for comment and revision.

Where the implementing partner disagreed with the Editorial Committee's score recommendations and/or narrative, he had a chance to revise its narrative to better justify the proposed scores. The Editorial Committee made final decisions on the scores and narrative.

A description of the methodology, the complete instructions provided to the implementing partner, and the questionnaire used by the expert panel can be found below.

II. Dimensions of CSO Sustainability and Ratings: A Closer Look

The CSO Sustainability Index measures the strength and overall viability of civil society sectors. The Index is not intended to gauge the sustainability of individual CSOs, but to fairly evaluate the overall level of development of the CSO sector as a whole. The CSO Sustainability Index defines civil society broadly, as follows:

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.

The Index measures CSO sustainability based on seven dimensions: legal environment; organizational capacity; financial viability; advocacy; service provision; infrastructure and public image. Each of the seven dimensions is rated along a seven-point scale. The following section goes into greater depth about the

characteristics in each of the seven dimensions of the sector's development. These characteristics and stages are drawn from empirical observations of the sector's development in the region, rather than a causal theory of development.

Legal Environment

For a CSO sector to be sustainable, the legal and regulatory environment should support the needs of CSOs. It should facilitate new entrants, help prevent governmental interference, and give CSOs the necessary legal basis to engage in appropriate fundraising activities and legitimate income-producing ventures. Factors shaping the legal environment include the ease of registration; legal rights and conditions regulating CSOs; and the degree to which laws and regulations regarding taxation, procurement, and other issues benefit or deter CSOs' effectiveness and viability. The extent to which government officials, CSO representatives, and private lawyers have the legal knowledge and experience to work within and improve the legal and regulatory environment for CSOs is also examined.

Organizational Capacity

A sustainable CSO sector will contain a critical mass of CSOs that are transparently governed and publicly accountable, capably managed, and that exhibit essential organizational skills. The organizational capacity dimension of the Index addresses the sector's ability to engage in constituency building and strategic planning, as well as internal management and staffing practices within CSOs. Finally, this dimension looks at the technical resources CSOs have available for their work.

Financial Viability

A critical mass of CSOs must be financially viable, and the economy must be robust enough to support CSO self-financing efforts and generate philanthropic donations from local sources. For many CSOs, financial viability may be equally dependent upon the availability of and their ability to compete for international donor support funds. Factors influencing the financial viability of the CSO sector include the state of the economy, the extent to which philanthropy and volunteerism are being nurtured in the local culture, as well as the extent to which government procurement and commercial revenue raising opportunities are being developed. The sophistication and prevalence of fundraising and strong financial management skills are also considered.

Advocacy

The political and advocacy environment must support the formation of coalitions and networks, and offer CSOs the means to communicate their messages through the media to the broader public, articulate their demands to government officials, and monitor government actions to ensure accountability. The advocacy dimension looks at CSOs' record in influencing public policy. The prevalence of advocacy in different sectors, at different levels of government, as well as with the private sector is analyzed. The extent to which coalitions of CSOs have been formed around issues is considered, as well as whether CSOs monitor party platforms and government performance.

Service Provision

Sectoral sustainability will require a critical mass of CSOs that can efficiently provide services that consistently meet the needs, priorities, and expectations of their constituents. The service provision dimension examines the range of goods and services CSOs provide and how responsive these services are to community needs and priorities. The extent to which CSOs recover costs and receive recognition and support from the government for these services is also considered.

Infrastructure

A strong sectoral infrastructure is necessary that can provide CSOs with broad access to local CSO support services. Intermediary support organizations (ISOs) providing these services must be able to inform, train,

and advise other CSOs; and provide access to CSO networks and coalitions that share information and pursue issues of common interest. The prevalence and effectiveness of CSO partnerships with local business, government, and the media are also examined.

Public Image

For the sector to be sustainable, government, the business sector, and communities should have a positive public image of CSOs, including a broad understanding and appreciation of the role that CSOs play in society. Public awareness and credibility directly affect CSOs' ability to recruit members and volunteers, and encourage indigenous donors. The public image dimension looks at the extent and nature of the media's coverage of CSOs, the awareness and willingness of government officials to engage CSOs, as well as the public's knowledge and perception of the sector as a whole. CSOs' public relations and self-regulation efforts are also considered.

III. Methodology for the Implementer

The following steps should be followed to assemble the Expert Panels that will meet in person to discuss the status of civil society over the reporting year, determine scores, and provide qualitative data for the country report for the 2013 CSO (Civil Society Organization) Sustainability Index for Pakistan. The reporting year will cover the period of January 1, 2013 to December 31, 2013.

1. Carefully select a group of 10-12 representatives of civil society to serve as panel experts. Implementers should select panel members based on the following guidelines. The panel members should include representatives of a diverse range of civil society organizations including the following types:

- Local CSO support centers, resource centers or intermediary civil society support organizations (ISOs);
- Local CSOs, Community Based Organizations (CBOs), and Faith-Based Organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- Academia with expertise related to civil society and CSO sustainability;
- CSO partners from government, business or media;
- Think tanks working in the area of civil society development;
- Member associations such as cooperatives, lawyers' associations and natural resources users groups;
- International donors who support civil society and CSOs; and
- Other local partners familiar with civil society.

CSOs represented on the panel can be focused on advocacy or social service delivery. We recommend that at least 70% of the Expert Panels be nationals.

To the extent possible, CSOs should also represent a variety of key sub-populations, including:

- Rural and urban parts of the country, and all major regions of the country;
- Women's groups,
- Minority populations,
- Marginalized groups,

Sub sectors such as women's rights, community-based development, civic education, micro- finance, environment, human rights, youth, etc.

The panel should include equal representation of men and women. If the implementer believes that this will not be possible please explain why in a note submitted to Gwendolyn Bevis (gbevis@msi-inc.com) at MSI.

In some instances, it may be appropriate to select a larger group in order to reflect the diversity and breadth of the sector. Please keep in mind, however, that a significantly larger group may make building consensus

within the panel more difficult – and more expensive if it entails arranging transportation for representatives who are based far from the meeting place.

The panel should also include one representative from the USAID Mission and one representative from the Aga Khan Foundation (AKF), but they will not have the ability to cast their vote in terms of scores. They are welcome to provide some words of introduction to open the event, it is funded by AKF and the methodology was developed by USAID, and they are welcome to observe and participate in the discussion.

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

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

3. Convene the meeting of the CSO Expert Panel. We request that you plan to complete this meeting, no later than September 5, 2014.

4. At the Expert Panel meeting, please remind participants that each indicator and dimension of CSOSI should be scored according to evidence-based, country-relevant examples of recent or historical conditions, policies, events, etc. The rating process should take place alongside or directly following a review of the rating process and categories provided in “Ratings: A Closer Look.” For each indicator of each dimension, allow each panel member to share his or her initial score and justification with the rest of the group. At the end of the discussion of each indicator, allow panel members to adjust their scores, if desired.

Then, eliminate the highest score and the lowest score, and average the remaining scores together to come up with one score for each *indicator* with the dimension. Once a final score has been reached for each indicator within a given dimension, calculate the average or arithmetic mean of these scores for a preliminary score for the dimension. Be sure to take careful notes during the discussion of each indicator, detailing the justifications for all scores, as this should serve as the basis of the written report. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Implementers may use the score sheet attached as Annex A to track panel member scores without personal attribution. Ultimately, every rating awarded should be supported by evidence in the country report (see #8 below), and should reflect consensus among group members.

5. Once scores for each dimension are determined, as a final step, review the descriptions of the dimensions in “Ratings: A Closer Look.” Discuss with your groups whether each of the scores matches the rating description for that score. For example, a score of 2.3 in organizational capacity would mean that the CSO 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 environment. If not, discuss with your groups to determine a more accurate score that fits the description for that dimension.

6. Discuss each of the seven dimensions of the Index and score them in a similar manner. Once all seven dimensions have been scored, average the final dimension scores together to get the final country Index score. Be sure to include a synopsis of this discussion in the draft country report.

7. Please remind the group at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C. that will provide feedback on recommended scores and possibly request adjustments in scores pending additional justification of scores.

8. Prepare a Draft Country Report. The report should cover events during the calendar (as opposed to fiscal) year January 1, 2013, through December 31, 2013. The draft should include an overview statement, and a brief discussion of the current state of sustainability of the CSO sector with regard to each dimension at the national level. The section on each dimension should include a discussion of both accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses. While the report should address the country as a whole, it should also note any significant regional variations in the sustainability of CSOs. In the Overview Statement, please include an estimated number of registered and active CSOs, as well as an overview of the primary fields and geographic areas in which CSOs operate.

Please limit your submission to a maximum of ten pages, in English. Please keep in mind that we rely on your organization to ensure that reports are an appropriate length and well-written. We do not have the capacity to do extensive editing.

Please include a list of the experts who served on the panels with your report. This will be for our reference only and will not be made public.

While the individual country reports for the 2013 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.

Deliver your draft country report with rankings via email to Gwendolyn Bevis (gbevis@msi-inc.com) at MSI no later than September 26, 2014. Please cc: Natalie Ross (Natalie.Ross@akdn.org) at AKF, and Catherine Shea (cshea@icnl.org) and Jennifer Stuart (jstuart@icnl.org) at the International Center for Not-for-Profit Law (ICNL) which is assisting in the review and editing of the reports.

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

9. In Washington, an Editorial Committee (EC) will review the scores and draft report, and will discuss any issues or remaining concerns with the implementer. The EC consists of representatives from AKF, MSI, USAID and ICNL and at least one regional/country expert well versed in current events and circumstances affecting the CSO sector in your country. Further description of the EC is included in the following section, "The Role of the Editorial Committee." If the EC does not feel that the scores are adequately supported, they may request a score adjustment. The implementer will be responsible for responding to all outstanding comments from the EC, communicated by the project editor until the report is approved and accepted by AKF who chairs the EC.

10. In addition, you will arrange for a public launch – including both soft, via electronic means (list serves, websites) and hard, via a public event to promote the release of the report in your country. We will arrange for a public launch, soft and/or hard, in the United States.

11. 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 your recording and submitting any observations you might have that will increase the usefulness of this important tool to Gwendolyn Bevis (gbevis@msi-inc.com) at MSI.

IV. The Role of the Editorial Committee

As a final 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. This committee will be chaired by AKF, and includes (but is not limited to) civil society experts representing MSI 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. A compelling narrative demonstrates that a score results from evidence of systematic and widespread cases and is not based on one or two individual cases. For example, a country environment characterized by a large 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 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, and most importantly, the Editorial Committee considers a country’s score in relation to the proposed scores in other countries, ensuring comparability of scores across countries and regions.

The Editorial Committee has the final say on all scores and may contact CSOs directly to discuss final scores.

CSO implementers 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. However, by adding the step for each panel to compare their scores with “Ratings: A Closer Look” (which is essentially what the Editorial Committee does), it is hoped that there will be fewer differences between proposed scores and final scores. Ensuring that the narrative section for each dimension includes an adequate explanation for a score will also limit the need for the Editorial Committee to ask for further clarification.

V. Instructions for the Expert Panel Members

Each member of each panel should use the following steps to guide him or her through the individual rating process. The same process will then be used the CSO Expert Panel meeting, where panel members will discuss scores and evidence, and will decide by consensus scores for each of the indicators, dimensions, and ultimately the country score.

Region-specific circumstances, or regional exceptions to national level conclusions, should be carefully recorded.

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

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

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

Step 4: Once the overall score for a dimension has been determined, as a final step, review the description of that dimension in “Ratings: A Closer Look” to ensure that this accurately describes the environment. For example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the “Sustainability Enhanced” phase. If after reviewing “Ratings: A Closer Look” you determine that the score does not accurately depict the description, work together to determine a more accurate score that better fits the description for that dimension.

Step 5: Once you have scores for each dimension, average these seven scores together to get an overall rating for the region or country level, depending on the level of the panel.

VI. Dimensions and Indicators

The following section is the worksheet that members of the Expert Panel use to keep track of the scores they propose for each indicator of each dimension. Each panel member should rate each of the seven dimensions and each of the indicators within each dimension on a scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged.

Legal Environment

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

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

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

___ *Local Legal Capacity.* Are there local lawyers who are trained in and familiar with CSO law? Is legal advice available to CSOs in the capital city and in secondary cities/regions?

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

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

Organizational Capacity

___ *Constituency Building².* Do CSOs clearly identify and actively seek to build local constituencies for their initiatives? Do CSOs actively seek to build local constituencies for their initiatives? Are they successful in these endeavors?

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

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

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

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

² Constituency building: Attempts by CSOs to get individual citizens or groups of citizens personally involved in their activities, and to ensure that their activities represent the needs and interests of these citizens.

Financial Viability

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

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

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

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

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

Advocacy

___ *Cooperation with Local and Federal Government.* Are there direct lines of communication between CSOs and policy makers? Do CSOs and government representatives work on any projects together?

___ *Policy Advocacy Initiatives.* Have CSOs formed issue-based coalitions and conducted broad-based advocacy³ campaigns? Have these campaigns been effective at the local level and/or national level at increasing awareness or support for various causes? *(Please provide examples, if relevant.)*

___ *Lobbying⁴ Efforts.* Are there mechanisms and relationships for CSOs to participate in the various levels of the government decision-making processes? Are CSOs comfortable with the concept of lobbying? Have there been any lobbying successes at the local or national level that led to the enactment or amendment of legislation? *(Please provide examples, if relevant.)*

___ *Local Advocacy for Legal Reform.* Is there awareness in the wider CSO community of how a favorable legal and regulatory framework can enhance CSO effectiveness and sustainability? Is there a local CSO advocacy effort to promote legal reforms that will benefit CSOs, local philanthropy, etc?

Service Provision

___ *Range of Goods and Services.* Do CSOs provide services in a variety of fields, including basic social services (such as health, education, relief, housing, water or energy) and other areas (such as economic development, environmental protection, or governance and empowerment)? Overall, is the sector's "product line" diversified?

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

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

³ Advocacy: Attempts by CSOs to shape the public agenda, public opinion and/or legislation.

⁴ Lobbying: Attempts by CSOs to directly influence the legislative process.

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

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

Infrastructure

___ *Intermediary Support Organizations (ISOs) and CSO Resource Centers*⁵. Are there ISOs, CSO resource centers, or other means for CSOs to access relevant information, technology, training and technical assistance throughout the country? Do ISOs and CSO resource centers meet the needs of local CSOs? Do ISOs and resource centers earn some of their operating revenue from earned income (such as fees for service) and other locally generated sources? (*Please describe the kinds of services provided by these organizations in your country report.*)

___ *Local Grant Making Organizations.* Do local community foundations and/or ISOs provide grants, from either locally raised funds or by re-granting international donor funds, to address locally identified needs and projects?

___ *CSO Coalitions.* Do CSOs share information with each other? Is there a network in place that facilitates such information sharing? Is there an organization or committee through which the sector promotes its interests?

___ *Training.* Are there capable local CSO management trainers? Is basic CSO management training available in the capital city and in secondary cities? Is more advanced specialized training available in areas such as strategic management, accounting, financial management, fundraising, volunteer management, and board development? Do trainings meet the needs of local CSOs? Are training materials available in local languages?

___ *Intersectoral Partnerships.* Are there examples of CSOs working in partnership, either formally or informally, with local business, government, and the media to achieve common objectives? Is there awareness among the various sectors of the possibilities for and advantages of such partnerships?

Public Image

___ *Media Coverage.* Do CSOs enjoy positive media coverage at the local and national levels? Is a distinction made between public service announcements and corporate advertising? Do the media provide positive analysis of the role CSOs play in civil society?

___ *Public Perception of CSOs.* Does the general public have a positive perception of CSOs? Does the public understand the concept of a CSO? Is the public supportive of CSO activity overall?

___ *Government/Business Perception of CSOs.* Do the business sector and local and central government officials have a positive perception of CSOs? Do they rely on CSOs as a community resource, or as a source of expertise and credible information?

___ *Public Relations.* Do CSOs publicize their activities or promote their public image? Have CSOs developed relationships with journalists to encourage positive coverage?

___ *Self-Regulation.* Have CSOs adopted a code of ethics or tried to demonstrate transparency in their operations? Do leading CSOs publish annual reports?

⁵ Intermediary support organization (ISO): A place where CSOs can access training and technical support. ISOs may also provide grants. CSO resource center: A place where CSOs can access information and communications technology.

U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov