2012 CSO SUSTAINABILITY INDEX

FOR AFGHANISTAN

The 2012 CSO Sustainability Index
for Afghanistan

Developed by:
United States Agency for International Development

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INTRODUCTION

The second edition of the CSO Sustainability Index for Afghanistan reports on the sustainability of the civil society sector in Afghanistan 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, and the Middle East and North Africa, and Pakistan.

This Index used the same methodology as that of other editions of the Sustainability Index. A panel of CSO practitioners and experts assessed and rated seven interrelated dimensions of CSO sustainability: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. The scores for each dimension were averaged to produce an overall CSO sustainability score for the CSO sector in the country.

Based on the expert panel's discussion 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 scores is provided in the Annex.

ACKNOWLEDGEMENTS

AFGHANISTAN

2012 Scores for Afghanistan

Indicator	Score
CSO Sustainability	5.0
Legal Environment	4.8
Organizational Capacity	5.0
Financial Viability	5.6
Advocacy	4.7
Service Provision	5.1
Infrastructure	5.1
Public Image	4.9

Capital: Kabul

Government Type: Islamic republic

Population: 31,108,077

GDP per capita (PPP): $1,100

Human Development Index: 175[1]

CSO SUSTAINABILITY: 5.0

In July 2012, major donor countries met in Tokyo, pledging $16 billion in civilian aid to Afghanistan between 2012 and 2015 on the condition that the Afghan government continue to reduce corruption. The handover of responsibility for Afghanistan's security reached its third phase during the year, leaving the Afghans in control of 75 percent of the country's territory. Security threats, however, remained widespread, as demonstrated by the attack against the chief of the National Directorate for Security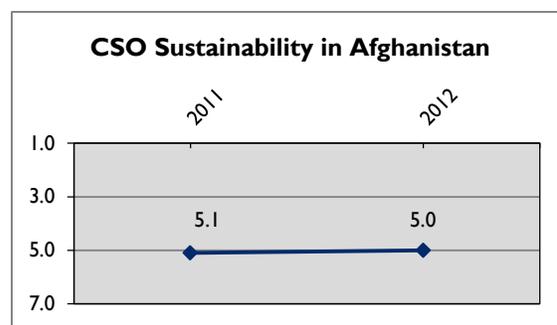 (NDS) in December. There were some positive developments on the economic front in 2012, including multi-billion dollar investments in the natural resources sector. Finally, the Parliament dismissed the Ministers of Defense and Interior, demonstrating a willingness to assert its legislative power.

CSO Sustainability in Afghanistan

2011	2012
5.1	5.0

An estimated 5,000 CSOs operate in Afghanistan in nearly all sectors, from basic services such as housing, education, and health, to economic development, women's empowerment, and the environment. As of April 2012, a total of 1,707 local Non-Governmental Organizations (NGOs) were registered with the Ministry of Economy, and close to 3,100 Social Organizations (SOs) were

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[1] Capital, government type, population (July 2013 est.), and GDP per capita (2012 est.) drawn from the Central Intelligence Agency, The World Factbook, available online at https://www.cia.gov/library/publications/the-world-factbook/. 2012 Human Development Index ranking from http://hdr.undp.org/en/statistics/.

registered with the Ministry of Justice. Nearly two-thirds of CSOs are based in Kabul, though many CSOs have significant reach and operate in other provinces as well. Unregistered *shuras* (community-based councils) and *jirgas* (tribal assemblies of elders) are also active and important civil society actors in Afghanistan.

The CSO sector provides a wide range of goods and services. CSOs are becoming more professional and are more engaged in designing programs that address communities' needs and priorities. They have also established a number of intermediary support organizations (ISOs) and coalitions, which help develop and consolidate the sector.

CSO relations with the Afghan government have improved somewhat, and the passage of several laws focused on women's rights has generated momentum for advocacy activities. However, CSO efforts are hindered by a number of persistent issues such as improper or incomplete implementation and enforcement of laws, allegations of corruption, and some officials' lack of recognition of the value of CSO programs.

Many in the CSO sector are concerned about the situation after 2014, when presidential elections will be held and international forces are scheduled to withdraw. This may lead to a deteriorating security situation. CSOs in provinces such as Kandahar, Helmand, Zabul, and Uruzgan are already reporting increasing operating difficulties. In these areas, the presence of insurgent groups constrains CSOs' activities to a few districts and limits the range of their activities. Many CSOs, which largely rely on international donors for funding, are also concerned about the effect of the decreasing international presence on donor support.

CSOs face challenges generating positive media coverage, and the public perception of the sector is influenced by rumors spread by individuals and groups opposing the work of CSOs.

LEGAL ENVIRONMENT: 4.8

Legal Environment in Afghanistan

2011 2012

1.0
3.0
4.8   4.8
5.0
7.0
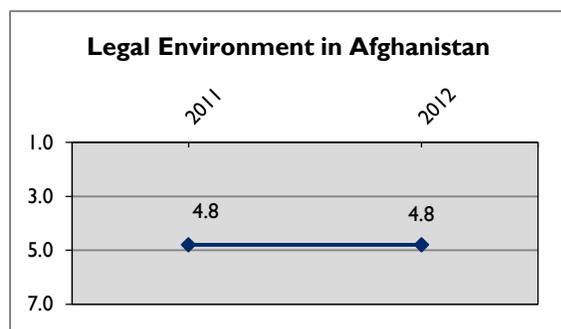
Although the legal environment did not change significantly in 2012, many Afghan CSOs believe that it is developing in a positive direction. However, serious questions remain regarding the implementation, enforcement, and fairness of laws and regulations.

The law currently distinguishes between NGOs, defined as domestic non-governmental organizations established to pursue specific objectives, and SOs, defined as "voluntary unions of natural or legal persons, organized for ensuring social, cultural, educational, legal, artistic and vocational objectives." Traditional *shuras* and *jirgas* are not governed by any specific written laws.

NGOs register with the Ministry of Economy, and SOs register with the Ministry of Justice. The NGO registration process is well-designed, but there are still some issues with its implementation. NGOs have to pay an initial fee of $1,000 to register with the Ministry of Economy; this fee can be prohibitive for very small organizations. Furthermore, corruption at the Ministry of Economy is allegedly widespread, and officials, who do not always have knowledge of the entire registration process, are known to impose additional administrative obstacles. CSOs based in the provinces have to travel to Kabul in order to register. Although the registration process for SOs is generally less

complex and considerably quicker than that for NGOs, SOs report that officials at the Ministry of Justice also regularly ask for bribes to complete the registration process.

NGOs must submit semi-annual reports, which can be burdensome, and they are prohibited from participating in construction projects. Throughout 2012, SOs were barred from receiving funding from foreign organizations and governments, but this prohibition was removed in a new law passed in 2013. Many CSOs, particularly in rural areas, lack sufficient information about legal regulations regarding internal management, scope of permissible activities, financial reporting, and dissolution. CSOs in urban centers have greater access to such information. In addition, some provincial governments reportedly establish their own regulations for NGO activities. For example, a representative of an NGO in Kandahar reported that the provincial Department of Finance was unaware of the existing NGO regulation and requested additional taxes. In contrast, the Afghanistan Civil Society Forum (ACSF) was able to quickly resolve a dispute with the Ministry of Economy because it was based in Kabul and benefited from the support of a network based in the capital. According to several CSOs, the government rarely bans an organization officially, but instead creates administrative hurdles that hamper a CSO's ability to operate. Eventually, a CSO has no choice but to deregister.

CSOs are increasingly involved in advocacy efforts and many—especially CSOs focused on anti-corruption—now openly criticize the government. According to a former head of the Independent Joint Anti-Corruption Monitoring and Evaluation Committee, CSOs fighting corruption are sometimes subject to pressure from members of Parliament. In addition, the government occasionally creates obstacles to the activities of women's rights groups. For example, the government delayed authorizing a CSO in Herat to work on girls' schools.

The Income Tax Law in Afghanistan creates a category of "tax-exempt organizations." Article 10 of the Tax Law limits tax-exempt status to those organizations "organized and operated exclusively for educational, cultural, literary, scientific, or charitable purposes." Organizations focused on such public benefit purposes that meet other mandatory criteria are exempt from taxation on "contributions received and income from the necessary operations." CSOs, however, often lack information or are misinformed about the tax exemptions to which they are entitled. In addition, some CSO representatives state that the government taxes them at the same rate as for-profit companies.

While there is currently no legislation that encourages philanthropy, a CSO working group founded with support from the Initiative to Promote Afghan Civil Society (IPACS), a USAID-funded program, is drafting legislation that would introduce tax incentives for private giving.

CSOs can earn income through activities such as training or selling handicrafts, but must channel the income back into their programs.

The availability of local lawyers who are trained in and familiar with CSO law depends on a CSOs' location. CSOs based in Kabul and other main cities have little difficulty finding qualified lawyers, whereas organizations in the provinces, especially in the South and the East, lack this access. There are almost no female lawyers outside of Kabul.

ORGANIZATIONAL CAPACITY: 5.0

CSOs generally identify broad constituencies like women, youth or disabled people, but few systematically establish in-depth relations with communities. At the insistence of donors, many CSOs engage with communities and conduct needs assessments before starting to implement projects. Membership organizations, which are becoming more common, usually build strong relations with their beneficiaries through regular delivery of services, such as training, career services, or Internet access. Funding uncertainties, however, create difficulties in sustaining relations.

Organizational Capacity in Afghanistan

	2011	2012
1.0		
3.0		
	5.5	5.0
5.0		
7.0		
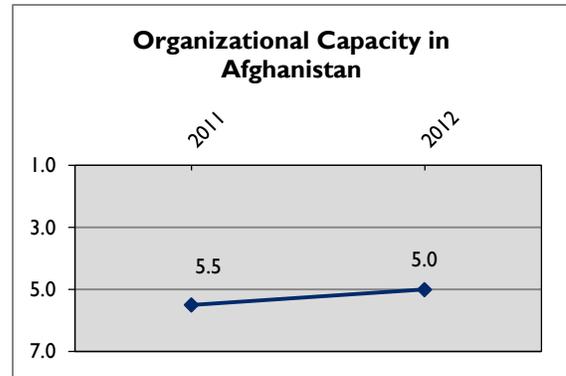
The development of clearly defined mission statements and strategic plans varies widely among CSOs depending on their size, experience, and field of activity. Well-established CSOs, which tend to be based in Kabul, have the capacity to design and implement strategic plans, whereas most other organizations are not familiar with the concept of strategic development and do not incorporate strategic planning techniques into their decision-making processes. Most CSOs work on short-term programs and therefore reorganize their structures and resources for new projects. Insecurity is also a major obstacle to strategic planning in some provinces. CSOs located in the South and the East struggle to design long-term plans since they are unsure if they will be able to work in these areas in the future.

Internal management structures also vary greatly among CSOs based on their size and activities. Some CSOs report that they are becoming more professional, as they gain experience and increase their understanding of management issues. For instance, Radio Merman, based in Kandahar, separated from its partner NGO, Khadija e-Kubra, in 2012 in order to clarify the division of responsibilities between the two organizations.

All CSOs are legally required to have boards of directors. The composition and engagement of the boards, however, varies greatly from one association to the next. Large CSOs are usually represented by prestigious board members who actively engage in governance, whereas smaller CSOs find it difficult to get board members to attend board meetings because the members have no financial incentives to get more involved in the organizational activities.

CSOs find it difficult to recruit and maintain qualified staff, largely due to the lack of institutional funding. In addition, there is fierce competition between organizations for qualified staff and the best managers often move to international organizations for higher salaries. Organizations located in remote areas, like Badakhshan, or provinces perceived as unstable, such as Kandahar, find it even more challenging to retain staff. Many donor efforts to build organizational capacity focus on staff development. In addition, trained staff members frequently move to more developed organizations, making it difficult for small CSOs to increase their capacities. The lack of permanent staff also makes it difficult for CSOs to develop any institutional memory. Some CSOs hire IT managers and accountants, but a significant number of CSOs do not have the financial capacity to do so. Only a few organizations rely on volunteers.

Although the quality of IT equipment depends on CSOs' resources, most CSOs have access to cell phones and computers. CSOs' technical equipment has improved somewhat as organizations have started including such expenses in their project proposals. The majority of organizations have Internet access, although access is more limited in the provinces.

FINANCIAL VIABILITY: 5.6

Financial Viability in Afghanistan

	2011	2012
1.0		
3.0		
5.0	5.6	5.6
7.0		
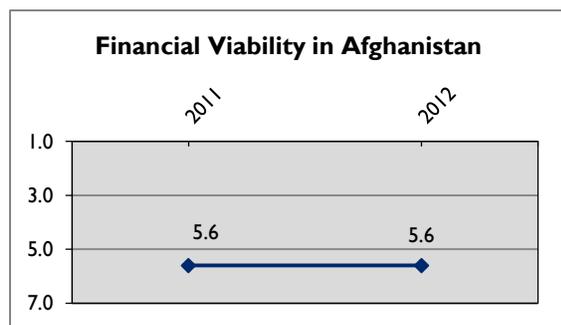
Despite the pledges made at the Tokyo Conference, CSOs feel that they are less financially viable than in 2011. Most CSOs, especially those based in the provinces, are unaware of the Tokyo Conference's potential impact on the sector. CSOs face significant challenges in raising financial resources, generating local funding, and earning income through activities.

Few CSOs have diverse funding sources and the majority of NGOs continues to rely almost exclusively on international funding. Many NGOs are worried about the effect of the departure of international forces on the availability of funding. This appears to be a greater concern in provinces that received significant funding as a result of the military surge. A minority of organizations, however, believes the military withdrawal will lead to an increase in funding for development activities. Regardless, the overall perception in the sector is that most funding benefits international NGOs rather than local organizations.

Very few CSOs engage in fundraising activities, and philanthropy to CSOs remains uncommon. Private donors prefer to channel money, food, or clothes directly to destitute communities, often without consulting local authorities. A number of Afghan companies are reportedly involved in philanthropy, but this trend decreased in 2012 due to the deteriorating economic environment in the country. The few organizations that receive local support rely on personal connections to local businessmen or elders.

Sources of direct income for CSOs—including the sale of services or products, renting out of assets, or government and local business contracting—are also very limited. Some organizations engage in revenue-generating activities like producing and selling handicrafts, but these projects rarely contribute significantly to CSOs' financial sustainability. Notably, a few NGOs in Kandahar produce a high-value skin product called *Yakhan Khamak Dozi*, which constitutes a valuable source of income for these groups. However, many of the customers for this product, as well as other locally produced goods, are foreigners, throwing the sustainability of these initiatives into doubt if the foreign presence decreases significantly. Only a few CSOs are contracted by the government to provide training, health, and other services, and the income they earn from these activities is limited. Roughly a third of organizations collect membership fees, but the number of membership organizations is growing.

Most CSOs have financial management systems in place, and some have dedicated finance staff. Organizations based in the provinces—especially smaller groups—are less likely to have rigorous financial management systems. The majority of CSOs' financial transactions are still cash-based. Few CSOs publish annual reports with financial information or conduct independent financial audits. All registered CSOs are required to file financial reports with the Ministry of Economy every six

months. Most CSOs comply with this obligation, but there are allegations that some organizations have submitted inaccurate information.

ADVOCACY: 4.7

Civil society's ability to advocate through lobbying and awareness campaigns has remained stable, but a number of recently passed laws on women's rights provide momentum for continued advocacy activities. CSOs in Kabul are more active in this field, presumably because they have easier access to government officials. On the contrary, in provinces like Zabul, Kandahar, and Nangarhar, insurgents' presence tends to prevent CSOs from engaging in advocacy for human rights in general and women's rights in particular.

Advocacy in Afghanistan

	2011	2012
1.0		
3.0	4.7	4.7
5.0		
7.0		
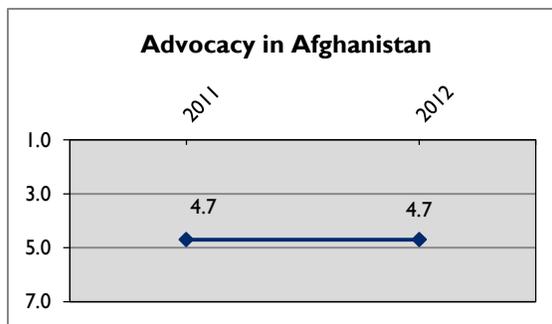
CSOs generally cooperate with policy makers, although the level of cooperation varies somewhat by province and communication with policy makers is still largely non-existent in some provinces. For instance, when CSOs mobilize against human rights violations, abuses, or crimes at the provincial level, the local government does not systematically address their demands. Officials help with project implementation by providing information about local infrastructure and needs. For example, in Herat, the Provincial Governor regularly meets with the largest CSOs and visits projects on the ground. However, some government representatives allegedly ask for bribes to facilitate development programs.

A growing number of CSOs participate in working groups and umbrella organizations. Women's rights organizations have actively built coalitions and initiated public campaigns calling for the enforcement of gender-based violence legislation. Despite this, the Elimination of Violence against Women Law is still not widely accepted or enforced.

CSO advocacy campaigns are still limited and rarely result in policy change. Some CSOs attempt to raise issues in the public by organizing roundtables or publishing videos on social media.

There are limited formal mechanisms for CSOs to participate in decision-making processes. One exception is the Civil Society Joint Working Group, a group of twenty-seven umbrella CSOs formed under the Tokyo Mutual Accountability Framework, which has been fairly active. In general, only large CSOs with national presence and extended networks interact with the government. However, some broad-based advocacy campaigns have garnered support from individual members of Parliament. Women's rights organizations appear to be the most active and successful in this regard.

Most organizations are aware that the legal framework governing the sector could be improved. In particular, CSOs are concerned about the implementation of the current legal and regulatory framework. While few CSOs are committed to promoting change in this area, working groups composed of civil society and government representatives recommended and advocated for a number of amendments to the NGO and SO laws during 2012, many of which were accepted.

SERVICE PROVISION: 5.1

Service Provision in Afghanistan

	2011	2012
1.0		
3.0		
5.0	5.1	5.1
7.0		
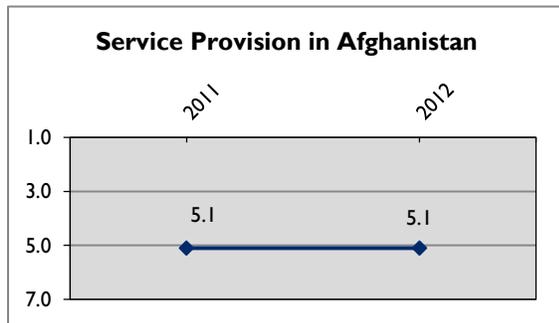
Afghan CSOs provide a wide variety of goods and services ranging from basic social services such as health, education, and relief, to more complex areas such as economic development and women's empowerment. Many CSOs are engaged in sectors that are of particular interest to donors, including education and women's rights. *Jirgas* and *shuras* provide decision-making and conflict resolution services in the community. They also help CSOs and the government address community priorities and sometimes facilitate the implementation of projects.

CSO services have become more responsive to beneficiaries in recent years, although CSOs are still sometimes powerless to respond to pressing concerns related to unemployment and alleged corruption. The international community still largely determines the range of CSO activities, and CSOs are sometimes constrained by donor priorities that do not necessarily match community needs.

CSOs generally need to have a large beneficiary base that confers legitimacy in order to access foreign funding. Therefore, most CSOs provide goods and services to the wider community.

Few CSOs employ cost recovery mechanisms or charge fees for services. Many CSOs believe they should provide services for free, in part because many beneficiaries are unable to pay for services. Moreover, some CSOs believe that earning income could potentially harm their public images, especially as the public already tends to confuse CSOs and for-profit organizations.

The extent to which the government values CSOs' provision and monitoring of basic social services varies. Most CSOs praise local officials for facilitating their activities. For example, the National Solidarity Program (NSP), which was created in 2003 by the Ministry of Rural Rehabilitation and Development to build the ability of Afghan communities to identify, plan, manage and monitor their own development projects, is partly implemented by CSOs with the support of Community Development Councils. However, some government officials interfere in the work of CSOs, rather than working with them to deliver positive outcomes. CSOs critical of the government are the most likely to be targeted, but some officials also demand bribes in exchange for facilitating the implementation of projects. In addition, the government continues to view CSOs as competitors for donor funds. The government rarely provides funding to CSOs for service provision.

INFRASTRUCTURE: 5.1

The infrastructure supporting CSOs in Afghanistan did not change significantly in 2012 as compared to 2011, and considerable gaps remain.

A few intermediary support organizations (ISOs) exist. These ISOs provide practical training, including on proposal writing and project implementation, and they sometimes distribute equipment to NGOs. For example, the Agency Coordinating Body for Afghan Relief and Development

(ACBAR) provides information and training, and it supports CSO advocacy campaigns. Almost all ISOs are based in Kabul, which significantly limits their accessibility to CSOs in remote areas of the country. However, some provincial networks like the Mazar Civil Society Union, a grassroots coordination body, are also active in empowering local CSOs. The Union has been particularly effective in mobilizing the community and media to protest alleged government abuses.

Infrastructure in Afghanistan

	2011	2012
1.0		
3.0		
	5.1	5.1
5.0		
7.0		
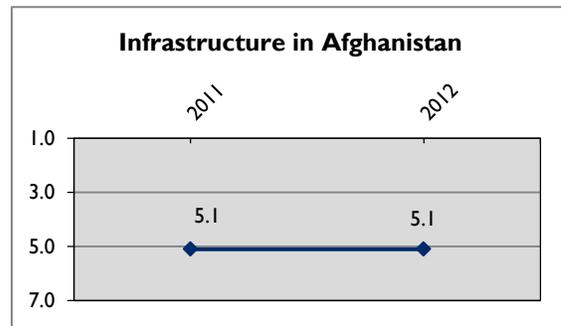
While the sustainability of donor-funded ISOs could be threatened in the coming years, some ISOs have proved capable of generating the support they need for their activities and programs. For example, ACBAR receives approximately $20,000 from its partners every year, with each NGO contributing based on its revenues. ACSF appears to have diversified its revenue as well, securing funding from a number of foreign donors for the next years, thereby allowing its network to continue operating across the country. Although it faces some financial difficulties, the Assistance to Defend Women Rights Organization (ADWRO), based in Mazar-e-Sharif, is also optimistic about its development and plans to expand into new regions. ISOs charge international organizations and consultants to use their resources, but do not systematically charge local organizations.

Only a few local grant-making organizations exist in Afghanistan. Notably, in 2012, IPACS provided $88,760 to each of five CSOs to re-grant to other organizations in order to build their grant administration skills.

CSOs share information and work together through informal networks. Coalitions and networks are becoming more common, although they still tend to be informal. Organizations often establish ad hoc relationships to achieve similar objectives. For instance, media NGOs work together to conduct investigations and report on corruption. However, rivalries among CSOs sometimes weaken cooperation.

CSOs have access to training on strategic management, accounting, financial management, and other topics, but there is a need for additional training on topics such as fundraising and volunteer management, and more advanced training on subjects such as monitoring and evaluation and report writing. In addition, training is very limited outside of the main cities. While training materials are usually available in both Dari and Pashto, trainings tend to be conducted in Dari, which places Pashto speakers at a disadvantage.

CSOs sometimes collaborate with the government or media organizations but have very limited relations with local businesses. Moreover, the business sector is not enthusiastic about the possibilities for and advantages of such partnerships.

PUBLIC IMAGE: 4.9

Positive media coverage of CSO activities at both the local and national levels is rare. The Afghan media continue to be interested primarily in sensational news stories and rarely report on the successful implementation of aid programs. Women's issues and the work of women's rights CSOs are more likely to benefit from regular and positive coverage because of the widespread violence against women and the strategic decision of some media to cover such issues. Many news outlets

Public Image in Afghanistan

	2011	2012
1.0		
3.0	4.9	4.9
5.0	◆	◆
7.0		
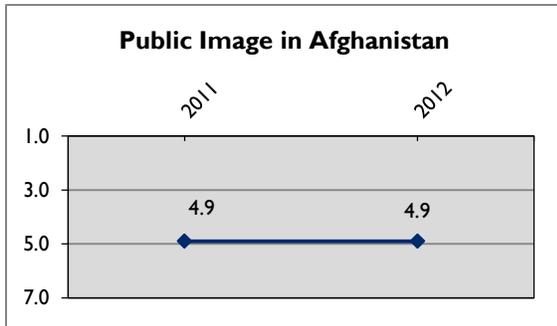
consider reporting on CSO activities to be advertising and therefore charge for such coverage, which most CSOs are unable to afford.

Some high-profile CSOs regularly participate in roundtable discussions in the national media. Local CSOs work to develop relations with provincial media outlets, especially in isolated areas like Daikundi Province where local reporters tend to have limited relations with Kabul and use CSOs as sources of information.

Except for the largest organizations, very few CSOs actively promote their public images or develop relations with journalists. CSOs, especially those based in the East and the South, prefer to maintain a low profile to avoid becoming potential targets of insurgent groups or criminal networks. CSOs based outside of the main cities have very little capacity to engage with the national media.

Many people are confused about the nature and purpose of CSOs' work. According to The Asia Foundation's 2012 survey, only 24 percent of Afghans think that national NGOs work in the interest of the Afghan people, while 47 percent believe that NGOs work for profit. Insurgent groups regularly accuse CSOs of being non-believers or involved in sinful activities because they receive funding from international donors. Left unaddressed, such rumors seriously damage the sector's reputation. However, beneficiaries and others who are aware of CSOs' work and understand the concept of CSOs are highly supportive of CSO activities.

Government perception of the CSO sector has improved over the past decade, but continues to vary by province and district depending on the local leadership. Some government officials praise CSOs' work and rely on them as community resources, whereas others publicly criticize CSO activities. In some areas, the government takes credit for CSO activities. CSOs have little interaction with private companies, as the business sector does not seem to have a clear understanding of CSOs' work.

The level of transparency in CSO operations varies based on a CSO's size, beneficiaries, and sources of funding. Smaller CSOs often do not see the benefit of publishing reports, as they feel that very few people are interested in reading about their activities. In contrast, larger CSOs publish codes of ethics and annual reports. These practices are becoming more widespread as ISOs and donors encourage CSOs to be as transparent as possible.

ANNEX: CSO SUSTAINABILITY INDEX METHODOLOGY FOR AFGHANISTAN

I. Overview

The 2012 CSO Sustainability for Afghanistan was developed in close cooperation with local CSOs. A local implementing partner convened a panel of experts, 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 expert panel discussed and scored each indicator. 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.

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, it 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 Panel 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 2012 CSO (Civil Society Organization) Sustainability Index for Afghanistan. The reporting year will cover the period of January 1, 2012 to December 31, 2012.

1. Carefully select a group of 8-12 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; and

- 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 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. 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[2] 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.

4. 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

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[2] Arithmetic mean is the sum of all scores divided by the total number of scores.

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.

5. 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.

6. 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.

7. Prepare a Draft Country Report. The report should cover events during the calendar (as opposed to fiscal) year January 1, 2012, through December 31, 2012. 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 2012 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 MSI. Please cc: the Aga Khan Foundation and 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.

8. 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.

9. 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.

10. 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 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 (EC) 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 USAID, 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 an implementer directly to discuss final scores and to clarify items in the country report prior to finalizing the scores and country reports.

Implementers are encouraged to remind their expert panel 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 the panel to compare its 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 the panel should use the following steps to guide him or her through the individual rating process. The same process will be then be used at 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 Building[3].* 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?

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[3] 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.

____ *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.)?

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 advocacy[4] 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.)*

____ *Lobbying[5] 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.)*

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

[5] Lobbying: Attempts by CSOs to directly influence the legislative process.

_____ *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?

_____ *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*[6]. 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?

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[6] 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.

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?