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2011 CSO SUSTAINABILITY INDEX

FOR PAKISTAN



The 2011 CSO Sustainability Index for Pakistan

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

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INTRODUCTION

The 2011 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 countries in Central and Eastern Europe and Eurasia, Sub-Saharan Africa, and the Middle East and North Africa, and Afghanistan.

This Index uses the same methodology as that of other editions of the Sustainability Index, with the addition of regional panels of experts to reflect the diversity of this large country. In Pakistan, the regional expert panels assessed the CSO sector in terms of seven interrelated dimensions: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. The dimension scores were averaged to produce a preliminary CSO sustainability score for the region. The national level panel then followed the same methodology to arrive at a national score. The regional level scores were not averaged to create a national level score, but served as data that the national panel considered in its deliberations. Based on the expert panels' 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 scores is provided in the Annex, and at http://transition.usaid.gov/our_work/democracy_and_governance/technical_areas/civil_society/angosi/.

The scores and narrative report provided in this inaugural edition of the CSO Sustainability Index for Pakistan can serve as a baseline for future studies, providing context and a basis to track advances and setbacks in the CSO sector's development.

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.

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PAKISTAN



Capital: Islamabad

Government Type: Federal republic

Population: 190,291,129

GDP per capita (PPP): \$2,800

Human Development Index: 145*

CSO SUSTAINABILITY: 4.0

Civil society in Pakistan encompasses a diverse and broad range of non-state actors including NGOs, CBOs, coalitions, faith-based organizations, professional associations, trade unions, labor unions, citizen groups, and voluntary organizations. CSOs vary significantly in terms of their size, scope, and effectiveness.

There is no comprehensive database on the sector and few initiatives have attempted to systematically analyze various issues facing CSOs. Consequently, data on the sector tends to be outdated and incomplete, often focusing exclusively on developmental CSOs. A 2002 study conducted by the Social Policy and Development Centre (SPDC), in conjunction with the Aga Khan Foundation and the Center for Civil Society at Johns Hopkins University, is the only reliable study of the sector in Pakistan, even though it was conducted nearly a decade ago.

According to the SPDC study, the greatest concentration of CSOs was in the education sector. Of the 46 percent of CSOs involved in education, 30 percent provided religious education, 8 percent provided primary education, 5 percent provided secondary education, and 3 percent provided vocational, technical, or special education. The second largest concentration of CSOs (18 percent) was in the area of civil rights and advocacy. Eight percent of CSOs provided social services, 6 percent were involved in the health sector, and 5 percent reported culture and recreation as their main activity.

CSOs are heavily concentrated in Punjab and Sindh provinces. These two provinces account for 56 and 34 percent of the total number of CSOs in the country, largely mirroring their shares of the country's population (55 percent and 23 percent). The remaining 10 percent of CSOs are based in Khyber Pakhtunkhwa (KP) and Baluchistan, which constitute 13.4 percent and 5 percent of the country's total population respectively. The

* Capital, government type, population (July 2011 est.), and GDP per capita (2011 est.) drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/the-world-factbook/>. 2011 Human Development Index ranking from <http://hdr.undp.org/en/statistics/>.

low number of CSOs in KP and Baluchistan is due to logistical difficulties, widespread illiteracy, and limitations on women's mobility that are largely attributed to tribal and feudal culture.

During 2011, Pakistan's CSOs received both national and global attention because of the constructive role they played in disaster relief, as well as the political instability and the worsening security situation in the country. CSOs played a vital role in providing humanitarian and reconstruction assistance to those affected by two devastating floods in 2010. The floods pushed an even larger segment of the population below the poverty line, particularly in Southern Punjab and Sindh. According to a preliminary district-level analysis by the Pakistan Institute of Development Economics Islamabad, "The flood has severely affected 20 million people. Given that around one-third of them were poor prior to the flood and another one-third have moved into poverty because of the flood, at least for a short period of time, the flood has added 16 to 17 million poor at the national level."

The increased poverty has resulted in a surge in foreign development assistance. At the same time, the unstable political situation and terrorism hinders humanitarian activities by exposing development workers to security risks, particularly in sensitive areas.

Religion plays an important role in shaping Pakistan's civil society, and religious giving constitutes a significant share of funding for many CSOs. Inspired by global practices, businesses are at a nascent stage of systemizing their philanthropy practices through various corporate social responsibility (CSR) initiatives. The deregulation of electronic media in Pakistan in the early 2000s and the subsequent inflow of private capital into the media sector have resulted in both a liberation and proliferation of media entities that now play a key role in creating an aware and empowered civil society in Pakistan.

In 2009, the estimated number of CSOs in Pakistan, including registered and unregistered organizations was 100,000, but, as a result of weak monitoring by registration authorities, many inactive CSOs remain on the books. According to the SPDC study, in 2002, there were 56,000 registered organizations in Pakistan with an inactivity rate of 53 percent, leaving approximately 30,000 active and registered CSOs.

LEGAL ENVIRONMENT: 3.6

The legal environment for civil society in Pakistan is largely favorable. To secure legal status, CSOs have to register under either the Voluntary Social Welfare Agencies Registration and Control Ordinance of 1961; the Societies Registration Act of 1860; the Companies' Ordinance of 1984; or the Trust Act of 1882. The Voluntary Social Welfare Agencies Act was created to register grassroots organizations. The Societies Registration Act was created to regulate professional, scientific, and fine art activities, but now also encompasses charitable and social organizations. Section 42 of the Company Ordinance permits the registration of a company to promote commerce, science, arts, religion, sports, charity, or social services. The Trust Act provides legal status for private acts of public charity. Registration under this act is optional. A majority of CSOs find the registration process fairly straightforward, particularly those registering under the Voluntary Social Welfare Agencies Registration and Control Ordinance or the Societies Registration Act.

CSOs experience some regional variations in the legal environment. For example, CSOs in Sindh are not required to renew their registration, while those operating in other provinces are required to re-register periodically. Many CSOs in Sindh and Punjab complain about corruption and undue interference from government officials during the registration process. CSOs working in conflict zones face special challenges. To work in high security areas, CSOs are required to complete additional registration processes, including operational clearances from relevant security authorities.

The government, at both the national and provincial levels, generally adopts a supportive attitude towards CSOs, rarely interfering in their work or requiring reports or financial disclosures. However, CSOs advocating for human rights or working in conflict zones are more likely to experience friction with state actors. In addition, CSOs in Baluchistan and KP are under constant surveillance by security agencies due to the political

and geographical sensitivities in these regions. For example, in July 2011, the Division Commissioner of Hazara region in KP demanded that all CSOs working there submit No Objection Certificates (NOCs) from the relevant district, provincial, and federal governments for their projects, along with reports containing comprehensive information about their annual work plans, funding sources (including names of donors), staff members, and scheduled visits of foreigners to their offices or activity areas. CSOs were told that an inability to furnish this information would result in the government limiting their operations in the area. All CSOs submitted the required documents.

The tax regime in the country is generally favorable; however, small CSOs find the process of applying and qualifying for tax exemptions challenging. To address this issue, the Pakistan Centre for Philanthropy (PCP) established the CSO Certification System in 2002-03 upon the authorization of the Revenue Division of the Government of Pakistan. CSOs certified by PCP are entitled to receive income tax benefits. Some districts in Federally Administered Tribal Areas (FATA), including Mohmand and Kurram Agency, are automatically declared tax-exempt, providing a measure of relief to the CSOs operating there. CSOs in Pakistan are generally allowed to earn income and compete for government contracts.

CSOs have limited access to professional legal advice, in part because universities do not offer specific courses on the laws regulating CSOs. In particular, small CSOs working in rural areas face a dearth of legal specialists, while large CSOs operating in urban areas are generally able to procure the services of corporate lawyers.

ORGANIZATIONAL CAPACITY: 4.3

Institutional capacity, encompassing strategic planning, management structures, project design, accountability, and personnel management, varies according to the size of an organization, with smaller CSOs finding such issues more challenging. Similarly, internationally funded CSOs demonstrate more mature organizational structures and operations compared to locally-funded organizations.

Although many CSOs have defined missions, values, and thematic areas, their agendas are significantly conditioned by varying factors. For example, in community-based CSOs, founders and powerful board members who make significant financial contributions largely drive organizational visions. In larger CSOs, strategic planning is influenced by both donor priorities and constituency needs, although lack of organizational capacity to engage in strategic planning remains a major challenge.

The majority of medium and large CSOs have proper management structures in place, with a clear distinction of roles and responsibilities between management and boards. However, a significant number of CSOs in Pakistan lack internal management structures, transparent decision making, and democratic governance. CSOs registered under Section 42 of the Companies Ordinance usually have stronger organizational capacity than other types of CSOs, as this ordinance contains comprehensive requirements for registration.

According to the 2002 SPDC study, CSOs in Pakistan employed over 265,000 people, accounting for approximately 2 percent of non-agricultural employment in the country. CSOs focusing on education employed approximately 70 percent of all employees in the sector. On average, CSOs employ six to nine employees. While many medium and large CSOs employ permanent paid staff, salaries are generally paid from donor funding, and staff retention remains a major challenge.

Many CSOs use participatory community development approaches. For instance, most Rural Support Programs (RSPs), which aim to alleviate poverty and provide social and economic empowerment in primarily rural areas, engage and organize the concerned communities in their initiatives, from the early planning stages to implementation. As a result, beneficiaries have increased ownership of these initiatives, contributing to their long-term sustainability. RSPs are a bottom-up approach to development whereby non-governmental organizations work as autonomous entities at the grassroots on community mobilization. Pioneered in

Pakistan by the Aga Khan Rural Support Program (AKRSP), today there are around eleven RSPs in Pakistan operating at the national and provincial levels.

The SPDC study found that over 200,000 people worked as volunteers in CSOs. Of these, faith-based organizations engaged the largest share, 30 percent. Community-based CSOs and charity-based organizations are also successful at engaging volunteers in their initiatives. In contrast, large CSOs find it difficult to recruit and retain volunteers as they generally offer limited interventions that directly serve the immediate or short-term needs of beneficiaries.

Most registered CSOs have basic office equipment in place, which is generally financed through donor grants. In contrast, small CSOs struggle to obtain even basic office space due to limited resources.

FINANCIAL VIABILITY: 4.3

Indigenous philanthropy is a critical source of support for civil society in Pakistan. According to the Pakistan Centre for Philanthropy, Pakistanis contributed Rs. 140 billion (approximately \$1.7 billion) to civil society in 2009, the equivalent of nearly 1 percent of the nation's GDP. Despite the fact that economic indicators for 2011 are not encouraging, Pakistan climbed from 142nd in 2010 to 34th in 2011 on the Charities Aid Foundation's World Giving Index. This jump in ranking may be attributed to the floods and other natural disasters that had a noticeable impact on giving in Pakistan.

The SPDC study reported that 87 percent of CSO funding in Pakistan came from private indigenous sources. Public sector contributions, including government support and bilateral and multilateral aid in the form of both grants and contracts, accounted for only seven percent of the sector's revenue base, while private foreign philanthropy from individuals, foundations, and corporate sources was six percent.

Most CSOs have little financial diversity. The majority of CSOs are predominantly dependent on either local philanthropic contributions or foreign donor funding, rather than a mix of funding sources (local, or local and foreign). Most small and medium-sized organizations lack training in modern resource mobilization techniques such as fund raising events and social media drives. Some CSOs working at the community level have successfully harnessed local non-monetary resources, including volunteer time, land, and supplies. For instance, the Fishermen's Association for Community Empowerment (FACE) in Karachi established a school for girls in Rehri village with local resources from teachers, parents, local philanthropists, and the Union Council.

Sindh and Punjab are home to a considerable number of large organizations that receive charitable contributions in the form of zakat and other giving driven by religious values obligating the provision of basic welfare services, such as food, education, health, and shelter to poor people. Trusts like Alamgir Welfare Trust, Selani Welfare International Trust, and Ansar Burney Welfare Trusts all rely on religious giving to serve thousands of distressed families and individuals. However, in Baluchistan and KP, only faith-based organizations benefit from such local philanthropy, while other CSOs remain heavily dependent on international donor organizations to provide financial support for development activities.

Only a small number of CSOs in Pakistan compete for and earn income from public contracts, mainly as a result of the government's preference for direct service delivery. CSOs generally struggle to implement income generating activities due to the inability of their beneficiaries to pay and because CSOs struggle to develop unique services.

Although financial management systems exist at varying levels of sophistication ranging from manual systems to electronic record-keeping, there is a clear dearth of financial planning and management expertise within the sector. In addition, small CSOs in rural areas lack financial transparency. Few CSOs issue annual financial reports.

ADVOCACY: 3.9

Pakistan's civil society has fairly well-developed advocacy capacity. CSOs have successfully lobbied the government to improve legislation in the areas of environment, civic education, child labor, women rights, and child rights. For example, in 2001, six CSOs formed the Alliance against Sexual Harassment (AASHA) to end sexual harassment of women in the workplace. AASHA worked in close collaboration with senior government officials and the International Labor Organization (ILO) and engaged labor unions, the private sector, CSOs, academia, and working women in their efforts to develop a national policy against sexual harassment. As a result of these efforts, the National Assembly and Senate unanimously passed the Protection from Harassment at the Workplace Act in 2010. CSO coalitions also successfully advocated for the passage of the Acid Control and Acid Crime Prevention Bill 2010 and the Prevention of Anti-Women Practices (Criminal Law Amendment) Bill 2008; the Senate passed both bills in December 2011.

The government consults with CSOs on policy formulation by including them in policy groups. Such consultations take place on an as-needed basis and have not yet taken a more institutionalized form. A number of CSOs, including the Sustainable Development Policy Institute, SPDC, the Research Society of International Law, and the Institute of Policy Studies, are dedicated to informing and recommending public policy by conducting policy-oriented research and advocacy.

CSOs' working relationship with the provincial governments has yet to mature and take an institutionalized form. However, the eighteenth amendment to the Constitution, adopted in 2010, decentralizes power significantly. As a result, provincial governments now have greater opportunities to liaise with CSOs on policy issues and to improve access to and the quality of their services.

CSOs in Pakistan already benefit from a favorable legal and regulatory framework, and feel limited need for further advocacy or improvement in this area.

SERVICE PROVISION: 3.6

CSOs in Pakistan provide a wide range of effective and responsive social services, in fields ranging from health and education to environment and humanitarian assistance. CSO services generally respond to community needs, while also considering donor priorities. CSOs in Sindh worked extensively to provide relief and rehabilitate communities after flooding in 2010 wreaked havoc in this province. In KP, many CSOs focus on peace and security initiatives, whereas in Baluchistan many CSOs provide support to refugees. The participation of women in community development initiatives continues to be a challenge in conservative areas of Baluchistan and KP that are dominated by tribal customs and values.

RSPs have been instrumental in service delivery at the grassroots level. Currently, RSPs have a presence in 108 out of 131 districts and two of the thirteen FATA and Frontier Regions.

At the district level, many CSOs successfully collaborate with the government in the provision of services. For example, the Aga Khan Foundation has successfully collaborated with district governments in Gilgit Baltistan on the Education Development and Improvement Program (EDIP), which has improved access, gender equity, and the quality of education in over 100 mostly government-run schools. Such collaboration remains at the nascent stage at the provincial and national levels.

Many CSO services are provided to citizens who lack the ability to pay for these services. Some membership-based and other CSOs, such as the Civil Society Resource Centre, Pakistan Medical Association, Lawyers Associations, and Pakistan Institute of Architects, recover costs by providing capacity building and other consultancy services to their members for a fee. High-quality services providers are concentrated in Sindh and Punjab.

INFRASTRUCTURE: 4.4

Over the past decade, the sharp rise in external funding flowing into Pakistan has led to tremendous growth among social and community development CSOs. A few resource centers have been established, primarily in Sindh and Punjab, with the purpose of providing networking platforms, technological support, and capacity building to the growing number of CSOs in the country; however, their outreach is limited to urban areas. Resource centers and Intermediary Support Organizations (ISOs) are predominantly dependent upon external funding due to their beneficiaries' limited capacity to pay. In addition, they do not promote their services effectively, leading to a lack of awareness about their services among some potential beneficiaries.

A handful of educational institutions, including the Lahore University of Management Sciences (LUMS), Beacon House National University, and Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology (SZABIST), offer degrees in development. In addition, many training institutions and freelance consultants offer capacity building programs for CSOs and development professionals in the areas of project management, monitoring and evaluation, resource mobilization, governance, finance, and effective management of development funds. However, most CSOs are unable to afford these services, as they are struggling to survive and staff capacity building remains a secondary priority. ISOs are developing initiatives to produce and disseminate training materials translated into local languages. Despite these efforts, there is a dearth of platforms to share knowledge and collaborate towards common objectives.

Many ISOs sub-grant 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), and South Asia Partnership (SAP) Pakistan provide grants, technical assistance, and training for CSOs.

Networks and forums such as the Pakistan NGO Forum and the NGO Coalition on Child Rights promote networking and linkages among likeminded CSOs. The Peace Education and Development (PEAD) Foundation and Save the Children Sweden collaborated with seventeen other CSOs to launch Peace Network Pakistan (PNP) in January 2011. However, due to the increasing competition among CSOs, there is little cross-sector collaboration and information sharing. Lack of communication also contributes to distrust and results in CSOs' ignorance about each other's work, leading to duplication of efforts.

CSOs increasingly partner with businesses, media, and local governments to implement development initiatives, particularly in the areas of health, education, and the environment.

PUBLIC IMAGE: 3.7

The public image of CSOs in Pakistan is mixed. Generally, the public has a more positive attitude towards CSOs that rely primarily on local funding. Hence people are more enthusiastic about participating in and responding to these CSOs' initiatives. For example, rural communities have a positive perception and a sense of ownership in RSPs engaging in service delivery at the grassroots level. The image of internationally-funded CSOs is improving. However, people in some areas still feel that these organizations are driven by hidden agendas and lack transparency.

Media has played a prominent role in promoting the contribution and role of CSOs in development. The work done by CSOs in response to the recurrent natural disasters in Pakistan has brought CSOs into the limelight and improved their public image tremendously. CSOs working in urban areas generally receive more media coverage than community-based CSOs. Many CSOs - particularly those working in rural areas that are otherwise unable to attract media attention by virtue of their size or geographical presence - lack the capacity to effectively use media to promote their causes. Large CSOs, on the other hand, extensively use media to mobilize resources and promote their public image.

The public image of CSOs in Baluchistan and KP remains a point of concern. Local stakeholders in these areas view CSOs with distrust, particularly suspecting CSOs funded by international donors of harboring hidden agendas. Some CSO workers in these regions have reportedly been kidnapped or killed by extremist groups or by criminals for ransom. Media are cautious about reporting civil society activities or challenges in these regions in order to avoid exposing CSO staff.

The business sector increasingly supports CSOs through CSR initiatives. For example, Pakistan State Oil (PSO) has helped the Chhipa Welfare Association to purchase fully equipped, air-conditioned ambulances and Family Education Service Foundation to establish a school and two vocational centers for deaf students in Karachi and Lahore. Engro Corporation, one of the largest business conglomerates in Pakistan, supports many CSOs in the areas of education, health, water and sanitation, infrastructure, social welfare, and emergency relief activities. While district governments often provide support to CSOs to deliver services, national and provincial governments are reluctant to recognize the role of CSOs in development, instead generally viewing CSOs as competitors for funding from international donors.

Only a handful of CSOs publish annual reports. Many registered CSOs submit reports to authorities solely for compliance purposes. A limited number of large CSOs have developed codes of ethics.

ANNEX: CSO SUSTAINABILITY INDEX METHODOLOGY FOR PAKISTAN

I. OVERVIEW

The 2011 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 at least eight representatives of a diverse group of CSOs and related experts, to assess the sector in each of seven dimensions. As developed by the U.S. Agency for International Development (USAID), the Index is built up from indicators for each dimension. The regional level panels discussed and scored each indicator of a dimension, averaging these together for a preliminary regional dimension score. Dimension scores were averaged together for a preliminary regional score for CSO sustainability. The implementing partner then convened a national level panel to arrive at national level scores, following the same methodology. The regional level scores were not averaged to create a national level score, but served as important data – along with other data the national level panel had access to – that assisted the national panel in arriving at sound national scores. The implementing partner drafted a country report based on the expert panels’ discussions, as well as its 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, 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.

The instructions provided to the implementing partners and a description of the methodology can be found below. Details on the standard CSOSI methodology, ratings and questionnaire used by the expert panels can be found at

http://transition.usaid.gov/our_work/democracy_and_governance/technical_areas/civil_society/angosi/.

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 2011 CSO Sustainability Index. This is the first year of conducting the CSO Sustainability Index for Pakistan, and it will cover the period of January 1, 2011 to December 31, 2011.

Panels will be assembled at both the national and regional levels to enable the report to cover both the country as a whole and regional variations in the sustainability of CSOs. The boundaries of regions will be determined by the partner in consultation with MSI. They should be based on widely accepted usage; how the CSOSI funders (the Aga Khan Foundation and, in other regions, the U.S. Agency for International Development) define regions in your country; major geographical divides; and major socio-political differences. One region will be the capital and environs. The partner will submit an explanation for its designation of regions and the representation of the regions on the panels to MSI as part of the workplan. The partner should also assemble a national panel of up to 8 experts to review the regional scores and their aggregation, and determine final national level scores.

The basic methodology is as follows:

1. Carefully select a group of 6-8 representatives of civil society for each region, including the capital region, and for the national level. Each panel should include 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.

We recommend that at least 70% of the Expert Panels be nationals. CSOs represented on the panel can be focused on advocacy or social service delivery. To the extent possible, CSOs should represent both rural and urban parts of the country. They could include: women’s groups, minority populations, and marginalized groups and 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 Aga Khan Foundation, as the funder of this exercise, should be invited to attend all of the panel meetings. AKF may ask that you also invite a representative of USAID.

2. Ensure that panel members understand the objectives of the exercise. The objective of the panels 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.

3. Convene the meetings of the CSO Expert Panels, concluding all regional level meetings before the national level meeting.

4. At the Expert Panel meetings, please remind participants that each indicator and dimension of CSOSI should be scored according to evidence-based, country (or region) -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, average these scores together for a preliminary score for the *dimension*.

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. Review each of the seven dimensions of the Index in a similar manner.

6. When done scoring all seven dimensions, **average the final dimension scores together** to get the final Index score for the region.

7. Be sure to **take careful notes** throughout the discussions, including during the discussion of each indicator. These detailed justifications for all scores will serve as a basis for the written report. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Ultimately, every rating awarded should be substantially supported by evidence, and should reflect consensus among group members.

8. **Convene the expert panel of up to 8 members at the national level** determine the national level scores. The national level panel should follow steps (4) through (6) above to arrive at a national level, country score; in other words, each step – scoring each indicator of each dimension, dropping the outlying scores for each indicator, averaging indicator scores to arrive at dimension scores, reviewing dimension scores against the instructions, averaging all dimension scores to arrive at a final single score, and recording all discussions – should be applied to the country as a whole. (The regional level scores are not to be averaged to create a national level score, but will serve as data – along with other data the national panel will have access to – that assists the national panel in arriving at a sound national score.) The national level panel should also review the regional results for consistency in applying the methodology.

Please remind the panel that report will be reviewed by an Editorial Committee (EC) in Washington, DC which may provide feedback on recommended scores and possible 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. 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 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 reports with rankings via email to MSI. Please cc: AKF and the International Center for Not-for-Profit Law (ICNL) which is assisting in providing training and 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 will review the scores and draft report**, and will discuss any issues or remaining concerns with the CSO implementer. The EC consists of representatives from AKF, MSI, 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 CSO 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 MSI and AKF.

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 be then be used the CSO Expert Panel meetings, at both regional and national levels, 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.

At the regional level, panel members should in the first instance answer indicator questions as they apply to the region under consideration. Some questions, however, may pertain to the national level (such as the presence of national level laws). Regional panel members should respond to such questions as they experienced at/ or as seen through the lens of the regional level; panel members should take into account both regional and national level factors affecting the region in question (for example, local laws and policies as well as national laws and policies). Region-specific circumstances 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.)?

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?

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.

- *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?
- *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

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.

- *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.

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