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2012 CSO SUSTAINABILITY INDEX

FOR PAKISTAN



The 2012 CSO Sustainability Index for Pakistan

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

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INTRODUCTION

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

This Index used the same methodology as that of other editions of the Sustainability Index, with the addition of regional panels to reflect the diversity of this large country. Regional panels met to discuss progress and setbacks in seven interrelated dimensions of CSO sustainability: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. This regional information served to inform the national panel about regional trends. The national panel assigned scores to the seven dimensions. The dimension scores were then averaged to produce an overall CSO sustainability score.

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.

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

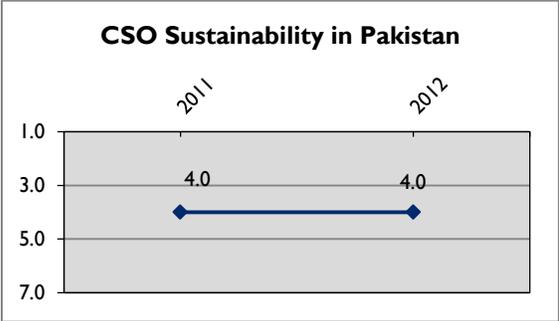
Population: 193,238,868

GDP per capita (PPP): \$2,900

Human Development Index: 146¹

CSO SUSTAINABILITY: 4.0

2012 was a turbulent year in Pakistan, marked by the judicial ouster of the Prime Minister, attacks on civilians by militant groups, growing electricity shortages, rising food and fuel prices, and persecution of religious minorities. In September, for the third consecutive year, the southwestern province of Baluchistan experienced massive flooding, displacing some 700,000 people. Militant groups regularly attacked students and teachers. On October 9, 2012, gunmen shot a fifteen-year-old student who was an outspoken advocate for children’s right to education. In the face of this volatility, CSOs continued to engage actively in relief activities, while also organizing protests and demonstrations for the rights of minorities and women’s education.



CSOs in Pakistan range from small voluntary organizations dependent on charitable donations from community members to well-established CSOs that receive international funding and employ paid, full-time professionals. The majority of CSOs operating in Pakistan are faith-based organizations (FBOs) that provide religious education with financial and material support from individuals within Pakistan and abroad.

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/>.

CSOs in Pakistan deliver services, advocate, and engage in emergency relief and rehabilitation. CSOs focused on service delivery provide a wide range of effective and responsive social services in fields ranging from health and education to environment and humanitarian assistance. Advocacy organizations focus on legal rights, literacy, women’s issues, and children’s, minority, and human rights.

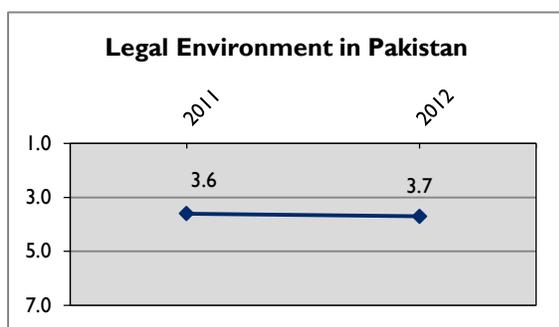
There is no comprehensive database on the sector. Consequently, data on the sector tends to be outdated and incomplete, often focusing exclusively on developmental CSOs. Despite the existence of favorable registration laws, a large number of CSOs remain unregistered. According to a statement by the Minister of Social Welfare and Special Education in 2010, there were approximately 100,000 NGOs and CBOs operating in the country, 60,000 to 70,000 of which were registered.

Civil society in Pakistan has increasing influence on public policy in the areas of environmental protection, civic and voter education, child labor, youth affairs, women’s rights, education, and child rights, and has been successful in accessing geographically remote communities that the government is unable to reach. CSOs are also accelerating their efforts to build new constituencies.

CSOs providing services to communities in the areas of education, health, and emergency services are able to harness indigenous funding from the business sector, community donations in the form of Zakat (religious giving) and in-kind donations, and government-sponsored institutions. However, CSOs engaged in advocacy and public policy continue to rely on foreign donor support. Although official estimates are not available, many civil society experts believe that local philanthropic contributions to the development sector are greater than foreign contributions.

In 2012, academic institutions significantly increased their support to the civil society sector in the areas of public policy, research, and capacity building. The media plays a key role in increasing public awareness of social and political issues. Enhanced access to information has increased the desire among youth to become more involved in their communities. Notably, CSOs increasingly utilize social media platforms, such as Facebook and Twitter, to promote awareness of and support for a wide range of social welfare issues. In addition, the corporate sector has enhanced its support to CSOs through corporate social responsibility (CSR) initiatives.

LEGAL ENVIRONMENT: 3.7



The legal environment in Pakistan deteriorated slightly in 2012, largely as a result of the introduction of new procedures in Khyber Pakhtunkhwa (KPK), requiring all local and international CSOs to obtain No Objection Certificates (NOCs) in order to undertake activities in specific districts of the province.

CSOs can register and operate under more than a half-dozen acts and ordinances, including the Societies Act of 1860, Charitable and Endowment Act of 1890, Voluntary Social Welfare Agencies (Registration and Control) Ordinance of 1961, Trust Act of 1882, Cooperative Societies Act of 1925, Companies Ordinance of 1984, and Local Government Ordinance of 2001. The majority of

CSOs are registered as Societies, Trusts, or Voluntary Social Welfare Agencies. Registration for these forms can be completed in about two weeks. In comparison, registering a non-profit company could take up to a year. Registration fees are not prohibitive.

The rules and regulations for registering under any of the laws are well-defined. However, with the exception of the Companies Ordinance of 1984, these laws are seldom implemented in letter and spirit. Therefore, at the time this report was written, it was relatively easy for CSOs to bribe officials to register them without the necessary processing. Most CSOs need to seek a lawyer's guidance through the application process.

Many organizations remain unregistered. One of the biggest incentives for registering is the ability to receive foreign funding yet many organizations may not anticipate receiving such support. In addition, many community-based organizations (CBOs) simply lack the institutional capacity to register.

Once an organization is registered, it is not required to renew its registration. Organizations registered under the Companies Ordinance have to submit annual reports following their annual general meetings to renew their registration. Finally and importantly, CSOs were not harassed by the government to any great extent during 2012.

In 2012, the Securities and Exchange Commission of Pakistan (SECP), which registers and licenses non-profit organizations as limited liability companies, started drafting Licensing and Corporate Governance Regulations for Non-Profit Associations and shared this draft with stakeholders for feedback. These regulations aim to improve the requirements and procedures related to licensing non-profit associations and ensure effective scrutiny of applicants for corporate NGO status. The proposed regulations are also expected to bring about more transparency regarding CSOs' use of donations and funds and hopefully increase donors' confidence in CSOs. In addition, a member of the Senate introduced a private bill, the Regulations of Foreign Contributions Bill 2012, to develop a new regulatory framework for all CSOs, especially those that receive significant amounts of foreign funding.

There are some regional variations in the legal environment governing CSOs. In Sindh and Punjab provinces, the government is generally supportive of CSOs and rarely interferes with their work or demands reports or financial disclosures. However, CSOs operating in Khyber Pakhtunkhwa (KPK), Baluchistan, and the Federally Administered Tribal Areas (FATA) are under constant surveillance by the security agencies due to political and geographical sensitivities. Notably, the KPK government adopted a new procedure that made it mandatory for all local and international CSOs working in specific districts to obtain a No Objection Certificate (NOC) from the Provincial Home and Tribal Affairs Department in order to undertake activities in the ten districts of the province. This new procedure impeded the timely execution of CSO projects during the year.

The tax regime, which is generally favorable, did not change significantly in 2012. CSOs regulated as non-profit organizations are entitled to certain benefits and concessions whether or not they are approved by the tax authorities. CSOs approved by the tax authorities at various levels are entitled to some additional benefits. CSOs also have to be registered with the Central Board of Revenue to apply for tax exemptions. The Ministry of Finance grants income tax exemptions while individual

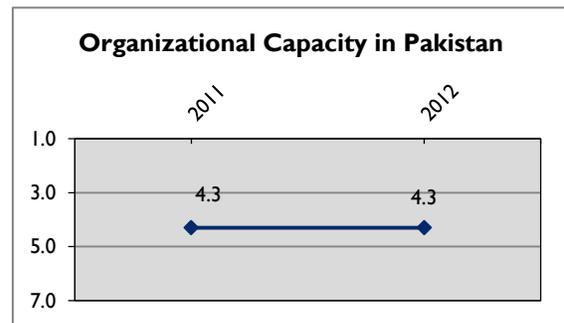
and corporate donors also benefit from tax exemptions. CSOs in Pakistan are generally allowed to earn income and compete for government contracts.

CSOs have limited access to professional legal advice primarily because law schools in Pakistan do not offer specific courses on the laws regulating CSOs. Registration bodies also have limited capacity to provide advice and guidance to CSOs on legal matters. Small CSOs working in rural areas face a dearth of legal specialists, while large CSOs operating in urban areas are able to procure the services of corporate lawyers. Large CSOs increasingly involve lawyers on their governing boards and executive committees.

ORGANIZATIONAL CAPACITY: 4.3

The organizational capacity of CSOs in Pakistan varies according to the size of the organization. While smaller CSOs often lack proper organizational structures, large CSOs with international funding demonstrate more mature organizational structures and operations.

Most CSOs, especially those that rely heavily on donor funding, lack strategic direction and constantly re-align their goals and activities with donor priorities. CBOs that rely primarily on indigenous funding tend to operate on an ad hoc basis and lack longer-term plans, but generally respond to the needs of local constituencies.

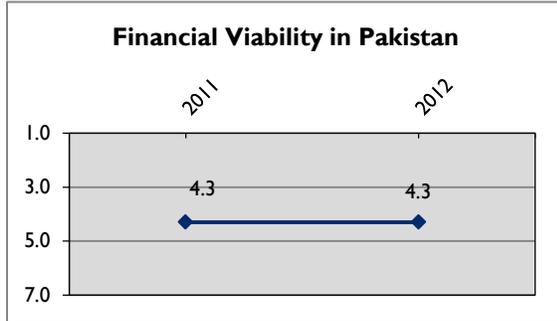


The performance of most small- and medium-sized CSOs generally depends on the commitment and enthusiasm of their founders, who often continue to lead the organizations for decades. In addition, such organizations often have long-serving board members, who are usually from the founding members' extended families, thereby inhibiting transparency and accountability in their governance structures. Board members frequently become involved in the operational management of CSOs, leaving little separation between management and governance roles.

Traditionally, small CSOs have been able to attract local support in the form of volunteers and discounts from vendors and suppliers; however, there was an apparent decline in volunteerism in 2012, with the exception of relief activities. Due to the increasing number of donor-funded development projects undertaken by CSOs, many young educated men and women seem to prefer to work for CSOs rather than volunteer. Many CSOs feel that the younger generation's passion for community service is slowly eroding as job opportunities with NGOs and CBOs increase.

Small community-based CSOs tend to have modest offices and equipment including computers and telecommunications facilities, as the cost of maintaining larger, better equipped offices strains their limited resources. By contrast, medium- to large-sized CSOs possess better office facilities with modern equipment including laptops, printers, and fax machines obtained with donor funding. CSOs in urban and semi-urban areas have Internet access, while those in rural areas have limited Internet access due to a lack of infrastructure and reliable electricity supplies.

FINANCIAL VIABILITY: 4.3



The business sector continues to support CSOs through CSR initiatives. According to a survey conducted by the Pakistan Center for Philanthropy in 2012, publicly listed companies contributed Rs3.8 billion (about \$38.9 million) to social sector development in 2011, an increase of 15 percent from Rs3.3 billion (\$33.8 million) in the previous year. These companies provided support to critical developmental issues such as health, education, and housing. In 2012, telecommunications companies

were at the forefront in this regard. For example, Ufone helped the Kidney Center in Karachi expand its state of the art medical facilities. Mobilink announced the expansion of an SMS-based literacy project in partnership with the United Nations Educational, Scientific and Cultural Organization (UNESCO). It also established camps to support internally displaced persons (IDPs) by ensuring good health and hygiene and the provision of shelter, food, water and sanitation, non-food items, and education.

Most CSOs continue to depend on local philanthropic contributions and foreign donor funding. Foundations and trusts initiated and managed by specific families rely on financial support from these families and their businesses. Many CSOs also receive grants from government-sponsored institutions, such as National and Provincial Social Welfare Councils, Zakat Councils, the Social Action Program, National and Provincial Education Foundations, National and Provincial Health Foundations, the Trust for Voluntary Organizations, and the National Trust for Population Welfare. CSOs working primarily on service delivery, including charitable Trusts that fund hospitals, education institutions, and orphanages, chiefly depend on community donations, such as Zakat (religious giving) and in-kind donations, as well as government resources from the Zakat Fund. In Baluchistan and KPK, several FBOs benefit from local philanthropy. On the other hand, CSOs advocating on issues such as human rights, child rights, advocacy, or government accountability, are generally unable to attract local funding and therefore tend to rely on donor funding.

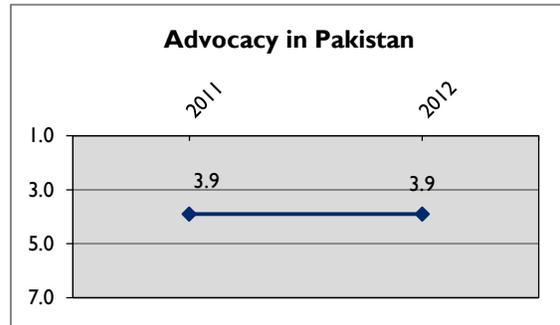
Only a small number of CSOs compete for and earn income from public contracts, mainly as a result of the government's preference for direct service delivery. CSOs continue to struggle to implement income generating activities due to their beneficiaries' inability to pay and because CSOs struggle to develop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

Although CSOs have financial management systems at varying levels of sophistication ranging from manual systems to electronic record-keeping, there continues to be a shortage of financial planning and management expertise within the sector. In addition, small CSOs in rural areas lack financial transparency and only a few CSOs issue annual financial reports.

ADVOCACY: 3.9

In 2012, Pakistan's civil society continued to make strides in the areas of advocacy and lobbying. While the government at both the federal and provincial levels often views CSO activities with suspicion, it is gradually recognizing the role CSOs play.

CSOs successfully lobbied the government to improve legislation in the areas of environmental protection, civic and voter education, child labor, youth affairs, women’s rights, education, and child rights. Civil society played a major role in lobbying for the passage of the development of the National Commission on Status of Women Bill (passed in January 2012); National Commission for Human Rights Bill (passed in May 2012); and Right to Free and Compulsory Education Bill for Children Aged 5 to 16 (passed in November 2012).

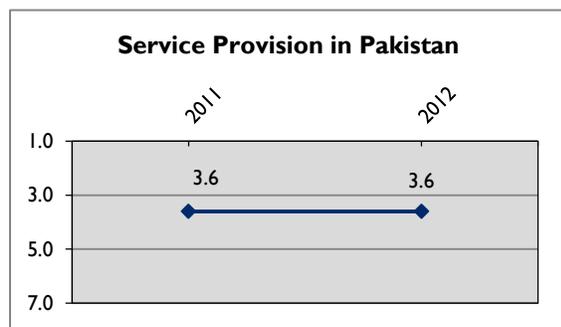


CSOs also staged and participated in many protests and rallies to demand government attention and action against various issues, such as the restoration of local government, violence against children, targeted killings of the Shia community in Quetta and Karachi, and government inaction against Difa-e-Pakistan Council, a political alliance that included a banned militant organization.

Since the eighteenth constitutional amendment on provincial autonomy was adopted in 2010, provinces have been formulating new policies in consultation with CSOs. For example, in 2012, the Bargad Organization for Development and the United Nations Population Fund (UNFPA), in collaboration with the Youth Affairs, Sports, Archaeology and Tourism Department of the Government of Punjab, developed the Youth Policy for the Punjab province. Plan Pakistan, a subsidiary of Plan International, took the lead in implementing one of the components of the Youth Policy. In June 2012, it signed a Memorandum of Understanding (MoU) with the Youth Affairs Department to set up a “Youth Helpline” to provide counseling services to adolescents regarding health and reproductive issues.

As CSOs already benefit from favorable laws governing their registration and operation, there was little effort within the sector to push for better enabling laws during the year.

SERVICE PROVISION: 3.6



As of 2012, there was no up-to-date database of CSO activity in Pakistan. One study of CSOs, conducted in 2002 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, indicated that CSOs in Pakistan engage in a wide set of activities ranging from service delivery and sophisticated financial services to technical advice in areas like agricultural extension, water and sanitation, and

housing construction. In 2012, several CSOs concentrated on providing shelter for internally displaced persons (IDPs) affected by the floods in 2010, environmental protection, and women’s empowerment while other CSOs started working in new areas, such as the rights of home-based workers, domestic workers, and street vendors.

Several charitable Trusts fill critical service gaps. For example, the Edhi Trust provides emergency relief, ambulance services, water supply, and health services to needy communities. The Leyton Rahmatullah Benevolent Trust is the largest non-profit service provider for eye treatments after the government and is known to provide better quality services than the government health facilities.

A network of eleven Rural Support Programs (RSPs) works across rural Pakistan to reduce poverty through a process of social mobilization. RSPs empower the poor by providing villagers with institution building, leadership training, and technical and financial assistance. As of December 2012, the RSPs had collectively fostered the creation of 313,144 Community Organizations (COs) with a membership of 5 million households. These COs had completed 140,933 infrastructure projects and were managing 2,312 primary schools with an enrolment of 88,644. COs are clustered into higher level Local Support Organizations (LSOs) that work with local governments. LSOs undertake many activities without external funding, for example, polio vaccination drives, village-level security systems in the conflict areas of Northern Pakistan, and school enrolment campaigns.

Devolution Trust for Community Empowerment (DTCE), which pioneered the Police-Community Relations Program (PCRP), expanded its program to eight districts in the KPK province in 2012. The PCRP program offers a range of integrated activities, such as a Police Station Monitoring System (PSMS), sensitization workshops for police, establishment and capacity building of Union Public Safety Committees, and Khulli Katcheris (Open Public Forums) to gauge community perceptions of police performance.

In 2012, Aurat Foundation awarded sub-grants to over sixty CSOs under the Gender Equity Program funded by USAID. Grants focused primarily on combating gender-based violence (GBV), with grantees organizing awareness campaigns and training programs and helping women register for Computerized National Identity Cards (CNICs), an important identification document, and access GBV-related services.

The government increasingly recognizes the critical role CSOs play in social service delivery, particularly in remote areas. The federal government channels bilateral and multilateral funds to CSOs for rural development, education, and poverty alleviation. In some cases, it also channels loans secured from international funding agencies to CSOs as grants. In 2012, provincial governments provided large amounts of public sector funds to CSOs for developmental projects.

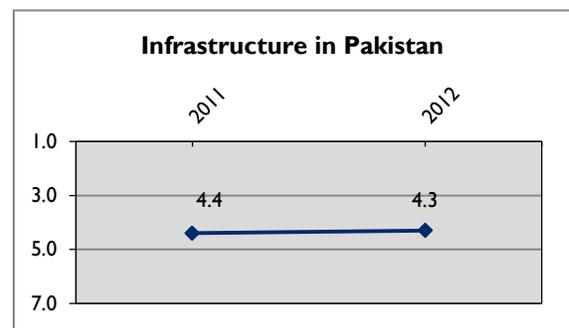
The government successfully collaborates with many CSOs in the provision of basic services. According to research by BMC Health Service published in 2011, around 206 CSOs were engaged in the provision of health services, research, and community mobilization through public-private partnerships. For example, an alliance of fifteen CSOs working in the health sector collaborated with the federal government under the Global Alliance for Vaccines and Immunization (GAVI) to implement the Extended Programme on Immunization (EPI) in thirty-four districts in Pakistan. Other successful service delivery projects managed collaboratively by CSOs and the government include the development of the National Action Plan for the prevention and control of non-communicable diseases and health promotion in collaboration with Heartfile; and the formation of a non-governmental think tank and the Leprosy Control Program in collaboration with the Marie-Adelaide Leprosy Society.

The government’s recognition of the contribution of CSOs to service delivery has improved not only due to the limited reach of the state’s services, but also because of CSOs’ comparative advantage in service provision. Specifically, CSOs are more able to innovate and experiment in programming; be flexible and quickly adopt new programs; and maintain strong ties with the community, which ensures the community’s participation in program design and implementation, thereby fostering self-reliance and sustainability.

The majority of CSOs do not charge their beneficiaries for services, as they generally lack the ability to pay. However, some membership-based CSOs, such as nursing associations, the Pakistan Medical Association, lawyers associations, and the Employers Federation of Pakistan, are able to recover their costs by providing capacity building and other services to their members for a fee.

INFRASTRUCTURE: 4.3

Resource centers and intermediary support organizations (ISOs) in Pakistan depend predominantly on external funding due to the limited capacity of beneficiaries to pay, though this need is gradually decreasing as donors increasingly work on project implementation directly with medium- and small-sized CSOs. Approximately fifteen resource centers, including Akhtar Hameed Khan Resource Centre, ASR Resource Centre, Civil Society Resource Centre, Indus Resource Centre, Institute of Rural Management, Punjab Urban Resource, and Shirkat Gah – Women’s Resource Centre, continue to operate, primarily in the urban areas of the Sindh and Punjab provinces with limited outreach to rural areas. These centers provide networking platforms, information technology support, and capacity building services to CSOs. However, the sustainability of these centers remains a challenge, especially since donor investments in capacity building services have fallen significantly over the last two years, as funds are shifted to service provision and advocacy initiatives.



Various training institutions and independent trainers offer capacity building programs for CSOs and development professionals in the areas of project management, monitoring and evaluation, resource mobilization, governance, finance, and the effective management of development funds. These trainings are customized to meet local needs and are offered in local languages, when required. However, staff capacity building remains a low priority for most CSOs, and few organizations can afford these services unless supported by donor projects or grants. In addition, capacity building services are not well-advertised and many CSO leaders are unaware of these opportunities.

In 2012, academic institutions significantly increased their support to the civil society sector in the areas of public policy, research, and capacity building. The Assessment and Strengthening Program (ASP), a USAID-funded initiative, attempts to bring the management of CSOs and the government of Pakistan to a higher level of excellence, accountability, and transparency. The Lahore University of Management Sciences (LUMS) provides academic support to assess and strengthen the capacities of CSOs and the government through training and research. Similarly, with support from USAID, the Foreman Christian College Lahore initiated the Center for Public Policy and Governance

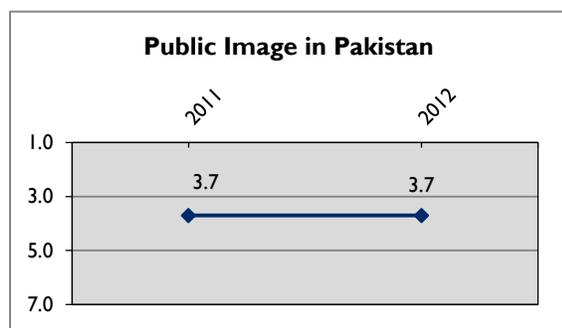
(CPPG), envisioned as an academic, research, and training institute to support civil society. CPPG has established a state-of-the-art policy resource center to facilitate researchers, students and policy makers and has conducted a series of policy dialogues and training workshops to influence policy in the field of agriculture, education, local governance, anti-terrorism, and energy. Through its academic programs, multidisciplinary research agenda, collaborative research initiatives, seminars, conferences, training workshops, publications, and outreach, the CPPG will provide assistance in technical and conceptual areas, and policy analysis and formulation in a broad spectrum of public policy and governance issues. Although CSOs generally consider the engagement of academic institutions as a positive trend, academic institutions' limited experience with community issues remains a challenge to making these programs relevant to CSOs.

CSOs participate in many coordination forums and coalitions. The Coalition for Humanitarian Assistance, Campaign for Quality Education, Pakistan Coalition for Education, Coordination Council of Women Volunteer Organization, and Coordination Council for Child Welfare organized a number of awareness programs, dialogues, and consultative sessions in 2012. CSOs also formed some new coalitions including the Insaf Network Pakistan, an alliance of twenty-seven CSOs for equitable justice and basic rights; National Peasants Coalition of Pakistan, a national coalition of peasant movements, civil society, and land rights activists; and Anti-Torture Alliance Pakistan, an alliance of twenty-three organizations advocating and lobbying for legislation to stop torture.

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

As in 2011, CSOs continued to partner with businesses and media 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 remained largely positive in 2012. CSOs providing services with local funding generally receive positive media coverage as they engage communities in development efforts. However, large CSOs based in urban areas that rely on donor funding continue to struggle for a positive image since the general public perceives these CSOs as driven by hidden Western agendas and lacking transparency. A number of training programs organized for journalists in

previous years by the Rural Media Network Pakistan, US Consulate, and Acid Survivors Pakistan helped improve the media coverage of CSOs.

The liberalization of media in Pakistan since 2002 also helped increase public awareness about social issues. According to a 2012 report by the World Organization for Resource Development and Education entitled “Pakistan’s Civil Society: Alternative Channels to Counter Violent Extremism,” enhanced access to information has augmented the desire among youth to become more involved in

their communities. Youth have started working professionally in the non-profit sector and have established CSOs at an unprecedented rate because of a lack of confidence in the government's resolve to address many social issues. Moreover, the increased use of mobile and Internet applications has enabled organizations to use social media platforms, such as Facebook and Twitter, creating awareness about and harnessing support for a wide range of social welfare issues. Furthermore, media coverage of CSO work has increased around the recurrent natural disasters in Pakistan, as CSOs engage citizens in their relief activities.

In 2012, the public image of CSOs in Baluchistan and KPK continued to be a concern. Local stakeholders in these areas view CSOs with distrust, particularly suspecting CSOs funded by international donors of harboring hidden agendas. Media are cautious about reporting civil society activities or challenges in these regions to avoid exposing CSO staff.

District governments are more willing to provide support to CSOs to deliver services. National and provincial governments are gradually starting to recognize the role of CSOs in development, instead of considering them as competitors for funding from international donors. Large CSOs in particular enjoy amenable relations with the government. CSOs and government historically have had a major trust deficit. However, CSOs are witnessing some improvement in the relationship as the KPK government is starting to bear the costs of infrastructure projects and recognize that CSOs are needed to mobilize communities to contribute to development initiatives.

Only a handful of CSOs in Pakistan, primarily those registered under the Companies Ordinance of 1984, publish annual reports, although many comply with the requirements to submit reports to authorities. Only a limited number of large CSOs develop codes of ethics to which they adhere. For example, amongst the organizations engaged in humanitarian assistance, only Sungi Development Foundation is certified by Humanities Accountability Partnership International.

ANNEX: CSO SUSTAINABILITY INDEX METHODOLOGY FOR PAKISTAN

I. Overview

The 2012 CSO Sustainability Index for Pakistan was developed in close cooperation with local CSOs. A local implementing partner convened expert panels in regional centers and in the national capital, each consisting of a diverse group of CSOs and related experts, to assess the sector in each of seven dimensions: Legal Environment, Organizational Capacity, Financial Viability, Advocacy, Service Provision, Infrastructure and Public Image. The U.S. Agency for International Development (USAID) has developed indicators for each dimension. The regional level panels discussed progress and setback in the seven dimensions. The national panel then discussed and scored each indicator, using the regional level information, along with other data the national panel had access to. Indicator scores were averaged to produce dimension scores, and the dimension scores were averaged to produce an overall CSO sustainability score. The partner drafted a country report based on the expert panels' discussions, as well as his own knowledge of the sector.

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

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

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

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

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

Any organizations, whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is a matter of free choice. Both member-serving and public-serving organizations are included. Embraced within this definition, therefore, are private, not-for-profit health providers, schools, advocacy groups, social service agencies, anti-poverty groups, development agencies, professional associations, community-based organizations, unions, religious bodies, recreation organizations, cultural institutions, and many more.

The Index measures CSO sustainability based on seven dimensions: legal environment; organizational capacity; financial viability; advocacy; service provision; infrastructure and public image. Each of the seven dimensions is rated along a seven-point scale. The following section goes into greater depth about the characteristics in each of the seven dimensions of the sector's development. These characteristics and stages are drawn from empirical observations of the sector's development in the region, rather than a causal theory of development.

Legal Environment

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

Organizational Capacity

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

Financial Viability

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

Advocacy

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

Service Provision

Sectoral sustainability will require a critical mass of CSOs that can efficiently provide services that consistently meet the needs, priorities, and expectations of their constituents. The service provision dimension examines the range of goods and services CSOs provide and how responsive these services are to community needs

and priorities. The extent to which CSOs recover costs and receive recognition and support from the government for these services is also considered.

Infrastructure

A strong sectoral infrastructure is necessary that can provide CSOs with broad access to local CSO support services. Intermediary support organizations (ISOs) providing these services must be able to inform, train, and advise other CSOs; and provide access to CSO networks and coalitions that share information and pursue issues of common interest. The prevalence and effectiveness of CSO partnerships with local business, government, and the media are also examined.

Public Image

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

III. Methodology for the Implementer

The following steps should be followed to assemble the Expert Panels that will meet in person to discuss the status of civil society over the reporting year, determine scores, and provide qualitative data for the country report for the 2012 CSO (Civil Society Organization) Sustainability Index for Pakistan. The reporting year will cover the period of January 1, 2012 to December 31, 2012.

Panels will be assembled at regional levels (in Karachi, Peshawar and Lahore) to enable the report to capture the diversity of this large country. The partner should also assemble a national panel (in Islamabad) 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 and 8 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 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 regional panels is to analyze progress and setbacks with regard to each of the seven dimensions so as to provide clear data to the national panel on regional trends. (The regional panels may score the indicators and dimensions, but these scores will not be used directly to produce the country score.) The objective of the national 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.

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

4. At the national Expert Panel meeting, 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*.

Regional level indicator and/or dimension scores, if provided, are not to be averaged to create national level scores, 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.

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 group 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 country Index score.

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 the basis for 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 substantially supported by evidence, and should reflect consensus among group members.

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 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 reports 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.

9. In Washington, **an Editorial Committee will review the scores and draft reports**, 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 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.

IV. The Role of the Editorial Committee

As a final step in the CSO Sustainability Index process, all country reports are reviewed and discussed by an Editorial Committee composed of regional and sector experts in Washington, DC. This committee will be chaired by AKF, and includes (but is not limited to) civil society experts representing MSI and ICNL.

The Editorial Committee has three main roles. It reviews all reports and scores to ensure that narratives are adequate and compelling from the standpoint of supporting the proposed score. A compelling narrative demonstrates that a score results from evidence of systematic and widespread cases and is not based on one or two individual cases. For example, a country environment characterized by a large number of CSOs with strong financial management systems that raise funds locally from diverse sources is a compelling justification for an elevated financial viability score. A country in which one or two large CSOs have the ability to raise funds from diverse sources is not. The Editorial Committee also checks that scores for each dimension meet the criteria described in “Ratings: A Closer Look,” to ensure that scores and narratives accurately reflect the actual stage of CSO sector development. Finally, and most importantly, the Editorial Committee considers a country’s score in relation to the proposed scores in other countries, ensuring comparability of scores across countries and regions.

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

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

V. Instructions for the Expert Panel Members

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

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

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

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

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

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

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

VI. Dimensions and Indicators

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

Legal Environment

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

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

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

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

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

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

Organizational Capacity

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

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.

___ *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 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.)*

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.

___ *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*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?

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.

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?