



2018 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

FOR MEXICO

1st EDITION – NOVEMBER 2019



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Cover Photo: Volunteers request silence as rescuers look for survivors among the rubble of the Rébsamen School in the aftermath of the September 19, 2017 earthquake in Mexico City.

Photo Credit: World Vision Mexico / Eliud Leyva

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INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the first edition of the *CSO Sustainability Index for Mexico*, covering developments in 2018.

The *CSO Sustainability Index* is an important tool that allows local civil society organizations (CSOs), governments, donors, academics, and others to understand and monitor the sustainability of the CSO sector. The Index addresses seven key components or “dimensions” of the sustainability of civil society sectors: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image.

The Index’s methodology relies on CSO practitioners and researchers, who in each country form an expert panel to assess and rate these dimensions of CSO sustainability during the year. The panel agrees on a score for each dimension, which ranges from 1 (the most enhanced level of sustainability) to 7 (the most impeded). The dimension scores are then averaged to produce an overall sustainability score for the CSO sector of a given country. A Washington, DC-based editorial committee composed of technical and regional experts reviews each panel’s scores and the corresponding narrative reports, with the aim of maintaining consistent approaches and standards so as to facilitate cross-country comparisons.

The sustainability of the Mexican CSO sector is currently evolving. The legal environment governing the sector provides sufficient levels of clarity and enables the sector to grow and evolve. Organizational capacity within the sector varies significantly, although most organizations are small, informal, and underfunded. Financial viability is a major concern, with most CSOs exhibiting a general lack of financial diversification. Advocacy is in its early stages of development, perhaps mirroring the development of Mexico’s young democracy. The sector demonstrates significant experience with the provision of services addressing basic needs and may be moving towards more strategic and sophisticated program models with the help of a burgeoning sectoral infrastructure. One of the most worrisome dimensions is the sector’s public image, which is generally negative.

The *CSO Sustainability Index for Mexico* complements similar publications covering other regions. The *CSO Sustainability Index for Central and Eastern Europe and Eurasia* assesses the civil society sectors in twenty-four countries; the *CSO Sustainability Index for Sub-Saharan Africa* covers thirty-one countries; the *CSO Sustainability Index for Asia* includes reports on nine countries; and the *CSO Sustainability Index for the Middle East and North Africa* describes developments in seven countries. These various editions of the *CSO Sustainability Index* bring the total number of countries surveyed in 2018 to seventy-two.

ACKNOWLEDGMENTS

A publication of this type would not be possible without the contributions of many individuals and organizations. We are especially grateful to our implementing partners, who played the critical role of facilitating the expert panel meetings and writing the country reports. We would also like to thank the many CSO representatives and experts, USAID partners, and international donors who participated in the expert panels in each country. Their knowledge, perceptions, ideas, observations, and contributions are the foundation upon which this Index is based.

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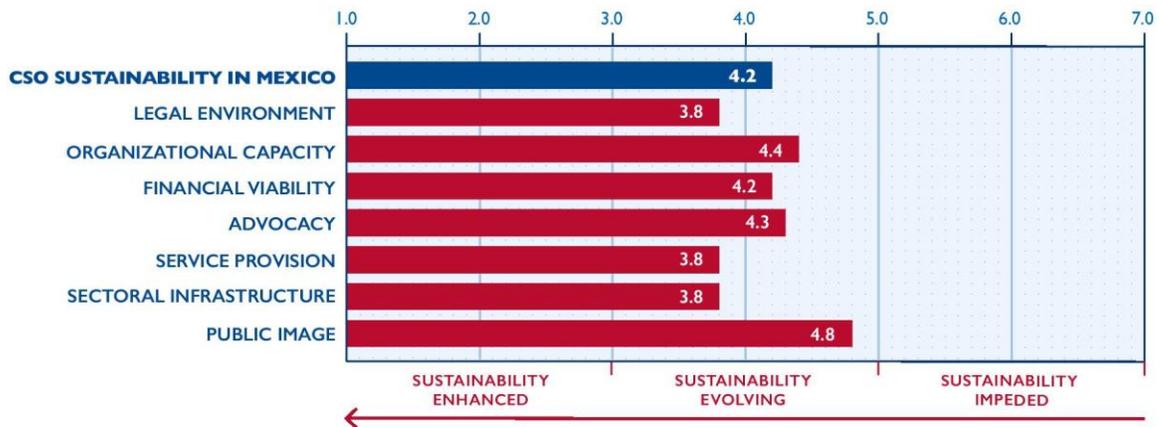
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MEXICO

Capital: Mexico City
Population: 125,959,205
GDP per capita (PPP): \$19,900
Human Development Index: High (0.774)
Freedom in the World: Partly Free (62/100)

OVERALL CSO SUSTAINABILITY: 4.2



The political campaigns leading up to the July general elections dominated the Mexican public's attention in 2018. The elections resulted in a much-anticipated landslide victory by the left-wing coalition led by Movimiento Regeneración Nacional, which is headed by Andrés Manuel López Obrador. Mr. López Obrador was elected as president and the coalition secured an absolute majority in both chambers of congress.

As the outgoing and incoming administrations prepared for the transition of power during 2018, several CSOs and analysts voiced their concern about the outlook for CSO-government relations under the new president. Among the warning signs were his public remarks as a candidate indicating mistrust in civil society and his refusal as president-elect to meet with a broad CSO coalition seeking his commitment to policy initiatives.

The number of mostly Central American migrants crossing through Mexico on their way to the American border surged in 2018. The United Nations High Commissioner for Refugees estimated that an October caravan alone included up to 7,000 people. CSOs provide critical assistance to the migrants, including shelters, clinics, food, and health care. In addition, many CSOs are advocating to protect the human rights of the migrants, including unaccompanied children.

Mexico's economic situation remained mostly positive and stable throughout 2018. The country's economy consistently ranks among the largest fifteen in the world. According to the International Monetary Fund (IMF), inflation was 4.9 percent and real gross domestic product grew by 1.6 percent in 2018. The exchange rate against the US dollar also remained relatively steady. Mexico's ranking on the Human Development Index has grown steadily over the past decade and the country is classified as "high development." However, wealth is unequally distributed, with a Gini index usually among the worst three in the Americas.

The overall security situation in the country remains alarming. Organized crime and the so-called drug war have had a damaging impact on society, with nearly 11,500 individuals being forcefully displaced according to the 2018 report *Episodios de desplazamiento interno forzado masivo en México (Episodes of Massive Forced Internal Displacement in Mexico)* by the CSO Comisión Mexicana de Defensa y Promoción de los Derechos Humanos. Additionally, 2018

*Capital, population, and GDP are drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/the-worldfactbook/>. Human Development Index data available at <http://hdr.undp.org/en/composite/HDI>. Freedom in the World data available at <https://freedomhouse.org/report-types/freedom-world>.

saw the highest murder rate in Mexico's recorded history, with 33,352 murder probes reported by the interior ministry, a 33 percent increase from 2017. As a result of the security challenges, it has become increasingly dangerous for CSOs to have field staff in some areas, hindering some CSO interventions.

According to Reporters Without Borders, eight journalists were murdered in the country because of their work in 2018, making Mexico one of the worst countries in terms of press freedom, second only to conflict-torn Afghanistan. Article 19 recorded 544 instances of aggression against the press in 2018, making Mexico the most violent country for journalists in Latin America. This situation is believed to have led to self-censorship by journalists and CSOs working on sensitive issues.

The Mexican CSO sector is composed of groups and organizations across the spectrum of formality. On one end, there are informal groups like Las Patronas, a group of female volunteers who provide food and assistance to migrants in Veracruz. On the other, think tanks such as México Evalúa and Ethos carry out world-class research aimed at influencing public policy.

According to *Compendio estadístico del sector no lucrativo 2019 (Statistical Compendium of the Nonprofit Sector 2019)*, issued by Centro Mexicano para la Filantropía (Cemefi), there were 57,625 CSOs registered in the country in 2018. Of these, 76 percent served the public, 16 percent were religious associations, 7 percent were member-benefit organizations including unions, and less than 1 percent were political in nature, including political parties and other political associations. The vast majority of registered organizations are based in Mexico City and state capitals, reflecting the centralized nature of the country.

Most CSOs seek registration with the Registro Federal de las Organizaciones de la Sociedad Civil (federal CSO registry, RFOSC), which is a prerequisite to compete for most federal government funding. According to Cemefi, there were 41,114 CSOs registered in the RFOSC in 2018, 60 percent of which were listed as active within the registry. This status in the RFOSC—either active or inactive—is regarded as a marker of institutionalization and interest in federal funds, and does not necessarily indicate whether an organization still operates. Some organizations have a special tax-exempt status allowing them to receive tax-free, donor-deductible donations. These organizations are referred to as donatarias autorizadas (authorized donees, DAs); 8,618 CSOs held this status in 2018. DAs are among the most institutionalized and professional CSOs in the country.

Some of the most important unions, including those for workers in the oil and power generation industries and teachers, are known to be highly politicized or even coopted by political parties. This renders them a contentious subset of the CSO sector, as they serve the interests of their leaders or the political forces that control them, rather than their members or the public.

The sustainability of the Mexican CSO sector is currently evolving. One of the most worrisome dimensions is the sector's public image, which is generally negative. Organizational capacity within the sector varies significantly, although most organizations are small, informal, and underfunded. Financial viability is a major concern and the sector exhibits a general lack of financial diversification. Advocacy is in its early stages of development, perhaps mirroring the development of Mexico's young democracy. The sector demonstrates significant experience with the provision of services addressing basic needs and may be moving towards more strategic and sophisticated program models with the help of a burgeoning sectoral infrastructure. The strength of the Mexican CSO sector is perhaps the legal environment which, despite much room for improvement, provides sufficient levels of clarity and enables the sector to grow and evolve.

LEGAL ENVIRONMENT: 3.8

In general, the legal environment in Mexico enshrines the rights of CSOs, while recognizing their contributions to society. However, there are still several challenges and room for improvement, including a general lack of coherence across the regulatory framework and a gap between the law on paper and its implementation.

The constitution protects freedom of association for any lawful purpose, and the law allows individuals to act collectively through unregistered associations. Beyond the constitution, the most important laws regulating CSO activities at the federal level are Código Civil Federal (Federal Civil Code), Ley de Asistencia Social (Social Assistance Law), Ley del Impuesto sobre la Renta (Income Tax Law, LISR), and Ley Federal de Fomento a las Actividades Realizadas por Organizaciones de la Sociedad Civil (Federal Law for the Promotion of Civil Society

Activities, LFFAROSC). Additionally, religious associations and unions are governed by specific laws and each state has additional legislation regulating CSOs.

Some of the above laws include provisions that have yet to be implemented. In addition, there is a significant lack of internal consistency among the laws. According to *The Legal Environment for Civil Society Organizations in Mexico*, a study produced for USAID Mexico in 2017, this is due to a paradoxical duality within the legal framework: despite the existence of laws promoting CSO activities, the ability of these laws to succeed is limited by other laws that restrain the sector. A clear example of this is the tension between the LFFAROSC, which seeks to develop the sector, and the LISR, which curtails its financial viability.

To register, most CSOs choose between two legal forms: *asociación civil* (civil association) or *institución de asistencia* (assistance institution). A majority of CSOs choose to register as civil associations. *Institución de asistencia* is mostly chosen by organizations devoted to social assistance and is only available in sixteen of Mexico's thirty-two states.

The process of registering a CSO as a civil association is relatively straightforward but must be carried out before four different government bodies: a notary public, the federal tax authority, the foreign affairs ministry, and a state-level public property registry. As a result, the process can be time-consuming and costly, particularly for organizations geographically removed from urban centers. Additionally, some organizations have to hire lawyers or tax specialists to complete these processes. Registering other types of CSOs involves different processes, which are similarly lengthy.

Achieving registration in the RFOSC, often referred to as obtaining a unique registration code or CLUNI, is a prerequisite to compete for most federal government funding and is considered a marker of formality and institutionalization. The process of obtaining a CLUNI is relatively simple but, as is the case with most other bureaucratic processes, may be more taxing for smaller, geographically isolated CSOs.

A small but important subset of CSOs holds the coveted DA status. CSOs with this status can provide their donors with receipts that may be used to claim tax deductions, thereby incentivizing donations. DAs' mission-related income is also exempt from taxes, while unrelated business income is subject to taxation. Although the process of obtaining this status is officially cost-free, it is resource intensive and confusing for many entities. Therefore, only the more formal, capable, and better-funded organizations achieve this status.

In 2016, changes were made to the LISR that introduced a new system to certify DAs that comply with standards of fiscal compliance, good governance, and social impact. Although the system is officially voluntary, CSOs contend that the language regulating it is so ambiguous that all DAs could be required to meet the certification standards in order to maintain their preferential tax status, which will increase their administrative and financial costs. As of the time of writing, the new system had not yet been implemented.

Beyond requiring them to establish a governing body and designate a legal representative, the law stipulates that registered CSOs are autonomous when it comes to their internal governance. Most advocacy activities are unrestricted, although lobbying may require registration with the federal or state legislative branches. Only political and religious CSOs, which have their own sets of regulations, are allowed to carry out political and religious advocacy. Assistance institutions are subject to the oversight of dedicated bodies at the state level; these organizations are subject to greater scrutiny than other CSOs.

In general, CSOs are free from state harassment and able to voice their criticism of the government, although this may be harder when dealing with lower administrative levels, as state and municipal levels of government are subject to less official and societal oversight. However, in some instances, audits and other forms of regulatory enforcement have been employed as tools to harass organizations viewed as government critics. Moreover, in 2017 several instances of espionage against CSOs were recorded, in which the government targeted human rights organizations, journalists, and anti-corruption groups with the Pegasus spyware. The aftermath of the scandal, which undermined confidence in the Peña Nieto government, could still be felt through 2018 with some analysts claiming espionage was still underway.

According to *Defender los derechos humanos en México (Human Rights Defense in Mexico)*, a 2018 study by Acción Urgente para Defensores de Derechos Humanos, the Mexican state allegedly perpetrated 949 instances of human rights violations against human rights activists between June 1, 2017 and May 31, 2018. Violations ranged from threats and harassment to arbitrary detention, torture, extrajudicial execution, and forced disappearance. Many of the activists attacked were members of CSOs or were working in partnership with them.

Most CSOs are considered not-for-profit entities under the LISR, which means they are not subject to taxation on their income, except on sales of goods, interest earned, and prizes received. CSOs are allowed to sell goods and services, charge membership fees and cost-recovery fees, and receive donations, among other income sources. Different sources of income are subject to different levels of taxation.

Organizations with a CLUNI are required to file annual reports consisting of mostly statistical information, which are relatively easy to complete and file. Failure to file these reports may result in sanctions up to the removal of the CSO from the RFOSC. DAs are required to issue special receipts for every donation received and to file money-laundering and annual financial reports.

One of the weaknesses of the legal environment governing CSOs in Mexico is the scarcity of professionals specializing in CSO law and taxation. Some notary publics are unaware of the provisions CSOs are required to include in their bylaws to be eligible for a CLUNI or DA status. Even in Mexico City and the state capitals, where most CSOs operate, experts are difficult to come by and their services may be unaffordable for most organizations. A few well-prepared intermediary support organizations (ISOs), such as Appleseed Mexico, help CSOs with their legal and fiscal needs. However, these organizations are not evenly distributed across the nation.

ORGANIZATIONAL CAPACITY: 4.4

The organizational capacity of Mexican CSOs varies significantly. Most CSOs are small, informal, and underfunded, while the few professionalized, well-funded organizations, which are located primarily in urban areas, tend to have greater capacities.

Many organizations and movements are formed by their constituencies and beneficiaries to serve specific purposes. These CSOs generally have close relationships with those they serve and are more likely to use techniques such as participatory program design. However, while they may be relatively successful at meeting their constituencies' immediate needs, most CSOs fail to move beyond this initial stage and often end up dissolving or being abandoned. On the other hand, more professional and well-established organizations with better technical capacities may exhibit a degree of detachment from their constituencies and beneficiaries, frequently paying closer attention to data and funders when designing their programs. The current security situation in the country has made constituency-building efforts more difficult since some areas are controlled by organized crime and fear and mistrust have eroded CSOs' relationships with the communities they serve.

All registered organizations must state their purposes in their charters and most CSOs have clear missions and visions at the outset; however, many fail to update these in the face of changing circumstances. Despite growing awareness of the benefits of strategic planning, CSOs often perceive it as a luxury rather than a necessity because of their constant sense of financial vulnerability. Even organizations that carry out some sort of planning often fail to implement the conclusions and recommendations reached.

There has been a considerable increase in the number of ISOs that seek to strengthen and professionalize CSOs, including by improving their planning capabilities. Organizations like Nacional Monte de Piedad and Fundación Merced have focused on capacity building of CSOs for decades. Some of these efforts are carried out in partnership with government entities at the local, state, and federal levels. Donor pressure to carry out and evaluate strategic plans has also increased the demand for capacity building in this area.

Precarious management structures are the norm for Mexican CSOs. Many organizations are one-person entities with small, temporary operations and therefore lack a division of responsibilities. As most organizations struggle to serve their constituencies due to understaffing and underfunding, they do not prioritize the development of internal management structures or protocols.

CSOs must form boards of directors when they are founded. Larger, more professional CSOs have boards that actively participate in organizational governance under well-established rules, but this is far from the norm, with many existing only on paper. In addition, many boards are comprised of the founders' friends and family and their organizations lack bylaws.

Most organizations are understaffed. The majority of CSO personnel works without permanent contracts and staff turnover is a perennial challenge in the sector. CSOs struggle to attract suitable talent as they generally pay less than private sector or government employers. Providing personnel with all the requirements and benefits

stipulated by law is financially prohibitive for most organizations. A majority of CSOs employ accountants on a permanent basis. Lawyers are often needed at registration.

Many organizations recruit and engage volunteers effectively. A 2014 study by the official statistics agency Instituto Nacional de Estadística y Geografía (INEGI) found that 72.5 percent of CSO employees, including casual and day laborers, were volunteers.

While most organizations are able to access the internet and most staff is capable of using basic information technologies, there is a general lack of familiarity with more specialized technologies ranging from mass emailing platforms and accounting packages to more sophisticated data collection and analysis tools. Social media usage seems to be on the rise, but it is not clear how much this facilitates organizational operations. Strategic social network usage for fundraising or volunteer recruitment is rare.

FINANCIAL VIABILITY: 4.2

Financial viability is a major concern for Mexican CSOs.

While several sources of funding are available, the sector exhibits a general lack of financial diversification. Most organizations rely on single or poorly diversified sources of income that are often unreliable. For example, some CSOs depend exclusively on funds made available by the same federal government institutions, such as Instituto Nacional de Desarrollo Social or Instituto Nacional de las Mujeres. Many human rights organizations rely solely on international funding to survive. Larger, better equipped organizations generally have more diversified sources of income.

Data from 2017 suggests that CSOs registered with the RFOSC self-generate up to 42 percent of their income in one way or another and obtain 24 percent of their income from the three levels of government. The remaining third comes from individuals (11 percent), businesses (10 percent), other organizations (4 percent), foreign sources (4 percent), and “other” sources (5 percent).

According to information released by the federal tax authority for 2017, 43 percent of the donations and grants received by DAs came from different levels of government, 31 percent from private organizations (businesses, other CSOs, etc.), 18 percent from individuals, and 7 percent from foreign donors; other sources accounted for the remaining percentage. Access to these funds is unevenly distributed and they are frequently captured by a small group of CSOs with greater capacities, perpetuating a sense of instability among less capable organizations.

The corporate foundation sector in Mexico is perhaps the largest in Latin America, with more than 130 entities. *Fundaciones empresariales en México (Corporate Foundations in Mexico)*, a 2014 study by Villar et al., found that 89 percent of these entities make donations to other CSOs. The same study estimated that in 2012 corporate foundations, which constitute only 1.7 percent of DAs, were responsible for a third of all the donations provided by DAs.

According to the federal budget, after two years of decline, funding for organizations with a CLUNI recovered in 2018, when they received around USD 310 million, compared to the decade’s peak of USD 360 million in 2015. These funds are provided by a wide range of government entities, including ministries, such as the Education Ministry, and decentralized agencies such as Consejo Nacional de Ciencia y Tecnología. Most organizations with a CLUNI, however, do not receive government funds. Furthermore, some CSOs that receive government funding are considered government-organized NGOs (GONGOs), implying that government funding is flowing back to the administration.

Most organizations do not have a strong base of individual donors, relying on large institutional donors instead. There seems to be unrealized potential in this area as data published in the 2016 report *Generosidad en México (Generosity in Mexico)* by Centro de Investigación y Estudios sobre Sociedad Civil (CIESC) suggests that only approximately 50 percent of the population makes cash donations every year, with the average donation amounting to MXN 544 (a little over USD 25) in 2016. However, volunteers and other forms of non-monetary support are readily available to those organizations that realize their inherent potential and take initiatives to leverage them. The same study found that up to 83 percent of the population fifteen years of age and older had volunteered at least once in the previous year.

Foreign funding has been decreasing and become more oriented towards specific causes such as human rights or freedom of the press. This is partly due to Mexico's classification as an upper-middle income economy by the World Bank and as a high human development nation by the United Nations Development Programme. Most organizations lack the organizational and technical capacities to write grant proposals and meet the requirements to compete for foreign resources, including from international cooperation agencies. Even those organizations with better technical capacities only receive small amounts from foreign sources.

One of the most important sources of foreign funds for Mexican CSOs is the United States. Official aid such as USAID's Country Development Cooperation Strategy for 2014-2018 includes partnerships and funding for CSOs to pursue common objectives. According to the Foundation Center, between 2011 and 2015, 29 percent of funding to Latin America on behalf of American foundations went to Mexico, with grants amounting to nearly USD 783 million. An important example of collaboration is the US-México Foundation, a binational CSO dedicated to fostering cooperation and better understanding between the two countries.

CSOs rarely use communication technologies successfully to raise funds. While online fundraising platforms (such as Donadora and Recaudia) and campaigns (such as #UnDíaParaDar, the Mexican chapter of Giving Tuesday) exist, their usage is still low. A 2016 survey by CIESC found that only 9 percent of Mexicans had used an online donation platform in the previous year.

Most CSOs lack staff dedicated to exploring and pursuing fundraising opportunities; instead, this responsibility is often ill distributed or not assigned to specific members or areas of the organization. CSOs rarely organize fundraising events as they do not have the technical capacity or staff to organize them and there is a generalized absence of a fundraising culture. CSOs that do engage in public fundraising efforts struggle to raise funds given the high levels of public mistrust towards the sector.

Social enterprises are still not well regulated, and few are established by CSOs. When CSOs do establish social enterprises, it is generally to benefit a specific community and not in order to diversify their sources of income. Government contracting of CSOs for public service provision is not a common practice and while some CSOs serve their constituencies using government funds, the government does not generally regard them as providers or partners in service provision.

Most organizations, including some with significant organizational capacities, exhibit limited financial management skills; this is partly due to a lack of specialized professionals. DAs and assistance institutions, which state governments scrutinize more rigorously, have the strongest financial systems. Most CSOs only perform audits in response to donor requests. Generally, only larger CSOs publish annual reports that include financial statements. While all registered CSOs must provide annual reports to the government in one way or the other, only DAs must provide annual financial reports to the tax authority, which makes them available to the public.

ADVOCACY: 4.3

Advocacy is a weakness of the Mexican CSO sector. For the most part, only a handful of relatively large, capable organizations based in Mexico City and state capitals engage in advocacy, which generally involves protracted processes that rarely deliver results.

Some federal ministries and state governments have specialized bodies to interact with civil society groups. For example, the Interior Ministry has the Unidad para la Atención de las Organizaciones Sociales, which plays a liaison role between the executive branch and CSOs. These channels usually engage CSOs with more sophisticated technical and political capabilities. The effectiveness of such cooperation processes depends on the political will of government counterparts, and, even when effective, they take time to deliver results. In general, such channels of cooperation are scarcer and of lesser quality at lower government levels, with those at the municipal level the weakest. In addition, some CSOs believe that government entities bring them to the table to legitimize their policies, but do not truly take their input and feedback into account.

CSOs have become increasingly capable of influencing the public agenda and opinion. This is especially true of those that engage in social media campaigning. For example, over the past few years, the #SeguridadSinGuerra campaign sought to demilitarize and prevent further militarization of the security apparatus of the Mexican State. The campaign, undertaken by over 300 organizations, included interviews with celebrities and experts and videos

distributed through social media platforms; it achieved considerable coverage in both conventional and social media.

One of the most salient policy advocacy campaigns of 2018 was led by Cumbre Ciudadana, a coalition of over 350 organizations working to achieve “a democratic, rule-of-law State without corruption and impunity.” Cumbre Ciudadana sought to meet with all four presidential candidates before the July election to gain their commitment to implementing the coalition’s proposals, and ultimately met with three candidates. However, Mr. López Obrador, who won, declined to meet and subscribed to the fewest proposals. The transition team of the president-elect declined further invitations to meet.

Lobbying is regulated to some degree at the federal level. For example, DAs must disclose lobbying activities in their annual reports. Some CSOs have advocated for measures to reduce corruption and unequal access in lobbying. Lobbying efforts on behalf of underfunded CSOs frequently have to compete with industry counterparts with seemingly infinite resources and access to legislators. For instance, the CSO coalition Alianza por la salud alimentaria works to support laws to protect public health, but claims it consistently runs into obstacles as a result of the influence of the junk food and soft drinks industry.

In 2004, after a decade-long advocacy campaign, a pivotal, overarching federal law—the LFFAROSC—was enacted to define, regulate, and establish official mechanisms to foster CSO activities. However, it has not delivered on its promises and subsequent efforts to reform this and other federal legislation governing CSOs have not been fruitful.

Efforts to adopt similar laws to promote CSO activities have been successful at the state level. As a result of CSOs’ and activists’ advocacy efforts, Campeche and Yucatán enacted such laws in 2018 and Chihuahua’s congress, among others, was discussing a bill at the end of the year.

Furthermore, the sector fends off attempts to make negative modifications to the legal framework regulating CSO activities almost every year, with fiscal provisions being the most commonly affected. For instance, in 2018 the tax authority intended to curtail the ability of CSOs to receive donations from related entities, e.g. corporate foundations receiving funds from their parent companies. CSOs objected to the policy in a series of dialogues and the idea was eventually dropped. Since 2016, a coalition of more than eighty organizations known as UnidOSC has been fighting to improve legislation that affects the work of CSOs and to promote transparency and accountability in the sector.

SERVICE PROVISION: 3.8

CSO services range widely and include human services, legal consulting, cultural promotion, emergency response, and organizational strengthening, to name a few. However, most organizations continue to be focused on *asistencialismo* (assistencialism): they address immediate needs, most of which result from widespread poverty and lack of development. While this work is undoubtedly important and necessary, too many organizations end up tackling the same issues in the same ways.

This is true even of corporate foundations, which are generally better positioned to innovate and think strategically. According to the aforementioned study by Villar et al., 56 percent of corporate foundations sought to serve the needs of individuals directly, 25 percent aim to build capacities in people, 9 percent focus on building capacities in organizations, and only 6 percent strive to create replicable models.

In 2018, CSOs responded to the humanitarian crisis created by the migrant caravans, providing food, shelter, legal advice, and other services. CSOs also continued to mobilize aid to those affected by a powerful earthquake that struck the central region of the country in September 2017, with organizations like Techo building temporary housing for those who lost their homes.

CSOs in Mexico serve the needs of their members and the public alike and, in general, provide their goods and services without discrimination with regards to race, gender, ethnicity, or sexual orientation. The 2014 INEGI economic census found that, in 2013, 69 percent of CSOs served their local communities, 18 percent catered to needs at the state level, and 13 percent claimed to carry out activities that were national in scope. Of these organizations, 93 percent declared that they served people directly, 16 percent assisted other organizations, 16 percent provided support to businesses, and 14 percent catered to government entities. While CSOs have programs covering most of the country, headquarters are often removed from the field and concentrated in the

capitals and other urban centers, which can have a negative impact on the appropriateness of the services they provide.

According to a 2016 case study by Red Expo Social, 57 percent of organizations that were active in the RFOSC charged cost recovery fees for their services. However, the study did not analyze the extent to which these fees covered the costs of CSO services or whether they made programs financially self-sustainable. Additionally, the study noted that beneficiaries generally expect CSOs to provide their services for free and that fees may raise suspicions.

Colaboración entre fundaciones y gobierno (Collaboration between Foundations and the Government), a 2016 study by the Organization for Economic Cooperation and Development (OECD) and partners, found that the relationship between the Mexican federal government and foundations was gradually improving, but still had a long way to go before it becomes productive. One of the obstacles is government officials' misconceptions about the philanthropic sector and CSOs. Some of them perceive CSOs as demanding handouts and prioritizing protest over cooperation. On the positive side, these officials value foundations for the legitimacy they command and their technical capacity, while the foundations see an opportunity to broaden the impact of their programs by leveraging federal funds.

SECTORAL INFRASTRUCTURE: 3.8

The infrastructure supporting the CSO sector in Mexico is expanding, and the number of ISOs and the quality and spectrum of the services they provide has increased. A forthcoming study by CIESC identified more than 150 CSOs performing ISO roles ranging from capacity building to technical cooperation and grantmaking. Two salient examples are Corporativa de Fundaciones (based in Jalisco) and Fortalessa (based in Chihuahua). These entities are unevenly distributed, with Mexico City hosting 44 percent of them. Most of these entities earn income by selling their services to CSOs.

Despite marginal improvement in their distribution, these entities—known locally as *fortalecedoras* (strengtheners)—are still located in the most important urban centers and may be prohibitively far away from the CSOs that need them the most. However, some of them have broadened their on-line training capabilities, making their capacity-building opportunities available to a wider number of CSOs. Most ISOs double as resource centers, while dedicated resource centers remain scarce. A significant number of academic institutions have begun to offer workshops, courses, and degrees aimed at strengthening CSOs. Juntas de asistencia, the state-level entities governing *instituciones de asistencia*, provide these entities with training, legal counseling, and other services.

According to the forthcoming study by CIESC, 55 percent of DAs and CSOs with a CLUNI had undergone some form of strengthening process led by one of 292 identified *fortalecedoras* that include ISOs, resource centers, national and international CSOs, foundations, the government, international agencies, universities, independent consultants, and consulting firms. The study found that 40 percent of strengthening processes were paid for by the beneficiary organizations, 38 percent were at least partly subsidized, and 22 percent were provided pro bono.

Some of the most important and successful local grantmaking organizations are community foundations, many of which take part in a national alliance known as Comunalia. Community foundations such as Fundación del Empresariado Yucateco and Fundación del Empresariado Chihuahuense have had a positive capacity-building impact in their local communities. Corporate and family foundations also provide grants to local CSOs. The demand for support from local grantmaking organizations remains high, however, with CSOs in some states having no access whatsoever to local private funding.

While there are a few instances of successful collaboration among CSOs to achieve common goals, these efforts often struggle to deliver significant results beyond some media coverage. Some of these networks exhibit an undesirable level of politicization and their success may depend on their relationship with the government. A successful example is Red TDT, a network of eighty-seven CSOs from twenty-three states that seeks to improve efforts to defend and promote human rights. A national coalition capable of mobilizing a large number of CSOs still does not exist, precluding the sector from leveraging its weight to negotiate with other actors, government entities in particular. This is due in part to opposing ideological stances within the sector, perhaps most visible in the divide between conservative religious charities and organizations focused on causes such as development and human rights.

Mexican CSOs also participate in a number of international networks and coalitions. A salient example is RedEAmérica, a Latin America-wide network of business foundations initiated by the Inter-American Foundation that seeks to foster sustainable communities in the region, in which more than a dozen Mexican organizations take part. Another interesting example is the US-Mexico Border Philanthropy Partnership, which focuses on cultivating leadership, philanthropy, and collaboration along and across the border.

While intersectoral partnerships are hardly the norm, there are foundations and trusts that originated in multisectoral partnerships. For example, several community foundations were started by local businessmen seeking to give back to their communities. Other partnerships have been established by CSO-government alliances to pursue common interests. For example, national and international conservation organizations and the federal government founded Fondo Mexicano para la Conservación de la Naturaleza in 1992 to preserve Mexico's natural heritage. The private sector has become increasingly aware of the advantages of working with CSOs to better understand community needs and often implements programs in partnerships with CSOs that go beyond grant giving.

PUBLIC IMAGE: 4.8

The CSO sector's public image is mostly negative.

While there are regional variations, significant media coverage of CSOs is generally limited to visible campaigns such as the Mexican Red Cross' donation drives and Teletón, a massive (though controversial) fundraiser for children's hospitals. Major mainstream media outlets have begun to recognize the work of CSOs and frequently seek them out to discuss relevant issues. Some coverage may be sensationalistic and may exaggerate the importance of corruption cases involving CSOs to attract audiences.

The perception of CSOs among the general population is poor. According to a 2012 interior ministry survey, trust in citizen organizations (a term that includes CSOs) had an average score of 5.2 out of 10, barely surpassing trust in the government. Most of the public does not understand what CSOs are and equates them with politically-motivated organizations or special interest groups. Negative misconceptions and myths abound, the most frequent being that CSOs only serve to evade taxes or obscure the interests of political parties and that they are superficial and shallow mechanisms for the wealthy to ease their conscience. A few organizations benefit from very favorable public opinion and support, but these are rarely recognized as CSOs; the Mexican Red Cross is a clear example.

In general, government officials at different levels expect CSOs to be antagonistic and various forms of mistrust and ignorance about CSOs' work persist. Some CSOs have established a reputation that allows them some agency and government recognition, but most must "prove their worth" with every incoming administration. The new federal administration—particularly, the executive branch that assumed power in December—has exhibited signs of a negative perception of the sector, conflating some organizations—primarily organizations deemed "elite" that are largely based in Mexico City and state capitals—with the right and neo-liberalism, while holding more positive views about grassroots organizations.

CSOs enjoy a better image and relationship with the private sector, which is increasingly eager to tap into their expertise and knowledge of local communities. CSOs that directly confront private business practices, like those focused on environmental protection, are an obvious exception. There are several successful cases of corporate volunteering initiatives in association with CSOs. For instance, Voluntarios Modelo, one of the largest volunteering programs in Latin America, is a permanent corporate-CSO-community partnership.

There is a sector-wide lack of awareness about the importance of public relations and strategic communication, with many CSOs expecting their work to speak for itself. Additionally, there is a generalized lack of institutional communications and public relations capacity. Only a few organizations establish relationships with journalists to foster their coverage. For example, some think tanks like Instituto Mexicano para la Competitividad, have learned to make the most out of their relationship with the media and often successfully position their stances through these channels. Others such as Mexicanos Contra la Corrupción y la Impunidad integrate journalism into their institutional model. A constantly growing number of CSOs use social media platforms for public outreach, but most still lack communications and marketing plans that would allow them to measure the impact of their interactions.

Most organizations do not carry out any efforts to promote transparency. Larger, better funded CSOs may publish annual reports, which often include financial information. Unions and religious associations tend to be particularly opaque, even towards their own members, despite being well-funded and staffed.

Codes of ethics are extremely rare, with only the largest, most professional organizations adopting them. Those organizations that make a concerted effort to be transparent and accountable are generally motivated by legal requirements to do so, rather than taking the initiative themselves. Some organizations like Cemefi, Confío, and Filantrofilia offer independent assessments of organizational transparency, but participation has been relatively limited and there is little evidence that these efforts have increased trust in CSOs.

ANNEX: CSO SUSTAINABILITY INDEX METHODOLOGY

INSTRUCTIONS FOR CSOSI IMPLEMENTING PARTNERS

2018 CSO SUSTAINABILITY INDEX

I. INTRODUCTION

USAID's Civil Society Organization Sustainability Index (the Index or CSOSI) reports annually on the strength and overall viability of CSO sectors in Africa, Asia, Middle East and North Africa (MENA), Central and Eastern Europe and Eurasia, and Mexico. The CSO Sustainability Index is a tool developed by USAID to assess the strength and overall viability of CSO sectors in countries around the world. By analyzing seven dimensions that are critical to sectoral sustainability, the Index highlights both strengths and constraints in CSO development. The Index allows for comparisons both across countries and over time. Initially developed in 1997 for Central and Eastern Europe and Eurasia, the CSO SI is a valued tool and methodology used by non-governmental organizations (NGOs), governments, donors, academics and others to better understand the sustainability of the civil society sector. USAID is continually striving to ensure the cross-national comparability of the Index scores, and to improve the reliability and validity of measurements, adequate standardization of units and definitions, local ownership of the Index, transparency of the process of Index compilation, and representative composition of panels delivering the scores.

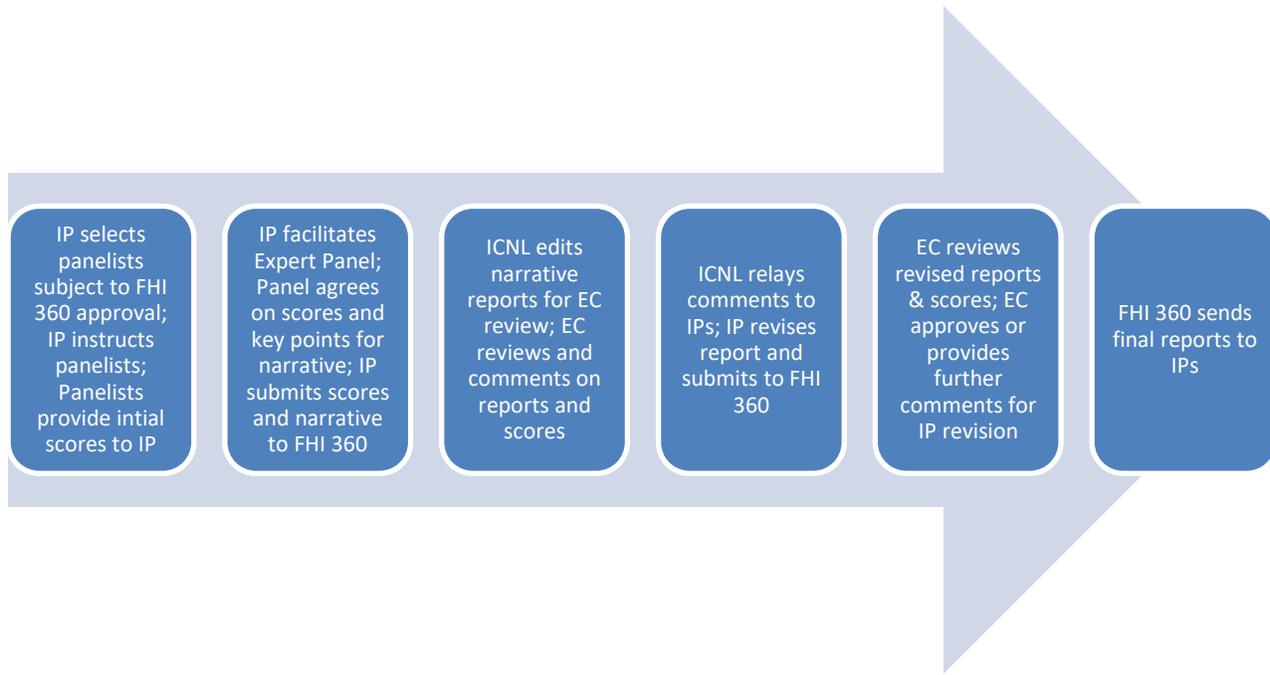
Beginning with the 2017 Index and for the following four years, FHI 360 and the International Center for Not-for-Profit Law (ICNL) are managing the coordination and editing of the CSOSI. A senior staff member from both FHI 360 and ICNL will serve on the Editorial Committee as will one or more senior USAID/Washington officials. FHI 360 will provide small grants to local CSOs to implement the CSOSI methodology in country, while ICNL will be primarily responsible for editing the reports. Local Implementing Partners (IPs) play an essential role in developing the CSO SI and need a combination of research, convening, and advocacy skills for carrying out a high quality CSOSI.

Local Implementing Partners should please remember:

- Panels must include a diverse range of civil society representatives.
- Panelists should formulate initial scores for dimensions and justifications individually and in advance of the Panel Meeting.
- Discuss each indicator and dimension at the Panel Meeting and provide justification for the proposed score for each dimension.
- Compare the score for each dimension with last year's score to ensure that the direction of change reflects developments during the year being assessed.
- Note changes to any indicators and dimensions in the country report to justify proposed score changes.
- The Editorial Committee will request additional information if the scores are not supported by the report. If adequate information is not provided, the EC has the right to adjust the scores accordingly.

II. METHODOLOGY FOR THE IMPLEMENTER

The following steps should be followed by the IP to assemble the Expert Panel that will meet in person to discuss the status of civil society over the reporting year, determine scores, and prepare a country report for the 2018 Civil Society Organization (CSO) Sustainability Index.



I. Select Panel Experts. Carefully select a group of at least 8-10 civil society representatives to serve as panel experts. Panel members must include representatives of a diverse range of CSOs and other stakeholders, such as:

- CSO support centers, resource centers or intermediary support organizations (ISOs);
- CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- CSOs involved in local and national level government oversight/ watchdog/ advocacy activities;
- Academia with expertise related to civil society and CSO sustainability;
- CSO partners from government, business or media;
- Think tanks working in the area of civil society development;
- Member associations such as cooperatives, lawyers' associations and natural resources users' groups;
- Representatives of diverse geographic areas and population groups, e.g. minorities;
- International donors who support civil society and CSOs; and
- Other local partners.

It is important that the Panel members be able to assess a wide spectrum of CSO activities in various sectors ranging from democracy, human rights and governance reforms to the delivery of basic services to constituencies. CSOs represented on the panel must include both those whose work is heavily focused on advocacy and social service delivery. To the extent possible, panels should include representatives of both rural and urban parts of the country, as well as women's groups, minority populations, and other marginalized groups, as well as sub-sectors such as women's rights, community-based development, civic education, microfinance, environment, human rights, and youth. The Panel should to the extent possible include an equal representation of men and women. If two or more representatives of the same CSO participate in the Panel, they can only cast one vote. It is recommended that at least 70 percent of the Expert Panel be nationals of the country that is being rated.

In some instances, it may be appropriate to select a larger group in order to better reflect the diversity and breadth of the civil society sector in the country. For countries where regional differences are significant, implementers should incorporate, to the greatest extent possible, differing regional perspectives. If financial

constraints do not allow for in-person regional representation, alternative, low cost options, including emailing scores/ comments, teleconferencing/Skype, may be used.

If there is a USAID Mission in the country, a USAID representative must be invited to attend the panel. USAID representatives that attend are welcome to provide some words of introduction to open the event, as it is funded by USAID, and they are welcome to observe and participate in the discussion. However, they will not have the ability to cast their vote in terms of scores.

Please submit to FHI 360 for approval the list of the Panel members who you plan to invite at least two weeks before the meeting is scheduled to occur using the form provided in Annex A. It is the responsibility of the IP to ensure that the panel composition, and the resulting score and narrative, are sufficiently representative of a cross-section of civil society and include the perspectives of various types of stakeholders from different sectors and different areas of the country.

2. Prepare the Panel meeting. Ensure that panel members understand the objectives of the Panel, including developing a consensus-based rating for each of the seven dimensions of civil society sustainability covered by the Index and articulating a justification or explanation for each rating consistent with the methodology described below. We encourage you to hold a brief orientation session for the panelists prior to the panel discussion. This is particularly important for new panelists, but is also useful to update all panelists on methodology and process changes. Some partners choose to hold a formal training session with panel members, reviewing the methodology document and instructions. Other partners provide a more general discussion about the objectives of the exercise and process to the panelists.

The overall goal of the Index is to track and compare progress in the sector over time, increasing the

ability of local entities to undertake self-assessment and analysis. To ensure a common understanding of what is being assessed, the convener shall provide a definition of civil society to the panel members. The CSOSI uses the enclosed definition to ensure the report addresses a broad swath of civil society.

In order to allow adequate time to prepare for the panel, distribute the instructions, rating description documents and a copy of the previous year's country chapter to the members of the Expert Panel a minimum of three days before convening the Panel so that they may develop their initial scores for each dimension before meeting with the other panel members. It is critical to emphasize the importance of developing their scores and justifications before attending the panel. It is also important to remind panel members that the scores should reflect developments during the 2018 calendar year (January 1, 2018, through December 31, 2018).

We also recommend you encourage panelists to think of concrete examples that illustrate trends, since this information will be crucial to justifying their proposed scores.

Lastly, it is highly recommended to compile and send to panelists data and information sources to guide them as they score. Recommendations of information sources are listed below under #4.

We are very interested in using the preparation of this year's Index to track lessons learned for use in improving the monitoring process in upcoming years. In addition, we will solicit feedback through regional debrief meetings, and will create an online forum where IPs can share best practices, ask questions, and submit their comments or suggestions. These methods will be supplemented by brief satisfaction surveys that will be used to help evaluate the success of methodological and process innovations.

Definition of CSO:

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

- Toward an Enabling Legal Environment for Civil Society, Statement of the 16th Annual Johns Hopkins International Fellows in Philanthropy Conference, Nairobi, Kenya. The International Journal of Not-for-Profit Law, Volume 8, Issue 1, November 2005.

3. Convene a meeting of the CSO Expert Panel.

3.a. We do not require panelists to score individual indicators but only overall dimensions. For each dimension, allow each panel member to share his or her initial score and justification with the rest of the group. (Note: If two or more representatives of the same CSO participate in the Panel, only one vote can be cast on their behalf.) Although scoring will not take place at the indicator level, please be sure that panel members discuss each indicator within each dimension of the CSOSI and provide evidence-based, country-relevant examples of recent or historical conditions, policies, and events within each of the dimension narratives. Please take notes on the discussion of each indicator and dimension, detailing the justification for all dimension scores, in the template provided. These notes must be submitted to FHI 360 with the first draft of the narratives (they do not have to be translated to English if not originally written in English).

At the end of the discussion of each dimension, allow panel members to adjust their scores, if desired. Then, for each dimension, eliminate the highest score and the lowest score (if there are two or more of the highest or lowest scores, only eliminate one of them) and average the remaining scores together to come up with a single score for each dimension. Calculate the average or arithmetic mean¹ of these scores for a preliminary score for the dimension. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Use a table similar to the one provided below to track panel members' scores without personal attribution.

Panel Member	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Sectoral Infrastructure	Public Image
1							
2							
3							

3.b. Once a score is determined for a dimension, please have panel members compare the proposed score with last year's score to ensure that the direction and magnitude of the change reflects developments during the year. For example, if an improved score is proposed, this should be based on concrete positive developments during the year that are noted in the report. On the other hand, if the situation worsened during the year, this should be reflected in a worse score (i.e. a higher number on the 1-7 scale).

A change of 0.1 should generally be used to reflect modest changes in a dimension. Larger differences may be warranted if there are more significant changes in the sector. The evidence to support the scoring change must always be discussed by the panel and documented in the dimension narrative. See **CSOSI Codebook – Instructions for Expert Panel Members** for more details about this scoring scale.

In addition, for each dimension score, review the relevant description of that dimension in “CSOSI Codebook – Tiers and Scores: A Closer Look.” Discuss with the group whether the score for a country matches that rating description. For example, a score of 2.3 in organizational capacity would mean that the civil society sector is in the “Sustainability Enhanced” phase. Please read the “Sustainability Enhanced” section for Organizational Capacity in “Ratings: A Closer Look” to ensure that this accurately describes the civil society environment.

If the panel does not feel that the proposed score is accurate after these two reviews, please note this when submitting proposed scores in your narrative report, and the Editorial Committee will discuss whether one or more scores needs to be reset with a new baseline. Ultimately, each score should reflect consensus among group members.

3.c. Discuss each of the seven dimensions of the Index and score them in a similar manner. Once all seven dimensions have been scored, average the final dimension scores together to get the overall CSO

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

sustainability score. Please submit the table with the scores from the individual panelists together with the narrative report. Panelists should be designated numerically.

3.d. Please remind the group at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C. The Editorial Committee will ensure that all scores are adequately supported and may ask for additional evidence to support a score. If adequate information is not provided, the EC may adjust the scores.

4. Prepare a draft country report. The report should focus on developments over the calendar year 2018 (January 1, 2018, through December 31, 2018).

The draft report should begin with an overview statement and a brief discussion of the current state of sustainability of the civil society sector with regard to each dimension. In the overview statement, please include an estimated number of registered and active CSOs, as well as a description of the primary fields and geographic areas in which CSOs operate. Also include a brief overview of any key political, economic, or social developments in the country that impacted the CSO sector during the year. If this information is not provided, the editor will request it in subsequent rounds, which will require additional work from you.

The report should then include sections on each dimension. Each of these sections should begin with a summary of the reasons for any score changes during the year. For example, if a better score is proposed, the basis for this improvement should be clearly stated up front. These sections should include a discussion of both accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses that impact the operations of a broad range of CSOs. Each indicator within each dimension should be addressed in the report.

The report should be written based on the Panel members' discussion and input, as well as a review of other sources of information about the CSO sector including but not limited to analytical studies of the sector, statistical data, public opinion polls and other relevant third-party data. Some international sources of information and data that should be considered include the following:

- CIVICUS Civil Society Index - <http://csi.civicus.org/index.php>
- CIVICUS Monitor -- <https://monitor.civicus.org/>
- World Giving Index - <https://www.cafonline.org/about-us/publications>
- Varieties of Democracy (V-Dem) - <https://www.v-dem.net/en/analysis/analysis/>
- Media Sustainability Index - <https://www.irex.org/projects/media-sustainability-index-msi>
- Nations in Transit - <https://freedomhouse.org/report-types/nations-transit#.VdugbqSFOhI>
- Freedom in the World - <https://freedomhouse.org/report/freedom-world/freedom-world-2017>
- Freedom of the Press - <https://freedomhouse.org/report/freedom-press/freedom-press-2017>
- ITUC Global Rights Index: <https://www.ituc-csi.org/ituc-global-rights-index-2017?lang=en>
- ITUC Survey of Violations of Trade Union Rights: <https://survey.ituc-csi.org/>
- U.S. Department of State Human Rights Report: <https://www.state.gov/j/drl/rls/hrrpt/>
- ICNL Civic Freedom Monitor: <http://www.icnl.org/research/monitor/>
- Carnegie Endowment for International Peace: <https://carnegieendowment.org/regions>
- Afro-Barometer: <http://www.afrobarometer.org/>

Please limit the draft reports to a maximum of **ten pages in English**. Please keep in mind that we rely on implementers to ensure that reports are an appropriate length and are well written.

While the individual country reports for the 2018 CSO Sustainability Index must be brief, implementers may write longer reports for their own use to more fully describe the substance of the panel meetings. Longer reports may include additional country context information or examples and could be used for a variety of purposes, including advocacy initiatives, research, informing project designs, etc.

Please include a list of the experts who served on the panel using the form provided. This will be for our reference only and will not be made public. Also, **please remember to provide the individual panelists' ratings for each dimension** (with the names replaced by numbers).

Submit the draft country reports with rankings via email to FHI 360 by the date indicated in your grant's Project Description.

5. Initial edits of the country report. Within a few weeks of receiving your draft report, FHI 360 and its partner, ICNL, will send you a revised version of your report that has been edited for grammar, style and content. As necessary, the editors will request additional information to ensure that the report is complete and/or to clarify statements in the report. Please request any clarification needed from the editor as soon as possible, then submit your revised report by the deadline indicated.

6. Editorial Committee review. In Washington, an Editorial Committee (EC) will review the scores and revised draft country reports. The EC consists of representatives from USAID, FHI 360, ICNL, and at least one regional expert well versed in the issues and dynamics affecting civil society in the region. A USAID representative chairs the EC. If the EC determines that the panel's scores are not adequately supported by the country report, particularly in comparison to the previous year's scores and the scores and reports of other countries in the region, **the EC may request that the scores be adjusted, thereby ensuring comparability over time and among countries, or request that additional information be provided to support the panel's scores.** Further description of the EC is included in the following section, "The Role of the Editorial Committee."

7. Additional report revision. After the EC meets, the editor will send a revised report that indicates the EC's recommended scores, and where further supporting evidence or clarification is required. Within the draft, boxes will be added where you will note whether you accept the revised scores or where you can provide further evidence to support the original proposed score.

The report should be revised and returned to the editor within the allotted timeframe. The project editor will continue to be in contact with you to discuss any outstanding questions and clarifications regarding the scoring and the report's content. Your organization will be responsible for responding to all outstanding comments from the EC, as communicated by the project editor, until the report is approved and accepted by USAID.

8. Dissemination and promotion of the final reports. After the reports are approved by USAID and final formatting is conducted, the country reports will be grouped into regional reports. Each Implementing Partner will be responsible for promoting both the final, published country report and the regional report. Your organization will conduct activities to promote the Index's use and its visibility. This may include organizing a local public event, panel discussion, or workshop and by making the report available electronically by web posting or creating a social network page for the country report and through the other methods described in your Use and Visibility Plan. Documentation that you have conducted these activities as described in that Plan must be submitted to FHI 360 before it will authorize the final payment.

III. THE ROLE OF THE EDITORIAL COMMITTEE

As an important step in the CSO Sustainability Index process, all country reports are reviewed and discussed by an Editorial Committee composed of regional and sector experts in Washington, DC, and an expert based in the region. This committee is chaired by a USAID Democracy Specialist and includes rotating members from USAID (past members have included experts from regional bureaus, the USAID Bureau for Democracy, Conflict and Humanitarian Assistance's Center of Excellence on Democracy, Human Rights and Governance (DCHA/DRG), the USAID Bureau for Economic Growth, Education and the Environment's Local Solutions Office, and USAID Democracy, Human Rights and Governance foreign service officers). The committee also includes civil society experts from FHI 360 and ICNL.

The Editorial Committee has three main roles. It reviews all reports and scores to ensure that narratives are adequate and compelling from the standpoint of supporting the proposed score and to determine if the proposed change in score is supported by the narrative. A compelling narrative demonstrates that a score results from evidence of systematic and widespread cases and is not based on one or two individual cases. For example, a country environment characterized by a growing number of CSOs with strong financial management systems that raise funds locally from diverse sources is a compelling justification for an elevated financial viability score. A

country in which one or two large CSOs now have the ability to raise funds from diverse sources is not. The Editorial Committee also checks that scores for each dimension meet the criteria described in “Ratings: A Closer Look,” to ensure that scores and narratives accurately reflect the actual stage of CSO sector development. Finally, the Editorial Committee considers a country’s score in relation to the proposed scores in other countries, providing a regional perspective that ensures comparability of scores across all countries.

CSOs are encouraged to remind their panels from the outset that the Editorial Committee may ask for further clarification of scores and may modify scores, where appropriate. **While implementing partners will have the chance to dispute these modifications by providing more evidence for the scores the panel proposed, the USAID Chair of the EC will ultimately have the final say on all scores.** However, by asking panels to compare their scores with last year’s scores and “Ratings: A Closer Look” (which is essentially what the Editorial Committee does), it is hoped that there will be few differences between proposed scores and final scores. Ensuring that the narrative section for each dimension includes adequate explanations for all scores will also limit the need for the Editorial Committee to ask for further clarification.

INSTRUCTIONS FOR CSOSI EXPERT PANEL MEMBERS

Introduction

USAID's Civil Society Organization Sustainability Index (the Index or CSOSI) is a tool developed by USAID to assess the strength and overall viability of the CSO sectors. By analyzing seven dimensions that are critical to sectoral sustainability on an annual basis, the Index highlights both strengths and constraints in CSO development.

The Index allows for comparisons both across countries and over time. Initially developed in 1997 for Central and Eastern Europe and Eurasia, the CSOSI is a valued tool and methodology used by non-governmental organizations (NGOs), governments, donors, academics and others to better understand the sustainability of the civil society sector. In 2018 the CSOSI was implemented in 72 countries.

Beginning with the 2017 Index and for the following four years, FHI 360 and the International Center for Not-for-Profit Law (ICNL) are managing the coordination and editing of the CSOSI. To develop the Index each year, FHI 360 provides small grants to local CSOs to serve as implementing Partners (IPs) that implement the CSOSI methodology in country. ICNL is primarily responsible for editing the country reports once they are drafted by IPs. A senior staff member from both FHI 360 and ICNL serves on an Editorial Committee that reviews all reports, as do one or more senior USAID/Washington officials.

The expert panel members for whom this Codebook is designed participate in in-country panel discussions on the seven dimensions of sustainability covered by the Index. The IP convenes these panel discussions annually to assess the situation of civil society in their countries and determine scores based on an objective analysis of the factual evidence.

The CSOSI team is continually striving to ensure the cross-country and cross-year comparability of the Index's scores, as well as to improve the reliability and validity of measurements, standardization of definitions, local ownership of the Index, and transparency of the Index's methodology and processes.

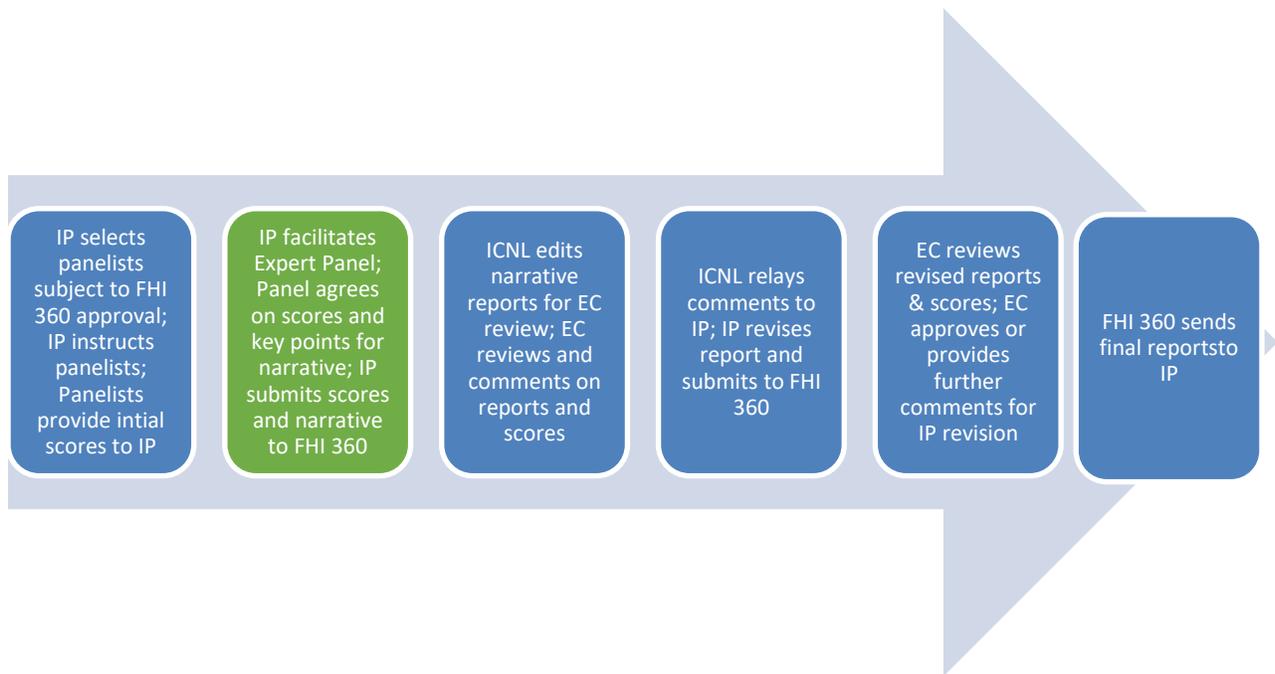
Therefore, FHI 360 has created this Codebook to inform and guide expert panel members through the scoring process. The Codebook provides definitions of the key concepts used to assess the overall strength and sustainability of the civil society sector in a given country, explains the scoring process,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

This is the first part of the Codebook, providing an overview of the concepts and processes that guide the expert panel members' role in the CSOSI's methodology. The second part of the Codebook provides descriptions, or vignettes, of each score for each dimension, to standardize expert panel members' understanding of the scoring scale and to assist them in ensuring that scores are accurate.

CSOSI Methodology

The CSOSI measures the sustainability of each country's CSO sector based on the CSOSI's seven dimensions: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image. Its seven-point scoring scale mirrors those used by Freedom House in its publications "Nations in Transit" and "Freedom in the World."

The Implementing Partner (IP) in each country leads the process of organizing and convening a diverse and representative panel of CSO experts. Expert panels discuss the level of change during the year being assessed in each of the seven dimensions and determine proposed scores for each dimension. The scores are organized into three basic "tiers" representing the level of viability of the civil society sector: *Sustainability Impeded*; *Sustainability Evolving*; and *Sustainability Enhanced*. All scores and narratives are then reviewed by a Washington, D.C.-based Editorial Committee (EC), assisted by regional civil society experts. The graph below summarizes the approach and process.



Definition of Concepts

The overall goal of the Index is to track progress or regression in the CSO sector over time, increasing the ability of local entities to undertake self-assessment and analysis. To ensure a common understanding of what is being assessed, panel members need a shared understanding of the key concepts underlying their assessment.

Civil Society Organization

Civil society organizations are defined:

“...As any organizations, whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is a matter of free choice. Both member-serving and public-serving organizations are included. Embraced within this definition, therefore, are private, not-for-profit health providers, schools, advocacy groups, social service agencies, anti-poverty groups, development agencies, professional associations, community-based organizations, unions, religious bodies, recreation organizations, cultural institutions, and many more.”¹

This definition of CSO includes informal, unregistered groups and movements, but to be included in the CSOSI, the movement must possess the structure and continuity to be distinguished from a single gathering of individuals and from personal or family relationships. In many countries political parties and private companies establish and support CSOs, but these entities are usually either public, for-profit, or not self-governing.

¹ *Toward an Enabling Legal Environment for Civil Society, Statement of the 16th Annual Johns Hopkins International Fellows in Philanthropy Conference, Nairobi, Kenya. The International Journal of Not-for-Profit Law, Volume 8, Issue 1, November 2005.*

Seven Dimensions of Sustainability

The CSOSI measures sustainability across seven dimensions by analyzing a series of indicators related to each dimension.

1- **LEGAL ENVIRONMENT:** The legal and regulatory environment governing the CSO sector and its implementation

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

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

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

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

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

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

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

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

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

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

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

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

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

How to Score

The CSO Sustainability Index uses a seven-point scale from 1 to 7. **Lower numbers indicate more robust levels of CSO sustainability.** These characteristics and levels are drawn from empirical observations of the sector's development in the region, rather than a causal theory of development. Given the decentralized nature of civil society sectors, many contradictory developments may be taking place simultaneously. The levels of sustainability are organized into three broad clusters:

Sustainability Enhanced (1 to 3) - the highest level of sustainability, corresponds to a score between 1.0 and 3.0;
Sustainability Evolving² (3.1 to 5) - corresponds to a score between 3.1 and 5.0;
Sustainability Impeded (5.1 to 7) – the lowest level of sustainability, corresponds to a score between 5.1 and 7.0.

Sustainability Enhanced	Sustainability Evolving	Sustainability Impeded
1.0 – 3.0	3.1 –5.0	5.1 –7.0

Scoring Process

The primary role of the expert panel is to provide an assessment of the CSO environment based on the seven dimensions mentioned above. During the panel discussion, panel members are tasked with discussing their initial scores for each dimension, including their evidence for these scores, and determining their final proposed scores for each dimension. The overall score for the country will be an average of these seven scores. Below are the steps to be followed by members of the expert panel:

Step 1: Please start by reviewing last year's report and other sources of information about sectoral developments from the last year of which you are aware. Then, rate 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. See "Scoring based on Level of Change" on page 8 below for guidance on how to determine proposed scores.

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

Step 2: Review your proposed score for each dimension to ensure that it makes sense in comparison to last year's score given the weight of the impact the developments will have at the sector level and the scoring guidance below. In determining the level of change, look at the evidence of change and the various factors over the year being assessed that led to those changes (events, policies, laws, etc.).

² The 'Sustainability Evolving' categorization does not assume a direct or forward trajectory. Dimension and Overall Sustainability scores that fall within this category may represent both improvements and regressions.

Step 3: Once you have scores for each dimension, average these seven scores together to arrive at an overall CSO sustainability score and provide all these scores to the Implementing Partner before you attend the Expert Panel discussion.

Step 4: Attend the Expert Panel discussion. Listen to other experts describe the justification for their scores. After discussing each indicator in a dimension, you will have the opportunity to revise your proposed score. The Implementing Partner will use the consensus score as the final proposed score. If consensus is not reached during the discussion, the Implementing Partner will average the Expert Panelists’ scores, removing one instance of the highest and lowest scores, to arrive at the final scores that will be proposed to the Editorial Committee.

It is very important that the discussion includes specific examples and information that can be used to justify the Expert Panelist’s scores. Therefore, please come prepared to share specific evidence of examples to support trends you have noted during the year. **If adequate information is not provided, the Editorial Committee has the right to adjust the scores accordingly.**

Scoring Based on Level of Change

The level of change in a dimension from one year to the next is determined by assessing the impact of multiple factors including new policies and laws, changes in implementation of existing policies and laws, various organization-level achievements and setbacks, changes in funding levels and patterns, as well as contextual political, economic, and social developments. While individual examples may seem impactful on their own, ultimately a sector’s long-term sustainability only changes gradually over time as the implications of these positive or negative developments begin to be felt and their long-term effects take hold. Therefore, dimension-level score changes each year should not in normal circumstances exceed a 0.5-point change from the previous year³.

When determining what weight to give different trends and developments in how they affect the scores, consider the relative scope of the changes and the duration of their impacts. Those trends and developments that will have larger and longer-term impacts on the sector as a whole should be weighted more heavily compared to those that affect only limited parts of the sector and are more likely to change from year to year. For example, a demonstrated increased capability to mobilize domestic resources (e.g. through corporate philanthropy or crowdfunding), or a new mechanism for long-term funding of CSOs (e.g. through a basket fund or a tax designation mechanism) would signal a longer-term change in a sector’s financial viability than a one-year increase in donor funding to CSOs conducting work around national elections.

In determining how the level of change in the dimension of sustainability should translate into a change in score, the following scale can be used to assist expert panel members’ decision making:

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

Deterioration	<p>Cataclysmic deterioration: Trends and developments have had a completely transformative negative effect on at least one or two indicators in the dimension and significantly affected other dimensions as well.</p> <p>Example: Legal Environment – A law has banned all international CSOs and their affiliates from the country, as part of the government’s systematic crackdown on civil society organizations.</p>	0.5 or greater
	<p>Extreme deterioration: Trends and developments have had very important negative effects on at least one or two indicators in the dimension.</p>	0.4

³ **Note:** This scale has been adjusted for the 2018 CSOSI to more accurately reflect the scale at which trends and developments should impact a score given the definitions of the scoring scale above.

	<p>Example: Organizational Capacity – Economic depression and instability have led donor basket funds to close abruptly, leaving many major CSOs without funding for their activities. Outreach efforts to constituencies have been halted due to funding shortages and many major CSOs have lost their well-qualified staff members.</p>	
	<p>Significant deterioration: Trends and developments have had important negative effects on at least one or two indicators in the dimension.</p> <p>Example: Public Image – The government conducts a relentless media campaign to discredit the image of CSOs by calling them agents of foreign actors seeking to destabilize the country. At the same, the government intimidates media outlets and threatens them with retaliation should they partner with or cover CSO activities without prior approval by the government.</p>	0.3
	<p>Moderate deterioration: Trends and developments have had a somewhat negative impact in at least one or two indicators in the dimension.</p> <p>Example: Legal Environment – In an effort to increase public revenue, the government has decided to increase fees by 100% for some types of government services, including CSO registration renewal fees, which were already very high according to many CSOs. As a result, some CSOs, particularly community-based organizations (CBOs), had to delay or suspend their activities.</p>	0.2
	<p>Slight deterioration: Trends or developments have had a slightly negative impact on a at least one or two indicators in the dimension.</p> <p>Example: Legal Environment – The government has decided that CSOs should submit their financial statement and annual activity report to the registration agency every year. This may have a long-term positive effect but in the short-term it has increased bureaucratic hurdles and the possibility of harassment by overzealous government officials.</p>	0.1
No Change	<p>The country has not encountered any significant trends or developments in the dimension or developments have been both positive and negative in equal measure.</p>	0
Improvement	<p>Slight improvement: Trends or developments have had a slightly positive impact on a at least one or two indicators in the dimension.</p> <p>Example: Legal Environment – To facilitate CSO registration, particularly for those in rural areas, the government has decided its registration agency will allow the agency to take applications locally and process registration directly at the district level. Now, CSOs in rural areas are not required to travel to the capital to apply. However, this measure is accompanied with a small increase in the registration fee.</p>	0.1
	<p>Moderate improvement: Trends and developments have had a somewhat positive impact in at least one or two indicators in the dimension.</p> <p>Example: Service Provision – To improve the effectiveness of public service delivery, the central government has decided that at least 10% of local government contracts for basic service delivery will be set aside for CSOs.</p>	0.2

	The law is lacking in specificity, particularly around the application process, but it reinforces CSOs' image as credible partners.	
	<p>Significant improvement: Trends and developments have had important positive effects on at least one or two indicators in the dimension.</p> <p>Example: Public Image – There has been a net increase of CSO partnerships with businesses. CSOs have also agreed to and published a general code of conduct for the sector, reinforcing a positive trend of greater transparency and accountability.</p>	0.3
	<p>Extreme improvement: Trends and developments have had very important positive effects on several indicators in the dimension.</p> <p>Example: Organizational Capacity – The government and international donors have launched a five-year multi-million dollar basket funds to support CSO-led activities and to strengthen CSO capacity, with a special focus on skills training for CSO staff members, particularly those from CBOs.</p>	0.4
	<p>Transformative improvement: Trends and developments have had a completely transformative positive effect on at least one or two indicators in the dimension and will potentially affect other dimensions as well.</p> <p>Example: Legal Environment – A nonviolent revolution that toppled an authoritarian regime and installed a more democratic regime has produced sudden political and legal changes that will protect basic freedoms and human rights.</p>	0.5 or greater

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