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Cover Photo: Participants in an Open Space Technology workshop sponsored by Genius Loci (Milan, Italy)
Photo credit: Gerardo de Luzenberger
We are people dedicated to the promotion of a legal environment that strengthens civil society, advances the freedom of association and assembly, fosters philanthropy, and enables public participation around the world. We come from virtually every continent, and we share

*a vision in which people are empowered to improve their everyday lives.*

In our work, we are committed to the following core values:

- Reform should result from an indigenous and transparent process;
- Our assistance should be professional and non-partisan;
- Programs should incorporate public participation; and
- Our activities should support, and not displace, local expertise.

**ICNL** Check out our online presence at www.icnl.org

Follow us on Twitter @ICNLAlliance

Like us on Facebook at www.facebook.com/ICNLDC
Developments over the past year highlight the importance of an enabling legal environment for civil society, philanthropy and public participation. These are issues whose time has come, and ICNL has met the challenge by supporting stakeholders and providing expertise at the international and national levels.

Among other initiatives at the international level:

- ICNL supports the United Nations Special Rapporteur on the Rights to Freedom of Peaceful Assembly and of Association, assisting with thematic reports and hosting the Special Rapporteur’s Research Fellow at our main office.

- ICNL serves on the Community of Democracies Working Group on Enabling and Protecting Civil Society, which helps mobilize the international community on civil society legal issues. Chaired by the Government of Canada, state members include Botswana, Chile, Czech Republic, Mongolia, Spain, Sweden, the United States, and Tanzania.

- ICNL is a partner in Lifeline: the Embattled NGO Assistance Fund. The Fund was created by thirteen countries, and it enables ICNL to support civil society law reform initiatives around the world.

Complementing this international work, ICNL has worked in 100 countries, including countries as diverse as Azerbaijan, Bangladesh, Brazil, China, Egypt, Indonesia, Kenya, Mexico, Russia, South Sudan, Turkmenistan, and Zambia.

To deepen the analytic basis of our field, last year ICNL prepared over 125 articles and reports. With the generous support of the Bill & Melinda Gates Foundation, we also expanded our online library, which now contains over 2600 documents from 180 countries.

In June 2012, Dr. Aubrey Webson reached his term limit on our board, and we thank Dr. Webson for his distinguished service including his roles as Board Secretary and Treasurer. We also welcome our new board members, Noshir Dadrawala of India, Justice Natasha Gaber-Damjanovska of Macedonia, and Adam Kolker of the United States.

Financially, ICNL continues to grow, and we thank our funders for their confidence in us. Earlier this year, ICNL was particularly honored to receive a MacArthur Award for Creative and Effective Institutions.

We close by paying tribute to ICNL’s staff and partners. Their dedication, skill, and energy are the cornerstone of our success, and we look forward to our continued work together to promote civic space around the world.

Lindsay Driscoll
Chair of the Board

Douglas Rutzen
President and CEO
“These extraordinary organizations demonstrate exceptional creativity and effectiveness, and their impact is altogether disproportionate to their size.”

-Robert Galluci
MacArthur Foundation

On February 16, 2012, the John D. and Catherine T. MacArthur Foundation named ICNL as a recipient of the $1 million MacArthur Award for Creative and Effective Institutions.

The MacArthur Award honors and supports ICNL’s efforts to advance the legal environment for civil society, philanthropy, and civic participation in over 100 countries.

Among other examples, ICNL is working with partners to create the legal framework for humanitarian groups and other civil society organizations in Tunisia. ICNL is also engaged with partners to promote philanthropy in China, increase public participation in Russia, enhance state-civil society relations in Brazil, and enable civil society in scores of other countries.

At the global level, ICNL’s work led to the first-ever UN Special Rapporteur on the rights to freedom of peaceful assembly and of association. ICNL also convened a Global Forum on Civil Society Law in 2011 at which Aung San Suu Kyi, Desmond Tutu, US Secretary of State Hillary Clinton, and Sweden’s Minister for International Development Cooperation Gunilla Carlsson delivered video and in-person remarks.

ICNL is one of only 15 organizations from six countries to be recognized with the MacArthur Award for Creative and Effective Institutions.

“ICNL is a testament to what can be accomplished by people of real vision, mission, and integrity.”

-Gerald Hyman
Center for Strategic and International Studies
ICNL’s engagement encompasses every political, social, and economic context:

Afghanistan  Bangladesh  Belarus  Bosnia-Herzegovina  Brazil  Bulgaria  Burma  Cambodia  Canada  China  Colombia  Croatia  Cyprus  Czech Republic  Ecuador  Egypt  El Salvador  Estonia  Ethiopia  France  Georgia  Germany  Ghana  Guatemala  Guyana  Honduras  Hungary  India  Indonesia  Iraq  Ireland  Israel  Japan  Jordan  Kazakhstan  Kenya  Kosovo  Kyrgyzstan  Latvia  Lebanon  Libya  Lithuania  Macedonia  Malawi  Malaysia  Mexico  Moldova  Mongolia  Montenegro  Morocco  Namibia  Nepal  Netherlands  New Zealand  Nicaragua  Nigeria  Pakistan  Palestine  Panama  Paraguay  Peru  Philippines  Poland  Romania  Russia  Rwanda  Senegal  Serbia  Sierra Leone  Slovakia  Slovenia  Somalia  South Africa  South Sudan  Sri Lanka  Sweden  Tajikistan  Tanzania  Tunisia  Turkey  Turkmenistan  Uganda  Ukraine  United Kingdom  USA  Uzbekistan  Vanuatu  Venezuela  Vietnam  Yemen  Zambia  Zimbabwe
In June 2012, ICNL and the World Movement for Democracy released the second edition of the Defending Civil Society report. Previously endorsed by Vaclav Havel, Desmond Tutu, and the Dalai Lama, the report details the legal barriers constraining civil society and articulates a set of international legal norms to defend the sector.

Before 2010, the rights to freedom of peaceful assembly and of association were the only fundamental freedoms enumerated in the Universal Declaration of Human Rights that were not protected through a special UN mechanism. To highlight the importance of these freedoms, ICNL and its partners mobilized support to establish a UN Special Rapporteur to protect these rights. In September 2010, the UN Human Rights Council passed a resolution to create this mandate and Mr. Maina Kiai, a preeminent Kenyan lawyer and human rights activist, was appointed to this position.

Mr. Kiai submitted his inaugural thematic report to the Human Rights Council in June 2012. Using responses from UN member states, human rights institutions, and civil society organizations, the report identifies best practices relating to the rights to freedom of peaceful assembly and of association.

This new mandate represents the culmination of years of work by ICNL and its partners to embed civil society legal issues into UN human rights mechanisms. In addition to contributing substantive comments to the thematic report, ICNL is also hosting Mr. Kiai’s research fellow, Waruguru Kaguongo, in Washington, DC. ICNL looks forward to further supporting the work of the UN Special Rapporteur, which signifies an unprecedented step in protecting the rights to freedom of assembly and association.

“This rights to freedom of peaceful assembly and of association serve as a vehicle for the exercise of many other civil, cultural, economic, political and social rights.”
- Mr. Maina Kiai, United Nations Special Rapporteur on the Rights to Freedom of Peaceful Assembly and of Association.

In June 2012, ICNL and the World Movement for Democracy released the second edition of the Defending Civil Society report. Previously endorsed by Vaclav Havel, Desmond Tutu, and the Dalai Lama, the report details the legal barriers constraining civil society and articulates a set of international legal norms to defend the sector.
In Libya, ICNL worked with partners on a new draft *Law on Associations* to replace a Qaddafi-era law which had effectively outlawed independent civil society organizations (CSOs). ICNL facilitated a participatory process, organizing workshops at which civil society representatives provided input to ministry officials on the draft law.

*Libyan CSOs review the draft law and provide feedback to the drafting committee at a workshop organized by ICNL in Tripoli*

**Turning the Tide: Countering the Backlash Against Civil Society in Egypt**

Throughout the fall of 2011 and into 2012, the Egyptian state-controlled media undertook an “organized smear campaign” against Egyptian CSOs, focused especially on human rights organizations and other groups dependent on foreign funding. These media and government attacks culminated in raids on several prominent CSOs and the arrests of dozens of CSO employees, several of whom still await trial.

Addressing negative media and government attacks seemed almost impossible, but with a small grant from ICNL, the Egyptian Union of Liberal Youth (EULY) launched an innovative online public relations campaign. EULY created two cartoons – one exploring the meaning of civil society and another explaining how CSOs use foreign funding – and began distributing the videos via Facebook, Twitter, and YouTube. Within a few months, the videos had gained thousands of viewers, eventually coming to the attention of Egypt’s mainstream media organizations.

In April, EULY was invited to appear on DreamTV’s Good Morning Egypt, one of Egypt’s most popular news shows. In a thirty-minute segment that featured both cartoon clips and interviews with EULY staff members Amr Bargisi and Ahmed Ragab, EULY was able to directly address and refute the accusations being made against Egyptian CSOs.

Although government-controlled media continues to attack Egyptian CSOs, innovative projects like EULY’s are providing these organizations with an opportunity to defend against these attacks and reach millions of Egyptian citizens to explain the benefits of a free and active civil society.
**Contracting for Good: Strengthening Service Provision in Kazakhstan**

The Association of Parents of Disabled Children (ARDI) is an organization in Kazakhstan that runs a daycare center for children with disabilities. The daycare center provides a place where the children can attend school, learn computer and English skills, as well as develop their creative talents in painting, sculpture, and theater.

The Association receives funding through a contract with the city of Almaty to provide social services, often called a social contract. As Kazakhstan’s Social Contracting Law did not permit contracts to last longer than one year, the Association often had to close its doors to disabled children and their families during the interim period between contracts.

ICNL has worked in Kazakhstan since 2008 to help a group of CSOs revise Kazakhstan’s legislation on social contracting. In addition to helping the community develop recommended changes to the law, ICNL also provided expertise to the parliamentary group that was working to draft the law.

In December 2011, the law was revised to allow multi-year social contracts. Long term funding means that the Association will be able to rely on continuous support, allowing the organization to recruit staff who can count on multi-year employment contracts and invest greater resources in its long-term development. In all, these amendments greatly enhance the quality of care provided to children and other individuals in need.

ICNL has worked with Ukrainian groups and government officials for over five years to support a new **Law on Public Associations**, which was enacted in April 2012. This legislation makes it simpler for public associations to register and allows them to earn income to support their program activities.
ICNL is working with the South Sudan Law Society (SSLS) to assess the legal framework for civil society and support a participatory law reform process. This will strengthen the capacity of local CSOs to advocate for a more enabling law for the sector.

Empowering Local Voices: Fostering Government-Citizen Dialogue in Rwanda

Civil society organizations have played an instrumental role in Rwanda’s transformation since the 1994 genocide. Polarizing ethnic divides remained from the war, threatening social stability and leaving citizens fearful of renewed violence. In order to prevent the further marginalization of specific communities, Rwandan CSOs worked to promote engagement of all citizens, regardless of ethnicity, in policymaking at the local government level. This type of participation is vital to ensure that local grievances do not erupt into large-scale instability.

ICNL has worked in Rwanda since 2007 to help develop legislation that would allow citizens to participate in government decision-making. Among other provisions, Rwanda’s new Law on National Non-Governmental Organizations, enacted in 2012, protects the rights of citizens to participate in the policymaking process. ICNL has worked to facilitate government-citizen dialogue through platforms for discussion on issues affecting local communities. Forums between citizens and ministry officials have already been initiated in certain areas, and there are plans to expand these pilot initiatives into regular citizen-government mechanisms for communication at the local and national levels.

Rwanda’s new legislation gives community members the important opportunity to express their opinions on public policy matters. ICNL’s work has guided Rwanda through the adoption of the new law and has created a space for citizens to shape government decisions.
Threats to freedom of association are on the rise in many states throughout Latin America. To address this trend, the Inter-American Commission on Human Rights (IACHR) convened its first regional hearing on Legal Barriers to Freedom of Association in the Americas on March 28, 2012. The hearing, convened at the request of a coalition of CSOs, covered a broad range of restrictions that individual civil society activists have experienced across the region.

Petitioners presented first-hand accounts of the nuanced techniques used to suppress the right to freedom of association. A CSO lawyer from Panama, for example, noted that a Panamanian ministry official initially rejects up to 99% of registration applications from CSOs for “technical deficiencies.” In Ecuador, CSOs can only obtain classification as a legal entity by demonstrating that they have ten times the financial resources of for-profit organizations.

ICNL recommended that CSOs with a common interest defend freedom of association before the IACHR and helped petitioners assess the legal environment for CSOs in each country. ICNL also helped petitioners prepare the request for the regional hearing, country reports, and oral testimonies.

In addition to ICNL’s work on the IACHR hearing, we worked throughout Latin America by partnering with local organizations in Mexico, El Salvador, Honduras, Nicaragua, Panama, Colombia, Ecuador, Peru, Bolivia, and Argentina.
**Collaboration for a Greater Social Impact in Macedonia**

Though Macedonia has made significant progress in building democratic institutions and strengthening civil society, the country still faces obstacles to achieving an inclusive democracy and economic prosperity. Macedonia’s government has been criticized for lack of transparency and for failing to consider citizens’ needs while creating laws and policies.

To create a more transparent and accountable government in Macedonia, key stakeholders stressed the need to deepen partnerships between civil society and the government. The efforts of the European Center for Not-for-Profit Law (ECNL) to promote government-CSO cooperation culminated this year in the adoption of the second *Strategy for Cooperation of the Government with the Civil Sector* and an accompanying action plan. The Strategy, which outlines the direction for reforms for the next six years, provides an important channel to promote an ongoing dialogue between the government and civil society organizations.

ECNL helped develop the Strategy by providing expertise to the drafters and by facilitating the process, including organizing consultations with key decision-makers and CSO representatives. Under ECNL’s leadership, civil society and public authorities were directly involved in drafting the Strategy and gained first-hand experience of a collaborative process.

Highlighting the benefits of collaboration to both the government and CSOs can help mitigate disagreements between the government and civil society and can limit future attempts to restrict civic space. ECNL’s emphasis on developing the strategy through a participatory process was an important step to help public authorities understand the needs of civil society and to foster government accountability to its citizens.

The Bulgarian Center for Not-for-Profit Law (BCNL) worked with local partners to organize a countrywide public education campaign on the ratification process for the UN Convention on the Rights of Persons with Disabilities. The Bulgarian Parliament ratified the Convention in January 2012.
Global Forum | ICNL hosted the 2nd Global Forum on Civil Society Law in August 2011. Held in Stockholm, Sweden, the Global Forum provided an opportunity for over 200 CSO leaders from 80 countries to discuss, among other issues, civil society law reform, counter-terrorism, and aid effectiveness. The conference opened with video remarks from Nobel Peace Prize Laureates Archbishop Emeritus Desmond Tutu and Daw Aung San Suu Kyi, as well as US Secretary of State Hillary Rodham Clinton.

Fourth High Level Forum on Aid Effectiveness | The international community is developing a new framework for foreign assistance and development effectiveness. ICNL was among the select group of CSOs invited to participate in the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea. ICNL’s participation in the meeting and subsequent conferences has helped ensure that an enabling environment remains a key priority as the new aid architecture is being implemented.

United States International Grantmaking Project | The USIG Project is a joint initiative of the Council on Foundations and ICNL, designed to facilitate effective and responsible international grantmaking by U.S. foundations. As part of this project, ICNL prepares 35 Country Notes to help private foundations undertake “equivalency determinations” when making international grants. To learn more about the project and to view the Country Notes, please visit the USIG website: www.usig.org.

NGO Law Monitor | Covering 41 countries and 8 multilateral institutions, the NGO law monitor provides up-to-date information on legal issues affecting NGOs around the world. Additions to the NGO law monitor in the past year include Belarus, El Salvador, Ghana, Malaysia, Nepal, Panama, and South Sudan.

Civil Society Organization Sustainability Index (CSO SI): Covering over 50 countries, the CSO SI scores and ranks CSO sustainability based on 7 indicators, including the legal framework and financial sustainability for CSOs. ICNL serves on the editorial committee to score countries based on the indicators and provides editorial and project support for the publications. The CSO SI now covers Central and Eastern Europe, sub-Saharan Africa, the Middle East/North Africa, and South Asia.
2011 - 2012 Board of Directors & Advisory Council

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Dan Songco - Philippines  
Eduardo Szazi - Brazil  
Jeff Thindwa - Malawi  
Victor Thuronyi - USA  
Undarya Tumursukh - Mongolia  
W. Aubrey Webson - Antigua
### Statement of Activities and Changes in Net Assets
For the Years Ending December 31, 2011 and 2010

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<th>2011 Unrestricted</th>
<th>2011 Temporarily Restricted</th>
<th>2011 Total</th>
<th>2010 Total</th>
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<td><strong>PUBLIC SUPPORT AND REVENUE</strong></td>
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<td>U.S. and other government grants</td>
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<td>2,200</td>
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<td>2,603</td>
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<tr>
<td>Other revenue</td>
<td>8,953</td>
<td>-</td>
<td>8,953</td>
<td>4,889</td>
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<td>Net assets released from restrictions</td>
<td>6,133,587</td>
<td>(6,133,587)</td>
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<td>-</td>
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<td><strong>Total public support and revenue</strong></td>
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<td>610,095</td>
<td>6,757,438</td>
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**EXPENSES**

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<td>Program services</td>
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<td>3,579,585</td>
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<td>92,658</td>
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<td><strong>Total expenses</strong></td>
<td>6,050,953</td>
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<td>4,572,243</td>
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**OTHER ITEMS**

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<tr>
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<th>2011</th>
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<th>2010 Total</th>
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<tr>
<td>De-obligation of funding</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(117,386)</td>
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<tr>
<td>Changes in net assets</td>
<td>96,390</td>
<td>610,095</td>
<td>706,485</td>
<td>1,321,006</td>
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<td>Net assets at beginning of year</td>
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<td>8,116,002</td>
<td>8,687,951</td>
<td>7,366,945</td>
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<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td>668,339</td>
<td>8,726,097</td>
<td>9,394,436</td>
<td>8,687,951</td>
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</tbody>
</table>
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