



BALKAN CIVIL SOCIETY
DEVELOPMENT NETWORK

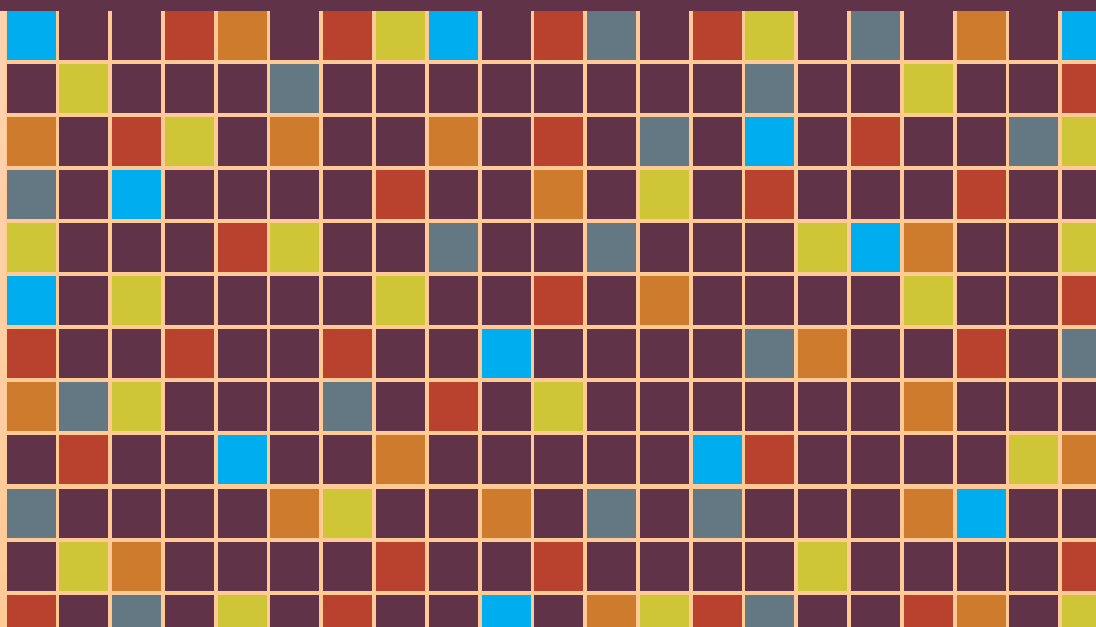
Balkan Civic Practices # 15

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MONITORING MATRIX ON ENABLING ENVIRONMENT FOR CIVIL SOCIETY DEVELOPMENT

REGIONAL REPORT 2016





BALKAN
CIVIL
SOCIETY
DEVELOPMENT
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Monitoring Matrix on Enabling Environment for Civil Society Development

- Regional Report 2016 -

Publication date: August 2017

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Executive Summary

Throughout 2016, civil society organizations (CSOs) in most of the countries in the Western Balkans and Turkey operated in a relatively stable legal environment. Yet, notable deteriorations compared to 2015, 2014 and 2013 were reported; political crises, elections and economic instability, coupled with increased citizen unrest and the refugee crisis, left little space for civil society development. Many CSOs, nevertheless, had pivotal role in organizing peaceful assemblies against political, social and economic injustices as, well as actively supporting refugees and migrants passing through the region. The worrisome steps made in several countries in the direction of backsliding and restricting civic space for CSOs and citizens continued throughout 2016.

To monitor the enabling environment for civil society development, BCSDN, ECNL and group of experts developed the Monitoring Matrix on Enabling Environment for Civil Society Development and accompanying Toolkit.

This report summarizes the key findings based on the data from 7 Country Reports, prepared by BCSDN members, in the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia) and Turkey and compares the findings from 2016 to those from the 2015, 2014 and 2013 Regional Reports.

The main purpose of this Regional Report is to identify the key common issues related to the enabling environment for civil society development across the Enlargement region, and through two sets of recommendations, the Report aims to support efforts of CSOs, public authorities and the European Union in the creation of a more conducive environment for civil society.

The area of **basic legal guarantees of freedoms** underwent copious developments both within the legal framework and in practice, with numerous cases of violation being reported. **Freedom of association** continues to be legally guaranteed in the region and CSOs may operate in a variety of legal forms without an obligation to register with state authorities. Unregistered CSOs are not forbidden or sanctioned in Turkey either, but it is foundations and associations that continue to be the only two legal entity forms recognized by the state as CSOs, due to an absence of legal definitions for “civil society” and “civil society organizations”, and are, therefore, prone to be excluded from public consultations in general. More so, reforms of the CSO framework law planned in the Turkish National Action Plan for the EU Accession were not realized, mainly due to deterioration of the situation after the failed coup. Downward trends remain a concern in Bosnia and Herzegovina and Serbia, where adoption of new laws and amendments announced restrictive measures towards establishing, operating and funding CSOs. Equally concerning is the appearance of non-democratic movements acting as proxies for the more radical positions advocated by the ruling parties, especially visible in Macedonia and Serbia, which have been particularly salient through the media.

Concerning **freedoms of assembly, expression and information**, changes in the framework laws related to peaceful assembly have been observed in Serbia and Montenegro. In practice, these are still not sufficiently respected, with a dozen of violations of the legal guarantees, particularly related to freedom of assembly. These include, for example, arbitrary denials for holding an assembly in some specific location and/or time, and police brutality, detention and criminal prosecution of demonstrators.

CSOs' financial viability and sustainability, albeit being flagged as an issue of key concern in the previous monitoring cycles, has still not undergone changes in the direction of creating legal frameworks that promote CSOs' development. **Financial sustainability** remains to be the most challenging issue in the CSO operations throughout the whole region. Besides the insufficient and non-transparent allocation of public funding and CSOs' dependence on foreign and state funds, organizations in the region continue to face challenges due to non-conducive **fiscal treatment**. In particular, the tax treatment of their income in all countries of the region is still unfavorable and/or there are insufficient or no tax incentives to stimulate the engagement in philanthropy. While the situation is slowly improving and there are some positive developments identified compared to previous years, such as the continuation of the drafting of social enterprise regulations in Macedonia in Kosovo and a new law adopted in Albania, the changes are rather insignificant and do not substantially change the state of affairs.

With regards to **public funding**, positive trend have been observed in Kosovo whereby the Government adopted a model on public funding for CSOs, designed jointly with civil society, which foresees decentralized distribution and central monitoring and evaluation. On the other hand, in Macedonia the Law on Games of Chance and Entertaining Games has been amended twice during 2016, adding provisions that are related only to sport associations, which implies that there is an absence of political will and understanding of the necessity for support of all other types of CSOs. There were no major changes reported in the area of **human resources** throughout the region. While the Albanian parliament finally adopted the Law on Volunteering, it is still not being implemented due to the fact that the legal acts stipulated in the Law are still not developed. In addition, Bosnia and Herzegovina and Montenegro have repeatedly reported that their volunteering laws are too burdensome and over-bureaucratic; however, the issue has not been legislatively addressed yet.

No improvements have been noticed in the area of CSO-state relationships. In all countries in the region, with the exception of Turkey, there are **national level policy documents and mechanisms for cooperation**. In Serbia, an Acting Director of the Office for Cooperation with Civil Society was finally appointed a whole year after the dismissal of the previous one, yet the National Strategy on Enabling Environment for Civil Society Development has still not been approved, even though more than 1,5 years have passed since the end of the public debate. The implementation mechanisms of the Kosovo Government Strategy for Cooperation with Civil Society 2013-2017 have continued, entering into its final year of implementation, yet concrete results have been achieved only in the areas of public consultation and public funding. In Albania, the National Council for Civil Society was established in 2016, while in Macedonia the process towards establishing a similar council continued throughout the year. However,

the decision for establishment of the Council for Cooperation between the Government and Civil Society in Macedonia was announced only two working days after the Government presented it to CSOs, without any possibility for additional comments from civil society. A reaction was sent to the Government by a group of leading CSOs, which have initially been advocating for its establishment, with concerns over the functionality of the Council, the improper adoption period, and the selected CSO representatives profile and portfolio, which do not correspond with the area represented. In Montenegro, CSO representatives with seats in the Council for Cooperation with NGOs froze their membership due to dissatisfaction with the way the opinions of the Council have been presented to the Government by its President.

Markedly, State-CSO relationships remain underdeveloped and not meaningful enough. Positive developments have been noted in Kosovo whereby a Regulation on Minimum Standards for Public Consultations has been approved based on a proposal by civil society, providing basis for public consultation from agenda-setting, to experts' involvement and general public consultations, with specific requirements for each of the steps. That notwithstanding, the weak relationship throughout the region is particularly due to the insufficient implementation of the mechanisms and cooperation documents and the lack of political will to cooperate and respect the established measures. CSOs are also insufficiently involved in provision of services on behalf of the state, with the exception of social services.

1.

CIVIL SOCIETY AND CIVIL SOCIETY DEVELOPMENT IN THE REGION

The number of registered CSOs is annually increasing in Kosovo, Montenegro, Macedonia and Serbia. Montenegro, similarly to 2015, saw the largest increase – 8 new CSOs per 10,000 inhabitants registered in 2016. While no increase was reported in Turkey, Albania faced a decrease of the number of registered CSOs per 10,000 inhabitants. Finally, due to data issues, it is impossible to follow trends in Bosnia and Herzegovina.

According to the Monitoring Matrix Country Reports for 2016, CSOs work mainly in the areas of education, civic participation, gender equality, culture, youth, provision of social services and health. Many CSOs are also engaged in the fields of democracy, human rights and good governance, and are involved in many awareness raising and advocacy activities to improve the legal and regulatory framework affecting CSOs.

CSOs in the region are typically located in the bigger cities and capitals rather than in rural and remote areas. Compared to urban areas and bigger cities, CSOs operating in rural and remote areas commonly have only project-based staff. Due to the **lack of official data and statistics** it remains difficult to determine how many volunteers are engaged in both urban and rural types of CSOs.

A similar problem with the **lack of conclusive data** occurs when studying employment in CSOs. The only information available relates to the people on a payroll that are obligated to submit an annual tax return to the fiscal authorities. However, the number of other persons engaged with CSOs, for instance consultants and project-based staff, is not possible to determine.

2. KEY FINDINGS

The following table provides a description of key commonalities identified in the region. The trends and challenges summarized in the box are referring to the specific areas of the Monitoring Matrix and the Guidelines for EU Support to Civil Society in the Enlargement Countries, 2014-2020.

No	TOP FINDINGS IDENTIFIED BASED ON THE COUNTRY REPORTS	Reference Monitoring Matrix		Reference EU CS Guidelines
		Area		
1.	Freedom of association continues to be legally guaranteed in all countries of the region, with the exception of Turkey. Still, there are continuous challenges with inadequate implementation of the laws and lack of implementing bylaws. During 2016, Kosovo, Montenegro and Serbia continued to review their CSO framework laws, some of them signaling trends towards restricting the civic space in the region, whereas changes in Bosnia and Herzegovina law have already introduced a more restrictive framework.	Area	1	Area 1
		Sub-area	1.1	Result 1
2.	Repetitive crackdowns on the exercise of freedom of assembly and breaches of the legal guarantees were identified in a majority of the countries in the region, including Macedonia, Serbia and Turkey. New laws in Montenegro and Serbia announced improvements.	Area	1	Area 1
		Sub-area	1.2	Result 1
3.	Fiscal regulations remain problematic throughout the region. Several Country Reports, including Albania, Kosovo, Macedonia, Serbia and Turkey expressly stipulated that there are only limited tax benefits available for CSOs. Even in countries with a distinct public benefit status, the available fiscal benefits for public benefit CSOs are limited. In addition, tax incentives for donors still do not sufficiently boost up philanthropy.	Area	2	Area 1
		Sub-area	2.1	Result 2.2, 2.3
4.	There are challenges related to the financial sustainability of CSOs. Public funding continues to be limited, distributed through non-transparent procedures, and not spent in an accountable manner. CSOs still do not diversify their funding sufficiently and overly depend on public funding and foreign funds. A somewhat positive trend was identified with the newly adopted model of public funding in Kosovo.	Area	2	Area 1
		Sub-area	2.2 2.3	2.4
5.	CSO-state relationships are regulated by the legal and/or policy documents everywhere except Turkey. However, they continue to be inefficient, particularly due to the lack of political commitments, allocated resources and skills to implement these. Many countries reported that the dialogue with public authorities has deteriorated compared to 2015 and 2014, particularly in the involvement of CSOs in the decision-making processes.	Area	3	Area 1
		Sub-area	3.1 3.2	Result 3.1
6.	Legal frameworks for service provision continue to be non-supportive towards CSOs as service providers, resulting in only a few public service contracts. CSOs are mainly regarded as social service providers, even though they have capacities to provide services in other areas as well, including, for example, education and healthcare.	Area	3	Area 1
		Sub-area	3.3	Result 2.4

3.

KEY RECOMMENDATIONS

The following tables provide key recommendations that the local partners consider as priorities for the region. These top recommendations from the 2016 Country Reports directed towards national governments and relevant EU institutions aim at improving the situation regarding the enabling environment for civil society development in the WBT region. The recommendations are similar to those from the years 2015 and 2014 and particularly emphasize the need for more enabling regulation affecting CSOs and proper implementation of the legal guarantees for civil society.

KEY RECOMMENDATIONS FOR NATIONAL GOVERNMENTS	
1.	Legal guarantees for freedom of association, freedom of assembly and other related freedoms should be enforced, while the current framework should be properly implemented in practice.
2.	Fiscal regulations on the CSO income and tax incentives for donors need to be revised to provide more supportive tax treatment for CSOs, and implementation mechanisms should be strengthened.
3.	Public funding mechanisms need to be reformed and their rules properly implemented to ensure relevant, transparent and accountable redistribution processes.
4.	Mechanisms for CSO-state cooperation need to be empowered with clear responsibilities and made functional through sufficient allocation of financial and human resources with adequate capacities.
5.	CSOs should be regularly involved in decision and policy making processes at all levels, including effective access to information and inclusion in early stages of the process.
6.	Involvement of CSOs in provision of services on behalf of the state needs to be increased also in areas beyond social services.

KEY RECOMMENDATIONS FOR EU INTERVENTION	
1.	The EU to support diversification of CSO financial resources, especially transparent and accountable public funding mechanisms, as well as sufficient public funding.
2.	Meaningful participation of civil society in the EU accession processes to be ensured and supported.
3.	The EU to support the enabling environment for civil society development within the Enlargement process.



Introduction to the Monitoring Matrix

1.

ABOUT THE REGIONAL REPORT AND THE MONITORING MATRIX ON ENABLING ENVIRONMENT FOR CIVIL SOCIETY DEVELOPMENT

This Regional Report is based on the country Monitoring Matrix reports produced in the scope of the “Balkan Civil Society Acquis - Strengthening the Advocacy and Monitoring Potential and Capacities of Civil Society Organizations”, a project funded by the European Union (EU) and the Balkan Trust for Democracy (BTD). The monitoring is conducted based on the Monitoring Matrix on Enabling Environment for Civil Society Development (CSDev). The Monitoring Matrix was developed as a collective effort of CSO experts and practitioners from the BCSDN network of members and partners and the European Center for Not-for-Profit Law (ECNL). The Regional Monitoring Report is the first comprehensive report on the policy and legal framework that governs the civil society in the Western Balkans and Turkey (WBT) region. The Report summarizes the key findings and recommendations from Country Reports from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Serbia and Turkey, prepared by BCSDN member organizations.

For the purpose of this report, the term **civil society organization (CSO)** is understood to encompass the definition of civil society also adopted in the Monitoring Matrix, which relies on the following criteria: 1) it is a voluntary organization established by a private instrument (e.g. contract, act on establishment), rather than by law; 2) it may be a membership or non-membership organization; 3) it is not part of the government structure; 4) it is established to

The Monitoring Matrix presents the main principles and standards that have been identified by the expert group as crucial for the legal environment to be considered supportive and enabling for the operations of CSOs. The Matrix is organized around three areas, each divided by 8 sub-areas: (1) Basic Legal Guarantees of Freedoms; (2) Framework for CSOs’ Financial Viability and Sustainability; (3) Government – CSO Relationship. The 8 principles, 24 standards and 151 (legal and practice) indicators have been formulated with consideration of the current state of development of and diversity in the countries of the Western Balkans and Turkey. They rely on the internationally guaranteed freedoms and rights and best regulatory practices at the European Union level and in European countries. The Monitoring Matrix defines an optimum situation desired for civil society to function and develop effectively and at the same time it sets a framework which can be followed and implemented by public authorities. Having in mind that the main challenges lie in implementation, the indicators are defined to monitor the situation on the level of legal framework and practical application.

pursue public or mutual benefit goals; and 5) it is not-for-profit. Therefore, the term includes associations, foundations, private institutions, centers, not-for-profit corporations, and any other organization falling under the above criteria. The Monitoring Matrix recognizes the existence of other forms of CSOs (e.g., political parties, religious organizations, trade unions), but these are omitted from this report in order to provide for in-depth monitoring and advocacy focused only on CSOs.

2.

METHODOLOGY

The Regional Report 2016, particularly the sections presenting key findings and recommendations, was developed primarily based on the seven Monitoring Matrix Country Reports as its main source of information and data. In addition, the authors used their comparative expertise and involvement in other relevant European projects to enrich the report with further information. However, due to the lack of conclusive data and statistics in several areas covered in the Monitoring Matrix, it was not possible to draw general conclusions applying to all countries of the region on every issue addressed in the Monitoring Matrix or the report. The presentation of the information in this report is following the structure and baseline of the Monitoring Matrix. Specifically, the report reflects the assessment of standards and indicators analyzing the legal framework and practice included in the Country Reports and compares them to the findings from the previous Regional Reports (2014 and 2015). In 2016, **only 12 core standards**¹ were subject to obligatory monitoring by all countries, while the remaining 12 standards were monitored according to the needs of each country. The analysis of the 8 sub-areas is focused predominantly on the 12 core standards and includes information from others as necessary and needed for the regional context. The authors used an analytical method of elaboration of the information provided in the Country Reports and based on this identified common issues and differences recognized in the region.

The Regional Report 2016, just as in 2015 and 2014, provides assessment vis-à-vis the objectives set by the **EU Guidelines for Support to Civil Society in the Enlargement Countries (EU CS Guidelines), 2014-2020**. The Monitoring Matrix includes 2 out of 3 components of the EU CS Guidelines, i.e. Conducive Environment and Changing Relations CSOs and Government. The report assesses the state of the enabling environment vis-à-vis the EU CS Guidelines utilizing the data gathered during the Monitoring Matrix exercise in 2016. These assessments are presented in the Key Findings section and enable the Monitoring Matrix results to be directly fed into the EU CS Guidelines monitoring exercise.

Finally, in addition to in-depth and qualitative monitoring, just as in 2015, the 2016 Regional Report includes the 5-grade scale “traffic light” codes ranging from (1)-fully disabling environment to (5)-fully enabling environment code. The system was created in order to address the need for ‘compressed’ and effective visual communication of findings and systematic presentation of changes in the enabling environment for CSDev on the level of standards across countries and years. Moreover, the introduction of the categorization system enables standardization of quality of the Country and Regional Reports and contributes to more effective evaluation of indicators with the Monitoring Matrix Tool-kit. Apart from the report qualitative assessment results being presented in the “traffic light” mode on the Monitoring Matrix on-line platform², some countries have adopted the same approach in their Country Reports.

1 The 12 core standards are outlined at <http://monitoringmatrix.net/m-m-reports-coded/background/>.

2 The website of the Monitoring Matrix on-line platform is: www.monitoringmatrix.net



Key Findings

1.

CIVIL SOCIETY AND CIVIL SOCIETY DEVELOPMENT IN THE REGION

Throughout 2016, civil society organizations (CSOs) in the Western Balkans and Turkey experienced either unchanged situation or deterioration in the environment for civil society development compared to the previous three years. Political crises, elections and economic instability, coupled with increased citizen unrest and the refugee crisis, left little space for civil society development. Many CSOs, nevertheless, had pivotal role in organizing peaceful assemblies against political, social and economic injustices, as well as actively supporting refugees and migrants passing through the region.

Basic legal frameworks for civil society and available legal forms

Most common legal forms in the region are **associations** as membership-based legal entities and **foundations** as non-membership legal entities pursuing private or public interest determined by the founders. Other available CSO legal forms include **centres**³ in Albania, **endowments**⁴ in Serbia and **humanitarian organizations**⁵ in Bosnia and Herzegovina. Legal and institutional frameworks relating to freedom of association in Bosnia and Herzegovina and Serbia have been undergoing a process of revision in 2016. In Bosnia and Herzegovina, with the changes of the Law on Associations and Foundations, the Ministry of Justice has been allowed to oversee the work of CSOs. Particularly concerning is the situation in Serbia, where the Draft Civil Code imposes a threat to CSOs as it provides restrictions on CSO membership and conditions regarding the seat of the founders, proposing that more than half of them need to have residence/seat on the territory of the Republic Of Serbia. Moreover, the Code introduces a prohibition of economic activities and does not clearly distinguish foundations and endowments. Legal frameworks in other countries, with certain limitations, legally guarantee the freedom of association.

.....
 3 According to Albanian legislation, a center is a juridical person, without membership, that has the object of its activity the performance of services and the realization of projects for purposes in the good and interest of the public, with funds and income secured according to law.

4 'Endowment' is defined as a *not-for-profit, non-membership and non-governmental legal entity whose founder designated specific property to support its public or private interest objectives* (Serbian Law on Endowments and Foundations, 2010).

5 The Law on Humanitarian Agencies and Humanitarian Organizations in Federation of Bosnia and Herzegovina defines as 'humanitarian organizations' those *that pursue humanitarian actions and engage in activities based on the principles of humanity, impartiality, independence and voluntariness*.

Number of registered organizations

In 2016 there was no linear trajectory of the ratio of registered CSOs per 10,000 inhabitants. The number of registered CSOs is annually increasing in Kosovo, Montenegro, Macedonia and Serbia. Montenegro, similarly to 2015, saw the largest increase – 8 new CSOs per 10,000 inhabitants registered in 2016. While no increase was reported in Turkey, Albania faced a decrease of the number of registered CSOs per 10,000 inhabitants. Finally, due to data issues, it is impossible to follow trends in Bosnia and Herzegovina.

Table 1 - Number of CSOs per country

COUNTRY	Number of Registered CSOs In 2016 ⁶	Number of registered CSOs in 2015 ⁷	Population in mln. ⁸	CSOs per 10 000 inhabitants in 2016 ⁹	CSOs per 10 000 inhabitants in 2015 ¹⁰
AL	7,036	8,938	2.88 ¹¹	24	31
BiH	N/A ¹²	N/A ¹³	3.52 ¹⁴	59	N/A
KS	9,102	8,537	1.77	50	47
MKD	14,245 ¹⁵	14,245	2.08 ¹⁶	68	68
MNE	4,468	3,940 ¹⁷	0.62	72	64
RS	28,963	26,969 ¹⁸	7.08 ¹⁹	41	38
TUR	114,925	113,663	79.81 ²⁰	14	14

6 Data from the 2016 monitoring exercise

7 Data from the Monitoring Matrix Country Reports 2015.

8 Data from the World Bank 2014. Official data for 2015/2016 have not yet been published.

9 Numbers are modified to the closest round number.

10 Data from the Monitoring Matrix Regional Report 2015.

11 Data obtained from the Statistical Service of the Republic of Albania as of 1st January 2017, available at: www.instat.gov.al/en/themes/population/publications/books/2017/population-of-albania-1-januar-2017.aspx.

12 As of 31st December 2016, there have been 22,601 CSOs. This number has been obtained within the project Capacity Building of the Government Institutions in BiH, implemented during 2016. There are still no official data.

13 In 2015 there were 22,000 registered CSOs in the 18 distinct registries at the entity, cantonal, and state levels (this number includes CSOs registered multiple times at different levels), with approximately 1,200 new CSOs registered during 2015 (Ministry of Justice, 2015).

14 Data obtained from the BiH Statistics Agency as of 31st December 2015..

15 There are 14,245 registered CSOs (CRM, 2015), out of which 4,156 CSOs re-registered according to the Law on Associations and Foundations 2010 (CRM, 2014). Official data for 2016 have not been published yet.

16 Source: Worldometer, www.worldometers.info/world-population/macedonia-population/

17 Data obtained from the Statistical Office of Montenegro as of 1st January 2016, available at: www.monstat.org/cg/page.php?id=273&pageid=48.

18 There are 26,293 registered associations and 676 foundations and endowments

19 Data obtained from the State Bureau of Statistics of the Republic of Serbia as of 1st January 2016, available at: www.stat.gov.rs/WebSite/public/PageView.aspx?pKey=162

20 Data obtained from the Turkish Statistical Institute as of 31st December 2016, available at: www.turkstat.gov.tr/UstMenu.do?metod=temelist

Table 2 - Trends for CSOs per 10,000 inhabitants

COUNTRY	2013 vs. 2014	2014 vs. 2015	2015 vs. 2016
AL	+ 9	0	-7
BiH	N/A	N/A	N/A
KS	+3	+3	+3
MKD	+3	+3	0
MNE	+10	+11	+8
RS	+4	+4	+3
TUR	+1	-1	0

The total number of CSOs that are actually active remains to be a challenge. Lack of unified definition and conclusive data and statistics about active CSOs is a limitation to the comprehensive analysis of the civil society in the region. Unhindered and systematic data collection in the WBT region is significant for better recognition and identification of the non-profit sector with its distinct features, enabling comparability with business and regional/global non-profit, as well as further advocacy efforts towards regular publishing of the basic non-profit sector related data by relevant institutions.²¹

Areas of CSO engagement

According to the Country Reports, CSOs work mainly in the areas of education, civic participation, gender equality, culture, youth, sports, provision of social and religious services, and health. Except Turkey, where rights-based organizations constitute a small (although increasingly visible and active) segment of civil society, many CSOs in the other countries are engaged in the fields of democracy, human rights and good governance, and are involved in various awareness raising and advocacy activities to improve the legal and regulatory framework affecting CSOs.

Geographic spread

CSOs continue to register and operate predominantly in bigger cities and capitals. The high concentration of CSOs in urban areas was reported in most of the countries, namely Albania, Bosnia and Herzegovina, Kosovo, Montenegro and Turkey. Compared to urban areas, CSOs operating in rural areas mainly rely on volunteers or project-based staff.

2.

NOTABLE TRENDS IN CIVIL SOCIETY DEVELOPMENT IN 2016

Financial Sustainability

Financial sustainability and continuous access to funding remain to be the main challenge of CSOs in the region. Similarly to previous years, state funds allocated for CSOs remain to be insufficient and distribution of public funding is still not in accordance with the transparency

²¹ Dubravka Velat (BCSDN) 2015: Economic Value of the Non-Profit Sector in the Western Balkans and Turkey

and accountability standards that allow for easy, equal, fair and effective access for CSOs. Country Reports also flag out the problems with a lack of respect of the prescribed rules for awarding financial state support in practice. According to the reports, non-financial support is also distributed through non-transparent mechanisms.

Table 3 - Funding from state budgets allocated to CSOs

COUNTRY	AVAILABLE DATA ON PUBLIC FUNDING PER COUNTRY
ALBANIA	<ul style="list-style-type: none"> The Ministry of Finance has granted € 720,000 to ASCS and ASCS has distributed € 620,000 (awarded to 41 CSOs; approx. € 3,700 – € 36,800 per CSO). Ministry of Culture call: Approx. 246,000 € (52 CSOs awarded). National Lottery Fund call: Approx. € 51,700 (for short-term funding up to 1 year and for long term-funding up to 3 years). Ministry of Economic Development, Tourism, Trade and Entrepreneurship: € 28,500 (3 CSOs awarded). 11% of the surveyed CSOs report to have received public funds
BOSNIA AND HERZEGOVINA	No data for 2016 provided ²²
KOSOVO	<ul style="list-style-type: none"> Total financial contribution by the state € 13,883,316.78 (1,659 CSO beneficiaries) Despite the legal possibilities, no funds from the lottery have been collected or disbursed during 2016. 34% of the surveyed CSOs report to have received public funds
MACEDONIA	<ul style="list-style-type: none"> Under Budget Line 463 - Transfers to CSOs (incl. trade unions and religious communities and political parties): € 4,673,180 Distributed to CSOs registered according to LAF: € 195,100 € awarded to 40 CSOs Funding from games of chance and entertainment games: € 1,357,800 (Ministry of Labor and Social Policy - € 1,070,000 and Agency of Youth and Sport - € 287,800)²³
MONTENEGRO	<ul style="list-style-type: none"> Commission on the Allocation of the Revenue from Games of Chance approved to allocate € 3,129,477.27 to CSOs (535 projects supported, but not the 60% as planned) Parliamentary Commission on the Allocation of Funds for NGOs planned € 200.000 for CSOs (remained unallocated) Fund for the Protection and Promotion of Minority Rights allocated € 926,763
SERBIA	<ul style="list-style-type: none"> Budget line 481: € 64,570,614.54²⁴ Budget line 472: € 11.6 million Budget line 424: € 1.1 million No official numbers on funds distributed based on Law on Games of Chance
TURKEY	<ul style="list-style-type: none"> DoA of Ministry of Interior € 6.2 million (min € 1,395 – max € 41,860 per CSO) Funds from Lotteries are not allocated to CSOs

Even in 2016, state funding is still quite limited, while the alternative sources of funding, such as individual, corporate or in-kind giving, and income from economic activities, are rarely used. There is a need to look for other sources of funding to secure CSO financial viability and independence. Compared to 2014 and 2015, a positive trend has been identified regarding social entrepreneurship as Kosovo and Macedonia started to draft social enterprise laws, whereas in Albania the Law on Social Enterprises was adopted. The law regulates the

²² Declining trend of BiH governments support for civil society noted in previous years, however there was no official figure, only an approximation of €40,903,351 in 2015 by Dr. Žarko Papić.

²³ Source: Center for Civil Communications, <http://www.ccc.org.mk/images/stories/opstininvo.pdf>

²⁴ Partial data, as local self-governments funds are not included. Last official numbers are from the 2013 report by the Office for Cooperation with Civil Society.

organization and functioning of social enterprises by defining the criteria for the status of a social enterprise, provides forms of support for social enterprises, and encourages local government to stimulate participation of social enterprises in public tenders. However, the law entails several problematic issues, such as: lack of a definition of 'social enterprises', limitation of legal forms that can apply for such status and a problematic procedure to obtain it, lack of possibility to appeal in case of refusal, limited areas of operation, obligation for a high percentage of employment from marginalized groups, etc. Therefore, there is still a long way to go in developing an enabling environment for social entrepreneurship in the region.

Another alternative source of funding available for CSOs is **income from philanthropy and in-kind support from volunteers**. Based on the findings from the World Giving Index 2016, only Kosovo, contrary to last year, increased its overall ranking by more than 50 points. All other countries encountered decline in the overall rankings, most of them being substantial by 40 points in Bosnia and Herzegovina, 35 points in Montenegro, 33 points in Macedonia, 22 points in Albania and 17 points in Serbia. According to the World Giving Index, donation of money was on the rise as of 2014 worldwide. Such trend was not identified in the Western Balkans during 2016. In fact, the percentage of respondents who donated money to a charity decreased everywhere, with the exception of Kosovo – a situation completely opposite from 2015.

Table 4- Results from World Giving Index 2016 compared to World Giving Index 2015²⁵

COUNTRY	Overall Index		Helping a stranger		Donating money		Volunteering	
	Ranking	Score (%)	Ranking	Score (%)	Ranking	Score (%)	Ranking	Score (%)
ALBANIA	105 ↓	26 ↓	95 ↓	46 ↓	85 ↓	22 ↓	114 ↓	11
BOSNIA AND HERZEGOVINA	128 ↓	21 ↓	123 ↑	35 ↑	76 ↓	25 ↓	139 ↓	4 ↓
KOSOVO	60 ↑	37 ↑	63 ↑	53 ↑	34 ↑	46 ↑	111 ↓	12
MACEDONIA	119 ↓	23 ↓	125 ↓	35 ↓	66 ↓	26 ↓	132 ↓	7
MONTENEGRO	133 ↓	20 ↓	124 ↑	35 ↑	101 ↓	18 ↓	130 ↑	8
SERBIA	135 ↓	20 ↓	136 ↑	28 ↑	72 ↓	25 ↓	137 ↑	5
TURKEY	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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25 Source: World Giving Index 2016 / 2015

Employment and volunteering

Lack of conclusive data and official statistics about CSOs is a remaining challenge in studying civil society in the region. In some countries the number of persons employed in the CSO sector may be obtained from the tax authorities/public registers/pension trusts, however, the data do not differentiate between part-time employees, full-time employees and consultants.²⁶ According to the new data available for only few of the countries, in Bosnia and Herzegovina there are 1653 employees in FBiH and 1231 in Republika Srpska in membership-based CSOs, while in Turkey 65,697 persons are employed in CSOs, showing a significantly low average number of 0.57 employees per CSOs. CSOs' employees in Turkey make 0.20% of the total workforce, while in Kosovo, the CSO sector has 3.83% of the total number of active pension contributors.

Volunteering often happens outside of contractual relations and remains unregistered, hence there is no conclusive data available on the number of volunteers engaged in CSOs. According to the World Giving Index 2016, which measures perception, volunteering engagement increased in 2016 globally, with only Montenegro and Serbia from the Western Balkan countries following the worldwide trend.

2.

KEY FINDINGS

AREA 1: BASIC LEGAL GUARANTEES OF FREEDOMS

SUB AREA 1.1: Freedom of association continues to be legally guaranteed in all countries of the region except Turkey. In 2015, many countries started to review their CSO framework laws.

EU CS Guidelines 2014-2020

Result 1.1.: In 2016, revisions of CSO framework laws in the direction of restricting the civic space have been made in Bosnia and Herzegovina, whereas discussions about revisions in Serbia continued. The current country legislations remain generally favorable in all countries of the region, with certain limitations identified in Turkey. CSOs reported to generally perceive the registration procedures as simple and timely, although the registration is excessively costly in BiH and additionally burdensome in Albania, due to the centralized registration process in the state capital. There is still no possibility to register online, with the exception of Serbia.

Result 2.1.: Financial rules, including reporting and accounting obligations, prove to be burdensome in three countries of the region, namely Kosovo, Montenegro and Turkey, whereas improvement has been made in Albania with the entering of the National Accounting Standards for Non-Profit Organizations into force. Main challenges are related to the burdensome and non-proportionate reporting requirements as well as high sanctions in case of disobedience.

²⁶ For more information on CSO resources, see also: Dubravka Velat (BCSDN), 2015, Report on the Economic Value of the Non-Profit Sector in the Countries of the Western Balkans and Turkey

The year 2016 was marked with several developments in the field of framework laws regulating CSOs. While all CSO framework laws in the region **continue to legally guarantee freedom of association**, changes have been made in Bosnia and Herzegovina, whereas the discussion about revisions in Serbia has continued. In Bosnia and Herzegovina, with the changes of the Law on Associations and Foundations, the Ministry of Justice has been allowed to oversee the work of CSOs, more precisely, the timely notice to the relevant authorities on changes made and reports submitted, holding of regular assembly meetings, as well as carrying activities in accordance with the law. In Serbia, the Draft Civil Code provides restrictions on CSO membership and conditions regarding the seat of the founders proposing that more than half of them need to have residence/seat on the territory of the Republic of Serbia, introduces a prohibition of economic activities, and does not clearly distinguish between foundations and endowments. Turkey is the only country in the region where different criteria in the CSO registration process are applied to foreign CSOs, compared to national ones. In this case, foreign CSOs/representative offices continue to be subject to permission (provided by the Ministry of Internal Affairs upon the opinion of the Ministry of Foreign Affairs) to operate or open up a branch office in Turkey, a process considered highly political and non-transparent with unclearly defined criteria for permission. More so, reforms of the CSO framework law planned in the Turkish National Action Plan for the EU Accession were not realized, mainly due to deterioration of the situation after the failed coup.

The country legislations generally allow **both individuals and legal entities to establish a CSO**. However, many countries still impose restrictive eligibility requirements for the founders, i.e. citizenship/domicile requirement for a number of founders or members. In Bosnia and Herzegovina, all three founders of an association have to be of Bosnian descent or with a declared residence in Bosnia and Herzegovina. Permanent residence or domicile of at least one of the founders is a prerequisite also in Serbia and Montenegro. Unacceptable practice was noticed in Kosovo, where the NGO Department requires at least eight founders to establish an association, even though the law requires “only” three founders. Significant restrictions remain in place also in Turkey, both in terms of minimum number of founders and their nationality. Article 93 of the Civil Code imposes notable restrictions to the freedom of association to non-nationals, especially in the case of foreigners establishing a foundation. The Turkish Constitution limits available CSO legal forms to associations and foundations and requires a minimum of seven founders for establishing both legal forms, which surpasses European standards of two or three founders. In addition, in order to establish all compulsory bodies of a Turkish CSO, including an executive committee, internal audit committee and others, the number of minimum persons involved in a CSO can increase up to sixteen.

In addition, a worrisome trend of rise of organizations promoting non-democratic values and restrictions for civil society action has been detected in Macedonia and Serbia. In Macedonia, a Civil Movement for Defense of Macedonia, supportive of and promoting government stances, has been particularly active in organizing counter-assemblies during 2016. In Serbia, on the other hand, a study²⁷ has mapped even 109 registered and non-registered, non-democratic, non-profit legal entities.

Laws in all countries of the region continue to allow CSOs to operate without prior registration, yet non-registered CSOs face more difficulties when fundraising, as the legal status is often part of the eligibility criteria set out by most donors (foreign donors and

²⁷ Source: Center for Euro-Atlantic Studies, www.ceas-serbia.org/images/2016/05/CEAS_-_Eyes_Wide_Shut_-_Russian_soft_power_gaining_strength_in_Serbia_-_Executive_summary.pdf

public institutions) when providing support to CSOs. Furthermore, informal organizations are prone to be excluded from the public life, which is the case in Turkey. The legal framework in Turkey recognizes only associations and foundations as legal entities, while other forms (e.g. initiatives, non-profit companies, groups, networks) of collective action are not recognized as such. On the other hand, platforms are also recognized by the law, but not accepted as legal entities. Organizations lacking legal personalities are not forbidden and no sanctioning for has been reported, however no collective group other than registered associations and foundations are allowed to pursue any legal purpose (e.g. having a bank account, applying to funds, take legal action, etc.) and are generally excluded from public consultations.

Registration procedures are generally accessible, even though there are several impediments reported in 2016, particularly in relation to the high costs for registration and discretionary implementation of the regulation. In Bosnia and Herzegovina and Albania, the costs of registration are much higher compared to other countries in the region. In Bosnia and Herzegovina, the registration costs 100 EUR on a national level, in Federation BiH and Sarajevo, 50 EUR in Tuzla canton and 150 EUR in Republika Srpska. In Albania, due to the mandatory legal representation of the founders and notarization of all documents for the registration, the costs increase and can reach a level of 50 – 220 EUR. Moreover, the registration process is centralized at the Tirana Court of First Instance. The judges are appointed from the commercial sector and hence lack experience in the field. Besides the high registration fees in Bosnia and Herzegovina, CSOs have reported that administrative institutions intervene too much into CSOs' founding documents documents, such as the statute, CSOs objectives, goals and activities, and arbitrarily interpret the laws.²⁸ The most extensive problems with the registration procedure remained in Turkey, including burdensome permission requirements for registration of a foreign CSO branch and extensive eligibility requirements for founders. Online registration remains unavailable in all countries, except for Serbia, whereby one-stop business registration system for associations, endowments and foundations has become fully operational in practice, shortening the time of establishment, registration and issuance of TIN (Tax identification number) to a maximum of 24 hours.

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28 It was reported in 2016 that an organisation took 3 months of consultations with the administration in the process of registration, while the process itself, after the submitting of documents, took 30 days.

Table 5 - Registration of Associations

COUNTRY	TIMELINE FOR REGISTRATION	REGISTRATION FEE/COSTS
ALBANIA	15 days ²⁹	1,000 ALL (7 EUR) ³⁰
BOSNIA AND HERZEGOVINA	30 days	100 EUR on a national level, in Federation BiH and Sarajevo, 50 EUR in Tuzla canton, 150 EUR in Republika Srpska
KOSOVO	60 days	No registration fee
MACEDONIA	5 days	2,452 MKD (40 EUR)
MONTENEGRO	10 days	30 EUR
SERBIA	30 days	6,000 RSD (50 EUR)
TURKEY	60 days	No registration fee for associations

Legal frameworks in six countries of the region, namely Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia, provide protection against unwarranted interference of the state in internal matters of a CSO. However, there are still some worrying regulations creating potential threats to a CSO's integrity. For example, the Macedonian Penal Code classifies representatives of CSOs as "officials" together with public authorities and provides them with the same liability requirements. Furthermore, after the failed coup in Turkey and the State of Emergency Law no. 2935 coming into force, the Council of Ministers, chaired by the President, is allowed to issue statutory decrees, including regulations suspending or restricting use of fundamental rights and freedoms.

Insufficient or no legal guarantees towards state interference were reported in Kosovo and Turkey. In Kosovo, the Law on Freedom of Association in NGOs prohibits state institutions from interfering in the activities of CSOs, although secondary legislation violates this protection. The Administrative Instruction (No: 02/2014) on Registration and Functioning of NGOs allows the NGO Department to suspend the operation of a CSO, upon a written request and justification of an authorized security institution. In Turkey, the Department of Associations and General Directorate of Foundations have the legal authority to inspect associations and foundations. Vague terminology allows for inconsistent and arbitrary interpretation of the legal provisions and different implementation even within the same institution. The legal framework in Bosnia and Herzegovina provides guarantees against unwarranted state interference, although it does not provide any protection from the interference of third parties.

Numerous cases of interference in the internal matters of CSOs were reported in practice in almost all countries, even in those providing legal protection. For example, in Serbia, 12% of surveyed CSOs experienced occasional pressure from the state and 60% faced invasive oversight. More so, during 2016 some pro-government media carried smear campaign aimed at demolishing the credibility of civil society in Serbia in terms of the structure of its foreign financing. In Bosnia and Herzegovina, the assistant Minister of Justice of the structure FBiH announced earlier in 2016 that 24,000 CSOs will be put under surveillance as part of anti-

²⁹ Although 15 days is prescribed by law, it takes 25 to 60 days in practice

³⁰ This fee is only one part of the overall costs that a CSO should pay for the whole registrations process. Total costs vary from 7,000 – 50,000 ALL (50 – 220 EUR).

money-laundering procedures so as to prevent from illegal activities³¹, a statement that CSOs considered to be a threat to the entire sector and a way to put the blame on CSOs for any wrongdoing. In Kosovo, both state and third party interference has been reported. Numerous CSOs suspended in 2014 and 2015 for a period of one year have been suspended again in 2016 (21 CSOs in total) on the grounds of national security, according to the Article 18 of the Administrative Instruction No. 02/2014. In Albania, CSOs that have experienced forms of pressure or unlawful state interference are mostly “watchdog” organizations that publish and highlight corruptive practices by elected officials or public servants.

In Macedonia and Turkey, there has been an increase in cases of state interference. In Turkey, based on the statutory decree no. 667 published in the Official Gazette on July 23, a total of 1,125 associations, 104 foundations, 19 unions, federations and confederations, and 15 foundation schools were also closed. Following the statutory decree No. 677 published in the Official Gazette on November 22, 375 registered associations were permanently closed and their assets seized. In Macedonia, two instances of financial inspections were salient in the media. First, the citizen association MOST was subjected to financial inspection allegedly due to its critical stance on the work of the State Electoral Commission (SEC) ahead of the elections. Second, the Public Revenue Office inspected 11 organizations that were part of the election monitoring coalition We Decide! (Nie Odlucuvame), and announced inspections to 10 more CSOs. More so, in less than a week after the elections, the party leader of VMRO-DPMNE mentioned in one of his statements that his party would “fight for the desoroization of the country”.³²

Financial reporting and accounting rules continue to be burdensome in Kosovo, Montenegro and Turkey. CSOs in Turkey are subject to burdensome reporting requirements to the administration while also being required to keep various books for their operation. In addition to the financial reporting to the tax authorities, they have to submit annual reports with very detailed account of CSO income and expenditures, and detailed information about their activities and other engagements. In Kosovo, CSOs are subject to the same reporting requirements as businesses. PBOs (241 PBOs in 2016) with an annual income of more than 100,000 EUR, beside the narrative and financial report, should also submit an external audit report, which is considered easy, implementable and proportionate to the nature of the work and size of the organization by the 80% of the surveyed CSOs. Montenegro has not yet repealed disproportionately high sanctions for non-compliance with minor administrative requirements, ranging from 500 to 3,000 EUR. Compared to 2015, the situation has improved in Albania with the entering of the National Accounting Standards for Non Profit Organizations into force as of January 2016. The Standard has introduced clear and easy procedures to the financial reporting and accounting rules to be followed by CSOs, proportionally to the size of the organization, and taking into account the specific nature of CSOs. Reporting requirements proportionate to the annual income/turnover of a CSO are also in place in Macedonia and Serbia. In Serbia, however, the Ministry of Finance re-established the 2014 abolished obligation for all legal entities to register and open a separate dedicated sub-account at the Treasury. Adopted without any warning or consultations with CSOs, with these changes CSOs are required to pay additional costs for preparing documentation for opening

31 Source: Dnevni Avaz, <http://www.avaz.ba/clanak/240831/taletovic-pod-nazorom-drzave-bit-ce-24-000-nevladinih-organizacija?url=clanak%2F240831%2Ftaletovic-pod-nazorom-drzave-bit-ce-24-000-nevladinih-organizacija>

32 Source: CIVICUS Monitor, <https://monitor.civicus.org/newsfeed/2017/01/31/Macedonia-Soros-funded-civil-society/>

the subaccount, and to pay higher bank fees than they pay in commercial banks, whereas cash and e-banking are not allowed.

Access to various sources of funding is generally not limited in the region, allowing CSOs to secure income from grants, donations, membership fees, funding from abroad as well as income from economic activities. In Kosovo, with the 2016 changes to the Law 05/L-096 for preventing money laundering and fighting the financing of terrorism, the majority of the restrictive Law provisions were removed, but restrictions to receive donations in cash and obligations to fund training on anti-money laundry and conduct regular due diligence still remain part of the law. In Republika Srpska, CSOs may also acquire funding from real estate revenues and asset sales or transfers, excluding assets that are or were used for conducting for-profit activities.³³ In Turkey, the Law on Collection of Aid, regulating CSOs donations and income-generating activities, has severe limitations, bureaucratic rules and procedures, creating obstacles for financial viability of CSOs and not providing any tax benefits for their economic activities.

Many countries limit CSOs' opportunity to generate income from economic activities. In Montenegro, CSOs' annual income from economic activities shall not exceed 4,000 EUR or 20% of annual income. Furthermore, direct engagement in economic activities in the same year is prohibited and all the money generated above this limit shall be allocated to the state budget. Similarly, in Albania, the total income from the economic activities generated during the calendar year must not exceed 20% of the total annual revenues of the organization; income from mission-related economic activities that amounts to less than 20% of the annual CSO income is tax free. In Turkey, although CSOs are obliged to set up economic enterprises in order to be able to engage in income-generating activities, this procedure is not very burdensome; the main limitation is that their tax treatment is no different from for-profit enterprises, largely discouraging CSOs to undertake economic activities to create social benefit. Also, several countries, including Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia, allow CSOs to conduct only economic activities directly related to the purpose of the organization. Such restriction may unnecessarily limit CSOs' opportunities to generate income and sustain their everyday operation, while preserving their financial independence from state and donors.

To conclude, all countries with the exception of Turkey continue to legally guarantee the freedom of association, without a prior registration requirement. CSOs are generally not limited in their operation and access to resources, although they face common restrictions in case they decide to generate income from economic activities.

³³ In FBiH property tax is under the control of cantonal jurisdiction, resulting in divergent legislative solutions.

SUB AREA 1.2: Freedom of assembly, expression and information are guaranteed by law in a majority of the countries; however, there are still severe and increased number of violations of these freedoms identified in practice.

EU CS Guidelines 2014-2020

Result 1.1.: In 2016, freedom of assembly and other related freedoms remain to be legally guaranteed. Improved assembly laws have been introduced in Montenegro and Serbia, whereas restrictions were introduced to the legal regulation, particularly to the related laws regulating the powers of police in Macedonia and Turkey.

In practice, numerous violations were reported, particularly related to the freedom of assembly and expression. CSOs continued to face direct and indirect threats for expressing criticism towards state authorities. Several cases of restrictions on peaceful assemblies and police crackdowns on participants were reported, especially in Macedonia, Turkey and Serbia.

The right to peaceful assembly continues to be legally guaranteed, however, almost all country laws impose various restrictions particularly related to the eligibility of the organizers, notification of the assemblies and their location.

In 2016, changes in assembly laws occurred in Serbia and Montenegro. Following the decision of the Constitutional Court of Serbia in 2015 in declaring it unconstitutional, a new Law on Public Assemblies was adopted in 2016 recognizing spontaneous assemblies, removing restrictions off simultaneous and counter-assemblies, yet, banning gatherings in certain places and granting local self-governments to define the scope of locations for public assemblies.

A new Law on Public Assembly and Public Events was also adopted in Montenegro in July 2016, recognizing spontaneous assemblies, acknowledging opportunities for consultations between organizers of assemblies and police in case of doubt, decreasing the permissible distance of public assemblies from state institutions from 50m to 10m from the Government building and 15 meters from the Parliament, President residence and Constitutional Court, abolishing the provision about stewards and thereafter transferring the maintenance of public order responsibility to the police, and improving effectiveness of legal remedies, although police officers remain non-obliged to explain the reasons for prohibiting assemblies. In Macedonia, the Law on Police still lacks harmonization with other related laws, as well as clarification in which situations the specified means for dispersing crowds and video recording can be used, thus still presenting a threat to the right for peaceful assembly. Finally, in Turkey, with the state of emergency, the administration has the right “to prohibit, postpone or impose permission obligation for assemblies and demonstrations in closed and open areas, as well as to determine, publicize, supervise, and disperse areas of assemblies and demonstrations”.

Apart from the restrictions in the assembly laws, the limitations for foreigners to enjoy the freedom of assembly remains to be the most common obstacle in the region. The Country Reports show several examples, including the permission requirement for foreigners to organize an assembly in Macedonia and Turkey. Turkey provides further eligibility restrictions, such as the exclusion of persons underage and without full legal capacity from the exercise of the right to a peaceful assembly. In Kosovo, the legal regulation refers only to the citizens

of Kosovo, while leaving unclear whether non-citizens are guaranteed this right as well. Spontaneous assemblies continue to be restricted in Turkey. Assemblies are still subject to prior authorization in Bosnia and Herzegovina. In addition, not only are there several restrictions related to the place of the assembly, e.g. prohibited assemblies “in the vicinity of specially secured facilities” in Republika Srpska (Bosnia and Herzegovina) and Turkey, but, according to the official documents of local self-governments and municipalities³⁴ in RS, associations are obliged to pay a fee for using a public space, even though the laws prescribe fees when public space is used for economic gain only.

Political instability in combination with imperfect assembly laws may be one of the reasons why practice shows worrying trends related to the restrictions on peaceful assemblies and police crackdowns on their participants. In Turkey, arbitrary denials for holding an assembly in some specific location and/or time are a common practice. To illustrate, in June 2016 the authorities banned the annual gay pride march citing public order and security concerns, on October 10th Ashura Day gatherings have been banned on the grounds of potential terrorist attacks, whereas on October 17th all assemblies in Ankara that were about to take place by the end of November have been outlawed. More so, instances of excessive use of force including beating, massive arrests and utilization of crowd dispersal means have been continuously present. On the other hand, on the night of the coup attempt of July 15th, President Recep Tayyip Erdoğan and PM Binali Yıldırım called on the public “to claim the streets”, even making public transportation free for Ankara and Istanbul residents and allowed free calls and messages for Turkish mobile operator customers. In Serbia, as a response to illegal demolition of Savamala area where the “Belgrade Waterfront” project is to be built, the Initiative “Ne da(vi)mo Beograd” (Let Not Give (Drown) Belgrade) has been continuously protesting every two weeks. While only one protest has been banned and counter-protests held sporadically, pressure and threats directed towards organizers have been continuous.

In Macedonia, as a reaction to the President’s pardoning of 56 former and current officials, many of which under criminal proceedings, under the lead of Protestiram (I Protest) movement, dubbed the Colorful Revolution, massive protests unleashed all over Macedonia, with firmly set demands. During their protests, people were often prevented from reaching the desired destination (in front of the Assembly, Ministry of Foreign Affairs, the President residence and in front of the Government, in front of the building of the ruling political party). In one case, even safety was not taken into consideration as protesters were pushed to move away from a location and left standing on a bridge. On several occasions protesters have clashed with security forces upon being prevented from reaching their destination, with one of the protests turning violent and disproportionate, and excessive force being used to disperse the crowd, police brutality and arrest of 12 protest participants of which 11 were criminally charged. Similar disproportional police force has been utilized after the student elections for a new student leader. According to the Student plenum, the elections were illegitimate because the conditions for secret voting were not fulfilled and in the end, the voting ballots were forcefully taken out of the Faculty of Law by unaffiliated people. During the Student Plenum’s peaceful assembly in front of the SPUKM parliament, video footage dispersed through social media showed disproportional presence of police force (Rapid Deployment Unit), and inappropriate behavior towards the students. There has also been an increase in the number of cases when

34 Except for spaces determined in the official acts of the city and municipality, peaceful assemblies may not be held in the vicinity of: hospitals; kindergartens and primary schools; national parks and protected national parks; or cultural monuments. They are also prohibited, on main, regional and local roads if they endanger traffic safety, or within 50 meters of specially protected facilities.

protests simultaneously took place, which were mostly secured by the police for both parties. However, in several cases during the Colorful Revolution protests the authorities imposed restrictions regarding the locations in favor of citizens protesting pro Government. Finally, protest organizers have been facing pressures by civilian police and have received threatening messages.

Freedom of expression is a constitutional right legally protected in all its forms throughout the whole region. Limitations to freedom of expression are legally prescribed and legitimate and in particular involve the prohibition of hate speech. The only exception is Turkey, where regardless of the constitutional guarantees, there are regulations granting public institutions the authority to restrict the freedom of expression to a considerable extent. Libel is decriminalized in all countries with the exception of Albania and Turkey. More so, following the coup attempt, Turkey derogated from the European Convention on Human Rights under Article 15 of the Convention and enacted State of Emergency Law under which several decrees have been issued.

Despite generally strong legal protection of the freedom of expression, major violations of the legal guarantees were reported in practice. In fact, according to information from the 2016 Country Reports, violations of freedom of expression took place everywhere in the region with the exception of Albania. In Turkey, freedom of expression has been steadily eroding, in particular through arbitrary and restrictive interpretation of the legislation, pressure, dismissals and frequent court cases against journalists, writers and social media users, ever since 2013. As of December 2016, at least 81 journalists have been imprisoned, many of whom face or were convicted for charges under the Anti-Terror Law, numerous international journalists were deported, 1,845 criminal defamation complaints, according to the Ministry of Justice, have been awaiting prosecution for “insulting” President Erdoğan, and 1,267 academics who signed “Academics for peace declaration” were dismissed.

In Macedonia, according to the NVO Info-Center, there has been an increase in litigation procedures when media appear as defendants, which led to the conclusion that the Law on Civil Liability for Defamation is used as a tool to exercise control and pressure over the critical journalists. Namely, one third of defamation cases tried at the Basic Court Skopje involves journalists and media professionals. In Serbia, according to the database of Independent Association of Journalists, there have been 59 reported attacks, threats or pressures on journalists. To illustrate, in late November 2016 during a conference regarding media development, representatives of investigative journalism networks and independent journalists’ associations left the room in sign of a protest when Serbian PM was addressing the audience³⁵. More so, a former public company director submitted a lawsuit for damage to his reputation and honor against an executive director of a Serbian CSO, which ultimately he won. CSOs will appeal the ruling on the Serbian Constitutional Court and will also file a complaint to the European Court for Human Rights.³⁶

In all countries of the region, with the exception of Turkey, there are legal guarantees to protect the right to safely receive and impart information through any media. In Turkey, as part of the new state of emergency statutory decrees published in the Official Gazette on August 17th, the Government has shut down the telecommunications regulatory body, Department of Telecommunications and Communication (TIB), due to their alleged connections to Gülen

35 Source: Slobodna Evropa, <http://www.slobodnaevropa.org/a/vucic-novinari-bojkot/28131497.html>

36 Source: N1, <http://rs.n1info.com/a211722/Vesti/Vesti/Nikola-Petrovic-uplatio-novac-u-humanitarne-svrhe.html>

movement, making the Ministry of Transportation, Maritime Affairs and Communications responsible for policymaking and the BTK in charge of regulation. Under several decrees, a total of 169 media outlets have been closed, and arrest warrants issued for at least 150 journalists, media workers and executives allegedly in connection to the Gülen movement, out of which 41 were imprisoned. Limitations of access to digital media, including Facebook, Twitter, YouTube, WhatsApp, Skype and Instagram, have been frequent – for instance, on one occasion the Turkish Government has shut down mobile and landline internet access in 11 cities in the southeast region to prevent protests over detention of Diyarbakır's co-mayors, affecting nearly 6 million citizens. In Montenegro, on elections day, October 16th, when parliamentary elections were held, Viber and WhatsApp were blocked for hours by the Agency for electronic communication and postal services. The reason for this blockade was the usage of Viber and WhatsApp by political parties to influence voters on the elections day. In Macedonia, the worsened situation of media freedoms in the country reflected in the work of CSOs and the possibility for them to promote their activities and provide coverage for the critical issues they advocate for. The space for their message especially on the traditional media in 2016 was very limited, however, the number of debate shows in which the speakers were CSO representatives and activists increased.

All countries of the region continue to provide basic legal guarantees for the freedom of assembly, expression and right to receive and impart information in 2016. However, despite legal protection of freedom of assembly, and freedom of expression even more so, major violations of legal guarantees were reported in practice.

AREA 2: FRAMEWORK FOR CSO FINANCIAL VIABILITY AND SUSTAINABILITY

SUB AREA 2.1: Fiscal frameworks for CSOs continue to cause challenges in the region, only minor improvements were identified in 2016

EU CS Guidelines 2014-2020

Result 2.2.: In all countries of the region, there are some tax incentives for donors. However, they continue to be very low and do not encourage private giving enough. In some countries, such as Albania and Serbia, tax incentives are limited only to corporate donors. In 2016, no changes in the laws related to philanthropy were identified.

Result 2.3.: CSOs are exempt from income tax on grants and donations in the whole region. CSOs in Macedonia, Montenegro and Turkey still have to pay income tax on all income from economic activities. In Macedonia, CSOs are subject to less favorable rules compared to private businesses, since the general income tax exemption does not apply to them.

CSOs in the region continue to face challenges due to the unfavorable fiscal treatment of their income, but also lack of tax incentives to stimulate the engagement in philanthropy.

Following the 2015 amendments of the Profit Tax Law in Republika Srpska (Bosnia and Herzegovina), now grants, donations and membership fees are exempt from income tax in all the countries in the region. However, tax treatment of CSO income from economic activities continues to be unfavorable. In Bosnia and Herzegovina CSOs are not exempt from paying tax for performing economic activities, and as of 2017 will be obliged to pay 10% tax on profit made. In Turkey and Montenegro, CSOs still have to pay income tax from both direct and indirect economic activities according to the same rules as other legal entities, but, as of 2016, CSOs in Montenegro working in the main areas of public interest, including human rights and watchdog organizations, enjoy tax deductible donations.

In Macedonia, CSOs are subject to even stricter rules compared to other legal entities when it comes to the income tax, as they are not eligible for a tax exemption on the annual income below 3,000,000 MKD (48,780 EUR). This exemption is reserved only for the trade companies classified as small and micro traders. Furthermore, the Law on Personal Income Tax in Macedonia obliges CSOs to pay taxes for the travel costs of persons who are not employed, rather engaged by a CSO for the purpose of performing a job, as well as the costs for accommodation, transportation and catering for the participants in activities organized by a CSO. In Kosovo, only income from economic activities related to the organization's public benefit purpose and up to a "reasonable level of income" is tax exempt. Also, due to a lack of a unified approach in the interpretation of this legal regulation, it is not clear whether the exemption applies to all CSOs or only those with public benefit status. Similarly, CSOs in Serbia are exempt from income tax, provided the income from economic activities does not exceed a given threshold of 400,000 RSD (3,500 EUR). All income above this threshold is fully taxed. In Albania, the income from non-economic activities should be obviously prevalent compared to the economic activity, and the revenues from the economic activity should not exceed 20% of the total annual income of the organization, in order for the organization to be VAT exempted. Even though nonprofit organizations that do not perform economic activity are not considered as taxable legal persons by the VAT law, all CSOs are automatically registered

under VAT from tax authorities. VAT reimbursement for EU IPA projects and requests from donors to issue VAT invoices for grants remain problematic issues for CSOs in Albania. In Turkey, according to the data reported from 2016, there are only 268 tax-exempt foundations out of 5,013 foundations in Turkey. The ratio of the number of tax-exempt foundations to the total number remained similar (5%) to previous years. Moreover, 388 associations with public benefit status constitute only 0.35% of the total number of 109.903 active associations.

Table 6 Tax incentives for donors per country

COUNTRY	TAX INCENTIVES FOR DONORS/SPONSORS
ALBANIA	No tax incentives on individual donations. Corporate sponsorship is recognised as a deductible expense up to 3% of the gross earning. Sponsorship for the publishing house and publishing of literature works, scientific and encyclopaedia, as well as cultural, artistic and sports activities is recognised as a deductible expense up to 5% of the gross earning.
BOSNIA AND HERZEGOVINA	Deductions for corporate donors up to 3% and self-employed individuals up to 0.5% of gross income (only in FBiH) for donations to organizations offering humanitarian, cultural, sports, and social service activities and 2% for sponsorship expenses (only in RS).
KOSOVO	Individual and corporate donors may deduct up to 10% of their taxable income on donations for humanitarian, health, educational, religious, scientific, cultural, environment protection or sports purposes to CSOs and any other non-profit organization that directly performs activities in these areas. Donations and sponsorship in the areas of culture, youth and sports can receive an additional 10% of tax exemption, through a newly adopted law on sponsorship and philanthropy in the areas of culture, youth and sports.
MACEDONIA	Donations from individual donors are deductible up to 20% of taxable income, up to the equivalent of 390 EUR. Donations from corporate donors are deductible up to 5% of gross income and in the case of sponsorships up to 3% of gross income.
MONTENEGRO	Individuals and legal entities may deduct up to 3.5% of the total income for expenditures for health, educational, scientific, religious, cultural, sport, humanitarian and environmental purposes.
SERBIA	No tax incentives for individual donors. Corporate donors may deduct up to 5% of their gross income for: medical, educational, scientific, humanitarian, religious, environmental protection and sport purposes, as well as for giving to institutions of social protection established by the law governing social protection.
TURKEY	Donations are deductible up to 5% (10% for the development priority regions) of taxable income only when individuals or legal entities donate to tax-exempt foundations or associations with public benefit status.

Public benefit/interest (PBO) status exists in Bosnia and Herzegovina, Kosovo, Macedonia, Serbia and Turkey, while in Albania, since 2014, the PBO status has been replaced with the application for VAT exemption. The distinct status shall, in general, recognize organizations serving the interest of a wider public and provide them with certain benefits, in addition to those accorded to all CSOs. However, in all these countries, the status is **still difficult to access or does not have any practical implications**. The main challenges are related to the lack of harmonization between the laws in the legal framework and biased selection procedures resulting in only a few organizations having obtained such status. For example, in Bosnia and Herzegovina, the list of permitted activities of a public benefit organization on a national level differs from the lists in the cantons. In addition, the procedure of granting the status is considered arbitrary. Similarly, the Turkish report, as in 2015, stipulates that *“the selection process is highly bureaucratic and political at times.”* Insufficient harmonization of the CSO framework laws/PBO laws and fiscal regulation, causing no effect of a PBO status in practice, was reported also in Kosovo and Serbia.

Philanthropy is growing worldwide and is recognized as an important alternative source of income, hence supported by the legal frameworks and national policies in numerous countries globally. However, legal environment in the WBT region is still not encouraging private giving enough. Tax incentives for donors/sponsors are limited and acquired through lengthy and burdensome procedures. The average tax deductions available for individual and corporate donors in the WBT countries are between 3-5% of gross taxable income, which is significantly lower compared to other European countries³⁷. In addition, in Albania there are still no tax incentives available for individual donations, but only for corporate sponsorships. In Serbia, tax incentives are not available for individuals, whereas in Bosnia and Herzegovina and Turkey only self-employed individuals may acquire tax benefits. According to the survey conducted among CSOs, many donors/sponsors do not use tax incentives even if they are available. In Albania, a trend of increase in the number of donations has been noticed from 217 in 2015 to 465 in 2016, with the highest number of donations (55%) made by individuals.

Corporate social responsibility (CSR) and social entrepreneurship are not very well developed concepts in the region. In Albania, although there is the Business and Investment Development Strategy and Action Plan 2014-2020 that considers the inclusion of CSR as necessary for increased business competitiveness. CSOs are not considered a key partner in the development of CSR. The Albanian CSR Network of enterprises and, similarly, a CSR coordination body in Macedonia work on the promotion of CSR among enterprises in the two countries. Social enterprises are not specifically regulated in any country in the region, but Albania. The Law on Social Enterprises no. 65/2016 was enacted in June 2016 and regulates the organization and functioning of social enterprises, by defining the criteria for the status of the social enterprise. According to the law, although lacking a clear definition, social enterprise is a non-profit organization, which is granted this status through the decision of the Minister responsible for social issues. The law provides forms of support for social enterprises such as state subsidies for the enterprises or employees in these entities, tax and donations. The Law encourages local government to stimulate participation of social enterprises in public tenders. In addition, Kosovo and Macedonia have also intensified the process of adopting social enterprise laws.

State fiscal policies play a critical role in the development of an enabling environment for CSO operation. While in all countries CSOs are tax exempt on the income from grants, donations and membership fees, they continue to face challenges when it comes to the generation of income from economic activities. Moreover, tax incentives for donors are not encouraging enough and if reformed, they may positively influence CSOs abilities to generate income from philanthropy in the future.

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³⁷ Source: European Center for Not-for-Profit Law: *Comparative Research on the Regulatory Framework of Fundraising* (upon publication).

SUB AREA 2.2: Public funding remains to be insufficient and distributed through non-transparent procedures

EU CS Guidelines 2014-2020

Result 2.4: Five out of seven countries subject to this Report have a national law/policy document regulating state support for CSOs in place. The two remaining countries without a comprehensive and standardized binding document are Macedonia and Turkey. Mechanisms for the distribution of public funding are still considered to be non-transparent and subject to arbitrary decisions by the responsible authorities.

CSO perception of public funding did not change in 2016⁵. CSOs perceive public funding as insufficient and distributed in a non-transparent manner according to personal acquaintances and political views.

State support to civil society development, including financial support, should be clearly planned and prescribed through a set of concrete measures/steps. In five out of seven countries mapped in this report – Albania, Bosnia and Herzegovina, Montenegro and Serbia, and Kosovo as of May 2016 – there is a national level law or policy document regulating the financial state support for CSOs. Such regulations are still missing in Macedonia and Turkey. The adoption of such document in Macedonia, based on a draft proposal developed already in 2015, was halted for an indefinite period. In Kosovo, following the proposal from the Council for implementation of the Government Strategy for cooperation with civil society 2013-2017, the Government has adopted a model on public funding for CSOs, according to which, the main responsibility for the distribution of public funds for CSOs falls on the respective line ministries and municipalities, in accordance with the relevant strategic documents and their priorities. The decentralized distribution will be done in accordance with unified principles and procedures, and a central unit will monitor whether these principles and procedures are being adhered to. As of September 2016, a working group is established and working to draft a Regulation on Public Funding for NGOs. Albeit this progress towards regulating public funding in Kosovo, there are still no bylaws, therefore no progress has been made in practice and the disbursement of public funds remained unregulated by end of 2016.³⁸ In Turkey, there is no holistic approach or law/policy document for the distribution of state funding with the exception of EU funds distributed by the Central Finance and Contracts Unit.³⁹ In addition, in March 2016 in Serbia, the Ministry of Finance, without any prior notice, changed the Rules on the method of determining and recording public funds beneficiaries and on the conditions and manner of opening and closing sub-accounts with the Treasury Administration, reestablishing the 2014-abolished obligation for opening such an account for CSOs.

The allocation of financial support and the insufficiency of funding available for the civil society sectors are still causing challenges in practice, and no positive developments were identified in 2016 compared to the previous years. For example, 34% of the surveyed CSOs in Kosovo and 11% in Albania received financial support from the state, while in Turkey only 6% declared to having received public funding. Funding for CSOs is also not clearly planned

³⁸ The Regulation on criteria and procedures for public funding for NGOs in Kosovo has been adopted in June 2017

³⁹ Creation of these units is the EU requirement for distribution of EU funds.

within the state budgets. To illustrate, the Ministry of Justice in Macedonia, via Item 463, distributes funds only to political parties, even though the beneficiaries should also be CSOs, trade unions, etc., and according to the planned budget for 2016, there are 1.6 million EUR reserved for this purpose, which is only 34% of Item 463. In addition, the countries in the region do not allocate any or have only insufficient funding to cover co-financing of other projects, do not provide institutional core funding, and provide only project-based support.

In addition to insufficient funds available, CSOs in the region increasingly report **the exclusion from the public funding cycle** and consider it non-transparent. For example, in Macedonia, one fourth of the surveyed CSOs are not familiar with involvement in public funding cycle, whereas, even though almost a quarter (23%) partially agree that they have participated in these processes, their explanations do not provide insight into their experience nor what they consider to be involvement in a public funding cycle. In Serbia, 77% of the surveyed CSOs consider that they do not participate in the process of setting priorities for public funding. In Bosnia and Herzegovina, CSOs reported that their inclusion in the public funding cycle is sporadic and not sufficiently transparent and meaningful, whereas in Kosovo it is assessed as non-existent.

Another challenging factor with regard to the allocation of financial support is securing transparency in the distribution procedures. Similar to previous years, there is a **lack of transparent mechanisms and clear procedures for awarding public funds**. Even in the countries where such mechanisms exist, they are not sufficiently implemented in practice. For example, in Montenegro, the Law on NGOs adopted in 2011 prescribes a creation of a unified fund for allocating state support; however, by the end of 2016 the fund had not yet been created. In Kosovo, information relating to the procedures for funding and information on funded projects is very rarely publicly available. In addition, CSOs in many countries claim that state authorities do not follow the prescribed rules and distribute the funds according to the organization's political views or personal relations. In Macedonia, 57% of surveyed CSOs consider that distribution decisions are not fair. Throughout the region, there is a lack of information about the results and impact of the projects supported by public funding.

Four out of seven countries, i.e. Albania, Bosnia and Herzegovina, Macedonia and Montenegro continue to channel a certain percentage of the **proceeds from lotteries and other games of chance** to CSOs. In Kosovo, The Law 04/L- 080 on Games of Chance provides a possibility to direct funds from lottery proceeds to specified purposes. However, an administrative instruction that would operationalize the mechanism has not yet been adopted. While channelling the lottery proceeds to CSOs is a commendable initiative, this source of income is rather unpredictable and the transparency of the selection procedures is oftentimes questionable, which holds true for most of the countries in the region. In Macedonia, the funds from lotteries are a significant source of income, but they are available only for a small circle of CSOs due to limiting eligibility requirements. More so, the Law on Games of Chance and Entertaining Games has been amended twice during 2016, adding provisions that impose additional fees for certain games' organizers. In Montenegro, there is a continuous challenge with the insufficient harmonization of the Law on Games of Chance with the annual laws on the budget that results in a decreasing allocation of funds to CSOs from one year to another.

Regarding **non-financial state support**, CSOs continue to benefit mostly from the utilization of **public premises free of charge or for a reduced fee**. All countries of the region allow and, with the exception of Montenegro and to certain extent Albania, legally regulate the

allocation of some form of in-kind support from state or municipalities. To illustrate, 27% of the surveyed CSOs in Albania benefited with non-financial support by municipalities of Durrës, Gjirokastra, Puka, Tirana, and Shkodra, in the form of: provision of free spaces, use of vehicles and office materials to organize their activities, as well as expertise of public officials for the implementation of their activities. However, in most of the cases there are no clear rules and transparent procedures for the allocation of non-financial state support among CSOs. In Serbia, high majority of surveyed CSOs (93%) did not apply for non-financial state support during 2016. Only seven of the surveyed CSOs applied, and four of them stated that they received it after direct contact with state institutions, while the other three received it through an open call. In Turkey, the Municipality Law, which regulates the allocation of non-financial support, does not specify the forms of non-financial support or the criteria on how to attain it. In addition, similar to public funding, the in-kind state support is typically attained based on the proximity of the CSOs to state authorities.

The availability of the state financial support continues to be insufficient and there is a strong need to reform state support mechanisms in the whole region. The challenges are particularly related to the (1) insufficient planning of financial resources and availability of different types of support within the state budget, especially institutional and co-financing support; (2) no inclusion of CSOs in the public funding cycle; (3) no prescribed transparent procedures or lack of their respect; (4) missing information relevant to the distribution of public funds; (5) insufficient application of a non-discriminatory treatment to all CSOs; (6) non-adequate monitoring and evaluation measures of public funding distribution and spending. Non-financial state support for CSOs is, as in the case of financial support, distributed in a non-transparent manner.

SUB AREA 2.3: The legal framework on voluntarism changed only in Albania. The lack of clear data on CSO human resources still remains a problem.

EU CS Guidelines 2014-2020

Result 1.2.: There is a lack of conclusive data on number of CSOs' volunteers and employees. In some countries the number of persons employed in the CSO sector may be obtained from fiscal authorities, however for full-time employees only.

Laws and policies for the development of volunteering exist in Bosnia and Herzegovina (on a federal level and in Republika Srpska), Macedonia, Montenegro, Serbia, and, as of 2016, also in Albania. The laws are not supportive enough and provide a lot of bureaucratic requirements resulting into a lack of their application in practice.

No changes occurred in 2016 with regard to national labor laws and CSOs continue to be treated equally to other employers. In some countries, however, the equal treatment is considered a disadvantage, due to the employers' obligation to pay fringe benefits, social security and health insurance contributions for all types of employees, including project-based assignments. In Kosovo, there is a remaining challenge with the employer's obligation to pay half of the maternity benefits to employees on a maternity leave. In Albania, there is a requirement for every CSO to pay social contributions for at least one employee, even if an organization is volunteer-based organization and with no projects under implementation. **Contrary to the laws, state employment policies do not provide the same treatment to CSOs as to other employers.** In Serbia, 12% of the respondent CSOs stated to have benefited from government employment programs, and a high majority of them (89%) stated that those programs are transparent and easily available to CSOs. In Turkey for example, if a business operates in a sector determined as a priority in the development plans of the government, it can enjoy tax and employment incentives.

There is a lack of official data available on the number of employees/volunteers engaged in CSOs. The only information available relates to the number of persons that are official full time employees in a CSO with full benefits/taxes paid. However, CSOs oftentimes engage staff/experts on different types of contracts, e.g. consultants, short-term/part-time employments and others. This means that the presented numbers are significantly lower than the reality and do not reflect the actual number of human resources engaged with CSOs. For 2016, new data is available for Kosovo, Bosnia and Herzegovina and Turkey. During 2016, in Kosovo, there have been 11,997 active pension contributors from the CSO sector, summing to 3.83% of the total number of active pension contributors in Kosovo. In Bosnia and Herzegovina, there have been 1,653 and 1,341 fully employed persons in FBiH and RS respectively, whereas in Turkey, there have been 65,697 persons employed in 114,925 CSOs, showing a significantly low average number of 0.57 employees per CSOs.

Many CSOs in the region do not have a sufficient number of human resources to implement their activities. **However, national laws and policies on volunteerism still do not stimulate volunteering engagement. Instead, they introduce obstacles to those who follow legal regulations.** Volunteering laws exist in five countries as of 2016, with Albania joining Bosnia and Herzegovina (on a federal level and in Republika Srpska, but still not in Brčko District),

Macedonia, Montenegro and Serbia. In Albania, the Law No. 45/2016 on Voluntarism has been adopted, defining the main principles, conditions and criteria for conducting voluntary work in Albania. Accordingly, providers of volunteering should obtain a register for the contract of volunteers and should notify the National Service of Employment within 10 days of the disclosure of the contract, as well as provide health insurance in cases of accidents during the period of the contract. The law describes what the content of the contract between the providers and the volunteers shall be, sets the timeline of volunteer work (which should not exceed 5 hours of volunteer daily work and 25 hours weekly) and guarantees that volunteers are informed about the conditions, rights, obligations and benefits before the start of volunteering, so that they are aware of all the circumstances and particulars of the engagement. The law aims to increase citizen participation and regulate rights and responsibilities of volunteers and organizers, including the reimbursement of volunteer travel expenses and per diems. The law, however, fails to regulate fiscal issues on volunteering.

In Serbia, the Law on Volunteering introduces division into long-term, short-term and ad hoc volunteering, but without a clear distinction between them (or clear obligations that would arise from the selection of a given form of voluntary engagement). Additionally, the Law allows a corporation to be a host of volunteer activities, but outside of its premises and with the approval by the Ministry of Labor and Social Affairs. In Montenegro, the Action Plan for the implementation of the Strategy for Development of NGOs 2014-2016 envisages the development of a new law on volunteerism that would tackle the challenges of the current law treating volunteerism as a form of labor. Volunteering in Bosnia and Herzegovina receives similar treatment as unpaid work, too. There are still no comprehensive regulations on volunteering in Kosovo and Turkey; however, several initiatives to promote volunteerism have been identified in both countries. In Kosovo, there is a regulation for the volunteering of youth, but it did not function during 2016 except for few municipalities. Other forms of volunteerism in Kosovo remain unregulated. Volunteer work is often carried out informally and irrespectively from the law. This is particularly due to the burdensome administrative requirements and in case of Macedonia even fear of punishment.

No significant changes occurred in the labor laws and employment policies affecting CSOs in 2016. A major challenge in determining the value of the civil society sector in the labor market continues to be the lack of conclusive data on the number of employees/volunteers engaged in CSOs. In addition, there is a continuous problem with the lack of recognition of CSOs as potential employers in the national employment policies and labor programs. Similarly, volunteering regulations and policies do not stimulate the volunteering engagement enough and, due to their bureaucratic nature, they are oftentimes not followed in practice.

AREA 3: GOVERNMENT-CSO RELATIONSHIP

SUB AREA 3.1: Partnerships between Governments and CSOs are still not fully functioning throughout the region.

In 2016, CSO-Government partnerships continued to be challenging throughout the region. In terms of the strategies and policies for CSO-Government partnerships, the situation remains unchanged. All countries in the region, with the exception of Turkey, are already implementing or have started the process of adopting policy documents for cooperation. In Montenegro, a working group for the development of strategy for Development of NGOs 2017-2020 was formed. While the draft of the first National Strategy for CSDev in Serbia 2015-2019 recognizes the strategic approach in the Government-CSOs relationship for the first time, it is yet to be adopted, although its implementation should have started in 2015. During 2016, the Office's most significant activity was related to the final phase of consultation and gathering opinions from the other ministries. In Kosovo, entering into its final year of implementation, the implementation mechanisms of the Government Strategy for cooperation with civil society 2013-2017 have continued, although concrete results have been achieved only in the areas of public consultation and public funding. Lastly, in Bosnia and Herzegovina, the Council of Ministers adopted Information on Implementation of the Agreement between the Council of Ministers and NGOs in BiH⁴⁰, requiring that a new agreement between CSOs and the Council shall be signed.

Challenges with the functionality of the CSO-Government partnerships that have already been mentioned in the 2015 Regional Report are still relevant and related to the **unsatisfactory implementation of measures prescribed by policy documents**. As reported in the previous Monitoring Matrix Regional Reports, there are four main elements that commonly hamper the implementation process throughout the region: (1) lack of political will or commitment to implementing policy documents, (2) insufficient allocation of funding; (3) limited number of trained human resources; and (4) lack of monitoring and evaluation mechanisms.

However, it should be noted that some progress has been reached. In Macedonia, a few activities were realized during 2016 that are envisaged in the Strategy and are essential for civil society, such as progress towards the establishment of the Council for Cooperation with Civil Society, and certain improvements on the website of the Unit for Cooperation with Non-governmental Organizations. In 2016, a third action plan was adopted for the Open Government Partnership initiative led by the Ministry of Information Society and Administration (MISA), in a participatory manner. Still, aside from the realization of part of the activities, only two measures (out of 52) are being fully implemented, which makes the need for updating of the Strategy questionable. There was a notable progress seen in Kosovo in implementation of the strategy, where there were developments with the minimum standards of public consultations and public funding legislation.

Similarly to the strategic documents, a national level institution/mechanism for cooperation, including cooperation offices, councils or units, exists in all countries of the region with the exception of Turkey. In Turkey, draft legislation on the Collection of Aid from 2014, envisaging the creation of Civil Society Council and Civil Society Board as CSO consultative bodies, has not yet been adopted. A few changes happened throughout the year; most of them, however, were showing negative trends. While the specialized institutions for CSO-Government cooperation

⁴⁰ Source: BiH Council of Ministers http://vijeceministara.gov.ba/saopstenja/sjednice/zakljucci_sa_sjednica/default.aspx?id=24311&langTag=en-US

envisaged with the 2007 Cooperation Agreement in BiH have not yet been established, the BiH Ministry of Justice, in its plans for 2017⁴¹, has committed to have a Revised Agreement between the Council of Ministers and CSOs. In Albania, following the adoption of the Law for the Establishment and Functioning of the National Council on Civil Society, the Council was established in June 2016, composed of 27 members, of which 13 CSOs representatives, 12 state institutions representatives (albeit the Law prescribes 13) and 2 representatives of the National Business Council (instead of 1 according to the Law)⁴². In Serbia, in February 2016, the Government made a decision on appointing Mr Žarko Stepanovic as Acting Director of the Government Office for Cooperation with Civil Society, a year after the previous director has been dismissed. In Macedonia, the process of establishing the Council for Cooperation between the Government and Civil Society advanced in 2016. Nonetheless, the Government adopted the Decision on Establishment of the Council only 2 working days after presenting it to CSOs, without any possibility for additional comments by civil society. Despite the reaction sent to the Government by 93 CSOs, most of which leading CSOs that have initially been advocating for its establishment, with concerns over the functionality of the Council and the improper adoption period, CSO representatives have been selected whose profile and portfolio do not correspond with the area they should be representing.

The main challenge remains the **securing of proper implementation and functionality of the cooperation bodies/mechanisms in practice**. Ever since 2013, the Country Reports have agreed on: (1) insufficient funds allocated from the state budget for cooperating bodies; (2) lack of human resources with adequate capacities working full-time on the implementation of their tasks; and (3) lack of a strong mandate and independence in their operation. In addition, a disproportionate composition of the cooperating bodies is one of the factors that actually limit positive effects of the cooperation mechanisms.

In Montenegro, for example, the Council for Development of Non-Governmental Organizations is composed of 11 CSO representatives and 11 representatives from the Government. In addition, there is a president appointed by the Government to give a majority to the votes. As a result, the Council often votes against its mission and the interest of the civil society, including the recent refusal of the proposal to discuss the Draft NGO Law with the Council's members. More so, CSO representatives in the Council are generally dissatisfied with the way the Council functions, having in mind that the minority of CSO representatives is in most cases outvoted by the majority of Government representatives. In the second half of 2016, CSO representatives in the Council have frozen their membership, dissatisfied with the way the conclusions and opinions of the Council had been presented to the Government by its President, but also with the overall treatment of the body. Since July 2016, the Council had not held any session. CSO representatives required resignation of the President as well as other changes in the status and treatment of the Council. The Government's response is still pending. In Albania, despite the legal requirement of having at least three meetings a year, the Council has met only once with no information being available on when the next meeting will be called.

41 Source: eKonsultacije, <https://ekonsultacije.gov.ba/legislativeactivities/details/51->

42 In 2017 the number of member representatives from state institutions and the National Business Council are as prescribed by the Law (13 state institutions representatives and 1 National Business Council representative)

Table 7 - Overview of CSO-State Cooperation in the Countries⁴³

COUNTRY	STRATEGIC DOCUMENT	BODY/MECHANISM FOR COOPERATION
ALBANIA	Roadmap for Albanian Government policy toward more enabling environment for civil society development	Office for Coordination with Groups of Interests and a Coordinator for Civil Society at the Parliament Department of programming and Development of Foreign Aid at the Prime Minister Office Civil Society and Strategy Unit, Ministry of EU Integration Civil Society Advisory Board on Human Rights of the Ombudsman ⁴⁴ National Council for Civil Society, 2016
BOSNIA AND HERZEGOVINA	Agreement on Cooperation between the BiH Council of Ministers and the NGO sector adopted in 2007	Legal Aid Sector established within the BiH Ministry of Justice
KOSOVO	Government Strategy for cooperation with civil society 2013-2017 & Action Plan (implementation started in 2015) Declaration for Partnership between the Kosovo Assembly and civil society, 2014	Office for Good Governance within the Office of Prime Minister Council for implementation of the Government Strategy for cooperation with civil society and its thematic Working Groups, 2014 Assembly Officer for cooperation with civil Society, 2013
MACEDONIA	Strategy of the Government for Cooperation with the Civil Society (2012-2017)	Unit for Cooperation with CSOs established within the Sector for Policy Analysis and Coordination in the General Secretariat of the Government
MONTENEGRO	Strategy for Development of NGOs 2014-2016	Office for Cooperation with NGOs (part of the General Secretariat of the Government) Council for Development of NGOs Contact points within the ministries
SERBIA	–	The Government Office for Cooperation with Civil Society Sectorial Civil Society Organizations (SEKO)
TURKEY	–	–

To sum up, in all countries of the region, with the exception of Turkey, there is a national level policy document and institution/mechanism for cooperation with civil society. The current legal and policy framework for cooperation with CSOs in Turkey does not respond to the needs and demands of the sector and is not in line with international standards and

43 All the novelties for 2016 are highlighted in bold.

44 The country report identifies two other mechanisms/structures at the central administration level dealing with civil society: Office for Coordination with Groups of Interest in the Parliament, Department of Programming and Development of Foreign Aid at Prime Minister's Office; however, these are not regarded as primarily established for the cooperation with civil society

best practices. In the remaining countries, there is a need to strengthen the implementation of the policy documents and mechanisms of cooperation to ensure their full functionality and positive effects in practice, especially reflecting the needs and concerns of civil society and allocation of sufficient resources for the implementation of the given commitments.

SUB AREA 3.2: Standards for public participation in decision-making processes are still not respected by the implementing authorities.

EU CS Guidelines 2014-2020

Result 3.1.: CSOs continue to report problems with their involvement in decision and policy-making processes at both national and local level. National standards for CSO involvement exist in all countries except Turkey.

CSOs report that the draft laws/policies are not always published well in advance, as it is required by the legal regulation. State authorities also oftentimes neglect the provisions on the publication of calls for consultations.

Representatives of civil society in the decision-making/advisory bodies are selected outside of clear and transparent mechanisms. Selection procedures continue to be regarded as biased and based on personal acquaintances.

No changes happened in 2016 to the legal frameworks on public participation in decision-making, except for Kosovo, where the Regulation on Minimum Standards for Public Consultation was approved in April 2016, based on a proposal by civil society. The set of standards presents a systematic basis for public consultation from agenda-setting to experts' involvement and general public consultations, with specific requirements for each of the steps. Furthermore, an online platform has been designed to serve as an entry point for all interested parties to get involved in the consultation process. While the monitoring of implementation of these standards shall be based on the existing system of monitoring the policy and law cycle, annual reports are required both from line ministries and the Office of the Prime Minister on the details of the public consultation process. This regulation is based on the existing general requirements set by the Rules of Procedure of the Government, which requires public consultations for all draft policies/laws with adequate and timely information to be provided by the proposing authority, as well as feedback on the consultation results. The Regulation entered into force on 1st January 2017.

In all countries of the region there is a document regulating CSO participation in decision-making processes, while the involvement itself might be obligatory or voluntary. The Regulation on the Procedures and Principles of Drafting Legislation in Turkey envisages the involvement of CSOs, but it does not further stipulate the details, including the selection process, criteria or methods for CSO involvement. In countries where detailed measures

for participation exist, there is a remaining challenge to secure their proper application in practice, particularly due to the lack of commitment/respect by state authorities. In addition, there is a remaining challenge with the lack of human resources with adequate capacities to implement the regulations. In Montenegro, where Decree on the procedure and manner of developing cooperation between public administration bodies and NGOs and Decree on the procedure and manner of conducting are enacted, the Government has started the process of changing the existing legislation, according to the lessons learnt from the four years of implementation of the existing ones, and NGOs' suggestions. NGO representatives took part in the working group. More so, a Technical Assistance project has allowed for training 64 public officials on public consultations with civil society.

Legislation in all countries, with the exception of Turkey, obliges authorities to make all draft and adopted laws and policies public and provide public information upon a request. In Turkey, the publishing of draft laws and policies is at the discretion of authorities. Public institutions in Bosnia and Herzegovina actively publish draft and adopted laws and policies, but they do not answer all requests for free access to public information. More so, as of 24th April 2016, the BiH Ministry of Justice launched an online platform for e-consultations, enabling citizens and CSOs to directly participate in legislative drafting.⁴⁵ The platform makes it easier and less costly for all interested stakeholders to be part of the policy creation process, but also provides an overview of the plan of the BiH Council of Ministers and all its institutions regarding legislative activities. In addition, in its plans for 2017⁴⁶, the BiH Ministry of Justice has committed to make changes to the Rules of Consultations in Legislative Drafting so as to include obligatory⁴⁷ midterm and long-term planning in BiH institutions and creation of legal documents based on the assessment of their effects.

Consultations on the draft laws and policies are oftentimes neglected in the region, despite the guarantees provided in the legal regulations. In the Parliament of Republic of Macedonia, 505 draft-laws were reviewed during 2016, and for 453 of them there was an obligation for consultation with the public. Only 21 draft laws (5%) were subject for electronic consultation (ENER), which is a significant decrease from previous years. Most of the draft laws (70%) were adopted using the shortened procedure (238 from 314 laws for which there is an obligation for consultations). Beside this, for most of the draft-laws that were published for consultation (16 out of 21), the minimal deadline of 10 days was not respected.

Based on the information from the Kosovo Country Report, from 114 proposals of different types disseminated by the Government for public consultation through the CiviKos Platform, only one of them had a Consultation Document attached. In Bosnia and Herzegovina, 6 out of 25 laws were adopted in an urgent procedure in 2015, which represents approximately 24% of total number of laws passed.

From all the countries reviewed in the Report, **only Montenegro has a legal requirement to invite CSO representatives to decision-making and/or advisory bodies/working groups in the region.** In the rest of the countries, there is no legal obligation, but there is a possibility to invite CSOs to participate. The main challenge is, however, to ensure transparent selection mechanisms of CSO representatives. According to the Country Reports, CSOs consider the selection mechanisms as biased, as CSOs are selected based on personal acquaintances. For

45 Source: Ministry of Justice of Bosnia and Herzegovina, <http://www.mpr.gov.ba/aktuelnosti/propisi/konsultacije/default.aspx?id=2444&langTag=bs-BA>

46 Source: eKonsultacije, <https://ekonsultacije.gov.ba/legislativeactivities/details/51->

47 Source: eKonsultacije, <https://ekonsultacije.gov.ba/legislativeactivities/details/35-izmjene-i-dopune-jedinstvenih-pravila-u-iz>

example, 61% of Albanian CSOs consider the selection procedures to be not transparent at all. Similarly negative is the perception of CSOs in Bosnia and Herzegovina - decision-making and advisory bodies on issues and policies relevant for civil society generally do not include CSO representatives. In fact, inclusion in decision-making and advisory bodies applies to those CSOs that have the resources or connections to stay close to the government. In Kosovo, only a few cases of open selection processes have taken place, mainly facilitated by the CiviKos Platform.

CSOs play a crucial role in the processes of designing effective public policies and regulations. Combined with the extensive influence of political parties in policy and decision-making, the inclusion of CSOs provides an alternative way to channel different views and secure a variety of interests of the society in drafting policies and regulations. It is of great importance that the countries introduce clear standards on all levels of CSO participation, and to ensure political commitment for their proper implementation, together with the sufficient allocation of human and financial resources.

SUB AREA 3.3: CSOs continue to be rarely involved in the provision of other than social services.

In 2016, no significant changes occurred in the area of CSO service provision. There were some developments in Serbia, where in September 2016 the last draft of the Law on Free Legal Aid⁴⁸ was presented to the professional public. As a compromise, the draft is a bit challenging, since the associations will not be able to represent in strategic cases in the field of peaceful assembly, even in cases when free legal aid is not financed from the budget but from project sources. More so, the draft prohibits advertising of free legal aid, which will pose a problem for associations when, for the needs of implementation of projects, it will be necessary to inform the public on provision of free legal aid directed at certain target groups, such as provision of free legal aid to organizers of public gatherings during election campaigns⁴⁹.

Thus, while all country legislations allow CSOs to compete for public contracts to provide services on behalf of a state, **CSOs are rarely engaged in the provision of anything other than social services**. For example, in Kosovo, 8.8% of surveyed CSOs applied for and were granted state contracts in 2015, whereas in Albania, 9.37% of the surveyed CSOs applied for, of which less than 4% were granted state contracts.

In practice, there is a noticeable trend of using the services of CSOs, mostly for social protection and prevention (social protection of victims of domestic violence, protection of persons with special needs). CSOs in 2016 undertook their humanitarian role of supporting and giving services to the people in need on the Balkan migration route, and after the floods in Macedonia that resulted in 22 fatalities and over 60 injured persons, as well as a large material damage. A significant part of the support in the flooded region was managed by CSOs. Using social media (Facebook and Twitter), they organized local points where food, water, clothes, and materials were donated. The solidarity led to an increased civic engagement through volunteerism mainly by donating money, but also by provision of a work force.

Another common challenge identified in several countries of the region is a **lack of transparency in the selection procedures**. Despite the legal rules for awarding contracts in Bosnia and Herzegovina, it is believed that open competitions are unfair in many cases, due to the lack of feedback, or the reasons and criteria according to which certain contracts were awarded. 91% of surveyed CSOs in Albania reported lack of transparency in the tendering procedures and a preferential selection of CSOs based on personal acquaintances.

To conclude, CSO-state collaboration in the provision of services remains underdeveloped and oftentimes non-existent. The majority of the Country Reports identified the equal treatment of CSOs compared to other private entities, insufficient and unpredictable funding, and non-transparent selection procedures as common challenges.

48 Strategy on Free Legal Aid Development in the Republic of Serbia, Official Gazette of the RS, no. 74/2010

49 YUCOM 2016, Access to Justice: Provision of Information, Advice and Free Legal Aid in Serbia, available at <http://en.yucom.org.rs/wp-content/uploads/2016/11/Access-to-justice-publikacija-YUCOM-english-version.pdf>

IV.

Key Recommendations

The following are key common recommendations formulated by the country experts based on the indicators of the Monitoring Matrix. While these recommendations aim to define actions for regional interventions, the specific country context has to be always taken into consideration when analyzing the environment for CSOs. Therefore, as we have noted in previous reports, the issues below cannot be addressed in isolation, and other measures have to be taken into consideration in order to develop an enabling environment for civil society development.

1. LEGAL GUARANTEES FOR FREEDOM OF ASSOCIATION, FREEDOM OF ASSEMBLY AND OTHER RELATED FREEDOMS SHOULD BE ENFORCED, WHILE THE CURRENT FRAMEWORK SHOULD BE PROPERLY IMPLEMENTED IN PRACTICE

Comprehensive reforms of civil society laws are already underway. These should aim to improve the environment for CSOs; however, current trends show that this is not the case. Any potential provisions that restrict the enjoyment of freedoms should be avoided, in order to ensure that the environment for civil society remains enabling. **Moreover, proper implementation of the existing legal standards and guarantees for freedom of association, assembly and other related freedoms needs to be secured in practice.** The basic legal guarantees should be harmonized within the legal framework, translated to other laws and bylaws, and properly and respected in practice. In particular, the authorities should respect the legally prescribed timelines for registration, not interfere in the internal matters of the CSOs, and not arbitrarily prohibit or crackdown on the freedom of assembly. In order to prevent cases of violations of the freedom of association, assembly and other related freedoms, there is a need to regularly monitor the fulfillment of standards/regulations.

2. FISCAL REGULATIONS ON THE CSO INCOME AND TAX INCENTIVES FOR DONORS NEED TO BE REVISED TO PROVIDE MORE SUPPORTIVE TAX TREATMENT FOR CSOs

Fiscal laws throughout the region need to be more enabling towards CSOs and provide them with tax treatment corresponding to their non-profit character. This particularly relates to the tax treatment of their income and VAT treatment of their services. In countries where distinct public benefit status exists, the tax laws should be harmonized with CSO framework laws to ensure there are applicable benefits to organizations with public benefit status, and that there are incentives for organizations to use. In addition, the state should also help boost engagement in philanthropy through various tax benefits for donors, including tax deductions/tax credits and VAT free treatment of in-kind donations. Cross-border philanthropy should be subject to the same tax regulation as the domestic one in order not to discriminate against international giving.

3. PUBLIC FUNDING MECHANISMS NEED TO BE REFORMED AND THEIR RULES PROPERLY IMPLEMENTED TO ENSURE RELEVANT, TRANSPARENT AND ACCOUNTABLE REDISTRIBUTION PROCEDURES

Public funding mechanisms for both financial and non-financial support are recommended to be reformed in all countries of the region. In particular, **there is a need to establish clear rules for the redistribution procedures and to introduce monitoring mechanisms at both the national and local levels.** State authorities should ensure that: (1) all bylaws for operationalizing the public funding mechanisms have been adopted; (2) the transparency and accountability requirements for the redistribution of public funding are respected; (3) all information on how public funding was disbursed is publicly available; and (4) distribution of the funds is not discriminatory, influenced by personal relations, acquaintances and political views. There is also a need to allocate a sufficient amount of funding for CSOs, including institutional funding and co-funding of EU projects.

4. MECHANISMS FOR CSO-PUBLIC INSTITUTIONS COOPERATION NEED TO BE EMPOWERED WITH CLEAR RESPONSIBILITIES AND MADE FUNCTIONAL THROUGH SUFFICIENT ALLOCATION OF FINANCIAL AND HUMAN RESOURCES WITH ADEQUATE CAPACITIES

There is a continuous need to make the CSO-Government dialogue meaningful and functional. Proper implementation of the policy documents for cooperation through (1) demonstrated political will and commitment, (2) sufficient allocation of funding from the state budget, (3) assignment of a satisfactory number of civil servants, and (4) ensuring they have adequate capacities is indispensable. In addition, institutional mechanisms for cooperation, such as CSO councils and units for cooperation, should be operationalized, accorded sufficient financial and human resources, while having a sufficient leverage within the government. Moreover, there is a need to establish a monitoring mechanism that would continuously monitor the implementation of the commitments for CSDev.

5. CSOs NEED TO BE REGULARLY INVOLVED IN DECISION AND POLICY MAKING PROCESSES AT ALL LEVELS, INCLUDING EFFECTIVE ACCESS TO INFORMATION AND INCLUSION IN EARLY STAGES OF THE PROCESS

CSOs should be regularly involved in the policy and decision-making processes, in accordance with the established minimum standards for participation. The minimum standards should regulate the involvement of CSOs **at all levels and phases of decision and policy making processes in a timely manner.** In addition, there is a need to reform selection mechanisms for CSO participation in decision-making and advisory bodies to **ensure the transparency of the selection procedure.** In particular, the selection should happen through a public procedure and members should be chosen based on clear and previously determined criteria.

6. INVOLVEMENT OF CSOs IN PROVISION OF SERVICES ON BEHALF OF THE STATE NEED TO BE INCREASED ALSO IN AREAS BEYOND SOCIAL SERVICES

There is a need to increase state support for CSOs as service providers and contract out their services beyond social services. CSOs should be involved in the annual needs assessment when services for the upcoming year are planned. In addition, selection procedures for service providers should include special criteria that do not rely solely on the price of the offer, but also the quality of the service to be provided by the bidder.

In addition, the following priority recommendations for EU intervention have been outlined to guide further joint actions at the regional level:

1. THE EU TO SUPPORT DIVERSIFICATION OF CSO FINANCIAL RESOURCES

As the EU and other foreign funding will be phased out from the countries once they enter the EU, there is a strong need for CSOs to diversify their financial resources. The EU should highlight to states the importance of well-defined public funding system and sufficient public funding for the CSO activities related to the implementation of public policies, creating a more enabling environment for philanthropy, social entrepreneurship and other alternative sources of funding, and also to support CSO projects towards this goal.

2. PARTICIPATION OF THE CIVIL SOCIETY IN THE EU ACCESSION PROCESSES TO BECOME OBLIGATORY

State authorities in the region continue to adopt laws and policies without CSO involvement. The EU may help to increase CSO participation and require from the states to involve civil society representatives in all phases of the EU accession processes. This includes also the decision-making processes about the legal regulations that need to be adopted to comply with the EU rules.

3. THE EU TO PRIORITIZE ENABLING ENVIRONMENT IN THE NEGOTIATION PROCESSES

The EU may also support civil society development by granting a higher priority to the enabling environment for CSOs in the negotiation processes. This involves a greater political support that needs to be awarded to the implementation of the *Guidelines for EU Support to Civil Society in Enlargement Countries, 2014-2020*.

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