Regional Conference

Promotion of the CSF Guidelines: Current situation and way forward in monitoring, programming and progress reporting for the 2014-2020 period

6-9 May, 2014 – Tirana, Albania
www.tacso.org
Promotion of the CSF Guidelines:
Current situation and way forward in monitoring, programming and progress reporting for the 2014-2020 period

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Dear Participant,

On behalf of TACSO, we would like to welcome you to the Regional Conference “Promotion of the CSF Guidelines: Current situation and way forward in monitoring, programming and progress reporting for the 2014-2020 period”.

The purpose of the conference is to launch the ‘Guidelines for EU support to civil society in the enlargement countries, 2014-2020’ (Civil Society Facility (CSF) Guidelines) as a key monitoring, reporting and programming European Union (EU) orientation/streamlining document for matters related to the civil society organisations (CSOs) located in the Western Balkans and Turkey.

The Directorate General (DG) for Enlargement (ELARG) has developed the CSF Guidelines, which include a Results Framework that sets out the objectives, results and indicators for EU support to civil society with the purpose of measuring progress at the country level as well as across the enlargement region over the next seven years.

It is expected that during the conference, we will have a chance to:

• Gain a better understanding and exchange views about the purpose, future utilization and full potential of the CSF Guidelines;
• Gain an overall picture in relation to the baseline situation per country against indicators of the Results Framework of the CSF Guidelines;
• Initiate the process of defining targets per country against the indicators set by the Results Framework of the CSF Guidelines;
• Discuss the challenges, possibilities and requirements for longer-term sustainability of the monitoring of and reporting on the progress against the results and indicators set in the CSF Guidelines; and
• Discuss the desirable directions forward per result of the Results Framework of the CSF Guidelines in order to steer changes and progress in the next four years.

In addition, it is also essential to initiate discussions on what are the major topics deriving from the CSF Guidelines whose additional attention will contribute the most to the changes within the CSO environment and what is the most effective way for these topics to be addressed in the future.

The CSF Guidelines foresee that the CSOs will be involved in the yearly monitoring of the indicators and results with TACSO’s support. Yearly national and regional meetings will analyze the development of the CSOs in all the countries and their advancement towards the targets. It is therefore beneficial for the countries concerned to receive a comparative overview among the countries based on the baseline findings per indicators of the Results Framework of the CSF Guidelines for the overall regional benchmarking purposes.

We have prepared the country summaries of the baselines for which we used data from the Balkan Civil Society Development Network (BCSDN) country baseline reports, from the Ipsos baseline research and from the TACSO national Needs Assessments.

We look forward to spending the next few days with you and wish you a fruitful conference.

Palle Westergaard
Team Leader
TACSO
## Final agenda

### May 6th

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
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<tbody>
<tr>
<td>15:00</td>
<td>Arrival of participants</td>
</tr>
<tr>
<td>17:00 – 17:30</td>
<td>Opening remarks by Mr. Yngve Engstroem, Head of Operations, Delegation of European Union to Albania on behalf of Ambassador Ettore Sequi and Mr. Taylor Michael, Director for Development Consulting SIPU International</td>
</tr>
<tr>
<td>17:30 – 18:45</td>
<td>Session 1 - Why CSF Guidelines?</td>
</tr>
<tr>
<td>17:30 – 17:45</td>
<td>Mr. Nicola Bertolini, Head of Section, European Commission, DG Enlargement Unit D3, Regional Cooperation and Programmes</td>
</tr>
<tr>
<td>17:30 – 17:45</td>
<td>Mr. Igor Vidačak, PhD, Head of the Office, Office for Cooperation with NGOs in the Government of the Republic of Croatia</td>
</tr>
<tr>
<td>17:30 – 17:45</td>
<td>Mr. Dragan Golubović, Public Policy and Legal Expert</td>
</tr>
<tr>
<td>17:30 – 17:45</td>
<td>Ms. Tanja Hafner, Executive Director BCSDN</td>
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<tr>
<td>19:00 – 21:00</td>
<td>Welcome cocktail</td>
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### May 7th

<table>
<thead>
<tr>
<th>Time</th>
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<tbody>
<tr>
<td>9:00 – 9:20</td>
<td>Recap from Session 1</td>
</tr>
<tr>
<td>9:20 – 11:00</td>
<td>Session 2 - Baseline: Presentation of the baseline findings</td>
</tr>
<tr>
<td>9:20 – 11:00</td>
<td>Presentation of the baseline findings for indicators under objectives 1, 2 and 3</td>
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<tr>
<td>11:00 – 11:45</td>
<td>Coffee break - Including press conference (45 minutes)</td>
</tr>
<tr>
<td>11:45 – 13:00</td>
<td>Comparative presentation of the baseline findings under objectives 4, 5 and 6</td>
</tr>
<tr>
<td>13:00 – 14:30</td>
<td>Lunch Break</td>
</tr>
<tr>
<td>14:30 – 15:30</td>
<td>Session 3 – Targets: Desired directions in defining national targets per indicators</td>
</tr>
<tr>
<td>15:30 – 15:45</td>
<td>Coffee break</td>
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<td>Time</td>
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<tr>
<td>15:45 – 17:00</td>
<td>Mapping of steps forward in defining the national targets per indicators (working groups)</td>
</tr>
<tr>
<td>17:00 – 17:30</td>
<td>Harvesting of working groups’ findings</td>
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<tr>
<td>19:00</td>
<td>Organised transport from the Hotel to the dinner venue in Durres</td>
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**May 8th**

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<tr>
<th>Time</th>
<th>Event</th>
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<tbody>
<tr>
<td>9:00 – 9:30</td>
<td>Recap from sessions 1, 2 and 3 and facilitator’s instruction in relation to the presentation of Session 3’s findings</td>
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**Session 4 - Roles:** The most effective roles of the Government offices/focal points for cooperation with CSOs and other relevant government representatives could have in monitoring, progress reporting and programming along the CSF Guidelines and factors influencing such a role

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<th>Time</th>
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<tbody>
<tr>
<td>9:30 – 11:00</td>
<td>Opening session (plenary) with Q&amp;A</td>
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<tr>
<td></td>
<td>Panellists:</td>
</tr>
<tr>
<td></td>
<td>Ms. Ivana Ćirković, Director of the Office for Cooperation with CSOs, Government of the Republic of Serbia,</td>
</tr>
<tr>
<td></td>
<td>Ms. Danka Latković, Head of office for Cooperation with CSOs, The General Secretariat of the Government of Montenegro,</td>
</tr>
<tr>
<td></td>
<td>Mr. Gentian Elezi, Deputy Minister of the ministry of the European Integration, Government of Republic of Albania, others TBD)</td>
</tr>
<tr>
<td>11:00 – 12:30</td>
<td>Mapping of possible steps to overcome defined challenges against monitoring, progress reporting (working groups)</td>
</tr>
<tr>
<td>12:30 – 14:00</td>
<td>Lunch</td>
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<tr>
<td>14.00 – 15:30</td>
<td>Continuation of the working groups’ work (work group)</td>
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<tr>
<td></td>
<td>Coffee can be served during the WG discussions</td>
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<tr>
<td>15:30 – 16:00</td>
<td>Harvesting WG findings in relation to both sessions 3 and 4</td>
</tr>
<tr>
<td>16:00 – 17:30</td>
<td>Presentation of WG findings</td>
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<tr>
<td>19:00</td>
<td>Dinner at the Hotel</td>
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**May 9th**

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<th>Time</th>
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<tbody>
<tr>
<td>9:00 – 9:30</td>
<td>Recap from the previous days</td>
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**Session 5 – Change:** Initiating changes along the issues/themes deriving from the CSF Guidelines

<table>
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<th>Time</th>
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<tbody>
<tr>
<td>9:30 – 11:00</td>
<td>Session opening</td>
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<td>Panellists:</td>
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<tr>
<td></td>
<td>Mr. Dragan Golubović,</td>
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<td></td>
<td>Ms. Tanja Hafner,</td>
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<td></td>
<td>Ms. Aleksandra Veslić Antić, Catalyst</td>
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<td></td>
<td>Ms. Mia Vukojević, Executive Director of Trag, proposed by the FPA SIGN for Sustainability</td>
</tr>
<tr>
<td>11:00 – 11:30</td>
<td>Coffee break</td>
</tr>
<tr>
<td>11:30 – 12:30</td>
<td>Conference wrap up</td>
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List of Participants

Project name: TACSO
Identification number: EuropeAid/133642/C/SER/Multi

Date: 6 - 9 May 2014
Place: Tirana, Albania

Promotion of the CSF Guidelines:
‘Current situation and way forward in monitoring, programming and progress reporting for 2014-2020 period’

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* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.
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Synthesis of the baseline survey

COMPONENT 1: CONDUCIVE ENVIRONMENT

Objective 1: An enabling legal and policy environment for the exercise of the rights of freedom, expression, assembly and association

Result 1.1.: All individuals and legal entities can express themselves freely, assemble peacefully and establish, join and participate in non-formal and/or registered organisations

Indicator: 1.1.a: Quality assessment of existing legislation and policy framework

Freedom of association is a constitutional right for any individual and legal entity without any age, nationality, legal capacity, gender, and ethnic based discrimination. Any person can exercise his right to establish associations, foundations and centres. Registration of CSOs is not mandatory and in cases when a CSO decides to register, rules and procedures for registration are clearly established and foreseen by the law. There are no sanctions applied for unregistered CSOs. The process of registration for CSOs is centralised and the registration procedures is done only in the Tirana Court of First Instance. This is considered a barrier for CSOs based outside Tirana because of the additional costs and time needed. Networking, both within and outside of the country without prior notice, is allowed. An official number of registered CSOs is missing and organisations cannot register online. The registration process is easy allowing for a relatively straightforward registration of CSOs. Within the 15 days from the date of the request the registration is deposited with the court.

The Law on the Registration of Non-Profit Organisations stipulates the right of CSOs to operate without state interference in their internal governance and activities, but there is no special provision related to state protection from interference by third parties. Financial reporting and accounting rules do not take into account the specific nature of the CSOs and are not proportionate to the size of the organisation and its type or scope of activities. Sanctions for breaching legal requirements do not follow the principle of proportionality. The restrictions and the rules for dissolution and termination are in accordance with international standards and are clearly prescribed by the law for the registration of the non-for-profit organisations. In general, there are no cases of state interference in internal governance of CSOs. There are cases of political pressure on CSOs from the government playing the watchdog role by misusing laws on financial inspection, financial management and control.

The Law on Non-Profit Organisations allows CSOs to engage directly in economic activities but, according to Civil Code, they are not permitted to perform profit-making activities. As a result, there seems to be a general misunderstanding as to what “profit-making activities” means. According to the Law on Non-Profit Organisations, all income of CSOs comes from dues. But, in addition, they receive grants and donations offered by local or foreign, private or public subjects, as well as income from economic activity and the assets owned by the non-profit organisation. Reporting of economic and non-economic activities with the same format is not effective and is burdensome for CSOs. Bank transaction fees and charges, which are not allowed as budget costs are a financial burden in receiving foreign funding. The level of tax deduction does not encourage donations from individuals and corporate donors.

The legal framework of the Albanian Constitution guarantees the right to enjoy freedom of peaceful assembly as specified in the Law on Assembly. The law is respected in practice. The laws recognise and do not restrict spontaneous, simultaneous and counter-assemblies. The procedures of prior notifications, when an assembly is organised in public spaces, are regulated by the law. When assemblies are planned on open public spaces they may be organised even without prior notification of the police. However, there are no cases of assemblies and meetings without prior notification of the police and there are no cases of interference from the police during assemblies. The law foresees the right of administrative appeal by organisers. Assemblies are organised in conformity with and in respect to the law, and the role of the police has been supportive. Media is present at peaceful assemblies.

Albania offers constitutional and legal guarantees of the right of citizens to express themselves freely. Any limitations, such as restrictions on hate speech, imposed by legislation are described clearly and in accordance with international laws in the Penal Code of the Republic of Albania. Libel is regulated in the Penal Code despite efforts in 2012 to remove it and include it in the Civil Code. In practice, CSOs exercise their freedom of expression without any interference. They are allowed to organise seminars, conferences and other public events to discuss different issues, to participate and express their views and opinion in written, electronic and social media even while criticising the government. There are rare cases of detention and accusation of CSOs, which have been resolved by the prosecutor’s decision not to pursue charges.

Albanian legislation meets the basic requirements to facilitate and support the implementation and improvement of new
technologies, new services and new regulations in the Albanian Information and Communications Technology (ICT) Sector. Still, Albania suffers from a low penetration of fixed lines and Internet; a low percentage of PC ownership; high costs of Internet and mobile access and services; a low level of awareness of the benefits of the use of ICT; a digital gap between urban and rural areas and, in comparison to other countries in Europe, a low level of state subsidies and a lack of policies to support all these. There are no cases in practice where restrictions are imposed on accessing any source of information, including the Internet or ICT. There is no practice or case of unjustified monitoring of communication channels, including the Internet or ICT, by the authorities or of collecting user information. There is no case of police harassment of members of social networking groups.

*Indicator 1.1.b. Progress with the adoption and implementation of relevant legislation*

This indicator will be monitored in accordance with the adopted recommendations and targets.

**Result: 1.2. Policies and the legal environment stimulate and facilitate volunteering and employment in CSOs**

*Indicator: 1.2.a. Number of employees in CSOs (permanent and part-time)*

There is no precise data on the number of employees in CSOs in Albania. Most Albanian CSOs cannot engage a full-time professional staff, but have one to three professional personnel, often employed on short-term project contracts or on an annual basis. There are only 1,651 CSOs registered with the tax authorities. However, recent civil society assessments found that only approximately 450 CSOs are active.

- 1% of CSOs stated that they do not have employees, 16% have one employee, 40% from 2-5 employees, and 46% over 6 employees
- Out of total number of employees, 7.3% work full time, and 3.9% work part-time

*Indicator: 1.2.b. Number of volunteers in CSOs per type of CSO/sector*

There is no official data available on the number of volunteers in Albania.

- 47% of CSOs believe that up to 10% of organisation engaged volunteers, 9% believe that 11-20% of CSOs engage volunteers, 23% believe that 21-50% CSOs engage volunteers, and 17% of CSOs believe that over 50% of CSOs engage volunteers
- 77% CSOs stated that they have engaged, 23% stated that have not engaged volunteers in 2013, and for 1% it was not applicable
- 28% of the organisation had 1-5 volunteers, 42% of CSOs over 15 volunteers, and 30% between 6-15 volunteers in 2013
- 15% of CSOs paid pecuniary compensations to the engaged volunteers in the amount of their costs, and 65% did not pay any pecuniary costs
- 70% of CSOs stated that they did not conclude any volunteering contract with volunteers, 6% stated that they have concluded with up to 3 volunteers, 14% if CSOs concluded volunteering contract with 4-10 volunteers, and 10% with more than 10 volunteers
- 84% of CSOs did not conclude any other contract with volunteers

*Indicator: 1.2.c. Quality of the legislative framework*

59% of CSOs were inclined to stating that legal solution in Albania are not stimulating at all for volunteers, while 36% inclined stating that it is stimulating. Stimulating

The Albanian legislation related to human resources is unified for all employers and applied without differential treatment for CSOs. There are no incentive programmes for employment. State policies on employment are not considered a stimulant for CSOs.

Albania has neither a law on voluntarism, nor state programmes on voluntarism. Contractual arrangements between CSOs and volunteers do not define the role of volunteers or their rights, duties and responsibilities. Contracts exist only in cases where volunteers come from EU programmes, such as the European Voluntary Service, where such contacts are required. There are no incentives or programmes on voluntarism. There are legal obligations for CSOs to declare and register at the employment office and to pay insurance for their volunteers. There are harsh penalties for noncompliance. There are no moral or financial incentives for CSOs that perform activities based on voluntary work.
Result 1.3. National and/or local authorities have enabling policies and rules for grassroots organisations and/or civic initiatives.

Indicator: 1.3.a. Quality of the enabling environment for grassroots organisations and/or civic initiatives

Registration of CSOs is not mandatory and, in cases where a CSO decides to register, rules and procedures for registration are clearly established and foreseen by the law. The process of registration of CSOs is centralised and the registration procedure is done only in the Tirana Court of First Instance. There are no sanctions applied for non-registered CSOs. Registration in Tirana is considered a barrier for CSOs based outside Tirana because of the additional costs and time needed. This can be seen as a major impediment for grassroots organisations. Otherwise, the registration process is easy, allowing for a relatively straightforward and timely registration of CSOs.

The laws recognise and do not restrict spontaneous, simultaneous and counter-assemblies. The law regulates the procedures for prior notification when an assembly is organised in a public space. When assemblies are planned on open public spaces they may be organised even without prior notification of the police. Albanian legislation meets the basic requirements to facilitate and support the implementation and improvement of new technologies, new services and new regulations in the Albanian ICT Sector. Still, Albania suffers from a low penetration of fixed lines and Internet, a low percentage of PC ownership, high costs of Internet and mobile access and services, a low level of awareness of the benefits of the use of ICT, a digital gap between urban and rural areas and, in comparison to other countries in Europe, a low level of state subsidies and a lack of policies to support all these. There are no cases of police harassment of members of social networking groups.

Objective: 2. An enabling financial environment, which supports the sustainability of CSOs.

Result: 2.1. Easy-to-meet financial rules for CSOs, which are proportionate to their turnover and non-commercial activities

Indicator: 2.1.a. CSO perception of the ease and effectiveness of financial rules and reporting requirements (disaggregated by type/size of CSO)

Registration of CSOs is not mandatory and, in cases where a CSO decides to register, rules and procedures for registration are clearly established and foreseen by the law.

• 13% of CSOs assessed that prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 83% were clear and understandable
• For 30% of CSOs it is not simple to implement prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 67% is simple to implement

Indicator: 2.1.b. Quality assessment of financial rules focusing on built-in mechanisms that account for the fact that financial rules and obligations change as the turnover and non-commercial activities change

Financial reporting and accounting rules are not effective and appropriate for CSOs. They do not take into the account the specific nature of CSOs and are not proportionate to the size of the organisations and their type and scope of activities (economic and non-economic).

Financial reporting and accounting rules do not take into account the specific nature of the CSOs and are not proportionate to the size of the organisation and its type or scope of activities. There are cases of political pressure on CSOs from the government playing the watchdog role by misusing laws on financial inspection, financial management and control.

The Law on Non-Profit Organisations allows CSOs to engage directly in economic activities but, according to Civil Code, they are not permitted to perform profit-making activities. As a result, there seems to be a general misunderstanding as to what “profit-making activities” means. According to the Law on Non-Profit Organisations, all income of CSOs comes from dues. But, in addition, they receive grants and donations offered by local or foreign, private or public subjects, as well as income from economic activity and the assets owned by the non-profit organisation. Reporting of economic and non-economic activities with the same format is not effective and is burdensome for CSOs. Bank transaction fees and charges, which are not allowed as budget costs are a financial burden in receiving foreign funding. The level of tax deduction does not encourage donations from individuals and corporate donors. There is no practice for endowments by CSOs in Albania.
Result 2.2. Donations are stimulated with adequate legislation and regulations

Indicator 2.2.a. Quality and applicability/practice of the legal framework for individual and corporate giving

According to the Law on Sponsorship, sponsors are considered business companies and individuals who have the “quality of merchants”. The level of tax deduction does not encourage individual and corporate donations to CSOs. Albania is one of the few countries in the region that provides no tax incentives for individuals who give to charity. Businesses that pay standard profit taxes may claim a reimbursement of up to four percent of taxable income on donations to CSOs, which are classed as a business “sponsorship”. Entrepreneurs that pay “small business taxes” can deduct up to one percent of their taxable income for donations.

Procedures in place to claim tax deductions are not functional and do not encourage individual and corporate donations. No specific deductions exist for these types of organisations. Businesses rarely use tax incentives for charitable giving. The law is not known or understood among the business community. Corporate philanthropy is in its earliest stage of development in Albania.

Result 2.3. Financial (e.g. tax or in-kind) benefits are available

Indicator 2.3.a.: Quality of the system of tax benefits for the CSOs’ operational and economic activities

Tax benefits are not available on various income sources of CSOs. There is confusion in the legal framework regarding exemptions of grants from tax. This leads to different interpretations in practice.

The Law on Non-Profit Organisations stipulates that CSOs are exempt from tax on revenues realised from donations and membership dues, and it seems that grants are not included in exemptions from taxes. There is confusion in the legal framework as well as in practice regarding the exemption of grants from tax schemes (taxes on grants vs. donor requests for VAT invoices for grants received). This omission may lead to incorrect interpretations by different state authorities, donors and CSOs in Albania. The economic activity of CSOs is subject to a ten percent tax on profits. This is similar to companies, which are taxed at the same rate for their profits. CSOs are required to report under the VAT system even if formally they do not have the necessary turnover from economic activity; consequently, there are no effective tax benefits for the economic activities of CSOs that support the operation of CSOs. CSOs in Albania are allowed to engage in passive investments. They are treated in the same way as business activities, and are taxed, with no exceptions provided by the tax legislation except for bank interest. Tax benefits from endowments are not applied because Albania does not have any law regulating this issue. There is no practice for endowments by CSOs in Albania.

Result 2.4.: Government support to CSOs is available and provided in a transparent, accountable, fair and non-discriminatory manner

Indicator 2.4.a.: Ratio of amount sought vs. amount approved/disbursed annually through state funding to CSOs (this proves availability of funds)

The state budget for CSOs is roughly the same from year to year and, on average, 50 percent of the total allocated state funds are distributed to CSOs.

Indicator 2.4.b.: Quality of state funding frameworks for civil society organisations (focusing on procedural documents)

Public funding is available only for the past three years through the state agency, Civil Society Support Agency (CSSA). It does not support institutional development and co-financing of EU projects. Grants and non-financial support are limited and available only in big municipalities.

Albania does not have a national strategy document that regulates state support for institutional development of CSOs and targets civil society as a whole. Funds are provided only through a national mechanism, which has a mandate for distribution of public funds to CSOs, the CSSA. The field of priorities of the CSSA is decided to conform to the priorities of the Albanian Government, and are not based on a consultation with the CSO Sector. Therefore, it does not respond to CSO needs. CSO representatives in the supervisory board of CSSA are “pro-government civil society activists”, which affects the agency’s impartiality. Watchdog organisations and movements campaigning against government policies are unlikely to receive support from the agency. Co-financing of EU programmes and projects through public funds is not a practice in Albania. Participation of CSOs in the public financing cycle is not transparent.

The procedure for the distribution of public funds as described in the law of CSSA and its internal regulations allows for
a transparent and legally binding procedure. The list of criteria is published during the launch of the call for proposals. Procedures addressing issues of conflict of interest in decision-making are prescribed in the CSSA law. Information is publicly announced on the official website of the competent authorities and/or daily newspaper. The areas and amount of funds distributed are prescribed clearly in the annual reports of the CSSA, but the impact of the projects funded is missing. The procedures of application are not simplified and CSOs encounter unnecessary bureaucracies. Decisions on tenders are not considered fair and transparent.

The procedure for distribution of public funds and sanctions are prescribed in the CSSA law. Internal monitoring is carried out during project implementation by CSSA but without consolidated standards. The regular evaluation of the effects and impacts of public funds is not carried out by the CSSA.

Legislation allows state authorities to allocate non-financial support, such as state property, for example, the rental of space without or with reduced financial compensation. There are no clear procedures or guidelines for non-financial support. Non-financial support from the state is required by the CSOs, in the form of: state property, making renting space without financial compensation (time), training, consulting and other free resources for CSOs. There are sporadic cases, especially at local level, where a local authority guarantees non–financial support. The CSSA does not provide non-financial support to CSOs.

Based on the existing legislation, CSOs can compete for state contracts on an equal basis to other service providers and there are no legal barriers to CSOs receiving public funding for the provision of different services through procurement procedures. But, in practice, CSOs are not able to obtain contracts in competition with other service providers due to a lack of clear rules and procedures and a lack of capacities from the government institutions on contracting out to CSOs.

The Law on Non-Profit Organisation is the basis upon which CSOs exercises activities for the good and benefit of the public. The Law on Social Assistance and Services allows CSOs to deliver privately funded social services as well as public services with funding from the state budget. To deliver social services, CSOs need to obtain a license from the Ministry of Social Welfare and Youth based on criteria and procedures defined in a decision by the Council of Ministers. The contracting of CSOs by the state is limited to basic social services related to the reintegration of persons in need, such as the victims of trafficking and domestic violence or Roma integration. CSOs are not included in all stages of developing and providing services. They are invited to participate in the procurement procedure for the delivery of the service after it is determined. The procedure for obtaining prior licensing is burdensome for CSOs.

Financing opportunities from the state have been low and the Government has failed to contract with CSOs for an inclusive strategy to support the development of civil society. The tender process is very difficult; the expenses for the preparation of the required documents are high; and the CSOs have no liquidity to cover these expenses. If there are cases of state funding, the funding available is for a short period with a maximum of one year. Most CSOs do not have revenues from public procurement or from the state contracts. The funds are disbursed at the end of the project making it difficult for CSOs to implement projects if they do not have the liquidity to cover their expenses. In some cases, the funding does not cover the administrative costs, which are needed for the implementation of the project. There are delays in payment and funding is not flexible.

The Public Procurement Law prescribes clear procedures and types of procedures for funds for services’ distribution. Price is the lead criteria for selection of service providers, not taking into consideration the quality of the services delivered. There is no clear guidance to ensure transparency and avoid conflict of interest. Few services are contracted to CSOs. There is a lack of information and clarity regarding the legal framework and technicalities for CSOs contracting among the public officials dealing with procurement.

The Law on Public Procurement foresees that obligations are valid throughout the performance of the contract for service providers. The law foresees standards for service providers’ qualifications, but not for the monitoring procedures. CSOs are not subject to excessive control. The regular publication on the impact of services is not available to the public. No regular evaluations on the impact of the services are carried out and publicly available.
CHANGING RELATIONS CSOS AND GOVERNMENT

Objective 3: Civil society and public institutions work in partnership through dialogue and cooperation based on willingness, trust and mutual acknowledgment around common interests

Result: 3.1. Public institutions recognise the importance of CSOs in improving good governance through CSO inclusion in decision-making processes

Indicator: 3.1.a Percentage of laws, bylaws, strategies and policy reforms effectively* consulted with CSOs
   * in terms of: adequate access to information, sufficient time to comment, selection and representativeness, diversity of working groups, acknowledgement of input, degree to which input is taken into account, feedback / publication of consultation results

Indicator: 3.1.b Quality* of structures and mechanisms in place for dialogue and cooperation between CSOs and public institutions
   * in terms of: CSO representation in general, representation of smaller or weaker CSOs, its visibility and availability, government perception of quality of structures and mechanisms, CSOs perception of structures and mechanisms

• 27% of CSOs in Albania were consulted in the process of preparation of drafts of local strategies, 26% of local action plans, 30% of specific laws, 19% of national strategies, 17% of national action plans, 16% of IPA programming of EU financial support, 13% of policy documents, 42% were not present in such consultations
• 64% of CSOs believe that they have adequate access to information
• 59% of CSOs believe that they have enough time for comments
• 73% of CSOs believe that their attitudes/positions were not taken into consideration during the consultations, while 20% believe that their inputs were taken into consideration
• 22% of CSOs assessed that there neither feedback nor consultancy results were published, 58% believe there was no feedback, and that some consultancy results were published by the public administration bodies, 19% of CSOs assessed that public administration provided detailed enough feedback, and consultancy results were easily available to all parties
• 32% of CSOs stated that they are not familiar with the structures and mechanisms between CSOs and governments, 37% stated that they are familiar, but do not believe that they have actual use, 32% stated that they are familiar with the structures and mechanisms and consider them useful
• 33% of CSOs stated that they are not familiar with the structures and mechanisms for cooperation with local governments, 35% stated that they are familiar, but believe that they have no actual use, and 32% stated that they are familiar with the structures and mechanisms and consider them useful
• 35% CSOs believe that attending the consultations, 12% that providing suggestions, and 19% that informing the public about the progress course of negotiation is the most important role CSOs have for monitoring the process of reporting on country's progress towards EU

There are no national strategic documents dealing with the state-CSO relationship and CSDev, which is associated with a lack of adequate structures and mechanisms, has the mandate to facilitate cooperation between the state and CSOs.

Albania does not have a national strategy for the cooperation between CSOs and Government and civil society development. There is a lack of clear mechanisms for consultations with CSOs that would ensure that civil society is properly consulted in the process of drafting and adopting legislation or policies. Encouraged by the open and collaborative approach demonstrated by the new government coming into power after the Parliamentary elections of 23 June 2013, the Civil Society Sector has started a dialogue on a series of issues including the Charter for Civil Society to the Albanian Parliament.

There are no binding rules or procedures for public authorities requiring them to publish draft policies and draft laws. The Law on the Right of Information on Official Documents guarantees the right to information on official documents and defines clear procedures for access to public information, conditions, exception and deadlines. There are clearly prescribed sanctions for civil servants or units who breach the legal requirements on access to public information.

Draft laws are not published by public authorities. Public access to draft policies and draft laws is difficult, according to 45 percent of CSOs. Deadlines for providing comments generally remain too short and there are no clear rules on public consultation.

There is no specific law regulating the issue of CSOs as equal partners represented in advisory bodies but, in different laws, the creation of advisory bodies is sanctioned. There are laws, which stipulate the creation of an advisory body, but they are in the minority and can hardly influence any policy initiatives. There is a lack of information among CSOs regarding the existence
and functioning of such bodies and structures. Participation of CSOs in advisory bodies is considered difficult. The selection procedures are considered unclear and non-transparent, according to 57 percent of CSOs. Participation in these bodies does not prevent CSOs from using alternative ways of advocacy or promoting alternative standpoints, which are not in line with the position of the respective body.

There are units in ministries covering relations with civil society but always within the scope of the ministries. Binding provisions on the involvement of CSOs in the policy and decision-making process do not exist. National mechanisms at the ministry level lack the capacities to facilitate CSO-government dialogues. Relationships between the government and CSOs have been weak and sporadic. There is a lack of capacities of public institutions to facilitate a dialogue.

Transparency and access to information remain poor and problematic. Involvement of CSOs in policy-making and decision-making has been characterised by spontaneity, selectivity of participants in the process using political criteria, or limited to the certain stages of the process. Information on the draft documents is not provided in time. Written feedback on the results of the consultations is not provided and reasons for not taking into consideration the recommendations provided by CSOs are not provided. There are no available data regarding the educational programmes and trainings of the civil servants who are in charge of drafting public policies. The units coordinating and monitoring public consultations do not have sufficient capacities. Many parts of public administration are suspicious of CSOs that are often seen as political opponents of the Government and, therefore, as potential obstacles to the on-going reform process. There is also the perception that CSOs exist to serve the interests of private individuals or selective fractions of society rather than the public at large. CSOs have their own concerns about the government. According to different surveys, CSOs do not believe that government considers civil society a serious or important actor in its efforts to increase transparency and accountability.

CSOS CAPACITIES

Objective 4.: Capable, transparent and accountable CSOs

Result 4.1.: CSOs’ internal governance structures are transparent and accountable to members/constituents/beneficiaries

Indicator 4.1.a.: Percentage of CSOs publishing their governance structure and internal documents (statutes, codes of conduct etc.)

- 56% of CSOs believe that decision making in CSOs in Albania is in compliance with prescribed rules and laws of the organisation, 22% believe that decisions are made by some individual or top management, 21% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 72% of CSOs stated that decision making in their organisation is in compliance with prescribed rules and laws of the organisation, 10% stated that decisions are made by some individual or top management, 18% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 77% of CSOs stated that they have prescribed obligations to inform the members, or Managerial or Supervisory Board, customers or general public about the results of your work
- 89% CSOs inform members of their organisation about the results of their work, 86% inform founders of their organisation, 73% inform management board, 78% inform beneficiaries of their organisation, 64% inform general public, 65% general assembly, and 65% inform supervisory board

Result 4.2.: CSOs are able to communicate the results of their activities to the public

Indicator 4.2.a.: External perception of importance and impact of CSOs activities.

- 33.1% of surveyed trust to NGOs in their country, general population trust the most to media 63.7% of surveyed, and the least to political parties 19.2% of surveyed
- 60.7% of general population do not trust to NGOs
- 35.4% of the general population believes that NGOs support dealing with problems in their country, 62.6% of population believe that media supports in dealing with problems, and political party support the least 24.5%
- 58% of CSOs believe that the reason for lack of public presence of CSOs is insufficient interest of the media in reporting on CSOs activities, while 40% of CSOs believe it is due insufficient (or inadequate) CSO activities
- Among topics and issues listed in the survey education was assessed as the most relevant for people in Albania 90%, human and women, youth 86%, rural development was assessed as the least relevant 71%
- 79% of surveyed believe that CSOs in their country are active in fighting problems in human rights area, 72% believe in the area of youth, and 82% in rights of women
- 64% of surveyed believe that CSOs in their country are not active in fighting problems in protection of animals, 59% believe in the area of rural development, and 56% in safety

Notes:

1. Topics and issues assessed included: education, social care and humanitarian activities, human rights, employment, the young and their problems, culture and art, ecology, violence, rights of women, fight against corruption, fight against drug abuse and alcoholism, safety, overseen government and local governments performances, rural development, protection of animals.
Result 4.3.: CSOs are transparent about their programme activities and financial management

**Indicator 4.3.a.: Percentage of CSOs making their (audited) financial accounts and annual reports publicly available**

- 48% CSOs stated that they publish their statute on their web page, 20% stated that the statute is accessible to the public, 36% stated that the statute is not accessible to the public.
- 4% of CSOs stated that their statute is accessible to public from their office, 53% stated that it is accessible from the Facebook.
- 33% of CSOs stated that they have a rulebook and it available on their web page, 14% stated that they have a rulebook, 14% stated that have a rulebook, but it is not accessible to the public, and 41% stated that they do not have a rulebook.
- 36% of CSOs believe that up to 10% of CSOs in Albania publish organisational Annual Program Statement of Work, 23% believe that only 11-30% of CSOs do so, 27% believe that 31%-70% organisation publish APS of Work, and 13% believe that more than 70% do so.
- 38% of CSOs stated that they publish their APS of Work on their web page, and 51% stated that they do not have APS of Work accessible to public.
- 38% of CSOs believe that up to 10% of CSOs publish organisational financial reports, 21% of CSOs believe that 11%-30% publish financial report, 17% believe that from 31-70% and 23% of CSOs believe that more than 70% of CSO publish financial reports.
- 21% of CSOs stated that they have financial reports accessible to public and published on the web page, while 62% stated they do not have financial reports available to the public.
- 43% of CSOs believe that up to 10% of CSOs publish audited reports, and 23% believe that more than 70% publish audited reports.
- 21% of CSOs stated that they have audited financial reports accessible to the public by publishing it on their web page, 67% of CSOs stated that they do not have audited financial reports available to the public.

Result 4.4.: CSOs monitor and evaluate the results and impact of their work

**Indicator 4.4.a: Share of CSOs that monitor and evaluate their projects and programmes using baselines and quality indicators**

- 27% of CSOs evaluate their projects pro forma, while 66% evaluate projects with the purpose of establishing efficiency and drawing a lesson for further projects.
- 42% of CSOs use external evaluation for realisation of their projects.
- 26% use external evaluator for assessment of implementation of their organisational strategy.
- 76% of CSOs have established system for assessment of efficiency for realisation of conducted projects.
- 66% of CSOs have established system for assessment for implementation of organisation’s strategic plan.

Objective 5.: Effective CSOs

Result 5.1.: CSO activities are guided by strategic long-term organisational planning

**Indicator 5.1.a: Share of CSOs which have developed strategic plans including human resources development activities in order to attract and retain talent**

- 73% of CSOs have developed strategic plan, 18% do not have a strategic plan.
- 81% use internal evaluation when employing staff in their organisation.
- 32% of CSOs neither have established system for assessment of efficiency of employees in their organisation, nor 36% have internal strategic plan dealing with these issues.
- 63% of CSOs stated that they have a human resources development plan aimed at attacking and keeping talented associates, while 18% stated that they are developing such plan.
- 82% of CSO stated that they manage to keep talented associates, and 80% believe that they manage to attract quality new people.

Result 5.2.: CSOs use research and other forms of evidence to underpin their activities

**Indicator 5.2.a.: Number of CSOs’ who use adequate argumentation and analysis for achieving advocacy goals**

- 79% of CSOs active in public advocacy, mainly/frequently uses research for their advocacy actions, while 21% of them mainly/very rarely use research.
- 84% of CSOs believe that they have enough information at their disposal.
• 61% of CSOs use official data of national statistical offices, ministries, 13% conduct their own studies, 17% use international institutions such as the World Bank, UNICEF, EBRD

Result 5.3.: CSOs regularly network within and outside country borders and make use of coalition-building for increased impact in campaigning and advocacy

Indicator 5.3.a: Share of CSOs taking part in local, national, regional and international networks

• 41% of CSOs indicated that they do not belong to any international network, 27% stated that belong to one international network, 12% stated that they belong to 2 international networks, 21% belong to more than 3 international networks
• 6% of CSOs are not active in any of international networks, 45% are active in one international network, 20% are active in 2 international networks, and 27% are active in more than 3 international networks
• 26% of CSOs indicated that they do not belong to any national network, 32% stated that belong to one national network, 14% stated that they belong to 2 national networks, 26% belong to more than 3 national networks
• 10% of CSOs are not active in any of national networks, 44% are active in one national network, 15% are active in 2 national networks, and 31% are active in more than 3 national networks
• 56% of CSOs indicated that they do not belong to any local network, 19% stated that belong to one local network, 7% stated that they belong to 2 local networks, 17% belong to more than 3 local networks
• 5% of CSOs are not active in any of local networks, 45% are active in one local network, 14% are active in 2 local networks, and 34% are active in more than 3 local networks
• 30% of CSOs do not find CSO networks efficient, while 70% find them efficient
• 52% of CSO stated that their contributed in terms of the exchange of experience/knowledge from being member of a network

Objective 6.: Financially sustainable CSOs

Result 6.1.: Fund-raising activities are rooted in CSOs’ long-term strategic plans and the core mission of the organisation

Indicator 6.1.a.: Percentage of CSOs that confirm that they are able to raise funds according to their strategic plans

• 56% of CSOs believe that CSOs in Albania mainly adopt to donors’ priorities and collect funds also for other activities not in line with their organisational strategic plan, while 44% of CSOs believe that CSOs in Macedonia mainly stick with their strategic plan and collect funds for activities in line with their strategic plan
• 66% of CSOs stated that they mainly stick t their strategic plans and collects fund for activities in line with its strategic plan, while 35% stated that they adapt to donors’ priorities and collect funds also for other activities not in line with its strategic plans

Result 6.2.: CSO have a diversified funding base, including membership fees, corporate/individual giving and social entrepreneurship

Indicator 6.2.a.: Diversity in CSO sources of income

• 14% of CSOs stated that they did not have any donors in the past year, 10% had one donor, 28% had between 2-3 donors, 10% had 4-5 donors, and 9% over 6 donors
• 40% of CSOs had income from membership fees, 27% had from citizens, 20% form local self-government and/or regional administration, 50% from other foreign private or state resources, 25% form the EU funds, 19% form governments/ministries/state administration bodies, 25% from private companies operating in the country, 9% from public companies
• 60% of CSOs did not have income from membership fees, 73% did not have from citizens, 80% form local self-government and/or regional administration, 50% from other foreign private or state resources, 75% form the EU funds, 81% form governments/ministries/state administration bodies, 75% from private companies operating in the country, 91% from public companies
BOSNIA AND HERZEGOVINA BASELINE REPORT

APRIL 2014
Freedom of peaceful assembly is guaranteed by the constitutions, ECHR, positive regulations and international documents. The laws on associations and foundations at the state, entity, and Brčko District (BD) levels stipulate that any person or legal entity can form an association or foundation for any purpose in accordance with the Constitution and legislative framework. An association may be established by a minimum of three physical or legal entities. A foundation must be established by one or more physical or legal entities. The executive board of a foundation must have at least three members. To establish a foundation in Bosnia and Herzegovina (BiH) and the Federation of Bosnia and Herzegovina (FBiH), initial capital of 2000 BAM is required (approximately EUR 1,000). There is no adequate legislation on humanitarian organisations. Registration is voluntary and can be governed by state, entity, cantonal and BD laws and regulations. There is no single registry for CSOs in BiH. CSOs are registered at an administrative level according to the scope of their activities as provided by the relevant statutes. Fees for registration differ between administrative levels. Associations may establish networks or other forms of collaboration, and freely affiliate and cooperate with international organisations to promote the same rights and interests. In some cases, the registration procedure for associations or umbrella associations has been extremely prolonged, and citizens continued with their activities as informal associations. The option of online registration does not exist at any level. A significant number of CSOs still face restrictions during the registration process such as additional requirements, name changes and different interpretations of the law. The majority of CSOs find registration expensive.

CSOs in BiH have the option to acquire income through economic activities. In FBiH, unlike in the RepublikaSrpska (RS), this income is not subject to taxation. For performance of non-similar economic activities, CSOs operate as a component of the profit sector. The profit can be used exclusively for statutory determined objectives. CSOs can be financed by individuals, corporations and other sources, which may be based outside of BiH. The funding of CSOs is conducted in accordance with state, entity and cantonal legislation. There are no restrictions on CSOs regarding funding.

Freedom of association is guaranteed by the constitutional and legal framework and by recognised international documents. The laws on associations and foundations at the state, entity, and Brčko District (BD) levels stipulate that any person or legal entity can form an association or foundation for any purpose in accordance with the Constitution and legislative framework. An association may be established by a minimum of three physical or legal entities. A foundation must be established by one or more physical or legal entities. The executive board of a foundation must have at least three members. To establish a foundation in Bosnia and Herzegovina (BiH) and the Federation of Bosnia and Herzegovina (FBiH), initial capital of 2000 BAM is required (approximately EUR 1,000). There is no adequate legislation on humanitarian organisations. Registration is voluntary and can be governed by state, entity, cantonal and BD laws and regulations. There is no single registry for CSOs in BiH. CSOs are registered at an administrative level according to the scope of their activities as provided by the relevant statutes. Fees for registration differ between administrative levels. Associations may establish networks or other forms of collaboration, and freely affiliate and cooperate with international organisations to promote the same rights and interests. In some cases, the registration procedure for associations or umbrella associations has been extremely prolonged, and citizens continued with their activities as informal associations. The option of online registration does not exist at any level. A significant number of CSOs still face restrictions during the registration process such as additional requirements, name changes and different interpretations of the law. The majority of CSOs find registration expensive.

The legal framework provides guarantees against state interference in the internal matters of associations and foundations. No explicit legal provision exists to ensure protection from interference by third parties when exercising freedom of association. Registered CSOs are obliged to comply with entity laws and regulations on accounting, as prescribed by International Accounting Standards. They are required to send yearly financial reports in standardised forms to the entity level agencies for finance and informatics services. These forms vary between entities as to which aspects of the specific nature of CSOs are taken into consideration. Most CSOs are categorised as small legal entities, and thus are not subject to the statutory audit of financial statements. Control over the legality of association and foundation activities is administered by the competent administrative body, and involves monitoring the situation as it relates to the association or foundation activities. The association or foundation can be terminated voluntary, or by force of law. Most CSOs reported that the government did not interfere in their internal affairs, although there were isolated cases of direct state interference in the internal matters of associations. There is no record of a CSO being terminated by force of law. There are some examples of intrusion by competent bodies, usually politically motivated and mainly expressed through repeated inspections (financial, labour, trade, sanitary). Sanctions that CSOs or individuals incur in this manner are most often based on legal provisions, which are rarely, if ever, enforced.

CSOs in BiH have the option to acquire income through economic activities. In FBiH, unlike in the RepublikaSrpska (RS), this income is not subject to taxation. For performance of non-similar economic activities, CSOs operate as a component of the profit sector. The profit can be used exclusively for statutory determined objectives. CSOs can be financed by individuals, corporations and other sources, which may be based outside of BiH. The funding of CSOs is conducted in accordance with state, entity and cantonal legislation. There are no restrictions on CSOs regarding funding.
policeman harassment, apprehension and interrogation of civil society activists. Based on information from the media, several such cases have been registered in the past two years, most often among protesters. Participants in the JMBG protests were subject to “special investigative actions”, and some activists and protest leaders were interrogated at the police station. Assemblies are reported on by the media.

The right to freedom of expression, and the collection and dissemination of information is guaranteed by the BiH Constitution and relevant laws. Existing criminal laws do not encompass the positive obligations of Article 10 of the ECHR, which stipulate that the state must guarantee freedom of expression by creating a safe environment in which this can take place. In terms of public criticism, state and government authorities do not have a higher level of protection within the legal framework than citizens, CSOs, activists or journalists. While the legislative framework prohibits hate speech, it does not categorically or comprehensively define it or the means of protection against it. Existing regulations do not comply with international laws and standards. Denial of the Holocaust, genocide and war crimes is not punished. The authorities in FBiH and RS did not express a readiness to accept amendments to criminal laws for the definition of hate crimes, as proposed by the Coalition for Combatting Hate Speech. BiH was the first country in the region to decriminalise libel (the Law on Defamation) removing the possibility of criminal conviction for any person publicly expressing an opinion. In practice, there is greater legal and institutional protection of public officials than of citizens and CSO activists. CSO activists and journalists are exposed to many forms of open and/or concealed pressure and obstruction of their work because of their critical observations of public authorities. In most cases, the courts follow the standards and judgments of the European Court as they relate to the protection of freedom of expression. There are examples of unequal treatment by courts when applying the Law on Defamation. CSO representatives are victims of hate speech in a significant number of cases. They are subjected to verbal and other attacks because of their willingness to speak critically in public.

Freedom of expression and freedom to obtain information as well as access to all channels of communication are guaranteed by the national judicial system and the Law on Communications. Proposed amendments to the Law on Free Access to Information (LFAI) reduce the right to access to public information by reversing the right to access information. The Rule Prohibiting Access to Information defines only a short list of information freely available. It is evident that the usage of a significant number of laws is contrary to the provisions of the LFAI. Application of the Law on Free Access to Information does not have satisfactory public popularity. It does not promote the perception of information as a “public good”. The Rulebook of the Court of BiH stipulates that only anonymous court verdicts should be published. According to the rules of the Communications Regulatory Agency and the Press Council in BiH, as well as to internal legal acts and media editorial principles, the media should uphold the principles of equal access to media space for CSO activists. There are no restrictions on legislative and technical groundstoaccess the Internet and various social networks. There are clear legal principles by which channels of communication (Internet, phone service and the media) can be subject to special surveillance by the police and security or intelligence agencies in BiH. Media, social networks, the official web platforms of public authorities and a number of CSOs are not fully protected from political and other influences especially at the local level. The Internet is widely accessible, available on favourable terms to the whole country, and is regulated in a unique way meaning that data of public interest are not sufficiently available. In the last two years, cases of social network monitoring, interrogation of CSO activists, tapping of phone lines, and monitoring of the activities and correspondence of online social groups were recorded.

Indicator: 1.1.b: Progress with the adoption and implementation of relevant legislation. Progress under this indicator will be monitored after the baseline and after setting the targets.

Result 1.2.: The policies and legal environment stimulate and facilitate volunteering and employment in CSOs

Indicator 1.2.a.: Number of employees in CSO (permanent and part-time)

- There is a lack of maintenance of regular statistics by entity employment institutes regarding the number of non-profit sector employees.
- Entity employment services do not keep records on numbers of CSO employees. This information can be obtained from the entity tax administration offices, but is not free of charge. For example, according to information obtained from the RS Tax Administration Office, 380 persons were employed within 214 membership-based organisations.
- 30% of CSOs stated that they do not have employees, 7% have one employee, 31% from 2-5 employees, and 32% over 6 employees.
- Out of total number of employees, 2.7% work full time, and 3.9% work part-time.

Indicator 1.2.b.: Number of volunteers in CSOs per type of CSO/Sector

No official data available. Data from IPSOS baseline survey below:

- 32% of CSOs believe that up to 10% of organisation engaged volunteers, 11% believe that 11-20% of CSOs engage
volunteers, 36% believe that 21-50% CSOs engage volunteers, and 22% of CSOs believe that over 50% of CSOs engage volunteers
• 87% CSOs stated that they have engaged, 13% stated that have not engaged volunteers in 2013
• 16% of the organisation had 1-5 volunteers, 56% of CSOs over 15 volunteers, and 28% between 6-15 volunteers in 2013
• 36% of CSOs paid pecuniary compensations to the engaged volunteers in the amount of their costs, and 44% did not pay any pecuniary costs
• 47% of CSOs stated that they did not conclude any volunteering contract with volunteers, 11% stated that they have concluded with up to 3 volunteers, 12% if CSOs concluded volunteering contract with 4-10 volunteers, and 18% with more than 10 volunteer
• 54% of CSOs did not conclude any other contract with volunteers

Indicator 1.2.c.: Quality of legislative framework

70% of CSOs were inclined to stating that legal solution in BiH are not stimulating at all for volunteers, while 27% inclined stating that it is stimulating.

Civil Society Organisations are treated the same way as other employers according to laws and bylaws. Labour laws of RS, FBiH and BD do not contain specific provisions in respect to CSOs. In addition, the laws on associations and foundations do not contain any specific provisions related to the employment of individuals in CSOs, specific procedures for employment, or specific rights for CSO workers. There are no employment incentives related to CSOs specifically. The majority of CSOs consider that they do not have equal treatment with other employers generally, and only one-third of them consider that they have equal treatment in receiving incentives.

The RS Law on Volunteering was passed in 2008, and the FBiH Law on Volunteering in 2011. There are no legal provisions for volunteering in BD. There is, as yet, no legal framework defining the respective rights and responsibilities of volunteer and volunteer-involving organisations at the state level. Laws regulate the basic terms related to volunteering; the principles of volunteering; contracts; the rights and obligations of volunteers and organisers of volunteer work; and overseeing applications. However, laws on volunteering are still largely unknown to CSOs who do not see their significance due to insufficient implementation on the ground. In order to prevent volunteer abuse, profitable companies can no longer offer volunteer programmes. The term “volunteer intern” exists in different labour laws and enables the creation of unpaid internships. Encouragement is mainly provided at the local level, although RS has entity mechanisms for giving incentives for volunteering. There are clearly defined volunteering contractual relationships in RS and FBiH, but not in BD. CSOs are almost unanimous in their assessment that the situation is poor regarding transparency in the encouragement of volunteers.

Result 1.3.: National and/or local authorities have enabling policies and rules for grassroots organisations and/or civic initiatives.

Indicator 1.3.a.: Quality of the enabling environment for grassroots organisations and/or civic initiatives

Registration is voluntary and clearly governed by state, entity, cantonal and BD laws and regulations. There is no single registry for CSOs in BiH. CSOs are registered at an administrative level according to the scope of their activities as provided by the relevant statutes. Fees for registration differ between administrative levels. In some cases the registration procedure for associations and umbrella associations was extremely prolonged, and citizens continued with their activities as informal associations. The option of online registration does not exist at any level. Upon registration, the association or foundation acquires the status of a legal entity. In most cases, CSOs find registration simple, and the process is completed within the prescribed thirty days. A significant number of CSOs still face different restrictions during the registration process such as additional requirements, name changes and different interpretations of the law. The majority of CSOs find registration expensive. Additional costs for registering can vary significantly.

Peaceful, organised assemblies are regulated by cantonal laws on public assembly in the FBiH, and by the RS Law on Public Assembly. These laws recognise peaceful and organised assemblies, but contain a broad range of restrictions regarding the public spaces citizens can use to exercise their rights in this regard. Peaceful assembly may be prohibited pursuant to these laws. Freedom of expression and freedom to obtain information, as well as access to all channels of communication, are guaranteed by the national judicial system and the Law on Communications. Proposed amendments to the LFAI reduce the right to access of public information by reversing the right to access information, i.e. defining only a short list of information that is freely available. It is evident that the usage of a significant number of laws is contrary to the provisions of the LFAI. The Rulebook of the Court of BiH stipulates that only anonymous court verdicts should be published. According to the rules of the Communications Regulatory Agency and the Press Council in BiH, as well as to internal legal acts and media editorial principles, the media should uphold the principles of equal access to media space for CSO activists. There are no restrictions on legislative and technical grounds to access the Internet and its various social networks. In the last two years, cases of social
network monitoring, interrogation of CSO activists, tapping of phone lines, and monitoring of the activities and correspondence of online social groups were recorded. CSO activists and journalists expressed distrust towards public authorities and security agencies because of their surveillance of social networks and incidences of phone tapping reported by the media.

Objective: 2. An enabling financial environment, which supports the sustainability of CSOs.

Result 2.1.: Easy to meet financial rules for CSOs, which are proportionate to their turnover and non-commercial activities

Indicator 2.1.a.: CSOs’ perception of the ease and effectiveness of financial rules and reporting

- 14% of CSOs assessed that prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 83% were clear and understandable
- For 27% of CSOs it is not simple to implement prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 71% is simple to implement

Indicator 2.1.b.: Quality assessment of financial rules (with the focus on built-in mechanisms that financial rules and obligations change as the turnover and non-commercial activities change).

- Registered CSOs are obliged to comply with entity laws and regulations on accounting as prescribed by International Accounting Standards and are required to send yearly financial reports in standardised forms to the entity level agencies for finance and information services. These forms vary between entities as to which aspects of the specific nature of CSOs are taken into consideration. Most CSOs are categorised as small legal entities and thus are not subject to the statutory audit of financial statements. More than half of CSOs consider financial reporting requirements not in line with the specific nature of CSOs. Few cases were reported where the tax administration required non-financial documents and evidence.
- CSOs in BiH have the option to acquire income through economic activities whose purpose is the pursuit of their stated goals. In FBiH, unlike in RS, this income is not subject to taxation. An association and a foundation may undertake economic activities, which are not directly related to the achievement of its goals only by establishing a separate commercial legal entity. In such a case, the total profit from unrelated activities must not exceed one-third of the organisations total annual budget, or BAM 10,000 (approximately EUR 5,000), whichever amount is higher. In addition, profit generated from unrelated economic activities can only be used for furthering the stated purpose of the organisation. CSOs can be financed by individuals, corporations and other sources, which may be based outside BiH. The funding of CSOs is conducted in accordance with state, entity and cantonal legislation.

Result 2.2.: Donations are stimulated with adequate legislation and regulations

Indicator 2.2.a.: CSOs’ Quality and applicability/practice of the legal framework for individual and corporate giving

Tax exemptions to CSOs and incentives for charitable donations to the non-profit sector are still insufficient.

Entity laws on corporate income tax provide for monetary donations or donations in kind to the amount of three percent of total income. The Law on Corporate Income Tax of Physical Entities provides for tax exemptions on donations of up to 0.5 percent in the FBiH and two percent in RS. The Law on Property Tax in the Sarajevo Canton provides exemptions for traffic of immovable properties and their ownership to foundations, religious foundations and pious endowments. Other CSOs are not tax exempt for property ownership or traffic of immovable properties. The law does not explicitly specify the time frame in which a donation must be used nor does it provide a percentage of the donation that may be used to cover administrative expenses. Pursuant to the Law on Corporate Income Tax of Legal Entities and the Law on Corporate Income Tax of Physical Entities in both RS and FBiH, activities such as strengthening of democracy, rule of law, fighting corruption, sustainable development, protection of nature, etc. are not recognised as activities of general interest. Thus, donations for these purposes do not count as tax-admissible expenditures. VAT is paid on donations in the form of goods and products. CSOs complain that tax exemptions are too low to stimulate a culture of giving in BiH and also that, as far as individual giving is concerned; the scheme is only available to individuals who submit annual tax returns in effect, the self-employed. It is far too restricted in scope to generate significant revenues for CSOs.

Result 2.3.: Financial (e.g. tax or in-kind) benefits are available

Indicator 2.3.a.: Quality of the system of tax benefits for the CSOs’ operational and economic activities

Tax revenues of associations and foundations are regulated by entity laws, which are not harmonised.
In FBiH, associations and foundations are exempted by law from the payment of profit and income tax, while in RS this exemption applies only to public institutions and humanitarian organisations. Monetary donations are not directly taxable either for the donor or receiver (CSO). Gifts and donations made in the form of goods and/or services, and given to CSOs by economic entities are subject to taxation of donors and donations only if the donor is registered in the VAT system. Monetary donations from physical entities, as well as monetary donations and gifts of goods and services given to CSOs by different institutions, are not subject to taxation. Unlike in RS, income from membership fees is not subject to taxation in FBiH. CSOs are fully equal to the profit sector. Laws on associations and foundations on state and entity level in BiH and FBiH provide for a minimum means test to establish a foundation up to the amount of BAM 2,000 (approximately EUR 1,000). The RS law does not deem a means test necessary for the establishment of a foundation. Pursuant to the FBiH Law on Corporate Income Tax, CSOs do not pay tax on income realised through similar economic activities. In RS, similar economic activities cannot be commercial in nature. Only humanitarian institutions are exempted. In general, CSOs are fully equal with the profit sector regarding performance of economic activities.

Result 2.4.: Government support to CSOs is available and provided in a transparent, accountable, fair and non-discriminatory manner

Indicator 2.4.a.: Ratio of amount sought vs. amount approved/disbursed annually through state funding to CSOs (this proves availability of funds)

In terms of domestic institutions, financial support is provided by all levels of authorities, municipal, cantonal (in FBiH), entity and state level. This support has always been significant considering that funds allocated to CSOs have always amounted to some 0.5 - 0.6 percent of country Gross Domestic Product (GDP) in line with trends in other countries in the region.

The total of BAM 100,006,470.48 allocated for the Non-Governmental Sector in 2012 was divided as follows:

- BAM 675,000.00 by BiH at the state level.
- BAM 57,602,954.51 by FBiH.
- BAM 30,538,566.15 by RS.
- BAM 11,189,949.15 by BD.

It is also important to note that, in accordance with entity laws on lotteries, 50 percent of revenue generated from fees paid by lottery organisers is set aside for funding/co-funding CSOs projects and programmes. In FBiH, it is budgetary revenue paid by the BiH Lottery as a public company. In RS, the RS Lottery and organisers of other games of chance contribute to funds for these purposes.

In 2012, a total of 47.6 percent of institutions participated in the co-funding of CSO projects on the basis of pooled funds in partnership with other BiH government institutions or foreign partners. The practice of pooling funds is most common at the municipal level (62.9 percent of total allocated funds), followed by state institutions (50 percent), then cantonal institutions (25 percent) and finally, entity-level institutions (22.6 percent).

Indicator 2.4.b.: Quality of state funding frameworks for civil society organisations (focusing on procedural documents)

There is a lack of strategic documentation on the national level that would address and support civil society development with clearly stated goals and measures for implementation, clear allocation of responsibilities and funding available.

Strategies exist in several areas including commitment of state policy towards the institutional development and support of CSOs and co-funding of projects that contribute to this development. There is no unified mechanism for allocation of public funds to CSOs. Mechanisms and manners of fund allocation depend on the level of authority and on the institution allocating funds and they are based on the publication of public calls for funding and regular budget allocations to CSOs. Public funds for CSOs are planned within the budget at different authority levels. Procedures vary with the level of authority and the institution allocating the funds and public calls for funding. Some of those institutions have clear and developed procedures, while some do not. In accordance with entity laws on lottery and games of chance, 50 percent of revenue generated from fees paid by lottery organisers is set aside for funding or co-funding CSO projects and programmes. There are no state bodies with a clear mandate for allocation and/or monitoring of state funds. Monitoring of fund allocation and spending is the responsibility of the institutions allocating the funds and is dependent on these institutions as well as on the reports of CSOs using the funds. Funding is mainly predictable. Reduced allocations to the civil sector and CSOs have been visible in the last five years. The sums allocated for CSOs can be identified in the budget. Participation of CSOs in the public funding cycle is transparent. Calls for allocation of funds are mainly public and available to all CSOs and names of CSOs receiving financial support are by and large public. However, there is no access to the process of project proposal selection or the specific reasons and explanations as to why certain projects have been selected or rejected.
There is no unified mechanism for allocation of public funds to CSOs. Current mechanisms depend on the level of authority and the institution allocating funds. Procedures can vary significantly in terms of clarity and CSO participation in all phases of the funding cycle. State funding is still insufficiently transparent.

The public funds allocation procedure is transparent to the extent that a specific part of funding is allocated through public calls at all authority levels. The criteria published in public calls are to a large extent clear and are published on time. The laws on conflicts of interest in institutions (BiH, FBiH, RS) regulate issues of conflict of interest in decision-making. Following the procedure for distribution of public funds is not legally binding. Only the Code for Good Practices for Funding is prescribed. Information related to funding procedures is made public and limited to information published in the public call. There have been situations where documents the applicant must provide in the application for allocation of funds are not accurately explained, and civil servants are not able to provide a precise additional explanation. Information related to the results of public calls is generally available to the public. Information related to implementation of the project on the ground, project results and influences are generally inaccessible. There is no coordinated manner of procedure monitoring. It varies by institution and level of authority. Conditions are generally not difficult, although this depends on the capacities of individual CSOs. It is considered that a large number of decisions related to public calls are not based on transparent and fair treatment, but rather on personal relations and acquaintances. Situations related to conflict of interest are not announced prior to the procedure.

Procedures for allocation of public funds do not generally provide clear measures for accountability, monitoring and evaluation. The most clearly provided measures are those related to monitoring. They comprise the submission of financial and/or narrative CSO reports to institutions allocating the relevant funds. It is not known if monitoring is performed constantly and in accordance with previously defined objectives and measurable indicators. Monitoring is mainly performed through submission of CSO narratives and/or financial reports to the institutions allocating the funds. It is not known if state bodies perform evaluations of public fund effects or influences. Information on effects and influences is not made public.

The law allows state authorities to grant CSOs non-financial support through state assets, the renting of space without financial compensation (to a certain limit), free training, consultation and other resources. There is favourable and preferential treatment to certain groups, for example, veterans’ organisations, organisations of civilian victims of war. They make up a significant part of the voting body. Generally, CSOs use non-financial state support at the local level. Non-financial state support mainly comprises use of workspaces or premises for the organisation of particular events. CSOs do not have equal treatment either among themselves, or with public institutions while receiving non-financial support. In the majority of cases, allocation of financial support is based on personal connections and acquaintances. For that very reason, a large number of CSOs receive non-financial support based on political affiliation and loyalty.

BiH law allows CSOs to provide certain services, mainly in the area of social services, but also in the areas of health and education. There are no obstacles for health and educational institutions that provide services related to their primary activities. Services that fall outside CSOs’ registered activities, and whose main objective is financial profit, can be provided only through a separate legal entity. The tender procedure is carried out in accordance with the Law on Public Procurement in BiH. Operation of CSOs is equivalent to that of other legal entities. CSOs are able to obtain contracts in competition with others in terms of necessary expertise and skills. However, provision of many services such as education, health and social protection is under state jurisdiction, so CSOs providing these services appear to supplement the work of state institutions and are usually engaged on a project basis. CSOs generally only provide one part of services required by projects. CSOs are generally not included in needs assessments, determination of specific services or monitoring and evaluation. Registration and licensing procedures depend on the competent issuing institution. Established registration and licensing procedures are less complicated and shorter than procedures for those licenses and programmes that competent institutions have not previously encountered.

State financing of services provided by CSOs is mainly based on the allocation of funds through projects. There are no known cases of multi-year funding. There are no barriers preventing CSOs from receiving public funds. There are no data showing that CSOs can sign long-term contracts for the provision of services. Contracts signed by CSOs are mainly short or medium-term (six months to a year). The signing of long-term contracts is not possible in practice, as the government’s budget allocation takes place on an annual basis. CSOs generally receive funding for the provision of certain services through projects, although they also receive part of their funds via regular budget allocations. CSOs do not receive sufficient funding from the state to cover their basic service costs. State funding is most often combined with much higher funding from foreign donors. CSOs are not able to cover proportional overhead costs with funds allocated to them by the state. Payment dynamics largely depend on the competent institution through which funds are awarded. Some CSOs experienced irregular or late payments.

The Law on Public Procurement determines procedures, and guarantees transparency in the process of selecting service providers. There are no clear procedures when funding for services is distributed through different mechanisms. It is generally considered that state institutions have priority or precedence in certain service provisions compared with CSOs. Price is a
criterion that separates public and private sector services, but there is no indication that a higher price guarantees higher quality. Transparency of processes is mainly provided through application of the Law on Public Procurement, and by public calls for the financing of projects, which may include the provision of certain services by CSOs. Candidates have the right to appeal competition results but overall opinion and experience shows, that results of public calls will not be revised or changed after receipt of an appeal. Many services are not contracted to CSOs. CSOs generally provide auxiliary or supplementary assistance in the provision of services usually supplied by the state. Alternatively, they provide services for which the state does not have the capacity or interest to supply itself. It is believed that open competitions are unfair in many cases because applicants have no access to feedback or the reasons and criteria according to which certain contracts were awarded. There are no procedures in place to prevent conflicts of interest. It is believed that government officials are not competent enough to organise procedures or to offer the additional explanations and guidelines required by applicants, although this varies between institutions.

There are legal possibilities for monitoring service provision by CSOs. Quality standards and monitoring procedures are not strictly defined and depend on sector legislation and the state institution in question. General opinion and experience is that there is inadequate quality control of services provided by CSOs. Monitoring is mainly based on the submission of financial and/or narrative reports by CSOs to the state institutions that awarded funds for the provision of certain services. In most cases, there is no regular monitoring or evaluation of the quality and effects of services provided. Information about the services provided by CSOs is rarely available to the public.

CHANGING RELATIONS, CSOS AND GOVERNMENT

Objective 3: Civil society and public institutions work in partnership through dialogue and cooperation based on willingness, trust and mutual acknowledgment around common interests

Result 3.1.: Public institutions recognise the importance of CSOs in improving good governance through CSO inclusion in decision-making processes

Indicator 3.1.a.: Percentage of laws, bylaws, strategies and policy reforms effectively* consulted with CSOs

- in terms of: adequate access to information, sufficient time to comment, selection and representativeness/diversity of working groups, acknowledgement of input, degree to which input is taken into account, feedback and publication of consultation results

Indicator 3.1.b.: Quality* of structures and mechanisms in place for dialogue and cooperation between CSOs and public institutions

- in terms of: CSO representation in general, representation of smaller or weaker CSOs, its visibility and availability, government perception of quality of structures and mechanisms, CSOs perception of structures and mechanisms
- 43% of CSOs in BiH were consulted in the process of preparation of drafts of local strategies, 36% of local action plans, 34% of specific laws, 26% of national strategies, 18% of national action plans, 14% of IPA programming of EU financial support, 17% of policy documents, 25% were not present in such consultations
- 76% of CSOs believe that they have adequate access to information
- 73% of CSOs believe that they have enough time for comments
- 73% of CSOs believe that their attitudes/positions were not taken into consideration during the consultations, while 25% believe that their inputs were taken into consideration
- 35% of CSOs assessed that there neither feedback nor consultancy results were published, 49% believe there was no feedback, and that some consultancy results were published by the public administration bodies, 16% of CSOs assessed that public administration provided detailed enough feedback, and consultancy results were easily available to all parties
- 14% of CSOs stated that are not familiar with the structures and mechanisms between CSOs and governments, 68% state that are familiar, but do not believe that they have actual use, 18% stated that are familiar with the structures and mechanisms and consider them useful
- 12% of CSOs stated that are not familiar with the structures and mechanisms for cooperation with local governments, 62% stated that are familiar, but believe that they have no actual use, and 26% stated that are familiar with the structures and mechanisms and consider them useful
- 25% CSOs believe that attending the consultations, 20% that providing suggestions, and 22% that promotion of importance of European integration is the most important role CSOs have for monitoring the process of reporting on country’s progress towards EU
The Cooperation Agreement between the BiH Council of Ministers and the NGO Sector in BiH, signed in 2007, has established a general institutional framework for cooperation and dialogue between the state and CSOs, but it was not implemented. There is no functional institutional mechanism for cooperation between the state and civil society.

The Agreement on Cooperation between the BiH Council of Ministers and the Non-governmental Sector in BiH (2007) represents the key mechanism of cooperation between CSOs and the Council of Ministers in BiH through clearly stated principles and goals. The Strategy and Action Plan for the Creation of an Enabling Environment for the Development of a Sustainable Civil Society was initiated by the BiH Ministry of Justice but was stopped. The Agreement on Cooperation between the BiH Council of Ministers and the Non-Governmental Sector in BiH is not being realised. There is currently no clearly defined mechanism or methodology for monitoring and evaluation. The Council of Ministers passed the Decision on the Establishment of the Working Group for the Strategy for Creation of an Enabling Environment for the Development of a Sustainable Civil Society, along with an Action Plan for its implementation. Civil society representatives, proposed by the BiH Ministry of Justice, were not elected in a transparent manner. Cooperation between CSOs and governance has been particularly improved at the local level. The agreement between the Municipal Council, the Mayor and non-governmental organisations was signed in 100 municipalities in BiH. Additionally, agreements were signed between the governments of the Sarajevo Canton and the Bosnian Podrinje Canton and non-governmental sectors within their jurisdictions.

The Law on Freedom of Access to Information stipulates exceptions in terms of justifiable reasons why certain information cannot be communicated. The legal framework prescribes publicly exposed policies and drafting laws. The Law on Free Access to Information in BiH, FBiH, and RS regulates procedures for disclosure of information over which public authorities have control. According to the Law on Free Access to Information in BiH, a stipulated sum is required to be paid if a public body or official does not comply with the law. Entity laws do not prescribe sanctions or penalties for non-compliance with the law. Drafts of laws and policies are published on web sites by some institutions at the state level. At the entity level, the practice of publishing draft policies is common in RS. While in FBiH only a small number of institutions comply. In BD, legislation of interest to the public is announced. At the cantonal level, a percentage of draft laws are published on official web sites. While at the municipal level, most draft laws and policies are published on the relevant municipality’s web site. Adopted laws and regulations are not always published on the web sites of competent ministries, which are not regularly updated. In practice it is very difficult for CSOs to obtain accurate information. Most institutions do not adhere to the time frame regarding the announcement of deadline extensions. According to available data, no one has yet been charged with a criminal offense for violations of the Law on Free Access to Information in BiH.

Institutions are not legally obliged to involve CSOs in the work of advisory or other bodies. The agreement on Cooperation between the BiH Council of Ministers and the Non-Governmental Sector defines the obligations of the council and offers guidelines relating to the assessment of policies, procedures and consultations in the Civil Society Sector. In order to strengthen cooperation between authorities and civil society, establishment of SECO mechanisms (non-institutional mechanisms) was initiated for five sectors of civil society to be involved in the consultation process on IPA Funds II (2014-2020). There are examples of good practices, for example, in the BiH Ministry of Justice and in the Ministry of Human Rights and Refugees regarding CSO involvement in working groups for certain laws, regulations and strategies. Despite these examples, there are still no clear and transparent mechanisms by which representatives of CSOs are elected to work in decision-making and policy-making bodies.

At the state level, the Sector for Legal Aid (Sector for Civil Society until late 2013) operates within the BiH Ministry of Justice, and is responsible for activities aimed at creating a favourable environment for civil society development in BiH. The Regulations on Consultations in Legislative Drafting ensures the participation of citizens and CSOs in the consultation process and participation in the formulation and implementation of public policy. The BiH Council of Ministers has taken some concrete steps aimed at improving the consultation process and bringing it closer to the citizens. Thus, a web portal for public consultations at the level of BiH CoM is currently under construction. There are no legislative or institutional mechanisms in place regulating cooperation with civil society for FBiH. In the RS, the legislative framework for engagement of citizens in the decision-making process has been set up in the form of Guidelines for Action of Republic Bodies for management of participation of the public and their consultation in drafting laws. It is being implemented to a certain extent. Still, those guidelines need further amendments in order to ensure efficient consultations with the public. Resources and authorities of the (former) Sector for Civil Society within the BiH Ministry of Justice have not been, nor are they (as the current Sector for Legal Aid) sufficient for facilitating dialogue between CSOs and the government. There is no adequate system of communication and cooperation with CSOs, nor is there regular reporting or monitoring on the situation of civil society in BiH. CSOs are occasionally and selectively consulted and included in decision-making processes on behalf of institutions. Cooperation between authorities and CSOs at the level of FBiH remains quite limited. In Spring 2013, the FBiH Parliament created a CSO register in order to consult them when a legal act is drafted. Since this register was introduced recently, it is still too early to assess the actual use of this register.

Existing standards for the participation of CSOs in decision-making processes include: Uniform Rules for Legislative Drafting
in BiH; Rules for Consultation in Legislative Drafting in BiH institutions; Guidelines for Actions of the Republic’s Administrative Bodies on Public Participation in Legislative Drafting; public hearings; initiatives for proposing legislation; public debate; local communities; open days; municipal mayors’ days (municipality statutes); and a presence in municipal assemblies and councils (municipality statutes). On the basis of the training programmes of the Agency for Civil Service for 2013 there is no specific training programme for civil servants on the participation of CSOs in the work of public institutions. In addition, the Strategy for Improvement of FBiH Civil Servants does not recognise this subject in its action plan. The Rules for Consultation in Legislative Drafting in BiH institutions and the Guidelines for Actions of the Republic’s Administrative Bodies on Public Participation in Legislative Drafting require the appointment of a coordinator to invite CSOs to participate in the consultation process. Institutions do not routinely invite all interested CSOs to comment on the process of policy and law creation. The list of interested CSOs is held by three state ministries and partially fulfils obligations arising from the Rules for Consultation. With regard to public participation, ministries in RS follow the Guidelines for RS Administrative Bodies.

The Rules of Consultation formally provide CSOs with timely access to draft documents and participation in the preparation of given legal documents, but this is substantially different in practice. There is no broad and systematic use of the Rules of Consultation.

Consultations are carried out only for those laws and regulations that have an impact on the public. The Parliament of FBiH has a CSO database but, as yet, it has not been used. The abovementioned rules and guidelines envisage obligatory publication of draft documents on the web site of the institution involved. In practice, three state ministries and all RS ministries fully comply with this obligation. Documents are also posted on most cantonal and municipality web sites, as well as that of the Government of BD. On a municipality level, the municipality itself enables insight into draft documents concerning the organisation of assemblies of citizens. There is not enough time to write qualitative comments for further analysis. In practice, institutions rarely send this feedback. Persons appointed to coordinate the consultation process, including all resulting tasks and obligations, are expected to add this work to their existing duties and obligations. There is an evident lack of time and material resources and of adequate training to improve the work of these coordinators with CSOs. Despite some improvements, capacities and procedures for strategic planning, coordination and public policies development, as well as monitoring and evaluation at all authority levels, are still insufficient and very limited.

CSOS CAPACITIES

Objective 4.: Capable, transparent and accountable CSOs

Result 4.1.: CSOs’ internal governance structures are transparent and accountable to members/constituents/beneficiaries

Indicator 4.1.a.: Percentage of CSOs publishing their governance structure and internal documents (statutes, codes of conduct etc.)

- 20% of CSOs believe that decision making in CSOs in BiH is in compliance with prescribed rules and laws of the organisation, 56% believe that decisions are made by some individual or top management, 23% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 39% of CSOs stated that decision making in their organisation is in compliance with prescribed rules and laws of the organisation, 23% stated that decisions are made by some individual or top management, 37% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 94% of CSOs stated that they have prescribed obligations to inform the members, or Managerial or Supervisory Board, customers or general public about the results of your work
- 96% CSOs inform members of their organisation about the results of their work, 93% inform founders of their organisation, 90% inform management board, 90% inform beneficiaries of their organisation, 91% inform general public, 94% general assembly, and 73% inform supervisory board

Result 4.2.: CSOs are able to communicate the results of their activities to the public

Indicator 4.2.a.: External perception of importance and impact of CSOs activities.

- 49.7% of surveyed trust to NGOs in their country, general population trust the most to police 66.7% and media 66.2% of surveyed, and the least to political parties 13.5% of surveyed
- 46.5% of general population do not trust to NGOs
- 50.1% of the general population believes that NGOs support dealing with problems in their country, 66.2% of population believe that police supports in dealing with problems, and political party support the least 17.0%
- 51% of CSOs believe that the reason for lack of public presence of CSOs is insufficient interest of the media in reporting on CSOs activities, while 49% of CSOs believe it is due insufficient (or inadequate) CSO activities
• Among topics and issues listed in the survey almost all were over 90% of its relevance, only culture and art was 89%, and rural development was 87%
• 67% of surveyed believe that CSOs in their country are active in fighting problems in human rights area, 63% believe in the area of women rights, and 61% in social care and humanitarian activities
• 66% of surveyed believe that CSOs in their country are not active in fighting problems in rural development and employment, 63% believe in the area of safety, and 59% in overseeing government and local government performances and fight against corruption

Result 4.3.: CSOs are transparent about their programme activities and financial management

Indicator 4.3.a.: Percentage of CSOs making their (audited) financial accounts and annual reports publicly available

• 39% CSOs stated that they publish their statute on their web page, 36% stated that the statute is accessible to the public, 25% stated that the statute is not accessible to the public
• 81% of CSOs stated that their statute is accessible to public from their office
• 14% of CSOs stated that they have a rulebook and it available on their web page, 27% stated that they have a rulebook, 14% stated that have a rulebook, but it is not accessible to the public, and 30% stated that they do not have a rulebook
• 38% of CSOs believe that up to 10% of CSOs in BiH publish organisational Annual Program Statement of Work, 27% believe that only 11-30% of CSOs do so, 28% believe that 31%-70% organisation publish APS of Work, and 6% believe that more than 70% do so
• 24% of CSOs stated that they publish their APS of Work on their web page, and 36% stated that they do not have APS of Work accessible to public
• 50% of CSOs believe that up to 10% of CSOs publish organisational financial reports, 20% of CSOs believe that 11%-30% publish financial report, 20% believe that from 31-70% and 23% of CSOs believe that more than 10% of CSO publish financial reports
• 18% of CSOs stated that they have financial reports accessible to public and published on the web page, while 40% stated they do not have financial reports available to the public
• 58% of CSOs believe that up to 10% of CSOs publish audited reports, and 11% believe that more than 70% publish audited reports
• 12% of CSOs stated that they have audited financial reports accessible to the public by publishing it on their web page, 49% of CSOs stated that they do not have audited financial reports available to the public

Result 4.4.: CSOs monitor and evaluate the results and impact of their work

Indicator 4.4.a.: Share of CSOs that monitor and evaluate their projects and programmes using baselines and quality indicators

• 30% of CSOs evaluate their projects pro forma, while 70% evaluate projects with the purpose of establishing efficiency and drawing a lesson for further projects
• 26% of CSOs use external evaluation for realisation of their projects
• 17% use external evaluator for assessment of implementation of their organisational strategy
• 74% of CSOs have established system for assessment of efficiency for realisation of conducted projects
• 62% of CSOs have established system for assessment for implementation of organisation’s strategic plan

Objective 5.: Effective CSOs

Result 5.1.: CSO activities are guided by strategic long-term organisational planning

Indicator 5.1.a.: Share of CSOs which have developed strategic plans including human resources development activities in order to attract and retain talent

• 67% of CSOs have developed strategic plan, 16% do not have a strategic plan
• 88% use internal evaluation when employing staff in their organisation
• 51% of CSOs neither have established system for assessment of efficiency of employees in their organisation, nor 38% have internal strategic plan dealing with these issues
• 26% of CSOs stated that they have a human resources development plan aimed at attacking and keeping talented associates, while 53% stated that they do not have such plan
• 72% of CSO stated that they manage to keep talented associates, and 81% believe that they manage to attract quality new people
Result 5.2.: CSOs use research and other forms of evidence to underpin their activities

Indicator 5.2.a.: Number of CSOs' who use adequate argumentation and analysis for achieving advocacy goals

- 61% of CSOs active in public advocacy, mainly/frequently uses research for their advocacy actions, while 39% of them mainly/very rarely use research
- 74% of CSOs believe that they have enough information at their disposal
- 43% of CSOs use official data of national statistical offices, ministries, 38% conduct their own studies

Result 5.3.: CSOs regularly network within and outside country borders and make use of coalition-building for increased impact in campaigning and advocacy

Indicator 5.3.a.: Share of CSOs taking part in local, national, regional and international networks

- 49% of CSOs indicated that they do not belong to any international network, 25% stated that belong to one international network, 12% stated that they belong to 2 international networks, 14% belong to more than 3 international networks
- 18% of CSOs are not active in any of international networks, 47% are active in one international network, 17% are active in 2 international networks, and 19% are active in more than 3 international networks
- 33% of CSOs indicated that they do not belong to any national network, 23% stated that belong to one national network, 14% stated that they belong to 2 national networks, 29% belong to more than 3 national networks
- 10% of CSOs are not active in any of national networks, 36% are active in one national network, 20% are active in 2 national networks, and 34% are active in more than 3 national networks
- 38% of CSOs indicated that they do not belong to any local network, 25% stated that belong to one local network, 14% stated that they belong to 2 local networks, 23% belong to more than 3 local networks
- 8% of CSOs are not active in any of local networks, 38% are active in one local network, 21% are active in 2 local networks, and 32% are active in more than 3 local networks
- 47% of CSOs do not find CSO networks efficient, while 53% find them efficient
- 13% of CSO stated that their contributed in terms of the exchange of experience/knowledge from being member of a network, 28% stated that had a greatest benefit from the network in access to information/exchange of information

Objective 6.: Financially sustainable CSOs

Result 6.1.: Fund-raising activities are rooted in CSOs' long-term strategic plans and the core mission of the organisation

Indicator 6.1.a.: Percentage of CSOs that confirm that they are able to raise funds according to their strategic plans

- 83% of CSOs believe that CSOs in BiH mainly adopt to donors’ priorities and collect funds also for other activities not in line with their organisational strategic plan, while 17% of CSOs believe that CSOs in BiH mainly stick with their strategic plan and collect funds for activities in line with their strategic plan
- 59% of CSOs stated that they mainly stick t their strategic plans and collects fund for activities in line with its strategic plan, while 41% stated that they adapt to donors’ priorities and collect funds also for other activities not in line with its strategic plans

Result 6.2.: CSO have a diversified funding base, including membership fees, corporate/individual giving and social entrepreneurship

Indicator 6.2.a.: Diversity in CSO sources of income

- 4% of CSOs stated that they did not have any donors in the past year, 20% had one donor, 37% had between 2-3 donors, 19% had 4-5 donors, and 20% over 6 donors
- 59% of CSOs had income from membership fees, 40% had from citizens, 22% form local self-government and/or regional administration, 26% from other foreign private or state resources, 28% form the EU funds, 24% form governments/ministries/state administration bodies, 22% from private companies operating in the country, 11% from public companies
Synthesis of the baseline survey

COMPONENT 1: CONDUCIVE ENVIRONMENT

Objective 1: An enabling legal and policy environment for the exercise of the rights of freedom, expression, assembly and association

Result 1.1.: All individuals and legal entities can express themselves freely, assemble peacefully and establish, join and participate in non-formal and/or registered organisations

Indicator 1.1.a.: Quality assessment of existing legislation and policy framework

The basic legislation for the establishment and operation of CSOs is in compliance with international standards, but its proper implementation is hampered by limited capacities of public institutions and lack of harmonisation with other laws and mechanisms relevant for the operation of CSOs.

The legal framework allows all individuals and legal persons, without discrimination, to establish associations, foundations, political parties, religious organisations, employee organisations and trade unions. In practice, every individual and legal entity can form non-profit organisations with the exception of non-profit companies. The legal framework does not regulate the establishment of non-for-profit companies or endowments, although the latter is neither prohibited nor allowed explicitly. Registration of CSOs is not mandatory. No one is sanctioned for not-registering their organisations, although proper operation of a non-registered organisation faces different administrative problems. There are very few non-registered organisations present in society and public life. Registration rules are clearly prescribed, no fee is required and response by the authorities is to be provided within 60 days, although few cases of subjective decisions, unlawful requirements or delays are reported. The legal framework allows for an appeal process, but no clear rules are prescribed and the same authority is mandated to establish an appeals commission. The legal framework does not prohibit networking among organisations in and outside of Kosovo without prior notification. An online registration system has become operational recently, but online registration is not common.

Public benefit status exists, but does not produce any effects in practice. Its basic elements exist in the Law on Freedom of Association in NGOs, but there are no implementation mechanisms and harmonisation with tax and other laws resulting in very limited benefits for holders of the public benefit status.

The legal framework prohibits public authorities from interfering in the work and activities of CSOs. No cases of state interference in internal matters of non-profit entities have been reported. No explicit legal provision exists to protect CSOs from interference by third parties in the exercise of freedom of association. Only PBOs with an income of more than EUR 100,000 submit an external audit report. Legal framework for financial reporting of CSOs is identical to private companies and does not take into account the size and type or scope of activities of CSOs. The money laundering regulations have lower, stricter reporting thresholds for CSOs in comparison to other entities. The sanctions on breaches of money laundering regulations are not proportionate to the extent of the breach and they are not in line with the provisions of the Law on Freedom of Association in NGOs on dissolution of NGOs. The sanctions for financial reporting on taxes are identical to private companies and same proportionality is also applied to CSOs. Most CSOs report that they had no visits from tax authorities during the last three years. Rare cases of “surprise visits” by tax authorities have been reported. The rules for dissolution and termination of CSOs are in line with the international law and based on objective criteria, with the exception of the provisions of the money laundering law. More than half of the CSOs consider financial reporting requirements not in line with the specific nature of CSOs. Few cases were reported where the tax administration required non-financial documents and evidence. Sanctions for CSOs are not common and no evidence of disproportionate sanctions have been collected. Based on the money laundering regulations CSOs should ask for special permission to receive more than EUR 1,000 from a single sender or pay more than EUR 5,000 to a single recipient within the same day. To be able to make or receive payments that exceed the amounts specified above, the CSO may require from the Financial Intelligence Unit of Kosovo (FIU-K) a one-time or recurring exemption from these obligations. This creates a basis for different interpretations or arbitrary decisions.

The legal framework allows CSOs to engage in economic activities. In practice, few CSOs engage in economic activities. The legal framework for custom tax exemptions is not clear and PBOs are not treated in a standard manner. The legal framework allows CSOs to receive foreign funding. No restrictions on receiving foreign funding have been reported. The legal framework allows CSOs to receive funding from individuals, corporations and other sources. CSOs are not familiar with obligations and limitations on economic activities and no legal advice is available. The Tax Administration has limited capacities in dealing with the specific nature of the work of CSOs as, most of the time, CSOs are treated identically to businesses. VAT exemption is
provided based on the type of donor and different procedures are applied. Some procedures for exemption are burdensome and difficult to implement. Custom tax exemption is provided mostly based on the type of donor, and most of the procedures for exemption are burdensome and difficult to implement.

The legal framework guarantees all citizens of the Republic of Kosovo the right to organise and participate in public gatherings. CSOs do not report any restriction of their right of assembly. There are no reports of the use of force in public gatherings organised by CSOs. The legal framework has no legal provision regarding the right of assembly of those who are not citizens of Republic of Kosovo. The legal framework indirectly implies that counter-assemblies are not allowed. The legal framework requires prior notification for public gatherings, except in those places where no additional security measures are required like stadiums, city halls, etc. and/or closed premises. When no response is provided by authorities in due time, the public gathering can take place without any restriction. Any restriction following the notification of public gatherings can be appealed by organisers in court through a fast-track procedure. Public gatherings are usually organised in public squares, while other places are not common for organising of public gatherings. In general, media has full access to the assemblies. In December 2012, the planned gathering of a CSO aiming to promote LGBT rights was not allowed, and an employee of that CSO was beaten when a group of 30 protesters entered and damaged property in the building where that CSO was planning to hold a launch party. One person was arrested in connection with the incident, but police released him later that evening.

The legal framework provides freedom of expression to all. Restrictions are limited to hate speech and are in line with international law and standards. Libel is not in the Penal Code. CSO representatives, including those from human rights and watchdog CSOs, enjoy the right to freedom of expression. There are few reported cases of encroachment on the right of freedom of expression for CSOs by public institutions, although there are a number of reported cases of encroachment on this right for journalists. There are few reported cases of threats to CSO representatives for critical speech, and there are a number of reported threats to journalists from public officials or business representatives. There are no reported cases of any sanctions for critical speech under the Penal Code.

The legal framework provides the possibility to communicate via and access any source of information including the Internet and ICT. The legal framework prohibits unjustified monitoring of communication channels, with the exception of monitoring based on a court decision or in an extraordinary situation for reasons of national security. There are no reported cases where any restriction was imposed on accessing any source of information. The Internet penetration in Kosovo is 72.1 percent and the monthly price for an Internet connection is approximately 4.5 percent of the average monthly salary of the state budget. Most CSOs use social media to promote their work and civil society activists are free to receive and impart information through social media. There are few reported cases of monitoring of communication channels, although no evidence on justification is available. There are no reported cases of police harassment of members of social groups.

Indicator 1.1.b.: Progress with the adoption and implementation of relevant legislation

This indicator will be monitored as of this baseline in accordance to the adopted recommendations and targets.

Result 1.2.: The policies and legal environment stimulate and facilitate volunteering and employment in CSOs

Indicator 1.2.a.: Number of employees in CSO (permanent and part-time)

- 9% of CSOs stated that they do not have employees, 4% have one employee, 35% from 2-5 employees, and 51% over 6 employees.
- Out of total number of employees, 5.1% work full time, and 7.1% work part-time.

Indicator 1.2.b.: Number of volunteers in CSOs per type of CSO/Sector

In 2013, only 3.1 percent of citizens volunteered for any civil society organisation or initiative, compared to 4.5 percent in 2011. This shows a decrease in the levels of voluntarism in Kosovo.

Similarly, 32.67 percent of CSOs have the perception that volunteering in civil society is decreasing, compared to 19.8 percent who have the opposite perception.

- 72% CSOs stated that they have engaged, and 28% stated that have not engaged volunteers in 2013.
- 29% of the organisation had 1-5 volunteers, 41% of CSOs over 15 volunteers, and 29% between 6-15 volunteers in 2013.
- 31% of CSOs paid pecuniary compensations to the engaged volunteers in the amount of their costs, and 47% did not pay any pecuniary costs.
- 18% of CSOs stated that they did not conclude any volunteering contract with volunteers, while 27% stated that they have concluded with up to 3 volunteers.
• 31% of CSOs did not conclude any other contract with volunteers.

*Indicator 1.2.c.: Quality of legislative framework*

63% of CSOs were inclined to stating that legal solution in Kosovo are not stimulating at all for volunteers, while 32% inclined stating that it is stimulating.

CSOs are treated in equal manner to other employers by law. CSOs have difficulties in implementing the provisions of the Labour Law on Maternity Leave, due to their specific nature of funding. CSOs are not treated in state incentive programmes for employment. There are no statistics on the number of employees in the non-profit sector.

Kosovo has no enabling volunteering policies and laws. Legislation stimulates volunteering only for youth, and registration of young volunteers is obligatory. There are almost no incentives and state supported programmes for youth for the development and promotion of volunteering. There are obligations for contractual relationships and protection for organised volunteering for youth.

Administrative procedures for host organisations of young volunteers are complicated and burdensome for CSOs. Thus volunteering takes place in other forms, mostly without any formal procedure.

*Result 1.3.: National and/or local authorities have enabling policies and rules for grassroots organisations* and/or civic initiatives.

*Indicator 1.3.a.: Quality of the enabling environment for grassroots organisations and/or civic initiatives*

Registration of CSOs is not mandatory. Registration rules are clearly prescribed. No fee is required and responses by the authorities must be provided within 60 days. Few cases of subjective decisions, unlawful requirements or delays have been reported. The legal framework allows for an appeal process, but no clear rules are prescribed and the same authority is mandated to establish an appeals commission. In practice, every individual and legal entity can form non-profit organisations, with the exception of non-profit companies. The existing online registration system should be promoted and become fully operational. No one is sanctioned for not registering their organisations, although proper operation of non-registered organisations face different administrative problems. There are very few non-registered organisations present in society and public life.

The legal framework indirectly implies that counter-assemblies are not allowed. The legal framework requires prior notification for public gatherings, except in those places where no additional security measures are required like stadiums, city halls, etc. and/or closed premises. When no response is provided by authorities in due time, a public gathering can take place without any restriction. The legal framework provides the possibility to communicate via and access any source of information, including the Internet and ICT. There are no reported cases of police harassment of members of social groups.

*Objective: 2. An enabling financial environment, which supports the sustainability of CSOs.*

*Result 2.1.: Easy to meet financial rules for CSO, which are proportionate to their turnover and non-commercial activities*

*Indicator 2.1.a.: CSOs’ perception of the ease and effectiveness of financial rules and reporting requirements (disaggregated by type/size of CSO)*

- 12% of CSOs assessed that prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 83% were clear and understandable.
- For 25% of CSOs it is not simple to implement prescribed financial rule, obligations of bookkeeping and accounting, while for 71% it is simple to implement.

*Indicator 2.1.b.: Quality assessment of financial rules (with the focus on built-in mechanisms that financial rules and obligations change as the turnover and non-commercial activities change).*

Only PBOs with an income of more than EUR 100,000 should submit an external audit report. The legal framework for financial reporting of CSOs is identical to private companies and does not take into account the size and type and scope of activities of CSOs. The money laundering regulations have lower, stricter reporting thresholds for CSOs in comparison to other entities. More than half of CSOs consider the financial reporting requirements not in line with the specific nature of CSOs. Few cases were reported where the tax administration required non-financial documents and evidence.
The legal framework allows CSOs to engage in economic activities. In practice, few CSOs engage in economic activities. CSOs are not familiar with obligations and limitations on economic activities and no legal advice is available. The legal framework allows CSOs to receive foreign funding, as well as funding from individuals, corporations and other sources. No restrictions on receiving foreign funding have been reported. CSOs are free to receive funding from different private sources. VAT exemption is provided based on the type of donor and different procedures are applied. Some procedures for exemption are burdensome and difficult to implement. Custom tax exemption is provided mostly based on the type of donor, and most of the procedures for exemption are burdensome and difficult to implement. There are no practices found of endowments established or operating in Kosovo.

Result 2.2.: Donations are stimulated with adequate legislation and regulations

Indicator 2.2.a.: Quality and applicability/practice of the legal framework for individual and corporate giving

The law provides tax deductions for individual and corporate donations to CSOs of up to five percent if the donations are for humanitarian, health, educational, religious, scientific, cultural, environmental protection or sports purposes. The eligible recipients of donations include NGOs, which are granted public benefit status under the framework regulation and any other non-commercial organisation that directly performs activities in the public interest and not-for-profit. This tax benefit is provided only for a selected number of publicly beneficial activities. Thus it is not coherent with the public benefit status, which is set in the basic NGO Law. The legal requirements and conditions for receiving deductible donations are clear, but they include only a few publicly beneficial activities. There is a procedure to claim tax deductions, although it is used only in rare cases. Few CSOs have received individual or corporate donations, and tax deductions are not the main motivation for those donations. Corporate social responsibility (CSR) is not a widespread concept among private companies in Kosovo and the rare cases of CSR are mostly initiated on an individual basis without any state policy. CSR is promoted neither by state nor by the business sector or by CSOs.

Result 2.3.: Financial (e.g. tax or in-kind) benefits are available

Indicator 2.3.a.: Quality of the system of tax benefits for the CSOs’ operational and economic activities

The law provides tax-free treatment for all grants and donations supporting not-for-profit activity of CSOs. The law provides tax benefits for related economic activities of CSOs up to a “reasonable level of income”. There are no explicit legal provisions for the treatment of passive investments of CSOs. There are no legal provisions for establishment and operation of endowments. Practical effects of the legal framework that provides tax benefits for a number of income sources of CSOs are limited. There are no reported direct or indirect taxes on grants. In general, tax benefits for economic activities of CSOs are effective, although there are difficulties in reporting due to reporting procedures, which are not specific to CSO work. There are ambiguities in the legal framework, in particular in the economic activities of CSOs, which do not have the public benefit status. The economic activity of any registered CSOs is directly linked to its mission, and all other economic activities are subject to income tax. In addition, reasonable level of income is an income that ensures sustainability and development of the CSO. However, while the Law 03/L-162 on Corporate Income Tax could be interpreted that all non-governmental organisations are subject to the tax benefit for related economic activities, the respective Administrative Instruction 14/2010 explaining its implementation talks only about public benefit organisations. This incoherence causes difficulties in its interpretation and implementation, although there are numerous CSOs that have tax-free treatments for their economic activities. Passive investments of CSOs are not common. There are no endowments established or operating in Kosovo.

Result 2.4.: Government support to CSOs is available and provided in a transparent, accountable, fair and non-discriminatory manner

Indicator 2.4.a.: Ratio of amount sought vs. amount approved/disbursed annually through state funding to CSOs. (this proves availability of funds)

Public funds for Civil Society were raised from eight percent in 2011 to 20.5 percent in 2013. Out of 20.5 percent of public funds, 9.1 percent are provided by central institutions and 11.4 percent by local institutions. The Government does not have any clear data on funds available for the civil society.

Indicator 2.4.b.: Quality of state funding frameworks for civil society organisations (focusing on procedural documents)

The approach of public institutions does not contribute towards financial viability of CSOs. Although the share of public funds for CSOs is increasing, there are no criteria, standards or procedure for their programming, implementation, monitoring and evaluation.
The Ministry of Finance responded that the Law on Budget does not have any direct allocation or specific budget line for non-governmental organisations. As participatory budgeting is not common in Kosovo, CSOs are not part of the public funding cycle even for public funds for civil society. In Kosovo, there is no public funding for institutional development of CSOs and co-financing of EU and other grants. Project support is present in many cases, but mostly at local level. There is no law or national policy or document that regulates state support for CSOs. There is no national level mechanism for the distribution of public funds to CSOs. Public funds for CSOs are not clearly planned within the state budget. There are legal provisions on the possibility for directing lottery funds to different social categories, human rights issues, culture and sports, but no procedure exists. No information for collection or disbursement of lottery funds exists. The funding is unpredictable and it is impossible to identify the amount of public funds committed or disbursed to CSOs. Public funding is available, but does not respond to the needs of the CSO Sector. No government body has a mandate to distribute and monitor the distribution of state funding.

There is no specific procedure for distribution of public funding to CSOs. There are no standard selection criteria and different state institutions use different selection criteria. The only CSO specific procedure on addressing conflicts of interest is related to CSOs with public officials as Board members. Information on procedures and funded projects are publicly available only in rare cases. State bodies have no harmonised procedure that they apply. There is no sufficient information to assess and report the application requirements. Most of the decisions on tenders are not transparent and no information on fairness and conflict of interest is available.

There are no specific procedures and measures for ensuring accountability, monitoring and evaluation of public funds to CSOs, with the exception of the general provisions of the Public Procurement Law and Public Finances Management and Accountability. There are no specific sanctions for CSOs that misuse funds, with the exception of the general provisions of the Public Procurement Law and Public Finances Management and Accountability. Monitoring visits from contracting authorities of public funding are not commonly reported and, when they happen, there are no standardised procedures for follow-up for such visits. As no specific legal provisions exist, the sanctions for misuse of public funds by CSOs are identical to all other legal entities, thus do not take into account the proportionality of the sanction with regard to size and type of CSO. Being disbursed in ad hoc and non-standardised manner, there is no information that any evaluation for public funds for CSOs has been carried out.

The law allows municipalities to allocate immovable property to CSOs. There are very general criteria and no clearly prescribed process for non-financial support to CSOs. There are a number of CSOs that use non-financial support from municipalities. There are no reports of unequal treatment of CSOs compared to other actors. Non-financial support is mostly granted to CSOs representing vulnerable groups and youth organisations. There are few reported cases of critical CSOs benefiting from short-term or ad hoc non-financial support.

With the exception of the social service provision, the rest of the environment for service provision is generally closed to CSOs and does not enable CSOs to become equal providers of services.

General legislation allows CSOs to provide services in various areas, and specific legislation allows CSOs to provide social services. There are hidden legal barriers in general legislation that, in some cases, prevents CSOs to be eligible for service provision contracts, for example, the requirement for business registration certificate. There are no additional legal requirements for CSOs in comparison to other service providers, although the general requirements are not in line with the specific nature of the work of CSOs, with the exception of social service provision where the specific nature of the work of CSOs is part of the legislation. There are a few CSOs, which are able to obtain contracts, mostly in social services and areas where no other service providers exist. CSOs are included in some stages of developing and providing services. Registration and licensing is required for all social services, and the procedure for obtaining that is the same as other service providers. A new legal basis is in the drafting process.

Legislation obliges state institutions to provide annual funds to CSOs that provide social services. There are no legal barriers to CSOs that provide social services to receive public funding, while for CSOs that provide other services which fall under general public procurement law, there are hidden barriers. CSOs can sign annual contracts for provision of social services. Although there are no data available from state institutions, according to CSOs state funding for services provided by CSOs is limited and funding is not predictable or available for a longer-term period. Some CSOs providing social services receive public funding for services provided. CSOs, in most cases, do not receive sufficient funds to cover the services they provide because institutional costs in general are not covered. Many times there are delays in payments and funding is not flexible with regard to quality of services.

The law does not include a clear and transparent procedure through which the funding for social services is distributed. Legal provisions on funding criteria are determined on a yearly basis through specific administrative instructions. There are general provisions on addressing conflicts of interests. There is a right to appeal. Some social services are contracted to CSOs, but there are few other types of services contracted to CSOs. In practice, in most cases of social services provision by CSOs,
selection criterion is based on best value in regard to quality, technical expertise and financial assessment of contenders. In some cases, competitions on social service provision by CSOs are not considered in line with the selection criteria. CSOs that provide social services consider that state officials have sufficient technical capacities to organise the procedures, but they lack a full understanding of the concept of service provision by CSOs.

There is a legal basis for monitoring the spending of CSOs that provide social services. There are no quality standards or monitoring procedures for social service provision by CSOs, and drafting of a legal basis is on the process. In practice, there are field visits and inspections, which are notified in advance. Field visits and inspections are performed on a regular basis, mostly with regards to spending verification and technical aspects of service provision. The quality, effects and impacts of services provided are not evaluated.

CHANGING RELATIONS, CSOS AND GOVERNMENT

Objective 3: Civil society and public institutions work in partnership through dialogue and cooperation based on willingness, trust and mutual acknowledgment around common interests

Result 3.1.: Public institutions recognise the importance of CSOs in improving good governance through CSO inclusion in decision-making processes

Indicator 3.1.a.: Percentage of laws, bylaws, strategies and policy reforms effectively* consulted with CSOs

- In terms of: adequate access to information, sufficient time to comment, selection and representativeness, diversity of working groups, acknowledgement of input, degree to which input is taken into account, feedback and publication of consultation results

Indicator 3.1.b.: Quality* of structures and mechanisms in place for dialogue and cooperation between CSOs and public institutions

- In terms of: CSO representation in general, representation of smaller or weaker CSOs, its visibility and availability, government perception of quality of structures and mechanisms, CSOs perception of structures and mechanisms

- 26% of CSOs in Kosovo were consulted in the process of preparation of drafts of local strategies, 28% of local action plans, 42% of specific laws, 25% of national strategies, 16% of national action plans, 12% of IPA programming of EU financial support, 12% of policy documents, 26% were not present in such consultations.

- 72% of CSOs believe that they have adequate access to information.

- 65% of CSOs believe that they have enough time for comments.

- 70% of CSOs believe that their attitudes/positions were not taken into consideration during the consultations, while 23% believe that their inputs were taken into consideration.

- 27% of CSOs assessed that there neither feedback nor consultancy results were published, 54% believe there was no feedback, and that some consultancy results were published by the public administration bodies, 18% of CSOs assessed that public administration provided detailed enough feedback, and consultancy results were easily available to all parties.

- 38% of CSOs stated that are not familiar with the structures and mechanisms between CSOs and governments, 36% state that are familiar, but do not believe that they have actual use, 26% stated that are familiar with the structures and mechanisms and consider them useful.

- 38% of CSOs stated that are not familiar with the structures and mechanisms for cooperation with local governments, 36% stated that are familiar, but believe that they have no actual use, and 26% stated that are familiar with the structures and mechanisms and consider them useful.

- 35% CSOs believe that attending the consultations, 22% that promotion of importance of the EU Integration, and 9% that providing suggestions is the most important role CSOs have for monitoring the process of reporting on country's progress towards EU.

The recently adopted Governmental Strategy for Cooperation with Civil Society provides a comprehensive framework for advancement of the environment on CSDev, however, the current institutional setup, and human and financial resources do not guarantee its proper implementation.

There is a recently adopted Governmental strategy for Cooperation with Civil Society, and an initiative formalising the cooperation with civil society is going to the Assembly of Kosovo. The Governmental Strategy for Cooperation with Civil Society includes strategic objectives and measures, as well as a specific action plan with allocation of responsibilities, but no specifically allocated funding for its implementation. The measures within the Governmental Strategy for Cooperation with
Civil Society have been developed jointly with CSOs. There were many CSOs from different areas of interest that participated in the phase of development of the Governmental Strategy for Cooperation with Civil Society. As the Governmental Strategy for Cooperation with Civil Society has been recently adopted, no concrete examples of improvement of relations exist. The governmental Strategy envisages continuous monitoring and periodic evaluation and revision, but nothing started in 2013. The governmental strategy was based on data collected mostly by CSOs.

Existing legislation does not explicitly oblige public institutions to proactively publish draft laws and policies, while it obliges them to publish adopted laws and policies. There are clear legal procedures and mechanisms for access to public information and documents. The law contains clearly prescribes monetary sanctions for civil servants and institutions breaching the legal requirements on access to public information. Public institutions actively publish only adopted laws and policies, while draft laws are not published proactively. Public institutions do not regularly answer requests for access to public information within the deadline. Written explanations reasons for refusal are very rare. There are no reports that cases of violations of the law have been sanctioned.

Existing legislation allows, but does not oblige, public institutions to invite CSO representatives to decision-making or advisory bodies. There are no selection mechanisms or standard guidelines for representatives from civil society. Some advisory bodies use tailor-made selection mechanisms for representation from civil society. Many decision-making and advisory bodies include CSO representatives. CSO representatives in these bodies generally are free to present and defend their positions without being sanctioned. Few decision-making and advisory bodies have selected CSO representatives through an open selection process. CSOs participating in decision-making and advisory bodies generally use alternative ways of advocacy, which are not in line with the position of the respective body.

Recent advancements in the legal framework at the governmental level have improved CSO involvement in policy-making, but proper implementation and clearly defined standards of consultation are still missing.

The Office for Good Governance within of the Office of Prime Minister has the mandate to facilitate cooperation between government and civil society. A civil society liaison officer was recently appointed within the administration of the Assembly of Kosovo. A Joint Advisory Council for implementation of the governmental strategy will be established. The governmental strategy envisages continuous consultation with CSOs on all matters related to cooperation between government and civil society. The Office for Good Governance has insufficient resources for facilitating CSO/government dialogue, including serving as a fully functional secretariat to the Joint Advisory Council. The position of civil society liaison officer of the Assembly of Kosovo has still not produced any improvement in the relations of civil society and the assembly. CSOs are regularly involved in drafting and decision-making at the Office for Good Governance related to the implementation of the strategy, including drafting the ToR for the Joint Advisory Council.

The Rules of Procedures of Government require public consultations for all draft policies and laws, while no minimum requirements are in place. The Law on Local Self-Government provides instruments for citizen participation at the local, decision-making level. The Rules of Procedures of the Assembly provide non-obligatory opportunities for CSO involvement in the work of parliamentary committees. There are no educational programmes or trainings for civil servants on CSO involvement, but this is part of the recently adopted Governmental Strategy for Cooperation with Civil Society. Internal regulations have no specific requirements for specific units or officers to coordinate, monitor and report CSO involvement in their work, but this is part of the recently adopted Governmental Strategy for Cooperation with Civil Society. Public institutions, in particular ministries, invite CSOs to provide written comments on draft laws and policies in many cases, although not in the early stages. Most of the municipalities do not involve civil society on a regular basis and many of the existing legal instruments are not properly functionalised.

Parliamentary committees organise public hearings for some draft laws in process. In most cases CSOs are not provided with adequate information on the content of draft documents, and the usual time to respond to Ministerial invitations within fifteen working days. There are few cases where written feedback on the results of consultations is provided or made publicly available. There are very few civil servants in charge of drafting public policies who have completed any educational programme or training on CSO involvement. There are no units or officers coordinating and monitoring public consultations.
CSOS CAPACITIES

Objective 4.: Capable, transparent and accountable CSOs

Result 4.1.: CSOs’ internal governance structures are transparent and accountable to members/constituents/beneficiaries

Indicator 4.1.a.: Percentage of CSOs publishing their governance structure and internal documents (statutes, codes of conduct etc.)

- 44% of CSOs believe that decision making in CSOs in their country is in compliance with prescribed rules and laws of the organisation, 28% believe that decisions are made by some individual or top management, 25% that decisions are made with prescribed rules including consultations with the employees and volunteers.
- 53% of CSOs stated that decision making in their organisation is in compliance with prescribed rules and laws of the organisation, 10% stated that decisions are made by some individual or top management, 35% that decisions are made with prescribed rules including consultations with the employees and volunteers.
- 78% of CSOs stated that they have prescribed obligations to inform the members, or Managerial or Supervisory Board, customers or general public about the results of your work.
- 95% CSOs inform members of their organisation about the results of their work, 89% inform founders of their organisation, 75% inform management board, 87% inform beneficiaries of their organisation, 75% inform general public, 59% general assembly, and 52% inform supervisory board.

Result 4.2.: CSOs are able to communicate the results of their activities to the public

Indicator 4.2.a.: External perception of importance and impact of CSOs activities.

- 45.6% of surveyed trust to NGOs in their country, general population trust the most to the police 69.9% of surveyed, and the least to Political parties 23.5% of surveyed.
- 49.7% of general population do not trust to NGOs, 73.5% of surveyed do not trust to political parties, and 61.1% of surveyed do not trust to judiciary.
- 46.5% of the general population believes that NGOs support dealing with problems in their country, Police supports the most in dealing with problems 67%, and political parties support the least 26.8%.
- 58% of CSOs believe that the reason for lack of public presence of CSOs is insufficient interest of the media in reporting on CSOs activities, while 37% of CSOs believe it is due insufficient (or inadequate) CSO activities.
- 66.2% of surveyed expressed interest in education, 61% in human rights, and the rights of women protection of animals was assessed, on the other hand 41.5% expressed interest in protection of animals.
- 55.6% of surveyed believe that CSOs in their country are active in education, 52% in rights of women, and 50.3% in fighting problems in human rights area.
- 57.5% of surveyed believe that CSOs in their country are not active in protection of animals, 53% believe in the area of employment, and 51.9% in rural development.

Result 4.3.: CSOs are transparent about their programme activities and financial management

Indicator 4.3.a.: Percentage of CSOs making their (audited) financial accounts and annual reports publicly available

- 54% CSOs stated that they publish their statute on their web page, 14% stated that the statute is accessible to the public, 32% stated that the statute is not accessible to the public.
- 11% of CSOs stated that their statute is accessible to public from their office.
- 41% of CSOs stated that they have a rulebook and it available on their web page, 11% stated that they have a rulebook, 15% stated that have a rulebook, but it is not accessible to the public, and 32% stated that they do not have a rulebook.
- 22% of CSOs stated that the rulebook is accessible to the public from their office.
- 35% of CSOs believe that up to 10% of CSOs in Kosovo publish organisational Annual Program Statement of Work, 23% believe that only 11-30% of CSOs do so, 23% believe that 31%-70% organisation publish APS of Work, and 17% believe that more than 70% do so.
- 50% of CSOs stated that they publish their APS of Work on their web page, and 32% stated that they do not have APS of Work accessible to public.
- 44% of CSOs believe that up to 10% of CSOs publish organisational financial reports, 18% of CSOs believe that 11%-30% publish financial report, 21% believe that from 31-70% and 14% of CSOs believe that more than 70% of CSO publish financial reports.
- 42% of CSOs stated that they have financial reports accessible to public and published on the web page, while 43% stated they do not have financial reports available to the public.
• 51% of CSOs believe that up to 10% of CSOs publish audited reports, and 14% believe that more than 70% publish audited reports
• 41% of CSOs stated that they have audited financial reports accessible to the public by publishing it on their web page, 48% of CSOs stated that they do not have audited financial reports available to the public

Result 4.4.: CSOs monitor and evaluate the results and impact of their work

Indicator 4.4.a.: Share of CSOs that monitor and evaluate their projects and programmes using baselines and quality indicators

• 30% of CSOs evaluate their projects pro forma, while 69% evaluate projects with the purpose of establishing efficiency and drawing a lesson for further projects
• 43% of CSOs use external evaluation for realisation of their projects
• 21% use external evaluator for assessment of implementation of their organisational strategy
• 80% of CSOs have established system for assessment of efficiency for realisation of conducted projects
• 75% of CSOs have established system for assessment for implementation of organisation’s strategic plan

Objective 5.: Effective CSOs

Result 5.1.: CSO activities are guided by strategic long-term organisational planning

Indicator 5.1.a.: Share of CSOs which have developed strategic plans including human resources development activities in order to attract and retain talent

• 66% of CSOs have developed strategic plan, 14% do not have a strategic plan.
• 78% use internal evaluation when employing staff in their organisation
• 28% of CSOs neither have established system for assessment of efficiency of employees in their organisation, nor internal strategic plan dealing with these issues.
• 57% of CSOs stated that they have a human resources development plan aimed at attacking and keeping talented associates, while 23% stated that they are developing such plan
• 84% of CSO stated that they manage to keep talented associates, and 85% believe that they manage to attract quality new people

Result 5.2.: CSOs use research and other forms of evidence to underpin their activities

Indicator 5.2.a.: Number of CSOs’ who use adequate argumentation and analysis for achieving advocacy goals

• 75% of CSOs active in public advocacy, mainly/frequently uses research for their advocacy actions, while 24% of them mainly/very rarely use research
• 76% of CSOs believe that they have enough information at their disposal
• 43% of CSOs use official data of national statistical offices, ministries, 22% conduct their own studies, 16% use sources form international institutions such as the World Bank, UNESCO, EBRD, 10% use academic studies
• 21% of CSOs access necessary data via Internet

Result 5.3.: CSOs regularly network within and outside country borders and make use of coalition-building for increased impact in campaigning and advocacy

Indicator 5.3.a.: Share of CSOs taking part in local, national, regional and international networks

• 48% of CSOs indicated that they do not belong to any international network, 27% stated that belong to one international network, 9% stated that they belong to 2 international networks, 16% belong to more than 3 international networks
• 7% of CSOs are not active in any of international networks, 49% are active in one international network, 16% are active in 2 international networks, and 27% are active in more than 3 international networks
• 35% of CSOs indicated that they do not belong to any national network, 28% stated that belong to one national network, 13% stated that they belong to 2 national networks, 22% belong to more than 3 national networks
• 13% of CSOs are not active in any of national networks, 40% are active in one national network, 15% are active in 2 national networks, and 28% are active in more than 3 national networks
• 34% of CSOs indicated that they do not belong to any local network, 35% stated that belong to one local network, 6% stated that they belong to 2 local networks, 24% belong to more than 3 local networks
• 6% of CSOs are not active in any of local networks, 51% are active in one local network, 11% are active in 2 local networks, and 31% are active in more than 3 local networks
• 37% of CSOs do not find CSO networks efficient, while 63% find them efficient
• 29% of CSOs stated that their contributions in terms of the exchange of experience/knowledge from being member of a network, 14% gained in access to information/ exchange of information, 13% gained in mutual support/ assistance.

Objective 6.: Financially sustainable CSOs

Result 6.1.: Fund-raising activities are rooted in CSOs’ long-term strategic plans and the core mission of the organisation

Indicator 6.1.a.: Percentage of CSOs that confirm that they are able to raise funds according to their strategic plans

• 58% of CSOs believe that CSOs in Kosovo mainly adopt to donors’ priorities and collect funds also for other activities not in line with their organisational strategic plan, while 42% of CSOs believe that CSOs in Kosovo mainly stick with their strategic plan and collect funds for activities in line with their strategic plan
• 69% of CSOs stated that they mainly stick to their strategic plans and collects fund for activities in line with its strategic plan, while 31% stated that they adapt to donors’ priorities and collect funds also for other activities not in line with its strategic plans

Result 6.2.: CSO have a diversified funding base, including membership fees, corporate/individual giving and social entrepreneurship

Indicator 6.2.a.: Diversity in CSO sources of income

• 19% of CSOs stated that they did not have any donors in the past year, 24% had one donor, 30% had between 2-3 donors, 11% had 4-5 donors, and 13% over 6 donors
• 22% of CSOs had income from membership fees, 14% had from citizens, 37% form local self-government and/or regional administration, 38% from other foreign private or state resources, 24% form the EU funds, 29% from governments/ ministries/state administration bodies, 16% from private companies operating in the country, 8% from public companies.
• 78% of CSOs did not have income from membership fees, 86% did not have from citizens, 63% form local self-government and/or regional administration, 62% from other foreign private or state resources, 76% form the EU funds, 71% form governments/ministries/state administration bodies, 84% from private companies operating in the country, 92% from public companies.
Synthesis of the baseline survey

COMPONENT 1: CONDUCIVE ENVIRONMENT

Objective 1: An enabling legal and policy environment for the exercise of the rights of freedom, expression, assembly and association

Result 1.1.: All individuals and legal entities can express themselves freely, assemble peacefully, and establish, join and participate in non-formal and/or registered organisations

Indicator: 1.1.a Quality assessment of existing legislation and policy framework

The Law on Associations and Foundations is a very good base for a progressive legal framework on freedom of association. The law is not fully implemented, however, because bylaws are not adopted (related to public funding) and not amended (adjusted) to tax laws.

According to the Law on Associations and Foundations (LAF) any person can establish associations, foundations and other types of non-profit, non-governmental entities (e.g., non-profit company) for any purpose (legally allowed). Both individual and legal persons exercise the right to associate without discrimination. Registration is not mandatory, and legal entities are not sanctioned for not registering their organisations. Registration rules are clearly prescribed and allow for easy, timely and inexpensive registration and appeal processes. Informal association is practiced. Still, the legal system dominantly supports formal organisations. Networking is allowed without prior notification in the country and abroad. Registration is truly accessible within the legally prescribed deadlines. The law's implementation continues to be a challenge, particularly its harmonisation with other laws, especially those related to the tax frame for CSOs and to the mobilisation of local funds so that the positive law provisions can be used in practice.

Article 10 of LAF emphasises that CSOs are independent in managing, determining and realising the goals and activities determined in their statutes. Also, there are precise provisions for termination and prohibition of the work of CSOs, which defines the basis for protection from interference. Sanctions provided by LAF are appropriately formulated, focusing on personal versus collective (organisational) responsibility. Limitations to prohibition and termination of work, determined in LAF, meet international standards. The Law on Prevention of Money Laundering and Other Proceeds of Crime and Financing of Terrorism contains rules that are not proportional to the size, type or scope of activities of CSOs. In general, they are the opposite of the essence of the civil society sector. The Law on Lustration has created additional pressure, as it does not give clear provisions on the obligations of the CSOs, so leaders of CSOs are lustrated. There are isolated cases of indirect state interference in internal matters of associations, foundations and other types of non-profit entities. There are minimal cases of invasive oversight in practice mostly expressed through the requirement that CSOs annually prepare a programme for prevention of money laundering. There are few cases of CSOs that have been sanctioned. Most are unjustified and disproportionate.

LAF allows CSOs to engage in economic activities, and provides for organisations to earn profits that are to be used for the organisations’ purposes, set by statute, which promote the economic activities of the organisations and contributes to their sustainability. LAF allows CSOs to receive foreign funding and there are no restrictions in practice. LAF and the Law on Donations and Sponsorships in Public Affairs (LDSPA) allow CSOs to receive funding from individuals, corporations and other sources. Receipt of funding from individuals, corporations and other sources is easy, effective and without any unnecessary cost or administrative burden. Legislation on CSOs engaging in economic activities is implemented and is not burdensome. Still some CSOs have difficulties, for example, when they sell handicrafts they are required to have fiscal counter. In principle, the difference between income and expenditures (profit) at CSOs is non-taxable as well as the income from passive investments. The legal framework for freedom of assembly is in line with international standards, and it’s increasingly practiced, as recorded in recent years. However, daily political abuses and isolated cases of restriction of peaceful protests by the police have been registered.

The legal framework provides the right to freedom of assembly for all without any discrimination and it is based on international standards. Foreigners have the obligation to announce their assembly and receive permission from the Ministry of Interior Affairs. The law recognises and does not restrict spontaneous, simultaneous and counter-assemblies. The exercise of this right is not subject to prior authorisation by authorities, and the notification procedure is not complex. The law does not provide a procedure for appealing the decision for restricting the right based on the law for assembly. There are isolated cases of encroachment on the freedom of peaceful assembly (e.g. the protest on 23 October regarding the case of the journalist
Kezarovski. Restrictions do not happen often, and cannot be appealed. Simultaneous, spontaneous and counter-assemblies can take place, and generally the state facilitates and protects groups. Usually there is no excessive use of force exercised by law enforcement bodies. Still, the HCHR recorded a few cases of the identification of protest participants, detention of participants, etc. Media have access to assemblies. Still, the media is highly polarised and mostly report in order to discredit a gathering or protest.

The legal framework provides freedom of expression for all. Restrictions are clearly prescribed and in line with international law and standards. Libel and insult are not crimes. They are regulated by the Law on Civil Liability for Insult and Defamation. CSOs enjoy the right to freedom of expression on matters they support or are critical of, and are not being punished for that. Yet, freedom of expression in general is jeopardised by political influence on the media that reflects CSOs’ visibility. In general, there are no cases of encroachment of the right to freedom of expression for all. Mostly litigations are private and the defendants are usually journalists or the media. There is no sanction for critical speech, but there are isolated cases of persecution for critical speech by representatives of CSOs. They are subject to verbal attacks, different labels, informative talks and initiating court procedures on defamation and slander.

The legal framework, the Law on Free Access to Public Information, the Law on Electronic Communications and the Law on Interception of Communications, provides the possibility to communicate via and access any source of information, including the Internet and ICT. The legal framework prohibits unjustified monitoring of communication channels, or collecting user information by the authorities. The Internet is widely accessible and affordable, but there is a low level of usage of social media. In general, there is no publicly available information or examples of cases of unjustified monitoring by the authorities of communication channels, including the Internet or ICT, or of collecting user information. Still there is a case of deleting FB groups related to Stop Policy Brutality protests. There are no cases of police harassment of members of social network groups.

Indicator 1.1.b. Progress with the adoption and implementation of relevant legislation

Progress under this indicator will be monitored after the baseline and after setting the targets.

Result: 1.2. The policies and legal environment stimulate and facilitate volunteering and employment in CSOs

Indicator: 1.2.a. Number of employees in CSO (permanent and part-time)

In 2013, the total number of employees in the civil sector in Macedonia was 1,839. According to an organisational survey for the purposes of the CIVICUS Index Report (2011) 88.5 percent of CSOs operate on a voluntary basis.

- 41% of CSOs stated that they do not have employees, 9% have one employee, 29% from 2-5 employees, and 21% over 6 employees.
- Out of total number of employees, 2.6% work full time, and 1.2% work part-time.
- Indicator: 1.2.b. Number of volunteers in CSOs per type of CSO/sector
- Only ten percent of the citizens volunteer in CSOs.
- 74% CSOs stated that they have engaged, 22% stated that have not engaged volunteers in 2013, and for 3% it was not applicable
- 47% of the organisation had 1-5 volunteers, 27% of CSOs over 15 volunteers, and 26% between 6-15 volunteers in 2013
- 38% of CSOs paid pecuniary compensations to the engaged volunteers in the amount of their costs, and 45% did not pay any pecuniary costs.
- 48% of CSOs stated that they did not conclude any volunteering contract with volunteers, while 25% stated that they have concluded with up to 3 volunteers.
- 54% of CSOs did not conclude any other contract with volunteers.

Indicator: 1.2.c. Quality of legislative framework

66% of CSOs were inclined to stating that legal solution in FYR Macedonia are not stimulating at all for volunteers, while 27% inclined stating that it is stimulating.

By law and policies CSOs are treated the same as other employers and have no special advantages. Only a very limited number of organisations, including the larger, well-established, fully professional CSOs, employ staff in full accordance with the Labour Relations Law, covering full social insurance and health benefits. State incentive programmes for employment do not treat CSOs like all other sectors, and do not perceive civil society sector to be source of potential employment. The civil society sector is significantly less attractive to students than the public and business sectors. Regular statistics on the number of employees in the non-profit sector can be obtained from the Central Registry of the Republic of Macedonia, but they are not free of charge.
Legislation includes the best regulatory practices and, at the same time, it enables spontaneous volunteering practices. The Law on Volunteering (2007) defines this area of work in relation to paid employment and defines the rights and obligations of volunteers and the entities that organise volunteering. By recognising volunteerism as valid work experience within the paid employment sector, by personal tax exemptions on costs related to volunteering, and by maintaining unemployment rights for unemployed persons who are volunteering, the law encourages volunteerism and is of potentially great benefit to CSOs and the not-for-profit sector. There is a national strategy for promotion and development of volunteering (2010) and an action plan with specific measures for the implementation of the strategy. The National Council for Development of Volunteering was established at the beginning of 2011. It promotes the development of volunteering as a socially useful activity and plans and monitors the development of volunteering. New objectives related to volunteering are set in the Strategy for Cooperation of the Government with Civil Society 2012-2017. It raises awareness among youth to become active participants in civil society, stimulates citizen involvement in civil society and promotes and fosters volunteering. There are clearly defined contractual relationships and protections covering organised volunteering. Incentives and programmes are transparent and easily available to CSOs. The policies, strategic documents and the laws are implemented, monitored and evaluated periodically in a participatory manner. The number of organisations that use the benefits the law offers is equal to those using no benefits at all, because organisations are not familiar with the functioning of the law or they lack resources. Organisers of volunteer activities believe that the administrative procedures for engaging volunteers are complicated and they complain of slow responses from state institutions. This particularly refers to the procedure when the volunteer is a foreigner.

Result 1.3. National and/or local authorities have enabling policies and rules for grassroots organisations and/or civic initiatives.

Indicator: 1.3.a. Quality of the enabling environment for grassroots organisations and/or civic initiatives

Registration of organisation is not mandatory. Registration rules are clearly prescribed and allow for easy, timely and inexpensive registration and the appeal process. Every individual or legal entity, in practice, can form associations, foundations or other non-profit, non-governmental organisations offline or online. In the last three years there are only two cases of registration rejection. Individuals and legal entities are not sanctioned for not registering their organisations. Informal association is practiced. Still, the legal system dominantly supports formal organisations. Registration is truly accessible within the legally prescribed deadlines. Isolated cases are being recorded of different interpretations of the LAF by different state officials working at the registration organ (especially concerning the name of the organisation). The problems organisations face are usually related to the name of the organisation, the provision of additional documents, differences in the interpretation of the law by civil servants, the definition of activities in accordance with the National Classification of Activities, and ambiguities arising from the amendments to the law.

The law recognises and does not restrict spontaneous, simultaneous and counter-assemblies. The exercise of the right is not subject to prior authorisation by the authorities, and the notification procedure is not complex. The legal framework, the Law on Free Access to Public Information, the Law on Electronic Communications and the Law on Interception of Communications, provides the possibility to communicate via and access any source of information, including the Internet and ICT. Legal restrictions are based on international human rights law. There are no cases of police harassment of members of social networking groups.

Objective: 2. An enabling financial environment, which supports sustainability of CSOs.

Result 2.1. Easy-to-meet financial rules for CSOs, which are proportionate to their turn-over and non-commercial activities

Indicator: 2.1.a. CSOs’ perception of the ease and effectiveness of financial rules and reporting requirements (disaggregated by type/size of CSO)

- 20% of CSOs assessed that prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 72% were clear and understandable.
- For 35% of CSOs it is not simple to implement prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 59% is simple to implement.

Indicator: 2.1.b. Quality assessment of financial rules (with the focus on built-in mechanisms that financial rules and obligations change as the turn-over and non-commercial activities change).

The Law on Prevention of Money Laundering and Other Proceeds of Crime and Financing of Terrorism contains rules, which are not proportional to the size of the CSO, the type/scope of the activities. In general, they are the opposite of the essence of the civil society sector. There are few cases of invasive oversight in practice, mostly expressed through the requirement of CSOs to annually to prepare a programme for the prevention of money laundering.
LAF allows CSOs to engage in economic activities. LAF allows CSOs to receive foreign funding. LAF and LDSPA allow CSOs to receive funding from individuals, corporations and other sources. Legislation on CSOs engaging in economic activities is implemented and not burdensome. Still, some CSOs have difficulties. For example, when they sell handicrafts CSOs are required to have fiscal counter. There are no limitations or tax burdens for gained income from economic activities. In principle, the difference between income and expenditures (profit) at CSOs is non-taxable as well as income from passive investments. The reason for this treatment is the new taxation system.

Result: 2.2. Donations are stimulated with adequate legislation and regulations

Indicator: 2.2.a. Quality and applicability/practice of the legal framework for individual and corporate giving

The law provides tax deductions for individual and corporate donations to CSOs. Provision for tax deductions for individuals is not clear and, in practice, almost not enforceable. The Law on Donations and Sponsorships in the Public Activities (2006) foresees tax benefits for those receiving funding for a project of public interest. The LDSPA foresees tax incentives in: 1) personal income tax, 2) profit tax, 3) Value Added Tax (VAT) and 4) property tax. The LDSPA prescribes harmonisation of domestic and foreign donors with respect to eligibility for VAT tax exemptions. Such an approach ensures a solid basis for utilising the potential of the local resources in the area of public interest and for stimulating a philanthropic culture in the Republic of Macedonia. The tax deduction procedure comes after the procedure for approval of public interest for a concrete project, which is unnecessarily complex. The procedure to claim tax deductions for corporate donations (from profit tax) is functional, as is the procedure for VAT. But the procedure for tax deductions for individual donations is completely dysfunctional. The LDSPA implementation, in practice, shows that there are very few benefits for CSOs, whereas small and medium-sized enterprises and citizens do not even use the law since the procedure is too complicated and demands a huge engagement of employees in an activity that is not their primary focus. At the same time they are not absolutely sure that they will receive the exemption. In the case of some taxes, deductions are insignificant, thereby, militating against applying for them. There are no special tax deductions for special type of categories of CSOs.

Result: 2.3. Financial (e.g. tax or in-kind) benefits are available

Indicator: 2.3.a. Quality of the system of tax benefits for CSOs’ operational and economic activities

CSOs do not receive significant tax benefits. They are equal to the profit entities concerning tax laws. Tax deductions, especially for individual giving, are almost non-functional.

There are no useful tax incentives and benefits available for CSOs. Grants and donations have VAT-free treatment for all grants and donations supporting CSO activities that bring public benefit to society. There are no tax benefits for economic activities of CSOs, but there are no restrictions related to the level of incomes earned from economic activities vs. total incomes of the organisations. The law does not provide tax benefits for passive investments of CSOs. In Macedonia endowments are not legally regulated. There are no separate and clear legislation on them. There are no hidden taxes on donations. In several tax laws there are no distinctions between CSOs and commercial businesses. They coincide and have equal treatment. Thus, although the law on associations and foundations defines the non-profitability of CSOs, the law on profit tax does not state that CSOs are exempt from profit taxation. CSOs should not fall under the scope of the law on profit tax as taxpayers since they use the profit solely for the organisation's purposes.

Result 2.4.: Government support to CSOs is available. It is provided in a transparent, accountable, fair and non-discriminatory manner

Indicator 2.4.a.: Ratio of amount sought vs. amount approved/disbursed annually through state funding to CSOs (this proves availability of funds)

The Government allocates funding for CSOs each year through the budget line 463 – Transfers to non-governmental organisations. On average, between EUR 3.8 and EUR 6.2 million are allocated to CSOs annually. However, following the allocations under the budget line aimed to CSOs, one could find that the funds are disbursed, not only to associations and foundations, but also to trade unions, religious communities and political parties. The amount of this funding actually going to the CSOs is very small in comparison with the total amount of funds distributed from the budget line 463. On an annual level, they amount to EUR 243,805 (15,000,000 MKD) awarded to 50 or more CSOs. For example, EUR 195,045 (12,000,000 MKD) or 4.4 percent, from budget line 463 for 2013.

The Law on Units of Local Self-Government provides for the allocation of a portion of the municipal budget to support CSOs. In practice, a majority of municipalities have budget lines for CSOs. In most cases the amount is not more than one percent of the municipal budget. Although relatively small in quantity financial support for CSOs by municipalities is very important for
the sustainability of small grassroots CSOs and, more importantly, as an impetus for closer cooperation of LSG and CSOs in addressing community problems.

Funding from games of chance and entertainment games could represent a significant source of revenue for CSOs. Funding is not distributed according to the originally foreseen percentage of 50 percent of the total income of game of chance and entertainment. Usually, the annual amount is EUR 120,000 (75,000,000 MKD), which is between seven percent and twelve percent of the total annual income. Still, this is in the frame of the threshold given in the law.

Indicator 2.4.b.: Quality of state funding frameworks for civil society organisations (focusing on procedural document)

Public funding is insufficiently developed and is not a significant resource vis-à-vis other resources for the sustainability of CSOs in a situation of reduced donor support.

There are several laws and documents that regulate state support. The Code for Good Practices for Funding of Associations and Foundations from the national budget contains guidelines for the distribution of public funds. There is a predictable amount in budget item 463 on an annual level. There are no procedures for CSO participation in any phases of the public funding cycle. Available public funding does not respond to the needs of the CSO sector. Besides the Government Unit for Cooperation with CSOs, few ministries and other state bodies allocate funds for CSOs through public call. The procedure and criteria are not always sufficiently clear. Funding is predictable, but it is not always easy to identify the size of the budget for CSOs per institutions, especially because budget item 463 transfers to CSOs include other organisational forms besides associations and foundations.

Following the procedure for distribution of public funds is not legally binding. Only the Code for Good Practices for Funding is prescribed. Thus, government institutions rarely allocate support to CSOs in a transparent manner according to clear and equitable criteria. Only few state bodies follow the procedures and criteria determined in the code. And in cases where they do follow the code for certain issues, irregularities are being recorded (e.g. prescribed deadlines are not being respected). Criteria for selection and choice according to the code are clear and available to the CSOs. The code addresses conflict of interest, but the procedure is left to the individual regulation of the ministries. Very often funds are allocated to arbitrarily pre-selected beneficiary organisations and only a very few state institutions distribute funds through open calls to tender. Hardly any of the state bodies announce publicly available information related to procedures for funding and information regarding funding awarded to CSOs. Applications are not too burdensome.

The code provides measures for accountability, monitoring and evaluation. There are no prescribed sanctions for CSOs that misuse funds. Very rarely monitoring of the allocated funds is carried out, and very rarely is monitoring based on predetermined and objective indicators.

State institutions are allowed to allocate non-financial support and no limitations exist. Usually, non-financial support is awarded upon CSOs’ request and self-initiative. There are examples of CSOs that use non-financial support, which usually consists of giving free space. There are isolated cases of discrimination or attempts to revoke non-financial support because of being critical.

A functioning system for social service provision exists, but needs to develop in other fields as well.

Existing legislation allows CSOs to provide services in various areas: social prevention; development and securing social care services to persons; families and groups of citizens exposed to social risk; development and promotion of social care and development and promotion of voluntary work in the municipality. In the field of social services provision the problem is the scope of organisations that can receive licenses. Foundations are excluded from this possibility, and only associations have the right to be licensed as organisations that work in the field of social protection. CSOs have no barriers to providing services that are not defined by law (“additional” services). Existing legislation does not add additional burdensome requirements on CSOs that do not exist for other service providers. Competition between CSOs and other providers exists in a rare number of cases. The most common are cases in the field of social protection, research and training delivery (e.g. MCIC, Konekt, TIM Institute, Open the Windows). Few isolated cases have been noted when it comes to social protection services when CSOs do not follow the code for certain issues, irregularities are being recorded (e.g. prescribed deadlines are not being respected).

The budget provides funding for various types of short-term services (up to six months). There are no legal barriers to CSOs receiving public funding for the provision of different services. CSOs can sign long-term contracts for provision of services. Organisations emphasise that continuity is still needed in state support because contracts are signed for short periods of time (six months), and services provided need to be available all the time. They receive enough money to cover the main expenses for the services, but not sufficient for covering operational and indirect costs, so these are provided with co-financing. Payments are often delayed. Flexibility in funding exists.
From the available information provided by the Ministry of Labour and Social Policy (MLSP) there exists a clear and transparent procedure through which the funding for services is distributed among providers. There are clear guidelines on how to ensure transparency and avoid conflicts of interests. There is a right to appeal.

Not many CSOs are contracted for service provision. Competitions are considered fair and conflicts of interest are avoided (the information refers to the field of social protection). State officials have the capacity to organise the procedures.

There is legal possibility for monitoring both the spending and the quality of service providers. There are clear quality standards and monitoring procedures. CSOs are not subject to excessive control. Monitoring is performed on a regular basis, and mostly based on pre-announced procedures and criteria. Possible existing evaluations are not publicly available.

**CHANGING RELATIONS; CSOS AND GOVERNMENT**

**Objective 3:** Civil society and public institutions work in partnership through dialogue and cooperation based on willingness, trust and mutual acknowledgment around common interests

**Result:** 3.1. Public institutions recognise the importance of CSOs in improving good governance through CSOs' inclusion in decision-making processes

**Indicator:** 3.1.a. Percentage of laws, bylaws, strategies and policy reforms effectively* consulted with CSOs

* in terms of: adequate access to information, sufficient time to comment, selection and representativeness, diversity of working groups, acknowledgement of input, degree to which input is taken into account, feedback, publication of consultation results

**Indicator:** 3.1.b Quality* of structures and mechanisms in place for dialogue and cooperation between CSOs and public institutions

* in terms of: CSO representation in general, representation of smaller or weaker CSOs, visibility and availability, government perception of quality of structures and mechanisms, and CSO perception of structures and mechanisms

- 42% of CSOs in FYR Macedonia were consulted in the process of preparation of drafts of local strategies, 36% of local action plans, 31% of specific laws, 41% of national strategies, 33% of national action plans, 35% of IPA programming of EU financial support, 31% of policy documents, 23% were not present in such consultations
- 72% of CSOs believe that they have adequate access to information
- 67% of CSOs believe that they have enough time for comments
- 73% of CSOs believe that their attitudes/positions were not taken into consideration during the consultations, while 22% believe that their inputs were taken into consideration
- 32% of CSOs assessed that there neither feedback nor consultancy results were published, 58% believe there was no feedback, and that some consultancy results were published by the public administration bodies, 11% of CSOs assessed that public administration provided detailed enough feedback, and consultancy results were easily available to all parties
- 19% of CSOs stated that are not familiar with the structures and mechanisms between CSOs and governments, 56% state that are familiar, but do not believe that they have actual use, 25% stated that are familiar with the structures and mechanisms and consider them useful
- 22% of CSOs stated that are not familiar with the structures and mechanisms for cooperation with local governments, 54% stated that are familiar, but believe that they have no actual use, and 24% stated that are familiar with the structures and mechanisms and consider them useful
- 29% CSOs believe that attending the consultations, 21% that promotion of importance of the EU Integration, and 20% that providing suggestions is the most important role CSOs have for monitoring the process of reporting on country’s progress towards EU

**Solidly placed institutional framework and policy for civil dialogue are not fully functional and not consistently implemented.**

Currently the second Strategy for Cooperation of the Government with the Civil Sector for the period 2012-2017 is being implemented. The strategic document includes goals and measures and a clear allocation and schedule of responsibilities (action plans with indicators), but does not include available funding. The process of developing measures in the first, as well as in the new strategy is participatory. CSOs participated in developing both strategies, but less in implementing both. The evaluation of the first strategy was prepared by CSOs. There are examples demonstrating improvement in formal cooperation according to the document. Still, additional efforts for substantial cooperation with CSOs are needed. The implementation of the new strategy has had slight progress. The implementation of the strategic document is monitored, evaluated and revised.
periodically. State policies are based on reliable data. In the year after the implementation of the second strategy, there has been no significant progress regarding the key issues defined in the strategy: tax incentives, adoption of a binding act on allocation of funds for CSOs from the budget, and the establishment of an advisory body for cooperation with CSOs.

Existing legislation obliges public institutions to make all draft and adopted laws and policies public, and exceptions are clearly defined. Clear mechanisms and procedures for access to public information and documents exist. There are clearly prescribed sanctions for civil servants and units for breaching the legal requirements of access to public information. Public institutions actively publish draft and adopted laws and policies. The web site ENER and the assembly contain all the necessary information. The explanations of the reasons for refusals of the requests are often not clear, but they are included in the responses. A large number of government bodies lack respect for the time frame in which requests must be responded to. Despite numerous trainings for civil servants their unresponsiveness was grounds for the submission of 2,711 complaints.

Provisions exist in certain laws and bylaws on the need to include CSOs in existing or temporary bodies (Government Rulebook, Methodology for Regulatory Impact Assessment, etc.). There are no clear guidelines on how to ensure appropriate representation from civil society. There are several advisory and decision-making bodies where CSOs are involved (NCDV, CPBO, sectorial committee for IPA, NSEI, etc.). CSO representatives in these bodies can freely present and defend their positions without being sanctioned. Generally, the processes of selection are considered transparent. Still, an equal method for selection is needed. CSOs are free to use alternative ways of advocacy and promoting alternative stand points, which are not in line with the position of the respective body.

The Government Unit for Cooperation with CSOs was established in 2004 with a limited mandate to facilitate cooperation with CSOs as part of the General Secretariat of the Government. There are legally binding provisions on involving CSOs, which concern all institutions as well as the decisions taken by the unit. The provisions in the code on the involvement of CSOs are not legally binding. The Office for Cooperation with NGOs lacks institutional independence and does not operate as a separate government authority. The Council for Cooperation between the Government and NGOs has no allocated funds in the budget for its work. Often there are too many replacements of contact persons. Being contact person for CSOs is only their secondary engagement. The decrees are not being fully respected.

There are clearly defined standards on the involvement of CSOs in decision-making processes, but the process is not fully in line with best regulatory practices, prescribing minimum requirements. In addition to standards for the involvement of relevant stakeholders, the Code for Good Practices in consulting CSOs was adopted in 2011. State policies provide trainings for civil servants on CSO involvement in the work of public institutions. Internal regulations require specified units or officers in government, line ministries or other government agencies to coordinate, monitor and report CSO involvement in their work. Fewer CSOs are consulted in the early stage in the preparation of policies and legal initiatives. In general, there is a lack of genuine consultations and of awareness raising campaigns. There are good practices in providing CSOs with adequate information on the content of the draft documents and details. Still, it is necessary to improve the length of time for giving opinion and comments. Written feedback on the results of consultations is rarely publicly available.

The majority of civil servants in charge of consultations with the public (coordinators for RIA or responsible for cooperation with CSOs) participated in trainings for cooperation and communication with CSOs. Most of the state institutions have units or officers coordinating and monitoring public consultations that are functional with sufficient capacity. According to research on the participation of the public in law drafting processes, the ministries emphasised that, in most of the cases (85 percent), the draft laws are open for consultation usually in the first draft version of the ministry. A high percentage (77 percent), leave them open for debate even after the cross-sector coordination. However, the involvement of the civil society sector in the early phase of drafting theses or principles is smaller (35 percent). Eighty-six percent of organisations say the ministries fail to publish comments, suggestions and arguments on the draft laws given by them and the other CSOs. CSOs confirm that most of them never received feedback for their suggestions. There is not a standardised form for receiving feedback from the ministry.
CSOS CAPACITIES

Objective 4.: Capable, transparent and accountable CSOs

Result 4.1.: CSOs’ internal governance structures are transparent and accountable to members/constituents/beneficiaries

Indicator 4.1.a.: Percentage of CSOs publishing their governance structure and internal documents (statutes, codes of conduct etc.)

- 35% of CSOs believe that decision making in CSOs in their country is in compliance with prescribed rules and laws of the organisation, 46% believe that decisions are made by some individual or top management, 17% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 43% of CSOs stated that decision making in their organisation is in compliance with prescribed rules and laws of the organisation, 14% stated that decisions are made by some individual or top management, 43% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 88% of CSOs stated that they have prescribed obligations to inform the members, or Managerial or Supervisory Board, customers or general public about the results of your work
- 97% CSOs inform members of their organisation about the results of their work, 92% inform founders of their organisation, 93% inform management board, 79% inform beneficiaries of their organisation, 82% inform general public, 28% general assembly, and 83% inform supervisory board

Result 4.2.: CSOs are able to communicate the results of their activities to the public

Indicator 4.2.a.: External perception of importance and impact of CSOs activities.

- 47.4% of surveyed trust to NGOs in their country, general population trust the most to the police 61.3% of surveyed, and the least to unions 29.1% of surveyed
- 50.6% of general population do not trust to NGOs, 64.6% of surveyed do not trust to political parties, and 57.9% of surveyed do not trust to judiciary
- 45.9% of the general population believes that NGOs support dealing with problems in their country, President of the state presidency supports the most in dealing with problems 63%, and unions support the least 33.6%
- 56% of CSOs believe that the reason for lack of public presence of CSOs is insufficient interest of the media in reporting on CSOs activities, while 40% of CSOs believe it is due insufficient (or inadequate) CSO activities
- Almost all topics and issues listed in the survey were assessed as relevant, by over 90% of surveyed citizens, only 78% of surveyed expressed interest in protection of animals was assessed, 89% in fight against drug abuse and alcoholism
- For all topics, less than 4% of surveyed assessed as irrelevant for people in their country
- 78% of surveyed believe that CSOs in their country are active in fighting problems in human rights area, 74% believe in the area of ecology, and 72% in rights of women
- 62% of surveyed believe that CSOs in their country are not active in fighting problems in safety area, 58% believe in the area of employment, and 57% in rural development

Result 4.3.: CSOs are transparent about their programme activities and financial management

Indicator 4.3.a.: Percentage of CSOs making their (audited) financial accounts and annual reports publicly available

- 43% CSOs stated that they publish their statute on their web page, 20% stated that the statute is accessible to the public, 36% stated that the statute is not accessible to the public
- 63% of CSOs stated that their statute is accessible to public from their office
- 16% of CSOs stated that they have a rulebook and it available on their web page, 8% stated that they have a rulebook, 46% stated that have a rulebook, but it is not accessible to the public, and 30% stated that they do not have a rulebook
- 47.2% of CSOs stated that the rulebook is accessible to the public from their office
- 34% of CSOs believe that up to 10% of CSOs in FYR Macedonia publish organisational Annual Program Statement of Work, 30% believe that only 11-30% of CSOs do so, 27% believe that 31%-70% organisation publish APS of Work, and 13% believe that more than 70% do so
- 39% of CSOs stated that they publish their APS of Work on their web page, and 37% stated that they do not have APS of Work accessible to public
- 38% of CSOs believe that up to 10% of CSOs publish organisational financial reports, 22% of CSOs believe that 11%-30% publish financial report, 20% believe that from 31-70% and 23% of CSOs believe that more than 70% of CSO publish
financial reports
• 29% of CSOs stated that they have financial reports accessible to public and published on the web page, while 46% stated they do not have financial reports available to the public
• 64% of CSOs believe that up to 10% of CSOs publish audited reports, and 7% believe that more than 70% publish audited reports
• 18% of CSOs stated that they have audited financial reports accessible to the public by publishing it on their web page, 70% of CSOs stated that they do not have audited financial reports available to the public

Result 4.4.: CSOs monitor and evaluate the results and impact of their work

Indicator 4.4.a: Share of CSOs that monitor and evaluate their projects and programmes using baselines and quality indicators
• 26% of CSOs evaluate their projects pro forma, while 73% evaluate projects with the purpose of establishing efficiency and drawing a lesson for further projects
• 42% of CSOs use external evaluation for realisation of their projects
• 16% use external evaluator for assessment of implementation of their organisational strategy
• 80% of CSOs have established system for assessment of efficiency for realisation of conducted projects
• 63% of CSOs have established system for assessment for implementation of organisation's strategic plan

Objective 5.: Effective CSOs

Result 5.1.: CSO activities are guided by strategic long-term organisational planning

Indicator 5.1.a: Share of CSOs which have developed strategic plans including human resources development activities in order to attract and retain talent
• 64% of CSOs have developed strategic plan, 11% do not have a strategic plan.
• 92% use internal evaluation when employing staff in their organisation
• 52% of CSOs neither have established system for assessment of efficiency of employees in their organisation, nor internal strategic plan dealing with these issues.
• 28% of CSOs stated that they have a human resources development plan aimed at attacking and keeping talented associates, while 27% stated that they are developing such plan
• 73% of CSO stated that they manage to keep talented associates, and 79% believe that they manage to attract quality new people

Result 5.2.: CSOs use research and other forms of evidence to underpin their activities

Indicator 5.2.a.: Number of CSOs' who use adequate argumentation and analysis for achieving advocacy goals
• 58% of CSOs active in public advocacy, mainly/frequently uses research for their advocacy actions, while 42% of them mainly/very rarely use research
• 82% of CS Os believe that they have enough information at their disposal
• 40% of CSOs use official data of national statistical offices, ministries, 26% conduct their own studies, 16% use sources from international institutions such as the World Bank, UNESCO, EBRD, 7% use academic studies
• 100% of CSOs access necessary data via Internet

Result 5.3.: CSOs regularly network within and outside country borders and make use of coalition-building for increased impact in campaigning and advocacy

Indicator 5.3.a: Share of CSOs taking part in local, national, regional and international networks
• 31% of CSOs indicated that they do not belong to any international network, 24% stated that belong to one international network, 19% stated that they belong to 2 international networks, 26% belong to more than 3 international networks
• 7% of CSOs are not active in any of international networks, 38% are active in one international network, 26% are active in 2 international networks, and 29% are active in more than 3 international networks
• 24% of CSOs indicated that they do not belong to any national network, 34% stated that belong to one national network, 13% stated that they belong to 2 national networks, 29% belong to more than 3 national networks
• 7% of CSOs are not active in any of national networks, 47% are active in one national network, 20% are active in 2 national networks, and 26% are active in more than 3 national networks
• 54% of CSOs indicated that they do not belong to any local network, 24% stated that belong to one local network, 7%
stated that they belong to 2 local networks, 14% belong to more than 3 local networks
- 8% of CSOs are not active in any of local networks, 54% are active in one local network, 19% are active in 2 local networks, and 18% are active in more than 3 local networks
- 36% of CSOs do not find CSO networks efficient, while 64% find them efficient
- 43% of CSOs stated that their contributed in terms of the exchange of experience/knowledge from being member of a network, 40% gained in terms of greater visibility, 26% gained in having joined projects/activities/cooperation

Objective 6.: Financially sustainable CSOs

Result 6.1.: Fund-raising activities are rooted in CSOs’ long-term strategic plans and the core mission of the organisation

Indicator 6.1.a.: Percentage of CSOs that confirm that they are able to raise funds according to their strategic plans

- 67% of CSOs believe that CSOs in Macedonia mainly adopt to donors’ priorities and collect funds also for other activities not in line with their organisational strategic plan, while 32% of CSOs believe that CSOs in Macedonia mainly stick with their strategic plan and collect funds for activities in line with their strategic plan
- 78% of CSOs stated that they mainly stick to their strategic plans and collects fund for activities in line with its strategic plan, while 22% stated that they adapt to donors’ priorities and collect funds also for other activities not in line with its strategic plans

Result 6.2.: CSO have a diversified funding base, including membership fees, corporate/individual giving and social entrepreneurship

Indicator 6.2.a.: Diversity in CSO sources of income

- 17% of CSOs stated that they did not have any donors in the past year, 15% had one donor, 30% had between 2-3 donors, 17% had 4-5 donors, and 16% over 6 donors
- 46% of CSOs had income from membership fees, 26% had from citizens, 28% form local self-government and/or regional administration, 42% from other foreign private or state resources, 36% form the EU funds, 19% form governments/ministries/state administration bodies, 29% from private companies operating in the country, 8% from public companies.
- 51% of CSOs did not have income from membership fees, 71% did not have from citizens, 69% form local self-government and/or regional administration, 55% from other foreign private or state resources, 60% form the EU funds, 78% form governments/ministries/state administration bodies, 68% from private companies operating in the country, 88% from public companies.
Synthesis of the baseline survey

COMPONENT 1: CONDUCIVE ENVIRONMENT

Objective 1: An enabling legal and policy environment, for the exercise of the rights of freedom, expression, assembly and association

Result 1.1.: All individuals and legal entities can express themselves freely, assemble peacefully and establish, join and participate in non-formal and/or registered organisations

Indicator: 1.1.a Quality assessment of existing legislation and policy framework

The Law on NGOs and other related legislation create a basic legal framework for the free functioning of CSOs.

There is a legal framework for establishing associations and foundations (Law on NGOs, 2011), but there is no legal framework for establishing other types of organisations such as non-profit companies. Foreign non-governmental organisation may operate in the territory of Montenegro in order to achieve goals and interests, which are not prohibited by the Constitution and the law. Organisations acquire legal personality only after registration. An association may be established by at least three people. One of them must have a residence, domicile or head office in Montenegro. A person authorised to represent must be a permanent or temporary resident in Montenegro. There are no sanctions prescribed in case of failure to register. The Law on NGOs allows networking with organisations in Montenegro and abroad. According to the Labour Law and Rulebook on Registration of Trade Unions and the Rulebook on Registration of Representative Trade Unions, trade organisations are registered in the Trade Union Register and the Register of Representative Trade Unions is kept at the Ministry of Labour and Social Welfare of Montenegro. Organisation named the long waiting period for decisions as the main flaw in the registration process (one month compared to the ten days which is prescribed by law). The registry does not contain contact information.

State control over the work of CSOs is regulated by the Inspection Law. A fine ranging from EUR 500 to EUR 800 shall be imposed on a non-governmental organisation if it does not report within 30 days to the body in charge of changes in data. The same punishment is also envisaged in the event of failure to publish financial statements within ten days of adoption. A fine ranging from EUR 500 to EUR 4,000 shall be imposed on non-governmental organisations if, during the calendar year, they proceed to conduct economic activity after crossing the allowed threshold of EUR 4,000 or 20 percent of their total annual revenue. Over 97 percent of organisations stated that the government did not interfere in their internal affairs. Twenty-five percent of organisations stated that they were sometimes under pressure during their work. Five organisations had unannounced inspections by state bodies. About 42 percent of organisations have been subjected to pressure because of their critical attitude towards authority. Organisations are generally not exposed to sanctions. Most of those that are sanctioned consider the sanctions to be disproportionate.

Non-governmental organisations can directly engage in economic activity specified in the statute if they are registered in the Company Register of the Commercial Court. Legislation allows CSOs to be funded by foreign institutions and organisations, domestic legal and private individuals as well as corporations. If the income from economic activities in the current year exceeds EUR 4,000 or 20 percent of the annual income, a non-governmental organisation cannot directly engage in economic activities during the current year. Over 80 percent of organisations reported that they did not have problems associated with obtaining funds from abroad. Most of the organisations funded by private sources stated that they had no administrative restrictions and difficulties.

The Constitution of Montenegro guarantees freedom of peaceful assembly without a permit, subject to prior notification to the competent authority. Freedom of assembly may be temporarily restricted by the decision of the competent authority for the prevention of disorder or crime, protection of health or morals or for the protection of people and property in accordance with law. Organisations that have organised peaceful gatherings have not been faced with restrictions. Four organisations have stated that in the event of a counter protest they were not protected by police. Three organisations organised a gathering without prior notice to state authorities.

According to the Constitution of Montenegro, everyone has the right to freedom of expression by speech, writing, painting, or otherwise. The right to freedom of expression can be limited only by the other persons’ right to dignity, reputation and honour, and if it threatens public morality or the security of Montenegro. Defamation was decriminalised, which has contributed to reducing the number of cases brought against journalists. Five organisations had an objection to a restriction of freedom of expression. Mostly lesbian, gay, bisexual and transgender (LGBT) activists had problems in regard to publicly expressing their opinions.
The Law on Free Access to Information Act is not harmonised with other relevant laws. Rules of the working group for the preparation of negotiations restrict CSO members to inform the public about the work of the working groups. There are no legislated restrictions on the use of different communication and information tools. The implementation of the new Law on Free Access to Information has started. The Internet and other tools used for collecting information are accessible and there are no restrictions in practice regarding this.

Indicator 1.1.b. Progress with the adoption and implementation of relevant legislation

Progress under this indicator will be monitored after the baseline and after setting the targets.

Result: 1.2. The policies and legal environment stimulate and facilitate volunteering and employment in CSOs

Indicator: 1.2.a. Number of employees in CSO (permanent and part-time)

There is no recent data available in relation to the number of employees in CSOs. According to the survey of ADP ZID from 2010, there are 556 persons employed in NGOs in line with the Labour Law, while 1,358 of them have worked on the basis of service contracts (short-term or occasional employment). That is less than one percent (0.86 percent) of the total average number of employees in Montenegro in 2010 (161,742 MONSTAT).

• 21% of CSOs stated that they do not have employees, 40% have one employee, 19% from 2-5 employees, and 20% over 6 employees.
• Out of total number of employees, 2.3% work full time, and 1.7% work part-time.

Indicator: 1.2.b. Number of volunteers in CSOs per type of CSO/sector

There is a lack of information on number of volunteers.

• 19% of CSOs believe that up to 10% of organisation engaged volunteers, 21% believe that 10-20% of CSOs engage volunteers, 26% believe that 21-50% CSOs engage volunteers, and 23% of CSOs believe that over 50% of CSOs engage volunteers.
• 69% CSOs stated that they have engaged, 28% stated that have not engaged volunteers in 2013, and for 3% it was not applicable.
• 32% of the organisation had 1-5 volunteers, 36% of CSOs over 15 volunteers, and 33% between 6-15 volunteers in 2013.
• 17% of CSOs paid pecuniary compensations to the engaged volunteers in the amount of their costs, and 63% did not pay any pecuniary costs.
• 85% of CSOs stated that they did not conclude any volunteering contract with volunteers, 4% stated that they have concluded with up to 3 volunteers, 8% if CSOs concluded volunteering contract with 4-10 volunteers, and 3% with more than 10 volunteers.
• 90% of CSOs did not conclude any other contract with volunteers.

Indicator: 1.2.c. Quality of legislative framework

69% of CSOs were inclined to stating that legal solution in Montenegro are not stimulating at all for volunteers, while 24% inclined stating that it is stimulating.

The Labour Law treats CSOs in an equal manner to other employers and does not recognise any advantages of employment and working in the CSO sector. The law imposes an obligation for creating employee contacts for an unlimited period of time after two years of work and, in the case of involuntary termination of employment, the employer or organisation has to settle severance pay in the amount of six gross salaries. Taking into consideration that CSOs are mainly financed through projects and that they do not have their own assets for severance pay as stipulated by the Labour Law, they are exposed to potential threats for further operations and functioning. There are no statistics in regard to employees and volunteers in the civil sector. Additionally, there are no statistics in regard to income (donations from domestic and foreign sources, economic activities, membership fees, etc.) for the offices and technical facilities. This deficiency shortens planning for future directions of development of CSOs. In 2012, the Government provided a new programme for vocational training and employment. CSOs could apply under the same conditions as state bodies and private companies.

The Law on Volunteering is not in accordance with the situation in practice.

The Volunteer Work Act was intended to create a favourable legal environment for the development of volunteering. The act defines a number of institutes and issues relevant to the volunteerism: the definition of volunteers, their rights and obligations,
the definition of the organisers of volunteer work, rights and obligations, the definition of user voluntary services, mandatory elements of volunteering, international volunteering, development and monitoring of volunteerism, etc. The law treats volunteering as a special form of labour law relations, rather than a voluntary, private citizens’ initiative. The law prohibits so-called corporate volunteering, even when outside of organised labour and business premises, although this form of volunteering, comparatively speaking, is gaining in importance. The Law on volunteering prescribes that volunteers should have a contract for volunteering and that the volunteering period will be addressed as working experience. However, the law does not stimulate and affirm volunteering, but prohibits and bureaucratises participation of citizens in volunteering. It strongly regulates all forms of citizens’ volunteering and it regulates the punishment offenders. Furthermore, it creates additional financial burdens and puts CSOs in even an even less favourable position (compulsory health insurance, residence permits for foreign volunteers). Provisions of this law greatly hinder the arrival of foreign volunteers, as they must have a residence permit or permission for housing. Labour inspection may, without prior warning, prohibit volunteering if a volunteer or organiser does not have necessary documentation (contract and insurance). But, there is not a single mechanism to prevent potential abuse. The lawmakers have not adopted the accompanying secondary legislation. Ninety-four percent of surveyed organisations stated that they hire volunteers for their activities. Organisations mostly hire volunteers in accordance with their internal rules, not by the Law on Volunteering. Volunteering, in practice, is mostly spontaneous and it is not defined by contractual relations as set by the law.

Result 1.3. National and/or local authorities have enabling policies and rules for grassroots organisations and/or civic initiatives.

Indicator: 1.3.a. Quality of the enabling environment for grassroots organisations and/or civic initiatives

There are no sanctions prescribed in cases of failure to register a CSO. Over 90 percent of organisations surveyed in the questionnaire said that they did not have problems registering their organisations. Few organisations have met with difficulties and additional procedures when registering and with naming their representatives. Organisations named long waiting periods for the decision as the main flaw of the registering process (one month comparing to ten days which are prescribed by the law). The registry does not contain contact information for the CSOs.

Freedom of assembly may be temporarily restricted by the decision of the competent authority for the prevention of disorder or crime, protection of health or morals or for the protection of people and property in accordance with law. The Law on Free Access to Information Act is not harmonised with other relevant laws, which can hinder the organisation of any CSO, including grassroots organisations. There are no legislated restrictions in the use of different communication and information tools.

Objective: 2. An enabling financial environment, which supports the sustainability of CSOs.

Result: 2.1. Easy-to-meet financial rules for CSO, which are proportionate to their turnover and non-commercial activities

Indicator: 2.1.a. CSOs’ perception of the ease and effectiveness of financial rules and reporting requirements (disaggregated by the type and size of CSO)

- 15% of CSOs assessed that prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 82% were clear and understandable
- For 27% of CSOs it is not simple to implement prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 71% is simple to implement

Indicator: 2.1.b. Quality assessment of financial rules (with the focus on built-in mechanisms that financial rules and obligations change as the turn-over and non-commercial activities change).

Twenty-five percent of organisations stated that they were sometimes under pressure during their work in relation to accounting. Five organisations had a case of unannounced inspections by state bodies. About 42 percent of organisations have been subjected to pressure by inspections because of their critical attitude towards authority.

Non-governmental organisations can directly engage in economic activity specified in the statute specifically if they are registered in the company register. A non-governmental organisation needs to cumulatively meet the following conditions in order to conduct economic activity: 1) economic activity must be determined by the Articles of Association; 2) gained revenues must be used exclusively to finance the statutory goals of the organisation and in the territory of Montenegro; 3) economic activity must be conducted in line with the regulations governing the area within which the economic activity is conducted; 4) carrying out of the economic activity must be entered in the Central Register of the Commercial Court, which is done by entering the code and description of the activity, as stipulated by the regulations on classification of activities. The provision of the law specifies that only economic activity of CSOs is entered in the register. The organisation itself is not registered in the registry order to avoid the interpretation of whether it needs to be registered as a company or established as a new legal entity. If the income from economic activities in the current year exceeds EUR 4,000 or 20 percent of the annual
income, a non-governmental organisation cannot directly engage in economic activity later in the year. Legislation allows CSOs to be funded by foreign institutions and organisations, domestic legal and private individuals as well as corporations. Over 80 percent of organisations reported that they did not have the problems associated with obtaining funds from abroad. Most of the organisations funded by private sources stated that they had no administrative restrictions and difficulties. All donations, domestic or foreign are subject to taxes.

Result: 2.2. Donations are stimulated with adequate legislation and regulations

Indicator: 2.2.a. Quality and applicability/practice of the legal framework for individual and corporate giving

Most of the donations to CSOs are subjected to tax.

The Law on Income Tax stipulates that expenditures on health, education, sports, culture and environmental protection are recognised as expenses for up to 3.5 percent of the total revenue. A similar provision is contained in the Law on Corporate Income Tax. The Law on Corporate Income Tax and the Law on Personal Income Tax stipulate narrowly defined and limited lists of areas of public interest. These regulations have not covered a number of other areas, not even those that are otherwise recognised and protected as constitutional values (human and minority rights, the rule of law), or those on whose importance in society there is a broad consensus (fight against corruption, sustainable development). The definition of areas of public interest specified in these regulations is inconsistent with a considerably broader list of the areas of public interest in which CSOs operate, which is regulated by the Law on NGOs, and which is not limited. The difference between the tax and statutory regulations leads to a situation where there are two public policies when it comes to the areas of public interest in which CSOs operate, depending on whether CSOs are funded directly by the state or through tax incentives. For example, a CSO operating in the field of human rights meets the general requirements prescribed to apply for financing from the budget, however, a grant to such a CSO by legal entities or natural persons does not represent a recognised tax expenditure. There are no official statistics that show the degree of utilisation of these benefits. The culture of giving and corporate social responsibility is not being encouraged, despite the amendment to the Law on Corporate Income Tax.

Result: 2.3. Financial (e.g. tax or in-kind) benefits are available

Indicator: 2.3.a. Quality of the system of tax benefits for the CSOs’ operational and economic activities

The state provides tax benefits for non-governmental organisations in accordance with the law. The provisions of the new law specify that only economic activity of CSOs is entered in the Central Register held by the Commercial Court, rather than within the organisation itself in order to avoid interpretations of whether it needs to be registered as a company or established as a new legal entity. The Law on Income Tax stipulates that expenditures on health, education, sports, culture and environmental protection purposes are recognised as expenses up to 3.5 percent of total revenue. A similar provision is contained in the Law on Corporate Income Tax. CSOs are subject to the same provisions of the Value Added Tax (currently paid at the standard rate of 19 percent) as private companies, although CSOs are not VAT registered if their total annual income is less than the statutory limit of EUR 18,000. Only grants coming directly from an EU institution are tax-exempt. All other donations, domestic or foreign, are subject to taxes. There is no tax exception for economic activities.

Result 2.4.: Government support to CSOs is available and provided in a transparent, accountable, fair and non-discriminatory manner

Indicator 2.4.a.: Ratio of amount sought vs. amount approved/disbursed annually through state funding to CSOs (this proves availability of funds)

Government financial support for CSOs is ensured from several sources.

Total allocations for CSOs from the state budget were reduced from EUR 4 million in 2010 to 1.7 million in 2013 (from 0.73 percent in 2010 to 0.24 percent in 2013).

The Commission for Allocation of Revenues from Games of Chance distributes 60 percent of all annual revenues from games of chance, out of which 75 percent is allocated for “plans and programmes of non-governmental organisations”. This is why this is the most important source of public financing for CSOs. The commission has had available funds determined by the annual Law on Budget. However, these funds are significantly different compared to the exact amount of the legally established percentage allocated by the Commission and CSOs in accordance with the provisions of the Law on Games of Chance. According to available information, the funds allocated and planned by the budget for the period 2008-2013, were less than the funds that had been allocated on the basis of the law on Games of Chance for EUR 4,743,390.38. Regulation on the Criteria for Determining the Beneficiaries and Manner of Distribution of the Revenues from Games of Chance (August
2011), determines that out of the total available funds:

- Seventy-five percent is distributed to plans and programmes of NGOs,
- Ten percent is for media pluralism,
- Fifteen percent for other non-profit organisations and public institutions,
- For the area of “social protection and humanitarian activities” 12 percent is set aside for “meeting the needs of persons with disabilities”, 40 percent for culture and technical culture, 12 percent for non-institutional education and upbringing of children and young people, ten percent for contributions to the fight against drugs and all other forms of addiction.

The Commission for the Allocation of Funds to NGOs (appointed in 2011 by the Parliament of Montenegro) is still positioned in the budget, even though it has not performed allocation since the entry into force of the Law on NGOs. Around EUR 560,000 (EUR 200,000 for 2011/2012 and EUR 160,000 for 2013) have not been distributed to NGOs from this budget item.

The Fund for Minorities was established in 2008, in accordance with the Law on Minority Rights and Freedoms to support the activities for the preservation and development of national and ethnic particularities of minority people and other minority ethnic communities and their members in the fields of national, ethnic, cultural, language and religious identity. In September 2013, the fund adopted a decision to finance projects with the total value of EUR 500,000.

Certain ministries and other state administration bodies continue to allocate funds for projects of CSOs, even though there are no clearly visible funds for CSOs in the budgets of these bodies. According to data from the Report on Cooperation between the Ministries/State Administration Bodies and CSOs in 2012, the bodies financed CSOs with about EUR 175,000 from their budgetary positions, mainly based on the applications of CSOs to help certain organisations. In the first six months of 2013, this amount was slightly less than EUR 39,000.

Indicator 2.4.b.: Quality of state funding frameworks for civil society organisations (focusing on a procedural document)

There is inefficient financial state support for CSOs.

The Law on NGOs envisages that government provides funding support to CSO programmes and projects from the state budget. Even though, the law prescribes centralised state funding to CSOs, there are no legal preconditions created for the successful implementation of centralised funding. According to the Law on NGOs, distribution of state funds is carried out by a commission established by the Government. That commission has not yet been formed, and the largest state funds for CSOs are allocated based on the decisions of the commission for the allocation of revenue from the games of chance. The commission of the games of chance allocates funds on the basis of a public call for proposals. The amount of funds allocated through the commission is set by the Law on Games of Chance that is not in completely in accord with other legislation and is not fully obeyed. The Law on NGOs does not preclude the ability of NGOs to be funded by ministries and other budget users. The legal basis for the allocation of funds to NGOs by local governments is contained in Article 116 of the Law on Local Self-Government, which stipulates that cooperation between local governments and NGOs is achieved under conditions and procedures prescribed by the general act of the municipality, including financing. State funds have not been allocated in accordance with the law. The Minority Fund, the Commission for the Distribution of Funds to NGOs within Parliament, and the Commission for the Allocation of Revenue from Games on Chance are still positioned in the budget, but not complying with the law on NGOs. There has been a declining trend of state support to CSO projects in past three years (in comparison to 2010, funds are reduced for 50 percent).

According to the NGO law, the commission should allocate funds on the basis of a public competition to be published on the web site of the Government and in all newspapers that are printed and distributed in Montenegro. Special bylaws will determine criteria for appointing members of commission, including measures of conflict of interest. A decree on determining beneficiaries and criteria for distribution of revenues from games of chance envisages clear criteria for distribution of fund, monitoring rules and transparency measures. Criteria for distribution of these funds are available to the public. The Commission for the Allocation of Revenues from Games of Chance made all supported projects integrally available on their web site. Currently, the only existing source of constant funding to Montenegrin CSOs is the Commission for the Allocation of Revenues from Games of Chance. CSOs may place a complaint about the decision of this commission according to the procedures set by the Law on Administrative Procedure.

According to the Law on NGOs, the commission shall submit to an advisory body, once a year, a report on the implementation of projects and programmes funded. Control of the appropriate use of funds allocated to CSOs should be undertaken by external auditors engaged by the advisory body. Procedures for the monitoring of project implementation from the Commission for Allocation of Revenues from Games of Chance have not been developed or are not sufficiently developed. The Commission for the Allocation of Revenues from Games of Chance engaged an auditing company for the audit of a certain projects supported in 2012.
A report on cooperation between ministries, state authorities and CSOs in 2012 shows that, in practice, there have been cases where the ministries have been renting space or boardroom for meetings.

**There is no CSOs participation in providing state services at a sufficient level.**

The Law on Public Administration offers the possibility of the transfer of certain obligations of state authorities to other entities. The law does not define in detail the manner in which these obligations are assigned, but points out that it is possible to enable it with separate laws and regulations by the Government. Legislation states that ministries can define the transfer of certain obligations to other entities; however, CSOs are not clearly recognised in these laws. Due to the ambiguity of the legislation, it is not clear which practices can be perceived as provision of social service. There are examples of short-term service provision in cooperation with the Government. Examples of licensing of CSO for social service provision have not been identified. There are examples of CSOs providing trainings and education for state authorities.

The budget does not specifically provide funding for various types of services, nor for the multi-year funding. CSOs cannot be recipients of funding for these kinds of services. There is no licensing and there are no services that are fully funded by the Government. However, there are services that CSOs’ provide that are funded by the international organisations.

The state did not clearly defined procedures for contracting services, which allows for transparent selection of service providers, including CSOs. There are only a couple of examples of contractual relations between the Government and CSOs in regard to service provision.

There is no legislation regulating monitoring both spending and quality of service provision. Since there is no legislation regulating service provision, all concrete examples are being monitored based on individual arrangements from case to case.

**CHANGING RELATIONS; CSOS AND GOVERNMENT**

**Objective 3:** Civil society and public institutions work in partnership through dialogue and cooperation based on willingness, trust and mutual acknowledgment around common interests

**Result:** 3.1. Public institutions recognise the importance of CSOs in improving good governance through CSOs’ inclusion in decision-making processes

*Indicator: 3.1.a. Percentage of laws, bylaws, strategies and policy reforms effectively* consulted with CSOs

*In terms of: adequate access to information, sufficient time to comment, selection and representativeness, diversity of working groups, acknowledgement of input, degree to which input is taken into account, feedback, publication of consultation results*

*Indicator: 3.1.b Quality* of structures and mechanisms in place for dialogue and cooperation between CSOs and public institutions

*In terms of: CSO representation in general, representation of smaller or weaker CSOs, its visibility and availability, government perception of quality of structures and mechanisms, CSOs perception of structures and mechanisms*

- 38% of CSOs in Montenegro were consulted in the process of preparation of drafts of local strategies, 34% of local action plans, 26% of specific laws, 26% of national strategies, 20% of national action plans, 13% of IPA programming of EU financial support, 13% of policy documents. 43% were not present in such consultations
- 90% of CSOs believe that they have adequate access to information
- 75% of CSOs believe that they have enough time for comments
- 70% of CSOs believe that their attitudes/positions were not taken into consideration during the consultations, while 21% believe that their inputs were take into consideration
- 22% of CSOs assessed that there neither feedback nor consultancy results were published, 57% believe there was no feedback, and that some consultancy results were published by the public administration bodies, 18% of CSOs assessed that public administration provided detailed enough feedback, and consultancy results were easily available to all parties
- 24% of CSOs stated that are not familiar with the structures and mechanisms between CSOs and governments, 42% state that are familiar, but do not believe that they have actual use, 33% stated that are familiar with the structures and mechanisms and consider them useful
- 16% of CSOs stated that are not familiar with the structures and mechanisms for cooperation with local governments, 41% stated that are familiar, but believe that they have no actual use, and 41% stated that are familiar with the structures and mechanisms and consider them useful
- 20% CSOs believe that attending the consultations, 29% that providing suggestions, and 19% that informing the public
Mechanisms created for improving cooperation between government and CSOs are not using their full potential.

In 2009, the Government adopted the “Strategy for Cooperation between the Government of Montenegro and NGOs” with the implementation of the Action Plan for the period 2009-2011. The Strategy for the Development of the Non-governmental Sector in Montenegro for the period of 2014-2016, including the Action Plan, was adopted in December 2013. These two strategic documents have embraced goals and measures for cooperation of the two sectors that have been developed in consultations with CSOs. In 2012, state bodies involved eighty-three CSO representatives in working groups for drafting public policies in different areas. The involvement of CSOs in the monitoring of public policies is not on a satisfactory level. According to the Report of Cooperation between State Bodies and CSOs, in the first half of 2013 only eight out of forty-three bodies involved CSOs in monitoring. In 2012, the Government of Montenegro joined the global Open Government Partnership initiative, launched by the United States and seven other countries in 2011.

The existing legislation obliges public institutions to make all draft and adopted laws and policies public. This topic is covered by a number of laws and regulations (Law on Free Access to Information, Law on NGOs, Regulation Concerning Public Discussions, etc.). Clear mechanisms and procedures for access to public information and documents exist and there are guidelines concerning this topic, which can be found on the websites of almost every ministry and local self-government. There are prescribed mechanisms for appeals to the decision of the body that is in charge for sharing the requested information or making it public. There is also the possibility to appeal to the Agency for the Protection of Personal Data and Free Access to Public Information. However, there is no possibility to complain in a case where the requested information is labelled as secret because that information is under the jurisdiction of the Administrative Court of Montenegro. All the laws and regulations are published in the Official Gazette in its printed and online versions. The explanations for the reasons for refusal of the requests for access to information are often not clear, but they are included in the response. There is a lack of respect by a large number of government bodies for the time frame in which requests for access to information must be answered. There are no known cases of individuals sanctioned for violation of the Law for Free Access to Information. There are cases in which the appeal was approved by the agency or the administrative court.

Public authorities are under Articles 2 and 3 of the Decree on the Manner and Procedure for Achieving Cooperation between State Authorities and NGOs, and are obliged, when creating documents from the annual work programmes (strategy and analysis of the situation in a particular area of draft laws, regulations and bylaws that regulate the manner of exercising the rights and freedoms of citizens) to invite CSOs to participate in working groups. There is a clear and detailed mechanism for appointing CSO representatives in these bodies that ensures the quality of the representatives and the representation. All the advisory bodies relevant to civil society include CSO representatives. According to the questionnaire, 68 percent of CSOs participated in some way in working groups or bodies that were in charge of creating laws and regulations. CSO representatives in these bodies are able to freely present and defend their attitudes, although some believe that their proposals should be taken under consideration more often. CSO representatives are selected through selection processes, which are considered fair and transparent. There are cases in which CSO representatives are not allowed to share the information on the work of the body/working group, as in the case of the CSO representatives and members of working groups for negotiating with the EU. There is a governmental Office for Cooperation with NGOs. The Office for Cooperation with CSOs has a limited capacity and authority to fully carry out its duties. The office only employs three persons, the head of the office, an advisor and administrative secretary. Within the newly amended act on organisation of working positions in the General Secretariat, an additional advisor position is planned within the office. The office does not have a clear and precisely determined budget and its competences to coordinate with contact persons in public administration bodies have not been clearly defined. Also, being a part of the Government General Secretariat, it lacks the authority to act independently. The long-term sustainability and effectiveness of the office is still a challenge. There is a Council for Cooperation between the Government of Montenegro and NGOs; however, there are no allocated funds in the budget for its work. There are contact persons for cooperation with non-governmental organisations appointed from 61 government bodies, but often there are too many replacements of contact persons. Being a contact person for CSOs is only their secondary engagement. The decree on the procedure for achieving cooperation between state bodies and CSOs stipulates that state bodies should involve CSOs in all phases of public policy development, and CSOs should be informed, consulted and regularly involved in working bodies. The decrees are not fully respected.

The Decree on the Procedure for Cooperation between State Authorities and Non-governmental Organisations is the obligatory document for state bodies to inform, consult and involve CSO representatives in drafting public policies. The Decree on the Manner and Procedure for Conducting Public Consultation is in preparation. It is an obligatory document for ministries to consult in drafting laws for civil society. Internal regulations require specified units or officers in government, line ministries or other government agencies to coordinate, monitor and report CSO involvement in their work. There has been certain improvement in this field. Only six of sixteen ministries invited civil society in the early consultation phase when drafting laws.
With 83 representatives of CSOs working in the working groups on an annual basis, it can be concluded that the process of selection of CSO representatives defined in this decree is applicable and effective. Most of the state administration still does not publish either annual work programmes on their web sites or details of a contact person in charge of cooperation with NGOs. Only 30 of 53 authorities informed the public about the contact persons via web site; three of sixteen ministries publish the list of laws that will be drafted on an annual level; three of sixteen ministries publish reports from public discussion containing written feedback on the consultation process. There is no public information on trainings in which civil servants in charge of drafting public policies have participated.

Generally, CSOs have a negative opinion on the current mechanisms for dialogue and cooperation between CSOs and state bodies. According to the TACSO survey from November 2013:

- Fifty-one percent of CSOs were aware of the existence of these structures and mechanisms, but they believed that they existed only to fulfil a form.
- Twenty-three percent of CSOs said that they were not aware of the mechanisms for dialogue and cooperation between CSOs and state bodies.
- Twenty-six percent of organisations said that they were familiar with the mechanisms for dialogue and cooperation and that they also considered them useful.

However, a relatively high participation of CSOs in consultation processes at the national and local level was registered. Fifty-seven percent of organisations in the past three years participated in some consultation process at the local or national level.

**CSOS CAPACITIES**

**Objective 4.: Capable, transparent and accountable CSOs**

**Result 4.1.: CSOs’ internal governance structures are transparent and accountable to members/constituents/beneficiaries**

**Indicator 4.1.a.: Percentage of CSOs publishing their governance structure and internal documents (statutes, codes of conduct etc.)**

- 27% of CSOs believe that decision making in CSOs in Montenegro is in compliance with prescribed rules and laws of the organisation, 57% believe that decisions are made by some individual or top management, 15% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 27% of CSOs stated that decision making in their organisation is in compliance with prescribed rules and laws of the organisation, 57% stated that decisions are made by some individual or top management, 16% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 77% of CSOs stated that they have prescribed obligations to inform the members, or Managerial or Supervisory Board, customers or general public about the results of your work
- 91% CSOs inform members of their organisation about the results of their work, 81% inform founders of their organisation, 70% inform management board, 75% inform beneficiaries of their organisation, 82% inform general public, 72% general assembly, and 56% inform supervisory board

**Result 4.2.: CSOs are able to communicate the results of their activities to the public**

**Indicator 4.2.a.: External perception of importance and impact of CSOs activities.**

- 49.9% of surveyed trust to NGOs in their country, general population trust the most to the President of the state Presidency 52.3% of surveyed, and the least to political parties 29.2% of surveyed
- 43.6% of general population do not trust to NGOs
- 56.4% of the general population believes that NGOs support dealing with problems in their country, 52.4% of population believe that the President of the state Presidency supports in dealing with problems, and political party support the least 37.7%
- 38% of CSOs believe that the reason for lack of public presence of CSOs is insufficient interest of the media in reporting on CSOs activities, while 60% of CSOs believe it is due insufficient (or inadequate) CSO activities
- Almost all topics and issues listed in the survey were assessed as relevant in the range over 90%, only protection of animals was assessed with 83%
- 71% of surveyed believe that CSOs in their country are active in fighting problems in human rights area, 72% believe in the area of ecology, and 76% in rights of women
- 54% of surveyed believe that CSOs in their country are not active in fighting problems in safety area, 58% believe in the area of employment, and 59% in rural development

**Result 4.3.: CSOs are transparent about their programme activities and financial management**
Indicator 4.3.a.: Percentage of CSOs making their (audited) financial accounts and annual reports publicly available

- 34% of CSOs stated that they publish their statute on their web page, 30% stated that the statute is accessible to the public, 35% stated that the statute is not accessible to the public
- 2% of CSOs stated that their statute is accessible to public from their office
- 21% of CSOs stated that they have a rulebook and it available on their web page, 16% stated that they have a rulebook, 31% stated that have a rulebook, but it is not accessible to the public, and 32% stated that they do not have a rulebook
- 24% of CSOs (majority) stated that the rulebook is accessible in the written form
- 28% of CSOs believe that up to 10% of CSOs in Montenegro publish organisational Annual Program Statement of Work, 23% believe that only 11-30% of CSOs do so, 25% believe that 31%-70% organisation publish APS of Work, and 18% believe that more than 70% do so
- 30% of CSOs stated that they publish their APS of Work on their web page, and 42% stated that they do not have APS of Work accessible to public
- 27% of CSOs believe that up to 10% of CSOs publish organisational financial reports, 26% of CSOs believe that 11%-30% publish financial report, 27% believe that from 31-70% and 13% of CSOs believe that more than 70% of CSO publish financial reports
- 30% of CSOs stated that they have financial reports accessible to public and published on the web page, while 45% stated they do not have financial reports available to the public
- 46% of CSOs believe that up to 10% of CSOs publish audited reports, and 12% believe that more than 70% publish audited reports
- 20% of CSOs stated that they have audited financial reports accessible to the public by publishing it on their web page, 58% of CSOs stated that they do not have audited financial reports available to the public

Result 4.4.: CSOs monitor and evaluate the results and impact of their work

Indicator 4.4.a: Share of CSOs that monitor and evaluate their projects and programmes using baselines and quality indicators

- 31% of CSOs evaluate their projects pro forma, while 66% evaluate projects with the purpose of establishing efficiency and drawing a lesson for further projects
- 29% of CSOs use external evaluation for realisation of their projects
- 12% use external evaluator for assessment of implementation of their organisational strategy
- 73% of CSOs have established system for assessment of efficiency for realisation of conducted projects
- 60% of CSOs have established system for assessment for implementation of organisation's strategic plan

Objective 5.: Effective CSOs

Result 5.1.: CSO activities are guided by strategic long-term organisational planning

Indicator 5.1.a: Share of CSOs which have developed strategic plans including human resources development activities in order to attract and retain talent

- 62% of CSOs have developed strategic plan, 23% do not have a strategic plan
- 76% use internal evaluation when employing staff in their organisation
- 46% of CSOs neither have established system for assessment of efficiency of employees in their organisation, nor internal strategic plan dealing with these issues.
- 46% of CSOs stated that they have a human resources development plan aimed at attacking and keeping talented associates, while 18% stated that they are developing such plan
- 75% of CSO stated that they manage to keep talented associates, and 80% believe that they manage to attract quality new people

Result 5.2.: CSOs use research and other forms of evidence to underpin their activities

Indicator 5.2.a.: Number of CSOs’ who use adequate argumentation and analysis for achieving advocacy goals

- 49% of CSOs active in public advocacy, mainly/frequently uses research for their advocacy actions, while 47% of them mainly/very rarely use research
- 73% of CSOs believe that they have enough information at their disposal
- 52% of CSOs use official data of national statistical offices, ministries, 25% conduct their own studies, 10% use academic studies
Result 5.3.: CSOs regularly network within and outside country borders and make use of coalition-building for increased impact in campaigning and advocacy

Indicator 5.3.a: Share of CSOs taking part in local, national, regional and international networks

- 66% of CSOs indicated that they do not belong to any international network, 20% stated that belong to one international network, 7% stated that they belong to 2 international networks, 6% belong to more than 3 international networks
- 0% of CSOs are not active in any of international networks, 63% are active in one international network, 16% are active in 2 international networks, and 18% are active in more than 3 international networks
- 45% of CSOs indicated that they do not belong to any national network, 29% stated that belong to one national network, 12% stated that they belong to 2 national networks, 14% belong to more than 3 national networks
- 2% of CSOs are not active in any of national networks, 59% are active in one national network, 16% are active in 2 national networks, and 21% are active in more than 3 national networks
- 55% of CSOs indicated that they do not belong to any local network, 22% stated that belong to one local network, 9% stated that they belong to 2 local networks, 12% belong to more than 3 local networks
- 4% of CSOs are not active in any of local networks, 49% are active in one local network, 17% are active in 2 local networks, and 27% are active in more than 3 local networks
- 36% of CSOs do not find CSO networks efficient, while 61% find them efficient
- 15% of CSO stated that their contributed in terms of the exchange of experience/knowledge from being member of a network, 5% gained in terms of greater visibility

Objective 6.: Financially sustainable CSOs

Result 6.1.: Fund-raising activities are rooted in CSOs’ long-term strategic plans and the core mission of the organisation

Indicator 6.1.a.: Percentage of CSOs that confirm that they are able to raise funds according to their strategic plans

- 65% of CSOs believe that CSOs in Montenegro mainly adopt to donors’ priorities and collect funds also for other activities not in line with their organisational strategic plan, while 34% of CSOs believe that CSOs in Montenegro mainly stick with their strategic plan and collect funds for activities in line with their strategic plan
- 60% of CSOs stated that they mainly stick to their strategic plans and collects fund for activities in line with its strategic plan, while 38% stated that they adapt to donors’ priorities and collect funds also for other activities not in line with its strategic plans

Result 6.2.: CSO have a diversified funding base, including membership fees, corporate/individual giving and social entrepreneurship

Indicator 6.2.a.: Diversity in CSO sources of income

- 15% of CSOs stated that they did not have any donors in the past year, 20% had one donor, 20% had between 2-3 donors, 19% had 4-5 donors, and 14% over 6 donors
- 28% of CSOs had income from membership fees, 24% had from citizens, 44% form local self-government and/or regional administration, 23% from other foreign private or state resources, 22% form the EU funds, 36% form governments/ministries/state administration bodies, 30% from private companies operating in the country, 8% from public companies
- 68% of CSOs did not have income from membership fees, 71% did not have from citizens, 52% form local self-government and/or regional administration, 71% from other foreign private or state resources, 72% form the EU funds, 59% form governments/ministries/state administration bodies, 65% from private companies operating in the country, 79% from public companies
Synthesis of the baseline survey

COMPONENT 1: CONDUCIVE ENVIRONMENT

Objective 1: An enabling legal and policy environment for the exercise of the rights of freedom, expression, assembly and association

Result 1.1.: All individuals and legal entities can express themselves freely, assemble peacefully and establish, join and participate in non-formal and/or registered organisations

Indicator: 1.1.a: Quality assessment of existing legislation and policy framework

The Law on Associations (2009) and The Law on Endowments and Foundations (2010) implemented with no difficulties are considered to be modern laws that provide a framework for CSO work. The registration process is voluntary with clear, simple, decentralised procedures and possibilities for CSOs to register online in only a few days. Networking is allowed by the law and supported through a variety of policies and programmes. Numerous informal groups are very active and recognised by society. Local agencies still struggle with some aspects of registering foundations, for example, questions still arise regarding how such entities should formulate their establishing acts and define relations between co-founders. There are at least 100 functional networks at either the national or local level. In a survey from 2011, CSOs specified that they were members of more than 230 international networks. However, domestic networks and domestic individual organisations appear among them as well.

The Law on Associations and the Law on Endowments and Foundations stipulate that they are free in internal matters regulated by statutes. Amendments to the Law on the Budget System prescribe mandatory registration of beneficiaries of public funds and registration in the Register of Public Funds at the Treasury. The opening of a special purpose account for the special users of public funds or associations and other civil society organisations is also mandatory. The new Law on Accounting defines CSOs as other legal entities when applying the accounting regulations. Specific characteristics are reflected in simplified rules of evidence (they do not have to apply the International Accounting Standards), a special chart of accounts (obligatory three-digit accounts where categorisation and accounting of business changes are registered) and special forms of financial statements. Most CSOs are categorised as small legal entities and, according to the new criteria of categorisation, they will be categorised as micro legal entities and thus they are not subject to the statutory audit of financial statements as stipulated by the new Law on Auditing adopted in July 2013. The restrictions and the rules for dissolution and termination are clearly prescribed by law and statute. Opening an obligatory account in the treasury imposes additional burdens and costs to CSOs by making them open new accounts. Furthermore, when an account is opened a CSO has to pay higher bank fees than it would in a commercial bank. Cash is not allowed and e-banking is not possible.

Associations, foundations and endowments pursuing public interest objectives may engage directly in economic activities insofar as prescribed conditions are met. CSOs must register one economic activity, the so-called major economic activity it seeks to directly engage in, with the Registry of the Agency for Commercial registry. It may directly engage in other economic activities insofar as they are envisaged in the statute. There is inconsistency in the implementation of the article on economic activity because the supervising state authority occasionally has taken a position that a CSO may only directly engage in the economic activity, which is registered with the agency. Almost one quarter of CSOs have registered business activities (24 percent). There are no restrictions on CSOs to receive foreign funding. Bank transaction fees, which are not allowed as budget costs, are identified by CSOs as a financial burden to receiving foreign funding. Receiving funds from anonymous individuals through an account is not possible, as banks require a legal base for the payment or income.

Although freedoms of assembly and expression are guaranteed to everybody, they are not always implemented by public authorities.

Freedom of assembly, i.e. peaceful assembly is guaranteed by the Constitution and regulated in detail by The Law on Public Assembly (2005). Spontaneous gatherings are not allowed, since the application must be submitted, but the authorization is not needed. The law does not recognize/define the simultaneous and counter-assemblies. The best known example of encroachment of the freedom of assembly is the Pride Parade prohibition. Official explanation given by Prime minister was that the Pride Parade was restricted because assessments that may be compromising the safety of citizens and public order. The Constitutional Court issued a decision granting Association’s “Belgrade Pride Parade” appeal on above mentioned decision and determined that the constitutional complaint’s right to judicial protection and the right to freedom of assembly were violated.
Constitution of the Republic of Serbia guarantees freedom of opinion and expression, and freedom to speech, writing, painting, or otherwise seek, receive and impart information and ideas, but prescribes the limitations also. The Anti-discrimination Law forbids expression of ideas, information and opinions that incite discrimination, hatred or violence against a person or group of persons because of their personal characteristics, in the media and other publications, papers and places accessible to the public, by printing and displaying messages or symbols, or otherwise. Libel was abolished as an offense by Amendments to the Criminal Law from 2012. Data from AIEM (Association of Independent Electronic Media) reports show CSOs and human rights defenders were threatened freedom of expression and critical work. The list of CSOs entitled to “Black List of non-governmental organizations” and the similar list of media made by nationalistic associations

Legal framework guarantees to everyone the right to be truth, fully and timely informed about matters of public interest and public information are obliged to respect this right. The Electronic Communications Law guarantees the confidentiality of electronic communications. CSO access to media depends on the level of media interest in their activities, as well as political situation. Survey from 2011 showed that one third of CSOs has no access to Internet, which corresponds to the finding that one third of CSOs do not have a computer/laptop in their organization. The Ombudsman initiated assessing the constitutionality of provisions of the police interfere with the secrecy of communication channels and gave an opinion on the Draft regulation on detailed criteria for determining the degree of confidentiality of classified information “confidential” and “internal” to the public authorities.

**Indicator 1.1.b. Progress with the adoption and implementation of relevant legislation**

This indicator will be monitored as of this baseline in accordance to the adopted recommendations and targets.

**Result: 1.2. The policies and legal environment stimulate and facilitate volunteering and employment in CSOs**

**Indicator 1.2.a. Number of employees in CSOs (permanent and part-time)**

- There were 7,304 fully employed persons in associations in 2012.
- 36% of CSOs stated that they do not have employees, 10% have one employee, 33% from 2-5 employees, and 22% over 6 employees
- Out of total number of employees, 2.2% work full time, and 3.9% work part-time

**Indicator 1.2.b. Number of volunteers in CSOs per type of CSO/Sector**

- There were over 150,000 volunteers.
- 10% of CSOs in Serbia believe that up to 10% of CSOs engage volunteers, 9% of CSOs believe that 11-20% of CSOs engage volunteers, 38% of CSOs believe that 21-50% of CSOs engage volunteers, and 31% of CSOs believe that over 50% of CSOs in Serbia engage volunteers.
- 79% CSOs stated that they have engaged, 21% stated that have not engaged volunteers in 2013.
- 24% of the organisation had 1-5 volunteers, 47% of CSOs over 15 volunteers, and 29% between 6-15 volunteers in 2013.
- 21% of CSOs paid pecuniary compensations to the engaged volunteers in the amount of their costs, and 62% did not pay any pecuniary costs.
- 47% of CSOs stated that they did not conclude any volunteering contract with volunteers, while 6% stated that they have concluded with up to 3 volunteers, 10% concluded with 4-10 volunteers, and 6% with over 6 volunteers.
- 50% of CSOs did not conclude any other contract with volunteers.

**Indicator 1.2.c. Quality of the legislative framework**

75% of CSOs believe that legal solutions are not stimulating for volunteering in Serbia, while 15% believe the legal solutions are stimulating.

CSOs are treated in an equal manner to other employers by law and policies. There are no additional requirements when employing people in CSOs. The Labour Law treats CSOs and other employers in the same way. Labour Law is rigid in terms of employee contracting rules, as it does not allow time-limited, projects related contracting. This makes employment in the CSO sector quite difficult. CSOs use state incentive programmes for employment: start up programmes, the first chance programmes, young people to 30 years old employment, and professional development programmes. There are no defined specific statistics for non-profit sectors.

The Law on Volunteering is too codifying and makes it difficult for CSOs in Serbia to engage volunteers in their work. For example, the law prescribes obligatory agreements between a volunteer and the organisation that engages him/her. This law regulates basic terms related to volunteering, principles of volunteering, contracts on volunteering, rights and obligations of
volunteers and organisers, and oversight on the application of this law. The law puts an additional administrative burden on CSOs so that CSOs try to avoid the demands by creative implementation. On certain other points, the law remains unclear. For example, it introduces long-term, short-term and ad hoc volunteering, without a clear distinction between them or clear obligations that arise from the selection of a given form of voluntary engagement. There are indications that the law is being misused by employers who are using its unclear regulations to engage young, educated people as volunteers instead of employing them. Volunteer work is not recognised.

Result 1.3. National and/or local authorities have enabling policies and rules for grassroots organisations* and/or civic initiatives.

Indicator: 1.3.a. Quality of the enabling environment for grassroots organisations and/or civic initiatives

The registration process is voluntary with clear, simple, decentralised procedures and possibilities for CSOs to register online in only a few days. Numerous informal groups are very active and recognised by society. Local agencies still struggle with some aspects of registering foundations, for example, questions still arise regarding how such entities should formulate their establishing acts and define relations between co-founders. There are at least 100 functional networks at either the national or local level. CSOs specified that they were members of more than 230 international networks. However, domestic networks and domestic individual organisations appear among them as well.

Spontaneous gatherings are not allowed since an application must be submitted, but authorisation is not required. The law does not recognise or define simultaneous and counter-assemblies. The legal framework guarantees to everyone the right to be truthfully and timely informed about matters of public interest and public information and it guarantees respect of this right.

Objective: 2. An enabling financial environment, which supports the sustainability of CSOs.

Result: 2.1. Easy-to-meet financial rules for CSO, which are proportionate to their turnover and non-commercial activities

Indicator: 2.1.a. CSO perception of the ease and effectiveness of financial rules and reporting requirements (disaggregated by type/size of CSO)

- 21% of CSOs assessed that prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 77% were clear and understandable
- For 35% of CSOs it is not simple to implement prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 62% is simple to implement

Indicator: 2.1.b. Quality assessment of financial rules (with the focus on built-in mechanisms that financial rules and obligations change as the turnover and non-commercial activities change)

The new Law on Accounting was adopted in 2013. It recognised the specificities of the non-profit sector. Effects of this law will come into force, starting with drafting and submitting financial statements, in 2014. Amendments to the Law on the Budget System prescribe mandatory registration of beneficiaries of public funds and registration in the Register of Public Funds at the Treasury. The opening of a special purpose account for the special users of public funds or associations and other civil society organisations is also mandatory. The new Law on Accounting defines CSOs as other legal entities when applying the accounting regulations. Specific characteristics are reflected in simplified rules of evidence (they do not have to apply the International Accounting Standards), a special chart of accounts (obligatory three-digit accounts where categorisation and accounting of business changes are registered) and special forms of financial statements. Most CSOs are categorised as small legal entities and, according to the new criteria of categorisation, they will be categorised as micro legal entities and thus they are not subject to the statutory audit of financial statements as stipulated by the new Law on Auditing. The restrictions and the rules for dissolution and termination are clearly prescribed by law and statute. Opening an obligatory account in the treasury imposes additional burdens and costs to CSOs by making them open new accounts. Furthermore, when an account is opened a CSO has to pay higher bank fees than it would in a commercial bank. Cash is not allowed and e-banking is not possible.

Associations, foundations and endowments pursuing public interest objectives may engage directly in economic activities insofar as prescribed conditions are met. CSOs must register one economic activity, the so-called major economic activity it seeks to directly engage in, with the Registry of the Agency for Commercial registry. It may directly engage in other economic activities insofar as they are envisaged in the statute. There is inconsistency in the implementation of the article on economic activity because the supervising state authority occasionally has taken a position that a CSO may only directly engage in the economic activity, which is registered with the agency. Almost one quarter of CSOs have registered business activities (24 percent). Among them most were CSOs involved in environmental issues (29 percent), while the fewest were those involved
in healthcare (14 percent). There are no restrictions on CSOs to receive foreign funding. Bank transaction fees, which are not allowed as budget costs, are identified by CSOs as a financial burden to receiving foreign funding. Receiving funds from anonymous individuals through an account is not possible, as banks require a legal base for the payment or income.

Result: 2.2. Donations are stimulated with adequate legislation and regulations

Indicator: 2.2.a. Quality and applicability/practice of the legal framework for individual and corporate giving

Individual charitable giving is not recognised by the law as grounds for tax deductions. Requirements for receiving deductible donations are prescribed by the Tax Property Law and the set of publicly beneficial activities is not in compliance with Law on Associations and Law on F&E. Corporations have recognised expenditures for health care, cultural, educational, scientific, humanitarian, religious, environmental protection and sport-related purposes including contributions to the social security institutions established in compliance with the Social Security Law, up to five percent (May 2013). The National Strategy on CSR was adopted in 2010 for a five-year period. Individual donations are not tax deductible. Corporate tax deductions are characterised by complicated procedures. Quite often, when giving donations, corporations are subject to inspections. There are few CSOs leading in this topic and they are partners with the state in promoting CSR. Associations, which have the license and accreditation for offering social security services, are at a disadvantage as far as taxation is concerned in comparison to social security institutions. Tax statements of business companies as providers of material assistance will recognise only the expenditures to social security institutions. No specific deductions for these types of organisations exist.

Result: 2.3. Financial (e.g. tax or in-kind) benefits are available

Indicator 2.3.a.: Quality of the system of tax benefits for CSOs' operational and economic activities

Public benefit status is not clearly defined. The tax system is not favourable for CSOs. The tax administration inconsistently implements laws and regulations.

Like many other Eastern EU countries, Serbia does not stipulate any exemption from property tax on the real estate of associations, foundations and similar CSOs performing activities of public interest. The Property Tax Law of 2010 has abolished the 2.5 percent tax on gifts for foundations, endowments and associations for gifts or inheritances received and intended exclusively for achieving public benefit objectives. The non-taxable amount up to which received funds are not subject to gift taxes was raised to 100,000 dinars (EUR 877). The Corporate Profit Tax Law generally exempts CSOs from taxation on grants, donations, membership dues, and non-economic sources of income. Profit generated by an NGO is exempt from income tax provided that: a) income from economic activities did not exceed a given threshold of 400,000 dinars (EUR 3,500); b) earnings were not distributed to the founders, employees, members of the management board or any affiliated person thereof; c) salaries for the members of the management board and employees do not exceed double the average salary paid by organisations engaged in the same activities in the commercial sector; d) all earned profit was used to further the objectives for which the organisation was created; and e) the CSO's economic activities do not give rise to unfair competition with the private business sector, as defined by the antitrust law.

The establishment of endowments allowed no specific tax benefit. In 2012, parafiscal taxes, which were primarily regulated by the local governments, such as the “ecological tax”, the “communal tax” or the “branding tax” were abolished in many municipalities. However, there are still examples of tax administrations requesting that different parafiscal taxes be paid. They were overburdening CSOs, especially smaller CSOs located outside of the capital, with diminished funds, which are less and less able to fulfil their obligations. Passive investments are used only if funders allow. In practice, there are some difficulties in registering endowments due to a lack of knowledge of the SBRA.

Result 2.4.: Government support to CSOs is available and provided in a transparent, accountable, fair and non-discriminatory manner

Indicator 2.4.a.: Ratio of amount sought vs. amount approved/disbursed annually through state funding to CSOs. (this proves availability of funds)

Public funds for CSOs are not clearly planned within the state budget. Funds from line 481 (Grants for CSOs) and line 472 (Financing of Social Protection Services) from state budget1 are intended for CSO financing. However, sport clubs; churches; public institutions; the Red Cross (that already has its own line defined within the budget); and even individuals were financed from the same line.

- Total funds distributed through line 481 were EUR 70 million
- Forty percent was allocated for churches, religious communities and political parties

1 Report “Annual consolidated report on budget expenditures provided to the associations and other civil society organisations from the budget of the Republic of Serbia in 2011 “, Office for Cooperation with Civil Society
• Sixty percent was allocated for CSOs (around EUR 39 million)
• The Ministry of Youth and Sports was allocated 47.04 percent
• The Ministry of Finance and Economy was approved for 40 percent
• The Ministry of Labour, Employment and Social Policy was allocated 5.62 percent

Since line 481 is still not diversified, of EUR 39 million distributed, the largest proportion is allocated to sports clubs and associations

**Indicator 2.4.b.: Quality of state funding frameworks for civil society organisations (focusing on procedural documents)**

State support is not transparent enough. CSOs are not involved in prioritising and programming, especially on the local level.

State support to CSOs is regulated by the Law on Associations, the Law on Endowments and Foundations and bylaws and regulations on criteria for financing and co-financing CSOs activities in the national budget. Funds are provided only for projects and programmes, but not for the institutional development of CSOs. There is no unique national body or institution with a mandate for distribution of public funds to CSOs. There are no clear procedures as well. Available public funding often is insufficient even to cover administrative costs. Co-funding was introduced by the office but on a very small scale as compared to sector needs. Funding was neither predictable nor easy to identify although the office prepares a consolidated report. Funds intended for CSO financing are used for sport clubs, Red Cross organisations, public institutions, and even individual financing.

The Bylaw on Criteria of Financing and Co-financing CSO Activities from the national budget prescribes that allocation of funds is based on public calls announced by the competent authority on the official web site, and on criteria, conditions, scope, methods, process allocation, and the manner and process of returning the funds. Procedures addressing issues of conflict of interest in decision-making are prescribed by the Law on Prevention of Conflict of Interest in the Discharge of Public Office. Information is publicly announced on the official web site of the competent authority and/or the daily newspaper. According to the Annual Consolidated Report on Spending of Funds Planned and Disbursed to Associations and other CSOs, procedures are followed and applied in a harmonised way. In October 2013, the Government adopted changes to the bylaw. Based on requests by more than 100 organisations, and in cooperation with the Office for Cooperation with Civil Society, the amount of paperwork is reduced and required documents will be provided by relevant institutions and public bodies. CSOs stated that the CSOs supporting political parties in power are favoured on calls and tenders. The requirement of the Ministry of Youth and Sports for partnerships with local youth offices as a condition for application was stated as a negative example. CSOs rarely participate in tenders. One of the articles of the Law on Association allows for “any legal entity to found a non-governmental organisation”. This creates a situation of potential non-disclosed conflict of interest in cases when a CSO is founded by a political party, since all CSOs can apply for funding from national or local budgets, and decisions on those funds are made by people from the same parties.

The procedures and sanctions are prescribed by the Bylaw on Criteria of Financing and Co-Financing of CSOs Activities from the national budget. Monitoring is carried out during project implementation but without consolidated standards for all public institutions. The regular evaluation of the effects and impacts of public funds is not carried out. Outputs are monitored but not outcomes.

The Constitution of Serbia, the Law on Public Property, the Law on Local Self-Government, the Law on Local Self-Government Financing, towns’ and municipalities’ decisions on the use of state-owned property, the National Youth Strategy are the legal bases for non-financial support to CSOs. They are treated in the same manner as other legal entities. The Regulation on Conditions for Obtaining and Alienation of Immovable Property by Direct Negotiation, Public Property Lease, Public Bidding Procedures and Collection of Written Bids Defines Procedures for Providing Property and Space for CSO functioning in most cases. The National Youth Strategy as well as the Regulation on the Office for Cooperation with Civil Society Establishment prescribe the organisation of trainings and seminars for CSOs’ and informal groups’ capacity building. State institutions are publishing different publication and guidelines for cooperation between state and local institutions and for CSO improvement. State institutions support CSO initiatives and activities by letters of support or authorisations. There are cases when state authorities influenced or suggested the selection of activities implemented by a CSO so it would contribute to increase their political support.

**Service provision allowed for CSOs, however not stimulated for CSOs.**

The Law on Social Protection (March 2011) introduced CSOs as potential service providers, which is a novelty compared to the previous law and might significantly influence both the work and the sustainability of CSOs involved in the area of social protection. CSOs are allowed to provide innovative services. Through adoption of a number of bylaws dealing with standardisation and licensing, burdensome requirements will be imposed on CSOs. The Law on Public Procurement (2012)
requires a transparent tender procedure when bidding for funding services from public sources with criteria that many CSOs cannot meet. CSOs are not included in all phases of the development and provision of services. Only state institutions, Centres for Social Work, are authorised to estimate if there is a need for social services. The process of obtaining a license for provision of social services is too complicated, so very few CSOs have the opportunity to gain a public license. The favouring of state institutions in the licensing process is noticed. Because CSOs cannot get a license to get public funding for services, a large number of users of social services are affected and cannot be sustained.

There are several budget lines from the state budget dealing with the social services. However, there is no multiyear funding available. The main problem is that CSOs are not able to get a license for providing services, which makes it impossible to be beneficiaries of public funds. Funds allocated to CSOs are not sufficient; the delays and non-compliance with deadlines by state institutions continue.

The Public Procurement Law prescribes clear procedures and types of procedures for the distribution of funds for services. According to Law on Social Protection, the purchaser is obliged to provide the highest quality and most cost-effective provision of social services to be procured through the procurement. The Public Procurement Law ensures transparency and regulates conflicts of interest. Some of the calls are designed to know in advance who will meet the criteria. Monitoring of both spending and the quality of service providers is prescribed by the Law on Social Protection, the Regulation on Licensing CSOs Social Service Providers and Rules on the Conditions and Standards for the Provision of Social Services. Monitoring is performed during project implementation, but evaluation of quality, effects and the impacts of services provided are missing.

CHANGING RELATIONS, CSOS AND GOVERNMENT

Objective 3: Civil society and public institutions work in partnership through dialogue and cooperation based on willingness, trust and mutual acknowledgment around common interests

Result: 3.1. Public institutions recognise the importance of CSOs in improving good governance through CSO inclusion in decision-making processes

Indicator: 3.1.a. Percentage of laws, bylaws, strategies and policy reforms effectively* consulted with CSOs

* in terms of: adequate access to information, sufficient time to comment, selection and representativeness, diversity of working groups, acknowledgement of input, degree to which input is taken into account, feedback, and publication of consultation results

Indicator: 3.1.b Quality* of structures and mechanisms in place for dialogue and cooperation between CSOs and public institutions

* in terms of: CSO representation in general, representation of smaller or weaker CSOs, its visibility and availability, government perception of quality of structures and mechanisms, CSO perception of structures and mechanisms

- 33% of CSOs in Serbia were consulted in the process of preparation of drafts of local strategies, 27% of local action plans, 28% of specific laws, 30% of national strategies, 21% of national action plans, 11% of IPA programming of EU financial support, 8% of policy documents, 37% were not present in such consultations
- 83% of CSOs believe that they have adequate access to information
- 71% of CSOs believe that they have enough time for comments
- 66% of CSOs believe that their attitudes/positions were not taken into consideration during the consultations, while 30% believe that their inputs were taken into consideration
- 20% of CSOs assessed that there neither feedback nor consultancy results were published, 69% believe there was no feedback, and that some consultancy results were published by the public administration bodies, 10% of CSOs assessed that public administration provided detailed enough feedback, and consultancy results were easily available to all parties
- 15% of CSOs stated that are not familiar with the structures and mechanisms between CSOs and governments, 57% state that are familiar, but do not believe that they have actual use, 27% stated that are familiar with the structures and mechanisms and consider them useful
- 17% of CSOs stated that are not familiar with the structures and mechanisms for cooperation with local governments, 51% stated that are familiar, but believe that they have no actual use, and 32% stated that are familiar with the structures and mechanisms and consider them useful
- 26% CSOs believe that attending the consultations, 22% that promotion of importance of the EU Integration, and 21% that providing suggestions is the most important role CSOs have for monitoring the process of reporting on country’s progress towards EU
There is a strategic approach to furthering state/CSO cooperation and CSO development. CSOs are included in decision-making sporadically, and in final phases with no feedback provided on their input.

There is still no national document on rules and practices for Government/CSO cooperation, but CSOs actively participated in the preparation of national, legal and strategic documents including the Poverty Reduction Strategy, the Youth Strategy, and local development strategies of different Serbian Municipalities. There is a lack of a clear mechanism for consultation with CSOs that would ensure that civil society or, for the matter, citizens are properly consulted in the process of drafting and adopting legislation or policies. However, examples of CSO participation in certain phases exist. Generally, CSOs are involved in all phases of commenting and public debate, but not when policies are created and shaped.

The National Assembly’s Rules of Procedures defines which documents have to be published on the National Assembly web site. The Government’s Rules of Procedures prescribe its work is public. The Law on Free Access to Information of Public Importance defines clear procedures for access to public information, conditions, exceptions and deadlines, as well as sanctions for civil servants for breaching the legal requirements for access to public information. There are several web site and portals publishing legal, strategic documents and public calls (e-uprava, e-government, paragraf.rs, etc.). The Annual Report on the Implementation of the Law on Free Access to Information of Public Importance and the Law on Protection of Personal Data contain relevant data on requests for access to public information and the number and reasons for violations.

There are no formal requirements or obligations for CSO participation in different decision-making and/or advisory bodies. The Government Rules of Procedure prescribe mandatory public hearings. A proponent is required to conduct a public hearing to prepare a law that will significantly modify issues of special interest to the public. A certain level of cooperation has also been established with the Serbian Parliament and there are examples of CSOs’ access to plenary and committee sessions and Parliamentary hearings. CSOs stated that the practice of consultation with CSOs has not been developed. Calls are absent. Enough time is not given to comment. Calls are sent in later stages of development when only minimal changes could be made. CSOs pointed out that feedback on the outcome of a consultation, as well as responses to comments are largely absent.

The Office for Cooperation with Civil Society was established in 2010 as national level institution with a mandate to facilitate cooperation with civil society organisations. There is a lack of clear mechanisms for consultations with CSOs that would ensure that civil society, or for that matter, citizens are properly consulted in the process of drafting and adopting legislation or policies. However, examples of CSO participation in certain phases exist. The SECO mechanism is used to involve CSOs in the IPA programming process. The office has become fully operational, supporting government institutions in the understanding and recognition of the role of CSOs in decision-making processes. At the same time, the office successfully facilitates communication between two sectors in the process of defining and implementing legislative procedures and public policies. Recognising that relations between the Government and CSOs are still fragmented and without structured forms of cooperation between the two sectors, the office has drafted guidelines for the participation of the interested public in decision-making processes, which will be adopted by the Government. General professional training programmes for civil servants in public administration and government services for 2012 and 2013 defined training on cooperation between public administration and civil society in the design and implementation of public policy including the legislative, institutional and financial framework. The state increasingly invites civil society representatives to take part in discussions, which are often superficial and donor-driven to demonstrate to donors that civil society is being included. Most CSOs are consulted in the final phase of draft law or policy shaping without sufficient advanced information and when any changes are almost impossible. CSOs stated that the practice of consultation with CSOs has not been developed. Calls are absent.

Enough time is not given to comment. Calls are sent in later stages of development when only minimal changes can be done. CSOs pointed out that feedback on the outcome of consultation, as well as responses to comments are largely absent. An insufficient number of civil servants participate in trainings (25-30 per training). The bigger problem is the profile of persons who participate in training. They are persons who are not directly involved in relevant operations and/or are less burdened with work tasks and can participate in professional development training. Generally, CSOs are involved in the phase of commenting and public debate, but not when policies are created and shaped.
CSOS CAPACITIES

Objective 4.: Capable, transparent and accountable CSOs

Result 4.1.: CSOs’ internal governance structures are transparent and accountable to members/constituents/beneficiaries

Indicator 4.1.a.: Percentage of CSOs publishing their governance structure and internal documents (statutes, codes of conduct etc.)

- 32% of CSOs believe that decision making in CSOs in their country is in compliance with prescribed rules and laws of the organisation, 47% believe that decisions are made by some individual or top management, 19% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 54% of CSOs stated that decision making in their organisation is in compliance with prescribed rules and laws of the organisation, 18% stated that decisions are made by some individual or top management, 27% that decisions are made with prescribed rules including consultations with the employees and volunteers
- 81% of CSOs stated that they have prescribed obligations to inform the members, or Managerial or Supervisory Board, customers or general public about the results of your work
- 95% CSOs inform members of their organisation about the results of their work, 80% inform founders of their organisation, 89% inform management board, 83% inform beneficiaries of their organisation, 85% inform general public, 90% general assembly, and 77% inform supervisory board

Result 4.2.: CSOs are able to communicate the results of their activities to the public

Indicator 4.2.a.: External perception of importance and impact of CSOs activities.

- 29.9% of surveyed trust to NGOs in their country, general population trust the most to the President of the state Presidency 61.9% of surveyed, and the least to political parties 22.7% of surveyed
- 61.5% of general population do not trust to NGOs, 73.5% of surveyed do not trust to political parties, and 67.6% of surveyed do not trust to judiciary
- 34.5% of the general population believes that NGOs support dealing with problems in their country, President of the state presidency supports the most in dealing with problems 66.3%, and political parties support the least 31.3%
- 66% of CSOs believe that the reason for lack of public presence of CSOs is insufficient interest of the media in reporting on CSOs activities, while 33% of CSOs believe it is due insufficient (or inadequate) CSO activities
- Almost all topics and issues listed in the survey were assessed as relevant, by over 90% of surveyed citizens, only 82% of surveyed expressed interest in protection of animals was assessed , 89% in culture and art, 87% in rural development2
- 77% of surveyed believe that CSOs in their country are active in fighting problems in human rights area, 72% believe in the area of rights of women, and 70% in social care and humanitarian activities
- 73% of surveyed believe that CSOs in their country are not active in fighting problems in rural development, 68% believe in the area of employment, and 56% in safety

Result 4.3.: CSOs are transparent about their programme activities and financial management

Indicator 4.3.a.: Percentage of CSOs making their (audited) financial accounts and annual reports publicly available

- 41% CSOs that they publish their statute on their web page, 23% stated that the statute is accessible to the public, 34% stated that the statute is not accessible to the public
- 51% of CSOs stated that their statute is accessible to public from their office
- 23% of CSOs stated that they have a rulebook and it available on their web page, 10% stated that they have a rulebook, 34% stated that have a rulebook, but it is not accessible to the public, and 33% stated that they do not have a rulebook
- 31% of CSOs believe that up to 10% of CSOs in Serbia publish organisational Annual Program Statement of Work, 24% believe that only 11-30% of CSOs do so, 23% believe that 31%-70% organisation publish APS of Work, and 15% believe that more than 70% do so
- 33% of CSOs stated that they publish their APS of Work on their web page, and 44% stated that they do not have APS of Work accessible to public
- 38% of CSOs believe that up to 10% of CSOs publish organisational financial reports, 20% of CSOs believe that 11%-30% publish financial report, 15% believe that from 31-70% and 18% of CSOs believe that more than 70% of CSO publish financial reports

2 Topics and issues assessed included: education, social care and humanitarian activities, human rights, employment, the young and their problems, culture and art, ecology, violence, rights of women, fight against corruption, fight against drug abuse and alcoholism, safety, oversee government and local governments performances, rural development, protection of animals.
• 26% of CSOs stated that they have financial reports accessible to public and published on the web page, while 49% stated they do not have financial reports available to the public
• 49% of CSOs believe that up to 10% of CSOs publish audited reports, and 12% believe that more than 70% publish audited reports
• 19% of CSOs stated that they have audited financial reports accessible to the public by publishing it on their web page, 59% of CSOs stated that they do not have audited financial reports available to the public

Result 4.4.: CSOs monitor and evaluate the results and impact of their work

Indicator 4.4.a: Share of CSOs that monitor and evaluate their projects and programmes using baselines and quality indicators

• 29% of CSOs evaluate their projects pro forma, while 68% evaluate projects with the purpose of establishing efficiency and drawing a lesson for further projects
• 23% of CSOs use external evaluation for realisation of their projects
• 12% use external evaluator for assessment of implementation of their organisational strategy
• 86% of CSOs have established system for assessment of efficiency for realisation of conducted projects
• 69% of CSOs have established system for assessment for implementation of organisation’s strategic plan

Objective 5.: Effective CSOs

Result 5.1.: CSO activities are guided by strategic long-term organisational planning

Indicator 5.1.a: Share of CSOs which have developed strategic plans including human resources development activities in order to attract and retain talent

• 71% of CSOs have developed strategic plan, 15% do not have a strategic plan
• 79% use internal evaluation when employing staff in their organisation
• 40% of CSOs neither have established system for assessment of efficiency of employees in their organisation, nor 30% of CSOs have internal strategic plan dealing with these issues
• 44% of CSOs stated that they have a human resources development plan aimed at attacking and keeping talented associates, while 27% stated that they are developing such plan
• 80% of CSO stated that they manage to keep talented associates, and 81% believe that they manage to attract quality new people

Result 5.2.: CSOs use research and other forms of evidence to underpin their activities

Indicator 5.2.a.: Number of CSOs’ who use adequate argumentation and analysis for achieving advocacy goals

• 64% of CSOs active in public advocacy, mainly/frequently uses research for their advocacy actions, while 35% of them mainly/very rarely use research
• 77% of CSOs believe that they have enough information at their disposal
• 47% of CSOs use official data of national statistical offices, ministries, 30% of CSOs collect necessary data from many sources of information, 15% conduct their own studies
• 82% of CSOs access necessary data via official data of national statistic offices, ministries

Result 5.3.: CSOs regularly network within and outside country borders and make use of coalition-building for increased impact in campaigning and advocacy

Indicator 5.3.a: Share of CSOs taking part in local, national, regional and international networks

• 44% of CSOs indicated that they do not belong to any international network, 23% stated that belong to one international network, 13% stated that they belong to 2 international networks, 11% belong to more than 3 international networks
• 2% of CSOs are not active in any of international networks, 46% are active in one international network, 19% are active in 2 international networks, and 17% are active in more than 3 international networks
• 18% of CSOs indicated that they do not belong to any national network, 36% stated that belong to one national network, 14% stated that they belong to 2 national networks, 26% belong to more than 3 national networks
• 3% of CSOs are not active in any of national networks, 46% are active in one national network, 14% are active in 2 national networks, and 29% are active in more than 3 national networks
• 57% of CSOs indicated that they do not belong to any local network, 21% stated that belong to one local network, 5% stated that they belong to 2 local networks, 8% belong to more than 3 local networks
- 4% of CSOs are not active in any of local networks, 44% are active in one local network, 12% are active in 2 local networks, and 17% are active in more than 3 local networks
- 30% of CSOs do not find CSO networks efficient, while 67% find them efficient
- 26% of CSOs stated that they contributed in terms of the exchange of experience/knowledge from being member of a network, 27% gained in terms of access to information/exchange of information, 15% gained in greater visibility/influence/strength/affirmation of CSOs

**Objective 6.: Financially sustainable CSOs**

**Result 6.1.: Fund-raising activities are rooted in CSOs’ long-term strategic plans and the core mission of the organisation**

*Indicator 6.1.a.: Percentage of CSOs that confirm that they are able to raise funds according to their strategic plans*

- 66% of CSOs believe that CSOs in Macedonia mainly adopt to donors’ priorities and collect funds also for other activities not in line with their organisational strategic plan, while 34% of CSOs believe that CSOs in Macedonia mainly stick with their strategic plan and collect funds for activities in line with their strategic plan
- 70% of CSOs stated that they mainly stick to their strategic plans and collects fund for activities in line with its strategic plan, while 28% stated that they adapt to donors’ priorities and collect funds also for other activities not in line with its strategic plans

**Result 6.2.: CSOs have a diversified funding base, including membership fees, corporate/individual giving and social entrepreneurship**

*Indicator 6.2.a.: Diversity in CSO sources of income*

- 4% of CSOs stated that they did not have any donors in the past year, 11% had one donor, 30% had between 2-3 donors, 20% had 4-5 donors, and 29% over 6 donors
- 43% of CSOs had income from membership fees, 33% had from citizens, 55% form local self-government and/or regional administration, 29% from other foreign private or state resources, 23% form the EU funds, 35% form governments/ministries/state administration bodies, 29% from private companies operating in the country, 21% from public companies
Synthesis of the baseline survey

COMPONENT 1: CONDUCIVE ENVIRONMENT

Objective 1: An enabling legal and policy environment for the exercise of the rights of freedom of expression, assembly and association

Result 1.1.: All individuals and legal entities can express themselves freely, assemble peacefully and establish, join and participate in informal and/or registered organisations

Indicator: 1.1.a: Quality assessment of existing legislation and policy framework

The definitions of civil society and civil society organisations are absent in the related legislation. The legal framework only recognises associations and foundations as legal entities and other organisational forms such as platforms, initiatives, social enterprises and grant-making foundations are not recognised by law.

Freedom of association legislation is broadly in line with EU standards, but problems still continue with primary and, more importantly, secondary legislation. By limiting the interpretation of primary legislation, freedom of association is limited.

There is a legal framework for establishing associations, including umbrella organisations such as federations and confederations, and foundations. There is also legislation that regulates the establishment of “cooperatives” that are also called community-based enterprises. There is no legal framework for establishing other types of organisations such as platforms, networks or non-profit companies. The Law on Association and Foundation and respective regulations, rather than laying down freedom of association and rights as a framework, they provide very detailed regulations that provide limitations, restrictions, penalties, fines, and bureaucratic procedures. Concepts such as “general morality”, “Turkish family structure”, “national security” and “public order”, which are prevalent in the legal framework and do not have concrete definitions are open for the interpretation of state officials and the judiciary. Individuals and persons with legal capacity have the right to establish an association without having to obtain any prior approval. However, there are certain restrictions in special laws applicable to the members of the Turkish Armed Forces, the police and officers in public institutions and organisations who have civil servant status. The law defines the freedom of children under the age of 18 to establish an association pursuant to certain special regulations. There are restrictions applicable to people who are not Turkish citizens. Registration and application conditions are set out in the law. Registration is required to operate as a CSO and space for informal associational activities is not recognised. There must be seven founding members to establish an association. Within six months of operation, the association must reach at least 16 members to be able to fulfill the required number of members in the two legally required boards of the association. There is no minimum number of founding members required to start a foundation, but a foundation must own assets of at least TRY 50,000 (approximately EUR 17,500) to be founded. It is not allowed to establish foundations supporting a specific race or community member (Article 101, Civil Law). Freedom of association in the form of foundations to support an ethnic or religious group and/or identity is restricted. Neither associations nor foundations, which are against “morality”, may be established, but “morality” is a very vague term. The legal framework allows for freedom of international operations of associations and foundations.

Laws do not allow the establishment of CSOs online. Operating without registration is sanctioned. The Law on Associations regulates the registration process and the timeline for registration of associations and foundations and the Law on Foundations, and it varies depending on the workload of the courts. The necessary information and documentation that is required to found an association is comprehensive and, for many groups, is difficult to comply with. In addition, the DoA publicised a legal opinion on its website stating that an association cannot share the same address or premises with another legal or private entity. Foreign foundations and associations are required to get permission for their operations in Turkey. Only 102 foreign CSOs have received a permit to found an association, branch or representation in Turkey. While only four CSOs were given permission in 2012, the number increased to 27 in 2013. There are no barriers to CSOs' international communication and cooperation. However, regional disparities exist with respect to the frequency of such activities. Concepts present in the Law on Associations and Foundations create inconsistent and arbitrary interpretation and implementation by different state institutions and even within the same organisation. Some state authorities continue to litigate for the closure of LGBTI CSOs. They base their legal thesis on the “general morality”.

The legal framework is complicated, restrictive and bureaucratic. It is focused on limitations rather than freedoms, defining penalties and sanctions that do not meet the principle of proportionality. In addition, monitoring and inspection of CSO activities are not clearly defined resulting in inconsistent and ad hoc implementation in frequency, duration and scope.

Foundation and association laws provide for audit of associations and foundations to determine whether their activities are in...
line with the purposes set out in their bylaws. There is no special provision with respect to state protection from interference by the third party. There is no holistic approach or implementation of financial reporting and accounting rules, which takes into account the nature and size of the CSOs. Although the applicable legislation gives the authority to prepare special accounting regulations for associations and foundations to the relevant administrative bodies, there is no such special regulation in practice. Sanctions for breaching legal requirements are regulated under applicable legislation. There are specific provisions in the law with respect to liquidation and dissolution procedures that regulate automatic dissolution, temporary suspension of activities and termination of associations and foundations. The framework, as laid down in the legal framework regarding inspections and audits to be conducted by state authorities, is quite vague. There are examples of state interference in the internal matters of associations and foundations. With respect to audits of CSOs that do rights-based activities, there is a problem of unequal treatment of rights-based organisations. The frequency, duration and the scope of audits differ from organisation to organisation. Regional disparities, disproportionate administrative and judicial practices are observed with respect to audits and sanctions. Due to lack of defined terms in the applicable legislation certain CSOs face sanctions. Despite the existence of the Guide on Inspections of Duties and Operations of Associations published by DoA that aims to establish a standardised frame for the role and duties of auditors, civil society monitoring reports reveal that inconsistent implementation continues.

There are insufficient tax and other incentives for private donations and sponsorship, which makes many of CSOs dependent on public, often international, project grants. The Law on Collection of Aid provides very detailed regulations and bureaucratic obligations. It continues to be another major obstacle for CSOs to raise funds and to maintain their sustainability. According to this legislation, any CSO that does not have a special permit to collect aid and contribution without prior approval has to apply for permission to raise funds by submitting various sorts of information and documentation to the authorities. There are only 20 organisations that have a special permit to collect aid without prior permission. The law authorises the administration to refuse applications for collecting aid. The administration decides which organisations will receive excess funds when an organisation collects more funds or aid than stated in their applications. Associations and foundations may accept cash and in kind donations from persons, institutions and organisations abroad, subject to notification requirements. They can receive funds and aid from corporations, individuals and other sources in order to realise the purposes set out in their bylaws or charters. Use of foreign funds is not subject to approval, however, relevant authorities must be notified. There is no legal barrier to accepting grants and donations from individuals, corporations and other sources. Relevant provisions of the Turkish Commercial Code and the Foundations Law regulate the economic activities of CSOs. Economic enterprises of CSOs are considered as businesses by the Ministry of Finance and, hence, are subject to paying the same utility rates defined by the Corporate Tax Law. Associations and foundations must establish a commercial enterprise in order to carry out revenue generating activities.

The Law on Meetings and Demonstrations recognises the right of citizens to organise an assembly and demonstration without having to obtain any prior authorisation. However, the places and duration allowed for meetings and demonstrations are restrictive, while the law provides the administration and security forces with wide discretionary powers. The restrictions and limitations are further intensified via secondary legislation.

Pursuant to the Constitution, everyone has the right to organise meetings and demonstrations without having to obtain any prior authorisation. However, regarding laws laying down freedom of assembly in Turkey, several obstacles are observed, such as: openness to various interpretations of concepts presented in legislation; different treatments of citizens vs. non-citizens; notification requirements that de facto become permission from the administration; limited and restrictive places and venues allowed for demonstrations; administration with the ultimate authority for intervention; limited timeframe for demonstrations and meetings which make it impossible to hold open-air meetings or demonstrations at night. Meetings and demonstrations must be notified to the relevant civilian authority 48 hours in advance, under all circumstances. The right of assembly and demonstration may be restricted by law for national security, public order, and prevention of crime, protection of public morals, public health and the rights and freedoms of others. In addition, restrictions may apply with respect to the designated site, route and square. The right of CSOs to appeal the prohibitions introduced by public authority is not regulated in the applicable legislation. Article 18 of the law provides that postponement and prohibition of an assembly must be notified to the Assembly Organisation Committee at least 24 hours in advance. Spontaneous, unplanned and counter-assemblies are subject to authorisation. The law sets out sanctions applicable to those who prevent an assembly or demonstration or disrupt the peace and quiet. Instances where the CSOs may exercise their freedom of assembly without prior notification is limited. There are instances of excessive use of force by the police, including beatings during peaceful demonstrations. Media is allowed to attend assemblies, however, there is no regulation encouraging such attendance. It has been reported that during the Gezi Park protests, journalists were subjected to insults, preventions and even physical violence, and the pictures that they took were destroyed.

The Constitution provides for freedom of thought and opinion for all. Everyone is equal before the law without discrimination based on language, race, colour, sex, political opinion, philosophical belief, religion and sect, etc. Defamation is generally regulated under the Law on Misdemeanours. There are certain defamation offenses that are within the scope of the Criminal
The Anti-Terror Law and the Law on Misdemeanours have indirect effects on associational life. They are drafted with vague, broad terminology, which gives both the administration and the judiciary with extensive discretionary powers over broader and negative interpretations. Groups that criticise the status quo are marginalised either verbally or through physical intervention. Instances where the freedom of expression by human rights activists was violated have been identified (Gezi Park Protests). Instances where journalists, human rights activists, academicians and artists have been prosecuted and put on trial due to their opposing views have been also identified. Authority granted to the administration via the Anti-Terror Law or the Law on Misdemeanours, exert pressures over human rights defenders and other organisations.

The Constitution guarantees freedom and privacy of communication for all. However, there are regulations granting public institutions the authority to restrict such rights to an extent that would be below the international standards. Pursuant to the relevant law, unless there is a duly issued judicial decision based on one or more of the following: national security, public order, prevention of crime, protection of public health, public moral or rights and freedoms of others, communication cannot be prevented or privacy violated. Internet censorship by the government is common and has increased in the last couple of years. The Law on the Regulation of Publications Made on the Internet and the Fight against Crimes Committed via such Publications had a significant negative impact on political freedom of expression. Preventing access to web sites with opposing views and certain web sites that had a public benefit, blocked the way to reaching alternative views. Based on data from 2013, 48.9 percent of the total population accessed the Internet in the last three months. Although the use of Internet has increased considerably in the last few years, regional disparities remain. Furthermore, despite a decrease in prices and an increase in the bandwidth, due to a lack of technological literacy, especially among the elderly population, the use of Internet remains limited. The Law on the Internet does not define content crimes well. This in turn leads to arbitrary practice. There are no reported illegal threats and pressures to suppress online activists and bloggers based on data from the first quarters of 2011 and 2012. However, there are practices such as obstructing access to certain CSOs’ and social networks’ web sites. On several occasions, high-level officials criticised social media as a threat to society. Forty-eight citizens were put in police custody for posting Twitter messages about the Gezi Park protests but released later. Website bans have been increasing and are disproportionate in scope and duration. A website run by a civil initiative on freedom of Internet, “Engelli Web” (Disabled Web), provides that by 3 February 2014, 40,482 web sites were banned in Turkey where 83.9 percent of the decisions on bans were made by the Presidency of Telecommunication (TİB). A recent amendment made to the relevant law further increased the arbitrary limitation and blocking of websites.

**Indicator 1.1.b. Progress with the adoption and implementation of relevant legislation**

This indicator will be monitored as of this baseline in accordance to the adopted recommendations and targets.

**Result: 1.2. The policies and legal environment stimulate and facilitate volunteering and employment in CSOs**

**Indicator: 1.2.a. Number of employees in CSOs (permanent and part-time)**

According to November 2013 data from the General Directorate of Foundations, only 1,831 of 4,679 foundations (39.1 percent) have paid staff, and the total number of employees working for these foundations is 16,008. Only 645 (13.7 percent) of 4,679 foundations stated that they work with volunteers. The total number of volunteers is 1,007,560. Department of Associations does not publish any data regarding the number of employees and volunteers. Fifty-seven percent of CSOs do not have paid staff.

- Zero percent of CSOs stated that they do not have employees, eight percent have one employee, 45 percent from two to five employees, and 45 percent over 6 employees
- Out of total number of employees, 14.1 percent work full time, and 5.1 percent work part-time

**Indicator: 1.2.b. Number of volunteers in CSOs per type of CSO/Sector**

Data from the General Directorate of Foundations in 2012 indicated that 1,007,560 volunteers worked for 645 foundations in Turkey. The number of members (only real persons) is 1,155,359 for 3,456 foundations. According to 2011 data published by DoA, the number of association members is 8,852,907.

- Eight percent of CSOs in Turkey believe that up to ten percent of CSOs engage volunteers, five percent believe that 11 to 20 percent of CSOs engage volunteers, 29 percent believes that 21 to 50 percent of CSOs engage volunteers, 55 percent believes that over 50 percent of CSOs engage volunteers.
- Eighty-two percent of CSOs stated that they have engaged volunteers, 18 percent stated that have not engaged volunteers in 2013 and, for three percent, it was not applicable.
- Twenty-two percent of the organisations had one to five volunteers, 54 percent of CSOs over 15 volunteers, and 24 percent had between six to fifteen volunteers in 2013.
Twenty-three percent of CSOs paid pecuniary compensations to volunteers, and 49 percent did not pay any pecuniary costs.

One percent of CSOs stated that they did not conclude any volunteering contracts with volunteers, while six percent stated that they have concluded with up to three volunteers, two percent concluded with four to ten volunteers, and three percent with more than ten volunteers.

Three percent of CSOs did not conclude any other contracts with volunteers.

**Indicator: 1.2.c. Quality of legislative framework**

Fifty-three percent of CSOs stated that legal solutions in Turkey do not stimulate volunteering, while 37 percent stated that the legal solution is stimulating.

CSOs are subject to the Labour Law as are other sectors. There are no special provisions with respect to CSO employees. There is no special employment policy of the state with respect to CSOs. Although there are statistics kept by the Department of Associations and the General Directorate of Foundations, it is not known whether such information is entered into the national statistics system.

There is neither special legislation and regulation with respect to volunteering nor a holistic state policy. There is no special legislation regulating the relationship between CSOs and the volunteers. It is known that certain CSOs have developed their own volunteering policies. It is known that a CSO that works with volunteers has been subject to a significant monetary fine because their volunteers are treated as uninsured workers. Since, there is no healthy, comprehensive formal and informal data on volunteering in Turkey, therefore it is not possible to analyse the most popular thematic areas of volunteering work.

**Result 1.3. National and/or local authorities have enabling policies and rules for grassroots organisations and/or civic initiatives.**

**Indicator: 1.3.a. Quality of the enabling environment for grassroots organisations and/or civic initiatives**

Registration and application conditions are set out in the law. Registration is mandatory by relevant laws. Space for informal associational activities is not recognised. Operating without registration is sanctioned. Laws do not allow the establishment of CSOs online. The registration process and the timeline for registration of associations and foundations are regulated by the Law on Associations and the Law on Foundations. The timeline for establishing a foundation varies depending on the workload of the courts.

Under the applicable legislation, meetings and demonstrations must be notified to the relevant civilian authority 48 hours in advance. The right of assembly and demonstration may be restricted by law for national security, public order, and prevention of crime, and the protection of public moral, public health and the rights and freedoms of others along with restrictions that may apply to a designated site, route and square. Prior notification is required under all circumstances. The Constitution guarantees freedom and privacy of communication for all. However, there are regulations granting public institutions the authority to restrict such rights to the extent that would be below international standards. There are no reported illegal threats and pressures to suppress online activists and bloggers based on data from the first quarters of 2011 and 2012. However, there are practices such as obstructing access to certain CSOs’ and social networks’ web sites. On several occasions, high-level officials criticised the social media as a threat to society. Forty-eight citizens were put in police custody for posting Twitter messages about the Gazi Park protests but released later.

**Objective: 2. An enabling financial environment, which supports the sustainability of CSOs.**

**Result: 2.1. Easy to meet financial rules for CSO, which are proportionate to their turnover and non-commercial activities**

**Indicator: 2.1.a. CSOs’ perception of the ease and effectiveness of financial rules and reporting requirements (disaggregated by type/size of CSO)**

Sixteen percent of CSOs stated that prescribed financial rules and obligations for bookkeeping and accounting for their organisations are not clear and understandable, while 80 percent stated that they were clear and understandable.

For 23 percent of CSOs it is not simple to implement prescribed financial rules and obligations of bookkeeping and accounting for their organisations. The rules are not clear and understandable. Seventy-one percent found the rules simple to implement.

**Indicator: 2.1.b. Quality assessment of financial rules (with the focus on built-in mechanisms that financial rules and obligations change as the turnover and non-commercial activities change).**
Financial regulations and penalties are against the principle of proportionality. Although applicable legislation gives the authority to prepare special accounting regulations for associations and foundations to the relevant administrative bodies, there are no such special regulations in practice. The Law on Associations defines 17 types of penalties and fines. A few of the critical penalties in the law are: Association administrators who do not keep the required books or records are charged with a prison sentence of three months to one year or a judicial fine; breaching the requirement to use the Turkish language in their books, records and official institutions are charged with an administrative fine of TRY 1,000. The Law on Foundations defines three penalties with administrative fines of TRY 500. The regulation on Foundations requires foundations to keep fewer books than associations must keep. With respect to audits of CSOs that do rights-based activities, there is a problem of unequal treatment of organisations. The frequency, duration and the scope of audits differ from organisation to organisation.

The Law on Collection of Aid provides very detailed regulations. Bureaucratic obligations continue to be another major obstacle for CSOs to raise funds and maintain their sustainability. According to this legislation, any CSO that does not have a special permit to collect aid and contribution without prior approval has to apply for permission to raise funds by submitting numerous documents to the authorities. There are only 20 organisations that have a special permit to collect aid without prior permission. The law authorises the administration to refuse applications for collecting aid. The administration decides which organisations will receive excess funds when an organisation collects more funds or aid than stated in their applications. Relevant provisions of the Turkish Commercial Code and the Law on Foundations regulate economic activities of CSOs, however, associations and foundations must establish a commercial enterprise in order to carry out revenue generating activities. Associations and foundations may accept cash and in kind donations from persons, institutions and organisations abroad subject to notification requirements. They may accept donations and assistance from corporations, individuals and other sources in order to realise the purposes set out in their bylaws and charters. Use of foreign funds is not subject to approval, however, relevant authorities must be notified. The legislative framework should be revised to facilitate corporate and individual philanthropy. Establishing an endowment is mandatory for foundations. There is no administrative difficulty in their establishment or operation, but the minimum endowment amount for foundations is EUR 16,200.

Result: 2.2. Donations are stimulated with adequate legislation and regulations

Indicator: 2.2.a. Quality and applicability/practice of the legal framework for individual and corporate giving

Tax deductions applicable to individual and corporate donations are limited. The Council of Ministers grants a special tax-exempt status for foundations and public interest status for associations. Individuals and legal persons receive a five percent tax deduction only when they donate to tax-exempt foundations. They receive a 0.04 percent tax deduction when they donate to associations with public benefit status. There is no tax deduction applicable to individuals who are permanent employees. Only organisations that have tax-exempt or public interest status may benefit from donations subject to tax deduction. Online giving and crowd funding are emerging as a new trend in Turkey. However, the Law on Collection of Aid constitutes a great obstacle to these online tools. Corporate social responsibility and its practices are still in a transitional phase in Turkey. The number of companies implementing CSR projects and sponsorship activities is increasing due to growing expectations from employees and customers.

Result: 2.3. Financial (e.g. tax or in-kind) benefits are available

Indicator 2.3.a.: Quality of the system of tax benefits for the CSOs’ operational and economic activities

Tax exemption and public benefit statuses are granted to a very limited number of CSOs by the Council of Ministers. This is a highly bureaucratic, political and non-transparent process and the privileges provided with the status are very limited. Furthermore, The Law on Collection of Aid, with heavy limitations, bureaucratic rules and procedures, creates obstacles for the financial viability of CSOs.

CSOs are exempt from profit and income tax on their ordinary fundraising activities, but tax is incurred on all economic activities. Donations and grants are tax-exempt. Donations and collections to associations and foundations outside of their centre and income generating activities are regulated under the Law on Collection of Aid. The aforementioned law subject donation collection to heavy bureaucratic rules and does not promote CSOs financial sustainability. The commercial enterprises of associations and foundations are treated as business corporations; hence, they are subject to paying the same utility rates defined by the Corporate Tax Law. This creates heavy burdens on CSOs as they implement economic activities to create social benefit. There is no tax benefit for the income the foundations obtain from securities. Foundations and associations may obtain rent from their real estate, dividends from contribution shares and share certificates, interest on bonds and Turkish Lira and from foreign currency investments. Pursuant to the Income Tax Law, all of the foregoing revenues are subject to withholding tax to be paid by the payer of the relevant revenue item. The legislation allows the establishment of endowments. CSOs are exempt from inheritance and transfer and corporate taxes in connection with donations made to their endowments. Establishing an endowment is mandatory for foundations, and the minimum endowment amount for foundations is EUR 16,200. It is free to make passive investments, however, there are different tax treatments applicable.
Result 2.4.: Government support to CSOs is available and provided in a transparent, accountable, fair and non-discriminatory manner.

Indicator 2.4.a.: Ratio of amount sought vs. amount approved/disbursed annually through state funding to CSOs. (this proves availability of funds)

There is no general information on the percentage of the total budget allocated to CSOs. Out of the Social Support Programme of the Ministry of Development, 495 supported projects (31 percent) were implemented by CSOs with a total amount of TL 66,505,583. This was 34 percent of the total funds allocated. Although the available data shows that the allocated funds comply with the 25 percent rule, a greater percentage of the funds were spent by public institutions. Project Support for Associations by the Department of Associations in the Ministry of Internal Affairs allocated TL 10,072,904 for 221 projects in 2012. In 2013, TL 10,569,613 were allocated for 248 projects. In total, this ministry allocated EUR 3.3 million to a total of 98,945 CSOs. The total amount of allocated funds to the CSO Capacity Building and Financial Support Programme from the Prime Ministry, Presidency for Turks Abroad and Related Communities is unknown. The Ministry of Culture and Tourism also accepts applications for CSO projects to support with public funds. The total amount of funds allocated by the Ministry of Culture and Tourism is unknown. Youth and Sports Ministry support also includes projects implemented by CSOs. In 2012, 120 were supported with a budget of TL 10,201,401. In this call for proposals, 79 projects were awarded to CSOs with a budget of TL 730,425. In 2013, 157 projects were awarded to CSOs with a budget of TL 19,107,194.

Indicator 2.4.b.: Quality of state funding frameworks for civil society organisations (focusing on procedural documents)

There is no holistic legislation with respect to other state support. The Central Finance and Contracts Unit (CFCU) ensures that the EU administrative procedures pertaining to grants, works, supplies and procurement of services is adhered to in the context of EU funded programmes in Turkey. Other funds are individually distributed through relevant public institutions and ministries. EU Community Programmes are implemented via the Turkish National Agency. There is no regular and continuous public funding to support the infrastructure and activities of CSOs. The Ministries may set aside a budget if authorised by the law. Lottery proceeds are not allocated to CSOs in Turkey. There is no special regulation with respect to CSO involvement in the distribution of public funds. However, there is low budget funding transferred to CSOs by the ministries, but such resources remain insufficient. Public funds are allocated to CSOs through ministries and project partnership mechanisms, and grant allocation or service contracts are rarely used. The ministries distributing the funds are also responsible for monitoring the funds. A general budget audit is carried out by the Ministry of Finance. As the public funds are not distributed in a transparent manner, it is not possible to foresee the funds allocated to CSOs. The determination of the funding amount is at the discretion of the ministries and may vary from year to year.

A regulation published, based on a Council of Ministers decision, regulates the conditions with respect to the funding associations and foundations from public administrations’ budgets. It also regulates conditions for evaluation of funding requests, the use of such funding, principles of monitoring and auditing, administrations’ authority to issue regulations and disclosure of funding to the public. Relevant ministries have issued directives and regulations in connection with the allocation of funding to associations and similar organisations from their budgets, based on the aforementioned regulations. Such ministries have also prepared application guidelines and published the amount of support provided and the names of the projects that they have supported in the last few years. Distribution of public funds is left to the discretion of the commissions formed under the relevant ministries. Commission decisions do not disclose the projects that apply for funding in their entirety or the reasons for selecting the chosen projects. Selection criteria are announced by the ministries in advance. There are regulations with respect to disputes arising from selection criteria. However, such procedures vary depending on the relevant ministry. As there are no transparent mechanisms regulating the application for and the process of the allocation of public funds and aids to CSOs, ministries do not set out the total budget, selection criteria and selection conditions for funds and aids allocated to CSOs. There is no common practice for ministry funds other than EU funding. Furthermore, even when the total budget is announced by the ministry, detailed information with respect to the allocation of the funding is not shared with public. A lack of common understanding and practice is observed in connection with provision of financial aid to CSOs by the Ministries. Application for public funding does not create an additional cost for CSOs. Bureaucratic conditions vary between different funds. There is no information with respect to the fairness of the tenders.

General principles regarding distribution of public funds, financial accountability, monitoring and evaluation are regulated under Law No. 5018 on Public Finance Management and Control. The aforementioned law also regulates the sanctions applicable to violations of procedures. There is no data regarding the way the monitoring is carried out. Although there are special monitoring and evaluation units under certain ministries, the methods adopted and the consequences are not known. There is no data as to whether public organisations carry out regular evaluations on the effects and impacts of public funds. There is no data available with respect to favouritism or discrimination by state authorities against CSOs based on their loyalties or political affiliations. Nevertheless, there are examples supporting the view that there are cases of institutional discrimination. Other than predetermined fund mechanisms, no subsidy, grant or any other resource may be transferred to associations and
foundations from the budgets of public institutions and organisations. There are no well-defined practices in relation to the well-defined criteria and objectives. Compared to the relations of CSOs at central level public institutions, CSOs state that they “work more effectively and closely with municipalities as opposed to governorships. Municipalities are more eager to offer in-kind support to CSOs, often in the form of free travel, meeting rooms, and assistance with announcing CSO activities to larger audiences”. While the framework Law No. 5072 prohibits public support, there are examples of cooperation between CSOs and certain public institutions based on protocols. Different practices with respect to cooperation between CSOs and local authorities exist. There is no data with respect to favouritism, but there is no data on equal treatment of CSOs in comparison with other actors when providing state non-financial resources. There is no data on whether there are cases of state authorities granting non-financial support only to CSOs that do not criticize their work, or data of cases depriving critical CSOs of support. There are examples supporting the view that there is discrimination.

The Municipality Law that gives responsibility to municipalities to assist and support CSOs limits the beneficiaries of this support to those with special status: associations with public benefit status and foundations with tax exempt status. In addition, in 2012, an amendment was made to Article 75 of the Municipality Law, which will further hamper cooperation between CSOs and municipalities, since it neither provides a clarification regarding the types and nature of service activities to be supported nor provides the criteria for permission. In such a context, this revision is increasing the discretionary power of the central government and accordingly decreasing freedom of association. Relevant laws and regulations allow CSOs to provide services in various areas in cooperation with the public sector. Provisions in the relevant regulations are binding with respect to the additional services to be provided by CSOs. The relevant legislation and regulations do not discriminate between CSOs and other legal entities. Although there are no barriers to CSO competition, there is no practice of promoting such competition either; examples of service provision by the civil society are limited.

Practice of CSO involvement in service delivery is not developed. The existing legislation does not involve specific clauses related to service provisions by CSOs.

There is no funding strategy that would ensure a variety of services, which could be provided by CSOs, including multi-year programmes. There is no legal barrier to CSOs receiving public funding for the provision of different services. CSOs can sign long-term contract depending on the conditions of the service contract, but there are few CSOs that provide services. Contracting services to CSOs is not common practice. Since there is no data available, it is unknown if the funds received for the social services are sufficient to cover basic costs, including proportionate institutional overhead costs. There is no mass data on information regarding delays in payments and flexibility in funding, with the aim to provide the best quality of services, but there are examples that CSOs face problems regarding payments.

The procedures with respect to services are regulated under the Law on Public Procurement and the legislation covers CSOs as well. There is no regulation specifying the defined procedures for contracting services, which would allow for transparent selection of CSOs providing services. There are no common selection criteria for selection of service providers. In some of the cases price is the lead criterion for selection of service providers but there are instances where service providers are selected in accordance with their technical capacities. Provisions with respect to transparency and conflicts of interests are included in the relevant agreements. There is a right to appeal tender results. There is no data in relation to fairness of competition during the tendering procedure for social services. Generally, the tender processes are carried out with sufficient capacity.

The monitoring and evaluation procedures of service provisions are defined in the relevant legislation. The legislation does not include special provisions with respect to CSOs. There is no data available whether CSOs are subject to extensive control. The workings, arrangements and frequency of the monitoring process are not known.

There is no data with respect to the quality of the process related to the evaluation of the quality, effects and impacts of services provided, as the results are not shared with the public.

**CHANGING RELATIONS, CSOS AND GOVERNMENT**

**Objective 3: Civil society and public institutions work in partnership through dialogue and cooperation, based on willingness, trust and mutual acknowledgment around common interests**

**Result: 3.1. Public institutions recognise the importance of CSOs in improving good governance through CSO inclusion in decision-making processes**

*Indicator: 3.1.a. Percentage of laws/bylaws, strategies and policy reforms effectively* in terms of: adequate access to information, sufficient time to comment, selection and representativeness, diversity of working groups, acknowledgement of input, degree to which input is taken into account, feedback and publication of consultation results*
Twenty-five percent of CSOs in Turkey were consulted in the process of the preparation of drafts of local strategies, 16 percent in the process of preparation of local action plans, 18 percent in the process of preparation of specific laws, 12 percent in the process of preparation of national strategies, ten percent in the process of preparation of national action plans, eight percent in the process of preparation of IPA programming of EU financial support, 5 percent in the process of preparation of policy documents, 33 percent were not present in such consultations.

Ninety-three percent of CSOs believe that they have adequate access to information.

Eighty-three percent of CSOs believe that they have enough time for comments.

Fifty-one percent of CSOs believe that their attitudes and positions were not taken into consideration during the consultations, while 45 percent believe that their inputs were taken into consideration.

Seventeen percent of CSOs assessed that neither their feedback nor consultancy results were published, 58 percent believe there was no feedback, and that some consultancy results were published by public administration bodies, 25 percent of CSOs assessed that public administration provided detailed enough feedback, and consultancy results were easily available to all parties.

Twenty percent of CSOs stated that are not familiar with the structures and mechanisms between CSOs and governments, 43 percent state that are familiar, but do not believe that they have actual use, 37 percent stated that they are familiar with the structures and mechanisms and consider them useful.

Eighteen percent of CSOs stated that they are not familiar with the structures and mechanisms for cooperation with local governments, 45 percent stated that they are familiar, but believe that they have no actual use, and 36 percent stated that they are familiar with the structures and mechanisms and consider them useful.

Fourteen percent of CSOs believe that attending the consultations, 36 percent that collecting of data, and 34 percent that providing suggestions is the most important role CSOs have for monitoring the process of reporting on the country’s progress towards the EU.

There is neither a government strategy nor a relevant legal or operational framework laying out Public Sector/CSO relations. To this end, CSO participation in decision-making processes is not ensured. Furthermore, there is no specific state institution to coordinate, monitor and facilitate public funding. Therefore, public funding is ad hoc, inconsistent and scattered. Major criticisms of the transparency and accountability of funds allocated by public bodies exist.

There is no general strategy for cooperation between the government and CSOs. However, the Regulation on the Procedures and Principles of Legislation Preparation includes provisions that regulate getting the opinion of civil society with respect to drafts prepared by the relevant ministry by public institutions and organisations before drafts are submitted to the Prime Ministry. In addition, there is a reference to communication and cooperation with respect to shared goals between the public sector and the civil society in the strategy plans prepared by the ministries and various organisations in accordance with the Law No. 5018 on Public Finance Management and Control. Also, the strategy documents of the relevant ministries include provisions such as identifying CSOs operating in the field of activity of the relevant ministry, which are open to cooperation as stakeholders. Although there is no general binding document, certain public institutions consult CSOs when preparing strategic plans. Since there is no strategic paper, it is hard to measure the level of cooperation between the state and CSOs, as well as the monitoring and evaluation process. In practice different state institutions have monitoring and evaluation procedures, which are not transparent. The Department of Associations and the General Directorate of Foundations keep the official statistical data with respect to civil society. However, those data are not taken into account in connection with development of public/CSO cooperation and they are not transferred to national statistics system.

The Regulation on the Procedures and Principles of Legislation Preparation includes provisions, which set forth that, in the event that it concerns the general public, drafts may be brought to the attention of the general public by the relevant ministry through the Internet, press or broadcasting in order to inform or take feedback into account during the opinion evaluation process. Although there is an increase in the number of published drafts, not all drafts are being published. Publication of the legislation is prepared at the discretion of the related public institution. Problems regarding applications made in accordance with the on the Right to Information Law continue to arise in practice. Common problems that arise often include differences in application procedures such as instances where no response is provided within the time period prescribed under the law and questions are left unanswered or insufficiently answered under the grounds that additional research is required to respond. Under the penal provisions of the Right to Information Law there are sanctions applicable to civil servants and other public officials in the event that they are negligent, at fault or wilful in the implementation of the law. Although there are certain initiatives related to sanctioning violations of the Right to Information Law, there is no data on whether any such sanctions are applied.
CSO involvement in the decision-making process is not required or mandated by existing legislation. There are neither defined criteria in the legislation nor clear guidelines on how to ensure appropriate representation from civil society that is base on transparent and pre-deterrent criteria. Practice related to inclusion of CSOs by decision-making and advisory bodies on issues and policies relevant to CSOs varies between public institutions and ministries, and there are no objective mechanisms and procedures with respect to selection processes. Some CSOs mention that, depending on the relevant institution, personal relationships may have an impact on the selection process. Although there is no supportive data, there are examples that support the view on the existence of unfavourable examples related to the ability of CSOs to freely present and defend their positions in decision-making and advisory bodies. Despite the lack of a supportive mechanism it is known that there are CSOs that use alternative ways of advocacy.

There are no specific, egalitarian, continuous and accessible mechanisms that regulate CSO involvement in policy-making. There is no national level institution or mechanism with a mandate to facilitate cooperation with CSOs. Counselling services are carried out by the Department of Associations and the General Directorate of Foundations. There is no binding provision on involvement of CSOs in the decisions taken by the competent institutions or mechanisms. There is no special mechanism with respect to public/CSO relationships within the Department of Associations and the General Directorate of Foundations. They are mainly regulatory and supervisory bodies. Therefore, there are no resources at all for facilitation of the CSO/government dialogue. Therefore, CSOs are not regularly consulted and involved in processes and decision-making by the competent institutions and mechanisms. Public institutions collaborate with CSOs only when they want to share information, need expertise or want to make an impression on the public. The relationship between CSOs and the government is regarded as one sided since public institutions do not respond to the demands for cooperation from CSOs at the same rate. Relationships are based on individual relations and not institutionalised.

Rules with respect to CSO involvement in decision-making are set out in the Regulation on the Procedures and Principles of Legislation Preparation. As consulting CSOs is not mandatory under the Regulation, involvement of CSOs takes place through invitation and is usually limited to objecting to or approving of decisions. There are no regular policies for educational programmes or policies for civil servants on CSO involvement in the work of public institutions. There is no data to allow for measurement of functionality and level of capacity of the units or offices for coordination and monitoring of public consultations. Individually, there are sporadic cases of cooperation with civil society in certain units of the relevant ministries. Public/CSO relationships are not continuous and are left to the discretion of the public institutions’ decision-makers. The Regulation on the Procedures and Principles of Legislation Preparation states that professional organisations with public institution status and CSOs should provide their comments on the drafts within thirty days. Otherwise, they are considered to have issued an affirmative opinion. There is no objective mechanism that sets out the feedback, negotiation and cooperation methods regarding the consultation process.

Central level administrators’ perception and approach towards CSOs are based on their individual experience and close encounters with vocational, professional socialising and hometown organisations. Reputation grade of CSOs among representatives of public institution was 6.1 of ten. Some of the notable critiques towards CSOs were that 1) they have political motivations and not scientific or analytical motivations, 2) their approach is not towards negotiation but confrontation, 3) their communication and language is excluding, harsh and based on prejudice, 4) they are only criticising and not proposing solutions, 5) they advocate from afar but not seek dialogue with public institutions.

CSOs believe that a majority of civil servants do not have basic knowledge of human rights and rights based thinking and, hence, do not take the necessary precautions to protect the rights to secrecy and confidentiality, especially in cases concerning women’s and children’s rights.

**CSOS CAPACITIES**

**Objective 4.**: Capable, transparent and accountable CSOs

**Result 4.1.:** CSOs’ internal governance structures are transparent and accountable to members/constituents/beneficiaries

**Indicator 4.1.a.:** Percentage of CSOs publishing their governance structure and internal documents (statutes, codes of conduct etc.)

- 31% of CSOs believe that decision making in CSOs in their country is in compliance with prescribed rules and laws of the organisation, 44% believe that decisions are made by some individual or top management, 25% that decisions are made with prescribed rules including consultations with the employees and volunteers.
- 27% of CSOs stated that decision making in their organisation is in compliance with prescribed rules and laws of the organisation, 42% stated that decisions are made by some individual or top management, 31% that decisions are made with prescribed rules including consultations with the employees and volunteers.
- 71% of CSOs stated that they have prescribed obligations to inform the members, or Managerial or Supervisory Board.
customers or general public about the results of your work
- 97% CSOs inform members of their organisation about the results of their work, 93% inform founders of their organisation, 95% inform management board, 93% inform beneficiaries of their organisation, 83% inform general public, 96% general assembly, and 92% inform supervisory board

Result 4.2.: CSOs are able to communicate the results of their activities to the public

Indicator 4.2.a.: External perception of importance and impact of CSOs activities.

- 56.3% of surveyed trust to NGOs in their country, general population trust the most to the President of the state Presidency 70.1% of surveyed, and the least to media 21.0% of surveyed
- 38.6% of general population do not trust to NGOs, 77.1% of surveyed do not trust to media, and 66.8% of surveyed do not trust to political parties
- 53.3% of the general population believes that NGOs support dealing with problems in their country, police supports the most in dealing with problems 64.2%, and media support the least 31.3%
- 57% of CSOs believe that the reason for lack of public presence of CSOs is insufficient interest of the media in reporting on CSOs activities, while 42% of CSOs believe it is due insufficient (or inadequate) CSO activities
- Almost all topics and issues listed in the survey were assessed relatively low in the range of 60%, by over 78% of surveyed believe that education is the most important topic, only 40% of surveyed expressed interest in fighting against corruption as the least important topic
- 69% of surveyed believe that CSOs in their country are active in fighting problems in culture and art area, 65% believe in the area of education, and 51% in ecology
- 67% of surveyed believe that CSOs in their country are not active in fighting problems in rural development area, 65% believe in the area of fighting against drug abuse, and 59% in employment

Result 4.3.: CSOs are transparent about their programme activities and financial management

Indicator 4.3.a.: Percentage of CSOs making their (audited) financial accounts and annual reports publicly available

- Eighty percent CSOs stated that they publish their statute on their web page, five percent stated that the statute is accessible to the public, 15 percent stated that the statute is not accessible to the public.
- Twenty-seven percent of CSOs stated that their statute is accessible to public within the project.
- Sixty-two percent of CSOs stated that they have a rulebook and it is available on their web page, four percent stated that they have a rulebook, 11 percent stated that have a rulebook, but it is not accessible to the public, and 23 percent stated that they do not have a rulebook.
- Twenty-seven percent of CSOs believe that up to ten percent of CSOs in Turkey publish an organisational Annual Programme Statement (APS) of Work, 37 percent believe that only 11 to 30 percent of CSOs do so, 27 percent believe that 31 to 70 percent organisations publish APS of Work, and eight percent believe that more than 70 percent do so.
- Sixty-one percent of CSOs stated that they publish their APS of Work on their web page, and 31 percent stated that they do not have APS of Work accessible to public.
- Thirty-two percent of CSOs believe that up to ten percent of CSOs publish organisational financial reports, 37 percent of CSOs believe that 11 to 30 percent publish financial report, 20 percent believe that from 31 to 70 percent believe that CSOs publish organisational financial reports, and nine percent of CSOs believe that more than 70 percent of CSOs publish organisational financial reports.
- Forty-nine percent of CSOs stated that they have financial reports accessible to public and published on the web page, 43 percent stated they do not have financial reports available to the public.
- Thirty-nine percent of CSOs believe that up to ten percent of CSOs publish audited reports, and eight percent believe that more than 70 percent publish audited reports.
- Forty-seven percent of CSOs stated that they have audited financial reports accessible to the public on their web page, 46 percent of CSOs stated that they do not have audited financial reports available to the public.

Result 4.4.: CSOs monitor and evaluate the results and impact of their work

Indicator 4.4.a: Share of CSOs that monitor and evaluate their projects and programmes using baselines and quality indicators

- 26% of CSOs evaluate their projects pro forma, while 74% evaluate projects with the purpose of establishing efficiency and drawing a lesson for further projects
- 31% of CSOs use external evaluation for realisation of their projects
- 23% use external evaluator for assessment of implementation of their organisational strategy
- 76% of CSOs have established system for assessment of efficiency for realisation of conducted projects
- 72% of CSOs have established system for assessment for implementation of organisation’s strategic plan
Objective 5.: Effective CSOs

Result 5.1.: CSO activities are guided by strategic long-term organisational planning

Indicator 5.1.a: Share of CSOs which have developed strategic plans including human resources development activities in order to attract and retain talent

- 75% of CSOs have developed strategic plan, 15% do not have a strategic plan
- 79% use internal evaluation when employing staff in their organisation
- 27% of CSOs neither have established internal system for assessment of efficiency of employees in their organisation, nor 28% of CSOs have established system for implementation of strategic plan
- 54% of CSOs stated that they have a human resources development plan aimed at attacking and keeping talented associates, while 27% stated that they are developing such plan
- 71% of CSO stated that they manage to keep talented associates, and 75% believe that they manage to attract quality new people

Result 5.2.: CSOs use research and other forms of evidence to underpin their activities

Indicator 5.2.a.: Number of CSOs’ who use adequate argumentation and analysis for achieving advocacy goals

- 68% of CSOs active in public advocacy, mainly/frequently uses research for their advocacy actions, while 32% of them mainly/very rarely use research
- 90% of CSOs believe that they have enough information at their disposal
- 9% of CSOs use official data of national statistical offices, ministries, 88% many sources of information

Result 5.3.: CSOs regularly network within and outside country borders and make use of coalition-building for increased impact in campaigning and advocacy

Indicator 5.3.a: Share of CSOs taking part in local, national, regional and international networks

- 0% of CSOs indicated that they do not belong to any international network, 17% stated that belong to one international network, 10% stated that they belong to 2 international networks, 15% belong to more than 3 international networks
- 0% of CSOs are not active in any of international networks, 15% are active in one international network, 9% are active in 2 international networks, and 15% are active in more than 3 international networks
- 0% of CSOs indicated that they do not belong to any national network, 16% stated that belong to one national network, 13% stated that they belong to 2 national networks, 27% belong to more than 3 national networks
- 0% of CSOs are not active in any of national networks, 17% are active in one national network, 13% are active in 2 national networks, and 25% are active in more than 3 national networks
- 0% of CSOs indicated that they do not belong to any local network, 12% stated that belong to one local network, 8% stated that they belong to 2 local networks, 27% belong to more than 3 local networks
- 0% of CSOs are not active in any of local networks, 13% are active in one local network, 7% are active in 2 local networks, and 26% are active in more than 3 local networks
- 54% of CSOs do not find CSO networks efficient, while 46% find them efficient
- 28% of CSO stated that their contributed in terms of the exchange of experience/knowledge from being member of a network, 13% gained in terms of joint projects, 18% gained in mutual support and assistance

Objective 6.: Financially sustainable CSOs

Result 6.1.: Fund-raising activities are rooted in CSOs’ long-term strategic plans and the core mission of the organisation

Indicator 6.1.a.: Percentage of CSOs that confirm that they are able to raise funds according to their strategic plans

- Forty-eight percent of CSOs believe that CSOs in Turkey mainly adapt to donor priorities and collect funds for other activities not in line with their organisational strategic plan, 52 percent of CSOs believe that CSOs in Turkey mainly stick with their strategic plan and collect funds for activities in line with their strategic plan.
- Fifty-six percent of CSOs stated that they mainly stick to their strategic plans and collect funds for activities in line with their strategic plans, 45 percent stated that they adapt to donor priorities and collect funds for other activities not in line with their strategic plans.
Result 6.2.: CSO have a diversified funding base, including membership fees, corporate/individual giving and social entrepreneurship

Indicator 6.2.a.: Diversity in CSO sources of income

- 0% of CSOs stated that they did not have any donors in the past year, 4% had one donor, 7% had between 2-3 donors, 3% had 4-5 donors, and 24% over 6 donors
- 66% of CSOs had income from membership fees, 44% from citizens, 24% from local self-government and/or regional administration, 17% from other foreign private or state resources, 29% from the EU funds, 23% from governments/ministries/state administration bodies, 19% from private companies operating in the country, 11% from public companies
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