

10 YEARS

EU'S CIVIL SOCIETY FACILITY

HOW TO FURTHER STRENGTHEN AND EMPOWER CIVIL SOCIETY IN THE ENLARGEMENT COUNTRIES?

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In 2008, the European Union (EU) established the Civil Society Facility (CSF) with the aim to financially support the development of civil society. Since then, the amount of funds allocated for direct support to civil society has significantly increased, and so has the European Commission's political support for civil society development in the enlargement countries. In 2012, the European Commission published the Communication "The roots of democracy and sustainable development: Europe's engagement with civil society in external relations" recognizing the importance of dynamic, pluralistic and competent civil society and the need for constructive relations between states and CSOs for building stronger democratic processes.

A year later, the European Commission, in consultation with civil society and taking into consideration BCSDN's *Monitoring Matrix on enabling environment for civil society*, developed the *Guidelines for EU support to civil society in enlargement countries, 2014-2020*, with a proposed framework for monitoring the results achieved by the EU's investment in civil society. In 2014, civil society became acknowledged and was firmly set in the political criteria for the countries that aspire to be EU members. Since then, the European Commission has sought to monitor how governments treat civil society and an assessment is published in each country report.

EU's financial support modalities have also

evolved with the aim for the CSF to better respond to the needs of CSOs in the pre-accession countries:

- A shift was made from supporting short-term projects to projects lasting between 1 and 3 years, to adverse the trend of creating a project-oriented civil society;
- The support for monitoring and advocacy increased, filling the gap and the need for supporting independent watch-dog organizations that promote transparency and accountability of government and public bodies;
- The programming of the CSF was done with consultations of local CSOs in setting the priorities for EU support;
- EU introduced the possibility for sub-granting (or re-granting) reaching also smaller and less professionalized CSO, which did not have the capacity or experience for applying to and managing EU projects;
- Core grant support was piloted in some countries aimed to support not only project activities, but also CSO operations allowing them to pursue their mission, and to address the challenge of having project- and donor-driven CSOs in the region;
- Formation of regional networks, coalitions and strengthening cooperation with counterparts from the EU has been supported through regional framework partnership agreements resulting with increased effectiveness of outcomes, strengthening of CSOs' capacities and valuable peer-to-peer learning^[1];
- The implementation and management of the national TACSO component were transferred to National Resource Centers – established and operated by local CSOs that have the capacity, knowledge, and the first-hand experience about local CSOs needs, and have good relations and reputation with the local CSOs and governments. So far, this has only been done for the national, but not the regional TACSO.

While all of the above demonstrates a lengthy move into the positive direction, much more needs to be done so the EU's support to civil society improves further its effectiveness and efficiency, so that it contributes to a stronger civil society that holds governments accountable and is a relevant actor in the sustainable socio-economic development of the countries.

^[1] This was one of the key findings of *BCSDN's Analysis of the effectiveness of EU's regional support for civil society* from 2016, as well as the *IPA CSF Mid-Term Evaluation Report* from 2017.

After 10 years of implementation of IPA CSF, CSOs in the enlargement countries still face **notable challenges**:

⇒ **Restrictions to their basic freedoms and shrinking of the space for their operations:**

In recent years, restrictions under the umbrella of security and anti-money laundering regulations have emerged in most countries, while in others CSOs still face burdensome registration procedures (e.g. Albania). However, most threatening to CSOs operation has been the increasing hostility by governments and public officials (noted also in by the EC in the 2019 Enlargement Package) with numerous smear campaigns and political pressure against critical CSOs. There has been an upsurge of GONGOs aiming to undercut CSO legitimacy and citizen trust (e.g. Serbia). There are also growing restrictions to the rights to assemble and protest (e.g. Bosnia and Herzegovina). In addition to this, there are still differences and uneven civil society development on regional, national and local level.

⇒ **An environment that is not conducive enough for CSO financial viability and sustainability:**

Across all the Western Balkan countries, there is a lack of philanthropic culture and a lack of legislation that provides incentives for donations, giving and volunteering, or that provides a more favorable tax treatment for CSO. The non-reimbursement/recognition of VAT as an eligible cost is still a big concern for CSOs in Albania. On the other hand, public funds for CSOs are either very limited, or they are distributed in a non-transparent and non-accountable way. Many CSOs still do not have the capacity or do not meet the demanding criteria to apply for EU funding, and many of those who are eligible to receive EU funds cannot ensure the matching funds. Public funding mechanisms that provide matching funds for EU projects were just recently announced and established in North Macedonia and Montenegro, respectively, but they do not exist in any of the other pre-accession countries.

⇒ **Lack of genuine involvement of CSOs in political decision-making:**

Despite the existing legislative and policy mechanisms across the region, the dialogue between the governments and the civil society remains to be underdeveloped and not meaningful enough. There is an insufficient implementation of the mechanisms and cooperation strategies, and lack of political will to cooperate and respect the established commitments. With the exception of recent positive trends of CSOs' involvement in North Macedonia (2019 European Commission's Enlargement Package, 2019 MCIC Enabling Environments Report, 2019 USAID CSO Sustainability Index), governments across the region are still reluctant to recognize and treat civil society as a crucial component of the democratic system.

The European Commission should take into account each of these constraints to civil society operations when strategically planning its further investment in an empowered civil society. To do so, it will need to **further improve its financial support modalities, as well as to demonstrate clear political support for strong civil society** that “can contribute towards improved government accountability, strengthening, and sustainability of democratic reforms”.

What can the EC do to promote an environment that is enabling for civil society development?

TO PROTECT THE SHRINKING CIVIC SPACE...

Through **financial support** mechanisms, the EU should:

Ensure core/operational support to CSOs nationally and regionally, so that CSOs can be more efficient in pursuing their core mission instead of responding to calls for project proposals with pre-determined priorities. By doing so, CSOs will potentially become more flexible in responding to urgent challenges and opportunities.

Support further strengthening of the role and the capacities of the EU-supported National Resource Centers for providing more effective capacity-building services to local CSOs, for example through operational grants.

Continue to support regional projects and initiatives that promote exchange and transfer of knowledge: Through the opportunities, they provide for peer learning and exchange, they contribute to strengthening CSO capacities, improving effectiveness of project outcomes, foster solidarity, and cooperation in case of need, and support finding of new venues for advocacy and for taking actions. In addition, they contribute to improving

cooperation across borders, set the tone for cooperation, addressing divisions, and promote reconciliation and good neighborly relations.

Provide more support for strengthening existing networks of CSOs rather than forming new project-based networks, in order to ensure the sustainability of local-driven efforts.

EU can demonstrate **political support** by:

Ensuring legal basis for the pre-accession assistance country allocations aimed for public institutions to be reallocated to civil society in cases when there is serious democratic backsliding.

Establishing and/or reinforcing mechanisms to ensure EU funding is not provided to CSOs that do not stand for and respect the basic EU values: respect for human dignity and human rights, freedom, democracy, equality and the rule of law.

Providing not only financial, but also political and public support for civil society actions aimed at defending civic space, promoting government accountability and the rule of law.

TO SUPPORT CIVIL SOCIETY FINANCIAL VIABILITY...

Through **financial support** mechanisms, the EU should:

Support the development of philanthropy, volunteerism and social entrepreneurship in order to ensure sustainability and diversification of CSO resources.

Calls for project proposals aimed to support CSO actions should not be open to applications from international (governmental) organizations as a matter of principle, and because it creates unfair competition.

Support civil society development through grant (non-for-profit) support instead of technical assistance, whenever possible, in order to uphold the local CSOs' sustainability, to take stock of CSO local expertise and capacities, as well as support CSOs in offering a thriving working environment for civil society experts.

In the case of technical assistance or contracting services related to civil society development, CSO's local knowledge, long-standing relations with stakeholders, and the possibility to ensure ownership of project outcomes should be appropriately weighted in the selection criteria as opposed to what international consultancies offer. In addition, preference should be given to contracting organizations, rather than

individual CSO experts, thereby not distorting the value of the sector.

Review the possibility for establishing unified rules for VAT reimbursement or VAT exemption applicable in all Western Balkan countries and applicable to the sub-grantees as well. This would be helpful for overcoming particular challenges regarding VAT reimbursement (especially in Albania) and for regional and cross-border projects.

EU can demonstrate **political support** by:

Monitoring and supporting initiatives that follow all the aspects affecting civil society financial viability and consistently report on the improvements made in the Enlargement package country reports in all three areas: favorable tax treatment for CSOs and their donors, state support that is sufficient and distributed in an accountable manner, and policies that stimulate employment and volunteering in the CSO sector.

Politically (and financially) supporting CSOs efforts to reform public funding mechanisms aiming to make distribution of public funds to CSOs more transparent, effective and based on CSOs' and society's needs.

Supporting and putting pressure on governments to establish mechanisms for providing matching funds to CSOs for EU projects. This will not only support CSO financial viability by ensuring that more CSOs will be able to apply for EU grants, but will also encourage the diversity within the CSO sector and will provide for improved financial security.

TO SUPPORT MEANINGFUL CSO INVOLVEMENT IN POLITICAL DECISION-MAKING PROCESSES...

Through **financial support** mechanisms, the EU should:

Support projects that promote government transparency and accountability, including on local level.

Continue to support local, small and grass-root CSOs through sub-granting programmes, as well as through the provision of capacity-building support, expert support, and mentorship. To make this type of support more effective, the rules and modalities for the sub-granting schemes need to be revised and simplified for both the managing organizations of the sub-granting scheme and the sub-grantees.

The priorities of the sub-granting schemes, as well as the rules and procedures, should be made in consultation with and taking into account the local CSOs needs. The accumulated experience of CSOs that manage and distribute small grants should also be taken into consideration when defining future priorities and modalities.

Further support regional projects and project

components that provide space for an exchange of best practices and lessons learned in promoting civil society involvement in political-decision making processes.

Support the mainstreaming of civil society involvement in horizontal and sectoral policies.

EU can demonstrate **political support** by:

Demanding from governments to enable meaningful participation of CSOs in the EU negotiation process, no matter the mechanisms for participation selected in the country.

Introducing a unified approach in monitoring Government – CSO relations across the region on the basis of an adopted monitoring framework (such as the Guidelines).

Providing public and/or political support for the outcomes of the EU-funded projects, especially since EU conditionality and the EU integration policy still has strong political leverage in the enlargement countries.

Finally, by systematically supporting all aspects for creating a more enabling environment for civil society, the EU would be supporting a more powerful and resilient organized civil society that will be strong enough to respond to trends of shrinking civic space. At the same time, this will enable the emergence of new forms of local and informal civic activism that tends to be the loudest voice to the genuine citizens' concerns.

Adopting a unified and consistent monitoring framework of the civil society environment (such as the Guidelines for EU support to civil society in enlargement countries) should be essential for the EC to further its efforts to promote civic space and civil society enabling environment.

Such monitoring framework should be an official EC document used by the EU delegations and DG NEAR with political weight and accompanied by regular implementation reports. It should be used for better programming of the financial assistance, but also for tracking the developments, reporting and taking political actions upon them. In this way, the EU will provide a common understanding on what constitutes an enabling environment, giving governments clear guidelines on what needs to be done in the area of civil society if the country aspires to become a member of the EU. At the same time, it will support CSOs arguments and advocacy efforts for ensuring open civic space and more genuine Government – CSO cooperation.

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