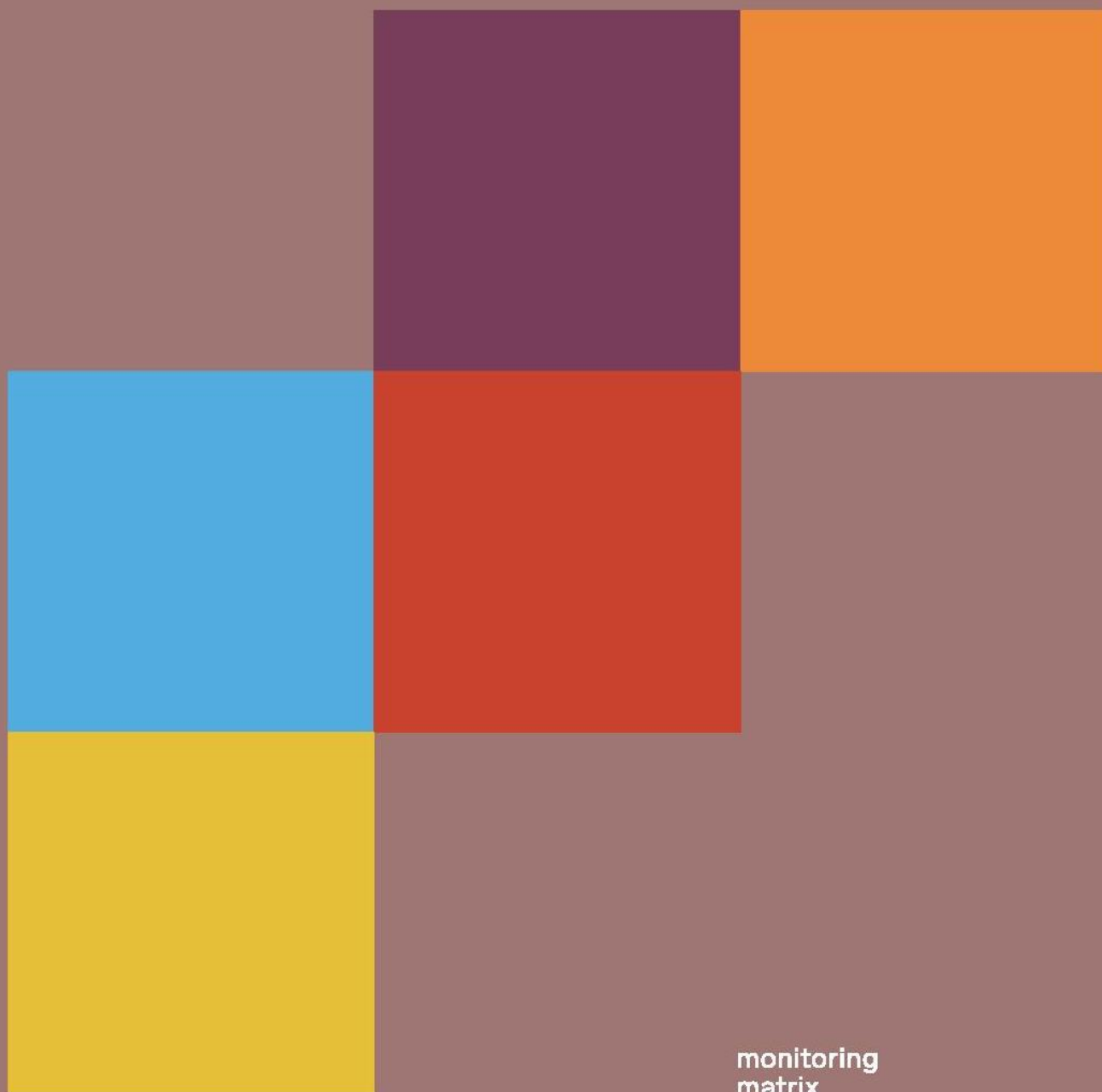


Monitoring Matrix on Enabling Environment for Civil Society Development

Regional Report:
Western Balkan
2020





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Regional Report: Western Balkans 2020

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Table of contents

Introduction	6
Acknowledgments	7
Executive Summary	8
Key findings	11
Key recommendations	12
Civil Society Overview	13
Background	15
Findings	17
Area 1: Basic Legal Guarantees of Freedoms	17
Subarea 1.1. Freedom of association	17
Subarea 1.2. Related-freedoms	21
Area 2: Framework for CSO Financial Viability and Sustainability	26
Subarea 2.1. Tax/fiscal treatment for CSOs and their donors	26
Subarea 2.2. State support	32
Subarea 2.3. Human resources	39
Area 3: Government-CSO Relationship	44
Subarea 3.1. Framework and practices for cooperation	44
Subarea 3.2. Involvement in policy and decision-making processes	47
Subarea 3.3. Collaboration in social provision	54
Conclusions and recommendations	59
Recommendations for other stakeholders	63
Bibliography	65
Annexes	66
1. Monitoring matrix methodology	66
2. Notes on methodology and challenges	69

Abbreviations

AML/CT	Anti-Money Laundering/Countering Terrorism
BCSDN	Balkan Civil Society Development Network
BiH	Bosnia and Herzegovina
CSDev	Civil Society Development
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
EU	European Union
FATF	Financial Action Task Force
GONGO	Government-organized NGO
MM	Monitoring Matrix
NGO	Non-Governmental Organization
NPO	Non-Profit Organization
PBO	Public Benefit Organization
PONGO	Politically owned NGO
VAT	Value Added Tax
WB	Western Balkans

Introduction

Balkan Civil Society Development Network is pleased to present the 2020 edition of the *Monitoring Matrix on Enabling Environment for Civil Society Development in the Western Balkans* (Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia). The Regional Report summarizes the findings and recommendations from all the country reports.¹

The Monitoring Matrix, developed in 2013 by BCSDN, with the support of its members and partners, sets the main principles and standards crucial for the legal environment to be considered supportive for both the operations and development of CSOs. The Monitoring Matrix is organized around three main areas, each divided by subareas:

1. Basic Legal Guarantees of Freedoms;
2. Framework for CSOs' Financial Viability and Sustainability;
3. Government – CSO Relationship.

The principles, standards, and indicators rely on internationally guaranteed freedoms and rights and best regulatory practices at the European Union level and in European countries. The Matrix aims to define the optimum situation for effective operation and development of civil society, as well as set a realistic framework that can be implemented by public authorities. Having in mind that the main challenges lay in the implementation, the indicators have been defined to monitor the situation by taking into consideration both the legal framework and its practical use.

The research undertaken with the Monitoring Matrix aims to provide evidence on the enabling environment for CSDev and to influence governments', EU and donor's support towards the more sustainable and strategic development of the sector.²

¹ A web platform offering access to the monitoring data per country is also available at www.monitoringmatrix.net.

² For these purposes, the Findings, part of the report, make further references and notes to the Guidelines for EU Support to Civil Society in Enlargement Countries, 2014-2020.

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The Monitoring Matrix research is a challenging regional endeavour that requires extraordinary teamwork and dedication of everyone involved, which has proved a cornerstone for successful work. The past year has been extremely challenging for everyone, and so has been this year's research exercise. Nonetheless, it has also shown us that genuine commitment and partnerships, like those in our network, can overcome any challenges.

We would also like to thank all the representatives of civil society and public institutions from around the Western Balkans that took part or supported the research in any way. Having their contributions and knowing their experiences can help us better understand the situation and the challenges faced, and work together to improve the environment for civil society development around the region.

Executive Summary

Undeniably marked by the COVID-19 pandemic, 2020 has been a profoundly challenging year for the Western Balkan countries. **Freedom of association** continues to be legally guaranteed in all the countries of the region and there were **no changes in the main laws** on civil society, except for some secondary legislation adopted in Kosovo. A draft law on NPOs has been introduced in Albania, was not properly consulted with CSOs and does not take into account the raised concerns and given recommendations for guaranteeing the freedom of association. Easier **procedures for registration of CSOs** are noted when done online (Kosovo, Montenegro). However, most countries still do not have this option systemically available and do not have (functioning) CSO registers. The majority of CSOs are members of national or international **networks**, and their registration is not mandatory, but related procedures are sometimes more problematic. Despite the legal protection, some cases of **state interference** are recorded in several countries. There is no protection of interference by third parties only in Serbia. The problem of rising numbers of GONGOs and PONGOs in Serbia has continued, visible in the misuse of public funds, but also in Bosnia and Herzegovina (BiH).

Novelties in financial reporting and accounting are introduced in Albania and Serbia. **Anti-money laundering** legislation (newly enacted in Albania, and existing previously in the other countries) is considered problematic as it does not reflect the nature of CSOs and may result in registration difficulties and threat CSO operations. The FATF standards were violated in Serbia, where the “leaked list” case is seen as an abuse of policies to intimidate and restrict the work of the civil society. **Securing finances** from various sources is allowed, but funding from private domestic donors is scarce and CSOs still rarely engage in economic activities.

While no new legal changes were introduced (and positively, the contested anti-defamation package in Albania was withdrawn), the freedoms of assembly and expression were severely restricted in practice due to the coronavirus crisis. Numerous violations on the **freedom of assembly** were noted, such as a significant number of detentions and arrests of participants, or cases of excessive force used by the police especially in Serbia. Despite the full or temporary bans on gatherings, still many assemblies were organized, mostly on political issues, including innovative forms of protesting due to the measures in place.

The **freedom of expression** has also been under attack (especially in Montenegro, BiH and Serbia), as CSO members, journalists and others were detained or arrested on the grounds of insulting public officials, spreading fake news or causing panic. Disinformation and hate speech also increased during the COVID-19 pandemic,

while some countries were criticized for monopolizing the pandemic information (Albania) or restricting access to media (Serbia). The state of emergency led to some cases of unjustified monitoring of communication channels or collecting users' information by the authorities. Smear campaigns towards human rights and watchdog organizations due to their critical approach to the government or their investigative work are noted in Serbia, BiH and Montenegro.

The **fiscal and tax treatment** of CSOs continues to be challenging around the region. In BiH, the regulations create a non-favourable financial environment for the sector, while in Kosovo there are some legal ambiguities. The most commonly used tax relief around the region is VAT exemption, but complex procedures are still noted in Montenegro, North Macedonia and Serbia. Tax exemptions are not actual incentives for donations, and procedures are not supportive in North Macedonia, Montenegro, BiH and Serbia. Individual giving is not regulated at all in Albania and Serbia, despite continuous advocacy efforts. Overall, individual and corporate giving is insufficiently practised, particularly towards the civil sector. Corporate social responsibility is not a common concept in Kosovo and BiH, while it is more positively promoted and practised in Serbia and North Macedonia.

Public funding is still not a viable source for CSOs and has **further decreased** during 2020. Due to the coronavirus crisis, many of the planned calls for proposals were cancelled, paused or postponed, which affected the number of state funds for CSOs. Most of the funds available were distributed to the COVID-19 response, while institutional grants were notably unavailable everywhere. Public funds are sizable only in BiH but are still distributed politically and in a non-transparent manner that is rarely scrutinized. **Lack of transparency** is noted especially in Albania and in North Macedonia, after the worrying cut of planned budget funds and their distribution later, while in Serbia political influence on the distribution decisions is noted. The procedures for **CSOs' participation** in the public funding cycle have shortcomings around the region, and effective participation in all phases is not common in practice. While monitoring is sporadically and routinely done, **evaluation** of the effects and impact of the public funds is not effectively carried out by state bodies throughout the region.

In regards to **non-financial support**, there is still no regulation in Albania. In 2020 Kosovo further developed regulations on the use of public property by CSOs but not in line with what CSOs have long demanded. In practice, few CSOs use non-financial support, most commonly office and conference space. Lack of investment and maintenance of these spaces is affecting their accessibility and utility, and distribution and access to these resources are often not transparent.

Employment policies around the region treat all legal entities in the same manner, without reflecting the specific nature of CSO operations. A more unequal treatment of CSOs in comparison to other legal entities is noted when it comes to state incentive employment programs. The legislative framework on **volunteering** in

CSOs is not considered stimulating, as inconsistencies and lack of clarity in the involvement of volunteers still exist in many of the countries. Detailed **statistics** on the number of employees and other engaged people in CSOs are unavailable in most countries, except Serbia and Kosovo, while public data on the number of volunteers and voluntary hours spent are available only in Kosovo for youth volunteers.

There are **strategic documents dealing with the state-CSO relationship** and civil society development in all of the countries, except for Serbia, but their implementation is partial mostly due to lack of political commitment and allocated resources. As per the **institutions/mechanisms for cooperation**, the Advisory Body of the Council of Ministers was established in BiH three years after signing the Agreement on Cooperation between the Council of Ministers and CSOs. In Serbia, civil society was left without a core pillar of institutional support as the Office for Cooperation with Civil Society was abolished and its responsibilities assigned to the Ministry of Human and Minority Rights and Social Dialogue. The effectiveness and functioning of the mechanisms throughout the region have been unsatisfactory.

Dialogue with public authorities has been limited, particularly concerning CSO involvement in the decision-making processes. Due to the focus of the EU on quantitative criteria, a trend of faking public participation and debates with GONGOs was observed in Serbia. **CSO representation in cross-sector bodies** in most of the countries in the region is not properly regulated. Governments are not obliged to invite CSOs in these bodies (except in Kosovo), and thus such practice happens sporadically or only formally. Concerning the COVID-19 situation, none of the governments included CSOs in the **crisis management** bodies. The overall management of the crisis and the lack of coordination and cooperation with CSOs show there is still a lack of acknowledgement of the value of civil society by the WB governments.

CSOs have a very important role in **providing social services** for a wide range of beneficiaries and protection for vulnerable groups throughout the region. Still, in Montenegro, there is no legislation regulating service provision. In practice, CSOs are largely disregarded in the cycle of service development and provision. The legal framework on **social enterprises** is still unfavourable in Albania and North Macedonia. Specific budget lines for financing various services provided by CSOs exist only in Serbia, some in North Macedonia and for the first time this year in Kosovo. Having no **specific funds** intended for these purposes was noted as the main shortcoming in Montenegro, especially evident during the coronavirus crisis. Financial support is mostly allocated to CSOs providing social services through public calls or tender procedures. In some countries, online platforms for public procurement exist (e.g. BiH, Kosovo, Serbia) which aim to increase transparency, access and competition. The **monitoring and evaluation** of service provision lack attention in all countries, legally and even more in practice.

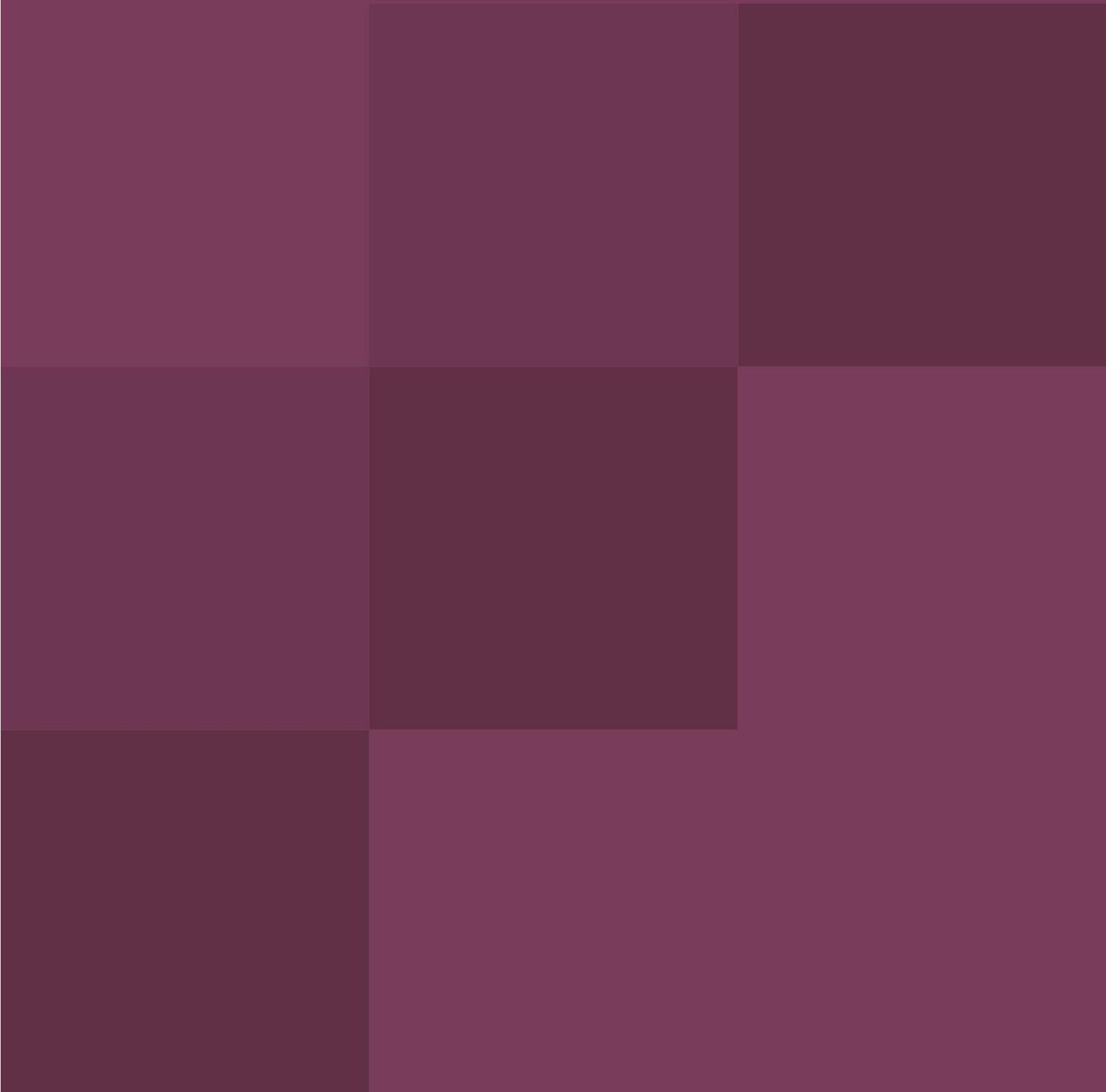
Key findings

Key findings	
1	The COVID-19 crisis had a significant effect on civil society throughout the whole region. Serious restrictions and violations were noted on the freedom of assembly and expression (especially in BiH, Montenegro and Serbia). Public funding has further decreased due to the cancelling or postponement of planned calls for proposals, and most of the available funding (including from foreign donors) was redirected to the crisis relief. Neither were support schemes designed for the sector nor were CSOs included in the crisis help packages, except in Kosovo. None of the governments coordinated with or effectively included CSOs in the crisis management bodies, indicating a lack of acknowledgment of the value of civil society by the Western Balkan governments.
2	Anti-money laundering legislation (newly enacted in Albania, and existing previously in the other countries) is considered problematic as it does not reflect the nature of CSOs, may result in registration difficulties and threat CSO operations (e.g. by causing difficulties in accessing banking services).
3	Complex procedures for VAT exemption are still noted in Montenegro, North Macedonia and Serbia. Individual and corporate giving is insufficiently practised, particularly towards the civil sector, due to a lack of tax incentives .
4	Public funding is still not a viable source for CSOs – a further decrease in the amount available was noted during 2020 (mainly due to the coronavirus crisis), but a decrease in the transparency of its planning and distribution was also noted.
5	Detailed statistics on the number of employees and other engaged people in CSOs are unavailable in most countries, except in Kosovo and Serbia, while public data on volunteers is almost nowhere available, except for voluntary hours per year by youth volunteers in Kosovo.
6	The strategic documents dealing with the state-CSO relationship and civil society development (adopted everywhere, except for Serbia) are partially implemented mostly due to a lack of political commitment and allocated resources. The effectiveness and functioning of the mechanisms for cooperation around the region have also been unsatisfactory.
7	CSOs are largely disregarded in the cycle of service development and provision , despite having a very important role in providing social services for a wide range of beneficiaries and protection for vulnerable groups.

Key recommendations

Key recommendations of the report	
1	Measures undertaken during crisis situations must be proportionate to the threat they aim to address, in accordance with national constitutions and international standards and conventions, and in a way that it does not counter the principles of democracy, the rule of law and respect for human rights. The legal guarantees for freedom of association, assembly and expression need to be protected and consistently implemented in practice at all levels, even in a state of emergency.
2	Anti-money laundering regulation should reflect the nature of CSOs, following a risk-based approach, and a mechanism to prevent abuse of the regulations and FATF standards need to be in place. Civil society should be consulted and take part in the risk assessment.
3	Fiscal regulations on CSO income and tax incentives for donors need to be revised to provide more supportive tax treatment for CSOs, but also to provide a real incentive for increasing individual and corporate giving.
4	Public funding of CSOs needs to be reformed in all countries in the region in terms of ensuring the stability of the funding available and diversity of the modalities, increasing transparency and accountability, and refraining from political influence.
5	CSO Registers need to be established and/or regularly updated. Statistical data on CSOs need to be systematically collected and publicly available, including data on employment and volunteering, as well as other data on economic performance, recognizing the economic value of the sector.
6	Governments need to ensure commitment and allocate resources for effective implementation of strategic documents for the development of and cooperation with civil society , including an effective mechanism for monitoring the implementation. Systematic and meaningful participation of CSOs in policy-making processes and representation of CSOs in cross-sector bodies needs to be ensured.
7	States should improve the legislation and practices to enhance the role of CSOs in service provision , e.g. through easier procedures for registering/obtaining a license for providing services and specific budget lines for financing various types of services. Especially in situations of crisis, governments should closely cooperate and coordinate with CSOs in the provision of services to vulnerable groups.

Civil Society Overview



	Albania	Bosnia and Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia
<i>Number of registered organizations</i>	11.962	27.432	11.017	6.079	10.812	37.613
<i>Key civil society laws</i>	Law on the NPOs; Law on the Registration of NPOs; National Accounting Standard for NPOs; Civil Code of Albania; Law on the Right of Information; Law on Notification and Public Consultations	Law on Associations and Foundations	Law on Freedom of Association in NGOs; Law on Access to Public Documents; Strategy on Gov – CSO cooperation 2019-2023; Regulation on Minimum Standards on Public Consultation; Regulation on Criteria Standards and Procedures for CSO Financing	Law on Non-Governmental Organizations	Law on Associations and Foundations	Law on Associations; Law on Endowments and Foundations; Public Assembly Act; Law on Central Record of the Beneficial Owners; Government regulation on financing programs of public interest; Law on Volunteering; ...
<i>Relevant changes in legal frameworks</i>	(1) Law No. 87/2019 on Invoice and Circulation Monitoring System (2) Law No. 112/2020 On the Register of Beneficial Owners (3) Law No. 154/2020 On the Central Register of Bank Accounts (4) Law No. 162/2020 For Public Procurement	No changes in the legal framework were adopted during 2020.	(1) Regulation on registration of social enterprises (2) Regulation on procedures on the allocation for use of municipal property (3) Regulation on municipality transparency (4) Administrative instruction on licensing CSOs and private legal entities providing social and family services	No changes in the legal framework were adopted during 2020.	Adopted: (1) Law on Prevention and Protection Against Discrimination (2) Law on Public Prosecution and Youth Policies (3) Law on Youth Participation and Youth Policies (4) Decree for the application of the Law on Public Assemblies during a state of emergency	(1) New Law on Ministries (abolishing the Office for Cooperation with Civil Society) (2) New Law on Public Procurement (changing the criteria for awarding contracts) (3) Amendments to the Law on Games of Chance (concretizing the distribution of earmarked revenues in the budget)
<i>State funding*</i>	approx. 491.000 EUR	n/a	approx. 14 million EUR (acc. to Government reports, but 7 million acc. to KCSF analysis)	approx. 3.2 million EUR	Approx. 479.447 EUR (General Secretariat)	66.9 million EUR
<i>Human resources</i>	9.793 employees	n/a	4.412 employees paid contributions in the past 12 months 10.261 employees with one occupation in the sector 10.000 volunteers	n/a	1.677 employees	9.386 total employees
<i>CSO-Government Cooperation (body/consultation mechanism)</i>	National Council for Civil Society	Advisory Board of the Council of Ministers	Office of Good Governance within the Office of the Prime Minister; Council for Implementation of the Government Strategy for Civil Society Development	Council for Cooperation between NGOs and state bodies	Council for Cooperation with and Development of the Civil Society	Ministry for Human and Minority Rights and Social Dialogue
<i>Other key challenges</i>	Over-regulations of the sector on AML/TF; Lack of unified data and accurate information for CSOs; Weak financial viability and sustainability of the sector (donor-dependent); Regress on transparency and accountability of public funding support to CSOs	Existence of the legal framework used to ensure legal compliance without actual substantial forms of democratic decision-making	Lack of official data on the civil society sector is evident especially related to the economic value of the sector	Non-functioning CSO register, lack of data on CSOs, burdensome procedures for submitting financial reports and VAT exemption, no legislation regulating service provision, lack of diversity of funding, formal inclusion of CSOs in the work of state bodies and working groups, lack of incentives for philanthropy, no institutional grants for CSOs		Lack of records on tax incentives implementation, statistics in the area of distribution of state funds, volunteering, regulations adopted at all governance levels including the involvement of CSOs in these processes, as well as the provision of services.

*The figures provided are official government data for the distribution of funds according to the budget lines for CSOs. However, in most countries, these figures also count funds allocated to other entities such as federations, sports clubs, public service contracts, etc. For more accurate information, please check the detailed country reports.

Background

The COVID-19 pandemic has undeniably marked 2020. Causing much more than a health crisis, the new coronavirus has led to grave economic and social disruptions throughout the region. Testing the health and legal systems of the countries, but also the democratic capacities of institutions, the pandemic has only exacerbated the deficiencies of the existing systems.

Major **political events**, such as elections in several countries, also had an impact on civil society. Parliamentary elections in Montenegro have finally brought a change to the political landscape after 30 years, but actual changes are yet to be seen. Parliamentary elections in North Macedonia were planned for April but took place in July due to the coronavirus outbreak, leaving the country without an active Parliament since February. A new Government was elected with a very narrow majority, which coupled with the COVID-19 situation led to very slow adoption of acts and blocking internal reforms. In Serbia, the elections in June were the culmination of the institutional and political crisis, after which the country faced the largest and most violent mass demonstrations in decades.

When it comes to the **EU integration process**, 2020 has not been a successful year in any of the countries. Although, in March 2020, the European Council decided to open accession negotiations with Albania and North Macedonia, one of the EU members – Bulgaria vetoed the start of the accession demanding several issues to be resolved related to the Macedonian identity, language, and history. Despite North Macedonia being acknowledged for implementing the necessary reforms in the field of fundamental rights and rule of law, the bilateral issues were not solved, blocking further progress. In Montenegro, the last chapter was opened and a new methodology was adopted, but overall there was not much improvement. In Serbia, this year has been considered the most unsuccessful so far, given that no negotiating chapters were opened in 2020.

For a long while, the Western Balkans has witnessed the credibility of the accession process being tarnished, weakening the EU's efforts for a positive political change in this region. Once the most powerful driver for reinforcing democracy, the EU accession process has been **losing its transformative power** as the public support for enlargement is decreasing both in the region and in the EU. The EU seems an increasingly distant prospect, and the frustration of the citizens with endless membership talks is rising. The pandemic also presented a **missed opportunity** for the EU to prove its commitment to the region, keeping its borders closed to the Western Balkan citizens, and not delivering on promises to provide vaccines. No less, the pandemic has put to test the solidarity of the EU and strained the relations between the EU and the enlargement countries.

Yet, the greatest threat to the accession process is the backsliding on the EU's political criteria, exacerbated by the governments' responses to COVID-19. The new coronavirus crisis led to a heightened crisis of democracy, as authorities – having discretionary powers under the state of emergency – have taken selective and arbitrary approaches to applying restrictions, curtailing civil liberties and sometimes using these measures to silence their critics and opponents. Hasty and ill-considered decisions – never consulted with civil society – led to a further **narrowing of the civic space** in all of the countries, with many violations of the freedom of assembly and expression around the region. The legality, constitutionality or proportionality of the measures in terms of their infringement on basic human rights has been contested in Albania, BiH, Serbia and Kosovo, and has prompted citizens to protests in most countries.

In terms of the **legal environment** for civil society, the pandemic – in addition to the political developments – has adversely affected the functioning of public institutions and respect for democratic procedures around the region, reflected in few public consultations held. The overall policy-making, including most of the expected legal changes, was brought to a standstill, and only a few positive developments were noted around the region. A persistent issue, still unaffected by legal regulations, is the (increased) presence of GONGOs and PONGOs, and the misappropriation of civil society by political parties, especially in Serbia and BiH. This has led to a polarized and fragmented civil society, affecting the overall credibility of and trust in the sector.

Regardless of the many challenges faced, including the decreased funding that affected CSOs activities and financial sustainability, civil society has been **filling the gaps** left by governments by responding to citizens' needs during the pandemic. CSOs quickly adjusted to provide new services to **address the needs** of the citizens. Their actions varied from providing direct humanitarian support and social services, advocating on behalf of the most vulnerable groups in society, to demanding more government transparency and accountability, especially in times of state of emergency. With the narrowing of the 'known' civic space, civil society has **found new spaces** and ways to stay active and voice their concerns through online activities, networking and joint actions, creative ways of protesting through performances and art, and other innovative approaches.

By **adapting** their methodologies and activities, and engaging mainly online or in "hybrid" activities, CSOs found new ways to reach their constituencies and respond to the needs of their beneficiaries. Positively, the shifting of the activities online has brought bigger attention and visibility of the CSO work done throughout the year, and their contribution to society has been recognized more by the citizens. On the other hand, the lack of involvement in the national crisis management bodies and the lack of cooperation and consultation with civil society indicates that governments around the region still do not acknowledge the value and expertise of civil society enough.

Findings

Area 1: Basic Legal Guarantees of Freedoms

Subarea 1.1. Freedom of association

Establishing and Participating in CSOs

There have been **no changes in the main laws on civil society** during 2020. Only in Albania, a new draft law on the registration of NPOs was published for consultation. The draft law introduces electronic registration of CSOs and the electronic registry at the Tirana Judicial District Court – addressing the time-consuming and costly registration process for CSOs residing outside Tirana – and the development of a public Registry with all statutory documents, financial and activity reports of NPOs. Although this draft law was long-awaited, it has been prepared with no effective consultation with civil society and brings several infringements on the right to free association and operation. CSOs have demanded the draft law not be approved under the emergency procedure and is pending in the Parliament.

Some legislation changes were noted in Kosovo, as **secondary legislation** on registration of social enterprises has entered into force in 2020. The bylaw prescribes a list of activities that social enterprises can engage in, without imposing limitations or discriminatory provisions, while registration procedures are clearly described and seem uncomplicated. The secondary legislation that defines registration and operation of institutes – a third legal form, in addition to associations and foundations, introduced in 2019 with the new Law on Freedom of Association of NGOs – is still in the drafting process.

In general, CSOs around the region report no major difficulties exercising freedom of association either online or offline. The practice shows that CSOs

Freedom of association is legally guaranteed in all countries of the region, under the countries' Constitutions and the specific laws, to most extent in line with international standards on freedom of association. In all six countries, freedom of association applies both to individuals and legal entities, without discrimination, and this right extends also to foreigners in most cases.

Registration of a CSO is not mandatory in any of the countries, but in order to obtain the status of a legal entity certain criteria – fairly similar across the region – must be met. The registration is free of charge in most of the countries (Kosovo, Montenegro, North Macedonia), and only in Albania registration costs are considered too high (approx. 560 EUR). The process lasts from 5 days (in North Macedonia) to 30 days (Kosovo and Montenegro), and in general is considered clear and simple.

perceive registration procedures easy to follow (except for Albania), and registration deadlines are respected by the registration bodies, with occasional irregularities in all of the countries. The procedures are easier where **online platforms** for CSO registration exist, such as in Kosovo, or in Montenegro, where registrations were completed via e-mail due to the COVID-19 situation. In North Macedonia, registering online is still available only for business entities. In Bosnia and Herzegovina, the e-Register of Associations and Foundations – established in 2018 to integrate information on CSOs registered at all 18 points of registration on state, entity, district, or cantonal level – is not regularly updated, which could lead to it becoming non-functional. There were no cases of **organizational bans** in any of the countries noted in 2020. Some organizations were denied registration on procedural grounds in Serbia and Montenegro, while in Albania no reasons for rejections were provided.

In all of the countries, organizations are allowed to form **networks, coalitions, and other types of unions**. A problematic issue is noted in BiH where workers, particularly in the private sector, face immense obstacles and harassment for attempting to collectively organize and establish trade unions, eventually giving up the registration. The majority of organizations in the region are members of national or international networks, except for Kosovo where CSOs report low levels of networking (45% are not members of any network). Registering in a network is not mandatory anywhere. In some countries (e.g. Kosovo, Montenegro), the registration follows the same rules as registering associations, while in North Macedonia it is considered more complicated.

Legal provisions do not deal with **grassroots organizations** in any of the countries, and no cases of prohibition to exercise their activities have been identified in practice. An issue with non-registered initiatives around the region is the problem to receive funds since a legal status is needed to open a bank account. Yet, none has reported being sanctioned or fined for not registering their organization. Informal grassroots organizations and movements still feature heavily as a form of organizing in Serbian civil society, and the COVID-19 pandemic further enhanced informal networking between CSOs on philanthropy efforts and coordinating a joint response to the crisis.

State Interference

No changes have been noted regarding the legal framework on **state interference** in the internal matter of CSOs. Cases of state interference in the work of CSOs were recorded in several countries (Albania, Montenegro, North Macedonia, and Serbia) during 2020 in the form of unannounced inspections, excessive audits, threats or harassment from

The legal framework of all six countries in the region protects against unwarranted interference of the state in the internal matters of CSOs, protecting CSOs' autonomy to regulate their own internal structures and activities.

government officials, intrusion in the internal work of the CSO, online harassment or restrictions on activities of online groups.

In terms of protection from **interference by third parties**, Serbia is the only country where no such measures exist yet, which infringes the freedom of association. Serbia noted an increased activity of websites – often connected to high-ranking government officials – that target CSOs and publish articles discrediting their work, showing a systemic approach to the smear campaigning. In addition to tabloids, CSOs face pressures by GONGOs that aim to discredit the efforts and credibility of independent organizations. In Montenegro, CSOs critical of the government have also faced pro-government media smear campaigns. A similar problem has been present in BiH, as an increasing number of CSOs have been either formed or indirectly controlled by political parties and public officials, and thus have been misused for diversion of public funds for private interests of politically affiliated officials.

Novelties for 2020 in regards to **financial reporting and accounting rules** are noted in Albania and Serbia. The National Accounting Council in Albania issued a CSO performance report template for organizations with income higher than approx. 235.000 EUR. In Serbia, a new Rulebook on the Content and Structure of Financial Report Forms was adopted, which enables a more detailed overview of the financial structure of CSOs. Due to the COVID-19 situation, the deadline for submitting annual financial statements has been extended for several months in most of the countries. Concerning **sanctions for CSOs** breaching their obligations towards the law, fines have been reported in Albania and Montenegro, mostly regarding employment issues.

CSOs are also subject to supervision and control from state bodies with regards to **anti-money laundering (AML) and financing of terrorism**. The legislative framework in most of the countries is not fully in line with the Financial Action Task Force (FATF) Recommendations and places additional burdensome requirements on CSOs (Kosovo, Albania, BiH). In Albania, several related legal initiatives that do not reflect the nature and characteristics of NPOs were enacted in 2020 and may result in registration difficulties. An additional problematic issue is the envisaged creation of a central register with information for any bank account holder, including CSOs, especially since an executive body would administer the register and have the right to provide information to other institutions, without prior confirmation

Financial reporting and accounting rules to a certain extent take into account the specific nature of the CSOs in Serbia (where a separate accountancy framework exists, but also contains numerous unnecessary elements that are not applicable to non-profits), North Macedonia and Albania, where requirements vary according to the size of the organization's budget. In BiH, Kosovo, and Montenegro, on the other hand, obligations are identical as for businesses and do not distinguish between small and large organizations.

Sanctions for CSO non-compliance are generally considered proportionate to the breach in Albania, Kosovo Montenegro and Serbia. In North Macedonia, the sanctions are equal as for other legal entities, and in specific cases, the law stipulates higher fines for the responsible individuals than for the organization in question.

from the Court. Both initiatives were not consulted with the sector and were based on a one-size-fits-all approach instead of a risk-based approach.

Positively, in North Macedonia and Kosovo, a **risk assessment** of terrorism financing of the CSO sector was being implemented during 2020. With the sector being considered (highly) vulnerable for financing terrorism, concerns regarding banks monitoring the CSOs' accounts and their transactions were raised in North Macedonia, while CSOs in Kosovo have difficulties accessing commercial banks services. Other difficulties brought by the AML legislation in Kosovo are the requirements to have AML certified staff and to keep track of all CSO beneficiaries. The FATF standards have been violated in Serbia as the Administration for Prevention of Money Laundering and Terrorist Financing in July 2020 officially requested from all commercial banks in the country information on the accounts and financial transactions undertaken by 57 CSOs, media, and connected individuals. As the common denominator of everyone on the leaked "list" is their critical stance towards the government, the event seems an abuse of the government's anti-money laundering and anti-terrorist financing mechanism to intimidate and restrict the work of the civil society. This pressure has caused great non-material and reputational damage to civil society in Serbia, especially given the dominant narrative against this sector in recent decades.

Securing Financial Resources

The legal framework around the region permitting **CSO engagement in economic activities** was generally implemented without any reported violations. Still, the number of CSOs engaging in economic activities is not high in any of the countries. The majority of these organizations have not faced obstacles in doing so, and only some have faced complex administrative tasks or other difficulties (Kosovo, Montenegro, North Macedonia, Serbia).

CSOs are **allowed to receive foreign funding, as well as raise funding from individuals, corporations, and other sources**, generally without limitations, special requests, and prior approval. In practice, however, CSOs in North Macedonia were required to register at a state body to obtain foreign funds and faced complex procedures for VAT exemption for foreign funds, which was also an issue for some organizations in

CSOs are allowed to secure income from grants, donations, membership fees, international funding, as well as income from economic activities.

Specific rules on engagement in economic activities in some of the countries lay out that CSOs cannot exceed the 4.000 EUR threshold on income from such activities (Montenegro), or cannot exceed 20% of the total annual income of CSOs (Serbia, Montenegro, Albania) and economic activities cannot be the primary activity of CSOs (Albania, Serbia). Kosovo legislation notes problematic ambiguities regarding the economic activities of CSOs that do not have public benefit status. In most countries, the income generated from such activities should be used only for purposes related to the organizations' mission.

Montenegro. In Serbia, some banks requested submission of the donation contracts, although there is no clear requirement by the National Bank to do so. Still, foreign donations are the primary source of funding in all the countries, and funding by private domestic donors continues to be scarce. Due to the lack of legislation on online crowdfunding, such donations are a non-viable source of CSO funding across the region.

The past year was particularly troublesome for CSOs due to the **COVID-19 impact on their work and finances**. The majority of CSOs faced financial difficulties due to the reduction of overall funding available and the very limited state support to CSOs for dealing with the crisis. The majority did not receive any kind of additional financing (78% in Albania, 88% in Macedonia), and where funding was available, it came mostly from foreign donors.

Subarea 1.2. Related-freedoms

Freedom of Peaceful Assembly

The area that has mostly been impacted by the COVID-19 crisis in 2020 is the freedom to peaceful assembly, which was severely restricted in practice due to the preventive measures to combat the spread of COVID-19. However, in terms of legal changes, **no new laws, policies or amendments have been introduced**.

The new law on public gatherings in Kosovo, which was drafted and consulted in 2019, is still in the process of drafting. A step forward has been made as the Kosovo government requested an opinion of the Venice Commission regarding the draft law. The Ministry of Interior has continued working on finalizing the draft and stated its plans to include a great deal of the comments issued from the Venice Commission. Namely, these refer to clarifying what “peaceful assembly” means, providing a timeframe for notifications and exceptions for small and spontaneous gatherings, reconsidering the high fines for failing to announce a protest, elaborating the complaints procedure etc. Stressing the need for amendments to the law also in Albania, in 2020, the Ombudsman issued a letter with recommendations

Although the right to peaceful assembly is legally guaranteed, laws in almost all of the countries contain various restrictions, such as limitations on the location of a gathering (BiH, Montenegro, North Macedonia, Serbia). Legal provisions around the region also contain various ambiguities, especially in regards to spontaneous and counter-assemblies (BiH, Kosovo, Serbia, Albania) and participation of non-citizens (in Kosovo it is unclear if freedom of assembly extends to this category, while in North Macedonia foreigners need to ask for approval or face severe penalties).

In most of the countries notifying the authorities prior to the gathering is necessary (except for North Macedonia, or for spontaneous assemblies in Serbia), but approval is not, except for some instances in BiH. In Albania, there is still a legal confusion between giving notification and submitting request/obtaining permission for holding an assembly. Sanctions vary around the region, from fines for the organizers in case of damages (North Macedonia) or untimely and

on guaranteeing the right of spontaneous and counter assemblies, improving normative acts on assemblies, and preparation of an instruction for unifying the practices by the prosecution and judicial bodies regarding detentions. Yet, no legal action was taken in response.

In practice, **restrictive measures** were introduced in all countries to protect public health, such as curfew, restriction of movement, temporarily or fully banning rallies and gatherings of any kind. Throughout the year, restrictions on assembly were gradually loosened or tightened reflecting the number of recorded infections and were most restrictive during the state of emergency proclaimed in all the countries. The legality, constitutionality or proportionality of the measures in terms of their infringement on basic human rights has been contested (e.g. in Albania, BiH, Serbia and Kosovo), or has prompted citizens to protests. Some protests (e.g. in Kosovo), have taken an innovative form of “banging pots and pans on balconies” for citizens to express their dissatisfaction while respecting the COVID-19 measures. On the other hand, Serbia witnessed mass protests around the country in response to the measures, which although started spontaneously and peacefully, soon escalated in a violent conflict with the police where many were injured.

While the COVID-19 measures led to an overall decrease in the number of assemblies organized around the region (e.g. in Kosovo two times less compared to 2019), people still organized or participated in protests on various issues throughout the year, finding creative ways to make their voices heard (online protests and petitions, performances, protests with social distancing etc.) Worryingly, there have been **numerous restrictions and rejections recorded** in 2020, as well as a significant number of detentions and arrests of participants.

Many cases of excessive force used by the police during public gatherings were noticed, such as during the religious processions in Montenegro, the protests against the demolition of the theatre building and for the murder case of a youngster by a police officer in Albania. In addition, the July anti-government protests in Serbia were also violently and repressively dispersed by police, with several cases of police brutality recorded. Moreover, out of 57 complaints filed due to excessive use of force at public assemblies in Serbia during 2020, a violation of the applicant's rights was established in internal control procedures in only one case. The Ombudsman, however, found applicants' rights were violated in eight cases, and court procedures are ongoing.

The surveys in most of the countries recorded some **limitations** in the exercise of the freedom of assembly, but these experiences account for less than 10% of the respondents in Macedonia, and less than 20% in Albania. On the other hand, Kosovo notes an increase in CSOs that claim to have faced difficulties when organizing and attending a public assembly (e.g. complicated administrative procedures, unreasonable limitations that were not correctly explained etc.), with only 17% claiming they have faced no limitations. From the 13 public

assemblies banned in 2020 in Kosovo, only two of them were accompanied by a written explanation; yet, no appeals were made. When it comes to media access to public assemblies, problematic cases of obstructions or attacks were noted mostly in Serbia and some in Montenegro.

Freedom of Expression

No legal changes were introduced in 2020 that affect freedom of expression. In Albania, the “anti-defamation” package, which stirred a strong public debate over the last two years, was withdrawn for further improvements, after the Venice Commission in June assessed the draft as “inapplicable”. Instead of giving extensive administrative powers to the Audio-visual Media Authority that undermine the freedom of expression, the Venice Commission encouraged setting up a self-regulatory body to ensure effective accountability in the online media field in Albania. In Kosovo, the amendment process of the Law on the Protection of Informants was concluded, but secondary legislation that would define procedures of dealing with a whistle-blower has not been drafted yet.

Freedom of expression is a constitutional right, legally protected in all aspects across the whole region. Limitations to the freedom of expression are legally prescribed and valid, and particularly focused on the prohibition of hate speech. Libel is decriminalized in all of the countries, with the exception of Albania, while in Kosovo it is

In practice, concerning the COVID-19 crisis, freedom of expression has also been **under attack in several countries**, especially in Montenegro, BiH and Serbia. A number of people, including CSO members and media workers, have been detained or arrested on the grounds of insulting public officials, spreading fake news or causing panic. This has been often related to activity on social media – something that has previously been left regularly unsanctioned or inconsistently treated when it comes to threats to journalists, activists and CSOs.

Alongside attacks on media and journalists, disinformation and hate speech also increased during the COVID-19 pandemic. In a flawed attempt to fight fake news and disinformation, governments in Albania and Serbia have been criticized for monopolizing the information related to the pandemic. **Restricted access of media** in Serbia, not only hindered the obtaining of independent information and verification of the press releases but also excluded journalists and media workers from press conferences overall. In Serbia, journalists and especially local media reported serious difficulties in gathering information related to the pandemic, partially due to epidemiological measures in place, but more indicative of the narrowing space for work.

Notwithstanding the COVID-19 situation, human rights and watchdog organizations have again reported being subject to **smear campaigns due to their critical approach** towards the government or their investigative work, especially in Serbia and BiH. While the Ombudsman in Serbia stated that during

2020, there were no recorded cases of violating the freedom of expression, Civic Initiatives has identified 123 cases of violations, including pressures and attacks coming mostly from high government officials. Around the region, few cases of blocking or limiting organizations' online tools, or persecution due to involvement in online campaigns critical towards the government, have been recorded. Positively, in Albania, Kosovo, Montenegro, and North Macedonia, less than 10% of the surveyed CSOs have faced pressure due to critical speech.

North Macedonia is the only country in the region that reported some progress in 2020 in regards to the improvement of the **climate for journalism** and media outlets. On the other hand, in BiH, political influence and interference, lack of financial independence, and job insecurity (especially worsened during the COVID-19 crisis) have been noted as a negative impact on media professionalism and integrity. In BiH, an increase in attacks on women journalists has also been noted, with gender-based violence both offline and online being on the rise. Kosovo also recorded an increase in attacks on journalists, alongside weak judicial protection and high impunity of violence, which has been a persistent regional issue. Finally, hate speech remains a prevalent infringement of people's rights that is poorly prosecuted in most countries in the region.

Access to Information

Some legal improvements in this area were noted

in Albania, with the approval of the Regulation on Protection of Consumers and Public Electronic Communications Users in September 2020, in efforts to provide better protection to users of electronic communications. In BiH, on the other hand, little progress has been noted, since the Strategy for Development of Information Society and the Law on Electronic Communications and Electronic Media, although adopted, remained an unfinished task for the past several years. Another issue that became evident during the COVID-19 crisis in BiH, is the lack of digitalization of the society, due to insufficient investment in the development of e-services, which hinders access to information and services.

All of the countries in the region have legal guarantees in place to protect the free access to information and the right to safely receive and impart information through any media. The legal framework also provides certain guarantees against illegal monitoring of communication channels. Internet access is available and affordable for all throughout the region.

In practice, the **state of emergency led to some cases of unjustified monitoring** by the authorities of communication channels, including the Internet or ICT, or of collecting users' information, such as illegally monitoring phone numbers and tracking citizens' movement to check adherence to quarantine protocols (Serbia, Montenegro). Furthermore, several incidents of unjustified collection of personal data were recorded in Serbia also as part of the campaign efforts preceding the June parliamentary elections. Positively, no

organizations in Serbia reported unjustified monitoring of their communication channels, and no cases of police persecution or harassment of online initiatives and social network groups' members have been recorded – which is also the case in Kosovo, Montenegro and North Macedonia. According to the survey in North Macedonia, over 90% of CSOs have not faced any limitations, however, 26 CSOs had their tools for communication blocked or hacked. Similarly, in Montenegro, 12.8% of surveyed CSOs reported having communication channels (websites and e-mail) blocked or hacked for an unspecified amount of time, while some cases were recorded in Serbia too.

Box 1: EU Guidelines assessment – Result 1.1.

The freedoms of association, assembly, and expression continue to be legally guaranteed in all of the countries. No changes to the main laws were noted during 2020, but a new draft law on registration of CSOs in Albania was published for public consultations which, although introduces some improvements in the registration process, it is still considered problematic. Throughout the region, legislation on AML/CT is considered greatly problematic for CSOs as it does not reflect the nature of the sector, may cause registration difficulties, and can be misused, threatening the legitimate work of CSOs. Registration processes, with the exception of Albania, are considered generally clear, easy and inexpensive, but could be further improved when done online. Guarantees against state interference in the work of CSOs exist everywhere, while legal guarantees against interference by third parties is still missing in Serbia. The pandemic has not restricted the freedom of association but introduced serious restrictions to the freedoms of assembly and expression in practice. While the COVID-19 measures led to an overall decrease in the number of assemblies organized around the region, people still organized or participated in protests on various issues, finding creative ways to make their voices heard. Worryingly, there have been numerous detentions and arrests of participants, as well as cases of excessive use of force by the police, and even police brutality, recorded in Montenegro, Albania and Serbia. CSOs have reported continuous smear campaigns due to their critical or investigative work in Serbia and BiH, where the issue of GONGOs and PONGOs is still worrisome. Regarding the freedom of expression, attacks on media and journalists continued, while disinformation and hate speech increased during the COVID-19 pandemic. People have been arrested on grounds of spreading fake news or causing panic, while governments in Albania and Serbia have been criticized for monopolizing the information related to the pandemic or restricting access of media.

Area 2: Framework for CSO Financial Viability and Sustainability

Subarea 2.1. Tax/fiscal treatment for CSOs and their donors

Tax Benefits

Prompted by the hardships that CSOs faced during the COVID-19 pandemic, few of the WB countries **introduced supportive measures that apply to CSOs**. Namely, in North Macedonia, the Law on Value Added Tax was amended to exempt sales of goods and services that are donated to a budget user for dealing with the pandemic from value-added tax (VAT). Moreover, VAT exemptions were provided for goods and services carried out to deal with the coronavirus, paid with funds from the received donations. In Albania, the threshold to register for VAT liability was raised to approx. 180.000 EUR, while previously it was approx. 36,000 EUR. CSOs with Public Benefit Status in Kosovo, as well as CSOs from Albania and Serbia that participated in the survey, noted that they have benefited from postponement or annulment of tax obligations, as well as the postponement of reporting deadlines.

Still, the other countries did not note similar developments or any improvements to the legal framework, and so **tax treatment continues to be challenging**. In BiH, tax rules and regulations create a non-favourable financial environment for the civic sector. Moreover, an incident from 2020 – where the Administration for Indirect Taxation attempted to collect VAT on all grants that were implemented in the past five years by the Association Nahla – showcased how public authorities in BiH can interpret the law subjectively. While the attempt was stopped due to the prompt reaction by wider civil society and lawyers, this case illustrates a legal uncertainty that can be a major threat to the civic sector in the future. In Kosovo, the legal framework on economic activity remains ambiguous, in particular regarding the economic activities of CSOs that do not have the Public Benefit Status. It is also unclear whether the exemptions on the corporate tax apply to all CSOs or only those with Public Benefit Status, causing difficulties in its interpretation and implementation. In addition, policy on passive investment has not been drafted yet, and there is no legal framework on endowments either. Legal inconsistencies are noted also in Serbia, as there is no unified definition of public interest in the Law on Associations and tax laws.

In Albania, the fiscal treatment of the sector (including VAT refunds for grants) constitutes to pose a concern and negatively affects CSOs' operation. In

addition, the legal environment on tax treatment is still not favourable to support social enterprises. CSO representatives in Montenegro have also stressed that more tax benefits are necessary. As taxes are equally applied to both companies and CSOs in Montenegro, this affects the volume of services that CSOs can provide, having in mind their non-profit nature. In addition, although amendments to the Law on Personal Income Tax for Natural Persons were planned for 2020, they were not realized.

Practice partially meets standards regarding tax/fiscal treatment of CSOs in the region. In North Macedonia, long and burdensome project registration procedures at the Secretariat for European Affairs (a precondition for VAT exemption on foreign grants and donations) continued to be a problem for CSOs. While the most commonly used tax relief around the region is VAT exemption, CSOs in Serbia reported experiencing complex procedures for VAT exemption on foreign funds. On the other hand, only 26% of surveyed CSOs in Albania, and 34% CSOs in Montenegro, assessed these administrative procedures as complex. The percentages are higher when it comes to administrative requirements for accessing tax benefits on economic activity.

Table 1 presents a regional overview of the legal framework on exemptions of VAT, corporate profit tax, and tax of mission-related economic activity.

	VAT exemptions	Corporate Profit Tax	Tax exemption of mission-related economic activity
Albania	<ul style="list-style-type: none"> - Exemption of social, cultural-educational, or sport CSO activities; - Not applied to services and goods purchased by CSOs as part of its economic activity, but applied on imported goods for CSOs' non-profit activity; - Reimbursement procedure for all bilateral and multilateral agreements ratified by the Parliament, grant agreements approved by the Council of Ministers, and sub-granting schemes implemented through intermediaries. 	<ul style="list-style-type: none"> - Exemptions for grants, donations and membership fees - Organizations that conduct not-profit activities of religious, humanitarian, benevolent, educational or scientific nature are exempt; - Specific agreements for exemption for international organizations, agencies for technical cooperation and their representatives. 	<ul style="list-style-type: none"> - Tax-free, except in cases when income is not used for activities for which the organization is registered; - The total income from economic activity, as a secondary activity of the foundation, should not be higher than 20% of the total annual income; - VAT reimbursement for CSOs' economic activity, in case of VAT surplus for 3 consecutive months and VAT amount exceeding 400,000 ALL (approx. 3,300 EUR).
Bosnia and Herzegovina	<ul style="list-style-type: none"> - Donations in goods and services are subject to VAT (and customs), while cash donations are not; - Exemption for CSOs with 	<ul style="list-style-type: none"> - Exemptions for non-profit activities and revenues received through public funds, donations, sponsorships, 	<ul style="list-style-type: none"> - Tax-free up to 25,000 EUR annual income; - Economic activity that is not mission-related is limited to a profit of

	humanitarian status (upon application); - Reimbursement for VAT on goods and services paid on the US and EU IPA-funded projects.	membership fees and sale of goods and services on a non-market basis (for revenue up to 25.000 EUR).	approx. 5,000 EUR or a maximum of one-third of the total annual budget (whichever is higher).
Kosovo	- Exemptions on grants, donations and subventions.	- 20% exemption for youth and culture-related activities; - 10% deductions of the taxable income on donations intended for humanitarian, health, education, religious, scientific, cultural, environmental protection and sport purposes.	- Economic/commercial activities of PBOs are exempt if the income destination is solely for the public benefit purpose and up to a "reasonable level" of income; - There is legal ambiguity if economic/commercial activities of all CSOs are tax exempted or it applies only to PBOs.
Montenegro	- Exemption of projects funded by the EU (total contract amount, incl. co-funding, but not applied on salaries and other HR fees).	- Organizations founded only for conducting non-profit activities are exempt and are not obliged to report it.	- Not tax-free; - Maximum annual income from economic activity is 4.000 EUR or up to 20% of the total income for the previous year.
North Macedonia	- Exemption on foreign grants and donations, with the precondition of registering the project; - CSOs with a turnover of less than 2.000.000 MKD (approx. 32.000 EUR) are exempt.	- CSOs are not subjected to the Law on Profit Tax; - non-taxable revenues: membership fees, charitable contributions, donations, grants, gifts, wills, legates, revenues from the Budget and dividends from trade companies established with the CSO funds.	- Tax-Free Up To 1.000.000 MKD (Approx. 16.000 EUR) Per Year- 1% Tax On The Amount Exceeding The Threshold.
Serbia	- Exemption on foreign funds.	- Exemptions for grants, donations, membership fees and non-economic sources of income; - Tax deductions for expenditures related to health care, cultural, educational, scientific, humanitarian, religious, environmental protection and sport-related purposes.	- Tax-free up to 3.400 EUR, with a tax rate of 15% (same as other legal entities).

Incentives for Individual/Corporate Giving

Prompted by the COVID-19 pandemic, several countries enacted measures to support donations but, in some cases, they were **either insufficient or inapplicable to CSOs**. The BiH national government adopted special regulations lifting this rule for medical equipment and medicine that were donated to public institutions for addressing the epidemic; however, this rule does not apply for donations to CSOs. CSOs in BiH still face obstacles regarding donations in goods and services, and tax regulations are considered hindering the philanthropy and humanitarian actions in the country. In North Macedonia, also to address the situation caused by COVID-19, a Decree with the legal force for the application of the Law on Donations and Sponsorships in Public Activities was introduced. The Decree aimed to regulate the public interest of donations in financial means, goods and services when budget users are recipients of such donations.

In Serbia, CSOs sent a proposal to amend the Regulation on Fiscal Benefits and Direct Benefits to Economic Entities during the state of emergency, to extend the VAT exemption to (primarily food and consumer) goods and services for all benefits, which VAT payers send to local governments, other state bodies, social and public institutions and CSOs. However, the Ministry of Finance did not respond to this initiative until the end of 2020. In addition, the Government did not respond to the proposal of the Council for Philanthropy containing measures for encouraging donations and efficient support to the most vulnerable. Positively, twelve banks stopped charging the fees after the Charity Coalition appealed to the National Bank of Serbia to abolish bank fees on donations to dedicated accounts of non-profit organizations during the state of emergency.

There were **no changes** in the legal framework on tax incentives for individual and corporate giving, as the expected changes to the Law on Personal Income Tax in both Kosovo and Montenegro were moved to 2021. **Improvements in the legal framework are still necessary around the region**, having in mind that the tax exemptions (mainly up to 3 or 5%, and up to 10% only in Kosovo, for corporate donations, and similarly insignificant for individual donations, where applicable) are not considered as actual incentives for donations. Individual giving is not regulated at all in Albania and Serbia, despite continuous advocacy

In **Bosnia and Herzegovina**, tax benefits are available solely for humanitarian, health and education purposes, which is not beneficial for philanthropic endeavors or supportive of organizations working on protection of human rights and democracy.

In **Kosovo**, tax deduction is offered only for a limited number of publicly beneficial activities (excluding promotion of human rights, support to democratic practices and civil society, consumer protection, refugee assistance and support), making fiscal legislation incoherent with the public benefit status of the CSO Law.

Incoherence is noted also in the Law on Corporate Income Tax in **Serbia**, as it contains different incentives based on different areas of public interest, and results in unequal tax treatment of funds recipients of from various donors and of the donors themselves.

Similarly, in **Montenegro**, the Law on Personal Income Tax should be further harmonized to recognize all areas of public interest.

efforts, and the fact that citizens are one of the most important donors (50% of all donations in Serbia).

Table 2 below presents a regional overview of the percentage of tax-exempt income for individual and corporate donors.

Country	Individual tax incentives	Corporate tax incentives
Albania	/	<ul style="list-style-type: none"> - Up to 5% deduction of profit before tax for the press publishers and publication of literature, scientific and encyclopaedia, as well as cultural, and artistic; - Up to 3% of profit before tax, for all other taxpayer's subject to corporate income tax.
Bosnia and Herzegovina	<ul style="list-style-type: none"> - Up to 0.5% in FBiH and up to 2% in Republika Srpska of the income in the previous year for donations given for cultural, educational, scientific, health, humanitarian, sports and religious purposes only to specially registered associations and other legal entities. 	<ul style="list-style-type: none"> - Up to 3% deduction for donations made for humanitarian, cultural, educational, scientific, and sport purposes (FBiH and Republika Srpska); - Up to 3% in Federation BiH and up to 2% in Republika Srpska for expenditures that support social events or projects that are not directly related to their business activities, with or without reciprocity in advertising.
Kosovo	<ul style="list-style-type: none"> - 10% deductions of the taxable income, if those donations aim at humanitarian, health, education, religious, scientific, cultural, environmental protection and sport purposes. 	<ul style="list-style-type: none"> - 10% deductions of the taxable income, if those donations aim at humanitarian, health, education, religious, scientific, cultural, environmental protection and sport purposes.
Montenegro	<ul style="list-style-type: none"> - Expenditures recognized in the areas of health, education, sport, cultural purposes and environmental protection. 	<ul style="list-style-type: none"> - Expenditures in all 21 areas of public interest are recognized as up to 3.5% of the total income of the taxpayer.
North Macedonia	<ul style="list-style-type: none"> - Individuals can deduct the calculated personal income tax, or claim a return of the paid income tax determined in their annual tax return in the amount of the donation, but no more than 20% of the donor's annual tax debt, or no more than 390 EUR. 	<ul style="list-style-type: none"> - Up to 5% of the total income for donations and 3% for sponsorships.
Serbia	/	<ul style="list-style-type: none"> - Up to 5% of the total revenue for expenditures on health care, cultural, educational, scientific, humanitarian, religious, environmental protection and sport-related purposes.

In practice, the administrative procedure for tax incentives is not considered supportive in North Macedonia, Montenegro, BiH and Serbia. Overall, **individual and corporate giving is insufficiently practised, particularly towards the civil sector**. North Macedonia recorded a considerable decrease in donations, especially in cases of CSOs receiving funding from individual donors, but also companies, while Montenegro also noted a decrease but not that significant, with most donations coming from corporations. Individual philanthropy in Montenegro is still at a low level, due to the lack of trust in society and the limited awareness of its importance. However, the coronavirus crisis raised some awareness on the importance of giving and resulted in notable funds gathered and many humanitarian actions organized. In Serbia, according to the latest Catalyst reports, the amount donated to CSOs during 2020 was more than 24.9 million EUR, which is triple the amount of 2019, and nearly 49% of the total donations amounts reported. Almost 6.2 million EUR was donated to non-profits with the aim to mitigate the consequences of the COVID-19 pandemic.

Corporate social responsibility (CSR) is not a common concept among companies and is not promoted and visible by the state in both Kosovo and Bosnia and Herzegovina. On the other hand, in North Macedonia, CSR is understood as potentially encouraging corporate giving, thus is of interest to the Government. Nonetheless, the Mid-Term Strategy for CSR (2019-2023) has made little progress and not many CSOs were part of the process. The Forum for Responsible Business in Serbia, the largest national network dedicated to promoting and furthering CSR, was dedicated to business sector investments in community development, contribution to mitigating the consequences of the COVID-19 crisis, but also to the implementation of Sustainable Development Goals (SDGs).

Practice shows that a rather small number of CSOs have a **public benefit/interest status (PBO)** in Kosovo (only one organization obtained this status during 2020, and there are 188 PBOs in total), North Macedonia and Montenegro, even though it is permitted by law. In practice, in Bosnia and Herzegovina, this status is often related to politically selected CSOs.

Box 2: EU Guidelines assessment – Result 2.2. & 2.3.

The legislation provides some tax incentives for corporate giving in all countries, and some for individual giving in most of the countries (except for Albania and Serbia), but it is not considered stimulating or encouraging for the development of a philanthropy culture in any of the countries. CSOs are exempt from income tax on grants and donations, but tax treatment continues to be challenging in Albania, BiH, and Montenegro, especially as grants and donations from domestic donors in Montenegro are not exempt, unlike ones from foreign donors. In addition, procedures for tax exemption are not always clear and easy (e.g. North Macedonia, Serbia). Some ambiguity and inconsistencies exist with regard to economic activities, especially when it comes to organizations with public benefit status (e.g. Kosovo, Serbia). Currently, in the majority of countries, tax benefits related to economic activities are only provided if they contribute to the mission of the organization.

Subarea 2.2. State support

Public Funding Availability

No new laws and regulations have been adopted during 2020, and due to the coronavirus crisis, **expected changes in the legislation were postponed**. Thus, there has been no development regarding the co-financing scheme for EU funds for CSOs in Kosovo planned in the Strategy for Government-CSO Cooperation 2019-2023, and in North Macedonia, measures related to the comprehensive public funding reform foreseen in the Strategy and expected by the first trimester of 2020 were not implemented.

The coronavirus crisis has had a **visible impact on the number of available state funds for CSOs**. With the distribution of public funds for CSOs being decentralized, in most of the WB countries, the ministries and other public institutions cancelled or paused the planned calls for proposals, or extended the deadlines for submitting proposals. A worrying development was noted in North Macedonia, where the government tried to drastically cut down the state

In **Serbia** there is still no single comprehensive document to regulate state support for institutional development for CSOs, project support and co-financing of EU funded projects.

In **Bosnia and Herzegovina**, the adopted Rulebook on Conditions and Criteria for Financing and Co-financing Programmes and Projects of Public Interest Implemented by CSOs is not applied in practice.

In **Kosovo**, although required by the Regulation on Criteria, Standards, and Procedures on Public Financing for CSOs, specific budget lines for CSO support in the annual state's budget relating to specific public institutions have not been created, ever since the Regulation entered into force (2018).

funding for CSOs with the decision on redistribution of funds as a response to the COVID-19 pandemic. However, after CSOs strongly reacted to the announced cut of around half a million euros, most funds were reallocated back to CSOs, with the largest part targeting urgent measures to deal with the crisis. Similarly, in Albania, the biggest proportion of the one call for proposals published by the Agency for Support to Civil Society was dedicated to the COVID-19 response and an overall decrease of 40% compared to previous years was noted.

A decrease in public funding was noted in the rest of the countries too. In Montenegro, although around 6.5 million EUR were planned in the budget line for NGOs support in 2020, which is almost 500,000 EUR more than in 2019, actually around 200,000 EUR less were allocated. In Serbia, an increase in the state budget for CSOs was planned, but during March and April, only one decision on allocating funds for financing and co-financing CSO projects was announced, and overall a great amount of planned funds was not allocated due to the suspension of public calls. Official data in Kosovo, published in 2020, show that around 21 million EUR were distributed to CSOs in 2019; however, KCSF's analysis shows that around 7 million EUR were allocated to CSOs, as the rest went to federations, sports clubs, economic operators, religious institutions or for services provided to public institutions. In 2020, only 23 Kosovar CSOs (compared to 37 in 2019) received public funds either from the central or local government. In all of the countries, funds were granted mostly for projects, or some project co-financing, mainly relating to short-term activities, while **institutional grants were notably unavailable**, indicating that public funding is not a sustainable source for CSOs.

Although this had a serious impact on the financial sustainability of CSOs, most of the countries neither designed **support schemes for the sector** nor included CSOs in their crisis help packages. In Albania, as per the response of the General Directorate of Taxation, CSOs have not been included in the Government "COVID-19 Packages" because their activity was not affected by the measures. The only exception is Kosovo, where CSOs were added to the Government's Emergency Fiscal Package to mitigate the effects of the pandemic after an official request was submitted by the Kosovar Civil Society Foundation. An emergency help package also was announced by the Ministry of Culture, Youth and Sports in Kosovo to assist youth, culture and sports CSOs, but it was not realized.

The procedures prescribed for **CSOs' participation in all phases of the public funding cycle** have shortcomings around the region. According to the survey, 65.5% of CSOs in Macedonia, 57% in Kosovo, and 55% of CSOs in Albania disagree they are involved in the process of setting up priorities for state funding, while in Serbia all CSOs that stated to have used public funds (37.3%) also strongly disagree or disagree. In Montenegro, only seven CSOs participated in the consultations in two ministries. In Kosovo, 36% of local-level institutions and only 8% of central-level institutions have consulted with CSOs when

allocating the budget and deciding on priority areas to support.

In general, practice indicates that **state funding is not a viable source for CSOs** as it is limited in its ability to support the work of CSOs. Very few CSOs in the region have noted to have state funds as the majority of their yearly budgets. As per the surveyed CSOs, two thirds in Montenegro strongly agree or agree that available funds are not enough for CSOs' needs; in Kosovo, 60% of CSOs consider public funds insufficient, while in North Macedonia over 80% strongly disagree and agree that the state funding is sufficient and commensurate to the needs of CSOs.

Channeling a certain percentage of the proceeds from lotteries and other games of chance to CSOs is still possible in the region, including Serbia with the amended Law on Games of Chance. However, this source of income is rather unpredictable due to its limited availability and lack of transparency in the selection procedures.

State funding for CSOs in Albania and North Macedonia is still almost a non-recognizable source of income and only available for a limited number of organizations. On the other hand, public funds in Bosnia and Herzegovina are not negligible as public institutions, particularly cities and municipalities, are the largest CSO donors in the country. Still, due to their distribution through numerous public institutions (circa 3000 institutions in a country of 3.5 million citizens), often implemented in a non-transparent manner, it does not enable the development of an independent and sustainable civil society. Similarly, in Montenegro, the decentralized model of funds allocation created many "catch-all" organizations that apply for projects in all areas and receive funds for those projects, while CSOs that operate in one specific area do not receive any funds.

Public Funding Distribution

Issues with the transparency of the public funding distribution have been noted in all the countries. Despite setting a positive example in 2019, North Macedonia in 2020 recorded a worrying case of a non-transparent cut of already planned budget funds, which then were returned and distributed to CSOs in a rather dubious manner. Namely, several critical issues in terms of the transparency of the process: very short deadline for application, all 549 received applications evaluated within 2 days, a major difference among scores for one application presented from different evaluation committee members, the composition of the evaluation committee itself etc. were noted in the Government's call for project proposals of CSOs for dealing with the COVID-19 crisis. This has caused a major step back in the process, undermining the Government's commitment to improve the state funding system. In addition, during 2020, the majority of state institutions in

The legal framework in all of the countries contains provisions that stipulate general and uniform criteria for the process of distribution of public funds. Almost all countries have adopted regulations that deal specifically with this issue, with the exception of North Macedonia, where the preparation of a law to standardize the procedure of allocation of public funds, was foreseen to be done in 2020 according to the Strategy, but was not implemented.

North Macedonia that allocate funds to CSOs failed to provide adequate public information on the funding procedures and funded projects.

CSOs in Albania also noted a **regress with regards to the transparency** of state funding distribution, despite the clear regulations in place. Important information was not published by the Ministry of Culture, and there was no information on the amount of financial support and focus of the projects funded by the National Lottery Fund. Providing information in Serbia was planned with the e-Calendar created by the Government Office for Cooperation with Civil Society, however, this functionality still has not been developed, and data on the results of announced public calls, including basic data on supported projects/programs and beneficiaries, is not yet available. A positive example is Kosovo, as the government annually publishes reports on the public financial support distributed to CSOs. Despite drawbacks mainly related to the categorization of other legal entities as CSOs, in essence, the report provides a cornerstone to establish transparency of public funding distribution.

Other problematic issues are noted as well. In Serbia, apart from the general criteria provided within the Government Regulation on Financing Programs of Public Interest in Serbia, which leave room for arbitrary decision-making, there are **no clear sanctions for violation** of its provisions. The regulation needs to define several issues more clearly, such as criteria for determining the public interest, a unified procedure for submitting appeals, conflict of interest, etc. In BiH, the application of legal regulations and procedures in place is **formally carried out**, but in reality, decisions on the distribution of public funds are often made informally. As funds often end up "in the hands of affiliates of the ruling political parties", and the whole process is rarely scrutinized (e.g. making a complaint on results is administratively possible but oftentimes does not result in more fair procedure or revision), a framework for transparent funding of CSOs is necessary across the country.

According to the **survey** respondents, the majority of CSOs in Montenegro (71.8%), Kosovo (63%), and North Macedonia (56.3%) consider decisions on public funding unfair, while in Albania 44% of surveyed CSOs share that opinion. In Serbia, none of the surveyed CSOs agreed that decisions on public funding allocation are fair. Most Serbian CSOs also consider application requirements burdensome (61%) and application criteria unclear (50%), and a similar situation is noted in Montenegro. On the other hand, in Macedonia and Albania, around 60% of CSOs consider requirements easy and application criteria clear. In Kosovo, around 70% of CSOs agree or somewhat agree that application forms are comprehensive and application criteria are not excessive.

Monitoring and Evaluation of Public Funding

All countries have enforced **legal acts prescribing clear measures for**

accountability, monitoring and evaluation, often as an integral part of the regulations on public funding distribution. Generally, monitoring of financial support is performed through routine and financial visits to ensure compliance with legal requirements. During 2020, some of these on-field visits have been cancelled or conducted online due to the coronavirus pandemic. Surveyed CSOs from Albania, Montenegro, Macedonia and Serbia have assessed that the monitoring was done mostly in line with criteria set in advance and was announced in advance more often than not. Organizations are also obliged to submit reports on the use of funds, mostly during the project implementation period, as well as one final report as soon as the project is completed. Stipulated measures for breaches range from cancelling the contract or repaying funds with interest calculation, to court proceedings.

In Bosnia and Herzegovina, the monitoring and evaluation of state-funded CSOs' projects is rather a formal process without any or little scrutiny, and even **misuse of public funding** by CSOs has rarely been followed up. However, several recent scandals involving members of prominent humanitarian organizations misusing donations for personal gain have led to a public call for greater scrutiny of CSOs. Although such cases were brought up to prosecutors' offices, it is unclear if investigations or indictments have been made. In North Macedonia, too, the legislation does not prescribe specific and proportionate sanctions for CSOs that misuse public funds.

Regular **evaluation of the effects and impact of public funds** is not regularly carried out by state bodies around the region. Positively, in North Macedonia, the Analysis on the Financial Support for Associations and Foundations from the Budget (from 2017 until the first half of 2019) was consulted with CSOs and presented to the Government, where it was proposed for a working group to be established (including a representative of the Ministry of Finance) for implementation of the recommendations from the Analysis. Another good example was set by the Unit for Cooperation with NGOs which prepared the Report on the Implementation of the Programme for Financing Program Activities of Associations and Foundations for 2019, and together with all individual narrative and financial reports from the grantees were published on its website and presented to the Council.

In Serbia, on the other hand, the last consolidated Report on State Funds Distributed to CSOs was published in 2016 by the ex-Office for Cooperation with Civil Society, so updated information remains unavailable. Having in mind that the Law on Ministries did not place this task within the scope of the new Ministry, an important mechanism for controlling the transparency and accountability of state budget allocations has been abolished. In addition, MLEVSA and MYS as core distributors of funds for CSOs in Serbia did not publish periodic reports on the effects of state funding. In Albania, no public institution published evaluation reports on the impact of public funding on CSOs.

Non-Financial Support

CSOs around the region can receive Government-owned real-estate or movables (or other types of support based on individual CSOs' requests) for temporary or permanent usage, with or without compensation, as per the legal framework in place. Following up on the 2019 developments, Kosovo is the only country in the region that in 2020 has further developed regulations on the use of the public property by CSOs.

Namely, in Kosovo, a **new Regulation** entered into force that determines the procedure on allocation for use and exchange of municipal immovable property. The Regulation determines that each municipality has to establish, through an internal act – and not through the Regulation itself – its criteria when

allocating property to CSOs. This is entirely in discordance with what civil society has been demanding before the new law came into place in 2019, especially since the law does not take into account the nature of CSOs and contains no specific provisions on one-time usage of municipal or other public property by civil society. Moreover, the Regulation states that only CSOs that work within the competencies of a certain municipality can be granted its property. While this provision is not fully clear, an analysis of the municipalities' internal acts shows that eligible to apply are only organizations working on a limited scope of activities in line with municipalities' competencies (e.g. youth, culture, sport, history, archaeology, architecture, etc.), as there is no mention of human rights organizations, CSOs that promote gender mainstreaming or environmental protection, or any other similar fields.

National and local government institutions commonly provide **office and conference space** to individual organizations or collective facilities with shared space and equipment for a bigger number of CSOs. In addition to the insufficient amount of public premises available, an issue noted in BiH and Montenegro is the lack of investment and maintenance of these spaces, affecting their accessibility and utility. These spaces are usually provided free of charge or at a lower market price. In BiH, some organizations, such as those representing victims of war, war veterans and socially disadvantaged populations, can receive access to public facilities free of charge, while other CSOs can apply for offices that are usually given out at lower market prices for rent.

Other types of non-financial state support recorded in the other countries mostly relate to capacity building activities (training, workshops, consultations,

Non-financial state support is generally available to CSOs in the region. With the exception of Albania, which has not yet enforced a legal framework or regulations with specific provisions that authorize state authorities to provide non-financial support to CSOs, all other countries have already addressed this issue. The most common means of non-financial state support are the use of public premises, free of charge or for a reduced fee, or the use of movable items. Yet, a prevailing opinion is that CSOs are mostly unaware of the opportunities for non-financial support offered by the state.

mentoring), providing equipment or support in organizing events, but this kind of support is rarely provided.

Open calls for non-financial support however are not a norm; thus, distribution and access to these resources is not transparent. In the case of BiH, such support is more often given to organizations affiliated with the ruling political party. **Transparency of the allocations** is also a persistent issue in Montenegro, as local self-governments allocate property to CSOs based on published criteria that are mostly not clear, and to some extent in Macedonia, where no provisions with criteria for transparent allocation exist. On the other hand, public property is allocated through open calls in Kosovo (where one member of the Evaluation Commission is an expert from civil society) or in some cases through public auction in North Macedonia.

As per the survey, **only a few cases of CSOs that use non-financial state support** were noted throughout the region. In Montenegro, surveyed CSOs have a negative opinion about the non-financial support – the majority believe that conditions for getting non-financial support are hard to meet and that decisions on the allocation of such support are not fair. Still, there have not been any officially reported cases of CSOs in Montenegro being deprived of or not given non-financial support due to their political affiliation/critical stance, the same as in Kosovo. Only a few CSOs in Kosovo use this support as a common practice, sometimes also due to a lack of awareness that such an opportunity exists. Numbers are even more negative in the case of Serbia, where only six surveyed CSOs (7%) agree that requirements for accessing non-financial support are easy to meet, and none of the CSOs agrees that decisions for allocation are fair. Only three CSOs in Serbia agreed that organizations critical to the government can access non-financial state support, and 33% of CSOs in Albania disagree with this statement. In Macedonia, more CSOs think requests for non-financial support are not easy to fulfil and more than not that do not confirm the fairness of the allocation of this type of support. In general, CSOs are not treated in an equal or more supportive manner compared to other actors when providing state non-financial resources.

Box 3: EU Guidelines assessment – Result 2.4.

The coronavirus crisis has pushed expected legislation for the next year (most importantly the comprehensive public funding reform in North Macedonia, and the co-financing scheme for EU funds in Kosovo), and has had an adverse effect on the amount of available state funds for CSOs. Many of the calls for funding were either cancelled or postponed, and several issues with the transparency of public funds distribution has been noted (esp. in Albania and North Macedonia). All of the countries recorded a decrease in public funding, and institutional grants have been notably unavailable, indicating that public funding is not a sustainable source for CSOs in the Western Balkans. CSOs rarely participate in all phases of the public funding cycle, and all the countries are lacking in effective monitoring and evaluation of the public funding distributed, despite regulations in place.

Subarea 2.3. Human resources

Employment in CSOs

Throughout the region, labour legislation neither hinders nor stimulates employment in CSOs – it **treats all legal entities in the same manner**, without reflecting the specific nature of CSOs. Considering this, CSOs have used the financial and tax benefits available for employees as part of the COVID-19 support in some countries. Namely, in BiH, it was the payment of minimum wage for months while there was quarantine and restriction of movement, and in Serbia, it was reimbursement for staff salaries, tax payment deferral or insurance contributions. Although employment tax benefits existed also in Albania and Montenegro, CSOs were not eligible, despite advocacy initiatives.

A new **Labour Law** adopted in Montenegro introduced provisions that allow employers to hire staff on a fixed-term contract for up to 36 months, as well as provisions that recognize work outside the employer's premises, including remote work, both of which are positive for CSOs operations. Changes in the relevant labour laws in Kosovo were expected in 2020, but have not yet entered into force officially. According to a Government's decision, the Labour Law will be merged with the law on Maternity and Parental Leave, which is a request of CSOs for a long time, having in mind that the previous provisions for maternity leave, which are obligatory for all employers, are problematic for CSOs. The changes should also address another challenge identified by CSOs, which is the project-based contracting of staff, but further explanation is still required based on civil society funding characteristics. Enforcement of the labour regulation is considered weak in BiH, and CSOs have also been subjected to various forms of

labour misuse and discrimination (e.g. informal employment without proper contracts, unfair compensation, etc.), although not as much as workers in the commercial sector.

A more unequal treatment of CSOs in comparison to other legal entities is noted when it comes to **state incentive programs for employment**. In Macedonia and BiH, active employment policies are available mainly for businesses, but some supportive measures have been introduced. In North Macedonia, in 2020, there were some employment programs and measures available for CSOs, such as: subsidizing salaries and employment. In BiH, CSOs have recently been included in programs that promote and subsidize the employment of unemployed persons and people with disabilities. Unfortunately, these have had limited success as most workers do not get long-term employment after the program funding ends due to a lack of long-term funding.

Incentives for legal entities, including CSOs, that employ disabled persons with disabilities, are also available in Montenegro, but more successful has been the vocational program for higher education graduates. In fact, during 2020, more than 100 graduates were employed in the civil sector through this program, after the 9-month state employment support. In Serbia, there is no publicly available data on the number of CSOs that benefit from employment support programs, compared to other entities. Only three Serbian CSOs taking part in the survey reported they used Government benefits for stimulating employment in CSOs, while this number in Kosovo is 10, noting a slight increase of CSOs that benefited from the Government's employment programs from the last year.

In terms of **statistics on the number of employees** in the non-profit sector, most of the countries are still lacking systematic collection and publishing of data. Only in Serbia and Kosovo, there are regular, clear and disaggregated statistics on the number of employees, based on the taxes and social insurance contributions paid by legal entities that have the status of a CSO. In Albania, the total number of employees in the sector is known, but not disaggregated per full-time or part-time employees, even though this information is collected through declarations submitted by CSOs. In North Macedonia, there is also no data available on part-time employees, people with short-term contracts and volunteers. In practice, employment in CSOs is still quite low – less than 1% of all employed persons in these countries.

Volunteering in CSOs

The legislative framework on volunteering in CSOs is still not considered stimulating across the region, as **inconsistencies and lack of clarity in the involvement of volunteers** exist in many of the countries. In Albania, pertaining issues are the insurance of volunteers, contracting procedures, volunteers' registration, confusing competencies of responsible law enforcement

institutions, etc. In BiH, although laws for volunteering have been adopted for a decade now (in the RS and FBiH entities and Brcko District), CSOs still report they are not clear about signing volunteering contracts with young people, and therefore choose scholarship or short-term work contracts, which are also easier to handle administratively. In Serbia, a working group was formed in 2020 to assess the effects of the Law on Volunteering and found several problematic issues: volunteering is treated as free work, it is not adequately defined and is over-regulated, there is a lack of incentives for both volunteers and volunteering organizers, unjustifiably high administrative obligations (and associated costs) for volunteering organizers, etc. In Kosovo, the legal framework deals only with the volunteering of youth and does not consider all the peculiarities of volunteering, such as ambiguities on the provision of salary or pension contributions to a volunteer, and lack of clarity in defining what voluntary engagement entails.

Some **amendments to the legal framework** were initiated in Kosovo, namely to the Law on Youth Empowerment and Participation, which regulates youth volunteering, but limits the age of volunteers to 24 years. After being long criticised, with the amendments of 2020, this limit has been extended to 29 years. The draft law further defines incentives for registered volunteers, such as access to capacity building activities as well as expenses covered by the provider of the volunteer work. Still, the drafting of an overall legal framework on volunteering in Kosovo is ongoing since 2017. Several other **expected legal changes for 2020 were not realized** as well, partly due to the coronavirus crisis. Namely, in North Macedonia, the preparation of the National Strategy for Promotion and Development of Volunteering 2020-2025 was started in 2020, but was not finalized; while in Montenegro, the adoption of the 2019 draft Law on Volunteering has been postponed also due to the change of government. The draft law introduces a new definition of volunteering, ways of keeping records on volunteers, and no obligation to sign contracts if the volunteering is less than 10 hours per week, which is one of the changes most advocated by CSOs.

The administrative **procedure for engaging volunteers** is considered complicated and costly in North Macedonia, and easy to follow in Kosovo, although it applies only to youth volunteering. Generally, formalized volunteering does not prevent or sanction the practice of spontaneous volunteer work and volunteers are considered a very important part of CSOs human resources, especially in the implementation of humanitarian, educative or other socially beneficial activities. To illustrate, based on the survey responses, more than 80% of organizations in Albania and Montenegro, and more than 40% in Kosovo, included volunteers in their work. In Serbia, the number of volunteer practices was decreased due to the adopted epidemiological measures for the pandemic, and the focus was shifted from volunteer to professional paid internships. Still, in most of the countries, there is **no public data** neither on the number of volunteers engaged, nor the voluntary hours spent in CSOs, except for voluntary hours per year by youth volunteers in Kosovo.

Regarding **incentives and state-supported programs** for the development and promotion of volunteering, some have been noted in North Macedonia, but only a few CSOs have used this support. During 2020, positive initiatives were noted in BiH and Serbia. Republika Srpska has made significant efforts through its Volunteering Service attracting 10.000 members, mostly high schoolers and students. However, in 2020, only 75 long-term volunteer contracts were signed in FBiH, and 20 in Republika Srpska. In Serbia, 800 volunteers got involved in the online volunteering project for youth, and 159 volunteering actions and 30 volunteer camps were organized through the “#ŠtaNamTeško” program for the promotion of youth volunteer engagement launched by Youth Researchers of Serbia, with the support of MYS. Strategic state policies and support or training for volunteers are still missing.

Non-Formal Education

Legislation around the region **promotes non-formal education**, and in some of the countries (BiH, North Macedonia) it partially enables CSOs to take part in the informal education system, while in others (mostly Montenegro and to some extent in Serbia) it greatly recognizes its role.

In Montenegro, the importance of CSOs role in non-formal education is emphasized in the Adult Education Strategy and the Youth Strategy, while the Ministry of Education annually allocates funds for financing numerous projects and programs of CSOs for adult education in the fields of civil democracy, environment protection, sustainable development, gender equality, media literacy. CSOs' role in non-formal youth education, as well as career guidance and counselling programs for young people in secondary and higher education and in the labour market, is also recognized in Serbia through the Law of Youth and the National Employment Action Plan for 2020. In Macedonia, the new Draft-Law on Adult Education is still not adopted and there have been no visible results yet from the Strategic Plan of the Bureau for Development 2020-2022 that envisaged the development of a new concept for civic education with concrete activities to be undertaken. While validation of non-formal education as a form of adult learning has taken a stronger stance in the last few years in BiH, strategies and action plans do not focus on civic knowledge or skills.

At a practical level, **CSOs are widely involved in non-formal education** through the provision of trainings, workshops and professional courses, but in almost all countries formal validation of these activities requires an official registration with the state, accreditation or a licence to provide educational services. Kosovar CSOs are allowed to provide educational activities, including non-formal ones if such activities are in accordance with their statutes and fields of activities. In Albania and Serbia, over 338 CSOs possess a licence to provide social and educational services, while in Montenegro, a large number of organizations

implement educational programs even without obtaining a licence.

Civil society related subjects (e.g. democracy, human rights, civic education) are included in the official curriculum, mostly as elective subjects in elementary and secondary schools in Albania, BiH, Montenegro, Serbia, and North Macedonia, and to a lesser extent in Kosovo. While teaching only civic education in primary schools in Kosovo is considered by CSOs as limited, representatives of the Ministry of Youth Culture and Sports, and the Ministry of Education consider the legislation in place as appropriate and responsive to the needs of the CSO sector. On the other end, additional steps have been taken in BiH with the development of a Common Core Curriculum for civic education as a basis for improving the existing curriculum for preschool, primary and secondary education.

Possibilities for **engagement in CSOs as part of the educational system** are noted in Albania, Montenegro, North Macedonia and Serbia, such as volunteering possibilities, compulsory internships or fellowships for university students that could be undertaken at a CSO, but there are not many cases noted.

Box 4: EU Guidelines assessment – Result 1.2.

While labor legislation neither hinders nor stimulates employment in CSOs (treating all legal entities in the same manner), legislation on volunteering is not considered stimulating in any of the countries, due to inconsistencies and lack of clarity in the involvement of volunteers. All changes in the legal framework have been postponed, mainly due to the pandemic. A more unequal treatment of CSOs in comparison to other legal entities is noted when it comes to state incentive programs for employment. Comprehensive statistics on the number of employees is not available or easily accessible in most of the countries (and even less when it comes to volunteers), while improvements are noted in Serbia.

Area 3: Government-CSO Relationship

Subarea 3.1. Framework and practices for cooperation

1.1. State Policies and Strategies for Development of and Cooperation with Civil Society

There are **strategic documents** dealing with the state-CSO relationship and civil society development in all of the Western Balkan countries, except for Serbia, although such a document was drafted in 2014. Moreover, this document was based on official records and statistics collected by state institutions as well as a baseline study about the status of CSOs and cooperation with public institutions, which is a unique undertaking. The strategic document in Montenegro, for example, also analysed the state of the sector based on some official data and reports, but a lot of important data that shows the diversity of the sector was not included. All strategic documents include goals and measures that have been consulted to some extent with civil society (e.g. only 21% of surveyed CSOs in Kosovo stated they participated in the Strategy's drafting process).

In both Montenegro and North Macedonia, the strategies for development and cooperation with civil society have ended in 2020. CSOs were included or contributed both in the realization and in the monitoring of the Strategy implementation (in North Macedonia, through the Council). The **implementation reports** show that, in Montenegro, half of the measures (17 out of 34) were completed and two are ongoing, while in Macedonia, more than 60% of activities were completed (51 out of 84). However, only 22 (47.8%) of the activities relating to the legal, institutional and financial framework for civil society development were implemented, and progress in the main development measures for civil society (e.g. reform of public funding, individual and corporate donations, social services and volunteerism) is assessed as insufficient. In North Macedonia, the development of a new strategy was not initiated during 2020, while in Montenegro public consultations were organized for CSOs during the initial phase of the preparation of the new Program of Cooperation of State Bodies and CSOs 2021-2023, taking upon the recommendation from the implementation report. Another public hearing is planned after the first version of the Program is drafted, which has been postponed for 2021.

Although a strategy for cooperation is still pending in BiH, a positive development was noted in 2020. Namely, three years after the adoption of the Agreement on Cooperation between the Council of Ministers of BiH and CSOs, the most significant obligation stemming from the Agreement has been realized

– the establishment of an **Advisory Body of the Council of Ministers** for implementation of this Agreement. One of its first tasks is to prepare the Strategy for Civil Society Development to be adopted by the Council of Ministers, and later to monitor and evaluate its implementation. The Agreement, developed in consultation with CSOs as a national commitment to building a prosperous, democratic society in Bosnia and Herzegovina, has been signed by 119 CSOs by the end of 2020.

No significant changes have been noted in Albania and Kosovo, as they are continuing the implementation of their **ongoing strategic documents**. While the fulfilment of the objectives has been slow due to the pandemic, the Government of Kosovo has committed to start a mid-term evaluation of the Strategy. CSOs have demanded an update of the evaluation methodology to ensure it is result-oriented. In Albania, most of the actions planned for 2020 in the Road Map for the Government Policy towards a More Enabling Environment for Civil Society Development 2019-2023 have not been implemented, and there has been no comprehensive and inclusive dialogue with the sector. According to the survey, only 28% of CSOs in Albania are aware of the content and measures of the Road Map. Similarly, in Kosovo, CSOs generally lack awareness about the existence of the Strategy.

Institutions/Mechanisms for Development of and Cooperation with Civil Society

National level institutions/mechanisms for development and cooperation with civil society exist in all countries of the Western Balkans, in different forms such as cooperation offices, councils or units. Albania, Kosovo, Montenegro and North Macedonia have active Councils for cooperation with CSOs, while in Kosovo there are several other mechanisms for cooperation also in place. In Serbia, the Ministry of Human and Minority Rights and Social Dialogue has taken over the responsibilities of the Government Office for Cooperation with Civil Society as of October 2020. It should be noted that putting the relations with civil society under the auspices of one ministry significantly narrows the space for constructive cooperation between all public authorities and the civil sector. In addition, a Database of Contact Points for Cooperation with CSOs was created in Serbia to enable and encourage direct communication and cooperation of administrative bodies with civil society.

Other **changes for 2020** were noted in BiH and Kosovo, both in a positive direction. In BiH, the Advisory Body of the Council of Ministers for cooperation with civil society was finally established and its Rules of Procedure have been adopted. The Advisory Body consists of seven members who are tasked to create, monitor and implement public policies for creating a stimulating legal, institutional and financial environment for non-governmental organizations in BiH. In Kosovo, the Ministry of Local Government has adopted a new mechanism for cooperation with CSOs and intensified its meetings with CSOs. Still, there is a

small number of CSOs participating and no Rules of procedures are yet adopted.

The National Council for Civil Society in Albania, whose secretariat is the Agency for Support to Civil Society, has had several **shortcomings**. Having conducted only two meetings during 2020, the Council has hardly led any productive discussions in voicing CSOs priorities in policy-making processes. The need to amend the number of representatives from state institutions to meet the required balance of representation has been noted, as well as a lack of interaction among CSOs members of the Council with their constituencies. In North Macedonia, the Council for Cooperation has held nine sessions in 2020 (four being the minimum legal requirement), but regular participation of the state institutions at the sessions continues to be a challenge, and so is the participation of other CSOs besides the Council members.

In addition to these mechanisms, **consultative bodies dealing with the European integration processes** are established in Albania, Kosovo and Serbia. The work of these bodies (national councils), however, needs to be further improved. The National Council for European Integration in Kosovo is ineffectively managed and lacks transparency in its operations and communications, while in Serbia, the National Convention on the EU lacks clear rules for CSOs participation in drafting processes, gives short deadlines for conducting the consultation processes and inadequate analysis of the received comments from civil society. The National Council for European Integration in Albania has implemented only half of its activities planned for 2020 and lacks a wide representation of CSOs at the country level, as all of its 15 CSO members are based in Tirana.

Regarding the **CSOs involvement in these bodies**, 51% of surveyed CSOs in North Macedonia agree or strongly agree that these institutions/mechanisms base the decisions on CSOs' recommendations and input, while in Albania 45% do not agree with this statement. In Montenegro, all organizations that are familiar with the work of the Council (23% of all respondents) answered with 3 (on a scale of 1-5), when asked whether the Council's decisions are based on the needs and recommendations of CSOs. In Kosovo, around half of the surveyed CSOs have reported not having any sort of communication with the public institutions relevant for their job.

Although the states acknowledge the need for the development of and cooperation with civil society through the establishment of special institutions, the **main challenge** faced by all of the countries is how to secure the proper implementation and functionality of said institutions and mechanisms in practice. In all of the countries, not enough resources are being allocated from the state budget for cooperating bodies and there are insufficient adequately skilled human resources that could rise to the task.

Subarea 3.2. Involvement in policy and decision-making processes

Standards for CSO Involvement

No **changes in the legislation frameworks** around the region have been noted during 2020, except the adoption of the Guidelines for the Inclusion of CSOs in Working Groups for Drafting Public Policy Documents and Drafts, or Draft Regulations in Serbia. In practice, CSOs continue to report **setbacks to their involvement** in decision and policy-making processes at both national and local levels. This has been noted especially in Bosnia and Herzegovina, where the sporadic, inconsistent and non-substantial involvement of CSOs is attributed to the complicated jurisdiction and a large number of institutions, the perception of the process being formal and not beneficial due to CSOs usually not getting feedback on the comments provided, and the lack of opportunities to make a meaningful change due to decisions being made informally and in an agreement between the political parties.

The situation is perceived somewhat better in the other countries; however, opportunities for public consultations or participation in state bodies or working groups overall have greatly declined due to the coronavirus pandemic, and even the laws and regulations adopted were comparably less than in 2019. To illustrate, out of the 253 adopted regulations in Serbia, a public consultation has been conducted only for 29 (11.46%) of them, according to the State Secretariat for Public Policies. In Kosovo, an analysis shows that out of the 232 policy documents planned in the legislative agenda or strategic documents only 56 have undergone written consultations through the online platform. Official data, on the other hand, say that 181 out of 184 policy documents adopted completed this process.

Positively, in North Macedonia, despite the **lack of space for law-creation** due to the COVID-19 crisis and the half-a-year technical government in place, state institutions continued to invite and involve the public/CSOs to comment on laws and policy initiatives at an early stage and with sufficient time to provide an opinion, and CSOs were involved in the preparation of several laws important for their operation. However, interviewed CSOs shared concerns that this cooperation is more declarative than real.

Throughout the region, involvement of CSOs in policy and decision-making processes on national level is subject to clearly defined standards, which are aligned with the best practices in meeting minimum requirements for these processes. In half of the countries, namely in Albania, Kosovo and Montenegro, this is regulated mostly within one specific law or regulation, while in the other countries various legislative documents provide the basis for the involvement of CSOs, all of which did not note any changes during 2020. Generally, the laws stipulate the procedures, deadlines, and modes of public consultations, allowing for early and mandatory consultations with CSOs, reasonable time available for consultations (no less than 15-20 days) and obligatory feedback on the received proposals.

¹The Law 146/2014 on Notification and Public Consultation in Albania, Regulation No. 05/2016 on Minimum Standards for Public Consultation in Kosovo, Decree on the Election of NGO Representatives into the Working Bodies of the State Administration Bodies

While most of the decision-making has been related to the COVID-19 measures and regulations, CSOs have **not been recognized as a relevant partner for consultation** before the adoption of policies that were supposed to prevent or help overcome the crisis, unlike the economic chambers that were consulted (e.g. in North Macedonia). Nonetheless, many CSOs were proactive and prepared proposals to state institutions for better crisis-management and protecting the vulnerable and marginalized groups, but it is unknown if and to what extent these proposals were accepted.

In all of the countries, draft laws and strategies are published for consultations on a centralized **online platform** in most cases. In Albania, ministries published 69 documents for consultation on the e-register (konsultimipublik.gov.al) in 2020, and the Albanian Parliament also created an online platform for consultations of draft laws (konsultimi.parlament.al). The total number of non-profit organizations that have participated in public consultations organized by the Parliament is 73 and laws approved as a result of consultations is 43 out of 129. In North Macedonia, only 34.3% of all drafted laws (248) were published on ENER and for all of them, the minimum stipulated deadline for consultations of 20 days was respected. The majority of the draft laws which were related to the COVID-19 measures were not put on ENER for consultations with the public. ENER also provides an option for CSOs and citizens to submit their initiatives electronically; however, this option is hardly ever used – only three initiatives were submitted in 2020.

According to the **survey** results, 57% of CSOs in Albania (most of them on local-level), 37.5% in North Macedonia (about 10% less than last year), 41% in Montenegro and 26% of CSOs in Serbia were involved in the policy creation and law-making processes. In Kosovo, however, 80% of CSOs reported not being involved in these processes. While in Kosovo, Montenegro and Serbia most CSOs disagree that they were involved in the early stage, the percentage of CSOs that agree with this statement in North Macedonia is 43% and is much higher than last year. In addition, significantly more organizations in North Macedonia (73%) compared to last year (36.8%) think that their suggestions have been considered, while this percentage is 23% in Serbia, where no summary reports on consultations held are made publicly available, including feedback to CSOs inputs. The percentage of CSOs in Kosovo that claimed their comments were fully accepted in a public consultation process (6%) halved compared to last year's data. Around 70% of organizations in Kosovo also stated that the local level and central level of governance publishes draft policies and laws on time. In both Serbia and Montenegro, more CSOs do not believe that they do not have sufficient time to prepare and submit comments to proposals. In Montenegro, most CSOs (41%) believe that relevant materials are not available before the consultations, while almost the same percentage (42.7%) of CSOs in Macedonia agree they have access to relevant information.

The practice around the region shows that the main challenge faced by all of the

countries is **how to secure the proper implementation and functionality** of the mentioned institutions and mechanisms in practice. In all of the countries, not enough resources are allocated from the state budget for cooperating bodies and there are insufficient adequately skilled human resources that could rise to the task.

Moreover, the state policies in all of the countries fail to meet established standards when it comes to **providing educational programs/training for civil servants** on CSO involvement in state policies. Trainings for civil servants on public consultations and cooperation with CSOs are organized rarely and irregularly. For example, in North Macedonia, in 2020 only one training for 30 civil servants from the General Secretariat was held on the Secretariat's role in the process of policy creation and monitoring, and in Serbia, the Government Office for Cooperation with Civil Society held 3 trainings on the cooperation of local self-governments with CSOs, which were attended by more than 80 participants. In Serbia, only 1.7% of CSOs agreed that the majority of civil servants responsible for drafting documents have the necessary capacities to involve CSOs.

Public Access to Draft Policies and Laws

No major **changes in the legal framework** have been noted in 2020, and some developments took place in Albania and Kosovo. In Albania, the Commissioner for the Right to Information and Protection of Personal Data issued two new orders that intend to improve the transparency standards of public authorities by updating the register of requests for public information. The novel formats provide improvements in terms of the date of the registration request, the response, and the type of response provided (complete or limited answer, refused, or delegated). On the other hand, in Kosovo, a new Regulation on municipality transparency that came into force in 2020 has abolished the article that requires municipalities to publish policy documents such as regulations, decisions, and other secondary legislation. However, it does contain specific provisions on publishing draft proposals.

Although expected, the draft Law on Free Access to Information in Montenegro has not been adopted in 2020 due to the coronavirus crisis and the Parliamentary elections and it is postponed for 2021. This widely contested draft includes restrictions that are not in accordance with the Constitution of Montenegro, such as provisions which state that public officials can determine which information is of public interest, and therefore if the public can have access to it or another that stipulates that a request for free access to information can be declined if it requires too many information.

Public institutions in the region are obliged to make a **draft and adopted laws and policies publicly available**, either on their websites or the centralized

online platforms. Only in Kosovo, the current law does not require the publishing of draft documents that are in a procedure, while the publication of annual work plans and draft normative acts is obligatory for public consultations. This practice is somewhat inconsistent in BiH: while the public can access draft laws and policies of national-level institutions through the e-Konsultacije platform, access to entity, cantonal and local level drafts policies and laws is quite limited.

Although the **online government portals** increase public access to official data, they are often inconsistently used and not much effective. To illustrate, the eGovernment portal in Serbia noted only a small number of posts from citizens during 2020, although the number of registered users is 900.000 citizens. As per the publishing of government documents, in North Macedonia, in addition to the draft laws subject to public consultations, only three other materials were placed on ENER for comments during 2020. In Montenegro, there were 42 calls for public debates in 2020, whereas the draft document was published in 34 cases and only 20 reports on the public debate were published. Any natural person or legal entity can publish comments or suggestions through this portal, which is not the case in Albania, where only individuals are allowed to comment. Public officials, on the other hand, claim that the konsultimipublik.gov.al portal is sufficient for providing transparency of the discussions held.

Generally, clear mechanisms and **procedures for access to public information**/documents exist throughout the region. Public institutions should respond to the request for access to public information within 7 days in Kosovo and 15 days in Montenegro and Serbia. Denied requests should be accompanied by a detailed explanation. Compared to previous years, a regress on responses by public authorities in Albania is noted, especially at ministry lines. The entity that requested information may submit an appeal if the answer is not provided (Montenegro), or in case the public authority does not grant access to a document containing the requested information (Serbia). In 2020, in Montenegro, 1374 out of 2207 complaints were adopted, and in Serbia 3286 complaints were handled, out of which 2588 have been resolved. The total requests in Serbia during 2020 were 19,387, out of which 15,317 were acted upon. In practice, most of the FoI requests by CSOs in the region are answered, and information is provided in a clear form. Yet, shortcomings are noted when it comes to breaching the prescribed deadline, especially in Montenegro (only one CSO in the survey received an answer in the legally prescribed time), and oftentimes there is a lack of explanation for the refusal of information in Albania and North Macedonia, where an explanation of the complaint procedure is also rarely provided.

Most of the countries have legally stipulated monetary **sanctions for civil servants and institutions** breaching the legal requirements. The law in Montenegro prescribes monetary sanctions if the information is not provided, if it is provided after the deadline, or if it was not created following the law. It is not known how many institutions faced sanctions for these reasons in 2020. In

Serbia, out of the 459 decisions of the Misdemeanour Court in Belgrade during 2020, 319 (69.5%) resulted in a sanction issued to civil servants that failed to follow the provisions of the Law on Free Access to Information. In 28 cases (8%), the only sanction for the offender was a formal reprimand. The rest of the sanctions issued were fines, ranging from 42 EUR to 553 EUR in one case, while a fine of 85 EUR was most common. It should be noted that the sanctions provided are nowhere nearly as harsh to serve as a deterrent against repeated offences, well-illustrated with the fact that 198 (62%) of the decisions resulting in a sanction were against the same person. In Kosovo, on the other hand, monetary fines range from 1.000 to 10.000 EUR, and no fines have been issued for unlawfully denying access to public documents.

CSOs' Representation in Cross-Sector Bodies

CSO representation in cross-sector bodies in most of the countries in the region **has not been properly regulated**. Albania is the only country that has no specific legal framework that regulates CSOs' involvement in these structures, but different legal acts regulate the establishment of cross-sector bodies and CSOs involvement in these bodies. In BiH, Kosovo and Serbia the legislation allows but does not oblige the government to invite CSO representatives in these bodies (except for municipal consultative committees in Kosovo). A positive development for 2020 in Serbia is the adoption of the Guidelines for CSOs' Involvement in Working Groups for Drafting Public Policy Documents, which although non-binding, deal with the procedure for appointing representatives of CSOs to working groups. However, there are no clear and transparent predetermined criteria for ensuring appropriate CSO representation. Similarly, in North Macedonia, there is no standardized mechanism for the selection of representatives in cross-sector bodies, as there are different legal acts that require the establishment of these bodies to include CSOs, in addition to the Code of Good Practices for civil society participation. Montenegro is the only country that has adopted specific legislation that requires every working group, an advisory body, consultative body, etc. to include at least one CSO representative, based on a specified procedure for transparent selection through a public call.

Due to the non-obligatory representation of CSOs in these bodies in the rest of the countries, this **practice takes place sporadically**, especially in BiH. Some involvement of CSOs in BiH is seen primarily on a national level, such as the newly formed Advisory Body of the Council of Ministers. In addition, CSOs are part of the Council for the Open Government Partnership Initiative, represented by equal members of CSOs and public institutions, which is also the case in North Macedonia. There are few other national-level bodies and working groups in North Macedonia that include CSO representatives, and for all of them, the Council has continued to carry out the open call procedure for nomination and

selection of CSOs' representatives working in various fields. In addition, there were many examples when different public institutions invited interested CSOs to join established working groups on specific legal acts. In Albania, CSOs are represented in the European integration partnership platform with two seats out of 15 in the Governing Board, and in the discussion and consultation tables, as per the National Plan for European Integration extended to 2019-2021.

According to the **survey** findings, in Albania, most of the CSOs have participated in advisory, consultative or working group bodies and committees at the local level. The majority of them (88%) declared they were free to express their critical opinion in these bodies, much like in North Macedonia (92.6%) where the majority also agreed they were able to access state bodies even when using alternative ways of advocacy for public promotion (77.9%). This number, however, is only 34% in Serbia. In regards to the transparent selection of CSO representatives in these bodies, 55% of CSOs have stated that the procedures are public and transparent, while in Montenegro there has been no recorded case of non-transparent selection of CSO representatives.

In relation to the COVID-19 situation, none of the governments in the Western Balkan included CSOs in the **crisis management bodies**, despite their capacities and experience in many of the issues at stake, from providing services to vulnerable groups to legal expertise and on-the-ground experience related to many of the measures that impacted societies overall. Somewhat of an exception is North Macedonia, where, upon the demand of the Government, the Council announced a call and selected two CSO representatives to participate (without the right to vote) in the work of the Main Body for Crisis Management. However, this was a late reaction as it happened only in November 2020, despite CSOs stating the need and their readiness to be involved back in April. Nonetheless, throughout the region, the overall management of the COVID-19 pandemic and the lack of coordination and cooperation with CSOs shows there is still a lack of acknowledgement of the value of civil society by the governments.

Box 5: EU Guidelines assessment – Result 3.1.

Despite the legal guarantees in place, CSOs around the region continue to report ineffective and *pro-forma* involvement in decision- and policy-making, especially on national level. Opportunities for public consultations or participation in state bodies overall have greatly declined due to the coronavirus pandemic. Online platforms for consultations have not been effectively used either. Moreover, CSOs around the region were notably excluded from participation in the design, implementation and monitoring of state policies and measures for the COVID-19 response, and did not participate in the crisis management bodies (except in North Macedonia, where two CSO representatives were included at a later stage). CSO representation in cross-sector bodies in most of the countries has not been properly regulated and is non-obligatory, thus it is sporadically practiced. In regards to designated bodies for dialogue and cooperation with CSOs, most have noted shortcomings in the representation and effectiveness in voicing civil society's concerns. A positive development in 2020 was the establishment of the Advisory Body of the Council of Ministers for cooperation with civil society in BiH. On the other hand, in Serbia, the Ministry of Human and Minority Rights and Social Dialogue has taken over the responsibilities of the Government Office for Cooperation with Civil Society, leaving civil society without its core pillar of institutional support.

Subarea 3.3. Collaboration in social provision

CSO Engagement in Service Provision and Competition for State Contracts

The legal framework on service provision notes changes in Albania. In December 2020, the Parliament approved the new Law on Public Procurement that introduces a special chapter on social services, addressing long-term requests of CSOs in terms of the criteria upon which an offer is considered, prioritising the quality of the service, and the right of participation in tender procedures to certain organizations for providing health, social and cultural services.

A legal precondition for providing some of these services is stipulated in most countries, commonly meaning that CSOs **must obtain a license or register at a responsible institution**. Although the license obtaining procedures are considered partially burdensome in Serbia, the lack of a clear framework for cooperation prevents a greater role of CSOs in healthcare, and the Law on Free Legal Aid significantly limits the work of associations in providing free legal aid, except in cases relating to asylum, domestic violence and non-discrimination. On the other hand, the procedure is considered quite complicated, expensive and long in Montenegro, which is the reason why only a few organizations have a license. Moreover, donors mostly do not cover the expenses of obtaining a license in Montenegro but do require it for CSO to get funds, which further complicates the issue, especially as CSOs' reliance on project-based funding to provide services threatens the stability of service delivery. In Kosovo, the policy and procedure for licensing CSOs have been amended with a new Administrative Instruction that envisions no burdensome requirements for CSOs to obtain licenses since they are tailored to the needs and nature of the sector.

Throughout the region, CSOs have a very **important role in providing social services** for a wide range of beneficiaries, but organizations also engage in providing free legal aid, consumer protection, assistance to vulnerable groups, education, healthcare, and other services in the public interest. In practice, however, CSOs are largely disregarded in the complete cycle of development and provision of services and are rarely seen on the implementing side of state contracts. In Macedonia, non-institutional services are provided mainly by public institutions. According to the survey, 22 organizations (7.5%) have applied for

Existing legislative frameworks generally allow CSOs to provide different services. The legislation in Kosovo is the only one in the region that takes into account the specific nature of civil society sector, and the ongoing amendments aim to improve the quality and transparency of social services, as well as to build a sustainable financing system. Legal requirements in most of the countries are equal for all legal entities, without additional ones for CSOs to engage in public service provision, and general provisions do not hinder CSO from providing services not defined by law ("additional" services). In Montenegro, the main law that regulates this area (Law on Providing Services) does not deal specifically with CSO service provision, but is supportive for CSOs involvement in the provision of publicly funded social services.

public service provision contracts and 12 CSOs obtained such contracts in the past year, whereas in Albania only 7 out of 121 organizations have applied and none of them has been awarded a contract. The Ministry of Justice has authorized (licensed) 12 CSOs to provide free legal aid and will provide them with financial support over two years. According to the government's official public procurement information portal in Serbia, out of 12,237 government contracts awarded in 2020, only 22 were given to CSOs. In Montenegro, there are no official data on the number of CSOs across different areas that received contracts for service provision.

With regards to **social enterprises**, the legal framework is still unfavourable in Albania and North Macedonia. In Albania, social enterprises are treated as businesses, have limited opportunities to access non-governmental funding, and are faced with a very restraining fiscal regime. In North Macedonia, the concept is in the introductory and institutionalizing stage. The process of drafting Law on Social Entrepreneurship was put on hold in 2020, but the focus was placed on developing the Strategy for Development of Social Enterprises, along with an Action plan for its implementation during 2021-2024, in order to create a legal, financial and institutional framework for the development of social enterprises in the country.

State Funding for CSO-Provided Services

Specific **budget lines for financing various types of services provided by CSOs** exist only in Serbia, to some extent in North Macedonia and for the first time this year in Kosovo. In Serbia, more than 1 billion EUR were planned to be allocated in the 2020 budget from line 472 (social protection provisions). In North Macedonia, funds (mostly for social and health services) can be obtained from the budget planned for the following years and under the expenditure budget line intended for institutional programs. A **positive development in Kosovo** was the introduction of a specific budget line for financing shelters in the state budget. The intended budget of 900.000 EUR has not been allocated yet due to changes in legislation; however, no interruption in the provision of social services has been noted. On the other hand, having no specific funds intended for these purposes was noted as the **main shortcoming in Montenegro**. This has been specially made prominent with the coronavirus crisis, since CSOs that provide services to vulnerable or

Legislation in all WB countries allows CSOs to receive funding for the provision of services. The legislation in Kosovo is adapted to the characteristics of the civil society sector, however lack of specific budget lines for the provision of social services is to be addressed in the draft Law on Local Government Finances. The current legislation has removed legal barriers for CSOs receiving public funding for service provision through public procurement – CSOs are recognized as economic operators and do not need to be registered into a commercial register. In Serbia and North Macedonia, there are also no legal barriers to CSOs receiving public funding for the provision of different services, however in some tender procedures in Serbia there are criteria that many CSOs cannot meet. In North Macedonia a complete legal review of the possibilities and challenges CSOs are faced with when providing services is planned, but has not been realized.

marginalized groups were forced to stop their services due to the introduced measures, leaving beneficiaries without the necessary assistance.

Subsidies or other financial support is **mostly allocated to CSOs providing social services and protection** to vulnerable groups, which are not provided by state authorities themselves. In Albania, there is a lack of information on how the financial support allocated to 14 municipalities through the Social Fund has been distributed, and only 5 CSOs from the survey declared to have benefited from the Ministry of Health and Social Protection subsidy scheme. In BiH, the RS Government and 10 cantonal governments in FBiH provide financial benefits to CSOs providing social services and protection to several vulnerable groups. In Macedonia, these services are partially funded through the funds from games of chance and entertainment (approx. 1.133.000 EUR).

Such funding is usually provided every year through **public calls or tender procedures** (Kosovo, BiH, Serbia, North Macedonia) through relevant ministries or municipalities. In Kosovo, funds are allocated usually for a four to twelve-month period, and **longer-term agreements** are not allowed. Similarly, the legal framework in North Macedonia does not allow for long-term service contracts; even though the same CSOs are supported each year, they have to go through the process of application and signing new contracts again. In Serbia, the normative framework allows for multi-year contracts, but in practice, contracts are only signed for the current year. There is no data on violations of payments and the flexibility of the funding practice.

According to the survey responses, CSOs in Montenegro, North Macedonia and Serbia report **insufficient funding to cover the basic costs of the services** they are contracted to provide, including proportionate institutional (overhead) costs. Interviewed CSOs representatives in Serbia also agree that funds allocated from public sources are insufficient for sustainable service provision. In North Macedonia, therefore, CSOs report that services are dominantly funded with foreign funds or other sources.

Procedures for Contracting Services

The procedures for contracting services through public tenders are governed by **laws on public procurement** in all of the countries. In 2020, Albania also adopted a Law on Public Procurement, which clarifies the tendering rules and pays special attention to social services, and in BiH, a new Law on Public Procurement was adopted by the Council of Ministers. Still, in Albania, but also in BiH, funding for CSO service provision is mostly allocated through open calls and competitive grant schemes, so CSOs rarely participate in tender procedures.

The legislation on public procurement generally stipulate **provisions that ensure clear and transparent procedures**, and equal treatment of all legal

entities participating in public tenders, including CSOs. In some countries, online platforms for public procurement exist (e.g. BiH, Kosovo, Serbia) which should increase transparency, access and competition. However, in BiH, procurements of less than 6.000 KM (3.000 EUR) – amounting to up to 40% of the total public procurement – are handled through direct contracts and not managed publicly through the e-platform. Although the new law aimed to address this, the provisions were deleted in the adopted proposal and even extend the amount for direct contract, which makes room for even more fraud.

Legal ambiguities are still found in Kosovo in the Law on Public Procurement (as well as the Law on Social and Family Services), particularly regarding the selection procedures for service providers. Moreover, in Kosovo, there are general provisions addressing the conflict of interest for social service provision by CSOs, but none when it comes to service provision in the field of education. In the rest of the countries, there are specific provisions and procedures for addressing **conflict of interest**. Finally, laws in all countries provide the right to appeal against competition results.

In terms of the **lead criterion for the selection of service providers**, in some countries, the lowest price is still deciding factor, especially in practice. Such is the case of Kosovo and North Macedonia, where although the criterion of the lowest price was replaced with the best value offer with the new Law on Public procurement, institutions have still engaged in old and ineffective practices. In Montenegro and Serbia, other criteria are also considered, such as service quality or financial stability of the providers in order to select the most economically beneficial tender bid, applying a cost-effective approach.

According to the survey, many CSOs (especially in Albania, but also in North Macedonia) are not quite familiar with the procurement procedures. In Macedonia, those that are, tend to consider procedures as not fully transparent and fair. 22% of the CSOs in Serbia agreed that the allocation of state contracts is transparent and fair. Lastly, only a few of the surveyed CSOs in North Macedonia and Serbia think that state officials have the sufficient capacity (e.g. knowledge; training) to implement procedures for contracting services.

Accountability, Monitoring and Evaluation of Service Provision

The legislation dealing with service provision contains also some standards and monitoring procedures, but overall this area **lacks attention in all countries, both formally and even more in practice**. Public authorities that contract out services through CSOs can exercise control and monitor both the quality of the services and the funding. Only in Montenegro, this is not regulated by laws or bylaws, rather is implied within the procedure for license suspension, which happens if the competent state authority determines – through monitoring – that the service provider no longer meets the prescribed conditions. In

Montenegro, but also in North Macedonia, where different laws provide different processes of monitoring of the spending, users of state budget funds are subject to audit. In BiH, reports on implemented activities should be submitted by CSOs to the relevant ministry, but these do not have substance and cannot be regarded as a proper accountability and evaluation instrument.

A positive development is noted in Kosovo, as the **new Administrative Instruction** on licensing CSOs and private legal entities providing social and family services has introduced a more thorough provision on monitoring and inspection of social services. This will follow an annual inspection plan, and those holding licenses for periods from three to five years will be inspected at least once during this period. Still, most of the monitoring is focused on spending verification and technical aspects of service provision, with little qualitative monitoring and assessment, and in general, the system of accountability, monitoring and evaluation of services provided by CSOs lags.

In practice, CSOs in all of the countries report rather **inadequate monitoring**. While it is positive that state institutions rarely exert excessive control over CSOs, organizations in Serbia stressed that control carried out by relevant state authority during service provision is lacking and that there was no established monitoring mechanism in use at the time of service provision. In North Macedonia, 22 CSOs applied to provide public services and only three of them stated that the state control of their work was excessive. In addition, controls have been done with prior notice by the public officials. In Albania, although reports should be prepared after an inspection, no reports are available online.

Conclusions and Recommendations

The following are key common recommendations – addressed mainly to governments in the Western Balkans – aimed to define actions for regional interventions. However, as noted in past reports, specific country issues need to be taken into account in order to develop an enabling environment for civil society development.

Recommendation 1: Measures undertaken in a crisis must be proportionate to the threat they are addressing and in accordance with national constitutions and international standards and conventions, in a way that they do not counter the principles of democracy, the rule of law and respect for human rights. The legal guarantees for freedom of association, assembly and expression need to be protected and consistently implemented in practice on all levels.

Having discretionary powers under the state of emergency, authorities have taken selective and arbitrary approaches to applying restrictions, curtailing civil liberties and sometimes using these measures to silence their critics and opponents. Serious restrictions and violations were noted on the freedom of assembly and expression (especially in BiH, Montenegro and Serbia), despite the legal guarantees in place across the region. Proper and consistent implementation of the existing legal standards and guarantees needs to be secured in practice, even in a state of emergency.

Recommendation 2: Anti-money laundering regulation should reflect the nature of CSOs, following a risk-based approach and a mechanism to prevent abuse of the regulations and FATF standards need to be in place. Civil society should be consulted and take part in the risk assessment, along with other important stakeholders.

Anti-money laundering legislation (newly enacted in Albania, and existing previously in the other countries) is considered problematic as it does not reflect

the nature of CSOs, often resulting in registration and operational difficulties for CSOs. The ‘leaked list’ case in Serbia is a worrying example of abusing the FATF standards and confirms the possibility to overregulate, over-investigate or restrict legitimate CSO activities in the name of AML/CT, especially when the legislation is based on a one-size-fits-all approach instead of a sector risk assessment. CSOs need to be involved both in the development of AML/CT legislation and in the risk assessment process. The case of North Macedonia shows a successful partnership in the non-profit risk assessments for terrorism financing purposes, which included representatives from the government, NPOs, Moneyval (the regional FATF body) and banks.

Recommendation 3: Fiscal regulations on CSOs income and tax incentives for donors need to be revised to provide more supportive tax treatment for CSOs, but also to provide a real incentive for increasing individual and corporate giving.

Individual and corporate giving is insufficiently practised, particularly towards the civil sector, and the coronavirus crisis has made several issues concerning donations even more prominent (e.g. obstacles regarding donations in goods and services to CSOs in BiH). Tax laws should be harmonized with the CSO laws, specifically in regards to the public benefit status, and procedures for financial reporting or tax exemption (e.g. in Montenegro, North Macedonia and Serbia) need to be improved to ensure applicable benefits and incentives for organizations. Fiscal legislation should be improved by increasing (or introducing) tax incentives for corporate and individual giving, to encourage philanthropy. Learning from the coronavirus crisis, a stronger promotion of philanthropy, coupled with increased incentives for the private sector and the citizens is especially important for the post-COVID-19 recovery.

Recommendation 4: Public funding of CSOs needs to be reformed in all countries in the region in terms of ensuring the stability of the funding available and diversity of the modalities, increasing transparency and accountability, and refraining from political influence.

For public funding to be a viable source for CSOs, it needs to be reformed in all of the countries, to ensure transparency and accountability in practice. In countries where political influence over the decisions is a concern (e.g. Serbia, BiH), additional qualitative criteria for participation, such as expertise and public interest contribution, should be considered. States need to ensure the stability of the published calls and the amount available, but also to allow for diversity in the

support given, most importantly with the introduction of institutional grants, to contribute to the financial sustainability of CSOs. The selection and award process needs to be made more transparent, with clear criteria, and improved monitoring and evaluation, assessing the impact of the public funds and the value of civil society. A system for the effective data collection on all types of state funding should be in place.

Recommendation 5: CSO registers need to be established and/or regularly updated, systematically collecting statistical data on CSOs and making them publicly available, including data on employment and volunteering, as well as other data on economic performance, to ensure the economic value of the sector is recognized.

Strategic documents relevant for CSOs should reflect the importance and the need for systematic data gathering, publishing, and analysis, also as means to guarantee appropriate policies related to civil society development. To assess the economic value of the sector, useful data would include the total income and expenditures with detailed structure and disaggregated data on employment in the sector (by type of contract or average salary) and volunteering. Available data would challenge myths about the financial parameters and size of the sector (i.e. annual budgets, wage level, number of employees) and allow getting deeper insight into the sector and its influence. Moreover, it will contribute to legitimizing the sector and its activities by revealing its position in employment and economic growth, which is often neglected.

Recommendation 6: Governments need to ensure commitment and allocate resources for effective implementation of strategic documents for the development of and cooperation with civil society, including an effective mechanism for monitoring the implementation. Meaningful participation of CSOs in policy-making processes and representation of CSOs in cross-sector bodies needs to be ensured.

Implementation of legal and/or policy documents should be more efficient and clearly reflect the political commitment to CSO-government relations, as well as include allocation of sufficient finances for implementation, and dedicated human resources with clearly outlined responsibilities. Institutions/mechanisms for cooperation need to adequately represent the needs of the sector and be the voice of CSOs. CSOs should be regularly and effectively involved in the decision and policy-making processes at all levels. To ensure real and substantial participation, CSOs must have unrestricted and timely access to information, be

included already in the early stages of the drafting, and get feedback on their contributions, to ensure the trust and credibility of the process. The involvement of civil society in policy processes should not be side-lined even (more so) in crises, especially on policies or measures enacted that affect civil society. An improved approach to the involvement of civil society in policy-making will help improve civic trust in governments and strengthen democracies in crisis and beyond. On the other hand, in cases where consultations are done *pro-forma* and only for 'ticking the boxes of quantitative criteria', all stakeholders involved should be aware of the (lack of) credibility and legitimacy of such consultations.

Recommendation 7: States should improve the legislation and practices to enhance the role of CSOs in service provision, e.g. through easier procedures for registering/obtaining a license for providing services and specific budget lines for financing various types of services. In crises, especially, governments should closely cooperate and coordinate with CSOs in the provision of services to vulnerable groups.

CSO play a very important role in providing social and other services in the public interest for a wide range of beneficiaries. In practice, however, CSOs are largely disregarded in the complete cycle of development and provision of services and are rarely seen on the implementing side of state contracts. The lack of recognition from the government for the CSOs capacities and experience in service provision was seen in the fact that many CSOs during the COVID-19 lockdowns had trouble reaching their beneficiaries (very often, vulnerable groups who were strongly affected by the crisis) due to lack of prompt reaction for issuing permits to CSOs, unlike for other legal entities. Even without acknowledgement or economic support measures by governments, CSOs have proved they can be a relevant and irreplaceable partner to the state in such unprecedented times. The role of CSOs in service provision needs to be recognized and enhanced through legislation and practice, including by introducing specific budget lines to finance various types of services implemented by CSOs. Register of organizations that provide services and whose programs are accredited should be created. Platforms for public procurement can contribute to increased transparency and fair competition, and can improve the access of CSOs to service contracts.

Recommendations for Other Stakeholders

While the key recommendations of this report are aimed at the national governments, as the actors most directly changing the environment in which CSOs operate, we are aware of the need to address other key stakeholders. Donors and civil society themselves have a key role in creating and maintaining an enabling environment for civil society operations and development. In addition, the EU integration process still has a strong influence on the reforms and policy-making in the six Western Balkan countries, directly affecting the viability and sustainability of CSOs. The civil society arena is shaped by the actions and attitudes of these stakeholders and processes, and the recommendations serve to ensure their appropriate contribution. The post-COVID-19 period especially can serve as an opportunity to reinvent our societies, building them on principles of inclusivity, trust, and cooperation.

Recommendations for CIVIL SOCIETY

- A conducive or – on the contrary – restrictive environment for civil society operations at some point can affect all CSOs, their work and development. Therefore, the solidarity of the sector is crucial, as well as the involvement and active contribution for protecting and promoting the civil society environment in their country, and the region. Strengthening the sectoral infrastructure, networking and cooperation within the sector for taking concrete steps and joint advocacy both on a national and regional level might be one of the most powerful tools civil society has to promote its operating environment.
- For civil society to be able to restrain the organized attacks by powerful structures aiming to discredit their credibility, CSOs need to do more to enhance their accountability, the way they involve and communicate with their constituencies and the wider public. The past year of working in pandemic pushed CSOs to explore different approaches, providing valuable lessons learnt about the potential and the power of digital communications, and the digital civic space that should be taken into account for the way CSOs work in the future.

Recommendation for DONORS

- Reaffirm the role of donors as partners and supporters to civil society both in ensuring CSO's sustainability and in supporting the CSOs' efforts and shifted priorities by providing flexible operational support to CSO.
- Ensure involvement of CSOs in long-term planning of donor strategies.
- Parallel to supporting the overall response to crises, donors should continue supporting the development of a strong and vibrant civil society as the backbone of our societies for safeguarding and promoting human rights, rule of law and democracy.

Recommendation for the EU INTEGRATION PROCESS

- The EU integration process is at a dangerous standstill, leaving the Western Balkans citizens disappointed, EU's credibility undermined, and the prospects for membership further distant. With the future of the region at stake, it is of utmost importance for the EU to demonstrate its commitment by introducing new paths to tangible rewards and a revived process.
- Despite the declining transformative power of the EU integration process, the EU holds strong leverage when it comes to how governments in the region treat civil society. Therefore, the EU holds a responsibility to the region to demonstrate a clear political commitment for the civil society by stimulating and supporting a conducive civil society environment.
- In that respect, the systematic involvement of the civil society and other non-state actors in the planning, programming, implementation and monitoring processes related to the accession reforms should be a principle that not only applies and is expected from WB governments but also should be practised by the European Commission itself.
- In order to maximize the potential for a contribution of civil society to the policy-making processes, participation mechanisms should be accessible and based on trust, transparency, and accountability, with clearly outlined procedures, predictability, long-term support, and dedicated resources.

Bibliography

The regional report is fully based on the results and information provided in the six country reports that are listed below. The sources utilized for the compiling of the country reports are not provided in the regional report and can be acquired in the bibliography section of each individual country report.

- Country report of Albania, Partners Albania for Change and Development (<https://partnersalbania.org/>)
- Country report of Bosnia and Herzegovina, Centre for Civil Society Promotion (CPCD) (<https://civilnodrustvo.ba/>)
- Country report of Kosovo, Kosovar Civil Society Foundation (KCSF) (<https://kcsfoundation.org/>)
- Country report of Montenegro, Center for Development of Non-Governmental Organizations (CRNVO) (<https://crnvo.me/>)
- Country report of North Macedonia, Macedonian Center for International Cooperation (MCIC) (<https://mcms.mk/>)
- Country report of Serbia, Civic Initiatives (CI) (<https://gradjanske.org/>)

Annexes

1. Monitoring matrix methodology

Regional report

The 2020 Regional Report was primarily compiled using the six Monitoring Matrix Country Reports as its main source of information, data and analytical overview. Furthermore, the authors used their expertise and previous research to deepen the analysis, draw parallels and give overall regionally relevant conclusions and/or recommendations, where applicable. The 2020 Regional Report relates to and builds on previous editions of the Regional Report, especially the most recent one, the 2019 Regional Report.

The information in this report follows the structure and baseline of the Monitoring Matrix. Particularly, the framework is built around three core areas: Basic Legal Guarantees of Freedoms; Framework for CSOs' Financial Viability and Sustainability; and Government-CSO Relationship, each of them divided in sub-areas. All areas are analyzed against standards defined by legal and practice indicators. The Regional Report gives an overview of the legal framework and practice presented in the Country Reports using standards and indicators.

As with previous editions of the report, the 2020 Regional Report provides a brief assessment vis-a-vis the objectives set by the EU Guidelines for Support to Civil Society in the Enlargement Countries (EU CS Guidelines), 2014-2020.

Compared to previous years, the methodological approach has been updated and includes a Data Collection Template aimed to facilitate the work of country researchers and collect data for drawing comparisons between the countries. The 5-grade scale "traffic light" codes ranging from (1)-fully disabling environment to (5)-fully enabling environment have also been improved for the purposes of this methodological exercise. Particularly, a scoring category has been defined for each respective indicator in order to diminish the possibility for ambiguities or inconsistencies in the scoring.

The system was created to address the need for 'compressed' and effective visual communication of findings and a systematic presentation of the changes in the enabling environment for CSDev in terms of standards across countries and years. It does not replace, rather complements the qualitative assessment, as the narrative country reports are the basis on which categorization is conducted.

This scoring system provides for a more accurate systematization of the findings on the changes in the enabling environment for CSDev presented in the report. Moreover, it enables standardization of the quality of the Country and Regional Reports, provides for a more effective evaluation of indicators by means of the Monitoring Matrix Tool-kit and opens up possibilities for future comparative analysis. In this context, the Monitoring Matrix online platform has also been updated and redesigned to be more user-friendly

and assist in the achieving of the goals of the Monitoring Matrix, i.e. enable a more practical and efficient method for tracking the enabling environment for CSDev, as well as help in the drawing of comparisons between the countries in the region.

Operationalization and data collection for the national reports

The **legal indicators** are measured by coding the presence or absence of rules, costs, procedures and obligations enshrined in legal regulation (primary and secondary) and policy frameworks enacted in the respective countries. To assure standardization and comparability of the data gathering process in terms of the **practice indicators**, country researchers follow a methodology plan in which each of the 80 indicators is further operationalized as specific mandatory and additional data types (i.e. operationalized dimensions of a practice indicator) to be reported across the countries. The **mandatory data** types tap into the core building blocks of a practice indicator as described in the Monitoring Matrix Toolkit. They mandate the reporting of optimal information, without which one would not be able to evaluate the respective indicator. The additional data (operationalized dimensions) specified for each practice indicator are reported if country researchers want to deepen and further illustrate specific practice indicators (e.g. via case study; see next section on country-specific notes on methodology).

The data gathering strategy for the practice indicators is tailored to match the mandatory data types specified in the methodology plan. Clear guidance on the data gathering strategy exists for each indicator (instruments and sources) which is observed by country researchers. The specified data gathering instruments and sources follow an implicit hierarchy, in which publicly available factual data (e.g. official statistics) are the most important source of data for assessing practice indicators, followed by survey data from civil society organizations, which in turn are followed by relevant secondary sources (e.g. CSOs reports, the Ombudsman and media). Finally, interview data come at the end of the hierarchy, being a subjective type of data obtained from smaller groups of respondents.

The primary factual and secondary data are gathered through **desk research**. Following the data gathering strategy, country researchers utilize three core data-gathering instruments: Freedom of Information requests (FoI), a survey questionnaire and interview topic guides. The questions from the data gathering instruments are tailored to match the mandatory data types (operationalized dimensions) of each practice indicator. The **Freedom of Information requests** (FoI requests) is used by researchers when public information and statistics on the state of civil society and their environment (primary factual data) are not readily and publicly available. The researchers can draw from a detailed bank of FoI questions tailored to match the operationalized practice indicators.

The **survey questionnaire** collects information on CSOs' experiences and perceptions of key aspects of the enabling environment for civil society for the year 2019. The organizational survey includes 50 questions matching the mandatory data types (operationalized dimensions) relating to basic rights and freedoms, organizational and financial sustainability, and civil society's cooperation with the state. The questionnaire dominantly consists of closed questions and fewer follow-up open questions that require the respondents to elaborate on their experience. The same questionnaire is

implemented across all countries, although the phrasing of a few items is slightly adapted to the specific country context to ensure that questions are readily understood by the respondents. The survey is sent to a list of formal CSOs compiled and updated by country researchers based on available registers or other alternative lists of active CSOs in the country (for more information see the country-specific notes on methodology). The data collected from the survey are confidential and used completely anonymously. Individual responses cannot be traced back to the organizations that answered the survey and are reported in aggregate form only.

The **interview topic guides**, similar to the survey questionnaire, include questions that match specified mandatory data types and are used in all of the countries. In addition to these core questions, researchers form additional questions that capture contextual developments in the country. The four topic guides are used in semi-structured interviews with the following groups of respondents: representatives of associations of journalists and media professionals; representatives of organizations of volunteers; representatives of the institution or mechanism for CSO cooperation and representatives of informal civil society groups (e.g. citizen initiatives, social movements, online initiatives).

Data analysis and interpretation used in the national reports

To analyse and interpret the data, country researchers use a unified data collection template containing descriptions of the indicators (including the mandatory and additional data types for the practice indicators), as well as descriptions of five categories ranging from fully enabling to disabling environment for each indicator. The descriptions of the five categories for each legal and practice indicator are provided in the Monitoring Matrix Toolkit to enable researchers to choose, based on the reported data, one code (score) that most accurately summarizes the state of the enabling environment with regard to the respective indicator. In the first step, the researcher reports the required data types collected from different sources in the template box. For example, they report factual data from primary sources complemented with descriptive statistics or cross-tabulations based on survey data. In the second step, they choose one of the five category descriptions provided for the respective indicator that best illustrates the reported data. The categories enable a unified comparison of findings at the level of indicators across all country reports.

2. Notes on methodology and challenges

Overall, all of the countries experience similar challenges regarding the application of the Monitoring Matrix methodology, also similar to previous years. Namely, the prevailing trend in each of the countries indicates that the use of FoI requests does not provide optimal results. This is due to the fact that institutions take considerable time to respond to the request, fail to respond, or are unable to provide the requested information. The number of received responses to FoI requests is still low compared to the number of requests sent. In some cases, the fact that the staff was inadequately trained to work with CSOs or the lack of a systematization and reliable statistics, made the process of gathering data via FoI requests even more difficult. The COVID-19 outbreak has also been one of the causes for the low responsiveness of institutions in several countries.

The implementation of the online survey as another primary data-gathering source has also faced a common challenge in all of the countries. Namely, the participation rate of CSOs in the survey has been quite low. For example, in Serbia, it was filled out by only 83 organizations, which makes for a rather low response rate given the fact that the survey was sent to over 4,000 organizations and there are over 30,000 registered organizations in the country. A more positive experience was noted in North Macedonia, where 293 associations returned the questionnaire that was sent to over 2,800 associations. As noted by the researchers, running an online survey alongside manual data collection on the local level could be helpful, as it will ensure that small local NGOs participate alongside professional organizations.

In addition to the online survey, interviews were conducted in almost all of the countries. Additional data about CSOs' experience regarding a specific topic or issue were also gathered through focus groups. The national reports were to a great extent also based on secondary data sources, such as existing legislation, domestic and international publications, reports and surveys, strategies, blogs and other relevant literature that was gathered through desk research.

