



The integrity of public governance is predictably an issue that preoccupies some of the most active civil society organisations in the SELDI countries. While NGOs started off – and this is true both in the former communist countries in the area and in a country with a stable constitutional regime like Turkey – as largely outsiders in this field, the improvement of their expertise on the political process and public services and their increased activism have made them into a force to be reckoned with. Now, it is not uncommon “for think tanks to draft laws, for environmentalists to effectively challenge developers or for watchdogs to cause the introduction of new transparency regulations in state bureaucracies.”<sup>213</sup> In addition to promoting reforms to anticorruption policies and regulations, NGOs have addressed the wider context of the political culture in their countries by raising civic awareness and working at the grass roots level. Good governance is not a technical exercise but requires a national climate of trust and civic and political responsibility – precisely the issues where NGOs have most to contribute.

Their contribution depends in no small measure on being capable of **both serving as watchdogs and engaging government** in anticorruption reforms. However, “there is a **lack of effectively established formal mechanisms for engaging civil society** on the part of the national governments in the region, as well as lack of administrative capacity and clear vision and understanding of the potential of CSOs in the field of anti-corruption.”<sup>214</sup>

## 6.1. CIVIL SOCIETY IN THE SELDI AREA: HIGHLIGHTS FROM THE SECTOR

While being agents of change over the past two decades, non-governmental organisations have themselves sustained significant transformation. In **Bulgaria**, for example, watchdogs and mediators transformed

themselves and helped others emerge as **social entrepreneurs** balancing market inefficiencies and delivering services. Instead of continuing to see NGOs as gadflies and adversaries, governments, political parties and senior administrators have adopted a more cunning approach and now rather seek to subvert their civic nature by a silent takeover. Ironically, EU accession provided a lot of opportunities for politicians and senior administrators to capture the NGOs by channelling EU assistance only to clientele organisations. Foreign donors almost all left Bulgaria after 2007 with the exception of Switzerland and Norway. Most of the NGOs who emerged and sustained over the past years finance their activities through research and consultancy projects and/or volunteerism or provide paid services.

Bulgaria also exemplifies developments with respect to the legal status of NGOs registered in the public benefit (most SELDI countries’ legislation makes the distinction between public and mutual benefit NGOs). For example, there are many NGOs who should be registered in public benefit (i.e. parents-teachers associations at schools), but are not (less than 20% of all PTAs are registered with the Ministry of Justice), leaving a lot of room for corruption and conflicts of interest as the level of disclosure of information is low or non-existent. Others, like *chitalishte* (a kind of community learning centre), are subject to additional regulation which is weaker than the public benefit status (and again the majority of them are not registered with the Ministry of Justice).

Data suggests that about 10,000 non-profit entities report to the National Statistical Institute annually (with many empty declarations). This should be considered as an adequate upper limit of the number of NGOs; 75% of them hold public benefit status. Between a quarter and 30% of all “operating” NGOs (submitting reports to the national statistics) have reported income from a for-profit activity. Close to half of these with commercial activities actually have higher income from for-profit activities than from not-for-profit. This suggests an increasing risk of commercializing of the NGOs at low transparency level (especially for NGOs in private benefit).

**Croatia** is in the process of changing its non-profit legislation. In October 2013, the Croatian government

<sup>213</sup> (Center for the Study of Democracy, 2010a, p. 24).

<sup>214</sup> (SELDI, 2013, p. 10).

published a draft of the *Associations Act* which contains no national classification by which to track the structure of civic associations. In terms of anticorruption, on the Croatian NGO scene there are only several active associations (mostly founded in in the late nineties) whose primary goal is the fight against corruption. Otherwise, non-governmental organisations are sometimes used as “badges” of the government, meaning that they are included in public-private consultations bodies or joint working groups only if they are not too critical of the government or if it is not on an issue considered important by special interests. While legislation relating to gender issues or discrimination is influenced by NGOs, only key government stakeholders are allowed to influence anticorruption legislation.

NGOs appeared in **Kosovo** at the end of the 1980s and beginning of the 1990s, after the fall of communism in Central and Eastern Europe. Civil society developed as an important part of civil resistance against new forms of political oppression in Kosovo. “Humanitarian assistance, health care and human rights protection offered by various civil movements was strongly supported by society in general and informed the most important civil society activities.” Out of more than 7,000 registered NGOs in 2013, an estimated 10% are active or partially active.

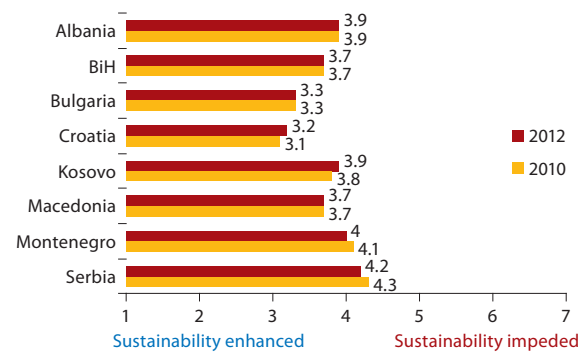
In **Macedonia**, with the stabilisation of the country in the post 2001 conflict period, the civil society sector focuses on democracy, rule of law, sustainable development, inter-ethnic relations and European integration. The sector – although still not sufficiently involved – is important in helping Macedonia towards EU membership, especially by upholding values such as social inclusion, equality, transparency and accountability.

In **Montenegro**, the recent adoption of two important regulations provided legal framework for NGO participation in the policymaking processes. The government decree on the procedures for cooperation between state bodies and NGOs and the decree on procedures for conducting public discussions were adopted in 2012. The former document for the first time regulates the forms of cooperation between the public and civic sectors, such as provision of information, consultation, and participation in working groups. The latter document is obligatory for each government ministry, and prescribes the procedures for involving civil society in the design of public policies.

<sup>215</sup> (Forum 2015, 2013, p. 15).

<sup>216</sup> (Forum 2015, 2013, p. 16).

**Figure 81. The sustainability index for NGOs in the SELDI countries**



Source: (USAID, 2013).

At the national level, there is a core of organisationally developed NGOs engaged mainly in advocacy, research, monitoring and capacity building in fields such strengthening of the rule of law, fight against organised crime and corruption, human rights and democratic standards and freedoms. This small number of professional organisations operates against the background of the majority of voluntary or semi-professional NGOs working at the local level mainly providing services to local communities.

About 30% of currently registered NGOs in **Serbia** were founded before 1989, about 18% were established during the 1990s, while the majority – 52% – were established after 2000.<sup>217</sup> Notable exception are organisations involved in social services, where as many as 50% of NGOs were founded before 1989. Most non-profits are also quite small both in terms of staff – nearly two-thirds have fewer than ten active personnel – and budget – 54% have an annual budget of less than €5,000, while only 10% have an annual budget in excess of €100,000. As far as funding sources are concerned, they are dominated by grants and financing through membership fees and service fees. Revenue structure is largely depended on the activity; for example, in professional associations almost 70% of revenue comes from membership fees.<sup>218</sup> “Roughly 18,000 civil society organizations operate in Serbia, but their impact on governance and other key areas is rather weak... Cooperation between civil society and government institutions is still relatively infrequent.”<sup>219</sup>

<sup>217</sup> (Građanske inicijative, 2011).

<sup>218</sup> (Građanske inicijative, 2011).

<sup>219</sup> (Freedom House, 2013).

## 6.2. SOME ANTICORRUPTION INITIATIVES

While in the early 2000s, NGOs in the SELDI area were “still in a process of defining their fields of interest and social role against a wide range of transition priorities and problems,”<sup>220</sup> today anticorruption is firmly among their key areas of engagement.

Civil society in **Albania** has focused on anticorruption by its own initiative and has, at the same time, been prompted towards these issues by interest from international and local donor organisations providing funding for projects in the field. Corruption issues, even when not being a primary focus, have still been incorporated into different project and initiatives; for example, many organisations have used the general framework of democratisation projects in order to deal more specifically with corruption. Anticorruption has also been an aspect of civil society work in areas such as public administration reform, education, judicial system, health sector, marginalised groups rights as well as more research oriented institutions. However, the civil society sector is “weakened by receding funds and the influence of politics on civil society organisations. Critics argue that civil society reflects the priorities of the donors leading to a discrepancy between public concerns and civil society projects.”<sup>221</sup>

In the past few years, the number of civil society organisations contributing to the fight against corruption in **Bosnia and Herzegovina** significantly increased. This process culminated in 2012 when ACCOUNT – a network of non-governmental organisations, institutions and individuals committed to

anticorruption – was established. ACCOUNT now has more than 120 members and its main goal is to speed up anticorruption reforms in Bosnia and Herzegovina through various actions and advocacy. In 2013, they held debates, discussions, public hearings and trainings involving over 1,000 participants, and provided free legal aid to citizens who have come under corruption pressure.

A notable anticorruption success of Bosnian civil society took place in 2013 when there was an attempt at changing the *Law on Free Access to Information* at the state level in order to limit public access to information. This proposal was fiercely criticised by civil society organisations, media and wider public. During public consultations on the draft amendments the Ministry of Justice of Bosnia and Herzegovina received 208 comments which now need to be considered and included in the proposal.

Civil society involvement in anticorruption activities in **Bulgaria** has a long and strong track record from late 1990s and mainly associated with a few dozens of NGOs involved in the CSD-led *Coalition 2000*.<sup>222</sup> Some of the most significant achievements include the introduction of the internationally acknowledged *Corruption Monitoring System*; the *Corruption Assessment Report* – a comprehensive evaluation of the state and dynamics of corruption, developed annually through a public-private partnership; monitoring and analysis of the hidden economy and trafficking; **institutional innovation** (introduction of new institutions as the Ombudsman, introduction of new instruments within existing institutions, such as the Organised Crime Threat Assessments, monitoring instruments for police stops and searches, etc.); **public-private partnerships** in addressing irregularities and violations (including

### Box 10. Best anticorruption practices by Bosnian NGOs

- Quarterly monitoring of the work of government bodies carried out by the Center for Civil Initiatives, which includes compiling reports on the legislation that has been proposed and adopted, on the number of times parliamentarians participated in discussions, their monthly or annual wages, etc.
- A survey conducted by the Association Vesta on corruption in higher education. Using the survey findings they have prepared a list of guidelines and recommendations for anticorruption measures.
- The online magazine *Žurnal*, maintained by the Center for Media Development and Analyses, which in 2013 published “Who and how much steals in public procurement” – a survey of corruption in public procurement among 300 procurers.

<sup>220</sup> (SELDI, 2002, p. 228).

<sup>221</sup> (Sadiku, Albania, 2010a, p. 4).

<sup>222</sup> <http://www.anticorruption.bg/>

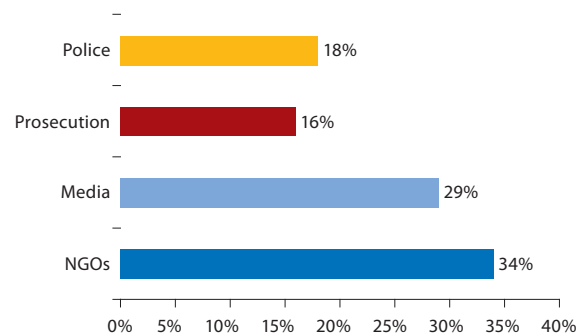
civil society observers of inspections, which prevents corruption).

The moment when civil society in **Macedonia** started to point to the level of corruption in Macedonia and to the need to cope with it, while at the same time indicating numerous deficiencies in the legal regulations and the institutional framework, was the foundation of the informal coalition Corruption-Free Macedonia in the early 2000s. It consisted of civil society organisations and prominent individuals and experts who called on the government to crack down on high-level corruption. Following advocacy by civil society and the international community the *Law on Corruption Prevention* was adopted; the same year the State Commission for Corruption Prevention was set up and its first president was the then president of the Transparency Macedonia. However, the civil society sector failed to continue to develop the debate on combating corruption and on the role and capacities of the civil society organisations in combating corruption with the expected intensity. During the years that followed only a small number of organisations continued to keep corruption on their agenda, including Transparency Macedonia, Transparency International Macedonia, the Center for Civil Communications, MOST, the Institute for Democracy Societas Civilis – Skopje, the Research Center for Civil Society, and the All for Fair Trials Coalition.

In **Montenegro**, NGOs have their representatives in working groups on the EU negotiations with respect to anticorruption, the most important are on judiciary and fundamental rights, justice, freedom, security and public procurement. The major challenge that NGOs face in these working groups and bodies is unequal treatment: NGO representatives lack access to documents and lack financial support for participating in some activities of the working groups. This disadvantage is all the more regrettable, given

the high estimate of the public of NGO contribution to anticorruption (Figure 82).

**Figure 82. NGOs in Montenegro are considered the most successful institutions in anticorruption<sup>223</sup>**



Source: (Selić, 2013).

Civil society participation in anticorruption raising awareness campaigns has been greatly reduced since these types of activities are assigned to and led by Directorate for Anti-Corruption Initiative. NGO awareness raising campaigns cover specific areas affected by corruption such as health, customs, police, and the election process.

**Turkish** NGOs have been active in researching the causes and effects of corruption. Surveys by the Turkish Economic and Social Studies Foundation (TESEV) and the Economic Policy Research Foundation of Turkey (TEPAV) conducted in the beginning and at the end of the 2000s, analysed the household perspective on corruption. The comparison between the studies has been instructive: for instance, in looking at the importance of corruption among other socioeconomic issues, the TESEV results showed that 14% of the respondents found corruption as the most important issue in 2000. On the other hand, TEPAV's survey results from 2009 show that this number decreased to 3%; the public gave more importance to other

### Box 11. Clean politics in Turkey: an initiative

Transparency International-Turkey has launched a campaign Clean Politics. Prior to the local elections in April 2014, TI-Turkey requested access to the asset declarations of politicians, senior public officers, media owners and editors-in-chief through the online petition website change.org. Creating a social media campaign, TI-Turkey has managed to get 29 mayor candidates to declare their wealth and also sources of election campaigning funds in order to establish and maintain a transparent, accountable legislation, public administration and local governance system.

<sup>223</sup> Share of the general public considering these institutions "successful in the fight against corruption."



social issues such as inflation, economic crisis and unemployment.<sup>224</sup>

### 6.3. GOVERNMENTS AND CIVIL SOCIETY: FOES OR FRIENDS?

The engagement of civil society organisation with governments in the SELDI countries has been one of the most controversial but also potentially most rewarding aspects of their anticorruption work. While public-private partnerships have brought about positive developments, they have also brought risks for NGOs. The key to making partnering successful has been the capacity to enter into various relations with state institutions, both complementary and confrontational. One way, for example, of reconciling cooperation with performing a watchdog function, has been to enhance the professionalism of NGO in monitoring of corruption and anticorruption policies.

Although NGOs in the SELDI area have managed to establish some international public-private partnerships, these were not always translated into domestic partnerships as well. For example, despite the fact that civil society is formally consulted when draft laws and strategies are presented, there is no substantial commitment to include civil society as a vital actor in the process.

A number of SELDI countries have joined the Open Government Partnership, an international collaboration of domestic reformers “committed to making their governments more open, accountable, and responsive to citizens”.<sup>225</sup> Among other things, the Partnership aims to bring together governments and civil society. As a result, NGOs in some SELDI countries have been involved in the development and implementation of national action plans for good governance but the experience has been uneven. In **Albania**, for example, “the level of cooperation and inclusiveness of civil society in within the [Partnership] processes [...], remains at basic and sporadic level”.<sup>226</sup> However, while many civil society organisations in the country have limited capacities and resources to deal with corruption

issues on a national scale they started to increasingly focus on local government and issues of accountability, corruption and budgeting. Thus, impactful projects were implemented in collaboration with local government units (mainly municipalities) where civil society organisations were providing training and long-term cooperation. Partners Albania – a member of Partners for Democratic Change International – has been very active in such local scale projects; many of their initiatives have even been taken forward from one region to the other, thus providing almost a national coverage of local governments.

In **Bosnia and Herzegovina**, the anticorruption network ACCOUNT has signed a memorandum on cooperation and mutual assistance with the Ministry of Security of Bosnia and Herzegovina and Agency for the Prevention of Corruption and Coordination of the Fight against Corruption. In accordance with this memorandum they hold monthly meetings to exchange information and work out possible difficulties in their work. The cooperation has resulted in the contribution of ACCOUNT to the adoption of the whistleblower protection legislation and initiated the inclusion of anticorruption amendments to the draft *Law on Public Procurement*. Transparency International BiH also has memorandums of understanding with the Agency for the Prevention of Corruption and Coordination of the Fight against Corruption and Ministry of Security, and is collaborating with the State Elections Commission in reporting of conflict of interest. The cooperation of the Center for Civil Initiatives with entity and cantonal ministries of health has resulted in the adoption of a rulebook on prevention of corruption in 45 healthcare facilities. Despite these best practices, general relations between government authorities and NGOs in Bosnia and Herzegovina “are burdened by numerous problems, from insufficient transparency of government institutions, which renders the watchdog activities of the civil society more difficult, to open hostility towards the media and civil society organisations, which considerably complicates their overall activities and impact”.<sup>227</sup>

In **Croatia**, there is a Council for Civil Society Development established as an advisory body to the government and overseeing the implementation of the National Strategy for Creating an Enabling Environment for Civil Society Development; the development of philanthropy, social capital, partnership relations and cross sector cooperation. In 2009, the Croatian government adopted a Code of Consultation with the

<sup>224</sup> (Adaman, Çarkoğlu, & Şenatalar, Hanehalkı Gözünden Kamu Hizmetleri ve Yolsuzluk, 2009).

<sup>225</sup> <http://www.opengovpartnership.org>

<sup>226</sup> (Institute for Democracy and Mediation, 2013, p. 6).

<sup>227</sup> (Transparency International BiH, 2012a, p. 3).

### Box 12. Kosovo's Government Strategy for Cooperation with Civil Society 2013 – 2017

The preamble of the Strategy points out:

“Government needs competent partners outside government who will help create effective public policies and the implementation of effective interventions for their citizens. [...] To begin the process of genuine cooperation, the two sectors should recognize joint values, to accept the responsibilities of certain common issues and share their financial resources and human resources in order to achieve common goals. This cooperation will cover the gaps of both sectors but without harming their point of strength.”

The Strategy outlines several strategic objectives:

- Ensure strong participation of civil society in drafting and implementation of policies and legislation;
- Build a system and define criteria to support financially the CSOs;
- Promote an integrated approach to the development of volunteering.

interested public in enacting laws and regulations. The ultimate aim of the Code is to facilitate interaction with citizens and representatives of the interested public in the democratic process, and to encourage the active participation of citizens in public life.

The **Serbian** government established the Office for Cooperation with Civil Society in 2010 in order to provide an institutional framework for cooperation with NGOs and a channel of communication between the state and civil society. One of the first tasks of the Office was writing the Strategy for the Development of Civil Society. In addition to this Office, some ministries have special units dealing with civil society, usually as part of larger units which deal with international cooperation and EU accession. Formally, the government is obliged to implement a public discussion on all its legislative proposals, so in theory there is a formal mechanism to include civil society in decision making process. However, in practice, this obligation is frequently circumvented by using the “urgent procedure” mechanism, or by just paying lip service – draft laws are published online and comments are requested, but it is never published what comments were made, what comments were adopted, rejected or why.

The *Law on Associations* and the *Law on Foundations and Endowments* in Serbia are the result of a good example of cooperation between civil society and government bodies. However, most of civil society (64%) characterises the total impact of the sector in the formulation of government policy as “inadequate,” and only 2.5% thought that the impact of the sector was “too large.” About 22% of organisations assess

the cooperation with the government as favourable, while 40% of organisations estimated that the state is not interested, and that the government (at various levels) underestimates the importance of the role of civil society in the development of society. However, a similar number of organisations believe that the state has a positive attitude towards NGOs, either through direct support (22%) or through recognition of NGOs as partners (19%).<sup>228</sup>

## 6.4. INTEGRITY OF NON-PROFIT GOVERNANCE

The effectiveness of NGOs in addressing the issues of good public governance depends to a great extent on their capacity to maintain their own governance in order. High integrity standards are essential for civil society organisations because of their role as the driving mechanism demanding further good governance reforms and in changing the beliefs, expectations and engrained behaviours of the public at large.

It would be naïve, however, to assume that non-governmental organisations are somehow immune to corruption pressures. In fact, the capturing of NGOs by special interests and corrupt public officials or elected politicians is “yet another reincarnation of the mechanism of subversion of public governance by private interests.”<sup>229</sup> The risk of such capture stems from

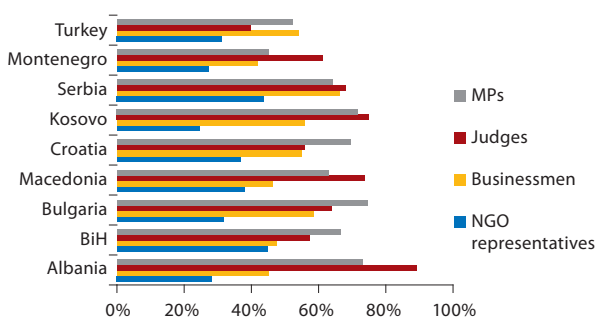
<sup>228</sup> Serbian Civil Society Baseline Study, Civic Initiatives, 2011.

<sup>229</sup> (Center for the Study of Democracy, 2010a, p. 27).

the opportunity to exploit a number of vulnerabilities of the non-profit sector in the SELDI countries:

- absence of mandatory procedures for transparency in the sector;
- ineffective control of compliance with financial regulations;
- lack of auditing culture;
- low level of self-regulation.

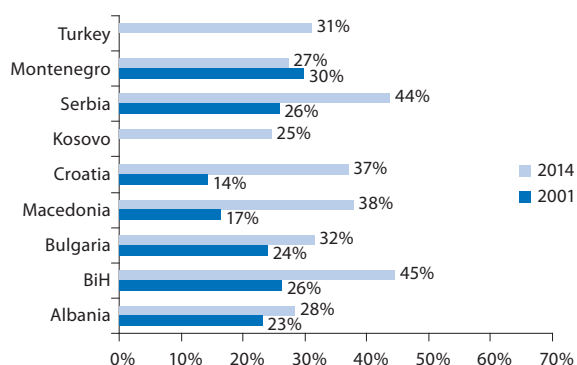
**Figure 83. Estimates by the public of corruption among the following groups<sup>230</sup>**



Source: SELDI/CSD Corruption Monitoring System, 2014.

While the public estimates of the proliferation of corruption among NGOs in the SELDI countries is much lower than among public officials and government institutions (Figure 83), the share of citizens doubtful of their integrity has risen tangibly over the decade (Figure 84). Admittedly, this is part of the overall trend of the rising numbers of those who detect more corruption in public life since the early 2000s; nevertheless, if NGOs are to be at the forefront of good governance reforms in their countries, they need to address their transparency and accountability as a priority.

**Figure 84. Change in public estimates of corruption among NGO representatives in the SELDI area**

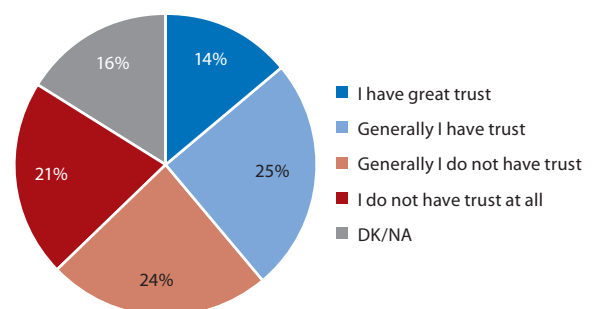


Source: SELDI/CSD Corruption Monitoring System, 2014.

<sup>230</sup> Share of answers “Almost everybody is involved” and “Most are involved”.

In **Albania**, there have been reports of nepotism and corruption among a group of NGOs where the public Agency for the Support of Civil Society was reported as involved.<sup>231</sup> Despite the fact that the allegations have not been investigated or proven, this affects public perceptions and trust in civil society organisations. Other allegations have been made in the Albanian media about the funds dedicated to the Roma community, especially those by the European Commission, claiming that these millions of euros have failed to improve the situation of the poor and vulnerable community of Roma in Albania.<sup>232</sup> Although unproven they have managed to affect public opinion that the organisations beneficial of these funds have been corrupt since they have not managed to bring about a real result for the target group they were intended to.

**Figure 85. Trust in NGOs in Albania**



Source: (Institute for Democracy and Mediation, 2013, p. 39).

There are also concerns related to the transparency and financial reporting of civil society organisations. Among NGOs, “69.5% declare that their financial information is publicly available”. While this indicator looks relatively positive at a first glance, “almost 42% of the surveyed CSOs choose not to answer the question about where such information can be found, while of those who answered the question less than half offer a valid available source.”<sup>233</sup>

In **Bosnia and Herzegovina**, the risk of NGO capture comes from the fact that “there is the interest-based cooperation between the [political] parties in power and civil society organisations that are used by the parties for propaganda purposes or allocation of budget funds through different funding programs for these organisations. Another specific issue in Bosnia and Herzegovina involves considerably high budget

<sup>231</sup> (Rusi & Likmeta, 2014).

<sup>232</sup> (Top Channel TV, 2013).

<sup>233</sup> (Institute for Democracy and Mediation, 2010, p. 20).

### Box 13. Government millions for private media in Republika Srpska

The government of Republika Srpska has provided BAM 3.9 million to five daily and weekly newspapers. More than half of this amount went to two newspapers owned by Željko Kopanja, friend and former business partner of the RS president Milorad Dodik. “Nezavisne Novine” received BAM 1.2 million, and “Glas Srpske” BAM 910,000. Soon after the government had allocated the bulk of the money, the campaign for the general elections of September 2010 in BiH began. According to investigations carried out by the Sarajevo-based Media Plan Institute, Nezavisne Novine and Glas Srpske openly sided with the ruling party of Dodik. They reported in detail from every election rally and presented Dodik as the guardian of Republika Srpska.

*Source:* (Center for Investigative Reporting, 2012a).

funds that are regularly allocated to organisations collaborating based on religious and ethnic basis, since the nationalistic and religious rhetoric is still a propaganda means.”<sup>234</sup>

In the period 2007 – 2011, governments at various levels in Bosnia and Herzegovina have allocated at least BAM 293.4 million (€15 mln) in grants to veterans, sport organisations, humanitarian, religious and other associations.<sup>235</sup> Entity and state auditors have stated that the allocation of public money has been conducted without any criteria and without adequate monitoring afterward. For example, the deputy chief auditor at the Audit Office of the BiH Institutions said that allocation of money has been discretionary and varied depending on who is giving, and pointed out that funds are available to the chairman of the Council of Ministers and his two deputies who have discretion to give them away without any criteria.<sup>236</sup>

In **Bulgaria**, a particularly sensitive issue is the receiving of funds by quasi-NGOs established and managed by high-ranking politicians and administrators and/or their relatives. Corruption can affect both or either the procurement and implementation stages. In the former case, for example, even though financing could have been obtained through crooked procurement procedures or involve some form of conflict of interest, the implementation is not necessarily affected by this and could be carried out according to the rules and procedures (although quality might be affected).

An analysis by the **Croatian** Government Office for Cooperation with NGOs of existing legislation finds weaknesses, respectively needs and ways of improving transparency in the work of civil society, oversight and transparency in spending, considering that civil society are awarded annually more than a billion kuna (€130 mln) by public authorities in the form of grants.<sup>237</sup>

### Box 14. The pitfalls of commercialising non-profits in Bulgaria

The parent-teacher association of a reputable high school in Varna decides to start a for-profit business which could support the school in the long run. They establish a fully owned subsidiary of the association, closely resembling the name of the school. The firm provides language courses to students formally outside the school, but later it turns out that they enrol as “private students” and earn an official diploma as well. After a few years of successful business and retaining profit within the firm (not distributing it to the association) the manager of the company buys it from the association for the value of the registered capital (only not distributed profit accounts to more than 50% of the price, not to mention the intangibles). The association directly loses money and public benefit, but also the firm uses public property and communications at below market prices.

*Source:* (Center for the Study of Democracy, 2013d).

<sup>234</sup> (Transparency International BiH, 2012a, p. 3).

<sup>235</sup> (Center for Investigative Reporting, 2012).

<sup>236</sup> (Center for Investigative Reporting, 2012).

<sup>237</sup> (Vlada Republike Hrvatske-Ured za udruge, 2012).



**Box 15. Allegations of corruption in the TI chapter Croatia**

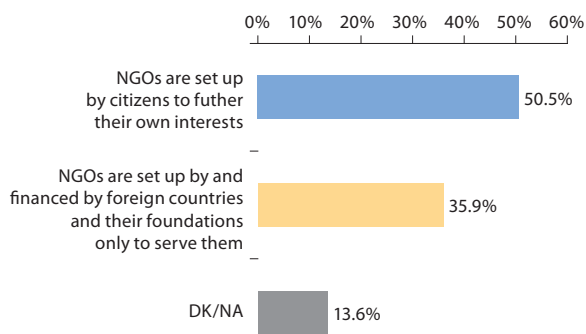
In the spring of 2014, several members of the general assembly of the chapter of Transparency International (TI) challenged the legality of the election of the chapter president. The president of the chapter was accused of falsifying records, conflicts of interest, and arbitrary expulsion of ten members who rebelled against a hiring of staff against the rules of the association. Following the challenge, the Ministry of Public Administration, which oversees the enforcement of the *Associations Act*, revoked the appointment of the chapter president.

Source: (Matijevic, 2014).

A major deficiency is that under current legislation there is no provision requiring NGOs to publicly disclose financial statements, although they are obliged to submit their financial reports to the authorised government body. The paradox is that the government publicly discloses all financial reports of legal persons in Croatia, except NGO reports.

Although trust in civil society organisations in **Macedonia** is not particularly high, recently there has been a positive trend of increase. Specifically, associations and foundations have the trust of 59.3% of the public, which indicates for the first time since 2006 (when it was 50.3%) trust by the majority of citizens.<sup>238</sup>

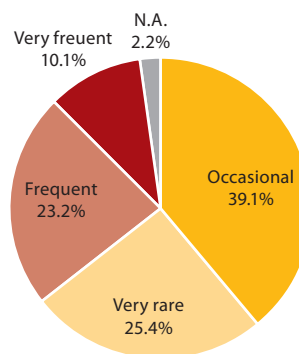
**Figure 86. Public opinion of the raison d'être of NGOs in Macedonia**



Source: (Нурединоска, Кржаловски, & Стојанова, 2013).

Research indicates that corruption in civil society is not widespread – the majority of surveyed civil society organisations consider it to be rare (Figure 87). The vast majority (90.6%) claim that their financial reports are publicly accessible, while 73.1% have publicly accessible code of conduct for their employees.<sup>239</sup>

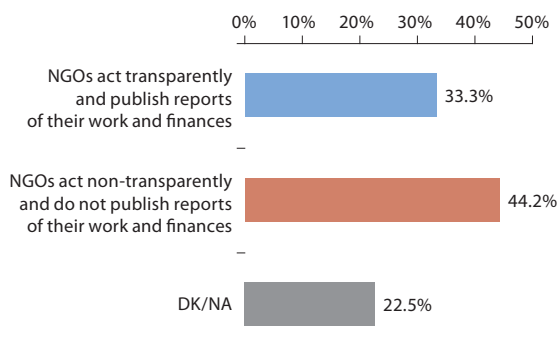
**Figure 87. NGOs in Macedonia report corruption in their own ranks to be:**



Source: (Macedonian Center for International Cooperation, 2011).<sup>240</sup>

This self-perception by civil society organisations should be taken with some reservation since their websites show that only a small number of them publish their financial data and reports. Moreover, few organisations commission financial audits of their financial operations. This gap between the perception

**Figure 88. Public attitudes towards the transparency of NGOs in Macedonia**



Source: (Нурединоска, Кржаловски, & Стојанова, 2013).

<sup>238</sup> (Нурединоска, Кржаловски, & Стојанова, 2013, p. 9).

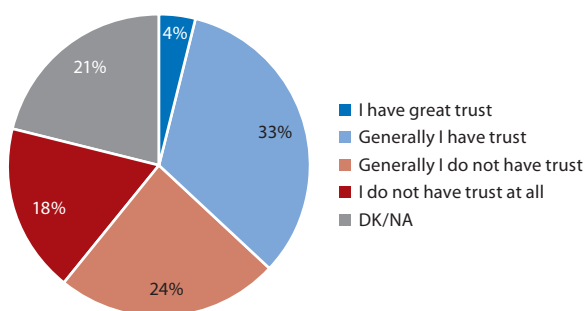
<sup>239</sup> (Macedonian Center for International Cooperation, 2011, p. 36).

<sup>240</sup> "The researchers were however uncertain whether in answering this question the respondents were able to distinguish between corruption, abuse of funds and duty, or money laundering," Ibid, p. 39.

and practices of transparency is one of the most frequently debated issues in the civil society sector.

In 2007, the Civic Platform of Macedonia, one of the leading networks that had organisations from different sectors as its members, initiated a draft code of ethics for the sector that was never adopted. Larger NGOs – which have established oversight mechanisms for their operations – supported the adoption of this code of ethics, but this initiative was not supported by the other organisations.

Figure 89. Public trust in NGOs in Serbia



Source: (Center for Euro-Atlantic Studies, 2013).

In **Turkey**, civil society organisations are closely monitored by the government. The main body that monitors and records procedures on NGOs is the Department of Associations of the Ministry of Interior. The Department monitors, records and archives the establishment procedures of locally established organisations and international ones. It also ensures that NGO auditors inspect all administrative offices belonging to associations and unions, any sort of additional buildings as well as their accounts and operations when necessary. Every NGO is obligated to provide annual auditing report that is either prepared by an external auditing company or the internal auditors' board of the association. Also, the *Law on Associations* stipulates (art. 45) that "all administrative premises, buildings and annexes, all books, accounts and proceedings of associations are subject to inspection at any time by the Interior Ministry or the most senior local representative of government." In the case that the auditors find an unusual or unlawful activity, they are obligated to take the case file to the public prosecution office for investigation.

## 6.5. RECOMMENDATIONS

Non-governmental, non-profit organisations in South-east Europe need to enhance significantly their capacity to contribute to improved public governance. This applies primarily the ability to produce **reporting on anticorruption progress** in public governance, especially in the context of EU integration. This includes:

- **Collect and collate primary information** on the operation of government institutions, especially at the local level and where it is either not produced by government or not disclosed publicly.
- Enhance NGO skills for the **measurement** of the actual proliferation of corruption.
- Enhance NGO **skills in analysis** of data, institutional evaluation and report writing.
- The non-EU member countries of SEE would be well advised to **learn from the body of knowledge and expertise contained in the EU Anticorruption Report**. This would provide them with valuable insights with respect to the evaluation of the spread of corruption and the design of anticorruption policies.

### Funding and legal environment

- **Rules and regulations for public funding** – both by central and local governments – of non-profit organisations should be clear and transparent. Only NGOs registered in the public benefit should be allowed to receive public funding, and should respectively meet more stringent reporting and disclosure requirements.
- Where public funding is provided from the European Union and other multilateral institutions to national non-profit organisations, it **should not be disbursed through national governments**, especially where anticorruption progress has been minimal.
- The European Union and other donor agencies should consider a larger share of funding for good governance programmes implemented in **collaboration between civil society organisations and public institutions**. These programmes should have explicit requirements against the capture of NGOs by special interests. It should be noted that achieving impact requires longer-term (10 years and above) sustained commitment.

### Integrity

In order for their anticorruption work to have credibility NGOs in Southeast Europe need to provide

an example of **transparency and accountability**. This includes:

- **Conflict of interest legislation** should include non-profit institutions, especially where they are funded via government administered programmes, such as national budget, EU funds, etc.
- The civil society sector needs to provide for its own **self-regulation**. At the minimum, this involves adopting codes of conduct with aspirational standards. They should also find more and better ways of organising coalitions of interest.
- NGOs need better understanding of the need to be transparent and accountable. This includes undergoing **regular auditing, disclosure of financial statements**, explicit and transparent **corporate governance procedures**, and measures against capture by special interests.

