



**RECENT DEVELOPMENTS AND NEW PROSPECTS:
MAJOR CORRUPTION CHALLENGES IN SOUTHEAST EUROPE**

Background Document, May 2013

South-East Europe Leadership for Development and Integrity (SELDI) is an anti-corruption and good governance coalition of likeminded CSOs in Southeast Europe, involving partners from nine participating countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia Kosovo, Macedonia, Montenegro, Serbia and Turkey).

In the present document the Network's partners analysed the current regional environment and the state of corruption in each of their respective countries. The result is a general overview of common, as well as country-specific anti-corruption challenges in the SEE region.

The text was put together by Daniela Mineva and Stefan Karaboev, SELDI Secretariat / Center for the Study of Democracy, and edited by Nikolay Tagarov.

SELDI coalition founding members:

Albanian Center for Economic Research (ACER), Albania
Center for Democratic Transition (CDT), Montenegro
Center for Investigative Reporting (CIN), Bosnia and Herzegovina
Center for Liberal-Democratic Studies (CLDS), Serbia
Center for the Study of Democracy (CSD), Bulgaria
Forum of Civic Action FORCA Pozega, Serbia
House of Europe (HoE), Albania
Institute Alternative (IA), Montenegro
Institute for Democracy 'Societas Civilis' Skopje (IDSCS),
Republic of Macedonia
Instituti Riinvest, Kosovo
Kosovo Law Institute (KLI), Kosovo
Macedonian Center for International Cooperation (MCIC), Republic of Macedonia
Ohrid Institute for Economic Strategies and International Affairs, Republic of Macedonia
Partnership for Social Development (PSD), Croatia
Regional Anticorruption Initiative (RAI) Secretariat, Bosnia and Herzegovina
"Syri i Vizionit", Kosovo
Turkish Economic and Social Studies Foundation (TESEV), Turkey

2013, Southeast Europe Leadership for Development and Integrity (SELDI)



Creative Commons License
Attribution-NonCommercial-NoDerivs 3.0 Unported

Center for the Study of Democracy
5 Alexander Zhendov Str.
1113 Sofia
tel.: (+359 2) 971 3000
fax: (+359 2) 971 2233
csd@online.bg, www.csd.bg



This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of the SELDI initiative and can in no way be taken to reflect the views of the European Union.

Contents

The Challenge of Corruption: Regional Overview	5
EU Progress Reports: 2008 – 2012 Timeline of Anti-Corruption Developments in SEE.....	9
Civil Society Organisations as Catalyst for Combating Corruption.....	10
The Anti-Corruption Environment in SEE:	12
Country by Country Analysis	12
Albania.....	13
1. Developments in the field of anti-corruption	13
2. Timeline of the anti-corruption challenges	15
3. Pressing issues today.....	18
4. Major anti-corruption challenges.....	18
5. Success stories	19
6. State-CSO dialogue	19
Bosnia and Herzegovina	21
1. Developments in the field of anti-corruption	21
2. Timeline of the anti-corruption challenges	22
3. Pressing issues today.....	25
4. Major anti-corruption challenges.....	25
5. State-CSO dialogue	25
Bulgaria.....	26
1. Developments in the field of anti-corruption	26
2. Timeline of the anti-corruption challenges	27
3. Pressing issues today.....	31
4. Major anti-corruption challenges.....	32
5. Success stories	32
6. State-CSO dialogue	33
Croatia	34
1. Developments in the field of anti-corruption	34
2. Timeline of the anti-corruption challenges	35
3. Pressing issues today.....	39
4. Major anti-corruption challenges.....	39
5. Success stories	39
6. State-CSO dialogue	39
Kosovo	41

1. Developments in the field of anti-corruption	41
2. Timeline of the anti-corruption challenges	42
3. Pressing issues today	44
4. Major anti-corruption challenges	44
5. Success stories	44
6. State-CSO dialogue	45
Former Yugoslav Republic of Macedonia	46
1. Developments in the field of anti-corruption	46
2. Timeline of the anti-corruption challenges	47
3. Pressing issues today	51
4. Major anti-corruption challenges	51
5. Success stories	51
6. State-CSO dialogue	51
Montenegro	53
1. Developments in the field of anti-corruption	53
2. Timeline of the anti-corruption challenges	54
3. Pressing issues today	57
4. Major anti-corruption challenges	57
5. Success stories	57
6. State-CSO dialogue	58
Serbia	59
1. Developments in the field of anti-corruption	59
2. Timeline of the anti-corruption challenges	60
3. Pressing issues today	63
4. Major anti-corruption challenges	63
5. Success stories	63
6. State-CSO dialogue	64
Turkey	65
1. Developments in the field of anti-corruption	65
2. Timeline of the anti-corruption challenges	67
3. Pressing issues today	69
4. Major anti-corruption challenges	69
5. Success stories	69
6. State-CSO dialogue	70
About the project	71

The Challenge of Corruption: Regional Overview

Corruption has become one of the most debated issues, which society faces. The problem of corruption transcends national borders and has become a significant threat to international relations and economic development. This trend is especially true in the Southeast Europe (SEE) region. There are a number of historical factors and economic developments that have affected and shaped the specific manifestations of corruption in the region. While notable differences exist between countries in SEE with regard to their economic development, they share similar problems, even if to varied degrees. These include privatization programs which have bred corruption; difficulties with attracting foreign investments; high levels of unemployment – exacerbated by the global economic crisis; significant levels of gray economic activity; and socio-economic conditions which are favourable to organized crime groups.¹

Corruption is **continuously ranked among the major challenges** faced by the SEE countries. Despite the positive efforts of establishing the regulatory and institutional base for countering corruption, including the establishment of specialised anti-corruption agencies, which are being introduced in the majority of the countries in the region, significant problems persist, especially with regard to the practical implementation of the existing legal framework and institutional enforcement. Though it is hard to generalize in the context of the different national historical and institutional environments in the South-East European countries, **several underlying issues** seem to characterize the major corruption challenges in the region. **Political pressure** continues to influence the institutional environment, which is especially problematic with regard to the work of the judicial system and the national anti-corruption agencies. In addition, the latter often lack the necessary institutional capacity. The combination of lack of political will to pursue corruption and **limited institutional independence and capacity**, often results in the **slow implementation of anti-corruption policies**. Another related outcome is **high-level political corruption**, the investigation of which is often hindered by wide-reaching **immunity** legislation.

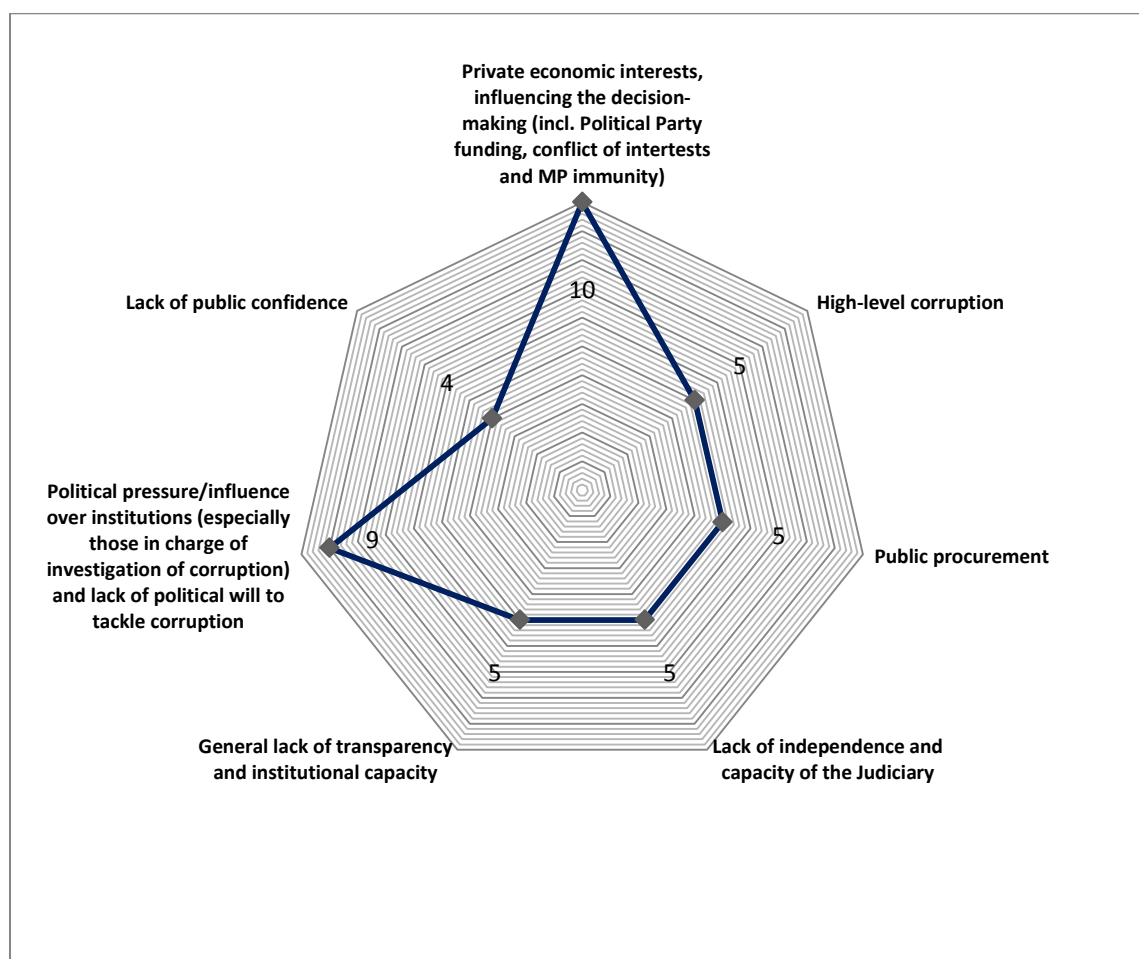
The lack of transparency of political party funding is also a major challenge in many SEE countries, which allows private interests to exert strong **external economic influence**, thus affecting the course of governance. **The lack of transparency** in managing and distributing state funding, mainly with regard to **public procurement** contracts, is also a significant factor for alleged corruption. Conflicts of interest (despite the fact that some legislation on the topic is available in most countries, full

¹<http://www.csd.bg/artShow.php?id=16084>

implementation remains an issue) and integrity concerns give further ground for the overall **lack of public trust**.

These core issues render the existence of legal and institutional anti-corruption framework inefficient. The **business environment is also affected**. In fact, according to the Global Competitiveness Report 2012-2013 published by the World Economic Forum, the majority of SEE countries highlight corruption as one of the most problematic factors for doing business.² The report also indicates low trust in politicians, as well as general lack of transparency in the judiciary and the policy-making process.³

Figure 1. Number of SEE Countries, which have Identified the Following Problems as Major Corruption Challenges



**In some "major challenge" categories, the number of countries is higher than the total, because of several challenges being combined in a one section.*

Source: SELDI, 2013

²http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

³Ibid.

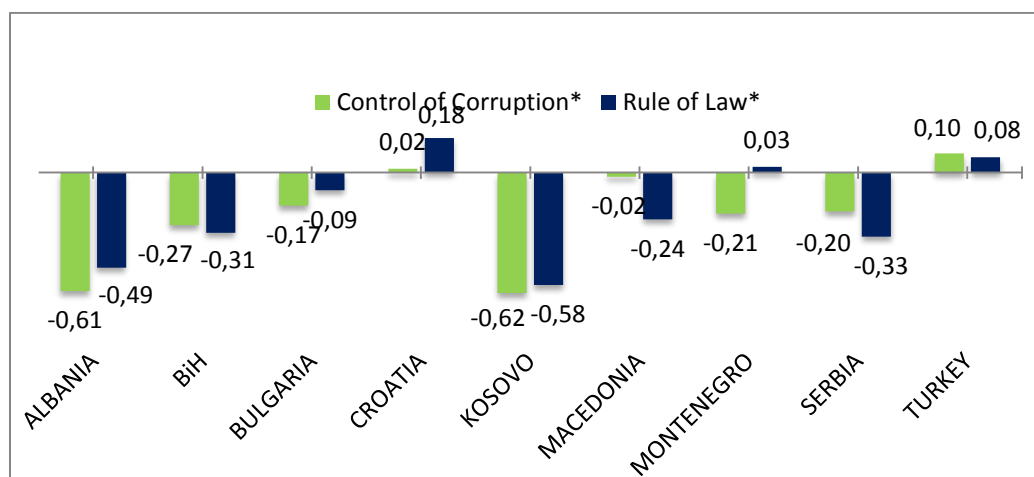
The **prospects for joining the EU** have provided the strongest incentives and opportunities for SEE countries to gain momentum in their fight against corruption. The fight against corruption and the establishment of an effective judiciary have always been of essential importance on the way towards EU accession. Indeed, the 2012-2013 EU Enlargement Strategy underscores the strengthening the rule of law and democratic governance as key to the enlargement process.⁴ Countries that wish to become Members of the European Union have to initiate reforms of their judicial and public administration systems early on, ensuring that strong frameworks are in place to prevent corruption. A **new approach** to enlargement negotiations, proposed by the European Commission and endorsed by the Council of the European Union, explicitly identifies rule of law issues, including the **fight against organised crime and corruption**, as the centerpieces of the EU's enlargement policy. The new approach requires that judiciary and fundamental rights, and justice, freedom and security matters (Chapters 23 and 24 of the *acquis*) should be tackled early in the enlargement process, and reaffirms the need for solid track records of reform implementation to be developed throughout the negotiation process, with the aim of ensuring sustainable and lasting reforms.

Regional cooperation and reconciliation in the Western Balkans is also central to the EU Enlargement strategy. Along with governmental dialogue and collaboration in the SEE region, **CSO cooperation is also essential**. Tackling corruption calls for the active involvement of civil society organisations, which is the central objective of the South-East Europe Leadership for Development and Integrity (SELDI) network. In light of potential impact, productive CSO cooperation in the region also largely depends on the **cooperation between civil society organisations and governmental institutions**. The effective dialogue between CSOs and the State however is largely limited in many SEE countries. Significant gaps exist in terms of disregard for CSOs on the part of the government, lack of interest, as well as state capture of civil society organisations.

The described problematic environment of the region is also reflected in various rankings and studies, which position SEE countries at the European bottom when it comes to issues such as control of corruption and rule of law. The 2011 Worldwide Governance Indicators of the World Bank largely assigned negative values⁵ to SEE countries with regard to “Rule of Law” and “Control of Corruption”. Turkey, Croatia and Montenegro (only as regards the “rule of law” indicator) were the only countries from the region to be positively evaluated.

⁴http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/strategy_paper_2012_en.pdf

⁵ The Estimate of governance is measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance

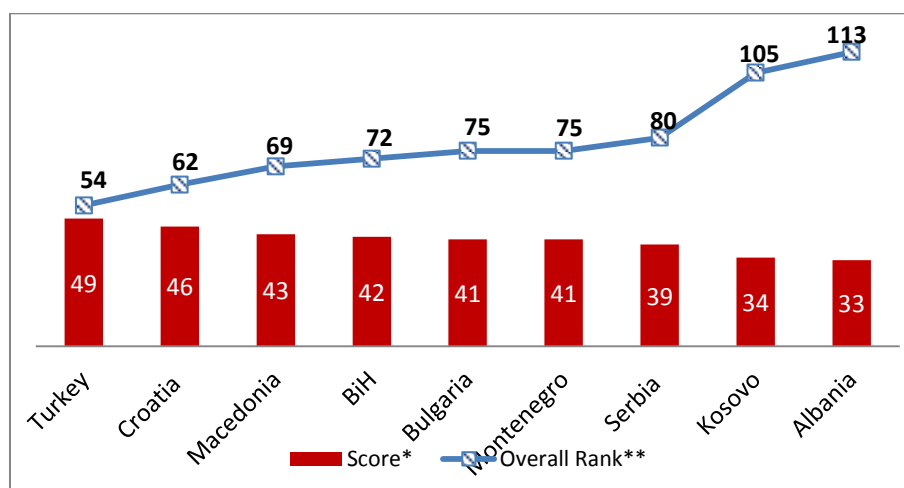
Figure 2. SEE Countries: Worldwide Governance Indicators 2011

Source: World Bank Worldwide Governance Indicators 2011

http://info.worldbank.org/governance/wgi/mc_chart.asp

* Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance

The 2012 Corruption Perception Index⁶ ranks Turkey as the least corrupt country in the region with regard to the degree of corruption perception of its public sector. However, the country's position in the overall ranking is far from flattering - 54th from a total of 176 nations around the world. Albania is perceived as most corrupt, according to the Index, which puts the country at 133rd place globally.

Figure 3. Corruption Perception in the SEE Region in 2012

Source: Transparency International, CORRUPTION PERCEPTIONS INDEX 2012

<http://cpi.transparency.org/cpi2012/results/>

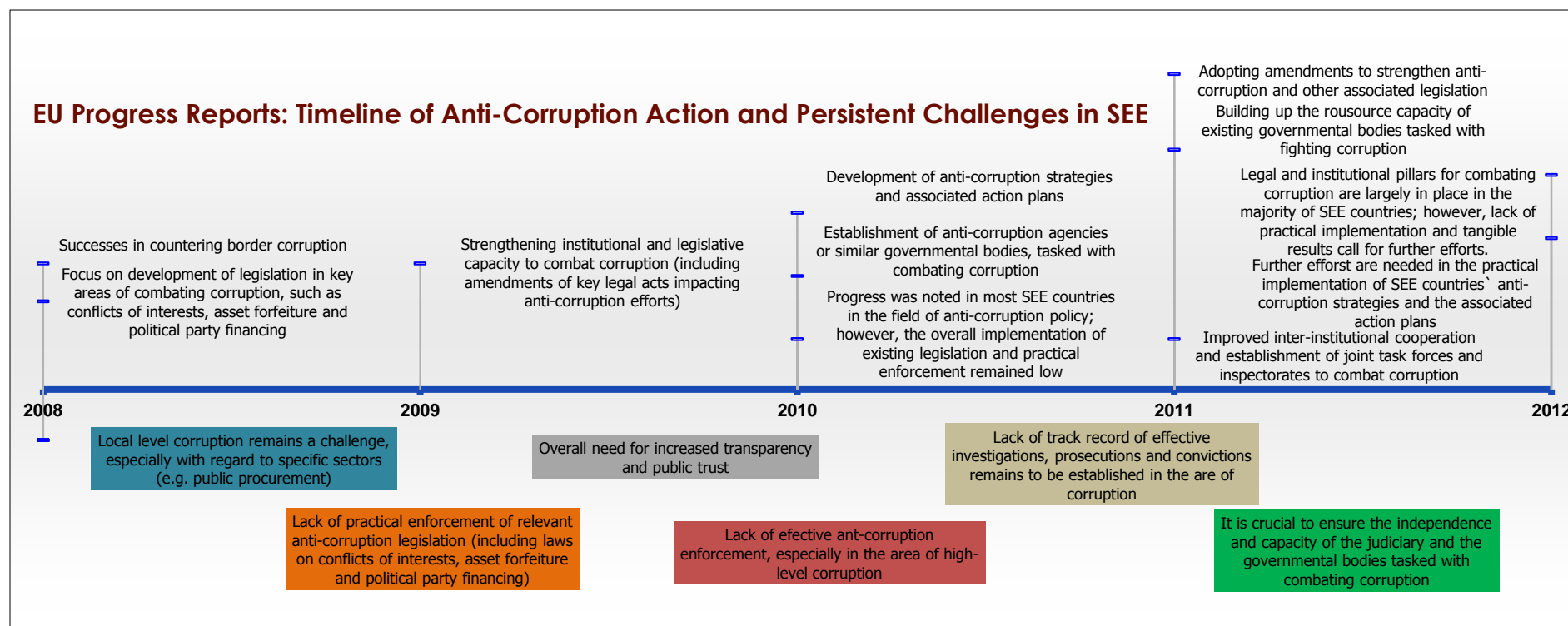
*The score indicates the perceived level of public sector corruption on a scale of 0 - 100, where 0 means that a country is perceived as highly corrupt and 100 means it is perceived as very clean.

** Out of 176 countries and territories

⁶<http://cpi.transparency.org/cpi2012/results/>

EU Progress Reports: 2008 – 2012 Timeline of Anti-Corruption Developments in SEE

The EU Progress reports are a very valuable source of information for creating an overall picture of the anti-corruption environment in South-East Europe and more importantly, of its development through time. Even though such generalisations might prove misleading for in-depth observations and detailed country-by-country analyses, mainly due to the specific national and social characteristics and different pace of legal and institutional development of each SEE State, the Progress Reports can serve as sources for tracing the most relevant anti-corruption developments (both legal and institutional) and their progression through the years. Analysis of the timeline 2008-2012 timeline set of reports for the countries of the Western Balkans and Turkey could also pinpoint common persisting anti-corruption challenges in SEE.



Source: EU Progress Reports 2008-2012; SELDI, 2013.

Civil Society Organisations as Catalyst for Combating Corruption

Civil society organisations are instrumental in controlling and monitoring corruption. Since, in its core, corruption is a social phenomenon, CSOs' capacity for collective action is an indispensable asset for both providing government with recommendations and initiatives, and for increasing public support and awareness with regard to anti-corruption policy.

Data shows that control of corruption is more effective in countries with larger numbers of CSOs, as well as with broader networks of participants in voluntary civic activities.⁷ As long as the capacity for association and collective action exists, a society is able to keep checks on public corruption. **In the absence of public oversight it is nearly impossible, even by enforcing repressive or administrative means, to build in mechanisms for controlling corruption.** This is a clear disadvantage of some East European regions, which lack a sufficient base of proactive and independent non-governmental organisations, thus creating an environment of low capacity for association and sound collective action against corruption. Hence, society is left isolated from the process of combating corruption, which is one of the reasons for the slow implementation of the already comprehensive legal framework, which has, for the most parts, been established in the SEE region.

This lack of public support and involvement in anti-corruption policy in SEE is also, in part, caused by the **lack of efficient dialogue between CSOs and the government.** Besides noting the established correlation between the number of CSOs and the control of corruption in a given country, **it is essential that non-government organisations are provided with ample opportunities for cooperation and dialogue with relevant public bodies,** while at the same time preserving their critical and unbiased stance. **This, however, proves difficult in the SEE region.**

Generally, 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.

Apart from the existing communication and coordination gaps, there are several alarming threats and risks to civil society development in the region, including **civil society capture by politicians and the public administration, low transparency** associated with mixing not-for-profit and for-profit activities of NGOs, and deficiencies in the NGO registration process. The lack of mandatory

⁷Teorell, Jan, Nicholas Charron, Stefan Dahlberg, Sören Holmberg, Bo Rothstein, Petrus Sundin & Richard Svensson. 2013. The Quality of Government Dataset, version 15May13. University of Gothenburg: The Quality of Government Institute, <http://www.qog.pol.gu.se>; http://www.againstcorruption.eu/wp-content/uploads/2013/03/ANTICORRP-Policy-Paper-on-Lessons-Learnt-1_protected1.pdf

procedures for transparency in the sector, ineffective financial control from the state (which should not entail interference in the work of NGOs), the low level of self-regulation, all contribute to the vulnerability of NGOs and allow illegitimate interests to operate in a niche of low transparency and accountability. NGO capture is particularly evident at the local level where municipal officials take advantage of the inadequate regulatory framework and lowered control to the detriment of the third sector.

In this context, regional CSOs' network initiatives, such as SELDI, provide an anti-corruption platform for increased cooperation and knowledge sharing in SEE – a region with many common problems in the field. The development of such networks has the potential to provide significant added value for a **dynamic civil society, capable of participating in public debates and influencing policy and the decision-making process in the field of anti-corruption and good governance**. It would bolster CSO capacity, knowledge and commitment to provide analysis, monitoring and advocacy with respect to policy, measures and reforms related to good governance and anti-corruption. It would boost CSO cooperation and understanding beyond regional and national levels, promoting state-civil society dialogue and improving the environment for civil activism at regional and national level. Finally, it would strengthen cross-country public/civic support and participation for good governance and anti-corruption measures, and would help CSOs themselves to enhance their legitimacy, transparency and accountability.

The Anti-Corruption Environment in SEE: Country by Country Analysis

Albania

The fight against corruption remains one of the most urgent and complex issues with broad implications for stability, democratization and the rule of law in the whole region. While the level of corruption and the legislative and institutional frameworks are different across the region, for Albania corruption is a major obstacle to the capacity of public institutions to build societal trust. In recent years, one of the priorities of Albania's successive governments has been the design of anti-corruption strategies, but the institutional capacity for their implementation has remained weak. The process of institutional development, based on the introduction of models implemented in other countries, has been slow and has been weakened by the lack of serious assessment of the real institutional needs to fight corruption. As a consequence, Albania is still struggling with maintaining the independence and ensuring the survival of the main institutions fighting corruption.

1. Developments in the field of anti-corruption

In Albania, some of the most important challenges ahead continue to relate to grand schemes of corruption, especially those involving high-level politicians and state functionaries. Indeed, corruption has been at the core of domestic debates in the country, and it has been a concern for the institutions charged with monitoring and counteracting it. Corruption has also been a central theme in the country's overall progress towards EU integration. Overall, the latest Progress Report on Albania (2012) established that that "moderate progress was made in the fight against corruption and implementation of the national anti-corruption policy, which is a key priority of the Opinion".⁸ Some of the efforts undertaken recently by the Albanian government in the fight against corruption are listed below:

- Cross Sectorial Strategy of [Fight against corruption for Transparent Governing](#) (2008)
- [Action Plan 2011-2013](#)
- [Regulation on the functioning of the Inter-ministerial Working Group](#)
- [Decision on the Approval of several Anti-Corruption documents](#)
- Constitutional changes to restrict the immunity of high level public officials and judges, which is not only a fundamental obstacle to proper investigation into possible corruption cases in Albania but also contributes to the wider public perception of persistent impunity of some members of society

⁸http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/al_rapport_2012_en.pdf

- Amendments to the Criminal Code on acts of corruption by foreign officials and on imposing major penalties for corruption in the private sector were adopted in March 2012
- Amendments were adopted to the Law on the Prevention of Conflicts of Interest in the Exercise of Public Functions, and to the Law on the Declaration of Assets and Audit of Assets and Financial Obligations of Elected and Some Public Officials
- Regarding political party financing, the Central Election Commission adopted a Decision in January 2012 (no.3) to increase transparency
- Amendments to the Law on Notaries were passed, introducing the digitalisation of notaries' activities
- Two inter institutional working groups were set up to exchange information and devise a standardized format for a consolidated data system for recording criminal offences involving corruption and organized crime
- The new code of ethics adopted by the General Director of Taxation was published and disseminated. However, corruption in taxation services, and particularly tax inspection, is an issue of great concern that seriously affects the business environment
- Businesses still face undue delays in court procedures and the perception of widespread corruption in the justice system persists. Some improvement was achieved with the introduction of a private bailiff's office

Although the perception of corruption has improved, the absence of a proactive approach continues to obstruct effective investigations while corruption remains a particularly serious problem in Albania. Overall, the fight against corruption in Albania is designed in a top-down manner, and in general is communicated down to the various institutions. This is considered key issue to European Partnership priority, but the declared commitment of the authorities to fight corruption needs to be backed up by rigorous implementation. In this concern, a number of donors have volunteered to support Albania in its initiative to combat corruption. Most programmes have focused extensively on technical assistance, but often there has been weak commitment by Albanian institutions. Due to EU pressure, recently there was an attempt to focus anti-corruption measures into an action plan addressing issues of *“National Strategy of Fight against Corruption for Transparent Governing”*, which provides a timeline for anti-corruption efforts/measures.

2. Timeline of the anti-corruption challenges

Year	2008	2009	2010	2011	2012
EU PROGRESS REPORTS	<p>Perception of corruption has improved (i.e. there is a perception that corruption is on the decrease)</p> <p>Efforts have been made to reduce opportunities for corruption in areas such as tax administration, business services, property restitution and public procurement, by introducing electronic systems.</p> <p>A cross-cutting anti-corruption strategy for 2007-2013, with an action plan, was adopted in October 2008.</p> <p>- The Law on</p>	<p>Progress can be noted regarding the improvement of legislation</p> <p>- Progress can be reported in the education sector, such as university entrance exams, which use an anonymous system to limit the scope for corruption.</p> <p>- The Department for Internal Administrative Control and Anti-Corruption (DIACA) continued to perform internal control duties with regard to the public administration.</p>	<p>- HIDAA has started to take administrative measures against civil servants failing to submit their declarations, and can notify the prosecutor's office in case of non-compliance with the laws.</p> <p>- In the Ministry of the Interior, an Internal Control Service (ICS) has been established to investigate corruption cases in the police.</p> <p>- Several Traffic Police Officers have been investigated and dismissed for taking bribes.</p> <p>- Joint Investigative Units (JIUs) for economic crimes and corruption were established.</p> <p>- E-procurement systems have been introduced in the public administration in order to reduce personal contacts</p>	<p>- An anti-corruption action plan for the period 2011-2013 encompassing individual action plans for all government ministries/agencies concerned was adopted.</p> <p>- Regarding political party financing, all recommendations but one were implemented, which itself is partly implemented as well</p> <p>- There has been progress in strengthening the legal framework by implementing recommendations of the Group of States against corruption (GRECO) related in criminalization and political party financing.</p> <p>- Clearer distribution of responsibilities was defined between the inter-ministerial working group (IWG), the inter-ministerial Technical Group, and the Technical Secretariat of the IWG.</p> <p>- Some limited preventive measures were taken by launching awareness-raising</p>	<p>- There has been moderate progress in strengthening the legal framework, which includes the implementation of recommendations of the Group of States against Corruption (GRECO) related to incrimination and political party financing.</p> <p>- Amendments to the Law on Notaries were passed, introducing the digitalization of notaries' activities.</p> <p>- Some progress was made, through constitutional changes, in restricting the immunity of high level public officials and judges.</p> <p>- Two inter-institutional working groups were set up to exchange information and devise a standardized format for a consolidated data system for criminal offences involving corruption and organized crime.</p> <p>- Amendments to the Law</p>

	<p>conflict of interest was adopted in 2007.</p> <ul style="list-style-type: none"> - A number of low to mid-level officials were dismissed for bribery. 		<p>between contracting authorities and bidders and reduce opportunities for bribery.</p> <ul style="list-style-type: none"> - Reforms have been introduced in the education and health sectors in a bid to step up the fight against corruption in these areas. 	<p>initiatives.</p> <ul style="list-style-type: none"> - The full immunity of high level officials remains a major obstacle to effective and successful investigation. - Investigation of medium and high level corruption cases is rare (case META). 	<p>on the Prevention of Conflicts of Interest in the Exercise of Public Functions and the Law on the Declaration of Assets and Audit of Assets and Financial Obligations of Elected and Some Public Officials were adopted.</p> <ul style="list-style-type: none"> - The HIDAA made progress in the detection of suspicious Declarations. - As part of the school curriculum, a manual for teachers has been drafted as a pilot to raise awareness of relevant corruption risks. - Bribery of medical personnel is still inadequately followed up on.
ANTI-CORRUPTION CHALLENGES	<ul style="list-style-type: none"> - The scope of immunity from criminal investigation and prosecution of a number of State officials and members of parliament and the procedures established to lift 	<ul style="list-style-type: none"> - The administrative capacity of supervisory and auditing bodies needs further strengthening, particularly in the areas of conflict of interest and financing of political parties. 	<ul style="list-style-type: none"> - Cases of bribery of foreign public officials are not covered by the Criminal Code. - Monitoring of implementation of the action plan by DIACA and corruption reporting and statistics in particular are insufficient. 	<ul style="list-style-type: none"> - The DIACA in particular has not been strengthened sufficiently as regards its staff and its monitoring competences; its ability to effectively coordinate anti-corruption policies accordingly remains limited. - Criminal law statistics as well as statistics on conflict of interest cases and 	<ul style="list-style-type: none"> - Limited staff, particularly experts specialised in prevention and prosecution, and the lack of financial resources remain a serious constraint on the DIACA's work. - A lack of expertise in financial investigations and of technical equipment for special investigative

	<p>their immunity need to be addressed.</p> <ul style="list-style-type: none"> - The Law on financing of political parties remains to be adopted. - The institutional set-up and inter-agency coordination in the fight against corruption remain weak. 	<ul style="list-style-type: none"> - Corruption remains high at almost all levels of the health sector. - The investigative capacity of law enforcement bodies and the prosecution remain weak. 	<ul style="list-style-type: none"> - Cooperation between the different institutions involved in fighting corruption outside the JIUs needs to be further strengthened. - There is no track-record of investigation, prosecution and conviction of high-level corruption cases. 	<p>prevention measures remain insufficient or unreliable.</p> <ul style="list-style-type: none"> - There continues to be a lack of human resources and technical infrastructure in a number of investigation and law enforcement agencies. - Investigation into possible corruption cases is hampered by the lack of access to the various registries by investigation and law enforcement agencies, and by the lack of a central register of bank accounts. 	<p>measures hampers the effectiveness of investigations in corruption cases.</p> <ul style="list-style-type: none"> - The level of cooperation between law enforcement agencies, in particular between the police and prosecutors, remains insufficient. - Criminal statistics and statistics on conflict of interest cases need to be strengthened. - There are not enough checks on tax and customs officers' assets.
--	---	---	--	--	--

Albania's Government refers to the anti-corruption strategy and its action plan (2011 – 2013) as a means to address the key challenges ahead, in particular the ones described in the 8th EU recommendation⁹ (anti-corruption policy). Some the key points to be addressed within this time frame are: a) removal of obstacles to investigations, in particular of judges, Ministers and Members of Parliament; b) development of a solid track record of proactive investigations, prosecutions and convictions in corruption cases at all levels. However, within this timeframe, the main persisting challenges are of a systematic nature and relate to the need for clear division of power/ institutions, the building up of legal culture among citizens, and the development of community values. Finally, it is emphasized that the main challenges for Albania are not presented by the anti-corruption measures per se, but rather pertain to the need to encourage the development of a culture of good governance.

3. Pressing issues today

- Persistent culture of impunity;
- Ambiguity of the regulatory framework;
- Lack of public confidence on state institutions;¹⁰
- Shortage of development alternatives (lack of political programs) which could be used for evaluating the achievements and/or failures of each actor; instead, political parties use public denigration and personal accusations of corruption as an instrument of gaining political advantage, while attention should be focused on institutional problems instead;
- Examination of political parties funding vs. behaviour of entrepreneurs / business relations with politics.

4. Major anti-corruption challenges

The major anti-corruption challenges are related to the conflict of interests (in 2013), removed immunity of MPs, public officials and judges.

- Corruption and Conflict of Interests
- Corruption and removed Immunity of MPs, public officials and judges / monitoring impacts
- Corruption and poverty

⁹ Recommendation 8: Anti-corruption strategy and action plan, Pg 75. available at: http://www.mfa.gov.al/dokumenta/action_plan_21%203%202012_final_en1.pdf

¹⁰ There is an improvement in public perceptions with regard to petty corruption (especially in service delivery), but still perceptions of high levels of corruption persist and are shifting more and more to elite corruption involving public officials and politicians. In all the public perception surveys, since 2005, it is confirmed that the judicial system has continually been perceived as most the corrupt public sector. While the process of de-regulation or transferring a number of public services to the private sector has removed certain opportunities for petty corruption, a number of regulatory institutions have been established recently as a result, which has provided fresh opportunities for corruption.

5. Success stories

- Culture of Impunity
- Institutions in charge of investigations, inspections, and sentencing remain vulnerable to political pressure and undue influence.

The efforts to reduce opportunities for corruption in areas such as tax administration, business services, property restitution and public procurement (by introducing electronic systems) can be considered success stories. However coordination in the fight against corruption remains weak. One positive development is the establishment and operations of the National Licensing Center (NCL) and National Registration Center (NRC) as instruments for increasing transparency in the interactions of the private and public sectors).

Other developments include:

- Thanks to investments in infrastructure and IT direct contacts of businesses with public officials have been reduced, hence reducing opportunities for corruption. This has generally improved the relationship between business and the government.
- Support in infrastructure, diversification of institutions involved in investigation, broad support to institutions, along with human capacities increase, and division of power, gives hope that political pressure will decline.
- Fragmented role of CSO in research and action against corruption. The Agency for the Support of CSOs is a GoA instrument to support NGOs.

6. State-CSO dialogue

It is indisputably true that civil society organizations can and should play an important role in the fight against corruption by contributing to legislative developments and making policy recommendations. Nevertheless, at present civil society still plays a limited role in the fight against corruption in Albania. It is difficult for CSOs to achieve the desired policy impact, as the main challenges to CSO-government cooperation are:

- limited dialogue and inefficient interactions with the state,
- a generally distrustful attitude of citizens towards key institutions and processes, including civil society itself;
- very few CSOs have an active membership base, demonstrating a pattern of largely donor-driven CSOs;
- low levels of civic participation represent a barrier to CSO success, while there is also lack of coordination, both within civil society and with other sectors:
- Very few government institutions at the central and local level have established formal mechanisms for engaging with civil society, and their administrative capacity to do so is often inadequate.

Overall, civil society-state dialogue is very limited. Some tools for civil society engaging with institutions could include:

- academic research on corruption and related topics (criminal statistics and statistics on conflict of interest cases need to be strengthened);
- measures to ensure professional competence;
- diversity and independence in the media and academic institutions;
- awareness-raising and empowerment of the population groups served by civil society; and
- development of expertise and infrastructure to support genuine transparency and open monitoring of public institutions and their functions.

Bosnia and Herzegovina

1. Developments in the field of anti-corruption

Bosnia and Herzegovina has made limited progress in addressing corruption, which remains widespread in the public sector and public – private interface. The fight against corruption has been identified as one of key issues on Bosnia's road toward EU integration for several years now, but significant progress is lacking. Even though solid pre-conditions for effective corruption counteraction have been in place, including consistent legal and institutional frameworks, practical results are still to be seen. The main challenges remain to be weak mechanisms of implementing the legal framework, asymmetric and non-harmonized laws which regulate the fight against corruption at all levels of government, as well as inadequate institutional capacities and the subordination of institutions to informal centers of power.

The overall conclusion of the international community, as stated in EU progress Report for BiH 2012, is that BiH is still at an early stage in fight against corruption. Corruption remains prevalent in many areas and is a serious problem. A legal framework is in place but the political will to tackle the issues and to improve institutional capacity remains weak. The implementation of the strategy and action plan needs to be stepped up. Sustained efforts are needed to establish a convincing track record of proactive investigation, prosecution and conviction of high level corruption cases.

The past couple of years have been marked by systematic and continuous attempts to weaken the rule of law in BiH and reduce the effectiveness of key anticorruption laws. These have included initiatives to amend a package of AC laws – the Law on Election, the Law on Prevention of Conflicts of Interest, the Law on Financing of Political Parties. The lack of political will is particularly obvious in the case of the Agency for the Prevention and Coordination of the Fight against Corruption (APIC). Almost three years after its establishment, the necessary resources (financial, material and personnel) for the normal functioning of the Agency have yet to be allocated.

2. Timeline of the anti-corruption challenges

Year	2007	2008	2009	2010	2011	2012
EU PROGRESS REPORTS	Bosnia and Herzegovina ratified the UN Convention on Fighting Corruption (Merida Convention), although ratification of the Additional Protocol to the Criminal Law Convention is still pending. There was some progress on enforcing the Law on Conflicts of Interest, with the central Election Commission sanctioning a number of elected officials and preventing them from running for office. The National Anti-Corruption Strategy and Action Plan were adopted in 2006, but the	Additional Protocol to the CoE Criminal Law Convention on Corruption has not been signed yet. Amendments to the Law on Financing Political Parties are in the parliamentary procedure. If passed, these amendments should ensure increase in transparency of financing of political parties. No progress has been made towards ensuring proper implementation of the 2006 National Anti-Corruption Strategy and the associated Action Plan. Some progress has been made	The adoption of a new Strategy for the Fight against Corruption 2009-2014 and the related Action Plan are positive developments. The Draft Law on the Agency for Coordination and Cooperation in Fight against Corruption has been prepared, as one of key requirements for SAA ratification. The Additional Protocol of COE Convention and OECD Convention remain unsigned. There is no effective investigation, prosecution and conviction of	BiH ratified the Additional Protocol to the CoE Criminal Law Convention on Corruption. The OECD Convention remains non-ratified. Regarding GRECO recommendations, 4 out of 16 have been addressed. The Agency for the Prevention and Coordination of the Fight against Corruption has been established; an acting director was appointed, pending the selection of a permanent director; the first draft of the Agency's rulebook has been produced; the premises of the Agency have been identified, but staffing	Very limited steps have been taken in the implementation of 2009-2014 Anti-Corruption strategy and action plan. Agency for Prevention and Coordination of Fight against Corruption is not monitoring the implementation due to the lack of operational capacities: a Director and two deputies were appointed, but allocation of permanent premises and staff is outstanding. the third evaluation report of GRECO highlighted a number of deficiencies in the legal framework to	Implementation of the Anti-Corruption Strategy and Action Plan 2009-2014 has been delayed. The rulebook regulating the organization and structure of the Agency was adopted in July 2012, but Agency is not yet fully operations. Anti-Corruption strategies are in place in two entities and the Brcko District. Three bodies were set up with mandates to prevent corruption and to develop and implement anti-corruption strategies. Amendments to the Law on Conflict of Interests introduced governing principles for public officials participating in company boards. Controls over political parties' financing remain weak. The rules for registering political parties have not been harmonized

	<p>implementation has not been satisfactory, due in part to the lack of resources.</p> <p>Limited progress was made in context of the second GRECO evaluation report, issued in December 2006, which underlined the need to enforce the legal framework and improve coordination and training of agencies involved in fighting corruption and seizure of instruments and proceeds of crime.</p>	<p>toward the implementation of recommendations of the second GRECO evaluation report, namely in enforcing the legal framework and improving coordination and training of agencies for fighting corruption. The Law on Conflict of Interest, adopted in July 2008, reduced the scope of the law in terms of applicability as well as defining the situations which could constitute conflict of interest.</p>	<p>suspected high-level cases of corruption. Weak coordination of anti-corruption efforts at the State level remains a problem. Corruption is prevalent in many areas and continues to be a serious problem, especially within the government and other State entities linked to public procurement, business licensing, in the health, energy, transportation infrastructure and education sectors.</p>	<p>levels have not been finalized.</p> <p>State-level code of conduct for civil servants, regulating both the prevention and detection of corruption, has not been adopted, while entity codes were amended. Law on Conflict of Interest has been adopted, but country-wide implementation is uneven. House of People adopted amendments to the Law on Financing Political Parties, raising threshold for individual donations. Central Election Commission started monitoring asset declarations, conflict of interest and reports on financing of</p>	<p>fight corruption. Relevant legal provisions continue to be dispersed in different legislative texts at different levels; infringements of political finance rules need to be clearly defined and sanctions need to be more effective; assets declarations by political parties remain voluntary; institutional dependence of CEC through financial and other means of control. Only 7 out of 16 recommendations of 2nd GRECO evaluation have been implemented.</p> <p>BiH is in its early stage in fighting corruption. A legal</p>	<p>across the country.</p> <p>The insufficient implementation of legislation and coordination problems between entities remains an issue. Measures are still required to implement the outstanding recommendations made in the 3rd GRECO evaluation report. Whistleblower protection is not in place. Corruption in public procurement is widespread and is a matter of concern. Areas of special risk of corruption are the issuing of permits and public services such as public health and education. The implementation of the strategy and action plan needs to be stepped up. Sustained efforts are needed to establish a convincing track record of proactive investigation, prosecution and conviction of high level</p>
--	---	---	--	---	--	--

				political parties.	framework to tackle corruption is in place, but the political will to tackle the issue and improve institutional capacities remains weak.	corruption cases.
ANTI-CORRUPTION CHALLENGES	<ul style="list-style-type: none"> -implementation of anti-corruption strategy and action plan -investigation and prosecution of corruption cases is necessary 	<ul style="list-style-type: none"> -legal measures need to be put in place to protect civil servants reporting corruption (whistleblowers) -the establishment of an anti-corruption agency is a priority -judicial and prosecutorial training centers need to create targeted training programs -political pressure over NGOs and media needs to be sanctioned 	<ul style="list-style-type: none"> -the legal framework on anti-corruption measures needs to be harmonized at all levels -the monitoring of achievements in anti-corruption efforts needs to be in place -monitoring mechanisms of assets cards need to be in place -the implementation of FOIA needs to be strengthened 	<ul style="list-style-type: none"> -effective investigation, prosecution and conviction of corruption cases -training of public servants responsible for effective fight against corruption 	<ul style="list-style-type: none"> -the implementation of anti-corruption strategy and action plan is a priority -the lack of political commitments continues to be an issue -there is a need for effective investigation, prosecution and conviction of corruption cases 	<ul style="list-style-type: none"> -the legal framework and sanctions, particularly with regard to anti-corruption laws, need to be harmonized throughout the country -legal proceedings in corruption cases need to take place -access to information legislation needs to be harmonized at all levels and the implementation of FOIA needs to be strengthen

3. Pressing issues today

If BiH is to successfully continue counteracting corruption, it must address the following issues on a priority basis:

- Implementation of Action plan and Strategic Plan for the fight against corruption 2009 – 2014 – in relation to this, in 2013 BiH stakeholders will have to focus on strategic planning and the development of a new strategy for the fight against corruption which is to replace the existing one
- Implementation of GRECO recommendations
- Harmonization of local legislation with international conventions and obligations
- Strengthen capacities of APIC and ensure adequate resources for its effective functioning
- Strengthen the legal framework regulating the financing of political parties
- Increase the effectiveness of prosecution of corruption cases. In this context, particular emphasis should be placed on the prosecution of high profile cases involving high-ranking political officials. Nepotism continues to hamper professional performance throughout the public sector at all levels of authority. Access to information remains uneven. Whistleblower protection is not ensured.
- Strengthen the process of public procurement, both by strengthening existing public procurement laws at all levels and their harmonization, but also strengthen the implementation of laws, including the introduction of effective monitoring mechanisms

4. Major anti-corruption challenges

In terms of challenges for 2013, particular emphasis should be placed on strengthening the capacities of the Agency for the Prevention and Coordination of the Fight against Corruption, as well as on the improved implementation of the Agency's Action Plan. The coordination of the efforts and activities of CSOs and the Agency will be crucial in the upcoming period.

5. State-CSO dialogue

- Lack of understating of roles and possible channels of cooperation, particularly on the government side (lack of understating of capacities, lack of communication, lack of interest)
- Dependence on project cycles, particularly on the CSOs side – many CSOs are project-based organizations, not dedicated to long-term engagement with government
- Lack of unified stance on issues on the CSO side.

Bulgaria

1. Developments in the field of anti-corruption

The persistent challenge of corruption continues to be a defining factor in Bulgaria. This has been reaffirmed by the EU Progress Reports under the Cooperation and Verification Mechanism (CVM). Maintaining the independence, accountability and integrity of the judiciary, including ensuring a more efficient, consistent and transparent judicial process, are at the heart of the fight against corruption. Such a framework, however, requires significant commitment. Bulgaria has achieved results in implementing this new legal and institutional framework. Independent controls of courts and prosecutors offices have been carried out, recommendations regarding court management and judicial practice have been issued and a more robust approach has been taken to disciplinary activity. In addition, the country has improved procedural codes in all three branches of law and started to improve judicial practice.

However, these efforts have not yet led to significant improvements in judicial accountability and efficiency. Legal proceedings are often of an excessive duration. Disciplinary practice shows inconsistencies, and in many important cases has either not been able to conclude, or has not reached dissuasive results. Questions remain about judicial independence.

Activity against organised crime intensified during the last several years and the police took a more active role, and a number of long-overdue procedural and institutional reforms were carried out. These efforts have led to a more solid institutional set-up and better procedures. However, convincing results are still missing at both the pre-trial and trial phases to tackle effectively this form of criminality. There are still many unsolved and delayed cases in this area. Organised crime is still described by independent observers as a fundamental challenge for the state and society. With very few exceptions, the specialised court has decided so far only minor cases as the underlying legislation does not allow the court to prioritise on the most important cases.

Enhancing the capacity of law enforcement and the judiciary is a prerequisite for tackling corruption. Since such capacity is still lacking, anti-corruption institutions remain weak and continue to lack the necessary independence, autonomy and mechanisms for control and oversight.

2. Timeline of the anti-corruption challenges

Year	2007	2008	2009	2010	2011	2012
EU Progress Reports	<p>Bulgaria's efforts in the areas of judicial reform and in fighting corruption along its borders continue successfully</p> <p>Efforts to fight corruption within local government should still be strengthened to show the same positive results.</p> <p>There are particular concerns with regard to fighting high-level</p>	<p>A State Agency for National Security (SANS) has been set up to fight corruption and organised crime, and has exercised de facto investigative powers since the beginning of 2008.</p> <p>Bulgaria has made progress with limiting local corruption by introducing new administrative procedures, in particular for the border police, which reduce the possibilities for corruption. Bulgaria closed duty-free shops and duty free petrol stations which were allegedly focal points for local corruption and organised crime.</p> <p>Bulgarian authorities continue to face serious difficulties in making real headway in judicial reform and the fight against corruption and organised</p>	<p>Bulgaria adopted a law on conflicts of interest and set up an administrative authority to establish and sanction conflicts of interest.</p> <p>The setting up of joint teams between the prosecution, police, the National</p> <p>Investigation Service and the State Agency of National Security improved</p> <p>coordination and led to tangible progress with investigations in particular into the misuse of EU funds. However, any progress achieved at the prosecution will be limited, unless the judiciary is further reformed and shows more commitment to the</p>	<p>The EC points to a strong reform momentum which has been established in Bulgaria.</p> <p>In practice, there is reluctance on the part of the prosecution to start investigations on the basis of obvious signs of misconduct and to pursue complex and time-consuming investigations.</p> <p>Shortcomings regarding the accountability of the judiciary persist.</p> <p>Since July 2009, Bulgaria can demonstrate an increased number of indictments in organised crime cases. However, at court level, important cases have seen little development.</p>	<p>Bulgaria took steps to improve protection against conflict of interest. Reform of police investigations was started and a decision to establish a special court for organised crime cases was taken. A new law on asset forfeiture was presented to Parliament but was rejected by it on 8 July. Amendments to the Act on Public Procurement have been prepared. First results of amendments to the Penal Procedure Code became available in spring 2011 and the effects of monitoring of high level cases by the Supreme Judicial</p>	<p>The inability of the judicial leadership to define and implement a proper anti-corruption strategy alienated parts of the judiciary and can be seen to contribute to the low-levels of public trust in this area.</p> <p>Bulgaria created a dedicated joint team to focus on high-level corruption and re-organised the joint team on the misuse of EU funds, extending its remit to several other</p>

	<p>corruption and organised crime, where convincing results have not yet been demonstrated by Bulgaria.</p>	<p>crime. The shortcomings of the Penal Code and the Penal Procedure Code remain.</p> <p>Reforms to law enforcement in the Ministry of the Interior which includes the police were proposed in April 2008. This is a welcome step, but the lack of clarity about roles and of the various actors in the pre-trial phase in relation to intelligence gathering, investigation and prosecution of criminal cases has generated debates. The administrative capacities of both law enforcement and the judiciary are weak.</p>	<p>efficiency of the judicial system.</p> <p>Serious concerns persist regarding unreasonable delays in judicial proceedings.</p> <p>Steps have been taken at the level of the Council of Ministers to reinforce inter-ministerial coordination and to engage in preparatory work for a new anti-corruption strategy based on an evaluation and a consultation of stakeholders. In addition, a central website to signal corruption offences has been set up.</p> <p>Coordination, supervision, technical support for all regional anti-corruption offices and a network of inspectorates at all</p>	<p>A number of indictments were registered against two Members of Parliament, three former ministers, three former deputy ministers and, for the first time also against an acting minister. The data provided by Bulgaria on the first year of implementation of the law on the prevention of conflicts of interest which was introduced in late 2008 show that still few cases of conflict of interest have been identified or sanctioned, and few reported cases of corruption have been referred to the prosecution.</p>	<p>Council are visible.</p> <p>Several organised crime and corruption cases have reached verdicts in court. At the same time, an increased number of indictments in cases related to organised crime and misuse of EU funds have been achieved.</p> <p>In spite of persevering police actions to tackle organised crime, the overall results need to be significantly improved.</p> <p>The fight against high-level corruption has not yet led to convincing results. There have been very few final and enforced verdicts in this area and there are no indications of active</p>	<p>areas of fraud involving public funds. The results of these specialised structures are mixed.</p> <p>In addition, there are very few high-level cases that reach court and many of those cases progress only very slowly in trial, with a disproportionately high number of acquittals.</p> <p>The establishment of a dedicated commission on conflicts of interest has led to an increase of public signals on conflicts of interest and a</p>
--	---	---	---	--	--	--

			ministries were provided.		targeting of high-level corruption. Several cases on high-level corruption resulted in suspension and/or acquittals. A number of cases involving EU funds were terminated by the prosecution despite indications of fraud.	number of decisions, but so far only one case has been finalised. Weaknesses in the implementation of Public Procurement legislation are an important source of corruption.
ANTI-CORRUPTION CHALLENGES	<ul style="list-style-type: none"> - local corruption; - high-level corruption; - achieving effective and independent judiciary 	<ul style="list-style-type: none"> - little follow-up, few investigations and sentences, on the issue of local corruption; - signs of corruption in the health and education sectors - no complaints have been filed and no whistle blowers have stepped up to report irregularities - little control or monitoring of conflict of interest in 	<ul style="list-style-type: none"> - there is a need for a pro-active approach in vulnerable areas and sectors, such as health or education - law enforcement agencies seem reluctant to take the initiative - passive attitudes and limited political support for a pro-active approach to tackle fraud and 	<ul style="list-style-type: none"> - continuing shortcomings regarding the prevention of corruption and protection against conflict of interest. - Effective implementation of the new national anti-corruption strategy adopted in November 2009 has not yet 	<ul style="list-style-type: none"> -the fight against high-level corruption has not yet led to convincing results. -very few final and enforced verdicts in this area -no indications of active targeting of high-level corruption. -serious weaknesses in judicial and 	<ul style="list-style-type: none"> - continuous delays and postponements at appeal court level in two emblematic cases dealing with misuse of EU funds, where long prison sentences were handed down by courts of first instance in

		<p>public procurement</p> <ul style="list-style-type: none"> - strategic approach to fighting local corruption is missing; - fight against high level corruption and organised crime is not producing enough results; - allegations of corruption and fraud are affecting the delivery of EU funds. 	<p>corruption</p> <ul style="list-style-type: none"> - lack of support causes law enforcement staff to feel insecure about starting an investigation, in case it threatens to expose high level corruption 	<p>started.</p> <ul style="list-style-type: none"> - The implementation of the conflicts of interest law is insufficiently effective. - Shortcomings in the implementation of public procurement procedures are widespread. 	<p>investigative practice.</p> <ul style="list-style-type: none"> - concerns regarding weaknesses in asset declarations and verifications of politicians, magistrates and senior civil servants. false declarations are not effectively sanctioned 	<p>March and October 2010</p> <ul style="list-style-type: none"> - Few high-level corruption cases. - Weaknesses in the implementation of the Public Procurement legislation
--	--	--	---	---	---	--

3. Pressing issues today

There are two main approaches in anti-corruption efforts:

1) Transforming the environment: reforming the way governments and the administration provide public services, and thus changing the structure of interests and mechanisms that generate corrupt practices.

2) Control over the performance of administration and citizens: identifying, investigating and penalizing individual corrupt transactions.

In their half-hearted fight against corruption, Bulgarian governments have given preference to the second approach. Anti-corruption measures are considered priority only for the judicial system, police and other law-enforcement bodies, i.e. institutions dealing with the justice and home affairs matters. If the level of corruption were low and corruption were not a systemic problem, this approach would be reasonable. However, in Bulgaria corruption has been a systemic, widespread phenomenon for a long time. **The scale of this phenomenon significantly exceeds the capacity of the criminal justice or law-enforcement systems.**

Lack of options for independent actions by the police, the customs and revenue agencies (without interference from the top of the political pyramid) imparts a political “flavour” to law-enforcement and penal process and limits the efficiency of anticorruption measures. Due to the politicization of the state administration, investigation of administrative corruption most often trigger spolitical interests. To prosecute these cases, law-enforcement bodies need political approval.

The inability of the judiciary to reform itself is exacerbated by the government’s tactics of politically convenient appointments and tolerance of magistrates prone to corruption practices. Instead of promoting prosecutors and judges for their proven professional and high ethical standards, magistrates vulnerable to corruption practices are preferred as they are easier to influence. Clear criteria for appointments in the judicial system and evaluation of the performance of magistrates are still lacking.

The impunity of corruption in the upper echelons of the political system remains the main challenge to the success of Bulgaria’s anti-corruption policies. The lack of new investigations of representatives of the political class has rendered Bulgaria one of the few EU Member States without an effective indictment of corrupt politicians.

Political corruption is further facilitated by the deliberate **over-bureaucratization of public procurement procedures**. The high number of bidding requirements and the subsequent audits create a non-

transparent milieu, which makes independent supervision impossible and induces the participants to seek political patronage in order to circumvent requirements and rules. A **huge potential for improvement exists in the public procurement process**, especially in the energy and healthcare sectors. Achieving a progress there is likely to have wider positive implications for society and the economy. In the field of **healthcare**, the effect of decentralizing public procurement procedures from state to regional levels is yet to be objectively analyzed. In the **energy sector** there are substantial opportunities for introducing transparency in the process of gas import, distributions and transit, as well as in relation to the conduct of large public procurement tenders (over EUR 2.5 million). Very little transparency is provided about the criteria used by state-owned energy companies in managing their free cash resources. In addition, **lack of transparency in policy-making**, which is often associated with corruption, backstage negotiations and private economic interests, influences the decision-making process.

Together, all of the above challenges represent persistent trends in Bulgaria, which has resulted in very low levels of public trust. The combination of all of these factors has escalated into nation-wide public protest rallies calling for the resignation of the Bulgarian government. Currently, the country is in limbo, awaiting early elections in May 2013.

4. Major anti-corruption challenges

- Politicization of civil service and law-enforcement bodies;
- Lack of effective reforms in the judicial system;
- High-level corruption;
- Public procurement;
- Lack of transparency in policy-making.

5. Success stories

One of the best practices in Bulgaria was the establishment and impact of the *Coalition 2000* initiative, launched by the Center for the Study of Democracy in the late 1990s. *Coalition 2000* was an initiative of a number of Bulgarian non-governmental organizations aimed at combating corruption through a process of cooperation among governmental institutions, NGOs and individuals drafting an Anti-Corruption Action Plan for Bulgaria, and implementing an awareness campaign and a monitoring system.

The 1990s marked the transition of corruption from a predominately national and regional concern to a truly global issue. In the context of the global economy, the *Coalition 2000* objective was to enhance the awareness, adoption and practical implementation of democratic values such as transparency, trust, and integrity. This was achieved through the

development of an Anti-Corruption Action Plan for Bulgaria, designed to focus on several interrelated issues and activities:

- Promote public awareness of corruption and establish mechanisms to support anti-corruption efforts through public education, advocacy and the dissemination of information;
- Assist democratic institution building, the promotion of democratic values, and the elaboration of an anti-corruption Action Plan by organizing panels of experts and legislators to develop amendments to the institutional arrangements and regulatory framework that help deter corruption, particularly among public officials;
- Serve as a "watchdog" of the reform process, focusing attention on the practical implementation of transparent and clear rules and regulations, integrity, and democratic control

6. State-CSO dialogue

There are several alarming threats and risks to civil society development in Bulgaria, including civil society capture by politicians and the public administration, low transparency associated with mixing not-for-profit and for-profit activities of NGOs, and deficiencies in the NGO registration process. The strengthening of the non-profit sector may not have resulted in an explosion of public-private partnerships but that has not made it immune to unhealthy attention from politicians. In the years of transition, state capture was not simply the most dangerous dimension of corruption but also a practice that very much shaped the structure of national governance. The lack of mandatory procedures for transparency in the sector, the ineffective financial controls from the state (which should not entail interference in the work of NGOs), the low levels of self-regulation, and the cumbersome procedures for registration and re-registration of NGOs all contribute to the vulnerability of NGOs and allow illicit interests to operate in a niche of very low transparency and accountability. NGO capture is particularly evident at the local level where municipal officials take advantage of the inadequate regulatory framework and lowered control to the detriment of the third sector.

Croatia

1. Developments in the field of anti-corruption

- Anti-Corruption efforts in the Western Balkan countries were launched as a part of the Stability Pact “Package”, first as an initiative in Cologne, Germany in 1999, which was reconfirmed on 30 July 1999, at a Summit meeting in Sarajevo.
- On 16 February 2000 the Stability Pact adopted SPAI (Stability Pact Anti-Corruption Initiative), which is the first policy guiding instrument in relation to anti-corruption efforts for most of the former Yugoslav countries, including Croatia
- Anti-Corruption measures, just like various aspects of human rights protection and the Democratization process, became part of the conditions to access necessary international assistance

In the period 2000 – 2012 there were three phases in the development of the anti-corruption agenda:

- Phase I (2000 - 2005) focused more on the establishment of initial legal and institutional framework.
- Phase II (2004/2005 – 2008/2009) focused on further development of legal and institutional framework, as well as capacity building of the established institutions.
- Phase III (2009-2012) focused on efficiency and accountability of the established institutional framework, as well as the impact of the adopted legal and policy framework

2. Timeline of the anti-corruption challenges

Year	2005	2006	2007	2008	2009	2010	2011	2012
EU Progress Reports	As regards corruption policy, there has been considerable progress on the legislative front, but this must now be matched with proactive enforcement, preventive and awareness-raising measures, yielding demonstrable results.	<p>There has been some progress in the area of anti-corruption policy and measures.</p> <p>Problems with the uniform implementation of the law and its enforcement persist.</p> <p>Overall, corruption continues to be a serious problem in Croatia that affects various aspects of society. Public perception of corruption has actually deteriorated over the past year.</p> <p>There has been some progress in the fight against corruption, but this issue remains a serious</p>	<p>Some progress has been made in the fight against corruption, with further legislative strengthening and first results in some important cases handled by USKOK. However, corruption remains a widespread problem and considerable efforts are still needed.</p> <p>The concept of conflict of interest is little understood.</p> <p>Some progress has been made</p>	<p>Most tools are in place to fight against corruption but, given the scale of the problem, these are not being deployed with sufficient vigour. The principle of conflict of interest is little understood at all levels of public administration</p> <p>Implementation of the</p>	<p>Anticorruption efforts have produced initial results, but corruption remains widespread and the tools are not being deployed with sufficient vigour, especially against political corruption. The concept of conflict of interest remains little understood or willfully ignored across the wider public administration</p>	<p>Anti-corruption efforts have been stepped up with some positive results but corruption remains prevalent in many areas. A track record of effective investigation, prosecution and court rulings remains to be established, especially for high level corruption. Preventive measures such as improved transparency of public spending need to be strengthened.</p>	<p>Anti-corruption efforts have been accelerated with positive results, in particular as regards improved legislation and the strengthening of the relevant authorities. The track record of effective handling of corruption cases needs to be further developed, especially in relation to high level corruption, local level corruption, including cases related to public procurement and the judiciary. Further experience is needed with implementing the newly adopted preventive legal framework in practice.</p> <p>Full implementation of the system for monitoring and verification of</p>	<p>An adequate legal and institutional framework remains in place and a track record of implementation continues to be developed. Law enforcement bodies remain proactive, especially with regard to higher-level cases. Local-level corruption needs attention, particularly in public procurement. Croatia has improved its track record of strengthened prevention measures by means of a number of legal instruments. However, Croatia has not fully implemented the conflict of interest legislation and has overturned the previous</p>

Improving the functioning of the judiciary remains a major challenge for Croatia.	problem. Law for the Prevention of Conflict of Interest should be widened to ensure proper sanctions can be applied.	implementing the judicial reform strategy. Legislative and organisational steps have been taken to improve the functioning of the judiciary. Further	judicial reform strategy has continued even if adequate monitoring of	There is still no unified statistical system of case management in the	The concept of conflict of interest is still little	assets declarations of public officials and judges, including dissuasive sanctions for noncompliance, needs to be ensured.	provisions on the criteria for
Problems highlighted in the Opinion such as the inefficiency of courts, the excessive length of court proceedings, weaknesses in the selection and training of	More needs to be done to reduce the still significant case backlog, to reduce the length of court proceedings, improve case management, rationalise the court network, including the closure of courts, to ensure proper enforcement of judgements, and to reform legal aid. To ensure impartiality the procedures for	progress has been made in reducing the case backlog. However, these improvements are as yet insufficient. Limited progress has been made on improving the accountability, impartiality	its measures has not been possible due to weak administrative capacity. However, in certain areas the action plan lacks measurable objectives that will allow effective monitoring of its implementation. While the	judiciary. The introduction of the integrated case management system is delayed. Further improvements in the accountability, independence, professionalism and competence of the judiciary are also required. The potential for	understood in Croatia, especially at the local level. Overall, the reform of the judiciary has continued, but significant challenges remain, in particular application of objective and transparent criteria for the appointment of judges and prosecutors, reduction of the case backlog,	Numerous measures have been taken to strengthen the independence, accountability, impartiality and professionalism of the judiciary. As regards the independence of the judiciary, Croatia has reformed and strengthened the State Judicial Council (SJC) and State Prosecutorial Council (SPC). As regards the accountability of the judiciary, legal changes adopted in May 2011 provide for improvements in the disciplinary system for judicial officials. There has been some progress as	membership of supervisory and management boards of public companies. The scope and implementation of access to information legislation requires attention. Croatia needs to continue to ensure a sustained track record of substantial results based on efficient, effective and unbiased investigation, prosecution and court rulings in organised crime and corruption cases at all levels including high level corruption, and in

	judges and difficulties with the enforcement of judgments remain.	the appointment, training and disciplining of judicial officials need to improve.	remains large. Limited progress has been made on the rationalisation of the court network.	action plan is a step forward, implementation will be crucial and concrete results are needed. The case backlog remains large and the length of judicial procedures excessive.	undue political influence over the judiciary remains.	the excessive length of proceedings and enforcement of court decisions.	regards the impartiality of the judiciary, with the SJC becoming responsible for the system of assets declarations of judges. Croatia needs to continue to build up a track record that demonstrates that the recruitment and appointment of judicial officials is based on merit.	vulnerable sectors such as public procurement. Croatia needs to ensure that a strong system is in place to prevent corruption in state-owned companies. Further efforts are needed to continue strengthening the rule of law by improving public administration and the justice system and by fighting and preventing corruption effectively.
ANTI-CORRUPTION CHALLENGES	- implementation of improvements achieved on the	- the implementation of laws remains an issue - the public perception of corruption has	- the concept of conflict of interest remains little understood - improvements are made, but are yet	- implementation of the improved legislative framework - conflict of interest	- political corruption remains a hot stone - the implementation of laws remains	- a track record of effective investigation, prosecution and court rulings remains to be established - non-	- limited track record of effective handling of corruption cases - implementation of preventive legal framework - a monitoring system for declaration of assets and dissuasive sanctions has to	- local-level corruption needs attention, particularly in public procurement - implementation of the conflict of interest legislation - corruption in state-

	<p>legislative front</p> <ul style="list-style-type: none"> - duration of court proceedings - enforcement of judgements 	<p>actually deteriorated</p> <ul style="list-style-type: none"> - reduction of the still significant case backlog - reduction of the length of court proceedings 	<p>insufficient</p> <ul style="list-style-type: none"> - improving the accountability, impartiality, professionalism and competence of the judiciary 	<p>represents a problem at all levels</p> <ul style="list-style-type: none"> - weak administrative capacity to monitor judicial reform - lack of measurable objectives - length of judicial procedures 	<p>problematic</p> <ul style="list-style-type: none"> - no unified statistical system of case management in the judiciary - There is potential for undue political influence over the judiciary 	<p>transparent public spending</p> <ul style="list-style-type: none"> - the concept of conflict of interest is little understood at the local level - lack of objective and transparent criteria for the appointment of judges - case backlog, length of proceedings, enforcement of decisions 	<p>be ensured</p> <ul style="list-style-type: none"> - a track record that demonstrates the recruitment and appointment of judicial officials based on merit is needed 	<p>owned companies</p> <ul style="list-style-type: none"> - the scope and implementation of access to information legislation - a sustained track record of substantial results based on efficient, effective and unbiased investigation, prosecution and court rulings
--	---	--	---	---	---	---	---	---

3. Pressing issues today

- Political integrity / conflicts of interest
- Information access and management
- Selective application of justice
- Capture of civil society and the media

4. Major anti-corruption challenges

- **The lack of political integrity and accountability mechanisms** have lead to the four following:
- **State capture** whereby most of the political processes and the public administration, as well as the judiciary, are highly controlled by a variety of the interest groups
- **Controlled media and Civil Society** that results in **lack of the public discussion** on problems and the policies to address them
- **Inefficient systems and political resistance to reforms**

5. Success stories

A number of **success stories** since 2010 could be cited, such as the indictments of several politicians (*ex. Ex-Prime Minister Ivo Sanader, Ex-Minister of Economy Damir Polančec, Ex-Minister of Defence Berislav Rončević and former Deputy Minister of Defence Ivo Bačić, Ex-Minister of Interior Ivica Kirin, Ex-Minister of Agriculture Petar Čobanković and Hrvatska Demokratska Zajednica (Croatian Democratic Community) – HDZ as a political party indicted on charges of conspiracy to commit a crime (corruption).*

6. State-CSO dialogue

In their “captured” state, NGOs are no different than the rest of the society. They too are prone to corruption, political influence and conflicts of interest. Therefore, governments tend to capture the NGOs through financing mechanisms (especially via decentralized EU funding schemes), membership in a variety of boards and access to decision-making. That leads to a situation whereby NGOs are used as **government “badges”**, meaning that they are part of working groups if they are not too critical to government, or if the issue they are addressing is not important to the corrupt power groups. Often legislation related to gender issues or discrimination can easily be impacted by NGO opinions of the NGOs. At the same time, anti-corruption legislation would usually be reserved for key government stakeholders, or government-friendly NGOs which in the overall picture would not have any positive and sustainable impact on the anti-corruption legal and institutional framework.

Concerning the **funding** of anti-corruption NGOs, the main issue here is that if any such NGOs are critical of the Government's work, the possibility to get funding on national level is limited or even nonexistent (especially via the National Foundation for Civil Society Development). The lack of financing for anti-corruption research and initiatives has been a major issue over the last decade. At present, the issue has not been properly addressed at the international or national level in Europe, given that the key stakeholders for civil society development are not necessarily anti-corruption experts.

Kosovo

1. Developments in the field of anti-corruption

Over the years Kosovo has made significant progress in fighting corruption, which however still remains the main challenge for national institutions. The Kosovo Anti-corruption Agency (KAA) was established in 2007. In the first year of its operation it was understaffed and often faced political pressures. The cooperation of the KAA with other similar entities remained weak in the first two years of operation. In 2009, it became fully functional and staffed and it signed several MOUs with other relevant institutions, such as the Independent Judiciary, the Prosecutorial Commission, the Financial Intelligence Center, the head of EULEX persecutors, and the Ombudsperson. One of the success stories of KAA in fighting corruption was the campaign on assets declarations, which led to an increase in the number of declarations by 96 % (1830) for public officials in 2011. Additionally, in 2012, the Kosovo President has set up the National Anti-corruption Council, which aims to improve the coordination between anti-corruption bodies and increase awareness of the fight against corruption.

The legal anti-corruption framework has improved gradually. The Law on Preventing Conflicts of Interest has entered into force, and the Law on Declaring the Origin of Property of public senior officials was approved by the Assembly in 2008. The Law On Financing Political Parties had been adopted by 2010; however, it was still not in line with EU standards, because it neither prohibited nor regulated donations from legal entities. Additionally, three other laws were approved in 2010 (although many of them are still unclear and lack fundamental provisions to track corruption): the Law on Preventing Conflicts of Interest in Existing Public Functions, the Law on the Anti-Corruption Agency, and the Law on Declaring the Origin of Property and Gifts of Senior Public Officials. Based on the latter law, the declarations of assets of some officials have been published online. There are many discrepancies in these declarations between the incomes and assets, which suggests that corruption at the higher levels persists. However, even if any assets had been confiscated, there was still no law which regulated the management of the sequestered or confiscated assets. By 2009, the Law on Managing Sequestered or Confiscated Assets was approved, but the institution that manages these assets is still in its initial stages of operating. In 2011, several important laws were adopted such as: The Law on Declaring the Origin and Controlling the Property Of Senior Public Officials, the Law on Declaring the Origin and Controlling the Gifts of All Public Officials, the Law on Protecting Informants (Whistleblowers), and the Law On Public Procurement.

2. Timeline of the anti-corruption challenges

Year	2007	2008	2009	2010	2011	2012
EU Progress Reports	<p>The Kosovo Anti-corruption Agency (KAA) became operational for the first time. Many public officials declared their assets. The KAA sent 37 cases to the persecutor and police, who did not declare their assets.</p>	<p>By 2008, the law on prevention of conflict of interest was approved.</p> <p>Additionally, the law on declaration of origin and property of public senior officials was approved.</p>	<p>In 2009, the KAA signed several memorandums of understanding with many institutions to cooperate and share information with them. This increases the chances of transparency and decreases the chances of corruption.</p>	<p>Kosovo Police has established its directorate against economic crime and corruption.</p> <p>The anti-corruption strategy 2009-2011 was established but political will to implement it was lacking.</p> <p>Several laws have been adopted or amended such as: the law on financing political parties (amended), the law on preventing conflicts of interest in exercising public functions, the law on anti-corruption agency, the law on declaring the origin of the property and gifts of senior public officials.</p> <p>Finally the special prosecution office</p>	<p>The increase in the salaries of judges and the completion of the reappointment process were positive steps to prevent corruption in the judiciary.</p> <p>The 2011 campaign on the declaration of assets led to an increase in the number of declarations by 96% (1830) officials.</p>	<p>The National Anti-Corruption Council was set up by the President of Kosovo, which for the first time intensified the relationships between all relevant bodies in fighting corruption.</p> <p>Kosovo Institutions need to further demonstrate a clear commitment to deliver results in the fight against organized crime and corruption, including in the launching of investigations.</p>

				created an anti-corruption task force.		
ANTI-CORRUPTION CHALLENGES	<p>-The law on asset declaration does not currently allow the KAA to publish declarations from public officials.</p> <p>-Another issue was that there were different definitions of corruption on the penal law and anti-corruption law.</p>	<p>-the anti-corruption strategy and action plan still remain to be adopted.</p> <p>-KAA cooperation with other institutions remains unclear</p>	<p>-the law on financing political parties still needs to be amended.</p> <p>- Political will to implement the anti-corruption strategy is lacking.</p> <p>-there is not a lot of information available to the citizens from the tax administration about the tax services.</p>	<p>-There are a lot of discrepancies between declared and actual assets, which suggests that there is a lot of corruption at higher political levels.</p> <p>- the law on conflicts of interest lacks relevant reporting obligations.</p> <p>- the laws on declaring the origin of the property and gifts of senior public officials are not clear.</p>	<p>-The law on declaring the origins of and controlling of the property of senior public officials is crucial; so are the law on preventing conflicts of interest in exercising public functions, and the law on the protection of informants (whistleblowers).</p> <p>- Finally, the law on public procurement needs to be revised.</p>	<p>Kosovo needs to adopt a new anti-corruption strategy because the old one had many gaps and the political will to implement it was lacking. Kosovo needs to continue improving the effectiveness, accountability and impartiality of the judiciary. It needs to successfully implement the four main judicial reform laws, and take measures to decrease the total backlog of cases.</p>

3. Pressing issues today

Political interference has weakened the public integrity of Kosovo's Institutions, such as the Kosovo Police Directorate against economic crime and corruption, the Anti-Corruption Agency and the Judiciary. To enhance the capacities in the fight against corruption, the cooperation between the Anti-Corruption Agency, the police and the prosecution needs to be further improved. Lack of accountability and transparency in managing public assets is another pressing issue which is mainly related to the public procurement process. Declarations of assets by public officials continue to show discrepancies between the assets declared and public officials' actual income. To better address challenges in the field of corruption, the new anti-corruption strategy 2013-2017 was just approved by the Assembly of Kosovo, since the previous strategy had a lot of gaps. However, its implementation will be a challenge for Kosovo's institutions.

4. Major anti-corruption challenges

- Implementation of laws is a challenge addressed by every EU Progress Report from 2007 to 2012.
- The judicial system remains weak and efficiency needs to be enhanced. Political interference in the work of the courts persists, endangering their independence and impartiality.
- Development of proper political and accountability mechanisms to prevent corrupt practices remains a serious challenge.
- Despite the progress made in public procurement, corrupt practices which involve government and public officials are still present. Improving the public procurement process by introducing e-procurement may reduce the discretion of procurement officials and consequently limit the possibilities for corrupt practices.

5. Success stories

Overall, some progress has been achieved in the fight against corruption. We should note the initial steps in tackling some of the corruption cases and the improvements in the legislative framework. There have been a number of convictions in corruption-related cases. In the 2009 – 2011 period, a total of thirty verdicts were issued by mixed panels of EULEX and Kosovo judges, thirty defendants were found guilty, nine were acquitted. The KAA campaign on declaring assets led to an increase in the number of declarations by 96 % (1830) of public officials in 2011. For the eighty-four officials who did not disclose their assets, cases have been initiated, and some of them have been penalized. The increase of judges' salaries in order to prevent corruptive behaviours in the judiciary is considered a progressive step in fighting corruption.

6. State-CSO dialogue

In the field of anti-corruption, very few CSOs deal with high level corruption, whereas others address all transparency related issues. The main tools used to fight corruption are advocacy and whistle blowing, and naming and shaming officials involved in the abuses. These activities involve the use of media to report the abuses. Apart from increasing public awareness, the activities of CSOs in fighting corruption have widened the cooperation gap between them and the government, as public and government officials' activities have been the subject matter of the reported corruption cases. Since the Kosovo Government is accountable to the Kosovo Assembly regarding its work, enhancing partnership in the fight against corruption between CSOs and the Kosovo Assembly might increase their influence with respect to the Government. More intensive monitoring or watchdog activities on behalf of CSOs might increase the impact on government policies and actions.

Former Yugoslav Republic of Macedonia

1. Developments in the field of anti-corruption

The fight against corruption has been neglected in the past several years. Nonetheless, since 2007 numerous amendments were made to the legal framework in order to support the fight against corruption, such as changes made to the Law on the Financing of Political Parties, the Law on the Prevention of Conflicts of Interests, The Law on Preventing Corruption, etc.; however, these laws have only brought incremental progress. In 2009, an amendment to the Law on Conflicts of Interest strengthened the powers of the State Commission for the Prevention of Corruption (SCPC) with regard to controlling and preventing conflicts of interest. It introduced the obligation of the officials to submit a conflict of interest declaration and provided for misdemeanour charges in cases of non-compliance with the law. The following year, legislative changes enabling a second mandate for the members of SCPC increased their dependence on political decision-makers. In 2011, a new State Program for the Prevention and Repression of Corruption and the Prevention of Conflict of Interests for the 2011-2015 period was adopted. In total, 102 institutions and organisations have been given the opportunity to implement, to monitor and to report for anti-corruption policy in the country. After one year of implementation, 17,31% of the activities have been realised, 42,31% are in progress and 39,74% are not yet realised.

2. Timeline of the anti-corruption challenges

Year	2007	2008	2009	2010	2011	2012
EU Progress Reports	<p>Progress was made in anti-corruption policy and measures. The legal and institutional framework was strengthened, and strong political commitment yielded some results. The Parliament ratified the United Nations Convention against Corruption. Most of the recommendations of the Council of Europe Group of States against Corruption (GRECO) have been implemented.</p> <p>Amendments to the anti-corruption law have been enacted to prohibit political</p>	<p>The legal and institutional framework has been strengthened and some further results have been achieved in implementation. However, corruption remains a particularly serious problem. Further steps are necessary, in particular as regards implementing provisions on financing of political parties and election campaigns. The country partially meets its priorities in this area.</p> <p>The law on prevention of corruption was strengthened, in particular to allow the State Anti-Corruption Commission (SACC) to publish asset</p>	<p>Good progress has been made in strengthening and implementing the anti-corruption framework, which is a key priority of the Accession Partnership. The electoral code and the law on financing political parties were amended to strengthen transparency. There were further indictments and convictions in high-level cases and cooperation among law enforcement agencies improved. Nevertheless, corruption remains prevalent and continues to be a serious problem in</p>	<p>Progress was made in the field of anti-corruption policy. Large scale police operations making use of special investigative measures were carried out. Whilst the legislative and institutional framework is broadly in place, the track-record of successful convictions on cases of high level corruption needs to be strengthened. Existing provisions on asset declarations, conflict of interest and financing of political parties are not implemented effectively. The resource base of the</p>	<p>Further amendments were made to the legal framework for anti-corruption policy. GRECO recommendations were addressed and systematic verification of asset declarations has begun.</p> <p>A track record on handling high-level corruption cases has yet to be established and verification of conflict of interest declarations needs to be systematised. Transparency of public expenditure and of the funding of political parties remains insufficient. Corruption remains prevalent in many</p>	<p>In the area of anti-corruption policy, the legislative framework is in place and capacity has been strengthened slightly, but greater efforts are needed as regards the implementation of existing laws. Steps have been taken to improve verification capacities and the enforcement powers of the authorities. However, there has been little visible progress in terms of substantive results. A track record of handling high-level corruption cases has yet to be established. A more proactive and coordinated</p>

<p>parties from receiving and spending funds from anonymous sources. A law on conflicts of interest was adopted.</p> <p>Determined efforts were made to prevent and punish corruption.</p> <p>However, corruption is widespread and constitutes a very serious problem. The approach to tackling corruption is not yet comprehensive and the Action Plan lacks clear budget allocations. The NGO sector remains weak, politicised and divided in this field.</p> <p>The high number of legislative acts has created a</p>	<p>declarations without prior approval.</p> <p>The SACC started to implement the new state programme for prevention and suppression of corruption.</p> <p>The Code of criminal procedure and the law on monitoring of communications were amended to allow the use of special investigative measures for cases where corruption is suspected.</p> <p>The fragmented legal system which has resulted from the large number of legislative acts continues to make implementation and monitoring difficult. Shortcomings in the legal framework governing the financing</p>	<p>many areas. Continued efforts are needed, in particular as regards implementation of the legal framework.</p> <p>There has been good progress on combating corruption. Further progress can be reported on prosecuting high-level cases, on strengthening the institutional framework and on cooperation between law enforcement agencies. The electoral code and the law on financing political parties were amended to strengthen transparency. Nonetheless,</p>	<p>State Commission for Anti-Corruption needs to be ensured. Corruption remains prevalent in many areas and continues to be a serious problem.</p> <p>There has been some progress in addressing corruption. Large scale anti-corruption operations were carried out by the police using special investigative measures. However, the track record on high-level corruption cases remains to be strengthened. The new legislation on conflict of interest and financing of political parties needs to be effectively</p>	<p>areas and continues to be a serious problem.</p> <p>Some limited progress was made on anticorruption policy. Legislative alignment has continued and systematic verification of asset declarations was introduced. A track record in handling high level corruption cases has yet to be established. The Law on financing of political parties still remains to be amended. The Customs Administration should be prioritized as a high corruption risk in the development and implementation of</p>	<p>approach by supervisory bodies and enforcement agencies is needed. Collection and analysis of statistical data should be improved to focus efforts where they are most needed. There is a lack of analysis of corruption and ways to tackle it. Corruption remains prevalent in many areas and continues to be a serious problem. Public anti-corruption awareness remains low</p>
---	--	---	--	--	---

	<p>fragmented legal system which makes implementation and monitoring more difficult.</p> <p>Considering the challenges the country has to meet, sustained political commitment is required.</p>	<p>of political parties and election campaigns were addressed after the election, and a track record of implementation needs to be established. There are gaps in the conflict of interest law, notably as regards civil servants.</p>	<p>corruption remains prevalent and continues to be a serious problem in many areas. Efforts need to be pursued. Most of the</p> <p>legislative and policy measures relating to fundamental rights are in place, but implementation</p> <p>is uneven, and further efforts are required.</p>	<p>implemented.</p> <p>The administrative capacity of the customs administration to implement legislation and to tackle cross-border crime and corruption needs strengthening.</p>	<p>future anti-corruption programmes.</p>	
ANTI-CORRUPTION CHALLENGES	<p>The approach to tackling corruption is not yet comprehensive and the Action Plan lacks specificity in the allocation of resources. The CSO sector remains weak, politicised and divided in this field. Gaps remain in the</p>	<p>There are gaps in the conflict of interest law, notably as regards civil servants. The GRECO recommendation to introduce guidelines for MPs when they are deciding on requests to lift immunity has not been implemented. Decisions made in the public administration</p>	<p>The reports and recommendations from the State Audit Office and the SCPC have not been followed up on. The SCPC needs to make further efforts to ensure its visibility and raise the level of public trust. Again concerns are raised</p>	<p>The asset declarations are not being properly checked on substance and the declarations of interest are not being checked at all. No sanctions have been applied to the political parties which breached the</p>	<p>A track record on handling high-level corruption cases has yet to be established and the verification of conflict of interest declarations needs to be systematised. The transparency of public expenditure and of the funding of political parties</p>	<p>Greater efforts are needed to develop a track record of investigations, prosecutions and convictions as no progress has been observed in this regard.</p>

	law on criminal procedures, notably the provisions on special investigative measures, especially for the fight against corruption. The government launches a public awareness campaign entitled "Macedonia without corruption". Several high level corruption cases are being prosecuted.	are not sufficiently transparent. Further efforts are necessary, notably as regards implementing provisions on financing of political parties and election campaigns. For the first time the EU Progress report raises concerns over the impartiality and independence of SCPC.	over the impartiality and independence of SCPC.	rules on financing. The cases of typical corruption offences such as bribing, trading influence are scarce. Concerns are raised over the impartiality and independence of SCPC.	remains insufficient. Concerns are raised over the public's doubts in the independence of SCPC.	
--	---	---	---	---	---	--

3. Pressing issues today

A pressing problem is the weakness of the anti-corruption system. Institutions lack independence in their functions, and as a result every EU Progress Reports from 2007 to 2012 emphasizes the problem of implementation of existing laws. Another problem of inadequate statistical data-gathering and sharing between different enforcement and prevention bodies hampers the identification of problem areas. Also there is a lack of analysis of corruption and ways to tackle it. The need for a more proactive and coordinated approach by the supervisory bodies and enforcement agencies is also seen as one of the pressing issues when dealing with anticorruption measures. The lack of human and financial resources, and the capacity of certain bodies tasked with combating corruption is also seen as a problem which hampers the fight against corruption. The lack of public confidence in SCPC independence and impartiality has remained a problem throughout the years.

4. Major anti-corruption challenges

- Corruption as one of the biggest societal problems: the majority of citizens believe that after unemployment and poverty, corruption is the most pressing problem in Macedonia.¹¹
- Lack of in-depth analysis of the state of affairs and dynamics of corruption;
- Low levels of societal trust in public institutions, and particularly in the institutions charged with counteracting corruption; lack of transparency in general; weak implementation of laws;
- Macedonia has a weak anti-corruption system: the institutions tasked with fighting corruption, particularly the State Commission for the Prevention of Corruption, lack independence and impartiality in their decision making. Additionally, the anti-corruption institutions are characterized by weak human and technical resources;
- Weak capacity of CSOs to deter corruption.

5. Success stories

The solid legal framework for corruption counteraction, including all changes and amendments to the relevant laws, could be presented as the most important development in the field throughout the years.

6. State-CSO dialogue

So far, despite several attempts, the potential of CSOs in Macedonia has not been fully exploited as an instrument to strengthen civil demand for a more just society, free of corruption and characterized by equal distribution of power, accountability and transparency. There are very few organizations which essentially deal with the issue of corruption, particularly in raising awareness of citizens to recognize this

¹¹United Nations Office on Drugs and Crime. 2011 "Corruption in the Former Yugoslav Republic of Macedonia: Bribery as Experienced by the Population", pp. 3

phenomenon and its monitoring. On the other hand, SCPC is the only state institution which has involved and cooperated with civil society organizations in this field, yet even this cooperation has taken place under terms dictated by SCPC. In December 2010, a Memorandum for cooperation was signed between SCPC and twenty CSOs. Direct cooperation with the Government has been lacking. During the past five years, the Government has undertaken its own anti-corruption campaign without involving CSOs or the SCPC. Additionally, resent research has shown that the Government does not recognize CSOs as sources of knowledge and expertise.

In the future, CSOs will face many challenges. They will need to build their own platform for fighting corruption, including by setting an agenda for their active cooperation with the SCPC, the Government and other relevant institutions.

Montenegro

1. Developments in the field of anti-corruption

Montenegro has ratified the key anti-corruption conventions, including the Council of Europe Criminal and Civil Law Conventions on corruption, the Additional Protocol to the Criminal Law Convention, and the Council of Europe Conventions on laundering, search, seizure and confiscation of the proceeds of crime and on the financing of terrorism. Montenegro also acceded to the United Nations Convention against corruption. Montenegro is a member of GRECO, the Group of States engaged in the fight against corruption. Montenegro has made additional efforts to further strengthen its anti-corruption legal framework, with a view to ensuring alignment with the relevant European and international standards. Legislative improvements in recent years include the new Criminal Procedure Code, the Law on Prevention of Conflict of Interest, the Public Procurement Law, the Law on Internal Financial Control, the Law on Financing of Political Parties, the Law on Civil Servants and State Employees, the Law on Free Access to Information, the amendments to the Criminal Code, the Labor Law, etc. A stand-alone parliamentary committee on anti-corruption matters, chaired by opposition MPs, has been set up.

A Strategy for fighting corruption and organized crime was adopted in 2005. A mechanism to monitor its implementation (via the National Commission) was put in place in 2007. A new improved Strategy and Action Plan for the 2010-2014 period have been adopted. In 2011, the Government adopted a revised 2011-2012 Action Plan, comprising a number of new measures and improved indicators. Preparations are ongoing for the adoption of the Action plan for the 2013-2014 period. The sessions of the National Commission became fully open to the public in June 2011. The Action Plan for Chapter 23 (Judiciary and Fundamental Rights) is supposed to be adopted by the Government in the second quarter of 2013.

2. Timeline of the anti-corruption challenges

Year	2007	2008	2009	2010	2011	2012
EU Progress Reports	<p>Overall, there have been some success stories in this area. The situation calls for urgent action in order to achieve relevant results on the ground, especially in the area of high-level corruption.</p> <p>The government has taken some further steps to fight corruption. A national commission was established in February 2007 to monitor the implementation of the action plan for the strategy for the fight against corruption and organized crime.</p> <p>However, corruption is widespread and is a very serious problem. Decision-makers at the highest level have</p>	<p>Overall, there has been some progress in strengthening the strategic and administrative framework for combating corruption. However, the declared commitment of the authorities to combat corruption has not been backed up by rigorous implementation with clear results, including higher conviction rates in corruption cases. Corruption continues to be widespread and inefficiently prosecuted, particularly in cases of high-level corruption.</p> <p>Action has mainly focused on tackling low-level corruption</p>	<p>Overall, good progress has been made on strengthening the strategic, legislative and administrative framework. However, corruption remains prevalent in many areas and continues to be a particularly serious problem. The commitment of the authorities has not yet been backed by consistent implementation of anti-corruption legislation. While there is a positive trend, investigation capacities and the co-ordination of law-enforcement agencies remain weak. There is insufficient</p>	<p>Overall, Montenegro has advanced in its efforts to establish the strategic, legislative and institutional framework for fighting corruption. However, the strategic framework is not yet based on risk analysis and this has a negative impact on its effectiveness. Key legislation needs to be amended to improve its scope and implementation. The institutional framework for fighting corruption needs to be streamlined and strengthened in order to scrutinize and rigorously enforce the commitments and</p>	<p>Overall, implementation of the government's anti-corruption strategy and action plan, part of the key priority identified in the Opinion, has continued.</p> <p>The strategic and legislative frameworks have been strengthened in the key areas of political party financing, conflicts of interest, whistleblowing, incrimination and public procurement. Risk analyses of areas vulnerable to corruption were completed with a view to further fine-tuning prevention</p>	<p>Overall, some progress has been made on fighting corruption. The implementation of recently adopted legislation in the key areas of political party financing, prevention of conflicts of interest and public procurement has started. The capacities of the supervisory institutions, in particular the State Election Commission, the State Audit Institution and the Commission for the Prevention of Conflicts of Interest, need to be enhanced. Montenegro has further developed its track record of investigations, prosecutions and</p>

<p>highlighted the need to tackle corruption. However, enforcement remains a problem. Very few cases have been brought to justice.</p> <p>There have been no improvements in activities to curb political corruption.</p> <p>Procedures for reporting conflicts of interest in privatization have yet to be established.</p> <p>The capacity of the authorities effectively to monitor, prosecute and try corruption cases remains limited. The number of persons convicted therefore</p>	<p>and on awareness-raising and training.</p> <p>However, corruption continues to be a widespread and particularly serious problem in</p> <p>Montenegro. Current legislation exhibits major weaknesses in several areas. The adoption of the new Law on conflicts of interest is still pending.</p> <p>Montenegro lacks strong and independent supervisory and auditing authorities. Such authorities would be needed in order impartially and objectively to enforce and assess declarations of assets and financing of political parties, but also to monitor</p>	<p>supervision in the areas of financing of political parties and conflict of interests. A solid track record of convictions in corruption cases remains to be established, particularly in cases of high-level corruption.</p> <p>The strategic framework for fighting corruption has been fine-tuned to place greater emphasis on monitoring implementation of anti-corruption measures from the action plan against organized crime and corruption.</p> <p>The national action plan against</p>	<p>obligations of government bodies.</p> <p>The independence and capacity of supervisory authorities need to be enhanced in order to ensure compliance with legislation on conflicts of interest and the financing of political parties and campaigns, and to monitor that rule of law, transparency and accountability are applied in areas such as public procurement, privatization, spatial planning, construction permits and local self-government.</p> <p>Track records of investigations, prosecutions and final convictions in corruption cases at all</p>	<p>policies.</p> <p>Steps have been made to establish a solid track record of proactive investigations, prosecutions and convictions in corruption cases at all levels. Yet, efforts need to be stepped up to further develop it. The number of final convictions, in particular for high-level corruption cases, remains low. The use of special investigative measures continues to be impeded by the lack of adequate equipment and specialized human resources.</p> <p>The implementation of the legislative framework remains</p>	<p>convictions in corruption cases, but their number remains low and there are still no cases of seizure or confiscation of assets related to corruption offences. Corruption remains widespread and continues to be a serious cause for concern, hindering law enforcement investigations of organized crime.</p> <p>Inter-agency cooperation and information exchange, in particular between the police and prosecutors, need to be further enhanced.</p> <p>The independence of the judiciary remains a</p>
---	---	--	---	--	--

	remains low.	privatization and public procurement procedures and the State budget.	organized crime and corruption needs to be compiled on the basis of risk assessments and to include priorities for action. The country's national legislation is not yet fully aligned with the international anti-corruption instruments ratified by Montenegro.	levels need to be improved. Strong political will is needed to significantly improve performance in combating corruption.	uneven. The newly enacted provisions in the areas of conflict of interest and political party financing need to be implemented with determination. Corruption remains prevalent in many areas and continues to be a serious problem.	matter of concern affecting the country's determination to combat corruption.
ANTI-CORRUPTION CHALLENGES	Lack of relevant results on the ground, especially in the area of high-level corruption.	Lack of strong and independent supervisory and auditing authorities that would enforce and assess declarations of assets and financing of political parties, or monitor privatization and public procurement procedures and the State budget.	Lack of relevant results on the ground, especially in the area of high-level corruption. National legislation not fully aligned with the international anti-corruption instruments ratified by Montenegro.	The institutional framework for fighting corruption needs to be streamlined and strengthened in order to scrutinize and rigorously enforce commitments and obligations of government bodies.	There is no clear division of competences between the different anti-corruption bodies and the overall coordination of the implementation of anti-corruption efforts needs to be greatly improved.	The professional capacity and independence of the supervisory institutions, in particular the State Election Commission, the State Audit Institution and the Commission for the Prevention of Conflicts of Interest, need to be enhanced.

3. Pressing issues today

Corruption remains widespread and continues to be a cause for serious concerns, allowing also for the infiltration of organized crime groups into the public and private sectors. The number of final convictions remains low and there have still been no corruption cases in which the seizure or confiscation of assets have been ordered. A track record of combating corruption needs to be steadily built up, in particular in terms of investigations, prosecutions and convictions in high-level corruption cases. The professional capacity and independence of the supervisory institutions, specifically the State Election Commission, the State Audit Institution and the Commission for the Prevention of Conflicts of Interest, need to be enhanced. The controls system for public procurement remains to be strengthened. The lack of independence of the judiciary remains a matter of concern, affecting the country's determination to combat corruption.

4. Major anti-corruption challenges

- The professional capacity and independence of the supervisory institutions, in particular the State Election Commission, the State Audit Institution and the Commission for the Prevention of Conflicts of Interest, need to be enhanced.
- A track record of combating corruption needs to be steadily built up, in particular in terms of investigations, prosecutions and convictions in high-level corruption cases.
- The controls system for public procurement remains to be strengthened.
- The mechanisms for monitoring the funding of political parties and electoral campaigns and imposing penalties need to be reinforced and confirmed by legislative acts
- The lack of independence of the judiciary remains a matter of concern affecting the country's determination to combat corruption.

5. Success stories

- Establishment of the National Commission for the implementation of the Strategy for the fight against corruption and organized crime in 2007, and the adoption of a new improved Strategy for fighting corruption and organized crime and an Action Plan for the 2010-2014 period.
- Ratification of the Council of Europe Civil Law Convention on Corruption and the additional protocol to the Criminal Law Convention on Corruption in 2008.
- Improvements in the legal framework for counteracting corruption (e.g. Criminal Procedure Code, Law on Prevention of Conflicts of Interest in Performing Public Functions, Law on Internal Financial Control, Law on conflicts of interest, Law on political party financing, Law on civil servants and State employees, Law on public procurement, etc.)

6. State-CSO dialogue

While the overall institutional framework for monitoring the implementation of the anti-corruption strategies and action plans is working well, the same structural problems with these strategic documents remain unaddressed. Namely, the substantive evaluation of the action plan(s) does not go beyond the assessment of level of implementation of measures and achievement of their outputs, without references to the impact of those outputs and implemented activities. Hence, the reports on the implementation of action plans provide mere statistical overviews regarding the number of organized trainings/seminars, adopted/amended laws, signed Memorandums, organized public campaigns, etc. – but no analytical elaboration as to the extent to which those implemented measures actually managed to contribute to the suppression of corrupt practices.

Serbia

1. Developments in the field of anti-corruption

Corruption is widespread and entrenched in Serbia and eradicating it requires effective and independent institutions which can go after even the most powerful officials, i.e. Serbian political elite. Currently, it appears prosecutors and the courts still await politicians' prior approval for virtually every move. In addition, many corruption cases are being leaked to the media, so that the fight against corruption sometimes appears to be nothing more than black PR media campaign and/or opportunity to gain political advantage. Although the role of media in anticorruption efforts is crucial, it needs to be strictly delimited what kind of reporting is appropriate and when the basic ethical norms are violated.

Over the last ten years, each government has stressed the importance of fighting corruption, but only a few specific results were achieved. In the first few years since 2000, the appropriate legal framework was established (regarding the public procurement process, prevention of conflicts of interest, campaign financing etc.), but the results of those efforts have been limited. In addition, some liberalization of economic activities took place (such as foreign trade liberalization) which reduced corruption in some sectors, such as Customs Administration. However, many parts of the public sector ample room for corruption remains in parts of the public sector, especially in public enterprises, state owned banks, health services provision, etc. Some cases of privatization seem to have involved corruption and, in addition, the money laundering provisions were not respected in the privatization process. In total, there is a list of twenty-four privatization cases which the government should examine, according to EC statements.

Together with the EU accession, combating corruption was declared a top priority by the current government upon its election. The good thing is that effective counteraction of corruption becomes a precondition for the next steps of the EU accession. Several high profile cases have been initiated and certain previously "untouchable" individuals have been indicted/arrested. However, Serbian institutions are weak, the judiciary is still not independent from politics and it is still very difficult to assess whether the anticorruption measures are durable and sustainable or if they are just a one-off efforts targeted at the opposition parties and improving political ratings.

2. Timeline of the anti-corruption challenges

Year	2008	2009	2010	2011	2012
EU Progress Reports	<p>Despite greater public awareness of the issue and newly adopted legislation, there is a lack of sufficiently independent and efficient oversight bodies in core areas such as party financing, conflicts of interest, public procurement and privatisation.</p> <p>A deputy prosecutor at national level has been given a coordination role in anti-corruption cases.</p> <p>The anti-corruption agency has not yet been established.</p> <p>The role of the Anti-Corruption Council is limited to advising the</p>	<p>Serbia made progress on improving the institutional framework for the fight against corruption.</p> <p>Parliament elected the executive board of the Anti-Corruption Agency, but it is expected to be operational in 2010.</p> <p>The most vulnerable sectors are public procurement, privatisation and other large budgetary expenditures, but also taxation, customs and licensing.</p> <p>Insufficient protection of whistleblowers is affecting the fight against corruption.</p>	<p>The institutional framework to fight corruption is in place with the Anti-Corruption Agency starting its work in January 2010.</p> <p>The legislative framework still shows shortcomings, in particular with regard to supervision of political party funding and the protection of whistleblowers.</p> <p>The Anti-Corruption Council continued its advisory activities and raised public awareness of several high-profile cases.</p> <p>The implementation of the Action Plan is slow</p> <p>Public procurement, privatisation procedures</p>	<p>Serbia has put in place the legal and institutional framework to combat corruption, including an Anti-Corruption Agency and a new law on funding political parties in line with European standards. The Minister of Justice was appointed anti-corruption coordinator. The authorities have launched a review of the outdated strategy and action plan for the fight against corruption. However, implementation of legislation and practical results are still lagging behind. The Agency reports annually to parliament and the powers of the</p> <p>Agency are focused on preventing corruption. A new Law on the Financing of Political Activities was adopted in June 2011.</p>	<p>A new Anti-Corruption Strategy and Action Plan are still to be completed.</p> <p>The implementation of the legal framework and the efficiency of anti-corruption institutions need to be significantly improved</p> <p>Specific responsibility in this area was entrusted to the First Deputy Prime Minister in the new Serbian government.</p> <p>The Customs Administration has continued to improve its administrative capacity so as to effectively enforce the customs legislation.</p> <p>Public procurement, the management of public enterprises, privatisation procedures and public expenditure remain areas of serious concern.</p>

	<p>government.</p> <p>Public procurement and privatisation procedures along with major budgetary expenditures are not efficiently monitored by independent bodies. The capacities of the law enforcement bodies to investigate corruption cases are limited. Widespread corruption as well as criminal activities affect the business climate and impact negatively the quality of public services.</p>	<p>Political party financing and conflicts of interest remain serious causes for concern.</p> <p>Corruption within the police remains a serious problem</p> <p>Application of the old Law on Financing Political Parties continued, leading to the absence of sufficient controls in this area.</p>	<p>and public expenditure continue to be areas of serious concern, as independent supervision is not yet ensured</p> <p>Corruption within the police remains a matter of concern.</p> <p>Fight against corruption in customs was stepped up.</p> <p>As regards the processing of corruption cases, there is good cooperation between the police and the state prosecution.</p>	<p>The Anti-Corruption Council continued to raise public awareness of high-profile cases of corruption. The law enforcement bodies and the judiciary have enhanced their specialisation on corruption cases</p> <p>The Head of the Directorate for internal control and the Head of the Sector for internal control were appointed in June 2011.</p> <p>The customs authority has been increasingly active in combating corruption amongst customs officials. A rulebook on whistleblowers, produced by the Anti-Corruption Agency, entered into force in August 2011. However Practical implementation remains weak.</p>	<p>The health and education sectors remain particularly vulnerable to corruption.</p>
--	---	---	--	---	---

ANTI-CORRUPTION CHALLENGES	<p>The anti-corruption agency has not yet been established. Serbia has to ensure that the new agency will have a sufficient level of independence, capacities and competencies in order to effectively fulfill its tasks.</p> <p>The action plan for the fight against corruption lacks clear deadlines, or specific actions and the necessary resources for implementation envisaged, and therefore needs to be revised.</p>	<p>Only initial steps have been taken to introduce specific anti-corruption measures for the public administration and there is inadequate follow-up or judicial control.</p> <p>Transparency in the public administration has to be improved, and greater priority should be given to fighting corruption and effectively supporting the work of independent bodies.</p> <p>The 2007 action plan has not yet been implemented.</p> <p>Further improvements of the anti-corruption legislation are necessary.</p>	<p>The Anti-Corruption Agency needs to be strengthened.</p> <p>The setting up of the State Audit Institution remains slow.</p> <p>There has been little progress in the investigation and prosecution of corruption cases, with the number of final convictions remaining low, in particular in high level cases.</p> <p>The Anti-Corruption Agency is not yet fully staffed and lacks permanent premises and technical equipment.</p> <p>Effective legal protection of whistleblowers is still missing.</p>	<p>The Anti -Corruption Strategy and the Action Plan are in the process of being revised</p> <p>The current Strategy does not cover the education and health sectors, which are areas prone to corruption</p> <p>The Action Plan does not precisely define activities and does not set clear indicators.</p> <p>Internal control systems need to be strengthened and the capacities of the State Audit Institution significantly increased. Preventive measures against corruption need to be strengthened in the judiciary.</p> <p>Stronger political will and further efforts are needed in order to handle corruption cases more effectively, from investigations to final convictions.</p>	<p>Serbia has made little progress with anti-corruption policy. The Government has not yet finalised its National Anti-Corruption Strategy for 2012-2016, nor its corresponding Action Plan</p> <p>The law enforcement bodies need to become more proactive and develop their ability to conduct financial investigations. Stronger political direction, more effective inter-agency coordination, and a proactive approach in investigating and prosecuting corruption are needed. The Anti-Corruption Agency has still to establish a track record of effective controls on party funding. It has not yet made full use of its powers and needs to improve cooperation with relevant stakeholders to investigate declarations of assets.</p>
----------------------------	---	---	--	--	--

3. Pressing issues today

- Political integrity, conflict of interest and political party funding/campaign financing;
- Overwhelming selective government intervention in favour of interest groups;
- Biased, dependent and inefficient justice system;
- Media controlled by interest groups (political and business) engaged in private wars;
- Weak civil society, focused on other topics (human rights, reconciliation with the past etc.).

4. Major anti-corruption challenges

- Political party corruption and election systems;
- Reducing the opportunities for corruption through further deregulation of economic activities and improving business environment;
- Media being responsible, unbiased and accountable;
- Reforming the judiciary and increasing both its efficiency and integrity;
- Strengthening other independent institutions.

5. Success stories

As a success story in the past ten years, the Customs Administration is probably the most noteworthy. Prior to 2000, due to substantial protectionism (quantitative restrictions, import licenses, high and complicated import duties), the Customs Administration was widely perceived as one of the most corrupt institutions in the country. However, as the result of the liberalization of the trade regime and internal reforms in the Customs Administration, today it is among the least discussed organizations in the context of corruption.

Recent success stories include criminal complaints and indictments against (former) office holders (former Minister of agriculture Saša Dragin), chief executives of state owned banks (Dušan AntoniĆ, CEO of Agrobanka), the most powerful tycoon in Serbia (Miroslav Mišković), business people close to the government and involved of government sponsored fraud (Zvonko Nikezić etc.) and leaders of political parties (Jožef Kasa). The former Serbian prime minister (Mirko Cvetković, known as “Serbian Sanader”) is under close monitoring. Nonetheless, it remains to be seen whether any of the criminal charges will lead to indictments and whether any of the indictments will lead to convictions.

6. State-CSO dialogue

The culture of dialogue between the State and CSOs in Serbia is feeble and virtually non-existent, as the two often go their separate ways. The government considers CSOs primarily as an inevitable nuisance and looks for the way to minimize the third sector. Most of the CSO agenda does not include dialogue with the government, but only advocacy which is in many cases nothing but a PR exercise: publicly striking at the Government means scoring a few safe points.

Furthermore, most of the CSOs in Serbia are not focused on corruption issues but on matters of human rights, reconciliation with the past and similar issues. Most of the CSOs are funded from abroad and foreign donors have their own priorities. An additional problem is that segments of the NGO sector are captured by political parties (some of the CSO leaders are even MPs on behalf of some political parties) introducing partisan bias to the CSO scene.

Turkey

1. Developments in the field of anti-corruption

The government has taken steps to address corruption challenges in the country. Major international anti-corruption conventions have been signed and ratified, an anti-corruption action plan has been adopted in 2010 and the government has implemented a comprehensive series of reforms aimed at reducing red tape and related opportunities for corruption and improving the country's business environment.

Some important developments in the field of anti-corruption are the following:

Legal Regulations in the Last Decade

- The Law Regarding the Establishment of the Ethics Committee of Public Officers;
- Public Finance Management and Controls Law;
- Right to Information Act;
- Public Procurement Law;
- The Law Regarding the Prevention of Laundering of Crime Revenues;
- The Law Related to Making Amendments on the Banking Law
- The Anti-smuggling Law;
- The Law Related to the Relationship Between Foundations and Associations, and Public Agencies;
- The Law Related to Making Amendments on Some Laws for the Prevention of Bribing Foreign Public Officers in International Commercial Transactions;
- The Law Related to Making Amendments on the Petroleum Market Law;
- The Law Related to Making Amendments on the Turkish Criminal Law.

Practical Implications in the Last Decade

- National Marker Analysis Against Fuel Smuggling;
- New e-state technologies;
- Efforts to improve the investment environment by simplifying the regulations and reducing paperwork;
- Establishment of the Communication Centre of Prime Ministry gathering and monitoring complaints and demands from citizens.

Strategies in the Last Decade

- Judicial Reform Strategy
- The Strategy to Fight Against the Informal Economy;
- The Strategy on Improving Transparency and Anti-Corruption;
- The Strategy against Organized Crime;

International Area

- Signing of the UN Convention Against Transnational Organized Crime (2003);
- Ratification of the Council of Europe Civil Law Convention on Corruption (2003);
- Signing of the UN Convention Against Corruption (2003);
- Membership in the “Group of States Against Corruption – GRECO” (2004);
- Ratification of the Council of Europe Criminal Law Convention on Corruption (2004);
- Ratification of the Council of Europe Convention No. 141 On Laundering, Search, Seizure and Confiscation of the Proceeds From Crime (Strasbourg Convention) (2004);
- Ratification of the UN Convention Against Corruption (2006).

2. Timeline of the anti-corruption challenges

Year	2007	2008	2009	2010	2011	2012
EU Progress Reports	<p>As regards coordinating the system currently in place for combating corruption, the Prime Minister's office transferred the responsibility for policy definition and coordination with international organisations to the Ministerial Committee for Enhancing Transparency and</p>	<p>Turkey has implemented one third of the recommendations made in GRECO's 2005 joint first and second round evaluation report. It has made efforts to ensure practical implementation of the existing anti-corruption legislation, inter alia by enhancing training on corruption detection and investigation for law enforcement officers, establishing guidelines on seizure and confiscation, and developing systems for monitoring the impact of anti-corruption measures..</p>	<p>Parliament adopted a law to amend the Penal Code and the Code of Misdemeanours. This is to take account of GRECO recommendations, align with international conventions and to implement the requirements of the OECD Bribery Convention and the recommendations of the Financial Action Task Force (FATF) concerning the prevention of money-laundering. The law strengthens the legislative framework as regards the liability of legal persons, prevention of money-laundering and foreign bribery.</p>	<p>The government adopted a 2010-2014 strategy for enhancing transparency and strengthening the fight against corruption in February 2010. A ministerial committee was established in December 2009 together with an executive board made up of representatives of public institutions, labour unions and the Turkish Union of Chambers and Stock Exchanges (TOBB) to draft further anti-corruption strategies, and to direct and monitor their implementation.</p>	<p>In line with the 2010-2014 Strategy and Action Plan, an Executive Committee for Increasing Transparency and Fighting Corruption has coordinated working groups preparing proposals on 28 corruption-related issues. The Committee of Ministers on anti-corruption policy approved all the proposals</p>	<p>In line with the National Anti-Corruption Strategy, the Executive Committee for Increasing Transparency and Fighting Corruption contributed to changes in the area of incrimination and the financing of presidential candidates.</p>

	Improving Good Governance.					
ANTI-CORRUPTION CHALLENGES	No progress has been made regarding the adoption of the law on the Court of Auditors. Moreover, the Parliament does not exercise effective oversight over public expenditure because of the lack of a public accounts committee in the Parliament.	The Government failed to prepare a comprehensive anti-corruption strategy. Policy making in this field has not received adequate political support.	However, no progress has been made on extending the ethics rules to academics, military personnel and the judiciary.	However, the participation by civil society and its roles on the executive board and in implementation of the strategy need to be strengthened.	However, there was no increase in the strength or independence of institutions involved in the fight against corruption, which are not sufficiently staffed. Participation by civil society, particularly in the Executive Committee and in implementing the strategy, needs to be strengthened.	No progress was made on limiting the immunity of Members of Parliament and senior public officials in corruption-related offences. GRECO recommendations are yet to be fully implemented. The implementation of the National Anticorruption Strategy requires greater political engagement and broader civil society participation. A track record of investigation, indictment and conviction related to corruption cases has not been established.

3. Pressing issues today

There are three important pressing issues in Turkey which make it difficult to implement effective anti-corruption strategies. First, the de-concentration of competencies among various agencies without a coordinator institution prevents the public sector from developing a coherent strategy against corruption. Second, strong immunity provisions for MPs and high-level state officials create an environment susceptible to corruption at the highest levels of the political establishment and public administration. Finally, the systemic persistence of political clientelism and patronage for a long period of time has made that kind of corruption acceptable to a considerable proportion of the population.

4. Major anti-corruption challenges

- There is no central body in charge of developing and evaluating anti-corruption policies; there is inadequate coordination of the various institutions involved in the fight against corruption and no independent body in charge of monitoring the implementation of anti-corruption measures.
- The 2010 strategic action plan on reducing corruption was designed with no consultation of non-governmental actors, while civil society only has limited oversight over the implementation of national anti-corruption policies.
- The rather strong immunity provisions for high ranking public officials are considered to be an important obstacle to the fight against corruption
- Turkey needs to improve its legislation on the financing and auditing of political parties.
- There have been some allegations of cronyism and manipulation tied to the Turkish military, as well as anecdotal evidence of corruption involving high ranking officials in the military.¹²

5. Success stories

Parliament elected Mehmet NihatÖmeroğlu, a retired member of the Supreme Court of Appeals, as Turkey's first chief ombudsman in November, 2012. The Ombudsman's Office will be responsible for examining and investigating all manners of administrative acts, actions, attitudes and behaviors in terms of respect for human rights and freedoms, conformity with the law and fairness and appropriateness within the framework of the character of the Republic of Turkey.

¹² Transparency International, Overview of corruption and anti-corruption in Turkey, 2012

6. State-CSO dialogue

Concerning the role of civil society in anti-corruption efforts, no visible progress has been made toward enabling CSOs to become involved in policymaking process in 2010. The 2008 report of Global Integrity mentions that anti-corruption organizations have been marginalized at times through indirect pressure means, such as inspections. According to Global Integrity 2010, the extent of civil society organizations involvement in developing anti-corruption action plan has been limited to consultation of organizations such as TESEV, TEPAV.

About the project

South-East Europe Leadership for Development and Integrity (SELDI) is an anti-corruption and good governance coalition of likeminded CSOs in Southeast Europe, involving partners from **nine participating countries** (Albania, Bosnia and Herzegovina, Bulgaria, Croatia Kosovo, Macedonia, Montenegro, Serbia and Turkey). The Network will be operating on the basis of joint strategy and agreed action agenda. The objective of the regional initiative is to contribute to a **dynamic civil society in the region, capable of participating in public debate and influencing policy and decision-making process in the area of anti-corruption and good governance**, by: (i) Enhancing CSOs capacity, knowledge and commitment to provide analysis, monitoring and advocacy on policy, measures and reforms related to good governance and anti-corruption and to boost CSO cooperation and understanding beyond regional and national levels; (ii) Promoting the state-civil society dialogue and improve the environment for civil activism at regional and national level; (iii) Contributing to an enhanced cross-country public/civic support and participation for good governance and anti-corruption measures; (iv) Helping the CSOs themselves to improve their legitimacy, transparency and accountability.

In the present document the Network`s partners analysed the current regional environment and the state of corruption in each of their respective countries. The result is a general overview of common, as well as country-specific anti-corruption challenges in the SEE region.