**Report**

**on the results of Eurasia Program convening in Montenegro on Corruption, Transparency and Accountability, Budva, November 19-20, 2014**

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# Introduction

The Open Society Foundations, including some National Foundations in the former Soviet Union countries, have a long history of addressing the issues of corruption, transparency and accountability. The Eurasia Program has also prioritized these issues as of 2014, and therefore saw the need to learn from the experiences of other OSF programs and establish collaborative relationships with them. To that end, the EP convened a meeting with National Foundations and their local partners to foster cross-national and cross-thematic networks for closer cooperation on the issues of corruption, transparency and accountability. Montenegro was selected as the location for this convening to provide a useful comparative perspective with countries of the former Soviet Union that aspire to join the EU, but first must make progress in tackling challenges related to corruption to make their governments transparent and accountable to society. The convening was seen as the first opportunity to highlight shared themes, challenges, and successes for the Eurasia and Balkans regions, as well as lessons from the Western Balkans that can be applied in the Eurasian context. Finally, we hoped that this meeting would serve as a springboard for the Regional Academy of Good Governance, a new network of legal experts, researchers, activists, journalists, and others committed to anti-corruption and transparency and accountability initiatives in the Eurasia region.

During this convening, we aimed to focus the conversation on the following three models of engagement and to identify concrete themes and areas for cross-national collaboration within the context of our panels:

1) Constructive and effective engagement with governments (for example, EITI and OGP);

2) Using international advocacy as a point of leverage (for example, pursuing ill-gotten assets recovery);

3) Civic mobilization around tangible issues (for example, working with population around the topics of corruption in education, public health, access to resources, and others to generate pressure on the government and other powerful stakeholders).

The funder and organizer of this convening was the pillar of EP dealing with National Foundations in the region. The EP grant making team took part in drafting the concept and the agenda of this meeting.

The meeting was attended by 38 people, including 30 from the region of Eurasia. The Tajik, Kyrgyz, Kazakh, Armenian, Moldovan, and Ukrainian National Foundations took part, as well as an NGO from Belarus.

The agenda, some power point presentations and a “mapping” of OSF good governance and T&A programs in the Eurasia region is posted on KARL and can be downloaded from here: <https://karl.soros.org/communities/eurasia-anti-corruption/files>

# Key takeaways

Most of the convening’s aims have been achieved. First of all, we have acquired a panoramic view of who is who on the ground and what challenges are facing each country. We now have a far better understanding of what the EP’s entry points to the field could be, and how the EP should best allocate its resources to complement what the thematic programs, National Foundations and partner organizations are already doing. This does not mean that the learning process has ended. It will continue in 2015, in order to refine further the EP’s strategy of addressing the issues of corruption, transparency and accountability.

The convening’s location in Montenegro and the participation of colleagues from the Western Balkans greatly enriched the discussion. The work of our colleagues in Montenegro and Serbia were extremely interesting and impressive. We plan to continue to build our relationship with them in the form of joint workshops and mutual visits and internships.

The participants discussed how two strategic approaches – “constructive engagement” and “challenging corrupt government practices via international advocacy” – should be balanced against and complement each other. The importance of the so-called “radical flank effect” was noted by some participants. Of course, the parameters of this combination of “good and bad cops” approaches depend on the specific context of each country in question.

The panel on transparency and accountability in extractive industries make clear that the work in this field is already well established, thanks to PWYP and National Resource Governance Initiative (NRGI), both of whom facilitate the engagement of local foundations with EITI. The EP has little to add to this field, expect perhaps providing financial assistance to the Azeri branch of NRGI. We had an exchange on this matter with Galib Efendiev of NRGI.

We have identified the following issues where EP’s contribution would be most desired and effective:

1. **Public procurement.** This is the area where the discourse of corruption and of transparency meet. Who is the best in this field? Probably Moldovans and Serbians. There is a big interest in their experience from Ukrainians and other foundations. We could help satisfy this interest.
2. **Integrity of public office holders.** Once again, this area is related both to anti-corruption and transparency. It includes a complex of issues, as follows:
   * Regulation of conflict of interest, which is non-existent in some countries and defunct in others;
   * Assets disclosure and recovery of ill-gotten assets and unlawful enrichment by public office holders (Article 20 of the UN Convention Against Corruption);
   * Politically Exposed Persons, (PEP) the legal provision of which should be applied in respect to most corrupt regimes;
   * Integrity commissions and chambers of account (most notable experience of dealing with this in Moldova).
3. **Sectoral corruption** in the sphere of education, health care, law enforcement, justice, etc. Some of the National Foundations, especially Tajik and Armenian, can serve as models for engagement.
4. **Investigative journalism**. Most prominent in this respect are Hetq (Armenian NGO), our partner organization OCCRP, and MANS (Montenegro NGO). We should continue working in this area in coordination with the EP’s Information and Media portfolio, PIJ, and other OSF programs and partners.

In the sphere of **public procurement and integrity**, the following forms of program work are suggested:

1. Commissioning a comparative research to determine the status of regulation in these spheres;
2. Organizing capacity building workshops and internships;
3. Supporting journalist investigations into these issues;
4. Launching advocacy to encourage international institutions to leverage properly the international aid they provide for some countries in the region (Armenia, Moldova, Ukraine).

The only sphere where the convening did not see much success was in the question of civic mobilization. This is probably the weakest side of the CSOs’ performance in a number of countries. To some extent, the lack of success here is explained by insufficient professional skills and capacities in the field of communications, and the failure to make CSOs’ messages comprehensible and appealing to ordinary citizens. These failures are worthwhile topic of further discussion for the EP, in the context of its broader portfolio of work.

# Notes from the panels

## Panel Transparency and Accountability in Energy and Extractive Industries

*Objectives: to provide an update on the status of this field, identify gaps in the operation of national and international coalitions and other initiatives, and ways to address them. This panel will address themes of balancing civic mobilization with constructive engagement in different country contexts, and how it is used to foster activism around issues of extractive industries.*

Michael Hall, Eurasia Program, USA - Moderator

Galib Efendiyev, Natural Resource Governance Institute, Azerbaijan

Dinara Pogodina, Soros Foundation - Kazakhstan (power point presentation enclosed)

Oliana Valigura, Publish What You Pay, Ukraine (power point presentation enclosed)

Discussion:

* The issue of EITI was raised. In response mainly to the situation in Azerbaijan, EITI has adopted new standards (contract disclosure, revenue management) and the CSO protocol. The Rapid Response Group was created.
* The problem is that the population is not aware of the issues of T&A and EITI. There is a need to target younger generation, which requires creativity.
* EITI has not yet seriously discussed the situation in Kazakhstan, although it is akin to Azerbaijan. In Kazakhstan, there are no debates on this issue.
* The Kazakh NF and its partners are planning to focus on Infographics tailored to particular district, on capacity-building and awareness-raising in remote regions. The message should be understandable for local population.
* PWYP is working in 5 countries of the region: Kyrgyzstan, Kazakhstan, Mongolia, Tajikistan and Azerbaijan. Ukraine still needs to develop its national program.
* PWYP is planning to present its comments on the EITI’s CSO protocol
* In terms of international advocacy, there is a need to develop communications strategy
* Zuhra noted that the problems are due to (too) high expectations from EITI and other international initiatives; we need to understand what has been achieved and what options are available ahead.
* Galib said we need something akin to harm reduction in the field of T&A.
* Larisa called for elaborating incentives for the governments and developing a roadmap for each country of concern. Discussion on available leverages should be initiated.
* Galib said that, yes the civil society facing crackdown in Azerbaijan should respond by building regional solidarity networks. But, unfortunately, state elites outplay CSOs in this regard: for instance, SOCAR is itself engaging with the Georgia having become a taxpayer in this country.
* Scott said that in the US, the Dodd–Frank Wall Street Reform and Consumer Protection Act ensured a stronger regulation of the financial markets bu , after the recent elections it is going to be revised. That would badly affect the global T&A standards.
* Erica said that in multi-stakeholder coalitions it is important to have a division between good and bad cops (“radical flank effects”). She also challenged the belief that transparency alone leads to better accountability. The link between them does not always work well.
* Dinara said that the Kazakh NF finds its niche in working on accountability of local mayors and on local budgets.
* Michael raised attention to the environment-related aspects of transparency.
* Oliana said that some environmental NGOs call for a “fair deal”: not to extract at all.

## Panel Transparency and Accountability in Budgets

*Objectives: to discuss why budget transparency is critical to anti-corruption work and the role civil society could and should play in this context; to facilitate an exchange of experiences and best practices; and to strengthen cross-national networks and coalitions.*

Moderator: Zuhra Halimova, Open Society Institute Assistance Foundation – Tajikistan

Dumitru Budianschi, Expert Group, Moldova

Zhanibek Khassan, Zertteu Research Institute, Kazakhstan (power point presentation enclosed)

Tojinisso Azizova, NGO “Lawyers,” Tajikistan

* Dumitru pointed out that T&A are related to corruption in some cases: for instance, budgets are corrupt when fiscal resources are allocated to private interests. As a result, there are sectors more ‘profitable’ than others.
* Paradox of Moldova: the parliament is less transparent than the government.
* In Moldova so far, the best institution is the Court of Accounts.

## Luncheon Presentation: Updates on Ukraine

Presenter: Yevhen Bystrytsky, International Renaissance Foundation, Ukraine, and Roman Romanov

* An alarming trend: support to Maidan fell from 53% to 30%, according to some polls.
* Roman Romanov: the most difficult issue for the moment is impunity for committed corruption and crimes.

## Panel Addressing Political Corruption

*Objectives: to determine how to address political corruption challenges in the Eurasian context, particularly transparent elections, truth commissions, and other forms of transitional justice.*

Erica Razook, Open Society Justice Initiative, USA - Moderator

Olga Crivoliubic, Soros Foundation Moldova

Oleksiy Orlovsky, International Renaissance Foundation, Ukraine

* Olga: in Moldova, according to polls, 78% of the population are not satisfied with the way the government tackles corruption. Think-tanks and investigative journalists are working on lobbying policy and have adopted 7 integrity criteria (to be checked with her). The National Commission on Integrity is not working well, partly due to a lack of capacities: many declarations have not been even considered.
* Oleksiy Orlovsky raised the issue of the lack of transparency in political campaigns and elections.
* Scott noted the lack of parliamentary inquiries, which are yet an instrument for tackling corruption and enhancing T&A.
* Larisa said that the Armenian NF gives a priority to judicial reform monitoring

## Presentation: Political Corruption in Belarus

Presenters:   
Uladzimir Kavalkin, School of Young Managers in Public Administration (SYMPA), Belarus  
Dzmitry Markusheuski, School of Young Managers in Public Administration (SYMPA), Belarus

* SYMPA has adopted a non-confrontational, apolitical and rather collaborative approach toward the government, trying to identify spheres where improvements can be achieved through recommendations, expertise, mostly on public administration (e.g. supervisory role of the Anti-Corruption Agency). The School works with the Swedish Institute for Public Administration in the country. The think-tank works with the Public Administration Academy on elaborating an ethical code for public officials.
* Belarus and Russia have a common characteristic, namely a low level of petty corrupt, but a high level of grand-corruption.
* SYMPA has created a website (Tut.by) limited to a close circle of colleagues, and not available for the public.

## Panel Civic Mobilization for Institutional Reforms

*Objectives: to share best practices, lessons learned and other experiences of civic mobilization that have successfully brought about institutional reforms. Areas of interest include how Foundations have addressed systemic corruption in various areas; and how the “spirit of the Maidan” has been channelled into anti-corruption efforts in Ukraine and other countries in Eurasia.*

Scott Horton, Columbia University, USA - Moderator

Polina Painante, Association for Participatory Democracy (ADEPT), Moldova

Nasima Nazrieva, Open Society Institute Assistance Foundation – Tajikistan

Oleksiy Orlovsky, International Renaissance Foundation, Ukraine

* In Moldova, the institutional reforms have so far mainly resulted from external pressure. The reforms are mostly a formality and lack political will to implement them, with few exceptions.
* For instance, the Integrity Commission introduced in 2012: its website is not user-friendly, and provides analysis (of only 3% of all the declarations it received. Its performance should be closely monitored. The problem is due to the fact that it is under-budgeted and understaffed.
* There should be more public demand for reforms and institutional changes. Another problem is that public finance management are often politicized.
* Nasima Nazrieva spoke about the NF’s experience in using open data, especially in budget hearings and monitoring at the local level. Another example of open data is the interactive website on electricity supply and tariffs; thanks to this website, citizens can report complaints, and the website’s staff follows up by communicating these concerns to local authorities.
* According to Oleksiy (IRF), there are currently around 300 activist NGOs working on corruption and issues related to T&A in Ukraine. Recently, five anti-corruption laws were adopted. Oleksiy provided details on the law on public procurement, the law on the system of corruption prevention, and the creation of the anti-corruption bureau.
* Scott talked about a certain cynicism in using “corruption” as a political argument against political enemies; this tendency damages the message about corruption. For instance, some NGOs were accused of partisan approach. According to polls, 42% of the population do not trust NGOs (only35% do, mostly among young and educated people). Poline informed about the website “Promis.md” which monitors how the election promises are fulfilled.

**Presentation: The Power of Investigative Journalism as a Tool to Address Grand Corruption**Presenters:   
Miranda Patrucic, Organized Crime and Corruption Reporting Project (OCCRP), Bosnia & Herzegovina  
Kristine Aghalaryan, Hetq Investigative Journalists’ NGO, Armenia (power point presentation enclosed)

## Panel 5. Corruption in Public Procurement & OSF’s Role in Civic Mobilization around Concrete Challenges

*Objectives: to discuss how the Foundations have used civic mobilization to address corruption in tangible areas that readily affect citizens’ lives. Relevant contexts include education, public health, the judicial system, access to resources, and others.*

Larisa Minasyan, Open Society Institute Assistance Foundation – Armenia

Zuhra Halimova, Open Society Institute Assistance Foundation – Tajikistan

Shamil Ibragimov, Soros Foundation – Kyrgyzstan

* For Armenia and other “transitional” countries, transparency in public procurement is one of the conditions to EU integration. Public procurement is at the crossroads of transparency and corruption. It is also related to conflict of interest.
* In Armenia, trust in public institutions is by 50 percent lower than in other countries of the FSU. Education is perceived as the most corrupt sector. For Armenia, international mechanisms and institutions (such as the Millennium Challenge Corporation) matter, as they provide some resources for the country.
* In Tajikistan’s post-conflict situation, institutions should be built from scratch. Corruption is pervasive in all sectors of education, including schools, colleges and universities. The higher education is used as serves as a way-out from the military service. The bribe rates are very high in Universities.
* The Tajik NF supported a website where students could report on bribes cases. In 2008, the government introduced the Concept of National Standards (which imply no exams, focus on students, establishing the testing and evaluation system), but little has changed since then. However, bribe rates have decreased since then from USD 15,000-17,000 to USD 1,500. ESP helps to measure the phenomenon. The Bologna process is being applied too.
* In Kyrgyzstan, the local NF has identified six sectors to work on: mining, energy, construction, transport; lands, procurement. In the public sphere they work on education, health, law enforcement agencies. In Shamil’s view, the most corrupt sector is customs. A new anti-corruption program was adopted in 2013 by the Ministry of Social Development led by the former Parliament Deputy Speaker. According to some estimation, corruption has cost KGS one billion of damage to the country. So far the anti-corruption service remains under the authority of the security services. The NF works on mining and electricity sectors as well. The problem is that licenses for developing deposits cost only USD10. As a consequence, some companies buy and re-sell licneses for millions. The Ministry of Geology has political will to change the situation, but has weak professional capacity and expertise. They need to develop qualification framework and standards. Some changes have been introduced which increased Ministry’s revenues. The Ministry has increased prices for licenses, engaged with the local community. In the health care system, the legal licensing on drugs was introduced.

## Panel 6. EU Integration: Tackling Systems of Corruption as a Benchmark and Leverage for International Advocacy

*Objectives: to gain a better understanding of how the process of EU integration can be leveraged to promote anti-corruption reforms; to build stronger networks between countries aspiring to join the EU; and to explore the possibilities for advocacy with EU institutions.*

Viorel Ursu, Eurasia Program, UK – Moderator

Varvara Colibaba, Soros Foundation Moldova

Oleksiy Orlovsky, International Renaissance Foundation, Ukraine

Larisa Minasyan, Armenian foundation

* In Moldova, the Integrity Commission works very slowly: only 3,000declarations have been reviewed out of 100,000 received. The NF works on some sectors, like justice, assist civil society (think tanks, watch-dog NGOs). Online resources have been developed: Budgetstories.md; Expert-group.org/ro; Euromonitor.md.
* The worst anti-corruption performance is in the justice sector, especially prosecution.
* EU has leverage to make things different in Moldova. It runs the Neighbourhood Activity Award Fund. (useful information resource: Eap-index.eu). Another important funding resource is the Millennium Challenge Corporation (for Moldova and Ukraine). External funding is very important for Moldova: more than half of the state budget originates from grants, 30% goes to infrastructure.
* Oleksy noted the importance of the EU Convention on the Fight against Corruption. Its strongest section is on trade and public procurement. The second important instrument is the visa liberalization action plan: it includes a section on anti-corruption. Ukraine moved to the second phasestage without having implemented some obligations.
* In Armenia, conflict of interests is permeating all spheres of state: especially procurement and construction. The 2013 GRECO (Council of Europe’s Group of States against corruption) report was positive on Armenia, which made EU funding available to the country. Armenia was second in receiving EU money. As a result, EU money was used for consolidating non-democratic practices. In public procurement, 75% of public money has been allocated on the basis of a single procurement procedure. Half of this went for “emergency” purposes, mainly construction.

## Luncheon Presentation: Challenges to Good Governance in Azerbaijan

Presenters:   
Galib Efendiyev, Natural Resource Governance Institute, Azerbaijan

Gubad Ibadoglu, Economic Research Center, Azerbaijan (power point presentation enclosed)

Moderator: Michael Hall, Eurasia Program, USA

* Opinions were split over the measures to take against Azerbaijan. Galib believes that too hard international advocacy worsens things and increases repressions, while Mehriban believes that international advocacy is important and has effect, because Azerbaijan seeks international recognition. The problem is caused by too many compromises made with the regime.

## Panel 7. The Balkans’ Thorny Path to the EU: Combatting Corruption in Serbia, Montenegro, and Bosnia and Herzegovina

*Objectives: to provide insights into the Western Balkans civil society’s struggles for the integrity of state institutions, offer lessons for the Eurasia region.*

Miodrag Milosavljevic, Program Director, Fund for an Open Society in Serbia– Moderator

Post-conflict region

Vanja Calovic, MANS, Montenegro (power point presentation enclosed)

Stevo Muk, Institute Alternative, Montenegro

Dragomir Pop-Mitic, Coalition for Civil Oversight of Public Finance, Serbia (power point presentation enclosed)

* MANS is not only an NGO, it is a movement: it organizes rallies, conducts monitoring, runs SOS hotline, and utilizes the Freedom of Information Law. But when information is not available in Montenegro, it is easy to get it in neighbouring countries. It is not possible to measure bribes, what is possible is to detect expenditures and assets. The main problem is the irremovable government. The owners of 95% shares of the hotel where we stayed in Budva (Splendid) are unknown; it could perhaps belong even to Luzhkov. The main bank is owned by the PM’s brother. Vanja told a story about a money laundering circle whereby 40 million Eur was laundered over again 11 times.
* Institute Alternative is a more “moderate” organization: its approach is to “reach improvement without committing political suicide”. According to Stevo Muk, in Montenegro three actors are drivers of reforms: NGO community; media; and think tanks. Among businesses, mainly SMEs are supportive, while big sharks are associated with the regime. Some members of political parties (even ruling one) are also proponents of reforms.
* Coalition for Civil Oversight of Public Finance, Serbia is an informal group of NGOs, focuses on budget transparency and public procurement. They created the website “BalkanTenderwatch.eu”.

## Wrap-Up and Key Takeaways Session

Erica Razook, Open Society Justice Initiative, USA - Moderator

* OSJI’s approach is litigation. Examples: Congo, Angola, Sierra Leone, Nigeria;
* Scott suggested using the concept of kleptocracy. The problem is the impunity of states. A new aggressive doctrine of accountability is needed, in coordination with various jurisdictions.
* A two-fold approach was suggested, namely at local constituency building and cross-national collaboration;
* Other proposals were made: PEP mapping; Transitional justice.
* Zuhra raised the question of an effective Communication strategy. We need to engage the Information and Media programs. This should not be just elite talk.
* Varvara was struck by the information on how the activists might work in such hostile environments: our freedom is often taken for granted and we do not realise how horrible it is to come back to the past.
* Larisa talked about the importance of legal remedies and policy change.
* Scott: we have not been good in selling our message to a broader audience; public opinion does matter; we do not need policy studies, but we should be producing stories.