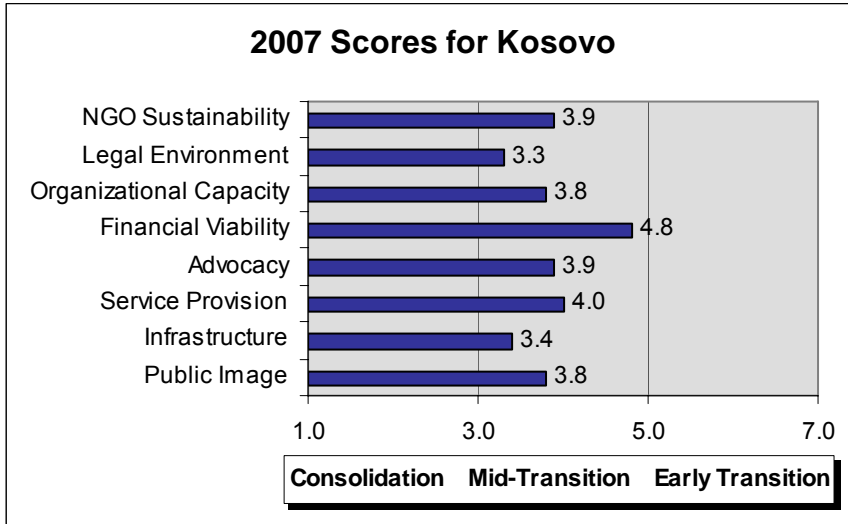


KOSOVO



Capital: Pristina

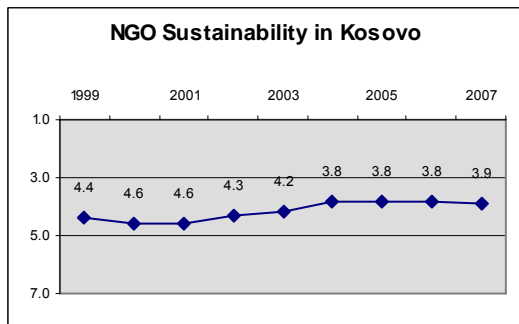
Polity: Republic

Population: 2,126,708 (2007 est.)

GDP per capita (PPP): \$1,800 (2007 est.)

NGO SUSTAINABILITY: 3.9

Kosovo was paralyzed throughout 2007 by the ongoing stalemate in negotiations regarding its final status, with the process absorbing all the energy of both political and non-political actors¹. In the meantime, there was a de facto public consensus to cease all activities not related to the status issue.



Tensions between ethnic groups increased as the negotiations process approached its conclusion. The “Self-Determination” movement (“Vetevendoja” in Albanian), which opposes the United Nations administration of Kosovo and campaigns for independence and self-

determination for Kosovo Albanians, was very active during 2007. In addition, two radical movements emerged. The Serb Movement “Tzar Lazar’s Guard” – an organization proclaimed illegal by UNMIK – and the National Albanian Army both threatened armed conflict if the negotiations’ results were not favorable for their respective communities. All these events contributed to increased tension and a more passive civil society.

National and local elections, held on November 17, also remained a focus throughout 2007. These elections marked the first time that Kosovars elected their parliamentary representatives through open list voting and the first time that mayoral, municipal, and parliamentary elections took place on the same day. Municipal elections were also conducted through open lists for the first time since 2000. The economic challenges changed little over the past year. Unemployment and energy continue to be very problematic, and privatization is still underway with a handful of socially-owned enterprises awaiting their turn in the process.

¹ Kosovo declared independence on February 17, 2008, after the period covered by this report.

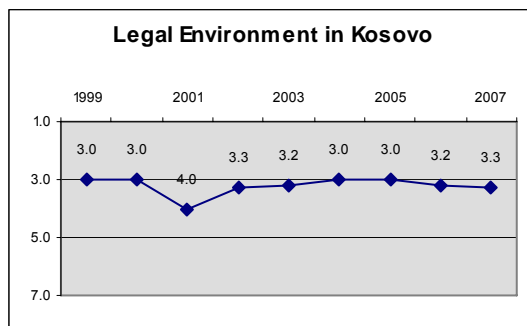
The number of NGOs registered in Kosovo remains approximately 3,800. Of these, only around 150 are well-established and active. In a positive development, Serb NGOs operating in enclaves in northern Kosovo are increasingly able to register with Kosovo authorities, although the procedure remains long and difficult.

An increasing number of NGOs are now more or less sustainable, with stable organizational structures. However, overall development remains hindered by the status issue, as NGOs feel that needed adjustments to strategic plans

can not be finalized without a clear definition of Kosovo's status. Cooperation and networking between NGOs from different ethnic backgrounds and regions still remains rare.

The new NGO law, passed by the Kosovo Assembly in 2006, has still not been signed by the head of UNMIK and enacted. In addition to the direct impact it could have on NGO operations, the pending law has increased uncertainty within the entire sector, hindering long-term strategic planning and preventing improvements in the sector's overall sustainability.

LEGAL ENVIRONMENT: 3.3



The legal environment for nonprofit organizations in Kosovo deteriorated over the past year. While UNMIK Regulations continue in principle to ensure quick and easy registration, the process is more complicated in practice. Although the law anticipates registration being completed in several days, the process sometimes takes several months. These delays are caused more by problems with the registration office's efficiency than the legal infrastructure. The problem is even bigger for Serb NGOs operating in enclaves in northern Kosovo. Serb NGOs seeking to register encounter a significant degree of difficulty due to the perceived threat to their free movement. In order to encourage registration of Serb NGOs, the Kosovo authorities should consider opening a satellite or branch office in northern Kosovo.

The new NGO law still has not been ratified by the Special Representative of the Secretary General (SRSG) and was sent back to the Kosovo Assembly for amendments. If signed,

the law will complicate NGO operations by making registration obligatory and requiring re-registration every two years. Micro-finance institutions are still required to register as for-profit businesses, but a new law is being drafted for such organizations. Amendments to the VAT regulation require that all NGOs, even those with public benefit status, pay VAT on imports, including donated goods. These amendments have had a negative effect on humanitarian assistance organizations, which have reduced their activity significantly.

Although not as favorable as desired, the current law prevents state and government officials from dissolving NGOs for political reasons. Government officials and tax authorities do not harass NGOs, even though visits from tax inspectors have become more frequent. Such inspections are not seen as an effort to obstruct NGO activities, but instead to improve tax collection and maintain appropriate fiscal oversight.

During the year, the Kosovo Police Service and UNMIK Police dispersed protests of the "Vetevendosja" movement with tear gas and rubber bullets, resulting in the death of two Kosovo citizens.

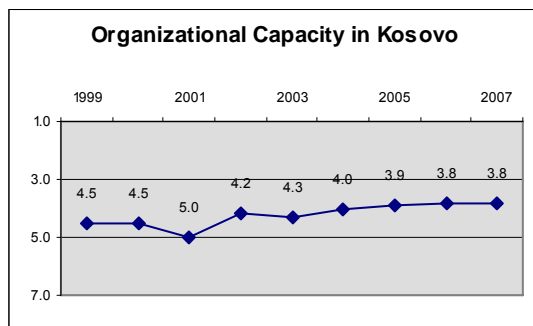
There has been no change in the availability of legal advice for NGOs. There are lawyers who provide NGOs with legal advice if necessary, although not for free. Since NGOs encounter

few legal problems that they cannot resolve on their own and few NGOs can afford to pay for

such services, the demand for legal services remains low.

ORGANIZATIONAL CAPACITY: 3.8

The number of well-developed NGOs continued to grow during 2007. More active NGOs have begun to engage in strategic planning and institutional reforms. However, NGOs feel the need to frequently adapt and change their strategic goals to accommodate pending changes in Kosovo's political status, and donors are hesitant to disburse funds prior to the resolution of the status issue. Other NGOs have ceased to exist as they failed to develop constituencies and organizational capacity.



Organizations outside of Pristina have significantly less organizational capacity than those in the capital. NGOs from predominantly Serbian northern Kosovo in particular face organizational problems. Compared to last year, the level of development of these organizations has remained the same or has slightly deteriorated.

FINANCIAL VIABILITY: 4.8

The financial viability of NGOs improved in 2007. NGOs have more diversified sources of funding: they no longer depend on one donor, but instead receive funding from several sources. A few organizations based in Pristina have earned income by providing services to the government.

Despite a significant decrease in foreign support, most funding for NGOs continues to come from international donors. Local philanthropy remains underdeveloped, in part because most NGOs

In Pristina, many active NGOs are well-developed and have clear structures, procedures and policies. Most active NGOs have functional boards and efficient advisors' networks. Moreover, NGOs are increasingly forming issue-based networks and partnerships, and the number of coalitions, while small, has increased modestly in the past year. The anti-corruption coalition and the networks against trafficking and promoting female involvement in politics are among the most successful.

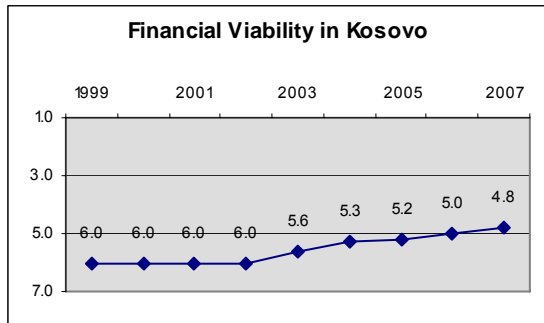
Most NGOs, both in Pristina and in the periphery, have access to basic office equipment, including computers, fax machines, and printers, as well as Internet access. NGOs in the north face problems with transportation, which is usually arranged privately.

Quite a few NGO activists have been working for almost a decade now and have undergone numerous trainings and exchanges of experiences with their counterparts from other countries. NGOs continue to have permanent full-time staff and hire part-time personnel as needed.

NGOs need to improve their practices for recruiting volunteers – very few NGOs have successfully engaged the communities in which they operate, and more outreach activities on the part of NGOs would be desirable.

have not successfully developed constituencies. NGOs with strong constituencies that provide services or are membership organizations are exceptions; funding for organizations such as Mother Theresa or Vetevendosja, for example, comes from the Diaspora or the private sector.

Other local sources of funding have begun to develop. NGOs now receive government grants and contracts in varying amounts at both the central and local levels that include both social service provision and consulting. Think tanks,



for example, continue to depend on international donors, but also have won government contracts and grants for advisory services. Kosovo now has six domestic grantmaking foundations,² although they disbursed fewer funds than in 2006.

ADVOCACY: 3.9

NGO advocacy has deteriorated significantly over the past year, in large part because it has been difficult to generate support for any issue other than Kosovo’s status. The process of resolving Kosovo’s final status consumed most of the energy of both the governmental and non-governmental sectors, and it appeared that civil society tacitly agreed to ‘self-censorship’ until the process is finalized. Despite a few examples of issue-based coalitions, civil society for the most part failed to initiate advocacy efforts during 2007. In many cases, even NGOs dealing with non-political issues were passive towards advocacy in support of “greater unity of society and channeling of energy in one direction.”

Lobbying for legal reforms was difficult during 2007 since the central government was largely inaccessible to NGOs on non-status matters. In some instances, the status excuse was used by government officials to avoid action even on completely unrelated matters. After lobbying efforts, NGOs obtained a verbal agreement from political party parliamentary groups to exempt public benefit organizations from VAT, a rare example of lobbying success on a non-status

A growing number of organizations have developed proposal writing skills as a result of increased competition for scarce funds. NGOs are now aware of the importance of improving their fundraising skills.

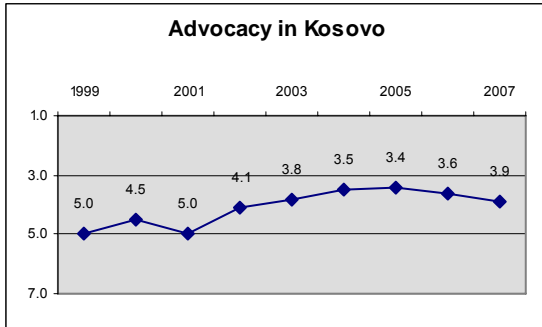
Donors have become more demanding with regards to reporting and financial reviews. At the same time, tax inspections have intensified. As a result of these two phenomena, NGOs have improved their bookkeeping practices and increasingly have financial audits. Unfortunately, without these two incentives, NGOs in northern Kosovo continue to lack competent bookkeeping.

issue during the year. Lobbying and advocacy at the local level was more successful and local organizations frequently and successfully raised concerns and issues with the relevant government body.

Despite these difficulties, some NGOs had moderate success in building issue-based coalitions. The most successful NGO advocacy campaign in 2007 was in support of open-list elections. The initiative “Civil Society for a Clean Parliament” successfully researched and publicized reports on the background of candidates for the parliamentary elections. A campaign by the Association of Dairy Processors supported increased customs taxes for imported dairy products.

The NGO Coalition “Democracy in Action - Election 2007” monitored the November Kosovo Assembly and municipal elections. Over 2,000 activists were mobilized to monitor the election campaigns, election process, and media coverage of campaigns. Most notably, the coalition conducted a parallel vote tabulation (PVT) through which volunteers text-messaged

² The six grantmaking institutions are: Community Development Fund, Kosovo Foundation for Open Society, Kosovo Civil Society Foundation, Kosovo women Initiative, Foundation for Democratic Initiatives and Advocacy Training and Resource Center.



vote counts from over 23,000 polling stations across Kosovo to a televised Media Center. This was the first election in which results were transmitted live to a Kosovo-wide audience and in the hours following the elections, citizens and political parties were able to watch constant TV coverage or check the website for election results. According to various sources, this helped avoid unwanted actions by political parties and reduce tension levels.

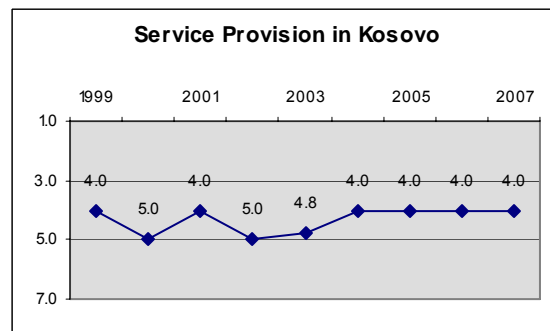
SERVICE PROVISION: 4.0

Overall, service provision by NGOs has remained largely unchanged since 2006. Some aspects improved while others deteriorated.

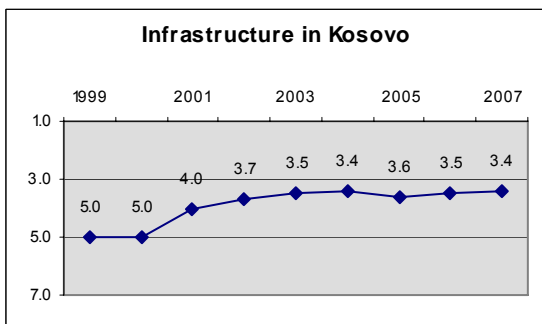
Generally, NGOs provide a wide range of services, and more NGOs are involved in areas such as economic development, environmental protection, and governance. The number of organizations receiving grants and contracts to provide services to communities remained the same, or slightly decreased, in comparison to last year. Youth organizations, women's organizations, and some other NGOs with strong local constituencies received the largest share of these grants and contracts both at the local and national levels. Some think tanks were invited to offer advisory services to the government on issues in which they have expertise. Other organizations, such as KIPRED,

were awarded grants to educate voters in the lead up to the November elections.

Some of the more successful NGOs charge for their services and are generally able to recover the associated costs. For example, Riinvest University – a nonprofit educational institution established during 2007 – charges its students tuition.



INFRASTRUCTURE: 3.4



An additional NGO resource center – Center for Civil Society Development (CCSD) – was established in northern Kosovo with the purpose of providing support to the NGOs operating in Serb enclaves in this part of Kosovo. As this is the first year of operation, it is too soon to judge

the impact of this resource center. However, CCSD is already experiencing a lack of training materials in the local language.

The Pristina-based Advocacy Training and Resource Center (ATRC) continues to operate, providing capacity building and trainings for NGOs. There are also several private companies that offer professional training services. NGO leaders and activists attend these trainings quite frequently.

During the past year, ATRC began to manage a small grants program for USAID, making it the sixth local grantmaking foundation to re-distribute foreign funding to local organizations. Only one of the grantmaking foundations is

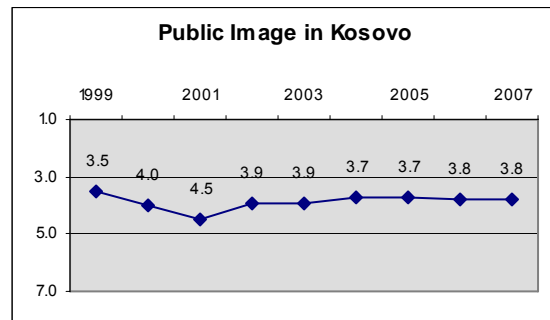
based outside of Pristina. Grantmaking organizations strategically decide funding priorities and objectives in cooperation with their donors, and are therefore able to address the needs of society as well as those of local NGOs. However, while the number of foundations distributing donor funds has increased, the overall amount of funds distributed has decreased.

NGOs have tried unsuccessfully to create a coordination body representing the interests of the entire sector. Meanwhile, the Office for Good Governance within the Prime Minister's office has successfully coordinated initiatives, improved the dialogue between the government and civil society, and nurtured cooperation, and should be continued.

PUBLIC IMAGE: 3.8

Overall, the public has a positive perception of NGOs and greater understanding of their activities. Northern Kosovo is an exception: NGOs there that receive funding from outside are considered to be furthering foreign interests.

NGO activities and events generally receive good media coverage at the local level, although investigative reporting capacity, reporting on advocacy issues, civic journalism, and the level of professionalism of the media all remain unsatisfactory. In the north, by contrast, NGO attempts to communicate with the local media have had limited success. At the national level, it has been difficult for NGOs to get air time for non-status activities throughout the year.



NGOs improved their communication and PR efforts over the year. An increasing number of NGOs distribute and publish their news, reports and events, educating journalists about their work in the process.