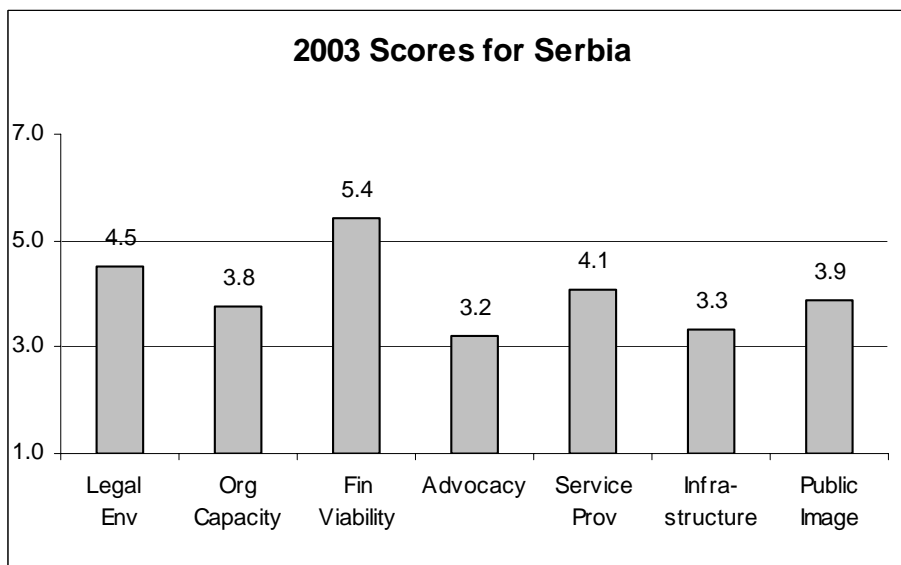

SERBIA



Capital:
Belgrade

Polity:
Parliamentary
democracy

Population:
8,227,290

**GDP per capita
(PPP):** \$2,249

NGO SUSTAINABILITY: 4.0

NGOs in Serbia, numbering approximately 3,000 active organizations, remained constrained by the lack of a supportive legal

NGO SUSTAINABILITY	
2003	4.0
2002	4.1
2001	4.1
2000	4.5
1999	5.4
1998	5.4

framework governing their operations. A draft Law on Associations lingered in Parliament during 2003. The draft is considered favorable for the sector, and reflects

changes recommended by key NGOs engaged in this issue, both Serb and international. The final version of the law and the timing of its passage will be influenced by the composition of Serbia's new parliament, scheduled to be seated in January 2004 after December 28, 2003 elections. NGOs actively campaigned to increase voter turnout for these critical contests,

Serbia's most significant since Milosevic was overthrown in 2000.

The third sector reports no lasting impact on its operations from the State of Emergency declared after the March 12, 2003 assassination of Prime Minister Zoran Djindjic. During this period, civic freedoms were curtailed as the government rounded up suspected organized crime figures believed responsible for the killing. NGOs supported the government's actions and accepted reductions in their public operations during the Emergency, but did not refrain from criticizing human rights abuses reported during the crackdown including police brutality and lengthy detention without charge or counsel.

NGOs, like businesses and individuals, began complying with new tax laws in Serbia that mandate high employer contri-

butions for personnel taxes and social benefits. This is reducing funds available for programming. NGOs agree that pushing for tax incentives and exclusions for NGOs must be at the top of the agenda after the Law on Associations passes.

With assistance from USAID and other donors, NGOs continued to make strides in advocacy, organizational capacity, public image, infrastructure, and service delivery. Issue-based coalitions on key issues ranging from police reform to Freedom of

Information legislation are becoming more and more common. The past year witnessed the creation of a new republic-wide NGO coalition, the Federation of Serbian NGOs (FENS). While some prominent NGOs in the sector have not signed on to FENS, the existence of such a network is a positive indicator that the sector is growing and maturing. NGOs are increasingly engaging in constructive partnerships with government on issues ranging from service delivery at the local level to police reform at the republic level.

LEGAL ENVIRONMENT: 4.5

Serbia still lacks republic-level legislation governing NGO operations. The Law on Associations, if adopted in its present form – which NGOs and international organizations including the International Center for Not-for-Profit Law helped to shape -- by the new parliament scheduled to be seated in January 2004, will represent an improvement over the present unclear, dated, and problematic sets of laws in effect at the Federal and Republic levels. It has languished in parliament together with over seventy other draft laws as Serbia's governing coalition disintegrated over the course of 2003. Absent the new law, NGOs continued to register using the Federal or Republic legislation, the process unchanged from previous years. Draft laws on foreign NGOs and local private foundations, also reflecting constructive input from local and international NGOs, are also stuck in the queue.

LEGAL ENVIRONMENT	
2003	4.5
2002	4.5
2001	5.0
2000	5.0
1999	6.0
1998	5.0

The sector, together with donors and embassies, applied intensive pressure to ensure that the Republic-level government withdrew a 2002 Law on Donations that would have been disastrous for the sector, mandating detailed and unreasonable reporting to Government on funding sources and activities and specifying harsh penalties including stiff fines and jail time for non-compliance. As a direct result of an intensive advocacy effort, the draft was withdrawn and no subsequent Government efforts of this kind have surfaced.

NGOs pay income and other taxes, though they are exempt from profit tax on earned income up to a certain level. The Law on Associations, if passed, will not do much to change the tax picture; tax exemptions are therefore next on the NGO legal reform agenda. NGOs are concerned about the impact that the expected passage of a VAT tax will have on their operating budgets, already strained by compliance with new tax laws mandating high employer contributions to payroll tax and social benefits. ICNL has provided comments on the draft VAT law that if accepted will help mitigate its impact on the sector.

Several NGOs provide counsel to the sector on registration issues. Local legal ca-

capacity on these issues is well-developed, and supported by international assistance in this area provided by ICNL.

ORGANIZATIONAL CAPACITY: 3.8

There were some improvements in this area over the past year, at least among

ORGANIZATIONAL CAPACITY	
2003	3.8
2002	3.9
2001	4.0
2000	4.5
1999	5.0
1998	5.0

more prominent, active NGOs. Donors including USAID and partner Freedom House helped support these incremental gains. Freedom House's American Volun-

teers for International Development (AVID) program, for example, increased attention to and capacity for strategic planning in key Belgrade-based NGOs. Volunteer mobilization and utilization improved. Positive developments in this area include the establishment of local volunteer development centers by the Center for the Development of the Non-Profit Sector. USAID's Community Revi-

talization through Democratic Action (CRDA) program frequently engaged volunteer labor, sometimes directed through NGOs, in its activities in municipalities across Serbia. Many NGOs now use mailing lists and databases to positive effect. Most active NGOs have at least one paid staff person and use computers and e-mail. There is, however, great variation in organizational capacity among Serbia's NGOs. Newer or more rural NGOs tend to be far less advanced than their urban counterparts. Though NGOs are required by law to have a Board of Directors, few NGO boards actually exercise effective governance. Awareness of the need to have a well-functioning Board is on the increase, and training is available on this subject.

FINANCIAL VIABILITY: 5.4

FINANCIAL VIABILITY	
2003	5.4
2002	5.5
2001	6.0
2000	6.0
1999	6.0
1998	6.0

Serbia's overall economic situation affects NGOs as it does individuals and businesses. Prices are higher, local giving is virtually nonexistent, and NGOs increased their compliance with new tax laws mandating

high contributions for employee payroll taxes, social insurance, and benefits.

These contributions can reach up to 79 percent of an employee's salary, significantly cutting into available program resources. Some NGOs, in part due to advanced training now available from Civic Initiatives and other sources, pay greater attention to diversifying their funding base. Leading NGOs receive funding from multiple donor sources. A few NGOs engage in income-generating activities.

2003 NGO Sustainability Index

The overall level of donor funding for NGO activities decreased as the perceived urgency of funding civil society initiatives lessened three years after the ouster of Milosevic. Some new sources of funding are available, however, including the region-wide Balkan Trust for Democracy, which combines regional USAID funding with private foundation and other government funding. Corporate and individual philanthropy is still at very low levels as the economic situation worsened in the past year. There are provisions in the tax laws for small deductions for charitable corporate giving; however, few companies know about these provisions or avail themselves of them. In April 2003, the parliament of the Autonomous Province of Vojvodina enacted a law establishing the Fund for the Development of the Not-for-Profit Sector, which will fund regional cen-

ters that provide pro-bono legal advice to NGOs and lobby for changes in the current legal and fiscal framework for their operations. ICNL has helped to support this institution in getting established. This is the only significant example of government-led, local-level philanthropy in Serbia, but it could become a model for other regions to adopt. ICNL held a conference to expand awareness of possibilities for public funding of NGOs, using successful examples from around the region. Some Serbian ministries and other government institutions provide funding to NGOs, but there is no consistent practice of government grant giving, and existing giving is non-transparent.

ADVOCACY: 3.2

NGO advocacy was constrained during the March–April 2003 State of Emergency, when public speech was curtailed. NGO activism picked up its former pace and even accelerated. However, as soon as the ban was lifted, the sector reports no lasting impact on its activities. NGOs have, in fact, scored major advocacy successes in the past year, including the action described above to stop the Law on Donations. NGOs also came together to draft Freedom of Information legislation and craft a federal decree passed in August 2003 on conscientious objection. They engaged

ADVOCACY	
2003	3.2
2002	3.3
2001	3.5
2000	4.0
1999	6.0
1998	6.0

proactively with the Ministry of Interior on police reform; a series of productive public discussions with the Ministry on needed reforms was launched this year. Cooperation with government on the local level continues to improve. Some local governments have set up NGO coordination offices to increase links with the third sector and forge partnerships on service delivery. NGOs are quite engaged in the political process; for the December 28, 2003 elections, USAID and IRI supported a group of eight NGOs in get-out-the-vote campaigns. Serbia has an extremely strong domestic monitoring NGO, CeSID, that has, with USAID-funded support via NDI, continued to increase transparency and credibility in the elections process through its monitoring activities.

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SERVICE PROVISION: 4.1

SERVICE PROVISION

2003	4.1
2002	4.2
2001	3.8
2000	4.0
1999	4.0

NGOs are increasingly engaged in service provision. On one of the USAID-funded CRDA activities, for example, NGOs contracted to deliver training on participatory planning processes. Serbia's leading think tank, CLDS, delivered "solution packages" for government on key reform areas. NGOs engaged in service delivery in the health

sector, working collaboratively with Government. Examples such as these are still rare, however, and to some degree donor-driven; it is not yet clear whether they have taken on sufficient momentum to continue when donor presence decreases. It is clear, however, that government on multiple levels is beginning to see greater value in collaborating with NGOs to deliver services.

INFRASTRUCTURE: 3.4

INFRASTRUCTURE

2003	3.4
2002	3.4
2001	3.0
2000	4.0
1999	5.0

Issue-based alliances and constructive partnerships with government are on the rise, and led to positive outcomes over the past year on issues ranging from the crafting of a draft law on freedom of information to the passage of a federal decree on conscientious objection.

NGO Resource Centers:

NGO Resource Centers in Serbia refer to themselves as NGO Assistance and Support Centers, and they collect data on NGOs active in Serbia, and disseminate relevant information either in the form of an electronic newsletter, or in the form of a printed document. These services consist of a data-base containing contact information and a short description of activities NGOs dedicate their efforts and resources to, and some newsletter-type information on NGO activities. These newsletters

could be of regional or national coverage, what greatly impacts the nature and the contents of the information provided.

The biggest resource center is the Center for the Development of Not-for-Profit Sector; their main office is in Belgrade (active since 1996), and additional seven regional offices are scattered around the country (Novi Sad, Sremska Mitrovica, Knjazevac, Kraljevo, Uzice, Novi Pazar, Leskovac). Those regional offices were established in 2002, under a grant from the European Union. In addition to running the most complete and updated data-base on NGOs, they occasionally conduct research on regional experience and, in particular, research NGO legislation in other transition countries. The main office in Belgrade provides pro-bono legal advice to NGOs.

Gradjanske inicijative (Civic Initiatives) are also active as an NGO resource centre, as they run a data-base of international NGOs interested in partnering with local organizations, provide training (please see under: training), coordinate an association

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of NGOs (please see under: coalitions), analyze and lobby for legislative changes in the domain of NGO operations, and partnering with the state (please find more under: intersectoral partnerships).

As of lately, several new NGO resource centers were established under the funding of the European Agency for Reconstruction (EAR). There is an insufficient information on the criteria applied when those centers were designed, but a considerable amount of EAR funding has gone into these new creations. So far, they have not been active in any other way but providing assistance to EAR project management and oversight, and it is expected that in the future, these centers would provide help to local NGOs in complying with EAR tender and competition requirements. These centers are: the European Movement and the Experts' Network (formerly known as G17 Institute); the OGI (Committee for Civic Education), based in Nis, Southern Serbia; and the European Perspectives. The last one is a Greek NGO which partnered with several local NGOs, and has its centre and operations based in Kragujevac, Central Serbia.

Local Grant-Making Organizations:

Not applicable. The only local grant-making organizations are local branches of international NGOs or foundations, such as, for example, the Fund for an Open Society, or the Balkan-Trust Fund. In the year 2003, there have not been local funds available for grant-making, except for the Vojvodina Fund, previously discussed in the original write-up.

Coalitions:

Coalition-making among NGOs in Serbia is issue-related and mostly on an ad-hoc basis. Among the permanent coalitions, the largest one is the Federation of NGOs (FENS), bringing together some 400 NGOs from various parts of Serbia, and

with a different organizational capacities and fields of interest. Among the more recent coalitions are the coalition of NGOs targeting problems of the youth; coalition of NGOs targeting persons with disabilities; coalition of NGOs working with refugees, and the coalition of NGOs involved in creation of poverty-reduction mechanisms. The main purpose behind the creation of these coalitions was grouping of NGOs in order to target possible new donors, or to respond to requests of donors requiring mechanisms for coverage of the entire country.

Training:

The largest training resource for NGO practitioners remains being the TIM TRI - education branch of Civic Initiatives. In the year 2003, mostly with USAID funding, 150 courses were held for the total of 10,000 individuals. These training included topics such as: strategic planning, financial management, human resource management for NGO, project design, project management, fund raising, and other training opportunities dedicated to a more developed NGO functioning (total of 25 topics).

Benefiting from EAR funding, several NGOs have become "regional NGO training centers", but very little information is available on activities and performances of those.

Intersectoral partnership:

In the year 2003, Civic Initiatives organized training events for the employees of the Serbian Tax Authority, and for the Customs and Border Control officials of the State Union of Serbia and Montenegro. They trained 109 individuals in providing a more professional service, developing a customer-oriented attitude, and improving their managerial skills. Based on the positive response, additional training is planned for an additional 95 officers in 2004.

PUBLIC IMAGE: 3.9

NGO leaders and activities were more prominently featured in the media in 2003, though at least one recent survey (in a November 2003 issue of *Politika*) indicates that the public at large still has little familiarity or indeed a negative image of the third sector and its role in Serbian society, despite the very visible role that NGOs played in the 2000

PUBLIC IMAGE	
2003	3.9
2002	4.0
2001	3.5
2000	4.0
1999	5.5
1998	5.0

ouster of Milosevic. More right-leaning, nationalist parties and citizens identify NGOs with support for “anti-Serb” activities such as pushing for extradition of suspected war criminals to The Hague or trying them in domestic courts. Government officials both use and misuse prominent NGO leaders and their positions; when it is expedient to do so, even

far-right parties give lip service to what they perceive as “politically correct” positions advanced by NGOs on human rights. Media have followed suit. TV Pink, established during the Milosevic era and still enjoying preferential treatment by Government, gives more airtime to NGOs and engages NGO figures on its Board in an effort to revamp its image both domestically and internationally. Despite this somewhat cynical use of NGO messages and positions, the increasing attention given to NGOs by media and government is an indication that the sector is an increasingly visible and important participant in the public discourse. With increased visibility comes a stronger negative perception of the sector, as NGOs push dialogue on difficult subjects that the general public would often rather not address. Leading NGOs publish annual reports and operate transparently.