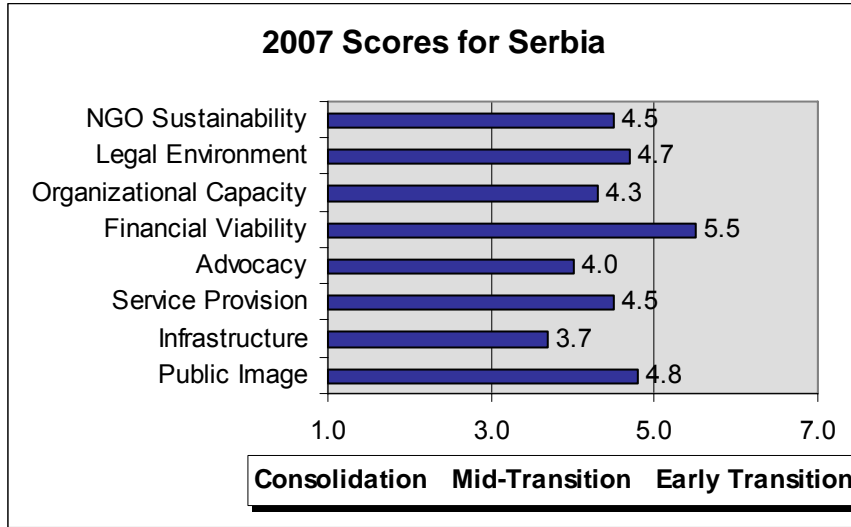


# SERBIA



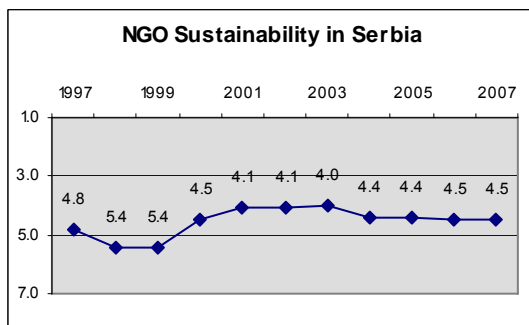
**Capital:** Belgrade

**Polity:**  
Republic

**Population:**  
10,159,046  
*note: population includes Kosovo (July 2008 est.)*

**GDP per capita (PPP):**  
\$7,700 (2007 est.)

## NGO SUSTAINABILITY: 4.5



Following a challenging end to 2006 – including the hasty passage of a new constitution without public debate – the beginning of 2007 was characterized by stagnation. Parliamentary elections took place in January, but the government did not form until May. Since then, there have been a number of encouraging developments, including progress on the long-anticipated Law on Associations; improved cooperation between NGOs and democratically-oriented parties participating in the government; the establishment of a presidential council on civil society convened by Serbian President Boris Tadic; and indications that the office of Deputy Prime Minister Bozidar Djelic will establish a body to coordinate with civil society. These and other developments give rise to an optimism that Serbian civil society has not

expressed since the assassination of former Prime Minister Zoran Djindjic four years ago in March 2003.

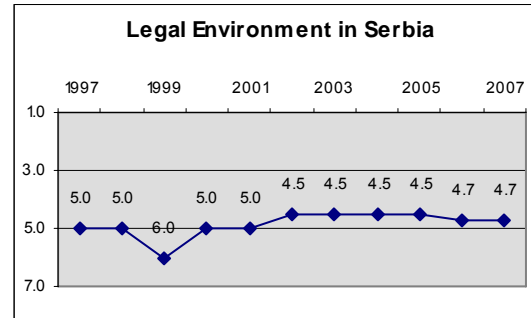
At the same time, 2008 may prove to be another challenging year for Serbia. The impact of Kosovo’s declaration of independence remains uncertain. Presidential and local elections are scheduled for January and May 2008, respectively. In addition, pressure remains for Serbia to fulfill its remaining obligations to the International Criminal Tribunal for the former Yugoslavia. These issues and events may serve to polarize political discourse and distract politicians, the media, and NGOs from pursuing reform goals. The challenge for civil society will be to reach out to a disenchanted public and be responsive to its concerns.

While exact data is not available, the Statistical Office of the Republic of Serbia indicates that there are over 10,000 NGOs registered in Serbia, including sports and recreation clubs, and art and cultural associations. The number of active NGOs is considered to be much smaller. The Directory of NGOs issued by the Center for Development of Non-Profit Sector (CDNPS) lists 2,100 active public benefit organizations, including environmental, advocacy, peace, human rights, youth, and women rights groups.

## LEGAL ENVIRONMENT: 4.7

Serbia is the only country in Central and Eastern Europe that has not yet reformed the basic legal framework governing NGOs. The sector remains subject to outdated legislation including the 1982 Serbian Law on Associations, the 1989 Serbian Law on Foundations, and the 1990 Federal Law on Associations (despite the fact that federal law refers to a defunct governmental structure that included the now-independent Montenegro). Efforts to pass new legislation have dominated the attention of civil society for the seven years since the fall of Slobodan Milosevic. While the legal environment score has not improved, there is cautious optimism that the new Law on Associations will be passed soon. In July, the Ministry for Public Administration and Local Self-Government organized a rare, high-profile discussion on the draft law, attended by President Tadic, numerous civil society organizations, and members of the international community. The day-long event gave NGOs a public opportunity to provide comments and input on the draft. The draft was finalized in early October, approved by the government, and sent to parliament. NGOs are currently engaging in a letter-writing campaign urging the law's adoption.

In November, the Balkan Community Initiatives Fund (BCIF), a local grantmaker, in partnership with Ministry of Culture commissioned a working group composed of government officials, lawyers, academics, and NGO experts to prepare a new draft Law on Foundations, which will replace the outdated Law on Foundations, Funds and Legacies of 1989.

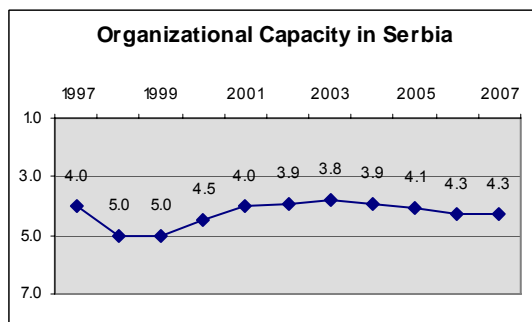


A more stable legal environment will also help the fiscal environment. The property tax for citizen associations (which taxes gifts received from private donors as well as foreign donors not covered by bilateral treaties) decreased from five percent to 2.5 percent in 2007, but enforcement of the law remains sporadic, depending on the whim of local tax authorities. NGOs are still advocating for equal tax treatment of foundations and citizen associations, which would abolish property tax for the latter. NGOs are exempt from taxation on up to approximately \$5,000 of earned income.

Human rights activists in particular continue to experience some government harassment. While some harassment may be politically motivated, other incidents appear to result from misunderstandings of how to apply laws and regulations, since NGO staff and government authorities have been able to settle at least some of their disputes, including notable cases of tax harassment.

NGOs outside of the capital of Belgrade have little access to legal expertise.

## ORGANIZATIONAL CAPACITY: 4.3



NGOs still face difficulties understanding, building, and sustaining constituencies, with most organizations continuing to focus on donors rather than citizens. The still-undefined legal status of volunteers further impedes the ability of NGOs to involve citizens in their activities, though work on a draft law on volunteerism, spearheaded by civil society organizations, is progressing.

Many NGOs continue to lack clear governance structures. Few have functioning boards of directors or personnel policies. The drain of personnel into the government and private sectors deprives NGOs of talent and experience, though this flow has also served to improve cooperation and understanding between and

among the sectors. With many NGOs still largely driven by charismatic leaders, more attention needs to be paid to building the capacity of mid-level staff to assume program management, citizen outreach, and fundraising duties.

## FINANCIAL VIABILITY: 5.5

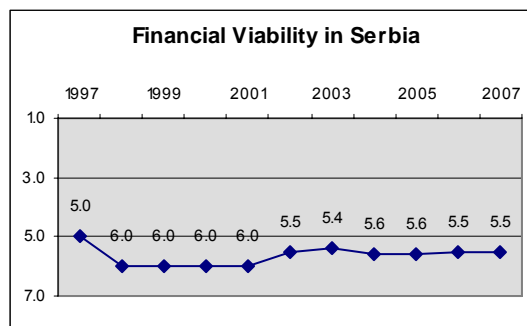
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On the whole, NGOs continue to rely on foreign funding as the easiest and most understood method for securing funds regardless of stiff competition and a general decrease in available funds.

Improving the legal environment for NGOs will help increase the diversity of local sources of funding, including wealthy individuals and private corporations, by legitimizing the status of NGOs in society and providing much needed tax incentives. Community-based NGOs are increasingly obtaining local funding, including from companies. Meanwhile national NGOs are hesitant to seek out corporate resources, fearing that connection with business interests would compromise their values, or that business interests would not want to be connected with them, a particular concern for those organizations dealing with sensitive subjects, such as human rights. This year BCIF secured its first business partnership with Erste Bank, based in Greece, to manage the bank's philanthropic activities in Serbia. Many NGO experts feel that domestic foundations like BCIF can serve as intermediaries between NGOs and the business sector and allay concerns about the implications of more direct association.

Other efforts in the area of corporate social responsibility continue to gain momentum, such as the ongoing Responsible Business Initiative and the UN Global Compact, which was inaugurated in Serbia in late 2007.

NGOs such as the Center for the Development of the Non-Profit Sector and Civic Initiatives have begun work with the national government to create an umbrella body that could implement a yet-to-be-determined government strategy for supporting and funding civil society.



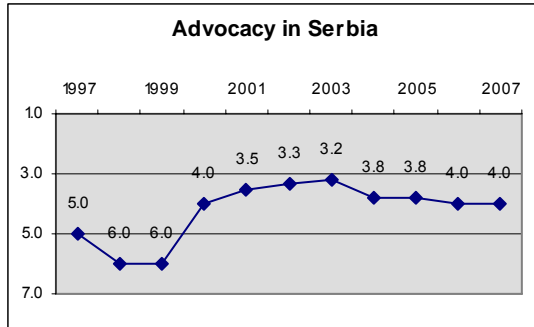
Many NGOs, particularly smaller organizations and those outside of Belgrade, lack adequate financial systems. Financial management ranks as the training topic in highest demand.

## ADVOCACY: 4.0

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Though the first half of the year created uncertainty for the NGO sector, formation of the government in May opened up new prospects for advocacy efforts. Many of these openings, however, depend on the good will of the government and the alignment of political interests; cooperation is still arbitrary and voluntary. While results are still not visible, NGOs recognize that it is better to have an improved process without results, than no process at all.

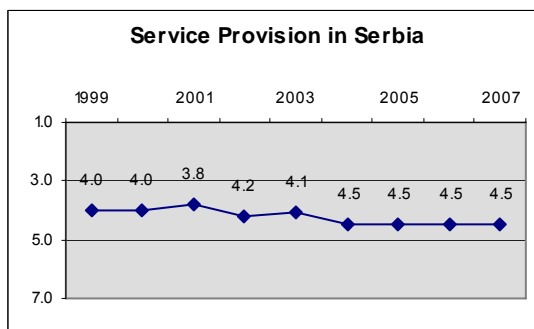
Some NGOs credit progress on certain issues – such as the Law on Associations – to perseverance. If NGOs raise the same issues with each successive government, at some point, they cannot be ignored. At the same time, NGOs acknowledge the difficulty of sustaining attention in a country still struggling with regular crises and scandals. An issue may capture public attention one week, but it can easily be replaced by another in the following.



Though leading organizations are starting to see success, their achievements are not indicative of the sector as a whole. Most advocacy initiatives remain discussions between NGOs and government elites. NGOs have made limited strides towards mobilizing citizen support and influencing public opinion around issues of national importance and related to Euro-Atlantic integration.

### SERVICE PROVISION: 4.5

There is no government strategy for supporting NGO service providers. However, individual ministries such as the Ministry of Labor, Employment, and Social Policy; the Ministry of Health; and the Ministry of Youth and Sport have contracted NGOs for services. The Poverty Reduction Strategy Implementation Focal Point continues to be the leading example of government-NGO cooperation in service provision.



The trend towards increased cooperation has created a few concerns in the sector, however, with some wondering whether NGOs have the “arm of a government or head of a movement.” These observers question whether such relations

The government has been utilizing the expertise of NGOs. Following concerted efforts by civil society, a Ministry for Youth and Sport was created after the January parliamentary election. The Ministry has partnered with the national NGO Civic Initiatives to draft a national youth strategy. Implementation of the Poverty Reduction Strategy, housed in the deputy prime minister’s office, continues to be another strong area of cooperation between the government and NGOs, with seven local NGOs that represent vulnerable groups providing feedback on the strategy’s implementation. These efforts, along with establishment of a Presidential Council on Civil Society, indicate important steps forward in building partnerships between government and NGOs.

compromise the ability of NGOs to act as watchdogs of government performance.

Service provision by NGOs is often donor-driven; the Social Innovations Fund, which was established by the European Agency for Reconstruction to promote innovation and decentralization of social services, is an example. Panel members expressed concern that many of these initiatives will continue only as long as there is funding. Other members underscored that only certain organizations, such as environmental and cultural organizations, are recognized for their contributions to service provision. There is no government support for and little public knowledge of the human rights NGOs that are providing free legal aid to individuals whose rights may have been violated.

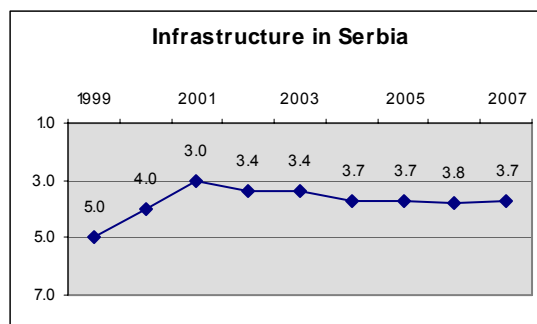
The ability of NGOs to receive contracts for services also remains tied to the weaknesses of the tax structure and the limitations on income generation. While some NGOs are looking into creating for-profit subsidiaries, such endeavors are limited given the difficulties in commercializing services and the complicated tax structure.

## INFRASTRUCTURE: 3.7

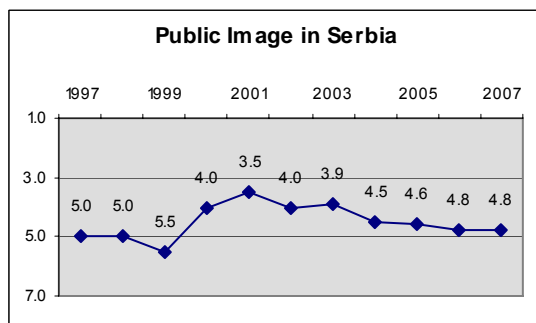
Networking and coalition building are becoming more common. Coalitions on access to information and decentralization are two predominant examples. Nevertheless, if ad hoc initiatives are to become stronger, they must be more structured and formal, with clear roles and responsibilities for members.

After years of little progress, partnerships with the government and private sector are improving. NGO efforts to promote corporate social responsibility have increased the credibility of the sector as a partner with the private sector. The NGO Smart Kolektiv is establishing a Responsible Business Leadership Forum to establish a code of conduct in CSR and philanthropy initiatives. BCIF also continues to position itself as a national foundation with the credibility to receive philanthropic funds and regrant them for local community initiatives.

Though Serbia has very capable trainers, there are no institutionalized mechanisms for funding training outside of a handful of donor activities, and little thought has been given to the sustainability of current efforts. Individuals rather than organizations are often contracted as training providers because they are less expensive. Those NGOs in most need of training are the least likely to be able to pay for it themselves.



## PUBLIC IMAGE: 4.8



NGOs continue to battle their image as donor-driven, foreign mercenaries that fail to respond to citizens and lack transparency and accountability. Certain politicians and media outlets still brand human rights organizations that speak out on sensitive topics such as war crimes as traitors, thereby casting a negative shadow on the sector as a whole.

NGOs that focus on citizen concerns receive more favorable media coverage. Those outside of Belgrade, where NGOs are closer to the communities they serve, have a more positive image and enjoy better cooperation with the

media. National media coverage, still the most influential source of information in Serbia, remains a challenge for NGOs. Large events with high-profile participants have had better success in attracting attention.

The NGO sector has yet to adopt a code of ethics. The lack of movement towards greater transparency and accountability leaves the sector vulnerable to easy stigmatization and unfair characterization. NGOs often respond defensively to negative attacks – such as news coverage on allegedly high salaries in the sector – which tends to further alienate them from the general public. NGOs, however, are becoming more proactive in presenting themselves to the public and building relationships with the media.