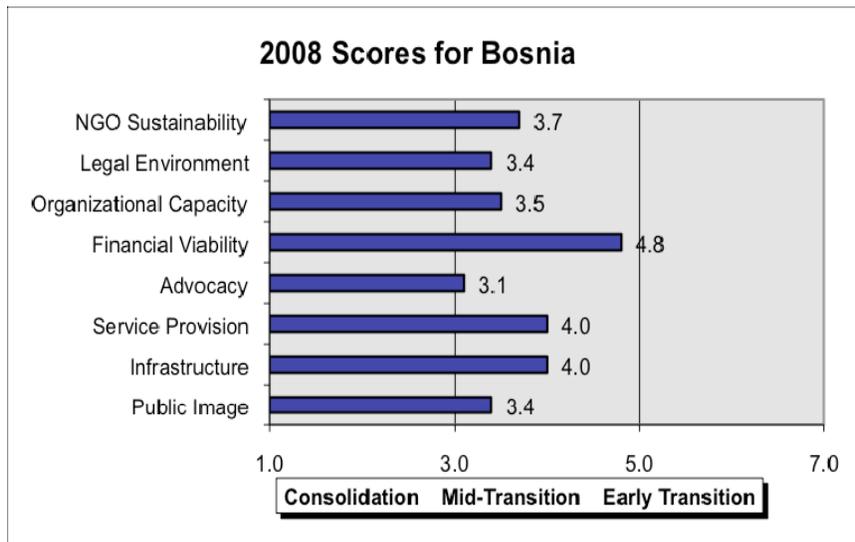


BOSNIA AND HERZEGOVINA



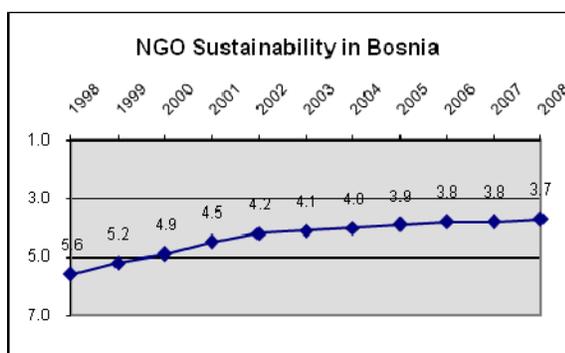
Capital: Sarajevo

Polity:
Emerging Federal Democratic Republic

Population:
4,613,414 (July 2009 est.)

GDP per capita (PPP):
\$6,600 (2008 est.)

NGO SUSTAINABILITY: 3.7



The overall level of NGO sector sustainability in Bosnia and Herzegovina slightly improved in the last year. This was due to gradual improvements in several areas. The Department for Cooperation with the NGO Sector was established within the BiH Ministry of Justice. Though still not fully functional, the department provides an important mechanism for NGO participation in dialogue with the government regarding issues related to the NGO sector and in policy development on important economic and social reforms. In 2008, twenty-five municipal mayors committed to long-term cooperation with civil society by signing agreements with NGOs, and over 160 NGOs and municipal officials expressed determination to implement these agreements. Twelve additional

municipalities requested similar assistance in developing effective mechanisms of intersectoral cooperation. The Law on Volunteerism was adopted in Republika Srpska (RS) in July 2008, alleviating barriers related to the legal status of volunteers.

The year 2008 also recorded quite a few successful advocacy initiatives, as well as several successes related to cooperation between government and NGOs. One such success was in the sphere of service provision; five organizations signed a memorandum of understanding with the BiH Ministry of Security regarding anti-trafficking efforts.

The emergence of several new NGO coalitions, as well as increased cooperation and partnership among NGOs on particular project activities, was a positive development, as more and more NGOs utilized the benefits of networking. NGOs also increased their level of visibility and benefitted from a generally positive public image, though more work needs to be done to increase citizen involvement and support. Initial signs pointed to the emergence of corporate social responsibility schemes and business efforts to provide support to NGO activities.

Financial viability remains the most difficult obstacle to overall NGO sustainability. The country is experiencing a gap between the gradual departure of foreign donors and the establishment of local support mechanisms. The latter still has much room for improvement, given the general lack of efficiency and

transparency in government allocations of funds to NGOs.

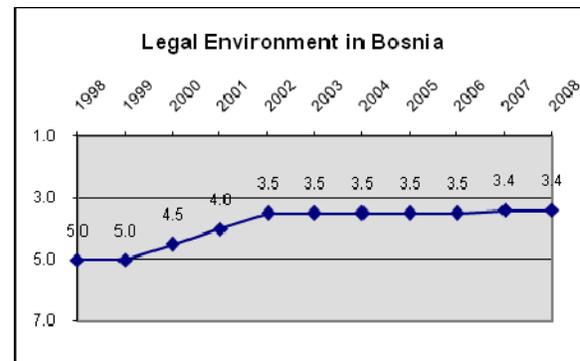
There are 9,095 registered NGOs in BiH, out of which 4,629 are estimated to be active, according to a 2005 survey by the Independent Bureau for Humanitarian Issues.

LEGAL ENVIRONMENT: 3.4

In 2008, the legal environment related to the NGO sector remained mostly unchanged, with some steps forward in legislation at the entity level.

Following the 2007 signing of the Agreement on Cooperation with the NGO Sector by the Council of Ministers, 2008 saw the establishment of the Department for Cooperation with the NGO Sector within the BiH Ministry of Justice. This department serves several important functions, including (1) leading efforts to create a sustainable institutional network for NGO participation in the development of reforms relevant to the sector, especially those related to the new EU instrument of support to the Western Balkans countries; (2) being a focal point for the implementation and monitoring of regulations issued by the Council of Ministers on the participation of citizens in the lawmaking process; and (3) supporting efforts to increase the capacity of the civil society sector. The department is still insufficiently staffed and its activities are only just being developed, so it remains to be seen whether it will succeed in fulfilling its mandate.

Implementation of the new Law on Personal Income Tax and the Law on Company Profit Tax adopted in each entity in 2007 was delayed until 2009 in the Federation BiH. The laws will likely bring some improvements in local NGO support, as they will enable tax deductions on donations constituting up to 1.5 percent of personal earnings and 3 percent of corporate earnings.



Probably the most important shift forward in the legal environment was the adoption of the Law on Volunteerism in Republika Srpska in July 2008. The law defines clearly what constitutes volunteer work in the nonprofit and other sectors, alleviating previous obstacles regarding the legal status of volunteers. In the Federation BiH, a similar law was drafted but not yet adopted.

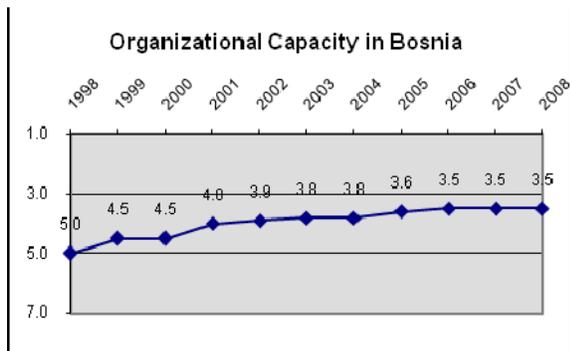
Problems related to the NGO registration procedure persist, with many organizations facing difficulties in either registering or changing their statute on the national level. The process requires a considerable time investment, taking significantly longer than what is prescribed by legislation. This is a result of the inefficient work of the registration authorities rather than a flaw in the administrative procedure itself.

ORGANIZATIONAL CAPACITY: 3.5

Most organizations have a clearly defined mission and access to modern equipment. In many cases, however, they lack strategic

planning skills. Due to their inability to focus activities and plan their steps strategically, many

organizations still end up closing down. Furthermore, volunteers are still underutilized.



The continuing decrease in donor funding has propelled competition among NGOs, with only the most competent remaining in operation. While weeding out less capable NGOs, the funding decrease has an overall negative effect on the sector because local funding mechanisms are still underdeveloped. In the context of the EU integration process, some new sources of funding are appearing such as the IPA (Instrument for Pre-accession Assistance), which places greater emphasis on strategic planning. The increasing importance of EU funding puts pressure on organizations to work on their strategic planning and project writing capacity. The donor withdrawal has pushed some organizations to shift their focus from donors to their constituencies. NGOs have started to respond to the real needs of their communities. Certain organizations are taking over the role of service providers and training other organizations on how to access new funding mechanisms.

FINANCIAL VIABILITY: 4.8

Financial viability remains the most difficult aspect of NGO sustainability in Bosnia and Herzegovina, as has been the case in other countries that faced gaps between the departure of foreign donors and the development of local support mechanisms. Government allocation of funds to NGOs has been extremely weak on all governance levels. For example, the City of Banja Luka allocated only 200,000 BAM (about \$128,000) to local NGOs out of its 165 million BAM (about \$106 million) annual budget. This

Bosnian NGOs continue to be primarily dependent on foreign donors. Government funding tends to focus on certain segments of civil society, such as sports clubs or veterans' organizations. With the initial influx of EU funding and its related guidelines, which include fostering the relationship between the state and civil society, the government is slowly beginning to realize it has vested interests in developing this cooperation.

NGOs are generally unable to sustain full-time staff, and most employees work on a volunteer or project basis. Few donors provide organizational grants to address this issue. Many organizations also lack transparency in the operations of their executive boards and other leadership positions.

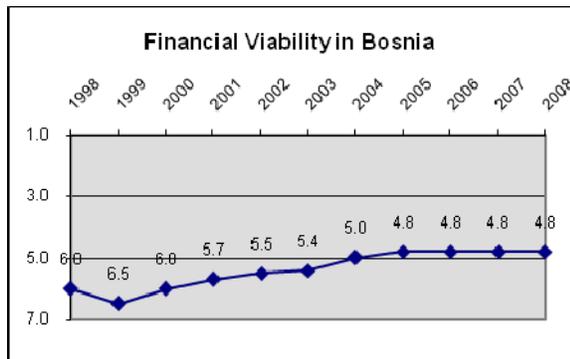
During 2008, civil society demonstrated the ability to unite around specific issues. NGOs organized a series of protests sparked by the general feeling of insecurity following the daytime murder of a young student in Sarajevo. NGOs raised public awareness of the government's inability to control juvenile delinquency, but the protests lacked sufficient coordination, diminishing their impact.

Some networking success stories did take place in 2008. The local International Council of Voluntary Agencies worked with a network of organizations on social protection issues, which succeeded in lobbying parliament for changes to social protection legislation.

allocation was made through many small grants to different organizations, without taking into account whether the amount allocated was sufficient for the implementation of the proposed project. The government tried to satisfy NGOs by providing minimal funding, while expecting NGOs to implement their full projects.

The mechanisms for government funding allocations are highly questionable. Instead of

following set guidelines and criteria, the government commissions that allocate public benefit funds seem to base many of their



decisions on political interests and allocate a large percentage of funds to predetermined beneficiaries such as sports organizations and

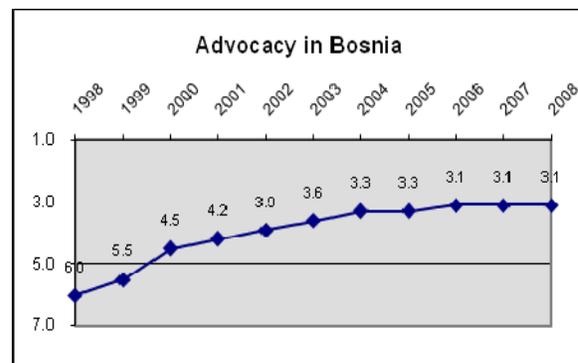
ADVOCACY: 3.1

There were quite a few successful advocacy initiatives in 2008. For example, the Youth Cultural Center (OKC) in Banja Luka was actively involved in advocating for the Law on Volunteerism adopted in Republika Srpska in July, as well as in advocacy activities on children and social assistance.

NGOs improved their cooperation with government representatives. The Alumni Association of the Center for Interdisciplinary Postgraduate Studies of the University of Sarajevo successfully lobbied for the adoption of a National Development Plan by the BiH Council of Ministers. Another local NGO, the Gardens of the Righteous Worldwide (GARIWO), successfully lobbied for the adoption of legislation related to banning fascist organizations and symbols. The International Council of Voluntary Agencies successfully led more than forty NGOs in the process of enhancing policy dialogue between NGOs and government on issues of social protection, education and the environment. As the result of an International Bureau for Humanitarian Issues project to develop policies for persons with disabilities, the BiH Council of Ministers adopted the Policy on Disability in May.

veterans' associations. Certain sectoral strategies do exist on different governance levels, such as the Strategy for Youth. This does not translate, however, into youth organizations being a top priority when it comes to funding allocation.

The new Law on Personal Income Tax and the Law on Company Profit Tax scheduled to enter into force in 2009 in the Federation BiH should bring some improvements when it comes to local support for NGOs. For now, the most successful fundraising activities on the local level involve individual philanthropic contributions, although most organizations still have not developed the capacity to utilize fully the benefits of local philanthropy.



Centers for Civic Initiatives (CCI) continued its 2006 initiative of monitoring the work of thirteen governments and parliaments on the state, entity and canton levels, publishing reports on the effectiveness and efficiency of these institutions as well as their individual representatives. The effects of these monitoring efforts on raising accountability became very visible in 2008, with 220 written and verbal reactions from government representatives in response to CCI reports. As a result of these monitoring and advocacy efforts, government representatives on different levels adopted over seventy recommendations for the improvement of BiH institutions and started over forty initiatives providing concrete measures for improvement in the spheres of poverty

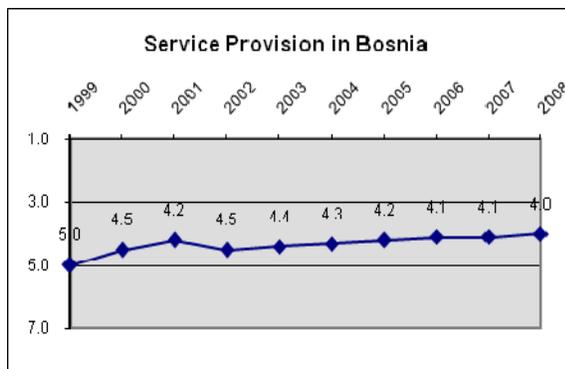
reduction, employment, and pension and health systems.

Although BiH NGOs showed improvements in advocacy activities, they recognized that the next step is to mobilize larger numbers of citizens. Numerous street demonstrations and

other forms of civic activism took place in 2008. The demonstrations were related to issues such as juvenile delinquency, unemployment, and protection of human rights, as well as citizens' dissatisfaction with and distrust in political leadership.

SERVICE PROVISION: 4.0

Service provision capacities of BiH NGOs showed slight improvements in 2008. The development of good cooperation between the governmental and nongovernmental sectors remains the main obstacle to further progress in this area. OKC in Banja Luka coordinated volunteers who provided social services independently of any cooperation with the government, which seemed reluctant to change its own system of service provision. Out of eleven cities in which OKC provided volunteer services, only the City of Trebinje facilitated direct cooperation with the Center for Social Work, the government entity responsible for provision of services to the disabled.



In the past two years, five organizations have signed a memorandum of understanding with the Ministry of Security to provide complementary services in the field of anti-trafficking in persons. The ministry recognized its lack of capacity in this field and the benefits of cooperating with the NGO sector to provide services such as the establishment of safe houses. The Center for Civil Society Promotion also had positive experiences connecting needs to services on the local level, with both NGO and local government representatives showing

interest in training of trainers programs focused on implementation of agreements between NGOs and municipal governments.

The Ministry of Justice developed a strategy that prioritizes cooperation with the NGO sector and the sector's strategic development. An initiative was also launched to create a database of service providers.

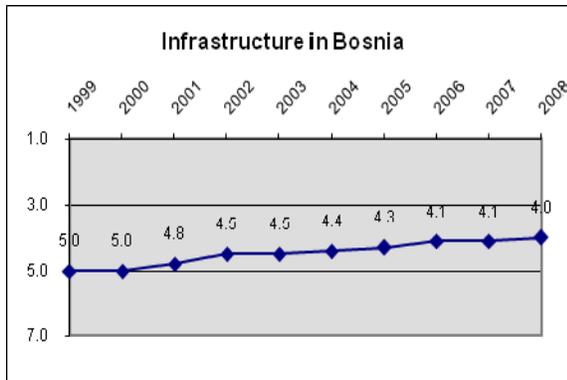
In terms of types of services provided, NGOs' expertise is primarily in conducting trainings and research and providing informal education. A less developed field remains the provision of social services, perceived as being under the monopoly of the state. NGOs and government took formal steps towards cooperation on some levels. In Banja Luka, the 2008–2013 Social Strategy outlines a system of provision of "mixed" services (including by NGOs). The Centers for Social Work have been very selective, however, and have chosen to cooperate only with some organizations. Maintaining control over service provision for socially vulnerable citizens is a politicized issue, as the government perceives this as an opportunity to win sympathies among large groups of voters. The International Bureau for Humanitarian Issues promoted an action plan for social inclusion based on provision of a mixed system of service provision, but local governments chose to cooperate only with certain organizations. The government gave NGOs dealing with disability groups, especially disabled veterans, greater latitude to provide services.

Although some services remain in the control of the government, NGOs have achieved greater government recognition. The NGO sector is

able to provide certain services faster than the government, using modern technology and new

methods thanks to their cooperation with international organizations.

INFRASTRUCTURE: 4.0



In 2008, several new NGO coalitions emerged: the Accountability Coalition, Cut the Tax Coalition (dealing with the harmonization of the two entities' fiscal systems), a coalition formed around the creation of a strategy for persons with disabilities, and a network of high school student councils. In addition, NGO partnerships

around specific project activities (so-called project coalitions) became more visible, a departure from the tendency for NGOs to enter formal coalitions without defined missions. Most importantly, NGOs themselves began to recognize the benefits of networking. Another advance in 2008 was the further development and growing use of the Civil Society Resource Centers administered by the Center for Civil Society Promotion. The centers served as a forum for easier information flow within civil society networks and between different organizations, and provided education and consultancy services. The number of visits to the Sarajevo Resource Center website, the number of inquiries on legal and NGO administration matters, and requests for exchange of information increased significantly.

PUBLIC IMAGE: 3.4

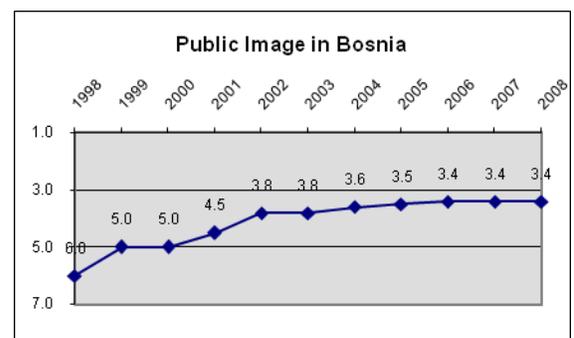
In general terms, the NGO sector is well covered by the media, especially in larger urban centers. It is common practice for the media to ask for statements from NGO representatives on different issues. Previously NGOs were almost exclusively targets of negative media attention. The media still leans towards sensationalism, however.

The public perception of the NGO sector was marked by growing understanding of and support for NGO work. According to a public opinion survey conducted by the International Republican Institute on the nationwide visibility of ten leading NGOs, most of the organizations showed an increase in visibility compared to the previous survey year.

Though the relationship with the government did take steps forward, in many ways NGOs were still perceived as competition.

The space for cooperation with business may be expanding; the first meeting between ten leading

NGOs and big business representatives was organized in 2008. The local NGO Foundation Mozaik developed a corporate social responsibility competition to award the most socially responsible corporation. As the public and media more frequently use the term "social responsibility," local companies are becoming more interested in humanizing their corporate image through cooperation with the local NGO sector.



Though the public image of NGOs has shown some improvements, NGOs still lag behind

when it comes to self-regulation. They made no real advancements in terms of increased transparency or the publishing of annual reports.

Certain problems related to local media coverage of NGOs occurred in 2008. A large number of media outlets in Republika Srpska are now under control of the ruling political party, which has shifted the public perception of local NGOs that criticize the government. For example, Transparency International in Banja Luka, after criticizing the RS government for lack of transparency, experienced systematic harassment by the local media and government, who accused TI of bribing companies to make fabricated accusations of corruption. The violent physical attack on the organizers and

guests of the Queer Festival in Sarajevo, organized by Association Q, was a result of the negative portrayal of this festival by some local media, which repeated hate speech expressed by some politicians and members of religious communities.

Overall, the media were open to following and supporting the work of the NGO community. In many cases, however, the work of media outlets is still driven by personal political beliefs or interests of editors-in-chief. This is a crucial issue as the NGO sector is taking on a more active role as a watchdog of government actions.