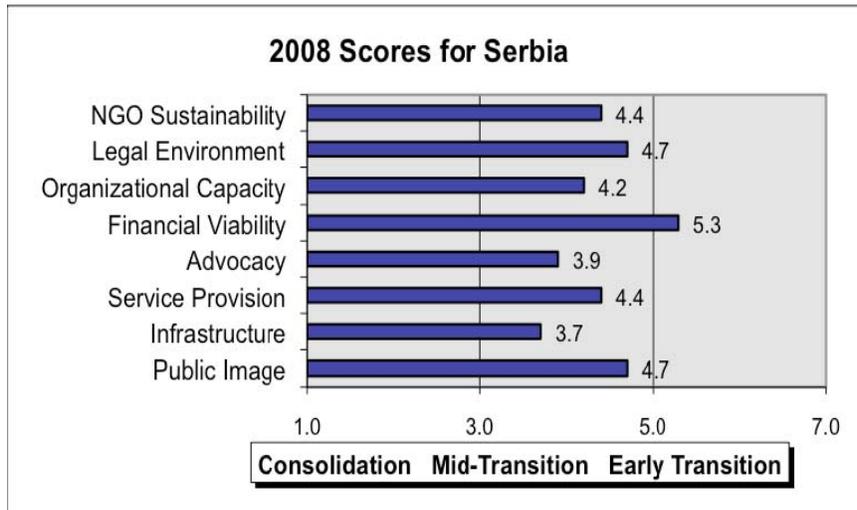


## SERBIA



**Capital:** Belgrade

**Polity:**  
Republic

**Population:**  
7,379,339 (July 2008 est.)

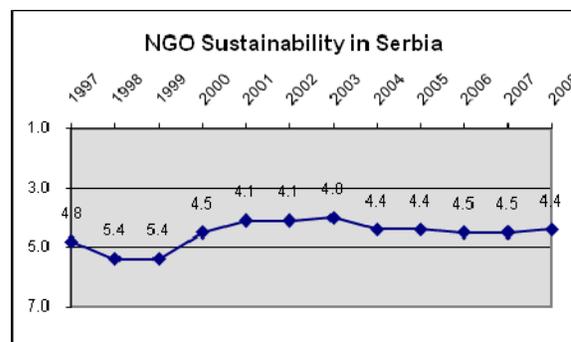
**GDP per capita (PPP):**  
\$10,900 (2008 est.)

### NGO SUSTAINABILITY: 4.4

Serbia experienced numerous tumultuous political events in the first half of 2008. These included presidential elections in January, with a second round in February, pitting the policies of the incumbent, western-oriented president against those of a strongly nationalist political leader. In February, Kosovo's unilateral declaration of independence from Serbia resulted in large-scale protests and rioting that left scores wounded, one dead and several symbols of the West, including various embassies, vandalized. Partly owing to these events, general elections in May became in essence a national referendum on whether the country should embrace western overtures to join the European Union or seek to expand ties with Russia.

The country's Democratic Party (DS) garnered the most votes, but in order to be able to form a coalition, DS reached out to the Socialist Party of Serbia, its erstwhile opponent for much of the past twenty years. By early July, the two sides reached an agreement and formed a pro-European government that many observers consider the most stable in recent years, as well as the most likely to live out its full mandate.

In mid-July Radovan Karadzic, one of the most notorious indicted war criminals from the war in



Bosnia, was arrested and extradited to the International Criminal Tribunal for the former Yugoslavia in The Hague. Subsequent protests led by nationalist and extremist groups failed to spark the kind of political instability that many feared would follow Karadzic's arrest. Instead, the government set to work in earnest by the end of the summer.

The situation in the country and the mood among NGOs can best be described as one of cautious optimism. NGOs continue to have an important role to play in advancing the kinds of policies and practices that will move Serbia closer to EU accession. With the pro-European mandate from the public, Serbian civil society organizations have an immediate opportunity to prove their value to society by advocating on

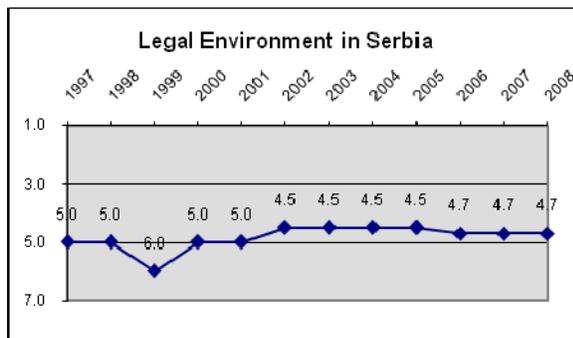
issues that citizens care about and that support Serbia's path to EU accession.

While exact data is not available, the Statistical Office of the Republic of Serbia indicates that over 10,000 NGOs are registered, including sport 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 lists 2,100 active public benefit organizations, including human rights, women's rights, environmental, advocacy, peace, and youth groups.

## LEGAL ENVIRONMENT: 4.7

Serbia continues to be 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 Law on Associations (1982), the Law on Foundations (1989), and the Federal Law on Associations (1990), although the last refers to a defunct governmental structure including 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.



Reflecting the cautious optimism noted above, civil society organizations expected the government to pass the new draft Law on Associations within the closing weeks of 2008, particularly after the legislative committee of the Serbian parliament confirmed that the law is in accordance with the country's constitution and legal order. In December, however, the government withdrew the law from parliament in order to clear the agenda and focus on passing the 2009 budget.

In October, the government's Poverty Reduction Strategy Team and the Belgrade Center for Political Excellence co-sponsored a forum

highlighting institutional cooperation between the state and civil society in which it was hoped that President Tadic himself would participate. In the end, Tadic did not appear, although the government was represented by several cabinet-level officials. NGO activists point to this as an important example of the government's commitment to improving the overall environment for civil society.

The draft Law on Foundations, prepared over the past year by a coalition of organizations including the Balkan Community Initiatives Fund (BCIF) and the Ministry of Culture, is pending approval following several public discussions during the course of the year. The law is the result of a six-month process that involved recognized legal experts, economists, representatives of funds and foundations, NGOs and the government, highlighting increasing cooperation between the government and civil society in the legislative arena. Though the government originally expected to hand over this piece of legislation to the parliament by November 2008, by year's end it was still in the process of completing a series of four regional discussions, to be followed by a larger public event in Belgrade. The Ministry of Culture sent a copy of the draft law to the Council of Europe for their comments and determination whether the draft complies with European practice and standards.

Human rights organizations and activists continue to experience some harassment. The government was sometimes unwilling or unable to follow up on threats and attacks made against organizations both in and outside of Belgrade.

While NGOs that belong to coalitions generally have adequate access to legal support, individual organizations—especially those outside of

Belgrade—do not. There is no systematic legal support network for NGOs across the country.

## ORGANIZATIONAL CAPACITY: 4.2

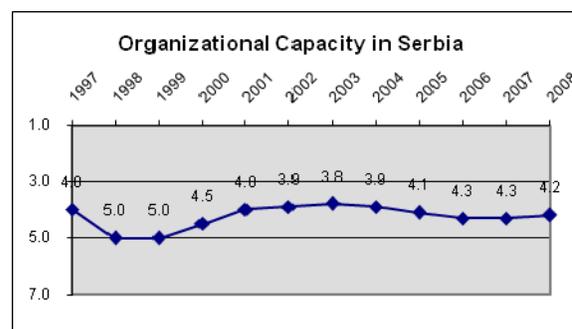
NGO constituency building initiatives saw a definite improvement during the year. This was due to a combination of factors, such as NGOs becoming increasingly attuned to issues that people care about, especially on the local level. While a few years ago there may have been a taboo associated with joining an NGO, now Serbians are more inclined to participate in projects, especially those with tangible benefits for the surrounding community. Government support of and willingness to work with NGOs have also reinforced efforts to build constituencies. Even human rights organizations, which were long considered the least popular civic initiatives, now report an increase in the number of citizens, especially students, seeking volunteer opportunities.

Despite these positive developments, many of these initiatives are still donor funded. It is unclear whether they will continue without some type of support, be it from foreign or domestic sources.

Many NGOs lack clear strategies for long-term sustainability, much less a strategic planning process. NGOs continue to develop projects based on donor interests and lack guaranteed long-term funding.

The increase in the number of organizations supporting internal audits of their own programs is a positive development clearly related to

donor influence. Whether this will continue as some donors withdraw from Serbia is uncertain.



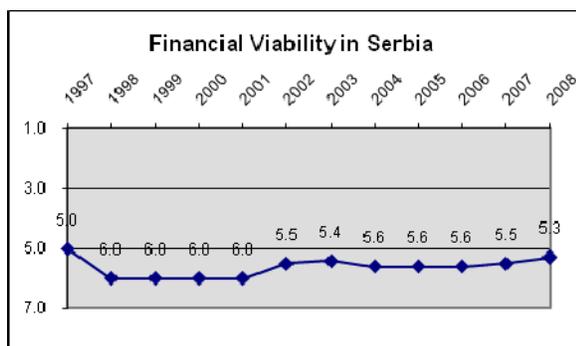
NGOs have a difficult time retaining permanent staff. While some might see a positive side to this—high turnover means a higher number of people exposed to NGO programs—the reality is that this puts an increased burden on staff to constantly recruit and train new personnel instead of being able to focus on the work at hand. Some argue that high turnover has also served to improve cooperation and understanding between civil society and the government or private sector as people move between sectors. Civil society simply cannot match private sector salaries, so high turnover is to be expected for the foreseeable future. With many NGOs still largely driven by charismatic leaders, building the capacity of mid-level staff to assume program management, citizen outreach, and fundraising duties remains a pressing need.

## FINANCIAL VIABILITY: 5.3

Serbia lacks any significant membership-driven organizations and civil society has yet to figure out a way to survive without external donors. NGOs continue to rely on foreign funding in spite of stiff competition and a general decrease in available funds. The year 2008, however, saw an important increase in government and private

sector support of civil society, especially on the local level. For example, the Ministry of Youth, which relied heavily on NGO participation and consultations while developing the country's national strategy, also works through local youth offices on the strategy's implementation. NGOs have become more effective in lobbying the

government to support their efforts. In addition, certain areas of the country, such as Novi Sad, turned away from radical-controlled governments to more democratic leadership in the recent elections. Other areas, such as Nis, are home to large companies such as Phillip Morris, opening up partnership opportunities for NGOs from such regions.



In 2008, BCIF renewed its partnership with Erste Bank to manage the bank’s philanthropic activities. A representative of Price Waterhouse Coopers participated in the selection committee for BCIF’s second annual VIRTUS award, which recognizes outstanding achievements in the field of social responsibility. BCIF also continued negotiations with U.S. Steel/Serbia and Holcim Srbija on potential cooperation, and received a grant from the Office of the Deputy Prime Minister for the creation of a database of NGO projects.

### ADVOCACY: 3.9

Though the first half of the year created uncertainty for the entire country, including the NGO sector, the formation of a more stable government in July opened up new prospects for advocacy efforts. Effective advocacy vis-à-vis the government, however, remains limited to what personal connections NGOs may have with specific representatives or institutions, as there are no formal mechanisms for cooperation. Many organizations, especially those outside of Belgrade, have limited personal contact with national government representatives, but more direct contact with local-level representatives.

Corporate social responsibility initiatives continue to gain momentum, and 2008 saw the launch of the country’s first ever Business Leaders Forum, sponsored by the NGO Smart Kolektiv. The forum is meant to serve as a gateway for businesses interested in getting more involved in NGO activities.

The improved score in this dimension reflects the optimism slowly building as the year progressed. Further improvements in the legal environment will help NGOs increase the diversity of local sources of funding, including individual philanthropy 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 somewhat more willing to seek out corporate resources, though some fear that a connection with business interests will compromise their values or that business interests do not want to be connected with them, a particular concern for those organizations dealing with sensitive subjects such as human rights.

Many NGOs, particularly smaller organizations and those outside of Belgrade, lack adequate financial management and plans for the future. Financial management training continues to be in high demand.

Lobbying is not legally regulated, which contributes to a reliance on personal contacts.

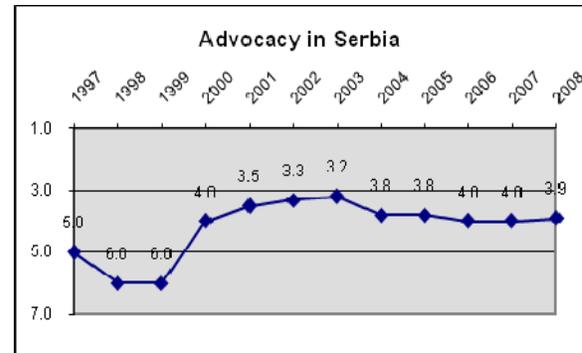
The term lobbying has a negative connotation among the public, state officials and even a majority of NGOs. This makes efforts to engage in effective lobbying even more challenging. Nevertheless, the government now conducts public hearings as a matter of course when considering new legislation or initiatives, a significant improvement over recent years.

Various legal reform initiatives including the draft Law on Associations and the draft Law on Foundations gained momentum in 2008,

although neither law was passed due to the unstable political situation. NGOs cite the difficulty of sustaining public attention in a country still struggling with regular political crises and scandals. An issue may capture the public's attention one week, only to be replaced by another issue the following week.

Though leading organizations are starting to see success in advocacy, 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, including those

related to Euro-Atlantic integration. One exception was a large pro-EU integration campaign launched by NGOs during the general election.



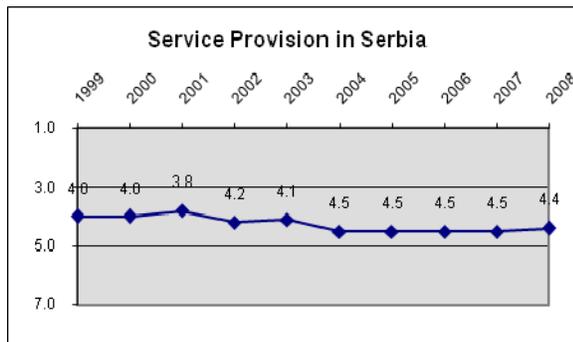
#### SERVICE PROVISION: 4.4

NGOs provide a range of services across Serbia. These initiatives are often poorly funded, however, and organizations live project to project, which is neither sustainable nor good for business.

There appears to be an increase in the number of organizations interested in expanding into service provision, reflecting a growing awareness on the part of civil society that they must better market their skills and services to their communities. Some organizations continue to rely on outdated methods such as sponsoring roundtables.

NGOs that provide free legal aid to individuals whose rights may have been violated have no government support and the public has little knowledge of them.

Increased government recognition of the role of civil society, including NGOs involved with service provision, has led to increased awareness and support of NGOs by the public. While there remains no official government strategy for working with NGO service providers, the number of social service organizations supported by various government ministries has grown. The Poverty Reduction Strategy Implementation Focal Point, an office created within the Deputy Prime Minister's Office in September 2004 to oversee implementation of the Poverty Reduction Strategy, continues to be the leading example of government-NGO cooperation in service provision. Businesses also increasingly cooperate with NGOs; the Business Leaders Forum and Smart Kolektiv jointly sponsored an NGO fair in Belgrade in June to showcase the role of NGOs in local communities across Serbia.



A majority of Serbian NGOs, particularly human rights organizations, continue to have problems making that crucial connection with the communities in which they are operating and that they ostensibly support. Human rights

The ability of NGOs to receive contracts for services remains hindered by 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. The country's complicated tax

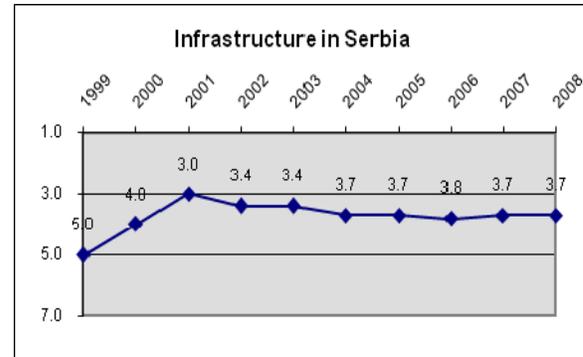
structure makes little distinction between NGOs and for-profit organizations, nor does it provide

incentives for the private sector to donate to charities or engage in philanthropy.

### INFRASTRUCTURE: 3.7

Networking and coalition building are becoming more common, especially as NGOs become aware of the benefits of such endeavors. Coalitions on access to information and decentralization are two prominent new initiatives. Nevertheless, if ad hoc initiatives are to become stronger, they must be more structured and formal, with clear roles and responsibilities for members.

Partnerships with the government and private sector continue to improve. NGO efforts to promote corporate social responsibility, such as Smart Kolektiv's establishment of the Business Leaders Forum, have increased the credibility of the NGO sector as a legitimate private sector partner. BCIF continues to position itself as a national foundation with the capacity to receive philanthropic funds and re-grant 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. NGOs most in need of training are least likely to be able to pay for it. Trainers are often poached by private sector companies that can pay more.

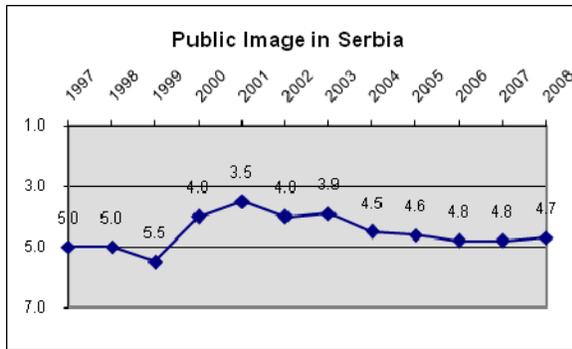
### PUBLIC IMAGE: 4.7

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

Certain issues seem to inspire community responsiveness and participation. Chief among these are environmental issues within communities, such as polluted riverbanks and illegal dump sites. Organizations dealing with these issues seem to garner the most public support, as evidenced by the high numbers that turn out in towns and communities to help NGOs clean up various sites.

NGOs that focus on citizen concerns receive more favorable media coverage. Those outside Belgrade, where NGOs are closer to the communities they serve, have a more positive image and enjoy better cooperation with the local media. National media coverage, still the most influential source of information in Serbia, remains a challenge for NGOs. Large events with high-profile participants tend to attract more media attention, such as the Balkan Communities Initiative Fund's annual VIRTUS awards ceremony, which features well known celebrities, or Smart Kolektiv's work with the Business Leaders Forum.

The NGO sector has yet to adopt a code of ethics. The lack of progress towards greater



transparency and accountability leaves NGOs vulnerable to easy stigmatization and unfair characterization as non-transparent, foreign-funded mercenaries. NGOs often respond defensively to negative attacks, further alienating the public. However, NGOs are becoming more proactive in presenting themselves to the public and building relationships with the media.