

SERBIA



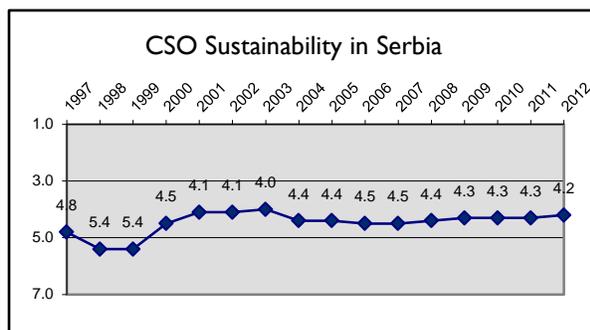
Capital: Belgrade

Population: 7,243,007

GDP per capita (PPP): \$10,500

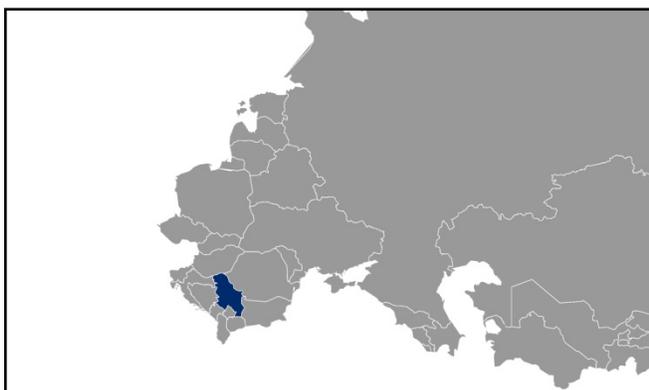
Human Development Index: 64

CSO SUSTAINABILITY: 4.2



CSO sustainability in Serbia improved in 2012. More EU funds were made available to CSOs, the government adopted an act on co-financing CSO projects, three strong new advocacy coalitions were created, and new resource centers and ISOs were developed throughout the country. In November 2012, Serbia also became part of the Europe for Citizens program, which aims to enable citizens to participate fully in European decision making.

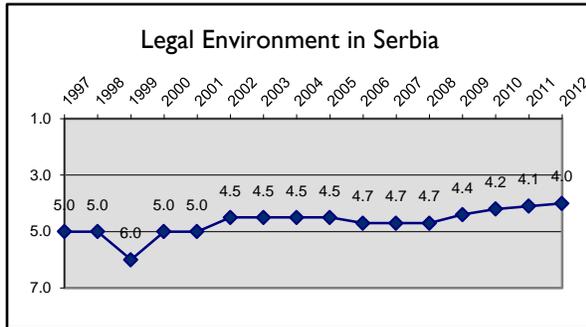
Parliamentary, presidential, and local elections were held in May. CSOs remained proactive throughout both the pre- and post-election periods, directing public discourse to topics of their interest. Political parties' focus on the high stakes elections reduced the functioning of local and national institutions during the pre-election period. After the elections, political parties formed coalitions, and the Serbian Progressive Party became the leader of the new government. The national political coalitions were also replicated on the local level wherever possible. State institutions operated at reduced capacity during this period, which extended to November in some communities. It is still too early to determine how the new government will relate to CSOs. Some members of the Serbian Progressive Party, which developed from the right-wing nationalist Serbian Radical Party, made negative statements about the civil sector in the past. Such statements, however, were not repeated during the 2012 election period, and the party has not pursued anti-civil society policies since taking



office.

According to the Serbian Business Registry Office, as of November 2012, there were 18,544 citizens associations (an increase, for reasons that are unclear, of almost 15 percent over the past year), 46 foreign associations, and just over 400 foundations and endowments registered in the country.

LEGAL ENVIRONMENT: 4.0



The legal environment for Serbian CSOs improved in 2012. In particular, CSOs noted increased cooperation with and support from the governmental Office for Cooperation with Civil Society and other independent governmental institutions. In addition, the government adopted a decision that made CSOs eligible for co-funding from the state budget for projects financed by the EU and other funds. This is an important development as many CSOs have been unable to meet the cost share requirements of the EU's calls for proposals. With the government's inactivity both

before and after the elections, it is still too early to judge how this decision will be implemented.

The registration process for CSOs continues to be simple and decentralized. On average, a CSO can register in two or three days. Documents and information are available online, but registration can not be completed online. Citizens associations, foundations, and endowments register through a network of fourteen Serbian Business Register Agencies. Local register agencies still struggle with some aspects of registering foundations under the 2010 Law on Foundations and Endowments, for example, how such entities should formulate their establishing acts and define relations between co-founders.

Political parties did not create as many CSOs in 2012 as they have in the past. However, those organizations registered in previous years continue to operate and compete for funding with existing CSOs.

Tax treatment of CSOs remains unfavorable. During the second half of 2012, the state increased VAT from 18 percent to 20 percent, which increased the costs of all purchases. Donations from the EU and the US government continue to be VAT-exempt.

A CSO can engage in economic activities as long as they are related to the organization's statutory goals and are envisaged in the organization's statute. The first 400,000 dinars (approximately \$4,600) of income is exempt from income tax as long as the earnings are not distributed to the founders, employees, members of the management board, or any other affiliated person. CSOs find these and other restrictions related to earned income to be very complex and therefore often hesitate to engage in economic activities.

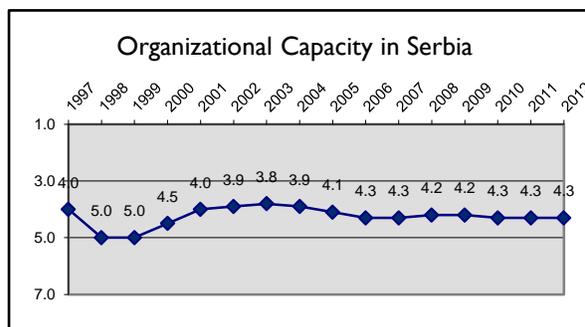
Led by Civic Initiatives and the Balkan Community Initiatives Fund (BCIF), more than 150 CSOs, along with the State Ombudsman and the Commissioner for the Protection of Equality, advocated to simplify accounting procedures for CSOs and extend the list of public benefit activities for which donors can provide tax-deductible donations. While the previous government was ready to accept these amendments, the newly elected government has announced that it will reject most of them. CSOs once again presented their case to the new government during a public hearing on the Law on Accountancy in October 2012.

Local legal capacity is still weak, although Civic Initiatives' pro bono legal network continues to provide support to CSOs. Human rights organizations provide legal support to CSOs on the local level. Local organizations continue to receive most of their legal support from experienced local CSO leaders, who are generally not lawyers.

ORGANIZATIONAL CAPACITY: 4.3

CSO organizational capacity remained largely unchanged over the past year. The lack of managerial skills, unclear lines between governance and management, and a constant influx of new, inexperienced staff continue to plague the sector.

Serbian CSOs engaged much more actively in constituency building in 2012. CSOs used social networks, smartphones, and other resources to improve communication with potential constituents. Serbia had almost 3.6 million Facebook users in 2012,



making the social network a particularly effective means of communications. Donors emphasized constituency building activities during the year. For example, the USAID-funded Civil Society Advocacy Initiative (CSAI) Project, implemented by the Institute for Sustainable Communities (ISC) in partnership with several local partner CSOs, provided training and financial support to CSOs on how to use online social networks in their work. CSAI also funded many ICT initiatives like Hakaton, a software program for mobile devices that can be used to promote civic activism, and Open Parliament, an online tool for monitoring the Parliament's work. The Ministry of Youth and Sports also supported constituency building through CSO youth resource centers, which provided financial and technical support to informal youth groups and emerging CSOs in their regions, thereby involving young new activists into CSOs.

Faced with a lack of funding, CSOs started to reexamine their strategic positions in 2012. At the same time, more donors now either provide support for or require grantees to submit three to five year strategic plans, as well as overviews of their internal systems and procedures. USAID supported the development of strategic planning, internal management systems, and staff capacity of three CSO coalitions and several individual CSAI grantees this year. The Norwegian Embassy released a solicitation at the end of 2012 focused on CSO organizational development.

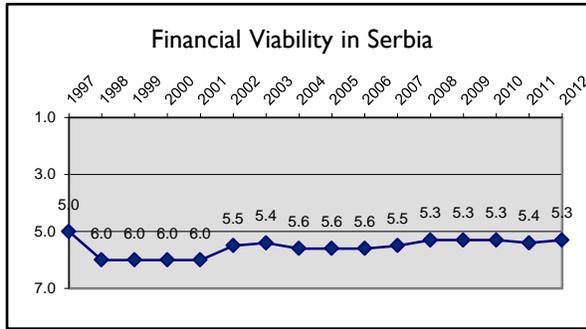
According to official data from the Serbian Business Register Agency, in 2011 citizens associations employed 6,572 people, while an additional 492 worked in foundations and endowments, an overall increase of almost 22 percent from 2010. Official data for 2012 will not be available until April 2013. Most CSOs still do not have clear organizational charts, structures, or job descriptions. Staff is hired on an ad hoc basis depending on current projects and budgets.

CSO technical advancement remains largely the same, with the exception of increased usage of smartphones that allows easier Internet access and facilitates more regular updates of Facebook and Twitter accounts and even CSO websites.

FINANCIAL VIABILITY: 5.3

The financial viability of CSOs improved somewhat in 2012, although diversification of revenue sources is limited, CSOs continue to rely mostly on international donors, and the economic crisis decreased the level of funding from the private and public sectors.

Four international donor programs providing grants and capacity building to CSOs were initiated at the end of 2012, providing significant funding opportunities for CSOs. First, the Norwegian Embassy announced that it would provide institutional support to a selected number of CSOs and networks. Second, a new \$7 million USAID program aimed at CSOs, Civil Society Forward, began on November 1, 2012. Third, in 2012 Serbia



became part of the EU program Europe for Citizens that will support international exchange and cooperation programs. Fourth, at the end of November, the EU signed approximately twenty grants for projects worth up to €1 million each, many of which include sub-granting elements.

Financial support from local government authorities was put on hold throughout the pre-election period. In addition, after the elections in May, many local authorities spent months replacing staff and members

of the local government. As local institutions were largely non-operative, local CSOs faced “administrative silence” in response to many of their requests for funding. Many local CSOs complained that local governments were not transferring funds on signed grant agreements. On the other hand, the government adopted a decision making CSOs eligible for co-funding from the state budget for projects financed by the EU and other funds. Once fully implemented, this decision should significantly increase CSOs’ abilities to meet the EU’s cost share requirements.

The economic crisis has had a crippling impact on local businesses, primarily small and medium enterprises (SMEs). As a result, they are reducing their already limited giving to nonprofits. On the other hand, according to the BCIF philanthropy program, CSOs are increasingly approaching individual donors, although this has yet to produce significant revenue. CSOs are also experimenting with new fundraising techniques. Hiring professional fundraisers or consultants is now a frequent practice even among smaller and medium-sized CSOs.

Earned income remains largely unchanged. While local government requests for social services are decreasing, they regularly hire local CSOs to manage projects and develop local policy documents. The number of social enterprises is growing, but they have yet to increase their profits or the number of people they employ.

Financial management systems are slowly improving as part of the overall improvement in strategic planning efforts and the development of procedures. However, CSOs still need more training in financial management, as well as more funding to publish annual reports, conduct organizational audits, and implement other key financial transparency activities.

ADVOCACY: 3.5

CSO advocacy efforts improved in 2012, even though the elections and changeover in government meant that local and national institutions were not fully operational for part of the year.

The governmental Office for Cooperation with Civil Society, established in 2010, remains a key communication point between national authorities and CSOs. The Office provides CSOs with opportunities to convey their recommendations and concerns to the government through open debates and formal and informal communication. It also directs CSOs to the appropriate government offices. The Office is the national contact point for the Europe for Citizens program.



In 2012, the government established new national bodies involving CSOs. For example, CSOs were invited to be part of a newly created governmental body concerned with the safety of women in Serbia. Five consumer

protection CSOs became members of the National Council for Consumer Protection, which is charged with developing new legislation on consumer protection.

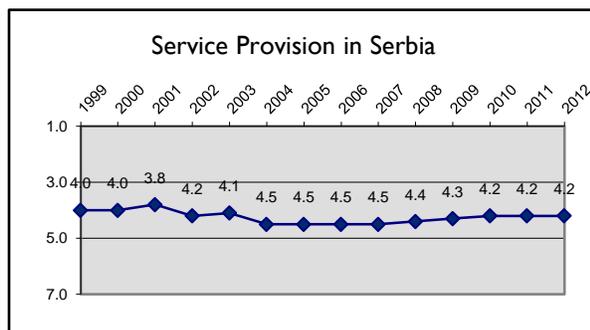
There are numerous cases of successful advocacy on the local level. For example, as a result of advocacy efforts by the Committee for Human Rights in Nis (CHRIN), the city of Nis allocated approximately \$60,000 to make three schools fully accessible for disabled persons. In November 2012, Nis also allocated money in the 2013 budget to make some city streets accessible.

In 2012, CSOs formed three large new coalitions with the support of USAID. Open Parliament is dedicated to promoting the accountability and transparency of the Serbian National Assembly; the Assembly started to publish transcripts and voting records in mid-2012 as a result of the coalition’s pressure. Green Initiative’s focus on waste management and social entrepreneurship resulted in seventy-four tons of waste being recycled in forty cities around the country, as well as the funding of two social enterprises focused on waste disposal. Black on White Initiative, which is dedicated to workers’ rights, has promoted the protection of workers’ rights throughout the country. These initiatives, which involve the leading CSOs in the country, are very visible and have attracted great public interest.

CSO lobbying efforts are hampered by the lack of a Law on Lobbying that would grant CSOs the same level of access to law makers as that of economically stronger stakeholders. Lobbying was additionally limited in 2012 by the process of forming national and local governments after the elections.

CSO advocacy efforts led to the adoption of the governmental act on co-financing of CSO projects.

SERVICE PROVISION: 4.2



Service provision in Serbia in 2012 remained largely the same as in 2011. Legislation governing CSO service provision has not changed, and it is too early to determine the willingness of the new local and national governments to engage with CSOs on service provision.

The civil sector has extensive experience providing a variety of services. The strength of CSO social service providers is increasing on the local level. For example, many CSOs focused on disability issues have

introduced free accessible transportation, personal assistance services, and facilitation of access to medical services. Other CSO services include day care centers for disabled children, safe houses for victims of violence, psycho-social support, protection of consumers’ rights, free legal support for victims of torture by law enforcement, and emergency phone lines. CSOs have the capacity to provide education services, but these efforts are hampered by legislation governing the formal education system. For example, the state must authorize cooperation between individual CSOs and schools, which is a slow and inefficient process heavily dependent on political will. While poverty eradication and economic development are the most pressing needs facing communities, CSOs can not fully address these issues, both because of their complexity and the lack of CSO coordination.

CSOs provide some training to state institutions. Dokukino provided training for the Office for Cooperation with Civil Society on new media, while the Center for Research, Transparency, and Accountability (CRTA) trained the Serbian Assembly’s senior management on transparency and accountability issues in public administration.

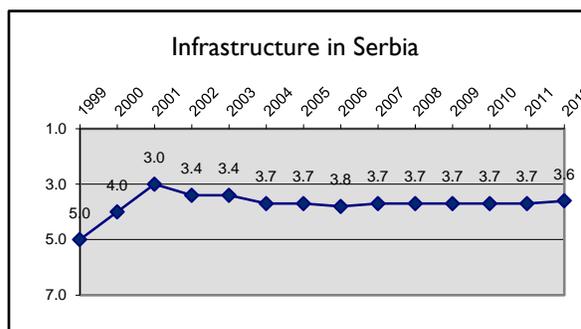
In 2012, the business and state sectors began to recruit CSO staff members to provide services as full-time employees or consultants, rather than hiring CSOs. Local authorities believe that most of CSOs' knowledge and skills lies with existing leaders, and they consider such arrangements more cost-efficient.

CSO services are generally provided to the wider community free-of-charge. As a result, CSOs often face problems covering their operational costs.

Although legislation allows CSOs to provide social services, local authorities are biased towards the Centers for Social Work and other state-owned institutions. These practices effectively reestablish a state monopoly over social services in contradiction to the strategic directions stated in key legislation.

INFRASTRUCTURE: 3.6

CSO infrastructure in Serbia improved in 2012, as new types of ISOs and resource centers were created during the year. USAID's Sustainable Local Development (SLD) program opened focal points designed to exchange information and support cross-municipal cooperation and projects involving CSOs, local self-governments, companies, and media. The EU IPARD program, which supports agriculture, initiated the creation of Local Action Groups (LAGs) that will help local agricultural workers create their own associations. The National Association of Youth Work Practitioners (NAPOR) will produce standards for CSOs and government to work with youth.



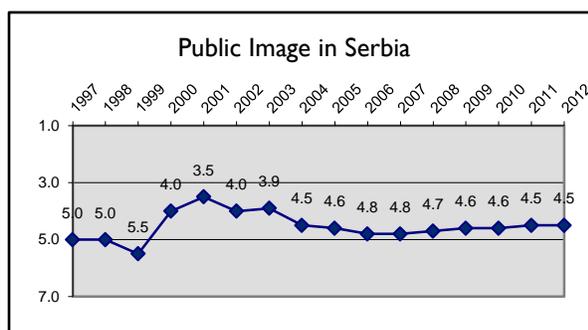
Community foundations are beginning to emerge. Mesecina from Subotica is registered as a community foundation. Zajecarska Inicijativa began the process of registering a community foundation in 2012, although it already re-granted funds for community building and youth actions as a CSO in 2012. Starting in 2012, EU calls for proposals allow sub-granting.

New networks and coalitions, such as Open Parliament, Green Initiative, and Black on White, are emerging. Some existing ones, like the Federation of Nongovernment Organizations of Serbia (FENS) are restructuring to better reflect the current state of the sector. Regional networks, such as the Balkan Civil Society Development Network (BCSDN) and Right to the Village (a network of CSOs dedicated to rural development), are also increasingly active thanks primarily to regional EU funding programs.

The donor community provides declining support for training initiatives, even though civil society is still in need of capacity building. In particular, there is a shortage of training on financial management and strategic planning. In addition, according to research by Civic Initiatives in 2011 and 2012, approximately 5,000 organizations have been established since 2010, 60 percent of which have never received any financial support. At the same time, many existing CSO leaders are nearing retirement age or moving to other sectors, creating a demand for advanced training programs for emerging CSO leaders within developed organizations. CSAI and the EU's Technical Assistance for CSOs (TACSO) provide valuable training for CSOs all over Serbia on fundraising, advocacy, budget advocacy, project management, and other topics.

Intersectoral partnerships continue to develop. BCIF continues to work in partnership with Erste Bank to provide support to youth groups for cultural activities outside Belgrade. The Business Leaders Forum – initiated by SMART Collective – involves some of the leading companies in Serbia in corporate social responsibility programs. CSOs work with local governments to combat corruption through Local Anticorruption Forums initiated by the CSO BIRODI.

PUBLIC IMAGE: 4.5



CSOs are increasingly present in the media, primarily on local and regional TV stations. National TV stations increased their coverage of CSO work as well. CSO information is now regularly broadcast on the news program of Radio Television Serbia (RTS) (including TV shows with over two million regular viewers like News and Morning Program); the special RTS production Magazin OKO; B92 news; and the Internet news portals Blic, Danas, Juzne Vesti, and Sumadija Press.

The public perception of CSOs is also improving. The public no longer equates CSOs with national CSO leaders. In addition, in 2012, new CSO leaders rose to prominence through their participation in nationally televised debates and as commentators on leading websites. The public now has a wider understanding of CSOs' work in Serbia. Previously, the public primarily associated CSOs with war crimes issues, a controversial topic that continues to divide Serbian society today. Now, the public recognizes a variety of local actions, humanitarian activities, economic development initiatives, and other efforts as CSO activities, which positively impacts the image of the entire sector.

Government and business representatives, on the other hand, are more likely to recognize individual CSO leaders than CSOs. Their perception of a CSO leader's credibility is the key determinant of whether a government or company will work with a particular CSO. As a result, some of the smaller and younger organizations feel excluded from communication with government authorities and businessmen.

CSOs and the media alike recognize the need to build the sector's public relations capacities, although some progress was made in this regard during the year. CSAI organized a series of trainings and meetings for journalists and seventeen public relations professionals from CSOs and CSO coalitions in 2012. The Serbian Society for Public Relations published a prestigious report called *Examples of Good PR Practices in Serbia 2012/13*. In addition, CSO banners are increasingly present on Facebook and Google ads, increasing the number of visits to their respective websites.

To date, approximately 150 CSOs have signed the Code of Ethics created in 2010. NAPOR developed its own code for youth organizations and even developed an Ethics Committee. The Serbian Philanthropic Forum started to develop its own code of ethics in 2012. CSOs provide regular financial reports to the state, which are accessible online. Only a limited number of CSOs publish programmatic and financial reports.