

Serbia

Synthesis of the baseline brief

COMPONENT 1: CONDUCIVE ENVIRONMENT

Objective 1: An enabling legal and policy environment for the exercise of the rights of freedom, expression, assembly and association

Result 1.1.: All individuals and legal entities can express themselves freely, assemble peacefully and establish, join and participate in non-formal and/or registered organisations

	The Law on Associations (2009) and The Law on Endowments and Foundations (2010) implemented with no difficulties are considered to be modern laws that provide a framework for CSO work.
	The registration process is voluntary with clear, simple, decentralised procedures and possibilities for CSOs to register online in only a few days.
	Networking is allowed by the law and supported through a variety of policies and programmes. Numerous informal groups are very active and recognised by society.
	Local agencies still struggle with some aspects of registering foundations, for example, questions still arise regarding how such entities should formulate their establishing acts and define relations between co-founders.
	The Law on Associations and the Law on Endowments and Foundations stipulate that they are free in internal matters regulated by statutes.
	Although freedoms of assembly and expression are guaranteed to everybody by the Constitution and regulated in detail by The Law on Public Assembly (2005), they are not always implemented by public authorities. Spontaneous gatherings are not allowed, since the application must be submitted, but the authorization is not needed.
	The law does not recognize/define the simultaneous and counter-assemblies.
	Constitution of the Republic of Serbia guarantees freedom of opinion and expression, and freedom to speech, writing, painting, or otherwise seek, receive and impart information and ideas, but prescribes the limitations also. Data from AIEM (Association of Independent Electronic Media) reports show CSOs and human rights defenders were threatened freedom of expression and critical work. The list of CSO entitled to "Black List of non-governmental organizations" and the similar list of media made by nationalistic associations.
	The Anti-discrimination Law forbids expression of ideas, information and opinions that incite discrimination, hatred or violence against a person or group of persons because of their personal characteristics, in the media and other publications, papers and places accessible to the public, by printing and displaying messages or symbols, or otherwise.
	Libel was abolished as an offense by Amendments to the Criminal Law from 2012
	Legal framework guaranties to everyone the right to be truth, fully and timely informed about matters of public interest and public information are obliged to respect this right. The Electronic Communications Law guaranties the confidentiality of electronic communications
	CSO access to media depends on the level of media interest in their activities, as well as political situation.
	Survey from 2011 showed that one third of CSOs has no access to Internet, which corresponds to the finding that one third of CSOs do not have a computer/laptop in their organization.
	The Ombdusman initiated assessing the constitutionality of provisions of the police interfere with the

	secrecy of communication channels and gave an opinion on the Draft regulation on detailed criteria for determining the degree of confidentiality of classified information "confidential" and "internal" to the public authorities.
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Result: 1.2. The policies and legal environment stimulate and facilitate volunteering and employment in CSOs

	According to data available, there were 7,304 fully employed persons in associations in 2012.
	There were over 150,000 volunteers.
	75% of surveyed CSOs believe that legal solutions are not stimulating for volunteering in Serbia, while 15% believe the legal solutions are stimulating
	CSOs are treated in an equal manner to other employers by law and policies. There are no additional requirements when employing people in CSOs. The Labour Law treats CSOs and other employers in the same way.
	Labour Law is rigid in terms of employee contracting rules, as it does not allow time-limited, projects related contracting. This makes employment in the CSO sector quite difficult.
	CSOs use state incentive programmes for employment: start up programmes, the first chance programmes, young people to 30 years old employment, and professional development programmes.
	The Law on Volunteering is too codifying and makes it difficult for CSOs in Serbia to engage volunteers in their work. The law puts an additional administrative burden on CSOs so that CSOs try to avoid the demands by creative implementation.

Result 1.3. National and/or local authorities have enabling policies and rules for grassroots organisations* and/or civic initiatives.

	The registration process is voluntary with clear, simple, decentralised procedures and possibilities for CSOs to register online in only a few days.
	Numerous informal groups are very active and recognised by society
	Spontaneous gatherings are not allowed since an application must be submitted, but authorisation is not required.
	The law does not recognise or define simultaneous and counter-assemblies.
	The legal framework guaranties to everyone the right to be truthfully and timely informed about matters of public interest and public information and it guarantees respect of this right.

Objective: 2. An enabling financial environment, which supports the sustainability of CSOs.

Result: 2.1. Easy-to-meet financial rules for CSO, which are proportionate to their turnover and non-commercial activities

	21% of surveyed CSOs assessed that prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 77% were
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	clear and understandable
	For 35% of CSOs assessed that it is not simple to implement prescribed financial rule, obligations of bookkeeping and accounting, referring to their organisations are not clear and understandable, while for 62% is simple to implement
	The new Law on Accounting was adopted in 2013. It recognised the specificities of the non-profit sector. Effects of this law will come into force, starting with drafting and submitting financial statements, in 2014.
	Amendments to the Law on the Budget System prescribe mandatory registration of beneficiaries of public funds and registration in the Register of Public Funds at the Treasury. The opening of a special purpose account for the special users of public funds or associations and other civil society organisations is also mandatory. Opening an obligatory account in the treasury imposes additional burdens and costs to CSOs by making them open new accounts. Furthermore, when an account is opened a CSO has to pay higher bank fees than it would in a commercial bank. Cash is not allowed and e-banking is not possible.
	Most CSOs are categorised as small legal entities and, according to the new criteria of categorisation, they will be categorised as micro legal entities and thus they are not subject to the statutory audit of financial statements as stipulated by the new Law on Auditing adopted in July 2013.
	Associations, foundations and endowments pursuing public interest objectives may engage directly in economic activities insofar as prescribed conditions are met. CSOs must register one economic activity, the so-called major economic activity it seeks to directly engage in, with the Registry of the Agency for Commercial registry.
	There is inconsistency in the implementation of the article on economic activity because the supervising state authority occasionally has taken a position that a CSO may only directly engage in the economic activity, which is registered with the agency.
	There are no restrictions on CSOs to receive foreign funding.
	Bank transaction fees, which are not allowed as budget costs, are identified by CSOs as a financial burden to receiving foreign funding. Receiving funds from anonymous individuals through an account is not possible, as banks require a legal base for the payment or income.

Result: 2.2. Donations are stimulated with adequate legislation and regulations

	The National Strategy on CSR was adopted in 2010 for a five-year period. There are few CSOs leading in this topic and they are partners with the state in promoting CSR
	Individual charitable giving is not recognized by the law as grounds for tax deductions.
	Requirements for receiving deductible donations are prescribed by the Tax Property Law and the set of publicly beneficial activities is not in compliance with Law on Associations and Law on F&E. Corporations have recognised expenditures for health care, cultural, educational, scientific, humanitarian, religious, environmental protection and sport-related purposes including contributions to the social security institutions established in compliance with the Social Security Law, up to five percent (May 2013).
	Corporate tax deductions are characterised by complicated procedures. Quite often, when giving donations, corporations are subject to inspections.
	Associations, which have the license and accreditation for offering social security services, are at a disadvantage as far as taxation is concerned in comparison to social security institutions. Tax

	statements of business companies as providers of material assistance will recognise only the expenditures to social security institutions. No specific deductions for these types of organisations exist.
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Result: 2.3. Financial (e.g. tax or in-kind) benefits are available

	Public benefit status is not clearly defined.
	The tax system is not favourable for CSOs.
	The tax administration inconsistently implements laws and regulations.
	Like many other Eastern EU countries, Serbia does not stipulate any exemption from property tax on the real estate of associations, foundations and similar CSOs performing activities of public interest.
	The Property Tax Law of 2010 has abolished the 2.5 percent tax on gifts for foundations, endowments and associations for gifts or inheritances received and intended exclusively for achieving public benefit objectives.
	The non-taxable amount up to which received funds are not subject to gift taxes was raised to 100,000 dinars (EUR 877).
	The Corporate Profit Tax Law generally exempts CSOs from taxation on grants, donations, membership dues, and non-economic sources of income.
	Profit generated by an NGO is exempt from income tax under clearly prescribed conditions related to the earning threshold; distributon of earnings; level of salaries for the members of the management board and employees; usage of the earned profit; and fairness of competition with the private business sector.
	The establishment of endowments allowed no specific tax benefit.
	In 2012, parafiscal taxes, which were primarily regulated by the local governments, such as the “ecological tax”, the “communal tax” or the “branding tax” were abolished in many municipalities. However, there are still examples of tax administrations requesting that different parafiscal taxes be paid.
	. Passive investments are used only if funders allow. In practice, there are some difficulties in registering endowments due to a lack of knowledge of the SBRA.

Result 2.4.: Government support to CSOs is available and provided in a transparent, accountable, fair and non-discriminatory manner

	Public funds for CSOs are not clearly planned within the state budget. However, there are special state budget lines dedicated to funding of CSOs. Unfortunately, sport clubs; churches; public institutions; the Red Cross (that already has its own line defined within the budget); and even individuals were financed from the same line.
	State support to CSOs is regulated by the Law on Associations, the Law on Endowments and Foundations and bylaws and regulations on criteria for financing and co-financing CSOs activities in the national budget. But, state support is not transparent enough. CSOs are not involved in prioritising and programming, especially on the local level.
	Funds are provided only for projects and programmes, but not for the institutional development of CSOs.
	There is no unique national body or institution with a mandate for distribution of public funds to CSOs. There are no clear procedures as well. Available public funding often is insufficient even to

	cover administrative costs. Co-funding was introduced by the office but on a very small scale as compared to sector needs.
	CSOs are not involved in prioritising and programming, especially on the local level.
	The Bylaw on Criteria of Financing and Co-financing CSO Activities from the national budget prescribes that allocation of funds is based on public calls announced by the competent authority on the official web site, and on criteria, conditions, scope, methods, process allocation, and the manner and process of returning the funds
	Procedures addressing issues of conflict of interest in decision-making are prescribed by the Law on Prevention of Conflict of Interest in the Discharge of Public Office. Information is publicly announced on the official web site of the competent authority and/or the daily newspaper. According to the Annual Consolidated Report on Spending of Funds Planned and Disbursed to Associations and other CSOs, procedures are followed and applied in a harmonised way. The Law on Association allows for "any legal entity to found a non-governmental organisation". This creates a situation of potential non-disclosed conflict of interest in cases when a CSO is founded by a political party, since all CSOs can apply for funding from national or local budgets, and decisions on those funds are made by people from the same parties.
	CSOs stated that the CSOs supporting political parties in power are favoured on calls and tenders.
	CSOs rarely participate in tenders
	Monitoring is carried out during project implementation but without consolidated standards for all public institutions.
	The regular evaluation of the effects and impacts of public funds is not carried out. Outputs are monitored but not outcomes.
	The Constitution of Serbia, the Law on Public Property, the Law on Local Self-Government, the Law on Local Self-Government Financing, towns' and municipalities' decisions on the use of state-owned property, the National Youth Strategy are the legal bases for non-financial support to CSOs.
	Service provision allowed for CSOs, however not stimulated for CSOs.
	CSOs are allowed to provide innovative services.
	Through adoption of a number of bylaws dealing with standardisation and licensing, burdensome requirements will be imposed on CSOs.
	The Law on Public Procurement (2012) requires a transparent tender procedure when bidding for funding services from public sources with criteria that many CSOs cannot meet. CSOs are not included in all phases of the development and provision of services. Only state institutions, Centres for Social Work, are authorised to estimate if there is a need for social services
	The process of obtaining a license for provision of social services is too complicated, so very few CSOs have the opportunity to gain a public license. The favouring of state institutions in the licensing process is noticed. Because CSOs cannot get a license to get public funding for services, a large number of users of social services are affected and cannot be sustained.
	There is no multiyear funding available.
	Funds allocated to CSOs are not sufficient; the delays and non-compliance with deadlines by state institutions continue.
	Monitoring is performed during project implementation, but evaluation of quality, effects and the impacts of services provided are missing.

Changing relations, CSOs and government

Objective 3: Civil society and public institutions work in partnership through dialogue and cooperation based on willingness, trust and mutual acknowledgment around common interests

Result: 3.1. Public institutions recognise the importance of CSOs in improving good governance through CSO inclusion in decision-making processes

	There is a strategic approach to furthering state/CSO cooperation and CSO development. CSOs are included in decision-making sporadically, and in final phases with no feedback provided on their input.
	There is still no national document on rules and practices for Government/CSO cooperation, but CSOs actively participated in the preparation of national, legal and strategic documents including the Poverty Reduction Strategy, the Youth Strategy, and local development strategies of different Serbian Municipalities.
	There is a lack of a clear mechanism for consultation with CSOs that would ensure that civil society or, for the matter, citizens are properly consulted in the process of drafting and adopting legislation or policies.
	Generally, CSOs are involved in all phases of commenting and public debate, but not when policies are created and shaped.
	The National Assembly's Rules of Procedures, the Government's Rules of Procedures and the Law on Free Access to Information of Public Importance (FAI) set the framework for making the documents and work publicly available. The FAI defines clear procedures for access to public information, conditions, exceptions and deadlines, as well as sanctions for civil servants for breaching the legal requirements for access to public information. There are several web site and portals publishing legal, strategic documents and public calls (e-uprava, e-government, paragraf.rs, etc.).
	There is a lack of clear mechanisms for consultations with CSOs that would ensure that civil society, or for that matter, citizens are properly consulted in the process of drafting and adopting legislation or policies. There are no formal requirements or obligations for CSO participation in different decision-making and/or advisory bodies. CSOs stated that the practice of consultation with CSOs has not been developed. Calls are absent. Enough time is not given to comment. Calls are sent in later stages of development when only minimal changes could be made. CSOs pointed out that feedback on the outcome of a consultation, as well as responses to comments are largely absent.
	Generally, CSOs are involved in the phase of commenting and public debate, but not when policies are created and shaped.
	The Office for Cooperation with Civil Society was established in 2010 as national level institution with a mandate to facilitate cooperation with civil society organisations.
	The SECO mechanism is used to involve CSOs in the IPA programming process. The office has become fully operational, supporting government institutions in the understanding and recognition of the role of CSOs in decision-making processes
	Recognising that relations between the Government and CSOs are still fragmented and without structured forms of cooperation between the two sectors, the office has drafted guidelines for the participation of the interested public in decision-making processes, which will be adopted by the Government.

CSOs Capacities

Objective 4.: Capable, transparent and accountable CSOs

Result 4.1.: CSOs' internal governance structures are transparent and accountable to members/constituents/beneficiaries

	32% of CSOs believe that decision making in CSOs in their country is in compliance with prescribed rules and laws of the organisation, 47% believe that decisions are made by some individual or top management, 19% that decisions are made with prescribed rules including consultations with the employees and volunteers
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Result 4.2.: CSOs are able to communicate the results of their activities to the public

	61.5% of general population do not trust to NGOs, 73.5% of surveyed do not trust to political parties, and 67.6% of surveyed do not trust to judiciary
	34.5% of the general population believes that NGOs support dealing with problems in their country, President of the state presidency supports the most in dealing with problems 66.3%, and political parties support the least 31.3%
	73% of surveyed believe that CSOs in their country are not active in fighting problems in rural development, 68% believe in the area of employment, and 56% in safety

Result 4.3.: CSOs are transparent about their programme activities and financial management

	41% CSOs stated that they publish their statute on their web page, 23% stated that the statute is accessible to the public, 34% stated that the statute is not accessible to the public
	23% of CSOs stated that they have a rulebook and it available on their web page, 10% stated that they have a rulebook, 34% stated that have a rulebook, but it is not accessible to the public, and 33% stated that they do not have a rulebook

Result 4.4.: CSOs monitor and evaluate the results and impact of their work

	29% of CSOs evaluate their projects pro forma, while 68% evaluate projects with the purpose of establishing efficiency and drawing a lesson for further projects
	23% of CSOs use external evaluation for realisation of their projects

Objective 5.: Effective CSOs

Result 5.1.: CSO activities are guided by strategic long-term organisational planning

	71% of CSOs have developed strategic plan, 15% do not have a strategic plan
	79% use internal evaluation when employing staff in their organisation
	40% of CSOs neither have established system for assessment of efficiency of employees in their organisation, nor 30% of CSOs have internal strategic plan dealing with these issues
	44% of CSOs stated that they have a human resources development plan aimed at attracting and keeping talented associates, while 27% stated that they are developing such plan
	80% of CSOs stated that they manage to keep talented associates, and 81% believe that they manage to attract quality new people

Result 5.2.: CSOs use research and other forms of evidence to underpin their activities

	64% of CSOs active in public advocacy, mainly/frequently uses research for their advocacy actions, while 35% of them mainly/very rarely use research
	77% of CSOs believe that they have enough information at their disposal
	47% of CSOs use official data of national statistical offices, ministries, 30% of CSOs collect necessary data from many sources of information, 15% conduct their own studies
	82% of CSOs access necessary data via official data of national statistical offices, ministries

Result 5.3.: CSOs regularly network within and outside country borders and make use of coalition-building for increased impact in campaigning and advocacy

	44% of CSOs indicated that they do not belong to any international network, 23% stated that belong to one international network, 13% stated that they belong to 2 international networks, 11% belong to more than 3 international networks
	18% of CSOs indicated that they do not belong to any national network, 36% stated that belong to one national network, 14% stated that they belong to 2 national networks, 26% belong to more than 3 national networks
	57% of CSOs indicated that they do not belong to any local network, 21% stated that belong to one local network, 5% stated that they belong to 2 local networks, 8% belong to more than 3 local networks
	30% of CSOs do not find CSO networks efficient, while 67% find them efficient

	26% of CSO stated that their contributed in terms of the exchange of experience/knowledge from being member of a network, 27% gained in terms of access to information/exchange of information, 15% gained in greater visibility/influence/strength/affirmation of CSOs.
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Objective 6.:Financially sustainable CSOs

Result 6.1.: Fund-raising activities are rooted in CSOs' long-term strategic plans and the core mission of the organisation

	66% of CSOs believe that CSOs in Serbia mainly adopt to donors' priorities and collect funds also for other activities not in line with their organisational strategic plan, while 34% of CSOs believe that CSOs in Serbia mainly stich with their strategic plan and collect funds for activities in line with their strategic plan
	70% of CSOs stated that they mainly stick to their strategic plans and collects fund for activities in line with its strategic plan, while 28% stated that they adapt to donors' priorities and collect funds also for other activities not in line with its strategic plans

Result 6.2.: CSO have a diversified funding base, including membership fees, corporate/individual giving and social entrepreneurship

	4% of CSOs stated that they did not have any donors in the past year, 11% had one donor, 30% had between 2-3 donors, 20% had 4-5 donors, and 29% over 6 donors
	43% of CSOs had income from membership fees, 33% had from citizens, 55% form local self-government and/or regional administration, 29% from other foreign private or state resources, 23% form the EU funds, 35% form governments/ministries/state administration bodies, 29% from private companies operating in the country, 21% from public companies