

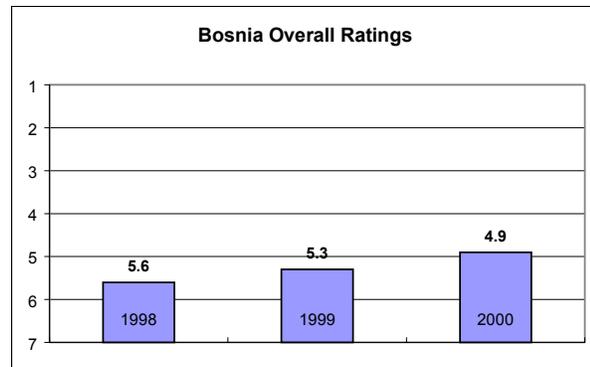
## BOSNIA AND HERZEGOVINA (BiH)

Capital: Sarajevo	Inflation: 5%
GDP per capita: \$1,190	Unemployment: n/a
Population: 3,800,000	Foreign Direct Investment: \$52,000,000

### OVERALL RATING: 4.9

BiH continues to make progress in a difficult, dual transition towards lasting peace and democratic governance. With a public sector of limited capacity, NGOs have facilitated this transition by serving as counselors, caretakers and service providers, while their founders have emerged as leading spokespersons for tolerance, reconciliation, and social responsibility.

The Bosnian NGO sector remains nascent. Although community-based associations have a long-standing history, modern NGOs evolved during and in the aftermath of war. The sector's evolution cannot be divorced from the broader consequences of the war, including its impact on Bosnia's political, economic and social fabric; the country's division into two Entities; and intensive international involvement.



The sector's service orientation grew out of immediate wartime imperatives, the influence of international humanitarian relief organizations, and the availability of donor funding for emergency assistance programs. Due in part to the economic situation, the establishment of many early post-war NGOs was motivated more by a need for employment rather than a commitment to a particular mission. Over the past four years, however, mission-oriented NGOs committed to a broad range of activities including gender issues, human rights and media monitoring, legal advisory services, civic education, conflict resolution and micro-credit extension have emerged.

The unprecedented international presence in BiH, itself a function of the war, has had both positive and negative effects on NGO sector development. It has ensured that many NGOs receive resources, training and technical assistance to establish themselves and to meet donor objectives. It has also contributed significantly to what observers have described as an "ownership gap." Organizations, networks and coalitions that have come together at the urging of expatriates or in response to the existence of international funding, suffer from a weaker sense of mission and commitment than those who formed independently in response to community needs.

While approximately 1300 NGOs are registered in BiH, the number of active indigenous NGOs is estimated to be between 300 and 500. The organizational capacity of these active NGOs varies widely. NGOs in BiH continue to face substantial external and internal

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obstacles to their long-term sustainability. Externally, NGOs must grapple with political rifts and apathy, limited and uncertain financial resources in the wake of international donor disengagement, and the absence of an appropriate legal framework to provide tax and fiscal benefits. There is a general lack of information in the community and in government about the role and capacity of NGOs that results in weak constituency relations. NGOs generally lack the broad ability to cooperate and exchange information with each other, and have a limited sense of ownership over their role, purpose, mission, and future.

### **LEGAL ENVIRONMENT: 4.5**

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The Constitution of BiH confers all powers not specifically assigned to the State to its two Entities: the Federation of BiH and the Republika Srpska. NGOs operate under a confusing, and potentially restrictive array of laws including, inter alia, a Law on Humanitarian Activities and Organizations, a Law on Citizens' Associations, a newly passed Law on Foundations and Funds in the Federation, and a Law on Citizens' Associations in the Republika Srpska.

Regulations in the Entities are inconsistent and tend to create large scope for government involvement in the affairs of associations and foundations. There is currently no law allowing NGOs to register and operate statewide; rather, Entities are conferred legal authority in this case. The strongest NGOs have found creative ways to operate throughout the entire country by registering effectively as two separate organizations, but with the same founding documents such as the statute, act of incorporation and list of founding members. Tax laws are not favorable for NGOs in either Entity, which effectively impedes corporate and private philanthropy.

Since 1997, the BiH NGO community has been involved in revising the legal framework in order to promote the long-term viability of the third sector. Through the Legal Advocacy and Education Project (LEA-Link), a task force of Bosnian lawyers, with assistance from an international advisory panel, set about revising the legal framework.

At present, there are three nearly identical draft laws being considered by the governments in the two Entities and at the State level, which are based entirely upon the draft law from the LEA-Link process. The new laws seek to facilitate the establishment and activities of NGOs at all levels and ensure that the rules on registration and internal governance are simple, clear and transparent. It is hoped that all three laws will be adopted within the next year. While this new legal framework is an important step, it does not address tax and other financial benefits that would favor NGOs and ensure their self-sustainability in the long run.

### **ORGANIZATIONAL CAPACITY: 4.5**

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Many local NGOs have become adept at implementing programs largely defined by international community priorities, but remain institutionally weak and

largely unsustainable in the absence of high levels of donor support. Institutional capacity in areas such as strategic planning, internal management struc

ture, staffing, technical resource availability and constituency building and outreach continue to vary greatly among organizations. Numerous international organizations provide training to NGOs, largely through workshops, and local organizations increasingly provide similar training to their counterparts. With the major exception of the Democracy Network (DemNet) program implemented by ORT, resource intensive technical assistance to ensure effective implementation of lessons learned is more limited.

Institutional capacity varies greatly from region to region. The strongest NGOs are located in Tuzla, Zenica, Sarajevo, Mostar and Banja Luka. Federation-based groups are significantly more viable than their counterparts in the RS.

Increasingly, local NGOs in smaller towns such as Rudo, Kakanj, Jablanica and Livno are gaining capacity and strength. Sectorally, micro-credit and women's organizations appear to be organizationally and financially strongest.

The strongest NGOs have boards of directors and executive staff, although few truly understand their respective roles. Some board members receive salaries and, once they understand the importance of a volunteer board, convert to full-time staff. Thus, NGOs have difficulty maintaining a volunteer board and encouraging them to be active in the organization. Another problem is that the public perception of civil society is generally unfavorable, so it is difficult for NGOs to recruit volunteer board members of high stature.

### **FINANCIAL VIABILITY: 6**

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The wartime devastation of BiH's economy, a limited pre-war tradition of philanthropy, and the dearth of post-war tax incentives to promote financial contributions severely constrain the sector's financial sustainability. Community and corporate philanthropy remain extremely rare. As a result, NGOs continue to rely heavily on foreign government funding. Fluid and often politically driven donor priorities contribute to confusion and financial uncertainty among NGOs.

Many NGOs, particularly those in rural and under-served areas, lack skills in financial planning, accounting and financial management. Other NGOs have received significant donor funds in the past, as well as financial training, and are less in need of such basic skills. Some NGOs are able to identify alternative financing methods such as mem-

bership fees, fees-for-service, in-kind contributions, and government funding to compensate for these constraints. As a consequence of perceived political instability and uncertain international donor priorities, organizations tend to live from project to project.

Finally, partially as a result of funding availability, many NGOs turn to income generation activities that have little to do with their broader mission — such as hairdressing and chicken farm management — to promote financial sustainability. In the absence of regulations governing NGOs' ability to engage in the sale of goods and services or limiting net revenue distribution, this tends to blur the distinction between not-for-profit and commercial business activity and exacerbate confusion about the concept of civil society.

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### ADVOCACY: 4.5

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NGOs are more involved in the public policy process now than in past years, although many NGOs (originally conceived as social service providers in the immediate post-war period) still resist getting involved in “political” matters. Although public policy campaigns are still driven by international organizations, local NGOs feel more comfortable expressing ideas for campaigns in the local community and even at the State (or Entity) level.

Examples of advocacy initiatives include efforts to influence legislative bodies and involve the third sector in the process of NGO law drafting, an NGO coalition that is conducting an anti-drug campaign in schools in the Tuzla and Bijeljina regions, and an ecological campaign to prevent the opening of a hydro-power plant in Sanski Most.

On the other hand, civic leaders are sometimes alienated from elected officials and, due to overwhelming outside influence in BiH, often target lobbying efforts toward the international community in order to affect policy change. Many NGOs have a limited understanding of lobbying and the concept of issue-based coalitions. Even the

strongest NGOs largely perceive “lobbying” as an end in itself, without a formulation of clear and concrete policy objectives and a workable strategic plan on how to achieve those objectives. Coalitions are also seen as part of a process that serves to gain NGOs access to donor funds rather than help to resolve a specific public policy issue. The political process and governing structures are largely misunderstood, as most civic activists are unaware of institutional methods to influence policy. Instead, civic activists rely on personal contacts within government to exert limited influence. Moreover, advocacy is difficult because political institutions and representatives lack accountability and a democratic culture of transparency and openness.

Despite the barriers to active involvement in the public policy process, there is increasing evidence of NGOs forming coalitions, conducting advocacy campaigns and communicating with policy makers, particularly at the local level. Larger public advocacy campaigns do take place, but are generally instigated by an international NGO or the larger donor community.

### SERVICE PROVISION: 4.5

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Most Bosnian NGOs were originally formed to provide for the immediate post-war needs of the local population, and are perhaps strongest in their ability to deliver critical services. Local NGOs provide a broad range of services, including education, health and micro-credit, but strongly emphasize the return and rehabilitation of refugees and internally displaced persons. Even during the past year, in an environment of

greatly reduced international funding, smaller service NGOs have sprung up in remote and previously neglected areas.

NGOs’ strong capacity to deliver services highlights the government’s inability to provide such services itself. As government officials at all levels are divided, prone to in fighting and inaction, NGOs have stepped in where the government has largely abdicated responsibility. At

the same time, there is a continued lack of trust and understanding on the part of the government in civil society. This

seems to be improving as ministry officials have more contact with civic actors.

### **INFRASTRUCTURE: 5**

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Numerous international organizations provide training to NGOs via group seminars or workshops. Indigenous training – considered both more relevant and efficient – is widely perceived as preferable to ongoing expatriate-led training. In the past there has been a dearth of capable Bosnian NGO management trainers. However, internationally sponsored programs have trained teams of NGO management consultants. A compendium recently published with the assistance of the International Council on Volunteer Activities provides names and contact information of several hundred trained Bosnian facilitators and trainers, in a wide variety of subjects of relevance to further NGO development.

Bosnian civil society is still in need of centers to provide access to information and technology. The OSCE maintains numerous democracy support centers around the country, which may be used as resources for NGOs. Recent efforts to turn these support centers entirely over to Bosnians and register them as a single NGO have in large part succeeded, but they lack sustainable sources of funding. The International

Rescue Committee has funded three resource centers based in under-served areas of the country, which are staffed by leading NGO activists and provide consultations, training, information exchanges and other services to locally-based NGOs.

NGOs are still fairly isolated from one another and generally rely on the few opportunities sponsored by international donors to establish and strengthen ties, particularly across the two Entities. Several cross-Entity coalitions have formed to encourage two-way refugee return and some NGOs have established partnerships with other organizations across the Inter-Entity Boundary Line. A smaller number of NGOs have an established office in both Entities, but the legal framework continues to make this difficult.

The few umbrella organizations and support centers that exist are institutionally weak and fail to play their critical function. The BiH NGO Council and its numerous regional NGO Fora are widely perceived to be so dysfunctional and unfocused that they serve to discredit the sector rather than promote it.

### **PUBLIC IMAGE: 5**

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Few NGO leaders view their sustainability as a process from which the community as a whole benefits. The sector's youth, the relative inexperience of its leaders, and the dearth of financially sustainable independent media have inhibited the evolution of partnerships between NGOs and the media.

While there has been some improvement over the past year in the interactions between the media and NGOs, local organizations still do not know how to sell their vision or program activities to a wider audience.

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The sector as a whole faces ignorance and some resentment from government, the media, and the public due to the perception that it is well financed by the international community. NGOs increasingly recognize the importance of their public image and are seeking assistance in making use of their existing contact base. USAID's DemNet pro-

gram has launched the first ever public relations campaign for the NGO sector entitled "Be Our Partner, Join an NGO." Some of the leading local NGOs have also taken the initiative to highlight success stories through recently produced radio shows and newsletters.