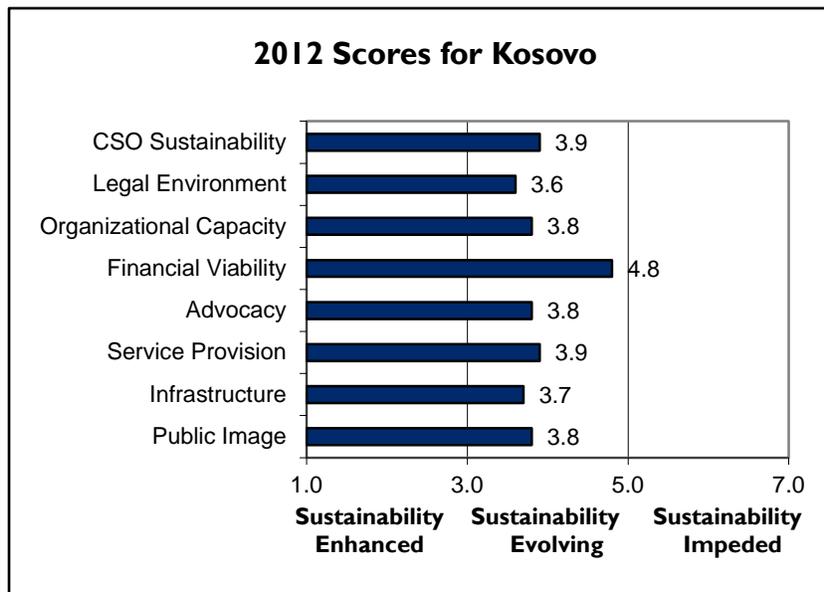


KOSOVO



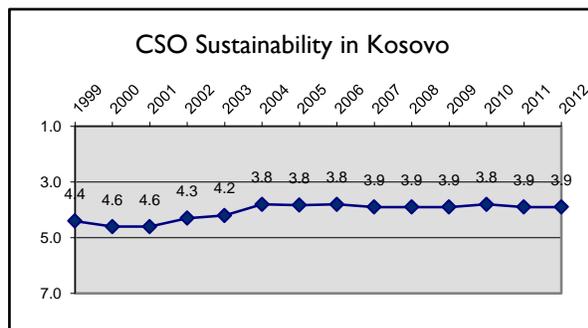
Capital: Pristina

Population: 1,847,708

GDP per capita (PPP): \$7,400

Human Development Index: n/a

CSO SUSTAINABILITY: 3.9



Kosovo was focused on some complex and sensitive events during 2012, which left little room for CSO advocacy initiatives on other issues.

The government continues to focus on increasing the number of countries that officially recognize Kosovo. By the end of 2012, ninety-six countries had granted Kosovo official recognition. Kosovo also continued the dialogue with Serbia to facilitate better relations between the two countries in 2012. The process, which had stalled before the general elections in Serbia in

May, resumed with a meeting between the two prime ministers that was mediated by Baroness Catherine Ashton, High Representative of the Union for Foreign Affairs and Security Policy. Albania celebrated its one hundredth anniversary of independence in the second half of 2012. This major anniversary was noted in almost every aspect of life in Kosovo, and led to an increased sense of patriotism in the country.

Other important events during the year included Kosovo's new membership in the European Bank for Reconstruction and Development (EBRD), the EU Feasibility Study on Starting the Negotiations for the Stabilization Association Agreement with Kosovo, release of all charges for three former Kosovo Liberation Army (KLA) fighters by the International Criminal Tribunal for Former Yugoslavia (ICTY), and ongoing protests on various issues by Vetevendosje, a nationalist political movement.



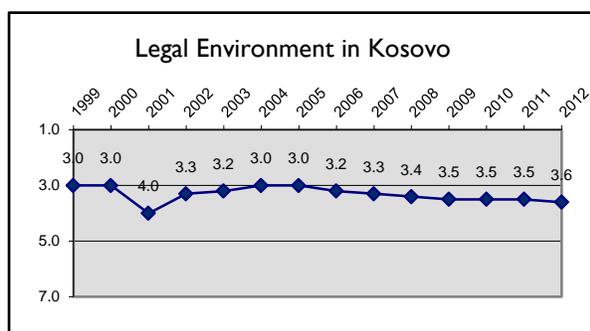
On several occasions, Vetevendosje engaged in violent encounters with law enforcement agencies that had been instructed to break up the protests by their superiors and even the Minister of Interior, who was caught on camera bypassing the chain of command and ordering the police to intervene.

The political scene was largely stable during the year. The government, which relies on a slight majority in parliament, has maintained stability and survived numerous scandals and allegations of corruption without apparent consequences. The acquittal by ICTY of Ramush Haradinaj, leader of the Alliance for the Future of Kosovo (AAK) party, and his return from The Hague has polarized the political scene in Kosovo. Haradinaj has indicated his willingness to join the government and there are indications that the coalition will be broadened to include him, although no concrete steps have been taken to date.

Given these high stakes political issues, there was very little room for CSOs to advance their own agendas. The handful of think tanks in the country has been involved in negotiations with Serbia and some have oriented themselves towards the EU integration process and other pressing political issues. Forum 2015, headed by the Kosovo Foundation for Open Society, has been most successful in partnering with the government on joint projects, particularly those related to foreign affairs.

The number of registered CSOs in Kosovo remains around 7,000, of which only a few hundred are active.

LEGAL ENVIRONMENT: 3.6



The laws governing CSO operations in Kosovo did not change in 2012. While the framework law is generally good, the laws governing CSOs have been criticized for being too broad and not including provisions on many important aspects of CSO operations, such as a clear differentiation between sponsorship and donations and legal acknowledgement of volunteerism. In addition, the law is not fully implemented because of a lack of capacity and understanding by the responsible governmental unit,

accounting for the decline in score this year.

While the legal provisions for registering CSOs are straightforward and simple, it still takes up to sixty days to register or change the registration of an existing CSO. CSOs must register in Pristina, imposing additional costs on those based outside of the capital. Online registration is not yet available.

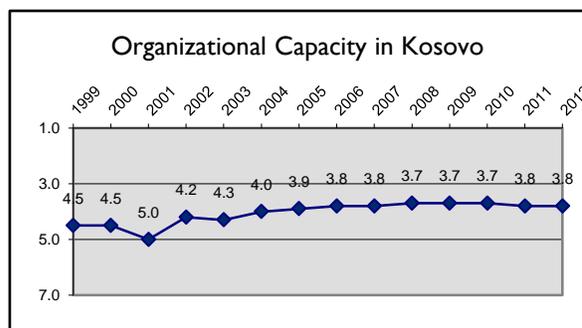
Until recently, CSOs could freely express criticism and initiate debate on topics of public interest, but an incident in 2012 raises questions about the government's willingness to protect those that do so. The media outlet Kosovo 2.0 planned to launch its newest magazine, titled Sex and focused on lesbian, gay, bisexual, and transgender issues, with a day-long series of events. The day before the launch, the venue was demolished by soccer hooligans. Police reacted very slowly and government institutions and political elites largely failed to react. The event received significant publicity in the local and international media and was condemned by CSOs, embassies, and other prominent organizations and individuals around the world.

Grants are exempt from taxes. Re-granting, however, is slightly more challenging. According to existing tax regulations, only the first grantee of a donor organization is exempt from taxes. Various organizations have resolved this issue differently. While some have paid VAT and then sought reimbursement from the tax administration (a rather unclear procedure with which many CSOs have had difficulties), others have chosen to carry out all procurement on behalf of their grantees in order to access the VAT exemption easily. Under existing legislation, CSOs must pay taxes on all earned income. CSOs are legally allowed to compete for government contracts, but the terms of reference in some cases restrict the competition to commercial entities. Private companies can deduct up to 5 percent of their profits for donations to CSOs.

There is a lack of local lawyers trained in and familiar with CSO law. Only a few individuals and firms provide advice on an ad hoc basis.

ORGANIZATIONAL CAPACITY: 3.8

Constituency building by civil society in Kosovo remains in its infancy and civil society priorities do not necessarily reflect public priorities. Aside from charity and issue-based organizations, CSOs are largely isolated from the public. For example, think tanks mainly target national and international policy circles rather than the citizens on whose behalf they make claims. As a result, the public is increasingly alienated from political processes in the country. This holds true particularly for some high-politics issues. For example, the debate about coal versus renewable energy was often too technical to be followed by the public. Trade unions have been unable to mobilize their members to protest even against very important issues such as the privatization of Energy Corporation, due to harsh divisions within their leadership. Organizations formed around different diseases, such as autism or Down syndrome, have been more successful at developing strong constituencies.

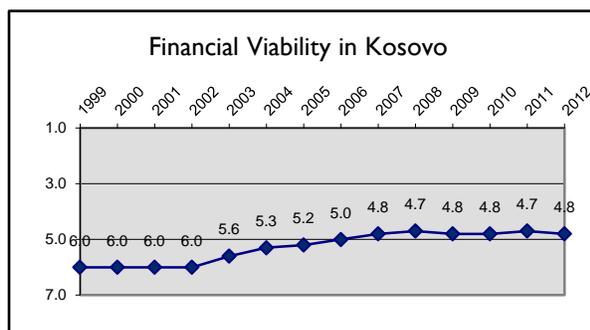


CSO missions are usually broad enough to enable organizations to be active in many areas. Well-established CSOs have more focused missions to which they generally try to abide. In some cases, however, CSOs implement projects that are outside of their missions. Only a handful of CSOs, mostly professional organizations and those required to by their donors, have developed detailed strategic plans.

Registered CSOs are legally obligated to have clear organizational structures and to define the responsibilities of boards and management as part of the registration process. In practice, however, only more advanced CSOs implement such divisions. The vast majority of organizations have dysfunctional boards that rarely if ever meet. A small but growing number of CSOs are trying to increase the transparency and accountability of their finances by having external auditors verify their expenditures, as this is increasingly important for effective fundraising.

Some active CSOs are able to maintain their core staff, but most CSOs hire personnel on a project basis. Volunteers are becoming an increasingly important resource for CSOs. Interns, activists, and members all contribute their efforts on a volunteer basis. Most CSOs have basic office equipment and furniture, but their equipment is often outdated and needs replacement.

FINANCIAL VIABILITY: 4.8



The financial viability of CSOs deteriorated slightly in 2012. Approximately 20 percent of CSO funding comes from local sources, although the vast majority of these funds are dedicated to charitable activities or sponsorship of public events such as festivals or concerts.

Two new donor-funded programs - one funded by the Norwegian Embassy in Kosovo and the other by the Swedish Foreign Ministry - began awarding grants in 2012. In addition, the United Nations Entity for

Gender Equality and the Empowerment of Women (UN Women) in cooperation with UNDP launched a

new program for women’s rights organizations. These and other calls for applications published by foreign donors during 2012 allowed a considerable number of larger CSOs to diversify their funding. However, few CSOs benefited from these programs as the average grant size increased significantly, making it impossible for smaller CSOs to compete for funding. As a result, smaller CSOs, especially those farther from the capital, are significantly more fragile.

Throughout the post-war period, a number of CSOs in Kosovo were established through donor-funded projects. Other CSOs also built strong partnerships with particular donor organizations. Due to the instability in international financial markets and the crisis in the Eurozone over the past few years, a significant number of organizations have now lost their funding, throwing their sustainability into doubt.

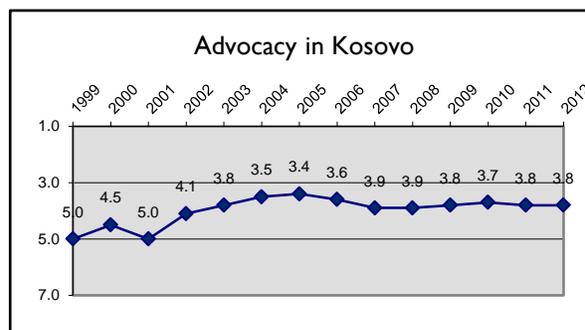
Research conducted by the Kosovo Civil Society Foundation in 2012 indicates that less than 1 percent of CSO funding comes from the provision of services, products, or rent. Membership organizations and trade unions regularly collect membership fees. Democracy and governance CSOs have very limited income from the provision of specialized expertise and know how.

Larger CSOs from Pristina have been more successful in their fundraising activities, as they have more qualified staff members, better visibility and networking, and the ability to pay for external consultants when needed. While there are CSOs from outside Pristina that are very successful at fundraising, they remain an exception to the rule.

Only well-established CSOs have sound financial management systems in place. While a significant number of CSOs undergo independent audits upon donor request, they are rarely published online to promote transparency. In 2012, the local distributor of QuickBooks developed a version of their software customized for CSO purposes in Kosovo. While this software is relatively affordable for most CSOs, its use remains limited.

ADVOCACY: 3.8

Due to the pressing nature of high-level political agendas and processes, it was extremely difficult for CSOs to advocate on other issues during the year. While the number of initiatives was limited, some advocacy attempts still produced admirable results. For example, a group of organizations that has been actively monitoring the Kosovo Parliament successfully blocked the Law on Duties and Benefits of MPs by soliciting the opinion of the Ombudsperson. The Ombudsperson endorsed the CSOs’ position and raised the issue in the Constitutional Court, which ruled that the articles in question were unconstitutional.

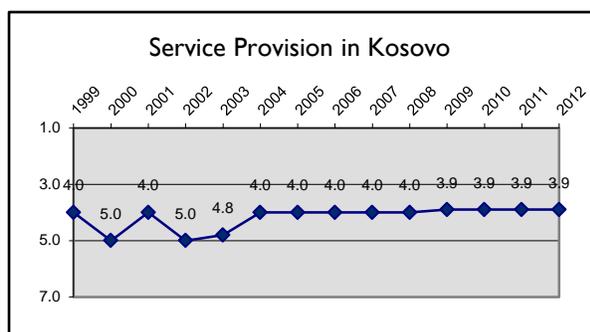


CSOs have opportunities to influence the policy making cycle in Kosovo and are invited to provide input and expertise in all major processes. Civil society can participate in public discussions, send in written comments on laws, participate in the parliamentary committee’s work, and serve on working groups drafting laws. For instance, CSOs participated actively during the sectoral meetings organized as part of the process of drafting the national strategy for EU integration. The extent to which CSOs take advantage of these opportunities, however, remains unsatisfactory, both because of inappropriate notification by institutions and CSOs’ lack of knowledge of the policy cycle. For example, very few CSOs actively participate in parliamentary committees where they can have direct input in discussions. Although some CSOs engage in informal lobbying, lobbying has not yet been legally defined, which professional associations find especially important. Cooperation with

local governments is better. In most municipalities, a handful of CSOs have successfully built partnerships with the local government and work together quite well.

In addition to these formal opportunities to participate in the policy process, most active CSOs have direct lines of communication with policy makers and representatives of public institutions. Given the size of the country, CSOs often have family or other ties to high officials.

SERVICE PROVISION: 3.9



Service provision remained unchanged during 2012. The range of services offered by CSOs is extensive and includes both basic social services and the provision of advanced expertise. CSOs offering social and/or shelter services remain the largest category of service providers.

During 2012, the Ministry of Labor and Social Welfare (MLSW) drafted an administrative directive on private and nonprofit social service providers that will have a significant effect on the entire sector. The directive

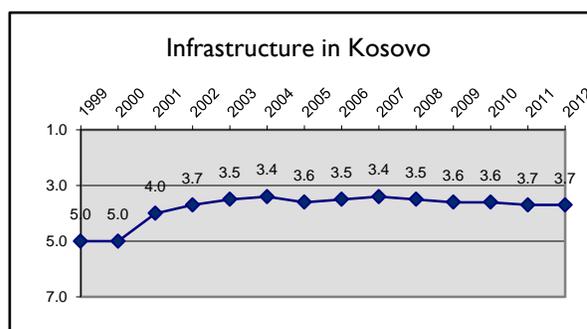
calls for CSO service providers to be licensed through an open application process. Service providers must meet several criteria including appropriate space, expertise, and qualifications. While this will regulate and improve the quality of service provision if facilitated improperly, some existing service providers may not fulfill the newly determined criteria and therefore will not be licensed to offer social services.

A significant portion of the sector depends on service provision grants provided by MLSW. With the exception of a small group of social service providers, earned income is an insignificant source of revenue for CSOs.

Few CSOs have training capacities. Products such as publications, workshops, and expert analysis are often marketed to other CSOs, academia, and the government.

INFRASTRUCTURE: 3.7

Due to a lack of funding, there are no intermediary organizations in Kosovo. The few organizations with the capacity to train other organizations and share their expertise cannot afford to provide such services free-of-charge. While there are some donor-funded initiatives such as the EU's Technical Assistance to CSOs (TACSO), they operate for a limited time and are unable to produce sustainable results. Local organizations that acted as intermediaries in the past, such as ATRC, do not offer free training any longer due to a lack of funding.

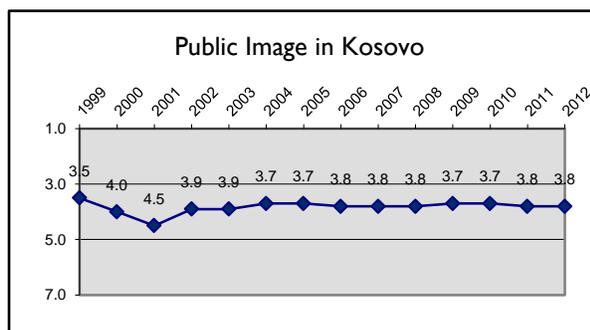


Local community foundations and other organizations re-grant both local and international donor funds to support projects that address locally-identified needs. While new re-granting organizations emerge, others cease to exist due to their inability to fundraise effectively.

There are very few functional CSO coalitions in the country. One of the more visible coalitions has organized several petitions, protests, and artistic events to express its dissatisfaction with progress in resolving the issue of missing persons from the last war.

There are a few capable local CSO management trainers. Both CSOs and private companies provide basic and more advanced trainings for CSOs. A limited number of basic CSO management trainings are available in the capital city and secondary cities. More advanced specialized training is available in areas such as strategic management, accounting, financial management, fundraising, volunteer management, and board development, although there is still room for improvement. Generally, most training is offered in local languages, although training resources and literature in local languages is insufficient and often not properly advertised.

PUBLIC IMAGE: 3.8



Media coverage of CSOs at both the national and local levels is quite positive and abundant. CSO representatives are invited to talk shows, CSO events are attended by the media, and CSO views are taken into account during reporting of stories. The media often invites CSO representatives to offer expert opinions on various matters. As a result of the extensive presence of CSOs in the mass media (which, according to research done by IQ Consulting for Balkan Investigative Reporting Network (BIRN) in

2012, is the main source of information for over 65 percent of the population), their visibility has improved in comparison to 2011.

The Law on Public TV Broadcaster provides free air time for public service announcements (PSAs). However, PSAs are not distinguished effectively from advertisements due to the vagueness in defining what constitutes public interest.

CSOs publicize their activities and promote their public images. Public events, press conferences, and direct media relations are common practices among well-established CSOs. Advocacy and well-established CSOs have developed relationships with journalists to encourage positive coverage.

In the past decade, every settlement in Kosovo has benefited from at least one CSO project. As such, the public is aware of the work that CSOs do, although people may not share these priorities or actively participate in these activities. The private sector is generally not interested in the work of CSOs and only has a vague idea of the range of activities they perform. The government only takes CSOs into account when it absolutely has to or when it requires their specialized knowledge.

All established CSOs have updated websites and pay attention to their print and promotional materials, sometimes to meet donor requirements. CSOs have not adopted codes of ethics or tried to demonstrate transparency in their operations. Only a handful of leading CSOs publish annual reports.