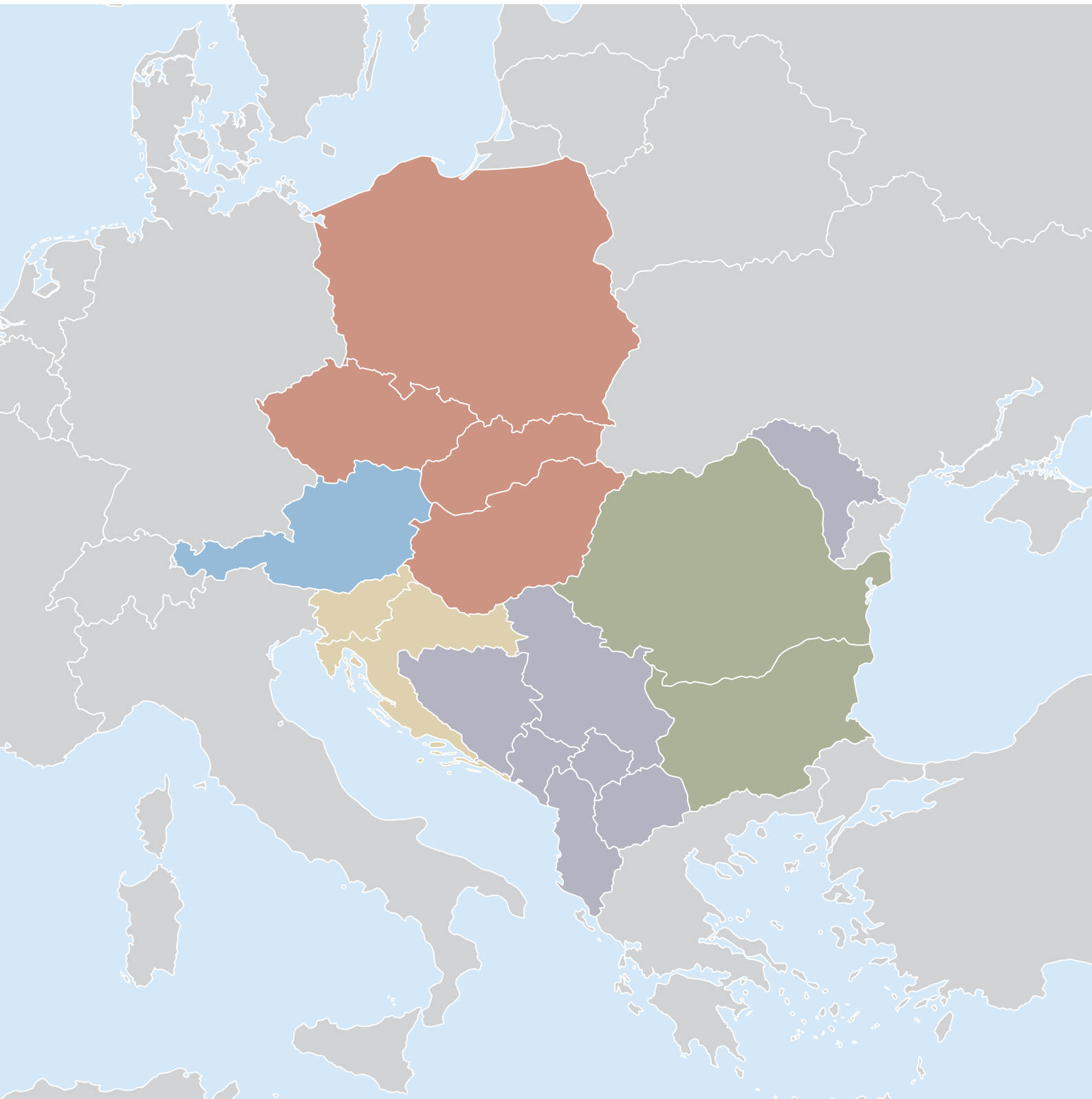




ERSTE Stiftung  
Studies

**Civil Society in  
Central and Eastern Europe:  
Challenges and Opportunities**

Edited by Peter Vandro,  
Nicole Traxler, Reinhard Millner,  
and Michael Meyer





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Peter Vandro, Nicole Traxler, Reinhard Millner, Michael Meyer

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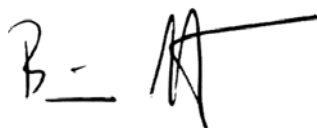
# Preface

Civil society plays a highly unique role with great responsibility in our societies. By acting as a counterpart to the state and the market, it steps in where the public and private sectors fall short or even fail. Where the poor lack the resources to afford what they need to survive, NGOs, churches and neighborhood initiatives provide support through soup kitchens, community centers and social supermarkets. Where minorities are discriminated against and excluded from job markets, social activists and cooperatives work to foster dialogue, to provide employment as a first step toward the regular labor market, and to overcome prejudice. Where governments fail to fill the gaps left by the private market, caring individuals or groups provide services such as hospice care or disaster relief. Where political systems are incompetent and suffer from a lack of information, civil society lobby groups process and aggregate information for them and give a voice to people at the margins of society. By tackling these and other system failures through advocacy, community building and service delivery, civil society exerts a major influence and makes a significant contribution to stable and just societies and states.

At ERSTE Foundation, we see ourselves as a reliable and trusted partner to civil society, and we support it in the process of developing stable and just societies. We are committed to acting as an equal partner to civil society by combining different resources, building new bridges and finding innovative solutions to social problems. Our actions have always been developed in close cooperation with our partners in the field and within the surrounding ecosystem. We have engaged in dialogue with them, listened to them and learned from their experience and observations.

We are proud that WU Vienna has joined us as a well-established and reputable academic partner in this endeavor. Together, we have managed to engage with a network of 27 researchers from 16 countries in Central and Eastern Europe, and we wish to express our deep gratitude to all contributing authors. They have put tremendous effort into gathering the most recent data available and complementing it with information on the recent history and potential future of civil society in their respective countries.

The authors have provided us with a diverse picture of civil society in Central and Eastern Europe, that serves as an updated basis for our work. It helps us to understand various emerging trends and highlights common patterns throughout the region. The study fits into ERSTE Foundation's recent series of research publications on such diverse topics as cultural policy in CEE, tax designation practices or the situation of the post-war generation in the Balkans. We believe that this publication will be a valuable resource for the work of other donors, policymakers and civil society actors, as well as academics. It can also serve as a basis for more informed decision-making and thus contribute to more stable and just civil societies in Central and Eastern Europe.



**Boris Marte**  
Deputy Chairman  
of the Managing Board

# Contents

<b>Chapter 1: Background and Method</b>	
Peter Vándor	6
<b>Chapter 2: Patterns in Civil Society in Central and Eastern Europe: A Synthesis of 16 Country Reports and an Expert Survey</b>	
Michael Meyer, Clara Maria Moder, Michaela Neumayr, Nicole Traxler, Peter Vándor	12
<b>Chapter 3: Country Reports: Visegrád Group</b>	
<b>3.1 Czech Republic</b>	
Jiří Navrátil and Jakub Pejcal	43
<b>3.2 Hungary</b>	
Éva Kuti	58
<b>3.3 Poland</b>	
Grzegorz Ekiert, Jan Kubik, Michał Wenzel	76
<b>3.4 Slovakia</b>	
Boris Strečanský	92
<b>Chapter 4: Country Reports: Croatia and Slovenia</b>	
<b>4.1 Croatia</b>	
Gojko Bežovan, Jelena Matančević, Daniel Baturina	111
<b>4.2 Slovenia</b>	
Danica Fink-Hafner and Meta Novak	126
<b>Chapter 5: Country Reports: Bulgaria and Romania</b>	
<b>5.1 Bulgaria</b>	
Ruzha Smilova	143
<b>5.2 Romania</b>	
Mihaela Lambrou	158
<b>Chapter 6: Country Reports: Non-EU Countries</b>	
<b>6.1 Albania</b>	
Elona Dhëmbó	173
<b>6.2 Bosnia and Herzegovina</b>	
Zilka Spahić Šiljak	188
<b>6.3 Kosovo</b>	
Vjosa Musliu	204
<b>6.4 Macedonia</b>	
Sašo Ordanoski	216
<b>6.5 Moldova</b>	
Tatiana Cernomorit	232
<b>6.6 Montenegro</b>	
Zlatko Vujović	246
<b>6.7 Serbia</b>	
Dušan Spasojević	266
<b>Chapter 7: Country Report: Austria</b>	
Michaela Neumayr, Astrid Pennerstorfer, Peter Vándor, Michael Meyer	282
<b>About the Research Team</b>	298
<b>List of Abbreviations</b>	304
<b>List of Figures</b>	307
<b>List of Tables</b>	308

## **Chapter 1**

# **Background and Method**

*Peter Vador*



## 1.1 Motivation and Research Approach

More than two decades have passed since nonprofit and third-sector researchers “discovered” Central and Eastern Europe as an area of scholarly interest. After the collapse of the communist regimes in Eastern Europe and the fall of the Iron Curtain, scholars noted the emergence of new civil society actors and were curious to understand the role these actors would play in their societies (e.g. Bernhard 1993, Howard 2003, Ignatieff 1995, Lipschutz 1992, Rau 1987, Salamon et al. 1999, Zimmer and Priller 2004). At the time, researchers were mostly concerned with answering two questions: First, they wanted to understand how civil societies were co-evolving with their countries’ societies in the face of economic and political transition. Second, they were curious as to what types of civil society would emerge out of this process in the long run (Bernhard 1993, Salamon et al. 1999).

Since that time, Central and Eastern Europe (CEE) has experienced intensive periods of transformation, conflict and renewal. The countries of the region have gone through changes in political systems, ethnic tensions and conflicts. They have witnessed economic growth and the development of new relationships with their European neighbors. These changes were often closely linked to civil society. In some cases, civil society played an active role as a crystallization point for political movements and institutions, as a provider of independent and new social services, and as a partner or watchdog for public institutions. In other cases, the events and developments were exogenous and beyond the control of civil society, forcing it to react and adapt its course of action. For example, the influx of international donors helped to create and fund new institutions in many countries, but it also created dependency and challenges, especially once those donors withdrew. Similarly, the political preferences of central governments and the media have shaped the role and public perception of civil society as anything from a reliable partner to a public enemy.

This volume is guided by the intention to develop a better understanding of the current state of civil society in Central and Eastern Europe, the diverse pathways of its development, and its possible future trajectories. As more than two decades have passed since the field first aroused the interest of civil society scholars, we believe it is time to revisit the initial questions posed by Bernhard (1993), Salamon et al. (1999) and others, and to juxtapose them with today’s fundamentally changed reality in the region. Reflecting this intention, our efforts were guided by the following questions:

- What key events have shaped the development of civil society since 1989?
- Which institutional actors have exerted and still exert an influence on civil society, and what is the nature of that influence?
- What size, form and functions are characteristic of civil society?
- What are the typical funding sources and legal forms of organizations?
- How has civil society developed in the fields of culture, advocacy, social services and social entrepreneurship?
- Which trends and developments can be expected in the coming years?

As a first step, we sought to answer those questions for 16 countries: Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Kosovo, Macedonia, Montenegro, Moldova, Poland, Romania, Serbia, Slovakia and Slovenia. For each of these countries, we invited authors with expertise in third-sector research and practice to provide an assessment. The outcome of those efforts is presented in the country reports in this document (Chapters 3, 4, 5, 6, and 7). In addition, the outcomes of all country reports were analyzed, condensed and integrated into a synthesis chapter which aims to highlight overarching patterns of civil society in its recent past and possible future developments across the 16 countries under review (Chapter 2).

## 1.2 Method and Timeline

After initial steps in the summer of 2015, the research project was officially launched in September of the same year. The first phase was concerned with designing and setting up the study, which included analyzing relevant literature, developing the research design, and assembling an international team of authors. One key question was the selection of countries for the study. Against the background of common conceptualizations in research and practice, the decision was made to apply a fairly broad and somewhat “south-oriented” definition of Central and Eastern Europe, that also included the countries of the Balkans (except Greece and Turkey). The Baltic countries, Belarus and Ukraine are not included in the current version of this project. A total of 16 countries was selected. For each of those countries, we identified contributors from academia and practice who possess in-depth expertise on civil society in their respective countries and who could build on

local sources and experience, including renowned civil society experts, political scientists, thought leaders and practitioners. In total, a team of 27 authors contributed to this volume.

### 1.2.1 Expert Survey

In order to support the study with broader evidence, an online survey was conducted among civil society experts in each of the 16 countries in February and March 2016. The respondents were identified through snowball sampling, with starting points in the networks of the authors, WU Vienna (Vienna University of Economics and Business) and ERSTE Foundation. The main criterion for selection was a strong track record in civil society research or in civil society itself, especially in the fields of culture, advocacy and social services.

In total, 422 experts with an average of 14 years of professional and academic experience in civil society contributed to the survey. Their answers included qualitative and quantitative assessments of key areas of this survey as defined above: the institutional environment for civil society, key actors in civil society in the fields of advocacy, social services, culture and social entrepreneurship, and the respondents' expectations for the next 10 to 15 years. Given the complexity of these questions, many were optional in order to allow respondents to opt out. The survey was kept strictly anonymous. Answers were content-analyzed by two independent raters in order to identify trend patterns in distinct categories (Stemler 2001, Krippendorff 2004). Of the 422 respondents, more than 300 shared their assessments regarding e.g. key institutional actors, their potential importance and the influence in their respective countries. Furthermore, 217 experts felt sufficiently confident to indicate their expectations and predictions for developments in the coming 10 to 15 years. Overall, this provided the international research team with a unique database to explore the civil society sectors of the region from a broader perspective.

### 1.2.2 Country Reports

After the survey was completed, raw data and the aggregated results of the expert survey were shared with the international research team. Analyses comprised the most frequently named examples of impactful and innovative organizations as well as the trend patterns identified for the next 10 to 15 years. The authors of the country reports also received a briefing on the purpose and general structure of each chapter as well as background information and a sample chapter. The country reports were written between March and September 2016. In many cases, the authors did not only base their work on literature, experience and the expert survey results<sup>1</sup>, but conducted additional research, background talks and document analyses. The creation of the final reports involved several rounds of editing and discussion with the team at WU Vienna. This process enabled us to compile 16 country reports with a comparable structure and a common research approach, while ensuring that the authors had the flexibility to present local realities as clearly as possible and to add their own perspectives. Finally, upon completion of all country reports, the lead research team compiled a synthesis chapter (Chapter 2) to give a condensed overview of the work from a regional perspective.

In conducting this study, we tried to avoid three common pitfalls in research on civil society in Central and Eastern Europe. First, we refrained from understanding civil society only as the sum of civil society organizations, while ignoring the political dimension, volunteering, and informal activities. Instead, we highlighted the diversity of civil society in our discussions with authors and by including these dimensions in the structure of the country report. Moreover, we deliberately chose a more inclusive definition of civil society in the research project, which also embraces non-formally organized and spontaneous activities. Of course, language is never neutral, and the very term “civil society”, especially in the context of CEE, can be perceived as a “system export” of institutional concepts from the West (see Sampson 1996 and the country reports on Albania and Slovenia). We therefore invited the authors of country reports to contextualize the term or deviate from it whenever necessary in order to describe local realities.

Second, we challenged the preconception of the CEE region as a supposedly homogeneous unit of analysis. Given the heterogeneity of developments in civil society in these countries, one of the guiding questions for us was: In light of the different historical trajectories of the 16 countries under study, is it appropriate to speak of Central and Eastern Europe as one region at all? The term can largely be traced back to the need of historians to find a new name for the former “Eastern Bloc” countries after the decline of Soviet influence and systemic transitions in the late 1980s and 1990s (e.g. Bernhard 1993, Howard 2002, 2003). Those earlier works followed the assumption that Central and Eastern Europe should be regarded as one distinct and coherent region unified by a communist past (Howard 2003). This focus on one of the most disruptive shared developments of these countries clearly made sense in the 1990s. Since then, however, countries in Central and Eastern Europe have developed along different economic, social and political paths, with some even changing their names, territories and borders (e.g. Ekiert et al. 2010). Against this backdrop, this volume focuses on the particular countries in the region as the main units of analysis, whereas the synthesis chapter (Chapter 2) gives an overview of similarities and differences among the sampled countries within the region and in certain country groups.

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1 A number of the sample quotes in this volume have been edited lightly in order to ensure clarity and grammatical accuracy.

Third, in an attempt to avoid a too Austria-centric research perspective, we designed the project in a way that builds strongly on local expertise in the region. Each country report was therefore compiled by independent academics and practitioners, who possess in-depth knowledge of civil society in their respective countries as well as the ability to access local sources. In addition to literature and their expertise, the authors were supported by the results of our standardized survey among civil society experts in CEE. Rather than conducting a remote diagnosis based on macro-data and preconceptions, this approach allows our readers to get an impression that is deeply rooted in research, literature and local realities.

### **1.2.3 Project Partners and Collaborators**

This research project was commissioned by ERSTE Foundation and implemented by the Social Entrepreneurship Center at the Vienna University of Economics and Business (WU Vienna). The international team of authors comprised 27 independent scholars and practitioners from 16 countries: Danijel Baturina, Gojko Bežovan, Tatiana Cernomorit, Elona Dhëmbo, Grzegorz Ekiert, Danica Fink-Hafner, Jan Kubik, Éva Kúti, Mihaela Lambru, Jelana Matančević, Michael Meyer, Clara Maria Moder, Vjosa Musliu, Jiří Navrátil, Michaela Neumayr, Meta Novak, Sašo Ordanoski, Jakub Pejcal, Astrid Pennerstorfer, Ruzha Smilova, Zilka Spahić-Šiljak, Dušan Spasojević, Boris Strečanský, Nicole Traxler, Peter Vandro, Zlatko Vujović, and Michal Wenzel (see Annex: About the Research Team). The project was coordinated by Peter Vandro, Nicole Traxler, Reinhard Millner, and Michael Meyer, who also served as lead researchers and editors. The project was also supported by a number of partners and colleagues at ERSTE Foundation and WU Vienna.

## **1.3 Acknowledgements**

Carrying out a project of this scale was only possible with the kind support of donors, partners and colleagues. Our special thanks go to all 27 of the above-named authors who contributed to the creation of this report and brought in their expertise, hard work and background knowledge. Our thanks also go to our colleagues at WU Vienna, Nina Resch, Jonas Dinger, Pablo Viveros, Bianca Zaki, and Lukas Leitner, as well as Barbara Roiser and Christopher Anderson, who have been an enormous help in the process of copy-editing this volume. Furthermore, we wish to express our gratitude to Maribel Königer, Gerald Radinger, and Marianne Schlögl of ERSTE Foundation, as well as Thomas Kloyber and Beate Purker-Rosensteiner of EN GARDE Wien for their supervision, expertise and support in the publication process, as well as Simona Rhomberg of ERSTE Foundation and Katharina Hammer of WU Vienna for their support in legal matters. We also feel especially indebted to the 422 anonymous experts who participated in our survey, shared their assessments of civil society and even tackled the challenge of making predictions about the future of civil society in their countries.

Finally, we wish to thank our partners at ERSTE Foundation, in particular Franz-Karl Prüller, who initiated and passionately supported this project in discussions by giving us access to numerous networks in the CEE region and by financing this project. Thank you very much for your encouragement and support.

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## **Chapter 2**

# **Patterns in Civil Society in Central and Eastern Europe: A Synthesis of 16 Country Reports and an Expert Survey**

*Michael Meyer, Clara Maria Moder, Michaela Neumayr,  
Nicole Traxler, Peter Vador*

## ABSTRACT

In this chapter, we provide a map of civil society in Central and Eastern Europe (CEE). We summarize the country reports published in this volume and complement them with analyses from other datasets, e.g. the European Values Study (EVS) and an expert survey which was conducted for the purpose of this study. We apply these sources to cluster the 16 CEE countries under investigation into four distinct country groups: a) the Visegrád group, which consists of Poland, the Czech Republic, Slovakia, and Hungary, b) Slovenia and Croatia, c) Bulgaria and Romania, and finally, d) the non-EU countries Serbia, Bosnia and Herzegovina, Macedonia, Montenegro, Kosovo, Albania, and Moldova. Austria serves as a reference country for comparing CEE civil society with a traditional Western European civil society. Historical trajectories, economic data and an institutional analysis all confirm this clustering, and we describe and analyze the country groups using these categories.

Even though the groups are diverse, some similarities become obvious, such as the important role of the European Union and the accession process in shaping the institutional framework. Analyses also reveal distinct features of civil society within the four country groups, such as a particularly high level of donor dependency in the non-EU country group and a low level of institutional trust in Bulgaria and Romania. Finally, we discuss trends and future developments. Despite recent challenges, including the withdrawal of foreign donors and political tensions in some countries, the outlook we provide for this dynamic region remains largely optimistic.

## 2.1 Introduction

In the late 1980s, the fundamental political changes in Central and Eastern Europe (CEE) prompted the world to watch this region with bated breath. How would these countries cope with their communist heritage? Which paths of political and economic development would they take, and most notably, would they manage to install viable democratic systems? In the process of transformation, civil society clearly played a crucial role. On the one hand, the people who engaged in civil dissent initiatives or in civil society organizations that opposed totalitarian regimes contributed to their collapse. On the other hand, civil society actively participated in and heavily influenced the process of transition after 1989 (Frič 2004). Since civil society was perceived as an integral part of society's transition toward democracy, the sector could expect support from politicians and officials, and it received generous foreign assistance for capacity building. The part played by civil society during these tremendous changes has shaped its role until today. But one might wonder: what is the nature of that role, and how homogenous is it across the countries of the region?

Though there are some studies on civil society for selected countries in CEE, overarching research on its role in this area is scarce, as is comparative information across countries. Thus, we know little about the structure and development patterns of civil society in CEE. This volume aims to fill this gap and to trace the paths that civil society sectors in the region have taken since 1989. While each country in the region has its own unique story, which is presented in the country reports, this synopsis identifies commonalities, differences and patterns across all 16 countries under study. It reflects on critical historical events that have shaped the development of countries and tries to group the countries according to civil society characteristics.

The data used in this synopsis is primarily based on the country reports in this volume. Additionally, we draw insights from an anonymous expert survey conducted in 16 countries. Out of the 422 responses, more than 300 experts shared their assessments regarding e.g. key institutional actors, their potential importance and the direction of their influence in their countries. More than 200 also provided predictions about future developments in the region. Our synopsis starts with an overview of previous efforts to group countries according to their institutional settings with regard to civil society, followed by our own suggestion of a new categorization into four country groups. Using these groups, we then elaborate on the scope, size and funding structure of civil society and continue with a description of the current institutional environment relevant to civil society. Subsequently, we present how experts assess the role that the relevant institutional actors will play for each country group in the near future, and we discuss the predicted trends and challenges that civil society in CEE might face in the coming years.

### 2.1.1 Commonalities in CEE Civil Society and Social Origin Theory

Today, more than 25 years after the collapse of the communist regimes in CEE, the countries of the region can no longer be treated as “statist” or “in transition”. Though they are all post-communist countries and their civil society sectors have experienced repressive regimes, different events have influenced them in the recent past. Among them are the Yugoslav Wars, accession to the European Union, ethnic conflicts, right-wing governments that have come into power, and the rising numbers of refugees in 2015. These events had

a formative influence on the traits of the civil society sector in each country. Based on social origin theory (Salamon and Anheier 1998, Salamon et al. 2000; see below), we have identified common patterns in the civil society sector across the CEE region and assigned 15 countries to four country groups accordingly. This grouping helps us to better understand the different pathways taken by civil society in those countries and enables us to trace the factors that have encouraged and hampered their development. It allows us to analyze commonalities and differences between the civil society sectors in particular countries without losing sight of the larger regional picture.

Several scholars have tried to identify common patterns across countries and have grouped them accordingly. The best-known typology of civil society stems from Salamon and Anheier (1998), who clustered countries into four “nonprofit regimes”. Such typologies have proven meaningful for explaining cross-country differences in, for instance, volunteering, philanthropic donations or the size of the civil society sector (Einolf 2015, Kanga et al. 2011, Sokolowski 2013). In such studies, Western countries are unanimously assigned to the liberal, the socio-democratic or the corporatist nonprofit regime, while non-Western countries, including CEE countries, have often been treated as a residual category. They have been lumped together in meagerly defined groups which are labeled “Statist” or “Eastern European” or simply “Poor/Statist” and they include a wide range of diverse countries (Einolf 2015, Pennerstorfer & Neumayr forthcoming, Salamon et al. 2000).

Social origin theory argues that the development of a civil society sector cannot be easily understood as the product of a linear extension of a single factor, such as the diversity of the population, government welfare spending or trust in society (Salamon and Anheier 1998, Salamon et al. 2000). Rather, more complex relations among social classes and social institutions are involved and dominated by power distributions (Rueschemeyer et al. 1992:5). This idea also draws on the work of Moore (1966) and Esping-Andersen (1990), who elaborated on the social origins of fascism and democracy and on the origins of the modern welfare state, both referring to power-resource theory (Korpi 1974). They argue that the evolution of different forms of the welfare state is determined by past political and economic struggles between social classes (e.g. the landed elite, rural peasantry and urban middle class) and the state (Salamon and Anheier 1998:227, Smith and Gronbjerg 2006:234). For instance, a strong urban middle class and low aristocratic power favor the development of low government power, and consequently, a rather liberal and market-dominated regime (Esping-Andersen 1990). Esping-Andersen defined three central institutions within the structure of the welfare system: the state, the market and the family. Depending on the dominance of these institutions in a country, he identified three different regime types, with the central institution being the state in the social democratic regime, the family in the corporatist regime, and the market in the liberal regime.

Though this typology is well established in research, it also has evoked much critique (e.g. Arts and Gelissen 2002, Gough 2013). First, the typology does not reflect on the role of civil society when describing the central institutions of the welfare state, though civil society organizations are important providers of welfare services. Some scholars have dealt with this shortcoming by discussing the provider mix within the care system (e.g. Alber 1995, Anttonen and Sipilä 1996, Ranci 2002, Salamon and Anheier 1998). Both Ranci and Salamon/Anheier focus on the role of the civil society sector in the provision of social care and the degree of state funding (Pennerstorfer & Neumayr forthcoming). In their work, Salamon and Anheier (1998) describe four different nonprofit regimes to explain the size, functions and funding structure of CSOs across countries. Empirically, they refer to the share of the population working in CSOs and to the level of government welfare spending in order to assign countries to these regimes. Though they used a different approach to assign countries compared to Esping-Andersen, they applied similar designations to the regimes and concluded with the categorization of a liberal, a corporatist, a socio-democratic and a statist nonprofit regime.

Second, Esping-Andersen’s typology (1990) did not assign countries from Central and Eastern Europe to welfare regimes. While the typology has been expanded to include the countries of Southern Europe, CEE still remains a blind spot in welfare-regime typologies. A literature review revealed that, though several additional regimes have been incorporated (e.g. “Latin Rim”, “Radical”, “Southern regime”, “Late Female Mobilizations regime”), CEE countries have not been integrated (Arts and Gelissen 2002). A study that grouped countries in CEE according to their welfare state identified a “Former-USSR type” (Belarus, Russia, Ukraine, and Baltic states), a “Post-communist European type” (Bulgaria, Croatia, Czech Republic, Hungary, Poland, and Slovakia), and a “Developing welfare-state type” (Georgia, Romania, Moldova) (see Fenger 2007).

### **2.1.2 Establishing Country Groups in CEE Civil Society**

Social origins theory considers the historical past of societies for identifying factors that encourage and shape the nature of civil society. It elaborates on the balance of power between social classes, an approach that might fit for Western Europe and North America. In countries where civil society has re-emerged after almost 40 years of communist rule, however, this approach needs to be adjusted, as civil society might have been shaped by more recent “power struggles”. We thus suggest to extend social origins theory by adding



more recent historical events and a wider spectrum of societal actors who exercise power (Kabalo 2013), such as the European Union and foreign donors.

Though the pathway of each country is unique, some groups of countries have experienced similar historical events that have encouraged or constrained the emergence of CSOs. Some of these patterns are summarized in Table 2.1. As can be seen on the left-hand side of the table, the Yugoslav Wars in the 1990s and EU accession processes were among the most influential historical events. On the right-hand side of the table, we depict events and topics that emerged from descriptions of the historical development of civil society in the country reports. We considered issues that have been highlighted as formative for civil society in the country reports. Most of the events refer to institutional actors exerting significant power, such as new political governments, international donors, right-wing parties or EU regulation standards. The emergence of these institutional actors shifted prevailing power relations within society and resulted in changes in the institutional environment and legal framework for CSOs.

Based on these patterns, we assigned the countries under study – with the exception of Austria – to four country groups:

1. Visegrád group: Czech Republic, Hungary, Poland, and Slovakia
2. Croatia and Slovenia
3. Bulgaria and Romania
4. Non-EU countries: Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Moldova, Montenegro, and Serbia

Country	Historical events	Topics highlighted in country reports								
	Yugoslav Wars (1991-99)	EU candidate status (since)	EU membership (since)	Increasing freedom for CSOs to operate under communist rule	Implementation of new legal framework for CSOs (e.g. law on registered associations)	Foreign funding for capacity building in CSOs	Emergence of “imported” CSOs that are not locally embedded	Unstable political situation and difficult CSO-government relations	Shift to the right in civil society and government	Refugee crisis
Czech Republic			2004	1970s	X					
Hungary			2004	1950s	X				2010	
Poland			2004	1950s	X				2010	
Slovakia			2004	1970s	X				2010	
Croatia	X		2013	1980s		X	X			
Slovenia	X		2004	1980s	X		X			2015
Bulgaria			2007		X	X			2015	2015
Romania			2007		X	X				
Albania		2014								
Bosnia and Herzegovina	X	n/a*		1980s		X	X			
Kosovo	X	n/a*		1980s		X	X	1998–2008		
Macedonia	X	2014		1980s						
Moldova		n/a			X	X				
Montenegro	X	2010		1980s		X				
Serbia	X	2012		1980s			X	1996–2000		
Austria			1995							2015

\*Application for candidate status in 2016

Table 2.1: historical events and topics perceived to influence civil society development in CEE

## 2.2 Historical Development

The four groups prove meaningful for the purpose of comparing the historical development of civil society in CEE and for making its patterns more easily visible. Austria has not been assigned to any of the four groups because it is characterized by a “corporatist nonprofit regime” and thus fits into an existing group of countries together with Germany, Belgium and France (Einolf 2015, Salamon et al. 2000). This group is characterized by a civil society sector that receives large shares of its funding from public sources and provides social services in return, and also by institutionalized negotiations between political parties, the labor movement, professional associations, and CSOs for the purpose of balancing interests (Neumayr 2015, Salamon and Anheier 1998). As the key features of CSOs in this regime are well documented, we do not describe civil society in Austria separately, but contrast the characteristics of the four country groups with those of Austrian civil society in the concluding sections of this synopsis.

### 2.2.1 Visegrád Group

The civil society sectors in the countries of this group (Poland, Czech Republic, Slovakia, and Hungary) have many commonalities. Under communist rule (1945-1989), the regimes of all four countries became gradually less restrictive toward civil society, especially in their last decades. In Poland and Hungary after 1956, and in Czechoslovakia after 1969, CSOs were partly tolerated by the communist regime, and some were allowed to exist because the system was not able to cope with such “islands of positive deviation” (cf. Country Report: Slovakia). Many actors operated in the underground (such as the independent underground Christian movement, the environmental movement and intellectuals) and played an important role in the political change of the system (e.g. the Velvet Revolution in Czechoslovakia).

The political changes of 1989 were followed by several legislative modifications regarding the activities of civil society in the 1990s, such as the creation of a legal organizational framework for CSOs that included the freedom of association. As a consequence, existing CSOs had to adapt to the new legal frameworks of association, which forced them to split, dissolve or continue in the new context (e.g. in Slovakia). At the same time, the new legal framework in Slovakia triggered a boom in civil society organizations, and many new, small CSOs emerged. They were active at the community level, driven by enthusiastic founders and often acted without secured income streams. In Poland, CSOs that had existed under the communist regime frequently split into smaller organizations and changed their names, leaders and agendas. CSOs that had previously been banned or suppressed under state socialism were now officially incorporated. Overall, this resulted in the growth of a civil society sector with a new, more legitimate identity.

Another common feature of Visegrád countries is their early accession to the European Union in 2004. As part of the pre-accession process, legal regulations that were geared toward fostering civil development were adopted. This process also contributed to the internationalization of civil society; for instance, transnational causes were increasingly tackled in collaboration with CSOs in other EU countries (e.g. in Poland). Interestingly, and in contrast to the other countries under study, the authors of the country reports of the Visegrád group did not emphasize the importance of EU accession for funding or capacity building or the emergence of an “imported” civil society. This implies that, although EU funding and support from international donors had been very important prior to 2004, its relevance has decreased since then and seems to play only a marginal role today.

In this group, the relationship between civil society and the government has been challenged by several changes in government since 1989. Center-left or center-right political parties have alternated, resulting in ever-changing attitudes toward CSOs. While some governments have tried to strengthen the role of the state and were very skeptical toward civil society, others aimed to open the state to citizens and to introduce participatory mechanisms into policymaking. This volatile relationship made it difficult for civil society to become an important partner in policy domains and to gain access to government funding. Most recently, authoritarian right-wing parties have come into the government in Hungary (in 2010) and Poland (in 2015), and a neo-Nazi political party massively increased its votes in parliamentary elections in Slovakia (in 2016). In Hungary, this resulted in repression and sanctions against CSOs, including the defamation of international CSOs and foundations.

With the exception of the Czech Republic, the countries of the Visegrád group have witnessed an increasing value polarization in the last few years. In Poland, illiberal, nationalist civil society groups started to develop after the plane crash and death of president Kaczyński in 2010. In 2015, those tendencies were reinforced by the refugee crisis, although it did not affect Poland directly. In Slovakia and Hungary, the refugee crisis stimulated increased activity in civil society, leading to the emergence of new xenophobic as well as humanitarian CSOs. In Slovakia, not only the refugee crisis, but also the events in Ukraine and debates about human rights, LGBT rights and family values have led to value polarization within civil society, also giving rise to a neo-Nazi movement.

### 2.2.2 Croatia and Slovenia

Similar to the countries of the Visegrád group, Croatia and Slovenia already experienced a process of liberalization under the one-party system in the last decade of communist rule; this permitted the formation of numerous CSOs. As early as 1986, Slovenia issued a new law on the freedom of association, which contributed to the growth of the sector.

The Yugoslav Wars slowed the development of civil society. At the beginning of the 1990s, the development of CSOs was predominantly advanced through international humanitarian aid, most notably financial and technical assistance from abroad. While this kind of support definitely facilitated the development of civil society, it was also criticized for its programs not being embedded in the local context. Parts of civil society were perceived as “imported” and “speaking a foreign language”, as they were primarily funded by foreign donors and lacked roots in local communities. Moreover, it was criticized that the withdrawal of foreign funding led to financial instability in the sector. Meanwhile both countries have become EU member states: Slovenia in 2004, Croatia in 2013. In the process of accession to the EU, their policies became more favorable to the development of civil society and thus increased its visibility and importance.

### 2.2.3 Bulgaria and Romania

The pattern that unifies Bulgaria and Romania is not just their geographical proximity, but also their similar pathways toward EU membership which both countries gained in 2007. The period leading to accession to the European Union was characterized by massive support for civil society in the form of financial support as well as institution and capacity building. This development was associated with the increased power of civil society vis-à-vis government, e.g. in policymaking. During this period, numerous legal regulations facilitating civil society activities also came into force, such as the NPO legal entities act in Bulgaria (2001). Similarly, the new legislation on associations and foundations (2000), the law on free access to public information (2001) and the law on transparency of decision-making (2003) were passed in Romania. These regulations contributed to a considerable increase in the number of CSOs in both countries.

After their accession to the EU, however, Bulgaria and Romania saw a dramatic reduction in technical support and funding from foreign donors, who believed that EU membership was “a clear sign of the end of the long transition to consolidated democracy with a working market economy which could support its CSO sector on its own” (Country Report: Bulgaria). Though EU membership brought about greater access to EU funding, the capacities necessary to apply for it were not available in many civil society organizations. Thus, CSOs created networks in order to be able to apply for EU funding. However, the system was also misused and, for instance, public officials established specific CSOs in order to be able to receive EU funds. Apart from EU membership, NATO membership has also shaped national identity in Bulgaria and Romania (see Chapter 5).

The Yugoslav Wars did not affect civil society in Bulgaria and Romania directly, as neither country was involved in conflicts and the majority of displaced people sought asylum in other countries. In 2013, the increasing numbers of refugees from the Middle East gave rise to many grassroots initiatives active in this field in Bulgaria. In 2015, however, nationalist CSOs emerged as a countermovement and aimed to protect the country's borders from illegal immigration.

### 2.2.4 Non-EU Countries

Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Moldova, Montenegro and Serbia were clustered into a group of countries that have not joined the European Union (yet) but aspire to do so. Albania and Macedonia have been official candidates since 2014, Montenegro since 2010 and Serbia since 2012. Bosnia and Herzegovina applied for EU membership in 2016, and Kosovo and the Republic of Moldova have not yet applied, but association agreements between Moldova and the European Union have been signed and negotiations are ongoing.

Although they were under communist rule, several countries in this group underwent a process of liberalization toward civil society activities in the 1980s. In the final years of their existence, the regimes became less restrictive and allowed CSOs to renew their work. As a consequence, new CSOs emerged, e.g. in the field of the environment, art, feminism and peace in Bosnia and Herzegovina or Serbia. Albania and Macedonia also experienced a steady and gradual increase in the number of CSOs, though the communist state was their “main impetus and controller”.

The most influential events for most countries in this group were the Yugoslav Wars. They have had a dramatic impact on the development of civil society, causing suffering, division and the destruction of long-established institutions. This has prompted citizens to form CSOs either to protest against ethnic divisions or

to provide humanitarian support. The post-war years were characterized by government changes, ongoing minority and ethnic conflicts resulting in the separation of Montenegro and Kosovo, in the UN administration in Kosovo (1999-2008) and in the armed inter-ethnic conflict in Macedonia (2001). Several of the newly formed independent states underwent repeated changes of government, including center-right governments that refused to collaborate with CSOs (Serbia, 2003) and governments that suppressed the freedom of speech and opposition-minded political activities (e.g. in Macedonia, 2006). In some countries, however, these suppressive policies contributed to strengthening civil society.

Along with the war and the unstable political situation, massive international support and funding for capacity building flowed into the region. International support (e.g. from the EU, USAID or – especially in Moldova – George Soros' Open Society Foundation) was important for institutional stability, for strengthening CSOs' democratic values and their position vis-à-vis national governments (e.g. in Macedonia, Montenegro). Nevertheless, in contrast to Bulgaria and Romania or to countries in the Visegrád group, international support faced stronger criticism in the Balkan region. Some authors of the country reports remark that international aid was partially perceived as the installation of a donor-driven "parallel system of CSOs". When donors' priorities changed, CSOs had to adjust quickly, leading to a "large, non-specialized, short-term oriented, financially insecure sector that was detached from citizens" (Bosnia and Herzegovina, Serbia). In Serbia, this has even led to a division of the civil society sector into government-critical CSOs that were partially funded by international support and CSOs that adopted a more government-friendly strategy, depending mainly on domestic sources. In Kosovo, a "Western-like model of civil society was built from scratch", with the number of CSOs rising from 45 to 400. Civil society staff was labelled the "upper middle class" because their salaries were twice as high as average salaries due to international funding systems. After 2005, many CSOs were unable to continue their activities once donations decreased (Kosovo).

The numerous legal changes aimed at facilitating civil society – which could be observed in other country groups during their accession to the EU – have been largely absent in this group. An exception is the Republic of Moldova, where the development of civil society became national priority after 2008; this was reflected in an action plan and in the adoption of several laws such as the law on public association that became effective in 1996. In Serbia, a law on public associations also went into force in 2009, while in Albania a number of legal regulations were adopted from 2001 onwards.

Compared to Austria, the legal framework for civil society has developed quite dynamically in all four groups of countries. In Austria, where the law on registered associations dates back to 1867, only a few wide-ranging legal changes for civil society have been implemented in the last few decades, for example with regard to the incorporation of foundations or the tax deductibility of charitable donations. International support and funding plays a minor role for CSOs in Austria, since the sector is predominately funded by domestic public sources. However, some of the events highlighted in the four country groups have also proven to be highly relevant for the development of civil society in Austria. For instance, in the wake of the Yugoslav Wars, numerous CSOs provided legal and humanitarian support for refugees and deserters. Besides, one of the most successful fundraising alliances between CSOs ("Nachbar in Not") was forged during the Yugoslav Wars and is still active. Similarly, in 2015 the refugee crisis resulted in the formation of several grassroots CSOs providing shelter, humanitarian aid and social services for refugees, but it also gave rise to xenophobic views and nationalist policies.

## 2.3 Mapping Civil Society: Size, Scope and Funding

So far, a historical perspective on civil society in CEE has revealed the four country groups described above. Economic data on civil society also support this grouping, as they show that the economic importance and the scope of civil society differ markedly between these country groups. Still, a number of factors make comparisons rather complicated. In some countries, like Bosnia and Herzegovina, almost no economic data are available. In others, data are available, but only from different sources and with certain inconsistencies. Therefore, the economic data in this comparison should be interpreted with caution. They are based on different sources, including reports on civil society (e.g. BCSDN 2015, Đokić and Sumpor 2013, Hoxha 2016, Žeravčić 2016) and data from the European Values Study (GESIS Leibniz Institute for Social Science 2008), as well as the country reports in this volume. Most figures have been provided, checked and rechecked by the country experts, i.e. the authors of this volume.

The 16 CEE countries on our map comprise 128.6 million inhabitants. Of the almost 47 million employees in the region, about 1.77% are employed in CSOs (excluding Moldova due to a lack of data on employment). The sector's organizational density comes to 4.11 active CSOs per 1,000 citizens. However, taking a closer look at the size, scope, and funding of civil society, we find remarkable differences between countries and country groups. Overall, in countries with higher economic performance, the economic relevance of civil society is

greater. This pattern has been identified in prior comparative research (e.g. Salamon et al. 2004). It shows that weak economic performance is often aligned with political instability, non-transparency, corruption, and low trust in public decision-making processes. The same is true of the CEE region, where the Visegrád countries have the strongest and most stable civil society sectors and the non-EU countries have the weakest.<sup>1</sup>

In the Visegrád countries, CSOs make a significant contribution to GDP. Both CSO density and the share of total employment in CSOs are high. Public funds are the most important funding source, while foreign funds have almost no importance. Similarly, in Croatia and Slovenia, CSOs have a rather high economic impact and the organizational density of CSOs is the highest in our sample. Though the share of public funding is still large, it has been shrinking since the economic crisis in 2008. Consequently, foreign funders have gained importance. In Bulgaria and Romania, the economic impact of CSOs is the lowest among the EU member states in our sample, both in terms of their contribution to GDP and organizational density. In both countries, CSOs depend on unstable and meager public funds, and foreign funding has been reduced significantly since EU accession. In the non-EU countries, the economic contribution of civil society is the lowest. The civil society sector's share of total employment is available for most countries and reflects the differences between the groups (with Kosovo constituting an outlier due to its high unemployment rate of 35.3%; see Figure 2.1).

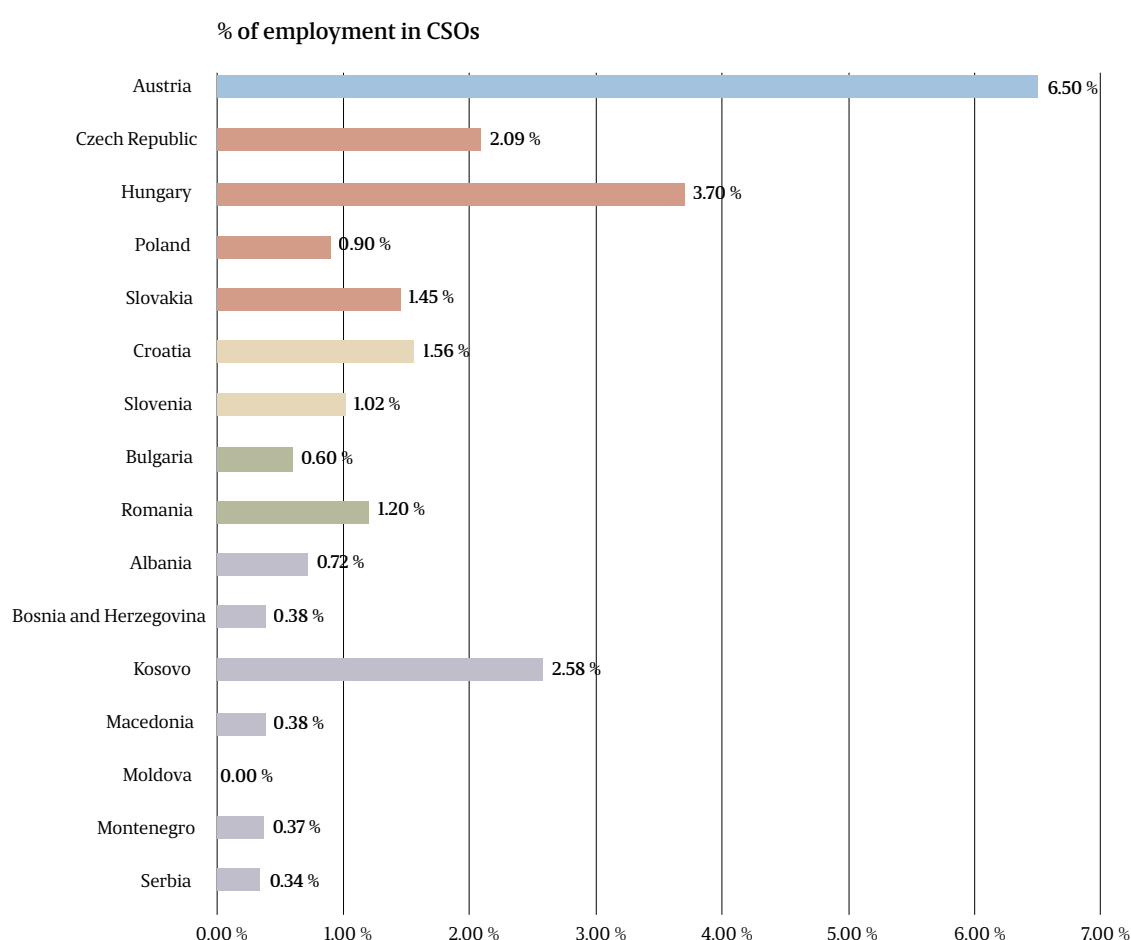


Figure 2.1: share of total employment in CSOs (CEE)<sup>2</sup>

In order to better characterize civil society sectors, we also analyzed data from the European Values Study (GESIS Leibniz Institute for Social Science 2008). This database provided us with rates of volunteering and membership in CSOs for all countries, as well as the levels of (dis-)trust toward institutions in the general public. For the latter, we calculated scales for the four most relevant types of institutions in each of the 16 countries (Table 2.2): (1) distrust in public institutions (such as armed forces, education system, police,


<sup>1</sup> A note of caution: In this section we sometimes label civil society in a country as “strong” or “weak”. We use these characterizations with reference to economic criteria. Of course, such metrics only capture part of civil society’s “strength” given that its role in society is multi-layered and contextual; see e.g. Ekiert and Foa (2011), Ekiert and Kubik (2014). Moreover, what civil society can actually achieve in terms of advocacy and policymaking is essential for the weakness or strength of its societal role, yet leaves almost no economic footprint (Ekiert and Kubik 2014). Given the lack of more comprehensive data on the different functions of civil society, we still use economic criteria to make inferences about the role of civil society as a field of employment and activity.

<sup>2</sup> Sources: country reports, BCSDN 2015, Eurostat 2016

Figure 2.2: a map of civil society in CEE<sup>1</sup>



1 For a systematic comparison of economic indicators per country, see also Table 2.3 in the Annex to this chapter (source: country reports, BCSDN 2015, Eurostat 2016).

A map of Eastern Europe with Romania, Bulgaria, and Moldova highlighted in a light olive green color against a darker olive green background. The map shows the Black Sea to the east and the Balkans to the south. 

### Moldova

- Population: 3.6 million
- 10,500 CSOs, 2,000 active
- 0.54 active CSOs/1,000 citizens
- Education & training, social services, community development, advocacy, health, youth
- 18.2% volunteering (EVS)

### Romania

- Population: 20.0 million
- 0.60% of GDP
- 1.2% of employees
- 62,600 CSOs, 26,000 active
- 1.3 active CSOs/1,000 citizens
- Sports & leisure & recreation, education, social services
- 12.8% volunteering

### Bulgaria

- Population: 7.6 million
- 0.60% of employees
- 41,500 CSOs, 9,500 active CSOs
- 1.25 active CSOs/1,000 citizens
- Social services, culture, (sports)
- 10% volunteering

parliament, civil services, social security system, government, health care system, justice system);<sup>3</sup> (2) distrust in CSOs (political parties, environmental organizations, labor unions);<sup>4</sup> (3) distrust in large companies;<sup>5</sup> and (4) distrust in international organizations (NATO, EU, UN).<sup>6</sup>

	% Membership in CSOs	% Volunteering	Distrust in public institutions	Distrust in CSOs	Distrust in large companies	Distrust in international organizations
Austria	53.8 %	28.0 %	2.39	2.81	2.72	2.87
Czech Republic	57.9 %	34.5 %	2.69	2.97	2.88	2.60
Hungary	31.8 %	14.2 %	2.67	2.98	2.87	2.51
Poland	29.1 %	18.1 %	2.53	2.92	2.76	2.50
Slovakia	61.7 %	29.7 %	2.53	2.75	2.79	2.65
Croatia	27.6 %	18.2 %	2.58	2.82	2.79	2.53
Slovenia	65.8 %	35.7 %	2.49	2.74	2.59	2.59
Bulgaria	26.3 %	16.7 %	2.82	3.12	2.99	2.65
Romania	28.4 %	20.3 %	2.72	3.08	2.75	1.99
Albania	17.6 %	7.9 %	2.65	2.95	2.82	2.80
Bosnia and Herzegovina	51.7 %	40.5 %	2.78	2.99	2.97	2.86
Moldova	19.2 %	7.3 %	2.58	2.95	2.82	2.80
Montenegro	24.9 %	17.4 %	2.54	2.87	2.79	2.54
Serbia	22.8 %	11.4 %	2.88	3.18	2.96	3.24
Macedonia	34.5 %	28.6 %	2.49	2.86	2.69	2.50
Kosovo	18.7 %	10.7 %	2.09	2.29	2.27	1.98
Total	40.5 %	23.5 %	2.59	2.90	2.79	2.61
	% Membership in CSOs	% Volunteering	Distrust in public institutions	Distrust in CSOs	Distrust in large companies	Distrust in international organizations
Austria	53.8 %	28.0 %	2.39	2.81	2.72	2.87
Visegrád countries	47.6 %	25.9 %	2.61	2.91	2.84	2.57
Croatia and Slovenia	60.1 %	37.6 %	2.61	2.85	2.78	2.70
Bulgaria and Romania	25.6 %	17.1 %	2.67	2.99	2.89	2.59
Non-EU countries	24.1 %	14.8 %	2.57	2.87	2.72	2.54
Total	40.5 %	23.5 %	2.59	2.90	2.79	2.61

Note: Fields shown in green refer to the best four countries or the best two country groups; fields shown in red show the lowest four countries or the lowest two country groups.

Table 2.2: membership, volunteering, and distrust in institutions in CEE<sup>7</sup>

Among all countries, Slovenia (65.8%), Slovakia (61.7%) and the Czech Republic (57.9%) show the highest shares of membership in civil society organizations. In those three countries and in Croatia (51.7%), more than half of the population is involved in a CSO as a member. Membership rates are lowest in the non-EU countries of the Western Balkans: Bosnia and Herzegovina (17.6%), Kosovo (18.7%), Montenegro (19.2%) and Serbia (22.8%). These shares of individual membership correspond quite closely to the density of CSOs in those countries (see Figure 2.1), though this is also true of Croatia and Slovenia. Moreover, Croatia (40.5%) and Slovenia (35.7%) have the highest shares of volunteers. The rate of volunteering is rather low in the non-EU countries: Montenegro (7.3%), Bosnia and Herzegovina (7.9%), Kosovo (10.7%) and Serbia (11.4%).

3 Scaled from 1 (high trust) to 4 (low trust), Cronbach's Alpha = 0.895

4 Scaled from 1 (high trust) to 4 (low trust), Cronbach's Alpha = 0.691

5 Scaled from 1 (high trust) to 4 (low trust), single item scale

6 Scaled from 1 (high trust) to 4 (low trust), Cronbach's Alpha = 0.897

7 All differences between countries and regions are significant at a  $p \leq 0.001$  level according to ANOVA (F-tests for the distrust variables) and chi-squared tests for the membership and volunteering shares (GESIS Leibniz Institute for Social Science 2008).



In terms of citizens' distrust in their countries' institutions, the EVS figures paint a multifaceted picture. Citizens severely distrust public institutions in Serbia, Bulgaria, Croatia and Albania, while trust in those institutions is strongest in Kosovo, Slovenia, Macedonia and Austria. The values for Kosovo and Macedonia are striking and may result from singular events in those countries, e.g. the general election in Macedonia in 2008 and the declaration of independence by the Kosovo parliament in the same year.

Distrust in civil society organizations is highest in Serbia, Bulgaria, Albania and Croatia. On the other hand, CSOs enjoy the highest levels of trust in Kosovo, Slovakia, Slovenia and Moldova. When it comes to large corporations, people are most skeptical and distrustful in Bulgaria, Croatia, Serbia and the Czech Republic, and most trustful in Kosovo, Slovenia, Macedonia and Austria. International organizations are most trusted in Albania, Kosovo, Macedonia and Poland, while the highest level of distrust can be found in Serbia. These patterns, too, can be best explained by the specific histories of these countries, in particular by their different position in the Yugoslav Wars during the 1990s.

### **2.3.1 Visegrád Group (CZ, HU, PL, SK)**

The Visegrád group countries have rather strong civil society sectors measured in economic terms: Their CSOs' average share of total employment is 2.0% (ranging from 0.9% in Poland to 3.7% in Hungary), and CSOs' contribution to GDP ranges from 0.98% in Slovakia to 1.8% in the Czech Republic. The organizational density of CSOs in this group of countries exhibits some variety, ranging from 2 active CSOs per 1,000 citizens in Poland to 12 in the Czech Republic.

This pattern is supported by EVS data: They show high rates of volunteering (25.9%) and membership (47.6%) compared to all other groups. Slovak civil society relies especially on volunteerism. Interestingly, EVS data show rather low levels of trust in public, business and civil society organizations in all four countries. It may be necessary to interpret distrust in the light of the political situation at the time of data collection (2008), when e.g. the Hungarian political establishment was on the brink of collapse, Poland had just switched from the rightist Kaczyński administration to a more moderate government, and the Czech Republic had been through a longer period of instability during the formation of a new government after general elections.

The share of public funding is comparatively high in this group, with 55% of all CSO income stemming from public sources in Poland and 65% in the Czech Republic. In both countries, international donors are of very little or no relevance. In this regard, only 18% of all Polish CSOs receive foreign funding, and the EU is the main source. The same was true of Hungary; however, since its change of government in 2010, Hungarian civil society has suffered from a steep decrease in public funds, which dropped from 43% in 2010 to 29% in 2014, and from strict governmental control of EU funds. This has led to the rising importance of private international foundations in Hungary due to their independence from governmental control. With regard to funding sources, Slovakia – where public funds represent only 31% of CSOs' overall income – is an exception in the Visegrád group.

The main fields of CSO activity in this group are education, sports and social services. Particularly in Hungary, social services are constantly gaining importance. Important areas of activity include poverty, unemployment, homelessness and drug addiction. In Poland, CSOs in the field of arts and culture cooperate closely with authorities in developing cultural policy and are highly dependent on public funds. This facilitates funding, yet it also creates the risk of being controlled by the government through growing clientelism. Social entrepreneurship is rather novel in the Visegrád group and has mainly been driven by European funding. However, countries like Hungary and Slovakia have a long tradition of cooperatives, which helped to introduce the legal form of "social cooperative" in both countries (2007 in Hungary and 2012 in Slovakia).

### **2.3.2 Croatia and Slovenia**

Among all the countries in our survey, Slovenia's and Croatia's civil society sectors show the highest organizational density with regard to citizens served (with 14 active CSOs per 1,000 citizens in both countries), and they have high economic importance, generating 1.5% of GDP in Croatia and even 2.1% in Slovenia. The CSOs' share of total employment is in the middle range, with 1.6% in Croatia and 1.0% in Slovenia. Likewise, EVS data reveal high citizen engagement and institutional trust, with remarkable rates of membership (60.1%) and volunteering (37.6%). In terms of institutional trust, Croatia and Slovenia show high trust in CSOs but only medium levels of trust in other institutions.

Similar to the Visegrád countries, civil society in Croatia and Slovenia is characterized by a high share of public funding. In Croatia, for example, the public sector contributes more than 60% of CSOs' funding. However, both countries have suffered from a decline in public funding since the financial and economic crisis that began in 2008. This has increased the importance of international donors, in particular the Euro-

pean Union, which is the largest and most important foreign donor for almost 20% of Croatian CSOs (Đokić and Sumpor 2013).

Sports and culture play a dominant role in Croatia and Slovenia. In Slovenia, social services are also a highly relevant field; 46% of all CSO employees are active in social service CSOs, and most voluntary work is performed in this field. In arts and culture, Slovenian civil society suffers from marginalized financial support from the state and is mainly oriented toward the international cultural scene. In Croatia, however, the role of cultural organizations seems to be much more appreciated. They are recognized as important stakeholders in cultural policy, and the foundation of Kultura Nova in 2011 marked the advent of a reliable public partner to CSOs in arts and culture.

During the 1990s, advocacy in Croatia was dominated by the support of foreign funders and their interest in human rights, democratization and civil society development (Vidačak 2011). This gave rise to criticism and suspicions about advocacy CSOs hindering the government from cooperating productively with those organizations. Only recently, new methods of participation in public policymaking were introduced with the goal of improving this situation. Regarding social entrepreneurship, Croatia and Slovenia have both established the legal status of social enterprises, a status that can be obtained by several different legal entities. However, in both countries this rather new and small part of civil society lacks sufficient financial support from governments as well as support mechanisms such as tax relief or capacity building.

### 2.3.3 Bulgaria and Romania

While civil society in Croatia and Slovenia and the Visegrád group are comparable in terms of their economic importance and scope, the gap between them and the other two country groups, Bulgaria and Romania as well as the non-EU countries, is rather wide. The available data indicate that the economic relevance of civil society is comparatively weak in Bulgaria and Romania. Organizational density comes to 1.3 active CSOs per 1,000 citizens. Similarly, the economic contribution of CSOs to GDP is rather low, for example 0.6% of value added as a share of GDP in Romania. The CSOs' share of total employment is also relatively small, at 1.2% in Romania and only 0.6% in Bulgaria.

This pattern is supported by EVS data. In Bulgaria and Romania, citizens are rarely engaged as members or volunteers. Membership rates are far below 30%, indicating that only a quarter of the overall population holds some membership in CSOs. Around 17% of citizens in Bulgaria and Romania engage in volunteering for CSOs. These low engagement rates correspond to low levels of trust in institutions, regardless of whether they are public, business or civil society organizations.

The civil society sectors in Bulgaria and Romania have experienced increasing difficulties since EU accession (Dimitrova 2010), as foreign donors have downscaled or completely withdrawn their support. However, the national governments have not compensated for this gap in funding. On the contrary, the governments are not as transparent and stable as in other EU member states. Therefore, foreign donors, especially the European Union, are still important to civil society in this country group. In Romania, the European Social Fund (ESF) has been one of the major funding sources over the last few years. In Bulgaria, the combination of a rather weak government and comparatively influential foreign donors has led to tensions and hostile criticism of foreign donors by private pro-government media.

Social services and sports are among the main fields of activity in Bulgaria and Romania. While education is of high importance in Romania, arts and culture are more important in Bulgaria. Despite the importance of this field, Bulgaria lacks NGOs in arts and culture, as the cultural sector was traditionally dominated by chitalishta, the Bulgarian community centers that were one of the main recipients of government funding. In 2004, the Bulgarian government introduced the option to commission CSOs for the provision of social services. Today, around 20% of all publicly funded social services are provided by CSOs. Though we identified only a few Bulgarian advocacy CSOs, they are quite visible and influential. In Romania, advocacy for the purpose of transparency and accountability exists but is still fragile.

Quite similar to Croatia and Slovenia, a specific legal status for social enterprises was introduced in Romania, yet it is still limited to the field of work integration. In Bulgaria, a particular legal status for social enterprises was introduced without being limited to a specific field, but with other restrictions. However, once a Bulgarian CSO registers as a social enterprise and adapts to one of three pre-defined legal forms, it benefits from various tax deductions and other financial privileges.

### 2.3.4 Non-EU Countries

While organizational density in Bulgaria and Romania still comes to 1.3 active CSOs serving 1,000 citizens, it is remarkably lower in countries like Albania (0.9), Kosovo (0.6), and Moldova (0.5). Similarly, the economic contribution of CSOs to GDP is rather low in the group of non-EU countries, e.g. at 1.34% in Serbia, 0.58% in Montenegro, 0.96% in Macedonia and 0.28% in Albania. The share of total employment attributable to CSOs is also rather modest at 0.4% of total employment in Montenegro and 0.2% in Serbia. Kosovo seems to be a surprising outlier with a share of 2.6%, yet this is due to the very high unemployment rate of 35.3% (Eurostat 2016) and the youth unemployment rate of 61% (Eurostat 2016b), which make CSOs (most of them funded by international donors) comparatively important employers. Low rates of membership (24.1%) and volunteering (14.8%) complete the picture of the weak economic role of CSOs. Surprisingly, and despite their miserable economic and political situation, the countries of the non-EU group are characterized by higher levels of trust in public and international organizations. Again, we argue that the time of data collection is likely to have contributed to this finding. In 2008, Kosovo declared its independence and a new government was elected in Macedonia. Both events might have fostered trust.

The non-EU countries are characterized by unstable governments and volatile governmental funding for civil society. Consequently, civil society has to cope with instability, high levels of non-transparency, and corruption. At the same time, it receives relatively little support from private donations. Against this backdrop, foreign donors have become very important and CSOs have become highly dependent on them. Among the foreign funders, the European Union plays a predominant role. In Serbia, government support for CSOs is only available to a few types of organizations. Around 80% of it is allocated to political parties, churches and sports associations as well as government-friendly CSOs. Therefore, international donors are essential for the vast remainder of Serbian civil society, and the prospect of EU membership is highly motivating for CSOs (Mikuš 2011a, 2011b, 2015). In Kosovo, the situation is even more extreme, with civil society receiving 74% of their resources from foreign funders like the European Union, USAID and various governmental organizations like the Austrian Development Agency. The internationalization of Kosovan civil society started years before the country's declaration of independence (Devic 2006). The Kosovan government's share of contributions in the total funds of CSOs has risen only in relative terms, from 8.8% in 2010 to 20.5% in 2013, mainly due to the reduction of other funds. Unfortunately, we can see very similar circumstances in Montenegro, Moldova, Macedonia, and Bosnia and Herzegovina. Finally, Albania is the country with the lowest annual income per CSO in the CEE region (67% of Albanian CSOs have an annual income of less than EUR 50,000). Only 1% of Albanian CSOs are able to access the extremely meager public funds, which leads to very high dependence on foreign funds. Additionally, there is evidence of a constant decrease in and even withdrawal of foreign donors' funds, which might cause the situation of Albania's civil society to deteriorate. The high impact of foreign donors is also reflected in the large amount of funding available for advocacy organizations in Albania. This has led to a great number of CSOs promoting topics such as rule of law, anti-corruption, good governance, human rights, transparency and democratization. In combination with very few opportunities to access other funding sources, the dominance of foreign funding has, however, created high dependence and the risk that organizations might "streamline" their activities to match donors' interests.

Regarding advocacy work, non-EU countries generally provide very diverse environments for the involvement of civil society. In Albania, advocacy has a long history and advocacy organizations have comparably good access to international funds. Though no formal mechanisms are in place, CSOs are successfully engaged in influencing policymaking and legislation. In contrast, the Macedonian government does not consult CSOs at all before passing laws. Apart from advocacy, social services as well as arts and culture are important fields of activity among CSOs in the non-EU countries. In Bosnia and Herzegovina, larger CSOs provide social services, while the number of smaller, grassroots organizations has decreased. Due to heavy funding cuts, similar developments have been examined for arts and culture in Montenegro. Interestingly, as their government does not fund CSOs for the provision of social services, many social service CSOs have established partnerships with arts and culture CSOs to include artistic elements in their work and thus gain better access to public funding. In the field of arts and culture, Albanian CSOs are an exception within the country group. Albanian CSOs in this field are among the "richest" CSOs in the country, as they benefit from additional funding by the Ministry of Culture. Like in Macedonia, Albanian CSOs therefore exhibit high flexibility in choosing their fields of activity in line with the highest prospects of public funding.

Social entrepreneurship is very novel to all the countries with pre-accession status to the European Union. In most of those countries, including Kosovo, Bosnia and Herzegovina, Macedonia, and Serbia, the social enterprise sector is almost non-existent and there are no dedicated legal regulations for such enterprises. In others, like Albania, Montenegro, and Moldova, draft versions of laws for social enterprises have been prepared, but none of them have been passed yet.

Finally, against the background of the four country groups, we can see that Austria takes a rather unique position among the 16 countries under investigation. It lacks a communist past, it was the first of the countries in our sample to join the European Union, and its civil society can be characterized as a social-democratic, corporatist system. While the high levels of engagement in volunteering and membership organizations are comparable to those in its neighboring countries Czech Republic, Slovakia and Slovenia, the economic dimensions of civil society differ vastly. 6.5% of the overall workforce are employed in the Austrian civil society sector, which is a higher number than in any other country in the region. Similarly, the sector's contribution to GDP is the highest among the 16 countries surveyed. These figures also reflect the particular role of Austrian civil society in social services, health care and education. CSOs often operate in partnership with public institutions in these labor-intensive areas, often on the basis of performance contracts. In terms of international funding, unlike other countries under study, Austria has mainly been active as a donor and not as a recipient of funds over the last three decades.

## 2.4 Institutional Framework

Civil society is heavily influenced by the institutions in its environment. In this context, it is important to point out that the civil society sectors in CEE were – contrary to the often implicit assumption – neither built “from scratch” after 1989, nor did they develop uniformly or similarly. The same can be said about actors in the institutional framework of civil society, such as public authorities, international donors, companies or the church. These institutions, which have often played unique historical roles in each country, were transformed by the diverse events and historical developments of the last decades (outlined in Section 2.2) and now form institutional frameworks which vary from country to country. This section gives a brief description of the most important actors<sup>8</sup> and their possible roles in the CEE region, before discussing their implications for the country groups in more detail.<sup>9</sup>

In the CEE region, the central or federal governments are institutional actors of crucial importance. They create the legal frameworks in which CSOs operate and are often responsible for the distribution of national as well as international funding. However, central governments in this region, especially in the Western Balkans, are often perceived as autocratic and corrupt. Many of them do not maintain a constructive attitude toward CSOs, and funds are restricted to government-friendly organizations. The role of central governments in civil society depends heavily on the legacy of transition and on the status of EU accession. Specifically, in those countries which faced autocratic regimes after 1989, the levels of corruption and distrust seem to be particularly high (see country reports on Macedonia and Serbia).

Local or regional governments are seen in a more positive light. As government was rather centralized under communist regimes, local and regional governments were often only established to meet EU accession requirements. This was quite challenging, as the example of European Structural Funds shows. These funds are distributed on the basis of NUTS regions<sup>10</sup> and require local authorities for their distribution. The establishment of these regional institutions, however, raised questions of statehood, for many countries in the region are characterized by ethnic diversity. The regional governments of some CEE countries are designed to enable the co-existence of different ethnic groups (see Brusis 2010). This policy has been adapted by the European Commission in the respective accession processes, but regional governments still remain an important partner for CSOs.

The establishment of regional governments due to EU requirements illustrates the importance of the European Union in the CEE region. One of the most important EU strategies has been the provision of funding for CSOs. Despite this important role, the impact of EU accession policies on civil society development has been discussed critically (Fagan 2011, Kostovicova 2006, Kostovicova and Bojičić-Dželilović 2006, Kutter and Trappmann 2010). In a strategic document, the DG Enlargement<sup>11</sup> points out that foreign donor dependency may be critical for CSOs and reflects on its own strategy in order to maintain sustainability (European Commission – DG Enlargement 2013). In any case, EU accession leaves its own legacy in the prospective member states (Kutter and Trappmann 2010).

Apart from the European Union, a number of other foreign donor institutions, such as USAID or the Open Society Foundations, are present in the CEE region, especially in the Western Balkans. Cooperation be-

8 In order to select the most important institutional actors, we conducted a qualitative pre-survey among civil society activists and consulted suggestions made in the literature, such as CASE (2008) or a mapping study by the European Commission (2014).

9 The data displayed in this section are based on the results of an online survey conducted in early 2016. Overall, 422 civil society experts in CEE provided their assessment of key developments, institutional actors and trends in their countries. For more details, see Chapter 1 of this volume.

10 NUTS (French: Nomenclature des unités territoriales statistiques) is a geocode standard for referencing the subdivisions of countries for statistical purposes. This standard is developed and regulated by the European Union, and thus only covers the member states of the EU in detail. The Nomenclature of Territorial Units for Statistics is instrumental in the European Union's delivery mechanisms for Structural Funds.

11 The mission of the Directorate-General for Neighborhood and Enlargement Negotiations (DG NEAR) is to move the EU's neighborhood and enlargement policies forward and to coordinate relations with EEA-EFTA countries insofar as Commission policies are concerned.

tween civil society, state actors and foreign institutions is regarded as an important component in the process of peace-building (Pallas 2016). All these institutions entered the region after the civil wars in the Balkans and are now slowly withdrawing from many countries. Their influence as well as the impact of their withdrawal is discussed critically in this volume and by many scholars (see also Fagan 2011).

Another important actor in the environment of civil society is media. Free media is undeniably important for a functioning democracy (Reljić 2004, Taylor 2000). In the CEE region, there is great variation in the extent to which the media can be regarded as “free”. In the Visegrád countries, freedom of the press is widely sustained, with Hungary being an exception. In many former Yugoslavian countries, however, the media is classified as only “partly free” according to different indices (Reporters Without Borders 2016, Freedom House 2016). This is due to an often hostile or at least unfavorable political environment. In many cases, the media is therefore not capable of fulfilling their role as watchdogs, or – even worse – they serve as instruments of the government for maintaining power. In some countries, this has led to a difficult relationship between CSOs and the media. Positive media coverage is important for CSOs’ work (Reljić 2004), but there have been cases of media campaigns against CSO leaders in some former Yugoslavian countries. In such cases, the media contributes to the negative image of CSOs in the public by portraying them as “puppets” of foreign donor institutions (see e.g. Country Report: Macedonia).

Universities and think-tanks, individual donors, corporations and religious institutions are also cited as institutions that are important to civil society. Their influence and importance varies remarkably within the region. For instance, as religion often still plays an important role in shaping national identities (Schnabel and Hjerm 2014), religious institutions are especially influential in the Western Balkan region.

#### **2.4.1 Visegrád Group**

In the Visegrád countries, central governments are generally perceived as the most important and influential actors for civil society, as they forge legal frameworks and provide essential funding. In Hungary, Poland and Slovakia, governments also provide assistance to organizations eligible for funding under the so-called 1% rule. This mechanism allows taxpayers to designate 1% of their personal income tax to charitable organizations. Hungary was the first country to implement this system in 1996, followed by other countries, mainly in CEE (see also Strečanský and Török 2016). The direction of central governments’ influence is not seen univocally within the Visegrád group: In Poland and the Czech Republic, it is described as rather positive or neutral, while the Hungarian experts unanimously agree that the central government has a strong and negative influence on civil society in their country.

The role of regional and local governments differs in the four countries. The strong negative influence of the central government in Hungary is likely to be strengthened by ongoing centralization, which has been associated with shifts of power from the local and regional level to the national level. Cooperation between CSOs and local authorities has therefore declined in recent years. In Poland and the Czech Republic, most CSOs receive some funding from municipal or local governments which are often responsible for the provision of social services. In Slovakia, the high potential of local and municipal governments as partners for civil society has still not been tapped, as decentralization is still an ongoing process.

The Visegrád countries have been members of the European Union since 2004. The process of European integration and the enlargement in 2004 are widely considered a success story. Its positive influence on the process of transformation, the promotion of democratic consolidation, and the protection of minority rights has often been noted (Freyburg and Richter 2010, Grabbe 2006). The EU was especially important for the development and funding of CSOs in the pre-accession period. The EU has also been an important actor in shaping institutional and legal frameworks. However, the EU’s influence is regarded as declining in the Visegrád group. This is also true of international donor organizations. At the same time, domestic individual donors and corporations are becoming more important. The 1% rule (or any other tax percentage rule) as a mechanism for fostering individual philanthropy is certainly contributing to this trend. Universities and research institutions have always been important to and supportive of civil society and CSOs. Besides the increased interest in research on civil society and voluntary activity, researchers and academics themselves are often active in CSOs.

Overall, this picture of a vivid and largely independent civil society is not surprising given the history of the Visegrád countries. Especially in Poland and Hungary, CSOs already played an important role under communist rule, preserving a certain degree of independence (Ekiert and Foa 2011). Figure 2.3 presents the experts’ average ratings of the institutional landscape in the Visegrád group, clearly reinforcing the patterns described above and showing a generally modest and mostly positive influence of most institutional actors, with the exception of federal governments. They exert a lot of influence on civil society, and the effect of their actions is perceived as mixed or even negative. This legacy has to be kept in mind when taking a closer look at the institutional framework of the remaining country groups, especially the non-EU group.

## 2.4.2 Croatia and Slovenia

Although Croatia and Slovenia share a history of having been part of the former Yugoslavia, they joined the European Union at different points in time (2013 and 2004, respectively). Therefore they exhibit a number of similarities as well as dissimilarities when it comes to the institutional framework.

The role of foreign donors and the European Union is depicted as positive, especially when it comes to structural reforms and funding. In Slovenia, the process of Europeanization has affected the way democratic institutions work. Some institutions have adapted for the purpose of coordinating EU matters, and the accession to the European Union has altered the institutional framework for civil society in Slovenia. In Croatia, the influence of the European Union on policymaking and civil society policies is acknowledged as well, but the heritage of a rather paternalistic state is still visible. Regional governments are widely given ambiguous assessments, for they are accused of lacking transparency when it comes to the distribution of funds.

Both Croatia and Slovenia are characterized by a remarkable influence of the Catholic Church, especially compared to other religious institutions. In both countries, the church advocates for legislative changes concerning education and family policy, especially family planning, and CSOs linked to the church play an important role in this area. This is also reflected in the expert survey, where most respondents see a strong but rather negative influence of the church and religious institutions on civil society (see Figure 2.4).

Although their structural features are similar, the two countries differ in some important ways. The media, for instance, plays a far more important and negative role in Croatia than it does in Slovenia. In addition, state actors and legislation are more “Europeanized” in Slovenia. In some ways, the institutional environment in Croatia shows more similarities with other countries in the Western Balkans as well as Bulgaria and Romania.

## 2.4.3 Bulgaria and Romania

Bulgaria and Romania acceded to the European Union in 2007. The European Union is still considered an important actor with a positive influence in two respects. First, the process of European integration has contributed greatly to the creation of a favorable legal and cultural environment for CSOs. EU accession was considered successful and a result of dedicated work by many CSOs and civic activists. Second, the European Union is still an important partner in terms of funding. Figure 2.5 shows that the experts surveyed still consider foreign donor institutions to be the most important actors for civil society, followed by the European Union and domestic foundations.

EU funds are often distributed through local government authorities. Accordingly, local governments are perceived as important actors and funders, shaping the environment for CSOs and actively engaging with them. An even stronger and more positive influence of local governments is expected in the future. However, Bulgarian local governments have reportedly been involved in cases of corruption, with officials or their relatives founding CSOs in order to siphon off public funds. This practice led to the Conflict of Interests Act in 2009, which aimed to prevent such practices. The role of central and federal governments is also acknowledged, especially in shaping the legal framework. Overall, the direction of their influence is perceived as rather neutral.

Even though there has been an increase in individual and corporate donations in recent years, the importance of private donors is still low compared to European and public funds. Similarly, universities, think-tanks and resource centers are considered to be actors with a modest but increasing influence on civil society. Research on civil society is continuously growing, and researchers and academics are often involved as founders or partners in CSOs.

It is noteworthy that the two countries show very different assessments of the role of the media. In Romania, the media is perceived as a modestly important actor with an overall positive influence, while in Bulgaria, the media is depicted as a very important actor with a strong negative influence. In recent years, press freedom indices have significantly decreased in Bulgaria. Many newspapers and broadcasters are owned by a relative of an influential entrepreneur and politician who is believed to exert influence on media content and has been associated with organized crime. In recent years, Bulgarian media have launched a smear campaign against critical CSOs and their most visible leaders, further contributing to their negative public image. Such a strong involvement of politics in the media is a feature that can also be found in a number of countries of the non-EU country group.

#### 2.4.4 Non-EU Countries

The general patterns of institutional actors in the non-EU countries differ slightly from the other three country groups. While central governments are frequently experienced as corrupt, paternalistic and in some cases as “part of the problem” (TACSO 2014:30-31), the European Union is described as the most important and influential actor for the development of civil society. Even though its influence is often depicted as not purely positive, European integration and EU accession remain important goals of many civil society actors in this region. Accordingly, the European Commission emphasizes that the integration of the Western Balkans into the European Union is a major component of the EU’s efforts to guarantee peace and stability in the region (European Commission 2016). Apart from its political importance, the European Union is also an important actor in terms of funding. Like many other international institutions, it channels much of its aid through non-governmental organizations (Fagan 2011).

When it comes to funding and capacity building, many foreign donors, such as USAID or EEA/Norway Grants, are still active in the Western Balkans. In fact, our data suggests that foreign donor institutions and the European Union are the only actors of greater relevance for civil society in the non-EU countries (see Figure 2.6). However, foreign funders are now slowly withdrawing from most countries except for Albania and Kosovo. Accordingly, their importance and influence, although depicted as largely positive, is expected to decline in the next decade.

While the picture painted in the reports of this volume is quite positive, foreign donor engagement in post-crisis countries as well as European integration policies have been subject to a great deal of criticism. They are accused of altering or ignoring already existing structures of civil society and promoting “NGO-ization”, that is, the development of Western-style CSOs capable of meeting the demands of foreign donors. Consequently, it is said that these organizations fail to engage with communities and local issues and are not generally very sustainable. EU funds are often only accessible for very few professional CSOs, which are not locally embedded (Fagan 2011, Pallas 2016). The problem of donor dependency and the lack of financial sustainability is evident in the Western Balkans as well as Moldova. Domestic individual donors and corporations are still rather insignificant and unlikely to fill the gap after the expected withdrawal of foreign donors.

The overall institutional framework is problematic, with an unfavorable political climate, corruption and a high degree of external influence on civil society. It also affects the relationship between CSOs and the media. Neither Moldova nor the countries of the Western Balkans are considered to have a “free press” by indices such as provided by Reporters Without Borders and Freedom House. This is due to ownership structures, journalistic self-censorship as well as a lack of funding for alternative media. Consequently, the media is often unable to fulfill its watchdog function. Government-friendly media outlets have even launched campaigns against CSOs and CSO leaders, defaming them as “foreign spies”. The media is highly polarized along political lines. Many journalists report self-censorship in order to avoid harassment and violence. However, the problem of self-censorship and “deep trenches” between government-friendly and independent media can also be found to a lesser extent in other countries of the region (Freedom House 2016). Consequently, media influence has been rated as rather strong and clearly negative by experts from the respective countries (see Figure 2.6).

In the Western Balkans, religious institutions, and religion in general, play a more important role than in many other CEE countries. Nation building and ethnicity are often linked to religion (see also Schnabel and Hjerm 2014), for example in Bosnia and Herzegovina or Serbia. The direction of this influence is mixed, as is the influence of universities and think tanks. However, these institutions are not seen as very influential.

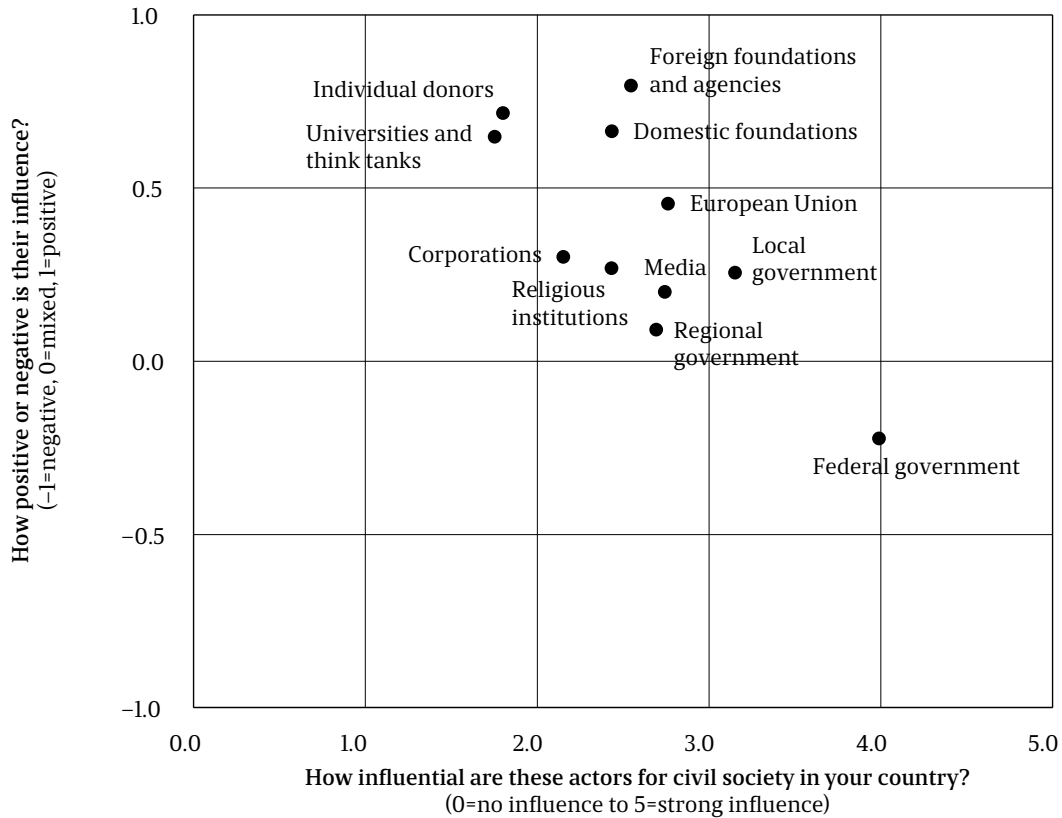


Figure 2.3: influence of institutional actors on civil society in Visegrád group<sup>12</sup>

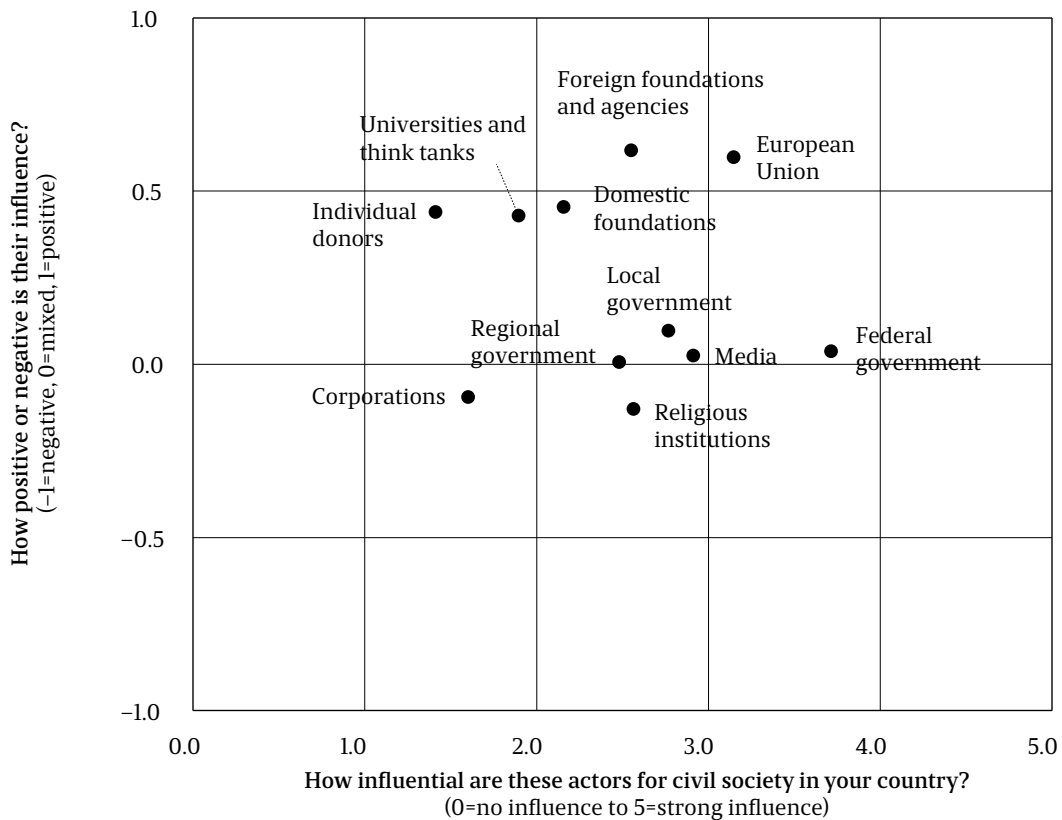


Figure 2.4: influence of institutional actors on civil society in Croatia and Slovenia<sup>13</sup>

12 Original questions in survey: "How influential are the following actors of the institutional environment of civil society in your country? (x-axis, 0- no influence to 5 – very strong influence) How positive or negative is their influence to the unfolding of civil society in scale and scope? (y-axis, -1 negative, 0 mixed, 1 positive). Source: Expert Survey 2016.

13 Source: Expert Survey 2016



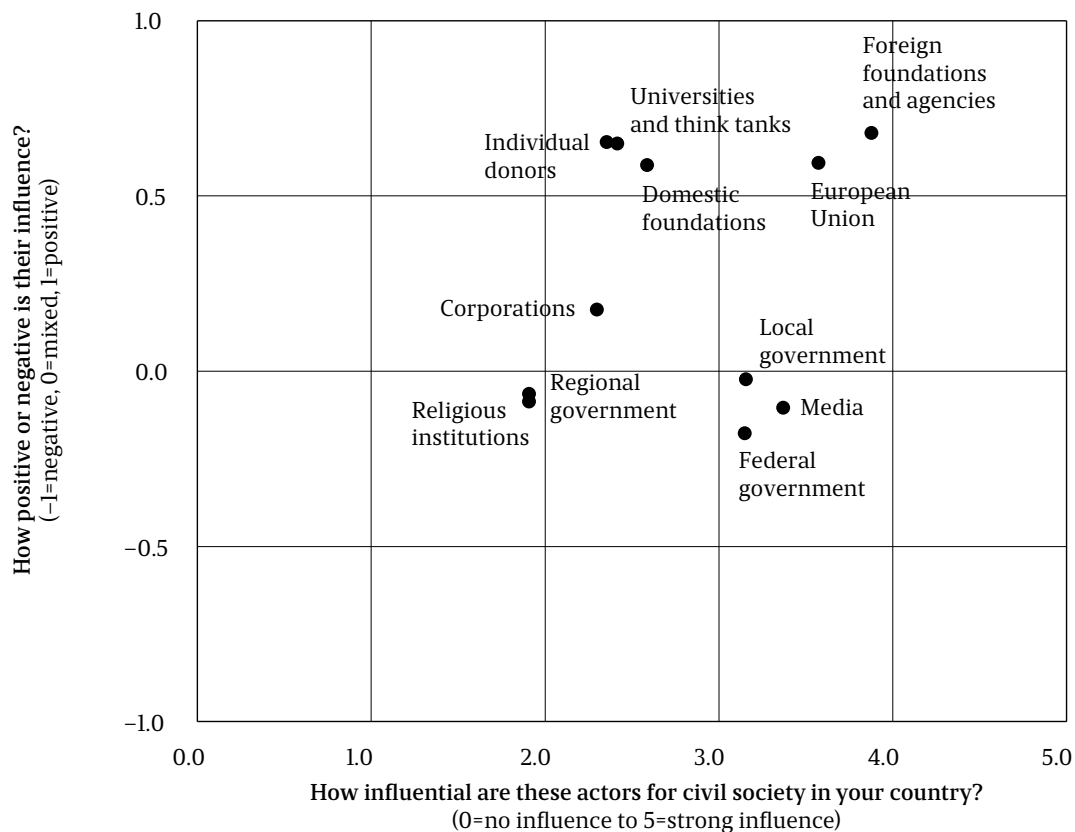


Figure 2.5: influence of institutional actors on civil society in Bulgaria and Romania<sup>14</sup>

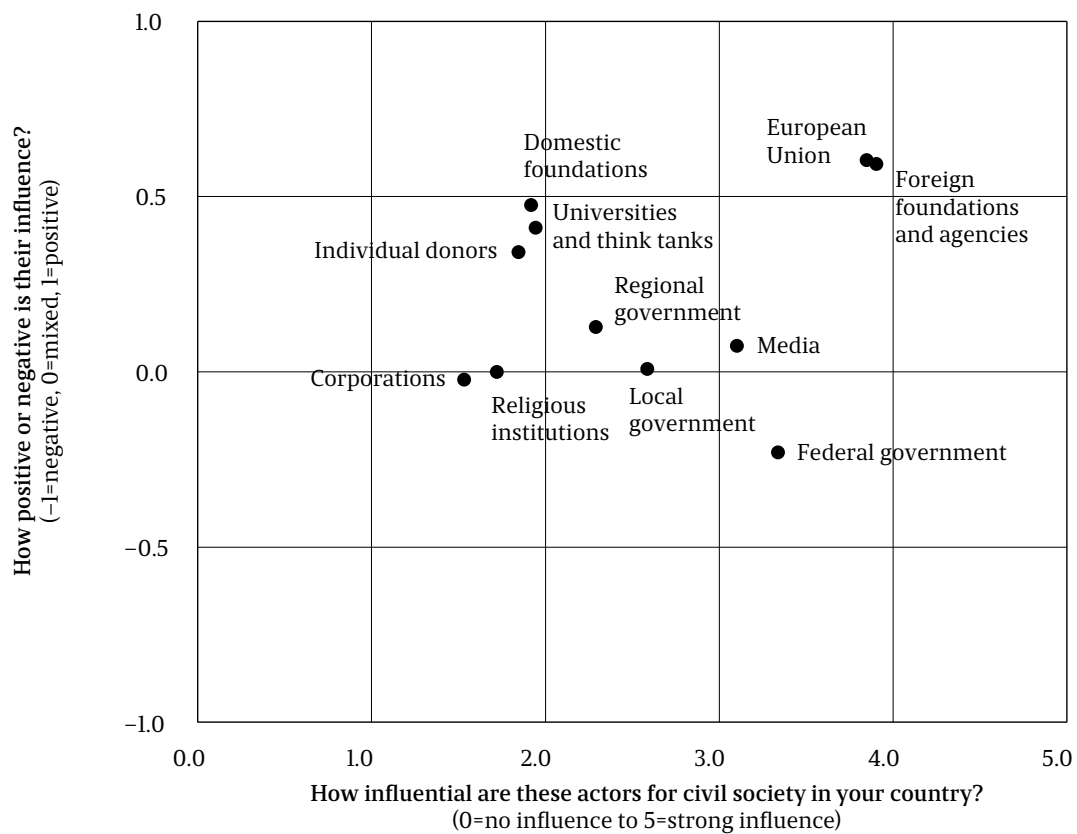


Figure 2.6: influence of institutional actors on civil society in non-EU countries<sup>15</sup>

<sup>14</sup> Source: Expert Survey 2016

<sup>15</sup> Source: Expert Survey 2016

Our analysis shows that the institutional frameworks for civil society in CEE are quite diverse. The role of the European Union in particular differs significantly, depending on whether a country is already a member state or not. Furthermore, the influence exerted by the EU appears to decline as time passes after accession. Other players gain importance instead, most notably government institutions on the federal, regional and local levels.

This is also visible in the case of Austria, which was included in the data but not explicitly taken into account in this chapter. Public-sector institutions in Austria are by far the most important and influential players in the ecosystem of civil society. This is also reflected in the expert survey, where government entities on all levels are regarded as the most important actors, having a rather positive influence on civil society and CSOs. A similar pattern applies to individual donors. In Austria, private charitable giving is well established and highly important for many CSOs.

It remains to be seen whether the candidate countries in the non-EU group will take a similar path as the other surveyed countries did in the 1990s and 2000s, moving toward a somewhat more stable and economically more significant role of civil society and stronger involvement in policymaking, at least in the run-up to EU accession. The limited freedom of the press, pronounced dependency on foreign funding, and many internal challenges of today's European Union suggest that different outcomes are certainly possible. Nevertheless, the process of European integration has been a success for civil society in many CEE countries, providing a hopeful outlook for those countries yet to become members of the European Union.

## 2.5 Trends and Outlook

How will civil society develop in this dynamic region? In order to assess potential developments, our expert survey contained a module prompting respondents to name trends in civil society over the next 10 to 15 years. Out of the 422 total responses, 217 experts felt confident enough to answer these optional questions and predicted a total of 620 developments for their countries. The responses were content-analyzed by two independent raters in order to identify trend patterns in distinct categories and to classify whether they described positive or negative developments (Krippendorff 2004, Stemler 2001). With the help of the authors of the country reports, the two to three most relevant trends were selected for each country. Additionally, we asked the survey respondents to give an estimate of the future development of each institutional actor introduced in Section 2.4 in the next 15 years (see Figures 2.7 to 2.10).

Of course, any attempt to predict the future comes with significant caveats. Forecasts are subject to an array of human biases, including influences of affect, wishful thinking and a tendency to extrapolate past developments while failing to anticipate non-linear events (Taleb 2007, Tversky and Kahneman 1974).<sup>16</sup> Furthermore, predictions are impeded by the sheer complexity of the question at hand. After all, who would have been able to predict the developments in the different countries described in this volume in the late 1980s? Nevertheless, the assessments of experts in the field can help us understand the expectations, hopes and fears present in today's civil society.

In this section, we explain the most distinct forecasts in each of the four country groups and provide a brief outlook on anticipated developments in the institutional framework as forecast by the survey experts. The trends and outlooks of each country are explained in further detail in the country reports.

### 2.5.1 Visegrád Group

#### Attacks from Right-Wing Governments and Polarization

The most particular trend in the Visegrád group is associated with authoritarian and nativist governments and their skeptical or even hostile stance toward civil society. As one Hungarian expert notes, she expects "continuing efforts by a corrupt regime to dominate and control all forms of social opposition, including [...] civil society organizations". Incidents in recent years such as the blockade of the Norwegian Civil Fund and the shutdown of the *Népszabadság* newspaper in Hungary, or the crackdown on state-owned media and the Supreme Court in Poland have demonstrated the destructive potential of such measures for civil society.

Even more, experts and authors anticipate growing fragmentation and polarization within society in the Visegrád countries. These divisions along cultural-ideological and political lines are expected to increase and to affect CSOs in the fields of policy work and advocacy, but also increasingly in other fields. With more and more organizations being labeled (or self-categorized) along ideological lines, these divisions are likely to spread to other parts of civil society, causing tensions and reducing public trust in civil society (see e.g. Country Report: Poland).

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<sup>16</sup> The literature on innovation mentions many anecdotal examples highlighting the unpredictability of future developments, including the alleged statement of Thomas Watson, chairman of IBM in 1943, that there "is a world market for maybe five computers".

### **Hope for Grassroots Movements**

At the same time, experts and authors in the Visegrád countries also express their hope that grassroots movements and informal civil society actors will rise and counteract these tendencies at least to some extent. New civic initiatives have emerged and become visible in the last few years, for example, during the refugee crisis in 2015 and in urban bicyclist and LGBT pride movements (Jacobsson 2015). In Hungary, experts predict that these movements will occur mainly on the community level, working on local challenges and through personal contacts (Peterfi 2015). Many recent grassroots movements have also been characterized by their use of new technologies, which has enabled them to engage in online and ad-hoc activism. However, only time will tell if these movements remain substantial and whether they counteract polarization in civil society.

### **Professionalization and Social Entrepreneurship**

Two other trends that are to some extent shared in the Visegrád group are the expected professionalization of CSOs and an anticipated increase in social entrepreneurship. The latter was especially highlighted in the Czech report, yet it was also mentioned as a relevant future trend in most countries under study. The growing popularity of social entrepreneurs is expected to be driven by a number of factors, including the strengthening of the institutional ecosystem for social entrepreneurship (see e.g. Caisl et al. 2014 for the Czech Republic), rising interest in entrepreneurship and meaningful work as career choice, as well as the lack of alternative sources of funding. Furthermore, the implementation of European Union directives on public procurement could ease access to public funding for social enterprises.

### **Institutional Environment**

The survey also provided insights into the expectations of experts with regard to the institutional environment of civil society. The average responses per type of institution are summarized in Figure 2.7 and paint an interesting picture. Overall, the respondents express some optimism by assigning a mixed or predominantly positive future influence to almost every actor, with the exception of the central government. Experts expect the European Union to have a much weaker and less positive influence in Visegrád countries than in the three other groups. At the same time (and in line with the destructive role of the state in some countries), the power of federal governments is expected to increase strongly, which is believed to have more negative consequences for civil society actors than in other country groups.

The most positive but not particularly strong influence is expected from universities and think tanks, domestic foundations and individual donors, with the latter potentially being a reflection of the more active role of individual donors in the Czech Republic, Hungary, Poland and Slovakia due to the tax percentage rule (Strečanský and Török 2016). It is also worth noting that municipalities and local public authorities are expected to exert a more positive influence on civil society than regional and federal entities. This pattern is visible throughout all of the country groups studied.

## **2.5.2 Croatia and Slovenia**

### **Decreasing Public Funds, Increasing Responsibilities**

In Croatia and Slovenia, many experts expect increasing public demand for CSOs to engage more in social service provision. In Slovenia, CSOs have already assumed responsibility for the delivery of social services in areas that were formerly served by the state, such as organizing and maintaining refugee shelters. At the same time, public funding for CSOs has decreased and is estimated to shrink further. As a result, CSOs will face higher pressure to generate new sources of income, reduce costs and adapt their foci to the agendas of potential donors. Similarly, the experts in Croatia foresee that CSOs will need to provide more social and personal services for vulnerable target groups.

### **Professionalization of Civil Society Organizations**

Another major trend is the advancing professionalization of CSOs. Experts in both countries forecast that organizations will increase their capacity to raise funds and to attract support from different sources. This expectation is related to the aforementioned decrease in public funding, which requires CSOs to find new sources of income. However, in the context of Croatia, experts point out that this development may also be driven by new opportunities. Croatian CSOs have already developed an increasing capacity to access “weighty” EU funds in the past years, which is likely to help them increase their scale and financial sustainability in the future. The trend of professionalization is not limited to Croatia and Slovenia, but appears prominently across all country groups and is the most frequently mentioned trend in our survey.

### **Institutional Environment**

Against this background, it is evident that the European Union, foreign agencies and foundations are expected to become even more influential and positive players in the institutional frameworks of Croatia and Slovenia. Domestic foundations, individual donors and universities are perceived as similarly positive, but they are estimated to remain largely unchanged in regard to the magnitude of their influence. As in other country groups, the role of public institutions is believed to remain largely unchanged and ambivalent. Media and religious institutions receive rather ambiguous assessments and are expected to continue having a varying influence on civil society.

### 2.5.3 Bulgaria and Romania

#### Diversification of Funding

A major trend in Bulgaria and Romania is the diversification of funding for civil society organizations. Foreign donors have largely withdrawn from both countries, mainly due to their accession to the EU, and many CSOs have tried to substitute that income with public funding. However, public funding comes with strings attached, and CSOs with a watchdog function can be compromised when the agencies they monitor are also the ones that fund their work. For these reasons, experts from both countries see a need for more independent funding and expect it to come increasingly from private sources. In Romania, one of the potential contributors could be the private business sector. Since the 2000s, multinational companies in particular have shown willingness to provide at least small amounts of resources through CSR activities that involve CSOs. In Bulgaria, this increase is expected to come from both private individuals and companies. The survey respondents believe that the current trend of increasing donations from companies and individuals will intensify further in the years to come (cf. Bulgarian Donors Forum BDF 2014).

#### Professionalization of Civil Society Organizations

Similar to other country groups, CSOs in Bulgaria and Romania are predicted to become more professional in the next 10 to 15 years, again with a focus on their capacity for fundraising and absorbing resources from different sources, as well as creating greater impact. In order to do so, CSOs in Romania and Bulgaria can already access resource centers and several local training networks both locally and regionally. However, this professionalization also has downsides. The understanding of civil society work as a profession and its actors as professional organizations implicitly promotes the concept of market transactions over the concept of a broader civil society which includes volunteer work, unpaid public service and activities driven by social norms (Eikenberry and Kluver 2004).

#### Institutional Environment

In the institutional environment, the experts anticipate that the European Union and foreign aid agencies will gain influence. Consistent with the trend of diversification, the respondents also predict the most positive and most strongly increasing influence on the part of private actors such as individual donors and domestic foundations. In addition, an increasingly positive influence is expected from universities and think tanks. As in all other country groups, the role of the media is seen somewhat critically, reflecting (among other things) the problematic concentration of power and hostility toward civil society in the Bulgarian media landscape. Respondents estimate that the influence of the media will grow further, but express little hope that it will be less ambiguous in the future.

### 2.5.4. Non-EU countries

#### Withdrawal of Foreign Donors

One forecast that is almost unanimously provided by the experts in this country group is the withdrawal of foreign donors. With increased political and economic stability and European Union membership appearing to become a realistic option, many countries will disappear from the priority lists of other international aid agencies and foundations. In recent years, their funding schemes have not been renewed or have been reduced significantly in size. In the coming years, this trend is likely to continue, with EU institutions and pre-accession instruments providing most funding opportunities (Börzel 2010). This shift is expected to pose a number of challenges to organizations. Changing funding priorities, requirements and protocols will force organizations to build specific capacities to work with these new instruments and possibly to change their activities. Furthermore, the development bears the risk of a “monoculture” of EU funding, which has been associated with problems such as bureaucracy, challenging co-funding, liquidity requirements, and limited access for small organizations (Sudbery 2010, Kutter and Trappmann 2010). Nevertheless, the influence of European pre-accession instruments is perceived as a highly promising opportunity in the civil society of non-EU countries.

#### The European Union as a Source of Hope

Many authors from all country groups have pointed out the partially adverse effects of European integration: the import of the EU's democracy deficit into national governance, weakening the role of civil society actors in lobbying, policymaking, and strengthening executive power. Nevertheless, the EU is seen as a positive or very positive force across all 16 countries under study. Especially in non-EU countries, there is particularly high trust in the capacity of the EU to positively influence civil society and its institutional environment. This reflects the paradox that the EU has its highest transformative potential in countries that have not joined it yet.

In addition to funding opportunities, the EU is expected to have a positive impact on state legislation, international networking, and strengthening the public legitimacy of civil society. Furthermore, several authors expressed hopes for improved relationships between CSOs and governments through the pre-acces-

sion process, as well as opportunities to be consulted in policymaking (Börzel 2010, Gašior-Niemiec 2010, see also Country Reports: Albania, Kosovo and Moldova). This hope is also categorized as the prospect of more cross-sectoral collaboration, which is one of the most frequently cited trends in Albania, Bosnia and Herzegovina, Macedonia and Moldova. Given the troubled past and ongoing tensions in many countries, many experts hope that the EU accession process will facilitate a more collaborative relationship between civil society and public authorities.

#### **Increased Government Control over Civil Society**

This trend represents the antithesis of the aforementioned prospect of better relationships between the government and CSOs. In Macedonia, Montenegro and Serbia, several experts expressed the concern that government will seek to exert control over civil society. As a consequence, they fear that CSOs will become less critical of public authorities and limit their ability to perform advocacy functions. This development is fuelled by the increased funding of civil society through public sources, by the destructive role of the media and – ironically – the success of earlier measures that tried to facilitate cross-sectoral collaboration. As one anonymous expert writes: “In the last 5 years, foreign donors, e.g. embassies, funds and foundations, have started to push for better cooperation between government institutions and CSO. Although the idea was noble, the policy resulted in major NGOs becoming too close to government to ensure funding and at the same time softened the criticism toward government policies”. In addition, the state’s control over pre-accession assistance can provide a powerful instrument to public authorities as it allows them to tie civil society organizations closer to their interests and to limit activities that are not politically opportune.

#### **Institutional Environment**

The experts’ assessments of the role of institutional actors in the next 10–15 years is largely consistent with these qualitative trends (see Figure 2.10). The European Union, which is already perceived as an influential and positive force in these countries, is believed to gain even more influence and to play a positive role in civil society. The power of central governments is expected to increase, but with more mixed effects on civil society. Universities and think tanks, individual donors and foundations are perceived as positive factors but are estimated to increase their influence only slightly. At the other end of this spectrum, regional and federal governments are predicted to remain more or less as influential as they are now and to exert mixed influence on civil society. Churches and religious institutions are even expected to lose some of their power.

Interestingly, the trends and expectations in Austria are not markedly different from those described in the four country groups analyzed. As in Croatia and Slovenia, the Austrian experts expect a further decrease in public funding, putting pressure on CSOs to diversify and to engage in new income-generating activities. In addition, the institutional landscape is assessed with surprisingly similar estimations to other CEE countries. As for political institutions, experts largely expect stagnation. The survey respondents believe that federal, regional and local governments will remain as influential as they are and that they will exert mixed influence on civil society, while the expectations toward the EU are only slightly more positive.

As a more unique feature among the 16 countries sampled, Austrian experts have high hopes for domestic foundations. In fact, they are the only actors that are anticipated to become both more powerful and more beneficial in the future. However, this must be qualified as an optimistic scenario rather than a forecast, since the development of the minuscule philanthropic sector in Austria is highly contingent on a further reform of the legal framework. The most remarkable difference to other countries in terms of trends and outlooks is the expected influence of refugee-related topics and the further development of new forms of volunteering, both reflecting the markedly different role that Austria played in the refugee crisis of 2015.

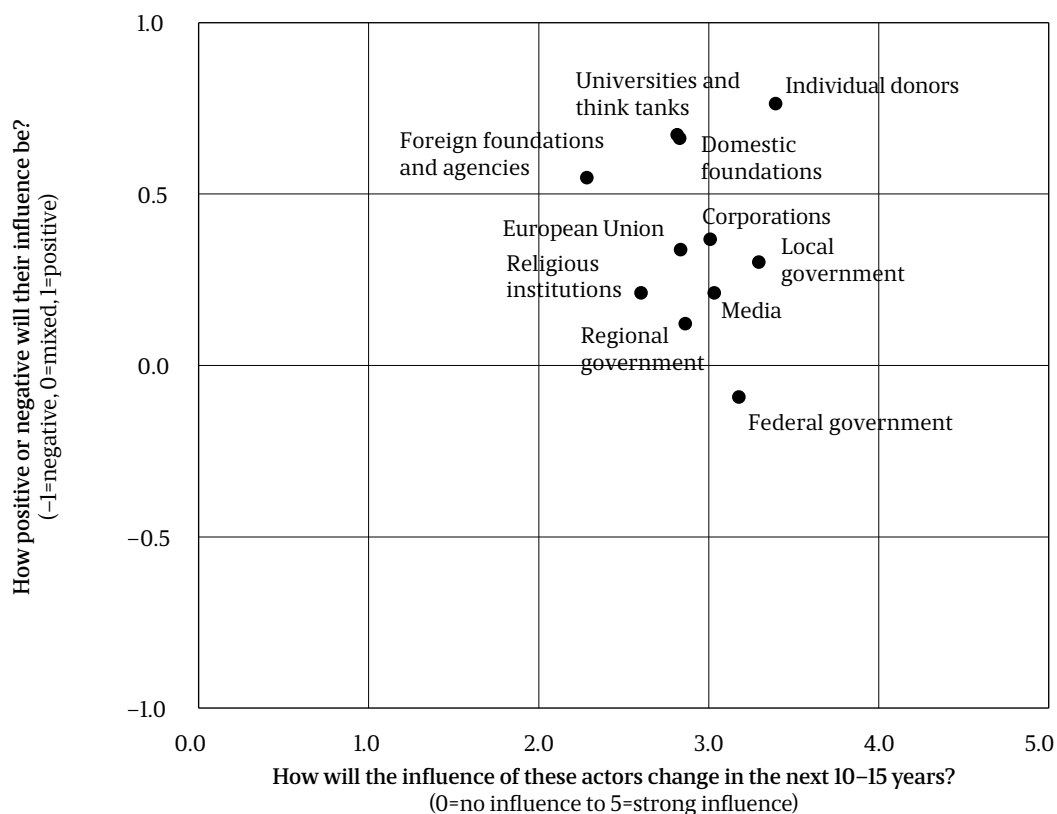


Figure 2.7: expected development of institutional environment in Visegrád countries<sup>17</sup>

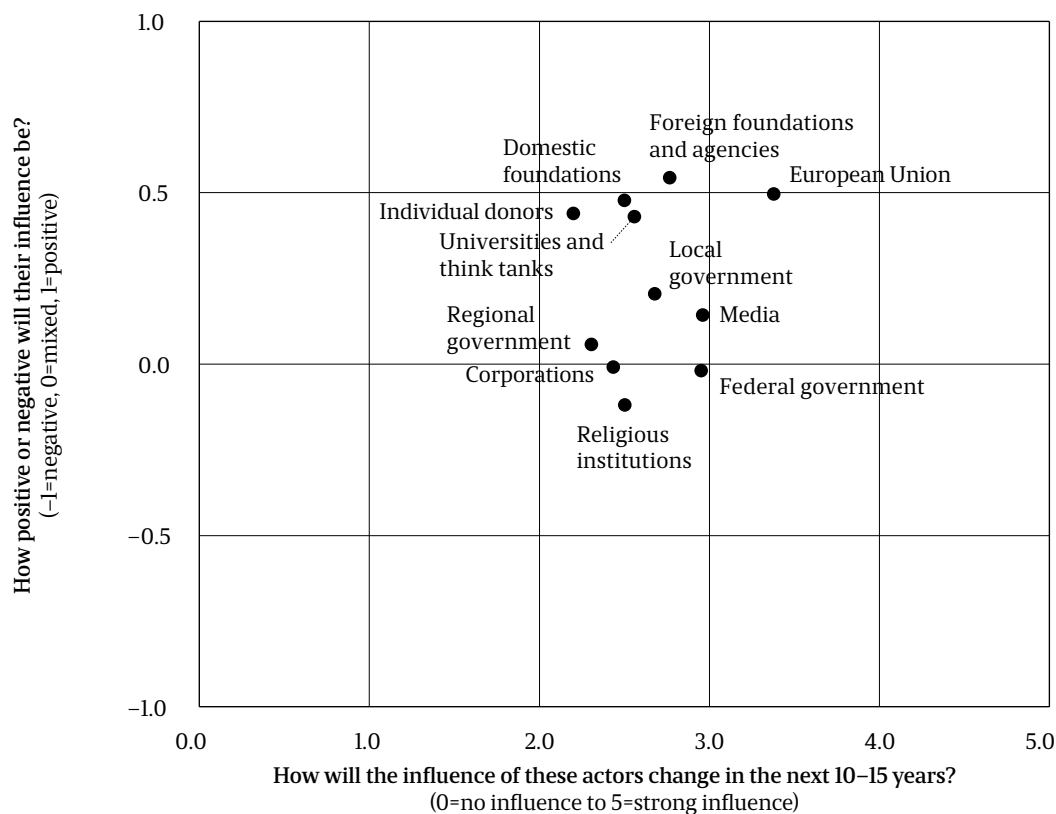


Figure 2.8: expected development of institutional environment in Croatia and Slovenia<sup>18</sup>

<sup>17</sup> Original questions in survey: "Please make an estimate: How will the influence of these actors change in the course of the next 10 to 15 years?" (x-axis, 0- strong decrease to 5 - strong increase) "How positive will these changes be for the unfolding of civil society in scale and scope?" (y-axis, -1 negative, 0 mixed, 1 positive). Source: Expert Survey 2016

<sup>18</sup> Source: Expert Survey 2016

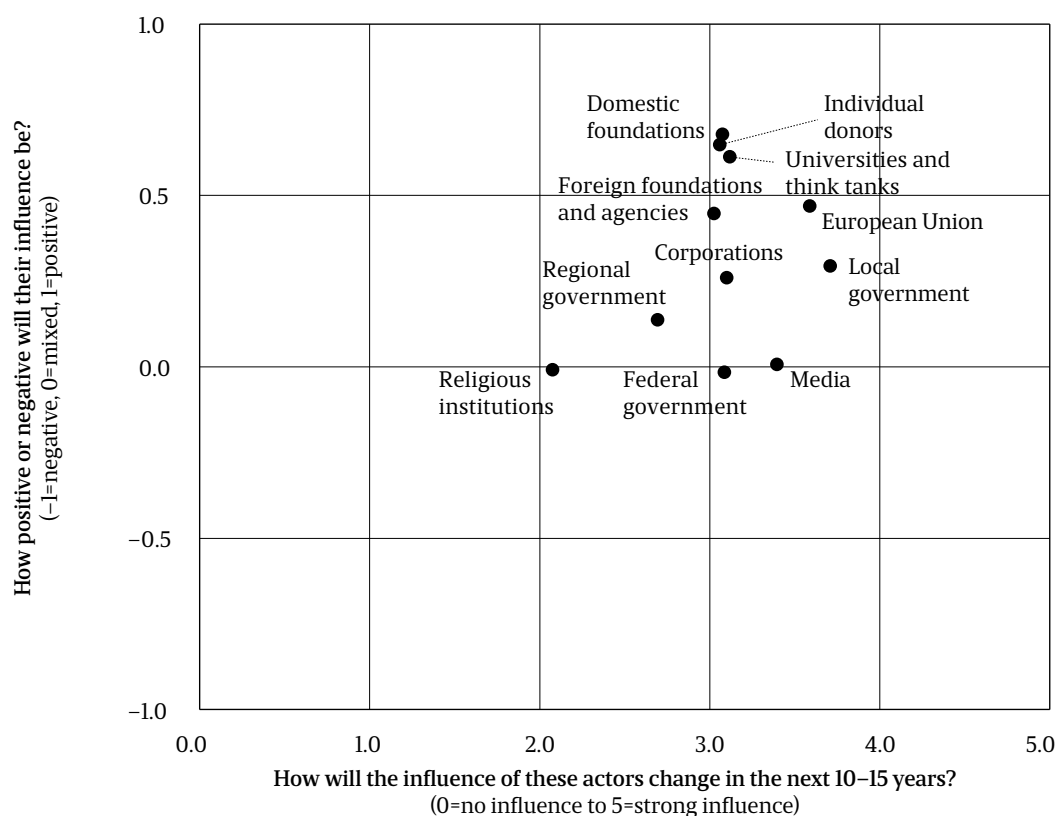


Figure 2.9: expected development of institutional environment in Bulgaria and Romania<sup>19</sup>

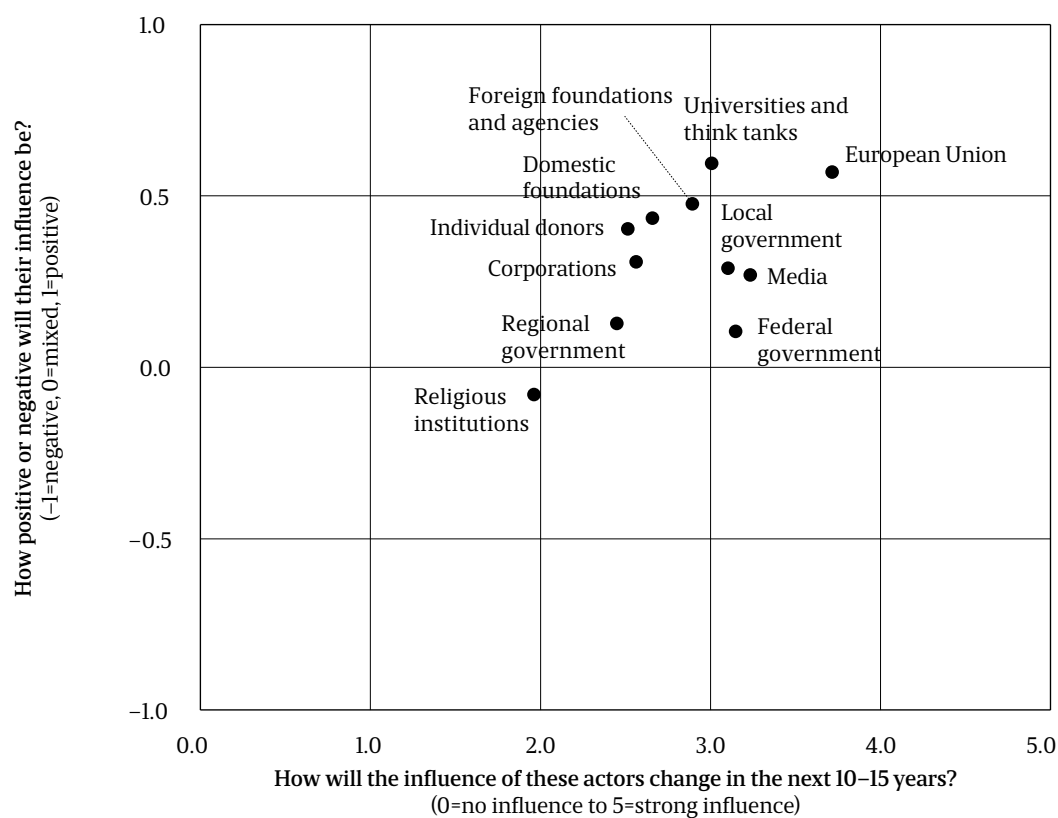


Figure 2.10: expected development of institutional environment in non-EU countries<sup>20</sup>

<sup>19</sup> Source: Expert Survey 2016

<sup>20</sup> Source: Expert Survey 2016

## 2.6 Summary: the Road Ahead in CEE

This overview has covered only the most frequently highlighted trends in each country group. Of course, many possible developments that have been mentioned less often may be just as relevant in influencing the future of civil society, albeit in more indirect ways. For example, technological changes such as digitalization or automation are likely to impact societies on a large scale. The possible consequences range from a further polarization of opinions through social media to increases of unemployment through automation (Brynjolfsson and McAfee 2014, Frey and Osborne 2013). These changes are unlikely to leave civil society in CEE untouched. Similarly, geopolitical changes, such as those experienced in the Ukraine War or during the refugee crises in 2015, can occur rather unpredictably and change the rules of the game for CSOs very quickly.

In conclusion, Central and Eastern Europe can be expected to remain a very dynamic region in the years to come. In past decades, the region has often been a magnifying glass for international developments and conflicts that have shaped European civil society in general. Some social challenges that are emergent or still dormant in Western European countries have manifested themselves in CEE earlier and with great force, be it the rise of right-wing parties, a lack of public funding, conflicts with partisan media or the development of informal civil society structures. One might even speculate that 21st-century Central and Eastern Europe is sometimes ahead in developments that affect civil society – in terms of challenges as well as potential solutions to overcome them.

At the same time, the future will also show whether the understanding of Central and Eastern Europe as one region will remain relevant at all for the research and practice of civil society. As our findings suggest, the term “CEE” may cover a wide variety of goals, actors and forms of civil society, institutional environments and development paths. Some challenges and developments that are expected over the next 10 to 15 years are shared across countries (e.g. professionalization of civil society) or seem to be part of a common pathway on which civil society sectors travel at different speeds (e.g. in- and outflow of foreign donors and institutions). Still other trends are unique to countries and country groups, aligned with specific cultural, economic, social and political realities. It remains to be seen how these developments will influence the proximity and distance of civil society sectors across the region. But if the past decades have taught us anything, it is that a standstill is not a likely scenario.

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## ANNEX

	Population in millions	GDP growth (annual %)	GDP per capita in PPS (Index EU28=100)	Value added as % of GDP	Number of employees	Number of employees in CSOs	% of employment in CSOs	Active CSOs	Active CSOs / 1,000 citizens	% volunteer engagement
Austria	8.50	0.86	127	2.20	3,600,000	234,000	6.50	60,000	7.06	27.1
Czech Republic	10.50	4.20	85	1.77	5,023,923	105,000	2.09	127,300	12.13	34.5
Hungary	9.87	2.94	68	1.55	4,550,000	168,350	3.70	64,000	6.47	34.3
Poland	38.50	3.65	69	1.40	16,800,000	151,200	0.90	80,000	2.08	37.0
Slovakia	5.40	3.60	77	0.98	2,200,000	31,900	1.45	13,400	9.70	27.5
Croatia	4.30	1.64	58	n/a	2,200,000	34,320	1.56	57,900	13.70	8.8
Slovenia	2.06	2.88	83	2.06	820,000	8,364	1.02	28,600	13.90	18.0
Bulgaria	7.60	2.97	46	n/a	2,220,000	13,320	0.60	9,500	1.25	10.0
Romania	20.00	3.74	57	0.60	4,700,000	56,400	1.20	26,000	1.30	12.8
Albania	2.80	2.56	30	0.28	1,040,000	7,488	0.72	2,400	0.87	20.3
Bosnia & Herzegovina	3.80	3.16	29	0.60	685,000	2,603	0.38	6,600	1.71	7.9
Kosovo	1.80	3.62	n/a	n/a	250,000	6,450	2.58	8,000	4.44	8.0
Macedonia	2.07	3.67	37	0.96	500,000	1,900	0.38	4,200	2.00	28.6
Moldova	3.60	-0.50	n/a	n/a	n/a	n/a	n/a	2,000	0.54	18.2
Montenegro	0.62	3.37	41	0.58	211,000	781	0.37	1,100	1.69	7.3
Serbia	7.20	0.73	36	1.34	2,000,000	6,800	0.34	37,700	5.20	11.0

Table 2.3: overview of economic data of civil society in CEE<sup>21</sup>

## **Chapter 3**

# **Country Reports: Visegrád Group**

## 3.1 Country Report: Czech Republic

Jiří Navrátil and Jakub Pejcal

### ABSTRACT

Even if civil society organizations do not play a significant economic role in Czech society, some of them have a strong societal and political role. Around 125,000 CSOs are active in different thematic fields and perform different functions in society. One of the defining features of Czech civil society is its relationship to the state. On the one hand, the state represents the most important source of funding for CSOs, both from grant schemes and contracts for the delivery of services. On the other hand, most of the CSOs profess a liberal stance toward state authorities and perceive them as suspicious and potentially dangerous. This suggests that the prevailing mode of civil society-state relations is close to a neoliberal one in which the welfare state is criticized as authoritarian, ineffective and bureaucratic, and in which we can witness a shift of service delivery to non-state actors. However, the Czech Republic also exhibits some corporatist features aimed at preventing social and political conflicts between (civil) society and the state. In terms of recent developments, the new Civil Code (2014) has updated the legal forms of nonprofit organizations and launched intensive discussions on how to define the concept of “public benefit”, which will bring in more recognition and resources for CSOs. At the same time, CSOs have been targeted in the recent public discussion on immigration and are criticized by parts of the public for taking public money and advocating only a “narrow-minded” (pro-minority) political stance. Generally, it can be expected that the role of new urban grassroots civic initiatives will continue to grow and supplement professionalized CSOs, that a new cycle of their professionalization will be witnessed, and that politically affirmative and non-controversial attitudes in Czech civil society will prevail.

### 3.1.1 Introduction

Czech civil society can be described as a mixture of several types of civil society models or modes (Císař et al. 2011). One of them is the existence of old, membership-based organizations and types of civic activities. This mode may be characterized as being rather inward-oriented and explicitly non-political, and having large numbers of members and good connections and contacts with the political elite. It is typically represented by sports and leisure organizations, culture and youth organizations or specific interest organizations (e.g. hunting, fishing or bee-keeping associations). Such organizations are oriented toward providing services and representing their members’ interests, and they are seldom publicly active. The other mode is characterized by professionalized CSOs whose membership base is rather limited and whose main mode of operation is acting on behalf of various constituencies – be it women, various minorities (ethnic, sexual) or even animals or places. These organizations focus on professionalized activities through which they engage political elites and institutions, other CSOs and other privileged actors. The last mode of political activism is the grassroots or self-organizing type of civil society, which often materializes in urban spaces and is usually connected to various subcultures. It is probably the least relevant one, but its importance seems to be rising (Jacobsson 2015).

There is no general legal definition of civil society or civil society organizations in the Czech Republic. Instead, basic political and social rights have been formulated that enable and condition the existence of civil society. The most important ones include the Constitution of the Czech Republic (Act No. 1/1993), the Charter of Basic Human Rights and Freedoms (Act No. 2/1993), the Act on the Right to Associate (Act No. 84/1990), the Act on the Right to Petition (Act No. 85/1990), the Law on the Public Defender of Rights (Act No. 349/1999), the Act on Religious Freedoms and the Role of Religious Groups and Churches (Act No. 3/2002), the Civil Code (Act No. 89/2012), Act No. 248/1995 on Public Benefit Companies, and Act No. 111/1998 on Universities. (Hladká 2009). At the moment, there are 13 legal forms of nonprofit organizations: foundation; philanthropic fund (foundation without endowment); public-benefit company; public university; school corporation; association (including trade unions); branch of association; political party or movement; church organization; professional organization or chamber; other chamber (excluding professional); association of legal persons, and hunting association (Czech Statistical Office 2015a). According to the Czech Statistical Office, the most frequent legal form of civil society organization in 2013 was the association, and this legal form accounts for nearly 90% of all registered nonprofit institutions. The other most frequent legal forms are hunting associations (3%), church organizations (3%) and public-benefit companies (nearly 2%). The least frequent legal types are professional chambers, public universities, and political parties. Organizations that are not founded with the aim of making a profit are subject to a specific tax regime with various exemptions. In terms of legal and economic requirements, it is easiest to found an association, while it is far more complicated to establish a foundation. These legal forms – in other words registered nonprofit institutions – are mapped and statistically described by the Satellite Account of Nonprofit Institutions (Satelitní účet neziskových institucí) maintained by the Czech Statistical Office. Other types of data on Czech civil society have been produced by various types of research (e.g. Rakušanová and Stašková 2007, Císař 2008, Císař et al. 2011).

Typically, a large share of Czech citizens seem to be involved in civil society activities, but their forms of involvement are rather distant, allegedly non-political and often individualized. Generally, one of the indicators of civic engagement is membership in civic associations. If we compare the data from the Czech Republic with other countries, it seems that while Czechs fare well in terms of membership in service, leisure and community-oriented organizations, they are far less engaged in more advocacy-oriented organizations (Pospíšilová 2010:118, Navrátil and Pospíšil 2014:65). In 2004, about half of the population claimed to have donated to a CSO, and about one third of citizens claimed to engage in voluntary work for CSOs (Pospíšilová 2010:126). More specifically, if we look at civic advocacy activities alone, a seemingly large share – one third – of the Czech population is engaged in such activities. However, a closer look at the forms of this engagement reveals that 90% of them engage through donations, half of them support civic activities, over one third do volunteer work, and only 20% of them declare that they are members of an advocacy CSO (Navrátil and Pospíšil 2014:66-68).

According to research conducted in 2014 (Lund and Lilleør 2015), the media coverage of the issues related to civil society between 2003 and 2013 decreased steadily, with the exception of the years 2008 and 2011. It may be hypothesized that this could be due to fatigue from the general overuse of the notion of civil society and third sector in the Czech context, which is related to the revival of the term after the fall of the socialist state regime in 1989. At the same time, civil society actors played an important and heavily publicized role in several domestic political crises (1997, 1999), which probably helped to maintain the strong interest of media in civil society issues until the turn of the millennium. However, there have been two important twists in the overall process of decline: The first one took place in 2008, the other in 2011. Even if we lack any particular empirical evidence, it seems that the rise in the frequency of almost all notions related to the third sector might be connected with the preparation of a new Civil Code that introduced some radical changes in the legislation on nonprofits in the Czech context. In 2008, the code was officially submitted for review to the experts (including those from the nonprofit sector) for the first time, and in 2011 the code underwent a series of approvals by the Czech Parliament and government. Both of these processes stimulated heated debates both within the nonprofit sector itself and in the public sphere in general.

Civil society mostly receives attention from regional media, which often report on the individual volunteering and service activities of nonprofit organizations. Nationwide media usually focus on activities and events related to large NGOs engaged in national or transnational activities (Lund and Lilleør 2015).

### 3.1.2 Historical Development and Main Actors

#### Historical Development

In the 19<sup>th</sup> century, the new social and economic power of the bourgeoisie led to the rise of many new scientific, scholarly, literary, cultural and social institutions, and poverty and social upheavals led to the establishment of workers' self-defense and mutual aid organizations. In addition, a very important process that contributed to an unprecedented "associational boom" was the Czech National Revival from the 1770s through the 1860s (Skovajsa et al. 2010, Navrátil and Pospíšil 2014).



Figure 3.1.1: timeline of key events for civil society

In the 20 years between the two world wars, the Czech Lands became part of a new Czechoslovak Republic with a dynamically developing civil society, and charitable and voluntary organizations flourished. Their development came to an abrupt end with Hitler's occupation of the country in 1939, which marked the beginning of 50 years of illiberal rule during the Second World War and the Cold War. This was the case during the German occupation (1939-1945) as well as the subsequent socialist regime (1948-1989) when citizens' political activities were controlled by the state.

In 1989, the people's long-suppressed frustration finally overflowed, and the socialist regime collapsed within one week. The "Velvet Revolution" was triggered by the students, mobilized by the cultural sphere and forced through by trade unions; leadership gradually shifted to dissidents and political activists from Charter 77 and other groups and organizations (Navrátil and Pospíšil 2014; Suk 2003).

Several parallel processes were launched: For one, the transformation of "old" CSOs began and was marked mostly by their professionalization, commercialization and decentralization (Carmin and Jehlička 2005). To some extent, these organizations were also able to preserve the informal cooperative networks among themselves and with their old friends in public administration, developing effective means of pursuing their political and economic interests (Frič 2004:10-11). One of these interests was to maintain their access to public funding and/or to sustain existing legislative conditions and incentives for preserving their membership-based income (Frič 2004:14, 16).

The other type of advocacy actors involved in the political process were newly established independent advocacy groups, often without significant numbers of members. Thanks to the massive inflow of resources from foreign foundations and governments during the 1990s, some of these new actors did eventually manage to make connections with the new political elite – especially before and after Klaus' central-right governments (i.e. 1989-1993 and after 1997) – and to exert influence on both the media and the political process (Frič 2004:5, Frič et al. 2004:618-622).

With the decentralization and privatization of public policies, a new group of service-oriented CSOs arose: these were typically charities, health and social NGOs, and organizations that focused on specific social groups that were largely neglected by the public sector (disabled citizens, citizens with rare diseases, etc.). Their rise thus seems to have largely followed the logic of economic theories on the nonprofit sector (Weisbrod 1977).

**1989 – Groundbreaking events.** The perception of constitution, rights and legislation changed, and legislation was adopted on the right to associate and on religious freedom. The change of the regime was largely perceived by citizens as an opportunity to found new organizations and to get involved in the civil society sector.

**1989 – Institutionalization of political change through the installation of Vaclav Havel as president.** This contributed to the creation of opportunities for civil society actors. The period between 1989 and 1992 is sometimes called a "warm period" (Frič 2005:34). As the first post-authoritarian government was dominated by former dissidents, they were generally supportive of the initial civil society "boom".

**1992 – Establishment of the Council for Foundations.** The Council was an advisory and coordinating body of the government in the area of cooperation with non-governmental organizations. Its first task was to oversee the distribution of the funds from the Foundation Investment Fund (Nadační investiční fond or NIF) to selected foundations (hence its name). The idea of the NIF was to divert one percent of the proceeds from the second wave of privatization into a fund supporting the development of foundations. However, it was not until 1999 that the NIF funds were distributed among selected Czech foundations, contributing to the financial consolidation of Czech civil society (Müller 2002, Government of the Czech Republic 2002-2006, Císař 2008). In 1998, the official mandate of the Council was broadened to include all issues concerning non-governmental organizations and civil society, and it was renamed the Government Council for Non-Governmental Nonprofit Organizations (Rada vlády pro nestátní neziskové organizace or RVNNO) (Müller 2002, Císař 2008).

**1992 – First government of Vaclav Klaus.** Klaus' perspective on civil society was a pluralist or a classic liberal one: civil society was regarded as a sum of individuals or groups competing with each other and acting in accordance with their particular (economic) interests. He therefore considered it unreasonable to involve these groups in the political process or to fund them from public budgets by selectively favoring some of them (DeHoog and Racanska 2001:4-5&14, Frič 2004:10; Frič 2005:28). Furthermore, Klaus' concept of "NGO-ism" explicitly warned against the influence of civil society actors on the political process, particularly in the area of environmental policy. The liberal-conservative government led by Vaclav Klaus had a different view on civil society than the former dissidents in the first post-1989 government. Civil society was seen as a private sphere in which individuals and pressure groups were free to act according to their own economic and other interests, and which should therefore not interfere in the public sphere (Navrátil and Pospíšil 2014).

**1993 – Dissolution of Czechoslovakia** into its constituent states Czech Republic and Slovakia, adoption of the new Czech Constitution and the Charter of Fundamental Rights and Basic Freedoms aiming to restore standard political rights and freedoms.

**1995 – Legal definition of public-benefit company introduced.**

**1996 – Parliamentary election weakening Klaus' position.** The same political right-of-center coalition remained in power; however, the position of Klaus' party was weakened, which brought about a change in the government's attitude toward the civil society sector. One of the first signs was the re-activation of the Council for Foundations and the decision to finally implement the distribution of the financial resources from the proceeds of privatization to CSOs. The second key event, which influenced civil society indirectly, was the Czech Republic's completion of the application process for EU membership by the end of 1996. The country's accession to the EU in 2004 was not as significant for Czech CSOs as the preparation process (harmonization of laws, pre-accession instruments such as the PHARE program<sup>1</sup>).

**1997 – Legal definition of foundation and foundation fund introduced.**

**1998 – The first left-wing coalition government after the fall of the socialist regime took office.** Both the political discourse and practical measures started to change, and despite some political distance from the nonprofit sector, the government took both direct and indirect practical steps to improve the position of the third sector in Czech society. One of the most important steps was the introduction of regional self-government, which multiplied the access points for CSOs to enter policy-making processes, to obtain funding from public budgets, and to deal more effectively with more regional/local and community-related issues. The government also signaled its willingness to lead an improved dialogue with CSOs by transforming the temporary Council for Foundations into a permanent Government Council for Non-Governmental Nonprofit Organizations (Frič 2005:35).

**2000 – Transnational activism reaches Prague.** The IMF/WB summit in Prague provoked unusually massive protests in the streets, attended by 10,000 to 15,000 protesters, most of them foreigners (Cisár 2008).

**2004 – The Czech Republic becomes an EU member state.** Apart from its symbolical importance, this very moment is, however, less important for Czech civil society than the period of preparation for accession (1998-2002) and the subsequent period of full membership, which has resulted in the multiplication of economic and political opportunities for Czech CSOs.

**2006 – Greens in the cabinet.** As a consequence of the narrow defeat of the left, the center-right parties invited the Green Party into the Czech Cabinet for the first time. This was the first time a political party brought into the executive branch a network of personal and inter-organizational relations with the civil society sector. This development had several interrelated consequences. First, the process of establishing the third sector as a source of alternative expertise for the executive branch was accomplished. Second, a large number of advocacy CSOs – the environmental CSOs – tamed their critique of government activities and replaced it with systematic cooperation. Third, the visible presence of the green program and policies both in politics and in mainstream media discourse provoked a counter reaction in the form of a wave of renewed discord toward the activities of the environmental CSOs on the part of the public (Navrátil and Pospíšil 2014).

**2010 – Green Party leaves the cabinet.** Since then, Czech civil society seems to have witnessed a “cooling down” of relations between the state and civil society in most areas, signifying a return to the rather cautious attitudes of the two spheres. This is also a result of growing societal discontent related to the impact of recent austerity measures in times of economic recession and widespread anxiety about political corruption and scandals in Czech politics.

**2012 – First draft of the New Civil Code.** The new code changed the list and definitions of organizations that are considered non-governmental and nonprofit.

**2013 – First draft of the law on the public register of NGOs.** This law contains detailed information on their structure and key documents.

**2014 – New Civil Code takes effect.** The code changed the forms of NGOs, the conditions for their foundation and operation, and established a public register of NGOs. It also launched the public debate on the concept of “public benefit”.

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<sup>1</sup> Created in 1989 as an instrument of assistance in restructuring the Polish and Hungarian economies, the PHARE program expanded to cover ten CEE countries and assist in their preparations for joining the EU by funding relevant projects.



### Funding Sources

The most important sources of funding for Czech civil society organizations are public resources (65%); the second most important are revenues from the sale/provision of goods and services (22%); and the rest is derived from philanthropy or giving (13%) (Kermiet and Smejkalová 2014). Public resources are distributed mostly from the national level, i.e. from the government budget and funds (62%), while lower administrative units are rather secondary, with regions distributing 13% and municipalities 25% of public resources (Government of the Czech Republic 2016). This suggests that the idea of subsidiarity, which is one of the priorities of Czech public policy, is not quite fulfilled yet.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014 (%)
National budget	3,509	5,569	6,600	6,311	5,701	5,767	5,741	6,680	7,011	7,586	56%
Regional budgets	1,413	1,931	1,094	1,483	1,578	1,419	1,612	1,523	1,685	1,796	13%
Municipal budgets	N / A	N / A	3,165	3,731	2,672	2,579	2,727	2,889	3,263	3,338	25%
National funds	N / A	N / A	300	179	225	574	782	678	775	842	6%
Total			11,159	11,704	10,177	10,338	10,862	11,771	12,734	13,562	100%

Note: All figures stated in CZK million (approximately CZK 26.58 per EUR 1)

Table 3.1.1: public funding for CSOs<sup>2</sup>

Public resources are distributed mostly in the area of sports (36.5%), social services and employment policy (29.6%), and culture and the conservation of monuments (11.3%). The areas that receive less support are health care, agriculture and industry (less than 2%) (Government of the Czech Republic 2016). Therefore, the largest share of public support goes to service-oriented organizations that provide some public services and have good connections with the political elite (and are represented in the advisory bodies of the Cabinet) (Pospíšil et al. 2015).

As far as philanthropic contributions to the budgets of nonprofit organizations are concerned, there is only scarce data indicating the levels of individual and corporate giving. A survey in 2009 revealed that 2.5% of all citizens provided financial or non-financial donations directly to CSOs (Czech Social Science Data Archive 2009). Other data shows that half of the population generally donates money for charitable purposes in a non-regular manner, 14% of the Czech citizens contribute regularly, and the rest do not contribute at all. According to the tax database of the Ministry of Finance (2016),<sup>3</sup> nearly 125,000 citizens donated a total of CZK 1.5 billion to charitable causes in 2011, while nearly 18,000 corporations donated CZK 2.6 billion in total. However, the data on nonprofit institutions serving households (which represent a subset of all nonprofit institutions) suggests that corporate giving (6.5%) constitutes about half of the volume of private donations (12%) (Kermiet and Smejkalová 2014:12).

Apart from direct public support mentioned above, there are other options as to how the state may support civil society. Nonprofit organizations are subject to a special tax regime that enables them to apply for various types of relief, in particular income tax relief (Act No. 586/1992) which enables them to lower the tax base by 30%, and other tax alleviations. Another form of public support is the tax relief for both individual and corporate donors, by which the value of the gift can be deducted from their tax base; there are both minimum and maximum amounts for both types of donors (2% and 15% for individuals, 2% and 10% for corporations).

International assistance has played a very important role since the early 1990s, when civil society started to develop. Foreign donors usually focused on certain types of civil society organizations, mainly those which were advocacy-oriented and engaged in the area of human rights, democratization or transparency. The most important donors at that time were the embassies and governments of Western countries (USA, Canada, Netherlands, UK) and private donors and funds such as the Open Society Fund, the German Marshall Fund, and the Rockefeller Foundation (Navrátil and Pospíšil 2014). On the one hand, an important civic infrastructure was set up and enabled to create groups of NGOs that were not entirely dependent on public (state) funding. On the other hand, these organizations also did not need any members and were often built rather top-down. At the same time, some existing (old) grassroots organizations were not included in this support as

<sup>2</sup> Source: Czech Government 2015.

<sup>3</sup> This database contains data only on the subjects who request tax relief for donations (see above). Consequently, not all donations are registered here.

they were “not progressive enough”, which led to their subsequent commercialization and loss of extensive infrastructure for volunteering activities at the expense of professional elite advocacy NGOs (Carmin and Jehlička 2005). During the late 1990s, this type of international assistance was replaced by EU funds, which to some extent broadened support for CSOs. Now these funds are the most important source of international funding for Czech CSOs (Pospíšil et al. 2015).

### **Institutional Environment**

The basic setting for Czech civil society is provided by the Constitution, the Charter of Fundamental Rights and Freedoms, and other laws specifying the rights of association, petition, etc. (i.e. the Civil Code, the Law on Assembly, the Law on Churches and Religious Congregations, the Law on Public Benefit Companies, the Law on Foundations and Funds, etc.). The legislation also specifies political institutions and codifies processes that shape and regulate Czech civil society. There are also some legal instruments that allow civil society actors to enter the preliminary phase of the legislation process, either through the standard review procedure or through a special consultation process. In some cases, invitations to consultation are mandatory: if an organization is directly affected by proposed legislation, or if the issue is environmental or subject to an environmental impact assessment (EIA), then any registered association that defines its mission as environmental may take part in the process (Hyánek et al. 2007:10; Frič et al. 2004:618-619 and 622-624). Finally, public consultation is a key institution, and the most important legislative proposals are offered to the public for consultations in which any individual, group or organization can take part.

One of the most important formal institutions for Czech civil society is the Government Council for Non-Governmental Nonprofit Organizations (Hyánek et al. 2007:9). This is the advisory, consultative and coordinating body of the government dealing with issues related to the nonprofit sector, with 50% of its members representing the nonprofit sector and 50% the executive branch of government. The platform enables selected civil society representatives to participate in and comment on legislative drafts and legal regulations, to take part in the discourse on the coordination of public policies and to assess them, to obtain information about the government's future steps, to inform the government about the current state and needs of CSOs, and to influence and monitor the state's administrative measures relating to CSOs. A similar institution is the Council for Economic and Social Agreement (Rada hospodářské a sociální dohody ČR RHSD), also known as the “Tripartita”. Founded in 1990, it prevents political conflicts by channeling the dialogue between the government, trade unions and employers as their coordinating and consultative body (Navrátil and Pospíšil 2014).

On the local and regional level, mostly local and regional authorities play key roles in shaping civil society and, most importantly, the provision of services by civil society organizations. As local and regional authorities distribute the bulk of public resources for securing public goods (especially in the areas of social affairs, health care, education and transportation), they provide a key economic opportunity structure for nonprofit organizations providing services.

The capacity of CSOs to enter policy processes, comment on legislation or act as watchdogs for public institutions is often enhanced with the help of foreign private donors or foundations. Even if their role is not as significant as it was during the 1990s, those donors still play an important role for some advocacy networks and transparency groups (e.g. the Open Society Fund, KPMG, Vodafone). At the same time, some foreign governments are also engaged in this type of support through their embassies in Prague or their chambers of commerce (US, Canada, Netherlands and UK).

There is also a transnational (mainly European) dimension of the institutional environment for Czech civil society, and this dimension is regulated by legal orders from outside the Czech Republic. In particular, these are EU institutions on which two main types of actors try to exert influence: the “old” professional actors (trade unions, employer associations, professional chambers) which have sufficient resources and work within well-established cross-border networks that are also represented in EU structures, and the “new” CSOs (environmental and human rights NGOs) which have joined transnational umbrella groups (Císař 2008:128-153).

National police and secret services are another type of actors/institutions that affect Czech civil society, especially during public and/or protest activities. During public meetings, demonstrations, strikes and protests as typical expressions of the freedom of assembly, the reactions of the police may be characterized as rather moderate in the case of most “good” civil society activities, and the principle of protection of the right to assemble in a public space dominates over other principles (even during extreme right-wing demonstrations). At the same time, far more stringent measures are taken during radical left-wing public events, where police violence and bullying are often recorded. Domestic counterintelligence has an influence on radical groups in particular, as it issues an annual report on “political extremism” which has a discouraging effect on political activists.

For these civil society activities, public opinion and media also play an important role. Generally, except for radical left-wing or extreme right-wing activities and some selected issues (the rights of ethnic or sexual minorities), both the media and public are widely supportive of civil society structures and activities.

The role of corporations in the development of Czech civil society translates specifically into funding (see above) and cooperation with CSOs, mostly within the logic of CSR; therefore, companies are quite selective in terms of their support for CSOs and often establish their own foundations for better control over the flow of resources. The representative of the main corporate donors association is also a member of the Government Council for Non-Governmental Nonprofit Organizations (see above).

The role of churches in the Czech Republic is significant in terms of the service provision function of civil society, as church organizations (especially Catholic charities and Protestant social welfare bodies) are among the most important providers of social services. However, the advocacy activities of churches do not affect civil society significantly. This could change with the recent process of restitution of church property (since 2013) and its gradual separation from the state, which might stimulate the church's political assertiveness and influence on the civil landscape in the country (e.g. selectivity of funding, contacts with political elites and authorities).

Universities and the academic sphere in general are mostly detached from civil society activities, even though the two engage in limited public cooperations (public support, volunteering) on some occasions, such as the recent migration crisis. If there is a connection, it is usually on the personal and not the institutional level. The same generally applies to think tanks which combine academic and political activities. Since Czech civil society often claims to be non-political (meaning non-politicized), the overall number of think tanks is very low and their position within civil society is rather weak (Císař and Hrubeš 2016).

### 3.1.3 Mapping Civil Society

#### Method and Data

The first type of data collected on registered nonprofit subjects uses a structural-operational definition of CSO and often focuses on the economic dimension of their existence and activities. The most important source of such data is the Satellite Account of Nonprofit Institutions that has been maintained by the Czech Statistical Office since 2004. However, reliable time series data have been available only since 2010. The satellite account supplements the data in the System of National Accounts (Systém národních účtů) which captures data only on nonprofit institutions serving households. The collected data are coded according to the CZ-NACE classification, some according to CZ-COPNI. The latter system of classification captures the reality of the Czech nonprofit sector in a better way, as it classifies the subjects according to the amount of resources they devote to particular activities and also uses a more detailed classification. Moreover, it is compatible with the international ICNPO classification.

Apart from the satellite account, data from the Analysis of Funding of Non-Governmental Nonprofit Organizations from Selected Public Budgets (Rozbor financování nestátních neziskových organizací z veřejných rozpočtů) were used. These data are processed annually for the Czech government by the Centre for Nonprofit Sector Research (Centrum pro výzkum neziskového sektoru) at Masaryk University.

The second type of data on Czech civil society comes from various research activities and is mostly based either on survey research or on case studies. First, there are either international surveys (such as EVS) or national surveys organized by various public research institutes on issues related to civil society and political participation. These are often used in studies focusing on individual civil participation such as volunteering or membership (Pospíšilová 2010, Navrátil & Pospíšil 2014, Pospíšil et al. 2015). Second, studies focusing on organized civic engagement often rely on a lower number of observations but contribute more in-depth findings on the strategies, structures, resources or networking of CSOs (e.g. Císař et al. 2013). Third, there are studies of Czech civil society based on the analysis of public claims or protest events, which mostly focus on the contentious activities and political activism of Czech civil society (Císař 2008, Navrátil and Císař 2014).

Finally, an online survey was conducted among a diverse pool of experts on the Czech civil society landscape. Respondents were identified through snowball sampling and with the help of the authors, the Vienna University of Economics and Business (WU Vienna) and ERSTE Foundation. A total of 14 anonymous experts with an average of 11 years of professional experience in civil society activities completed the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends.

### Size and Role of Civil Society

The total value of services and products generated by the Czech nonprofit sector in 2013 was 1.77% of the Czech GDP. The volume generated by the nonprofit sector is steadily rising, but its relative importance in terms of the national GDP has been more or less the same for the last decade. In terms of the number of employees in the nonprofit sector, there has been a moderate but steady rise in the last ten years (see Table 3.1.4). The total number of CSOs with nonprofit legal status (see above) in 2013 was 127,347, which makes for a ratio of 82.55 citizens per organization. The number of employees in the nonprofit sector came to 105,000 full-time equivalents (FTEs) in 2013, accounting for approximately 2.09% of overall employment in the country (Czech Statistical Office 2015b).

Given the lack of detail in the NACE classification, it is not possible to identify a precise area of activity for a large number of nonprofit subjects. The largest share of CSOs (60%) is labelled “Other activities”, while the second largest group belongs to arts, entertainment and recreation including sports activities and amusement and recreation activities (23%), education (1%) and human health and social work activities (1%) (see Table 3.1.2).

CZ-NACE	Field of activity	Number of CSOs	Value added (CZK million)	Number of paid employees
	Total	127,347	72,196	104,830
M	Professional, scientific and technical activities (72 - Scientific research and development)	447	331	779
P	Education (85 - Education)	1,307	45,574	56,359
Q	Human health and social work activities (86 - Human health activities, 87 - Residential care activities, 88 - Social work activities without accommodation)	1,198	5,494	16,135
R	Arts, entertainment and recreation	29,513	3,763	4,825
90	Creative, arts and entertainment activities	1,593	269	457
91	Libraries, archives, museums and other cultural activities	133	142	370
93	Sports activities and amusement and recreation activities	27,785	3,352	3,998
S	Other service activities (94 - Activities of membership organizations)	75,582	14,828	25,745
	Total	108,047	69,990	103,843

Table 3.1.2: Czech CSOs in figures (CZ-NACE)<sup>4</sup>

A more detailed picture of civil society activities is provided by the CZ-COPNI classification of employees and the value produced by them in particular areas of activity (see Table 3.1.3). In this classification, the most important areas of civil society are education, social services, and recreation and culture.

<sup>4</sup> Source: Czech Statistical Office, Satellite Account of Nonprofit Institutions, 2013.

CZ-COPNI	Field of activity	Number of CSOs	Value added in CZK million	Number of paid employees
1	Housing	N / A	933	1,198
2	Health	N / A	2,301	4,837
3	Recreation and culture	N / A	7,469	10,839
4	Education	N / A	44,317	55,574
5	Social services	N / A	4,852	12,247
6	Religion	N / A	3,200	5,495
7	Political parties, unions, professional associations	N / A	2,210	3,904
8	Environment	N / A	306	504
9	Not classified	N / A	6,608	10,232
	<b>Total</b>	<b>N / A</b>	<b>72,196</b>	<b>104,830</b>

Table 3.1.3: Czech CSOs in figures (CZ-COPNI)<sup>5</sup>

According to the Czech Statistical Office (2015b), there were more than 25,000 volunteers working in Czech nonprofit institutions in 2013. Those volunteers were especially active in associations (23,000 FTEs). In terms of fields, most of them (17,000 FTEs) were active in “Other service activities”, some of them in “Arts and recreation” (3,500 FTEs) or in “Public administration and defense” (2,700 FTEs). Generally, Czech civil society grew significantly after 1989, and the most dynamic changes took place right after that year. This is also suggested by the data from the Satellite Account of Nonprofit Institutions (see Table 3.1.4).

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of CSOs	70,336	70,426	75,102	84,033	103,870	109,208	114,184	118,375	127,347
Output (CZK million)	81,729	90,070	96,731	96,492	98,028	101,268	103,360	106,701	110,175
Number of employees (FTE)	83,809	90,995	97,016	100,988	99,282	100,847	99,527	100,174	104,830
Number of volunteers (FTE)	36,139	28,045	47,777	27,256	27,145	25,040	25,984	25,965	25,313
Number of hours worked by volunteers	62,988,839	48,884,067	83,225,952	47,206,424	47,177,450	44,321,164	45,185,756	44,866,334	43,766,101
Total revenues (CZK million)	135,624	152,094	167,101	161,770	165,757	168,336	169,887	173,090	179,365
Total expenses (CZK million)	134,139	148,021	164,843	162,430	164,937	169,726	169,008	169,961	176,730

Table 3.1.4: basic economic data on Czech CSOs<sup>6</sup>

## Culture

The area of culture has been among the privileged spheres of Czech civil society. This is also because this area of civil society has often substituted for the political or advocacy one, which is rooted in several aspects of Czech political culture and history (cultural modernization of Czech lands in the 19th century, tradition of anti-politics, character of dissent during the era of state socialism, etc.). Consequently, many political campaigns rely on people from this area of civil society, and some cultural CSOs operate implicit or explicit advocacy programs (e.g. theaters, writers' associations, etc.).

According to the data from the Satellite Account of Nonprofit Institutions, more than 29,000 organizations were active in the area of culture in 2013. However, a more detailed look suggests that these organiza-

5 Source: Czech Statistical Office, Satellite Account of Nonprofit Institutions, 2013.

6 Source: Czech Statistical Office, Satellite Account of Nonprofit Institutions

tions were devoted more to recreational and amusement activities than to culture itself. “Pure” culture (CZ-NACE 90 and 91) was represented by approximately 1,700 organizations with 827 employees (FTEs).

There is no shortage of cultural civil society organizations in the Czech Republic. They deal with activities such as publishing alternative journals and magazines (e.g. A2) and running independent art galleries (e.g. DOX, MeetFactory, Langhans), but at the same time, many official public institutions have the status of nonprofits (e.g. the National Film Archive or National Gallery, museums, archives, etc.) and consume most of the public funds dedicated to the area. One innovative example – apart from the galleries mentioned by the experts (see Table 3.1.5) – is New Space (Nový prostor), a magazine that is published on a bi-monthly basis and represents an interesting alternative to existing mainstream media. It focuses on cultural and socio-economic issues, but at the same time it is also a form of social service. Its focus is on homeless people, who also distribute the magazine in the streets and keep half of the cover price for themselves.

Impactful	ProCulture	An initiative that aims to strengthen the position of the nonprofit sector within the realm of culture; connected to the Open Society Fund.
	Association of Professional Theaters	An umbrella organization of professional public theaters aimed at coordinating their advocacy activities vis-à-vis the public administration.
Innovative	DOX	A center for contemporary art and a multifunctional space for the presentation of art, architecture and design in the context of important social and political issues.
	Industra	A nonprofit hub which combines a former industrial environment with art, science, design and education.

Table 3.1.5: examples of civil society actors in the field of culture<sup>7</sup>

### Social Services

The area of social services underwent profound liberalization after 1989 due to the advent of civil society in this area. These days, there are many providers of social services of different types (public, private and nonprofit), and the share of nonprofit providers is significant (Hyánek et al. 2007).

According to the Satellite Account of Nonprofit Institutions (CZ-NACE), there were 1,159 active organizations in the field in 2013. Most of them (917) focused on social services (CZ-NACE 87 and 88). The economic output of these organizations was CZK 6,240 million, or approximately 5.6% of the overall figure for Czech nonprofit institutions. A total of 12,584 employees (FTEs) – 12% of the employees of all nonprofit institutions – were employed in the field in 2013, and 446 volunteer FTEs (1.8% of all volunteers in nonprofit institutions) were active in this field.

Table 3.1.6 shows examples of organizations that were active in social services and were mentioned in our expert survey. According to our respondents, Caritas Czech Republic and the Diaconia of the Evangelical Church of the Czech Brethren are the most important social service providers in the country. Caritas is connected to the Catholic Church and brings together more than 300 organizations in the country. On the other hand, Diaconia is connected to the Evangelical Church and has more than 110 facilities. Both organizations belong to the established part of the civil sector, as they existed before the Second World War and they withdrew from most of their activities during the socialist era.

In terms of socially innovative organizations, there is no clear agreement among the experts because the field of social services is extremely large, but this may also suggest that it is characterized by a lack of social innovations. The organization People in Need (Člověk v tísni), which also deals with social services (apart from humanitarian issues), was mentioned several times by the respondents in our expert survey. This organization focuses specifically on social integration in the Czech Republic and abroad. Some of the interesting innovative activities were not mentioned by the respondents but were given innovation awards within the Social Impact Award competition (People in Safety, Ironing Ladies, Pragulic, Superdětí.cz; see Table 3.1.6) or in the context of the “SozialMarie” competition (Make Yourself at Home, Gypsy Mama, Socks from Grandma, Sexual and Intimate Assistance). Most of these projects deal with the issues of social integration of excluded persons or social groups.

<sup>7</sup> Source: Expert Survey 2016

Impactful	Caritas Czech Republic	Caritas is the largest Czech provider of social services, health care and humanitarian activities in the Czech Republic and abroad.
	Diaconia of the Evangelical Church of the Czech Brethren	Diaconia is the second-largest Czech provider of social services, health care and humanitarian activities in the Czech Republic and abroad.
Innovative	People in Need	Founded in 1992, People in Need is the largest Czech advocacy NGO and focuses on protecting human rights and providing social and humanitarian services both in the country and abroad.
	Superdětí.cz	Superdětí.cz provides services for children and young people in difficult situations caused by independent care for long-term sick or disabled parents, siblings or other family members.

Table 3.1.6: examples of civil society actors in the field of social services<sup>8</sup>

### Advocacy

One of the defining features of Czech civil society is a clear difference between involvement in advocacy and non-advocacy CSOs, with a considerably lower engagement of citizens in the former category. Moreover, the declared activity of citizens in advocacy activities usually consists of donations or distant support for various campaigns, not direct involvement. On the other hand, CSOs (especially the “new” ones) seem to be happy with this, as they welcome financial support (but not demands from the public) and prefer expertise and professionalization over “going grassroots” (Navrátil and Pospíšil 2014).

According to the Satellite Account of Nonprofit Institutions (CZ-NACE, code 94), the advocacy activities of Czech civil society were represented by 75,000 organizations in 2013, most of them focusing on leisure activities, trade union activities, and various interest-group activities (73,000). The economic output of those organizations was CZK 27 billion (approximately 25% of the sector's overall output), and nearly 6,000 full-time employees (nearly 25% of all employees in the sector) worked in the field of advocacy.

What is apparent from these numbers is that the advocacy activities of the Czech nonprofit sector are rather professionalized. These activities are basically divided between two types of actors. The first of them are old ones, especially trade unions and various interest groups (sports, agrarians, etc.), and the others are the new ones (human rights, environment, etc.). Typically, the activities of the new groups became more publicly visible after 1989 than the activities of materialist groups, and are often connected to transnational advocacy networks or funded by foreign agencies or states (Císař 2008). This is also confirmed by the list of groups that respondents in our expert survey named as the most important: Amnesty International, the Open Society Fund and Greenpeace. At the same time, the experts ranked rather local advocacy groups – also mostly new ones – as socially innovative: these include Demagog.cz (fact-checking student group), Auto-mat (alternative transportation and cycling promotion) or NESEHNUTÍ (human and civil rights promotion) (see Table 3.1.7).

Impactful	Amnesty International	Czech branch of the major transnational network aiming at the protection of human rights worldwide (and focusing on women's and minority rights in the Czech Republic); founded in 1991.
	People in Need	Founded in 1992, People in Need is the largest Czech advocacy NGO and focuses on protecting human rights and providing social and humanitarian services both in the country and abroad.
Innovative	Frank Bold	Frank Bold was founded in 1995 to provide legal advice and assistance, focusing mostly on environmental issues, corruption and citizens' rights.
	NESEHNUTÍ	The organization was founded in 1997 and focuses on social and environmental issues through the mobilization of citizens, education and volunteering.

Table 3.1.7: examples of civil society actors in the field of advocacy<sup>9</sup>

<sup>8</sup> Source: Expert Survey 2016

<sup>9</sup> Source: Expert Survey 2016

## Social Enterprises

At present, there is no legislative definition of social entrepreneurship and how it should be supported, even though the process of developing such a definition started in 2014. In terms of the character of activities, style of management or mission, many organizations might be labeled as social enterprises, mostly incorporating entities with the legal forms of associations, public-benefit companies (both nonprofits) and private limited companies (for profit). The most recent development in the field of social enterprises was the establishment of an autonomous legal form for social entrepreneurship – the social cooperative – within the framework of a new law on business corporations (Act No. 90/2012); this form has not been used extensively so far (Vyskočil 2015).

It is difficult to estimate the scale and scope of social enterprises' activities from data or resources because of the aforementioned issues of definition and statistical data. However, some more detailed information on the number and activities of Czech social enterprises is offered by the nonprofit organization P3 – People, Planet, Profit, which focuses on supporting and popularizing social entrepreneurship. This organization is also working to build a database of social enterprises, where organizations voluntarily apply to be listed.

According to the updated data from P3, there are 225 social enterprises in the country (which voluntarily asked to be listed in the database). The most frequent legal forms are the private limited company (48%) and the public-benefit company (25%), while other legal forms are rather rare. The most frequent fields in which these enterprises operate are gardening, greenery maintenance and cleaning services (24%), general sales (18%), accommodation services and catering (15%), and the food industry (15%). The main target groups of these organizations are the disabled (64%) and long-term unemployed (38%), while other social groups are not represented to any substantial extent. The organizations listed are predominantly engaged as employers of these target groups.

Apart from P3, there is another important organization that focuses on the development of the field of social entrepreneurship: TESSEA (Tématická síť pro sociální ekonomiku – Thematic network for social economy), which also contributes to the development of social entrepreneurship in the country in connection with regional development. TESSEA was founded with the support of EU funds and focuses on the promotion of products and services offered by its member organizations, offers advisory services and consultations, and organizes education activities on the topic of social entrepreneurship. One of the most interesting social innovations in the field of social enterprises is Pragulic (Prague sightseeing guided by local homeless people) or Autonapůl (car sharing).

Innovative	P3 People, Planet Profit, o.p.s.	This nonprofit organization promotes the development of social enterprises in the Czech Republic. The organization provides consultations, education and also administers and coordinates the Czech social enterprises portal and the TESSEA network.
	TESSEA	Nonprofit organization contributing to the development of social enterprises in the Czech Republic. The organization promotes interest in goods and services provided by members of its thematic network.
Innovative	Pragulic	Social enterprise focusing on homeless people. The organization provides sightseeing tours managed by this target group.
	Autonapůl	Social enterprise engaged in car sharing in major Czech cities.

Table 3.1.8: examples of social enterprises<sup>10</sup>

## 6.1.4 Trends and Outlook

This report focuses on the state of civil society in the Czech Republic. In quantitative and institutional terms, Czech civil society flourished after 1989: the number of collective actors and their resources continuously grew, and opportunities to change public affairs were increasingly open to them. Nevertheless, we are not witnessing the Anglo-Saxon ideal of the pluralism of independent and self-sustainable actors competing with each other and with the state. The situation seems to be rather path-dependent on the corporatist heritage of Czech society and Central European political culture. The government has treated CSOs as a supplement to

<sup>10</sup> Source: Expert Survey 2016



its own policies but kept certain areas strictly under its control (education, justice, health care, etc.) and tried to establish its own agents, tools (e.g. via grants) and standards in other areas (social policy, leisure, sports). At the same time, both non-advocacy and advocacy actors seem to comply with this arrangement (with the exception of radical left-wing CSOs). There has been little effort on the part of CSOs to change the status quo, for example, by using confrontational tactics, or to better identify and represent the citizens' interests (Navrátil and Pospíšil 2014).

Contemporary trends in the development of Czech civil society as observed by the experts (see Section 3.1.3, Method and data) are mostly consistent with its existing patterns of logic and structure. However, one of them seems to have disruptive potential and may introduce new dynamics in the system (see Table 3.1.9). The first trend is the growing professionalization of Czech civil society. In other words, it seems that some of the existing patterns in Czech civil society might continue, both in a positive and negative sense (growing organizational capacities and skills of CSOs in combination with rather low social embeddedness).

At the same time, it also seems that the area where capitalism meets civil society – the sphere of social enterprises – might grow, which may imply both rising commercialization of nonprofit activities and commercial companies becoming more “nonprofit-like”. In either case, it seems that this will not conflict with the strongest funding pattern in Czech civil society, which is the public (state) support of nonprofits, as these resources are already combined and public funds consciously support the rise of the social economy.

The final trend challenges the existing structures to a certain extent. It seems that we are witnessing the rise of new grassroots activities – especially in cities – which aim at advocacy for particular and local causes but at the same time may also reach the national level. This was also demonstrated during the recent migration crisis, when freshly established civic initiatives succeeded both in advocating for refugees in the public sphere and against xenophobic claims, and in organizing service provision for refugees, in contrast to established and professionalized NGOs.

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#### **Professionalization of civil society (organizations)**

Professionalization and institutionalization of civil society and its actors

*“The current activists, groups and movements around concrete issues or places will become NGOs and will professionalize.”*

*“The Czech NGO sector – aside from some great exceptions – still needs to be professionalized. Hopefully we will see more ‘business people’ working in the NGO sector and bringing in their best professional practices and mixing them with the know-how of organizations.”*

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#### **Higher relevance of social entrepreneurship and social enterprises**

Social entrepreneurship and social business are gaining importance, bringing in fresh ideas and a focus on earned income. However, a counter-trend toward more genuine civil society work could develop in the long run.

*“The past 15 years have seen a proliferation of new nonprofits and major increases in the financial sustainability of old nonprofits. This is likely to continue. Given the plethora of trainings on financial sustainability (fundraising, business models, social enterprise management) available in recent years, many new initiatives are now a hybrid form between for-profit and nonprofit. [...] I expect this to change by the end of the next decade, with a new generation finding their playground oversaturated with fancy, but meaningless start-ups.”*

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#### **More grassroots activities**

More (particularly young) individuals and small-scale CSOs will become active in civil society.

*“The generation of Millennials does not want to work as hard as their parents used to. They want not only to earn money and live happily ever after. They want a change – enjoyable living standards and, most importantly, doing something meaningful.”*

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Table 3.1.9: frequently mentioned trends and sample quotes<sup>11</sup>

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<sup>11</sup> Source: Expert Survey 2016

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## 3.2 Country Report: Hungary

Éva Kuti

### ABSTRACT

The civil society sector (also called the nonprofit sector in Hungary) has developed considerably since the change of the political system in 1989. Its roles are manifold, ranging from public service delivery to small-scale community building. Accordingly, its organizations are extremely heterogeneous in terms of size, activities and finances. The number of civil society organizations (CSOs) exceeds 63,000; they are mainly engaged in sports and recreation, culture, education, social care, and economic development, but they are also active in many other fields. For two decades, they worked in a relatively friendly political, legal and economic environment, but the conditions of their operation have significantly deteriorated over the last six years. The government has made several efforts to gain control over civil society, including discrimination in favor of its political allies and persecution of independent CSOs. The experts do not expect any change in this trend in the near future. They believe the government will further restrict civil society's capacity to act by curtailing civic freedoms, imposing restrictive laws and implementing biased funding schemes. This will result in serious funding difficulties and a growing need for alternative sources (private donations and voluntary work). In the optimistic scenario, many CSOs will be able to meet these challenges through increasing professionalism and efficiency. Experts also predict that more grassroots and community-based organizations and more online activism will emerge.

### 3.2.1 Introduction

Hungarian civil society is in bad shape. Despite its promising development after the fall of the Iron Curtain, it proved helpless when facing the challenge of the authoritarian turn in politics in 2010. Besides describing the key features of civic engagement, this report gives an overview of the political, legal and institutional background that influences the space for citizen participation and for the operations of civil society organizations in Hungary.

#### The Political Background

Though the future prime minister had declared in advance that his party would occupy “center stage” in Hungarian political life and put an end to debates over values (Bánkuti et al. 2015), and later labeled his regime “illiberal democracy”, very few political opponents, CSO leaders or experts, let alone ordinary citizens, were prepared for the (re)creation of a statist regime. Analysts are still looking for a proper conceptual framework to grasp the nature of this “elected autocracy” (Ágh 2015a). However, the major characteristics of the system are clearly reflected in the metaphors they use: e.g. “mafia state” and “Hungarian polyp” (Magyar 2016), “predatory state” (Bozóki 2015), “collapse of democracy” (Scheiring 2016), “Hungarian patient” (Van Til 2015), civil society “captured” by the state (Kövér 2015, Zsolt 2016), “domesticated CSOs” (Nagy 2015). The ruling party and its head concentrate both power and wealth, and enforce submission and obedience by means of political manipulation, “colonization” of the media (Bajomi-Lázár 2015), legislation, legal prosecution, tax authority, police forces and the secret service. Hungarian society is obviously not strong enough to protect itself effectively. Its immune responses are slow and weak; its commitment to democracy and its culture of cooperation are underdeveloped (Szabó and Márkus 2015). CSOs are numerous but vulnerable, partly as a consequence of government hostility toward independent organizations, partly because of the relatively low level of private support.

#### Typical Characteristics of Civic Engagement in Hungary

The most salient feature of civic engagement is its informal character in Hungary. Only 28% of adults are members of some kind of formalized (lay or church-related) communities or networks (Utasi 2013). The share of volunteers slightly exceeds one third (34%) of the population, but only a very small part of voluntary work is organized by civil society organizations (KSH 2016a). About three quarters of Hungarians make financial and/or in-kind charitable donations, but the share of donors supporting CSOs and/or churches is only 21%. The rest of the donors give money, food, clothes, furniture or some other commodity to people in need (e.g. beggars, homeless people, victims of disasters) and to public institutions (e.g. schools, theaters), buy items at charity events, drop money into collecting boxes, etc. The size of donations clearly reflects the extremely low income level in Hungary: the average per capita amount was only EUR 31 in 2004 (Czike and Kuti 2006). Voter turnout – 71% in 2002 and 62% at the latest parliamentary elections in 2014 – is declining, as is the trust in politicians and political institutions (Péterfi 2016), and has fallen behind the average voter turnout (66%) in Europe (IDEA 2016).

### Legal Forms of CSOs

The legal forms of CSOs are defined by law in Hungary. The founders can select the form which offers an appropriate organizational framework for the planned activities. Since foundations are not regarded as exclusively grant-making institutions, this legal form is frequently chosen for the purposes of grant-seeking and/or service provision. As a result, about one third (34%, or 21,954 organizations) of Hungarian CSOs are foundations. Voluntary associations and other membership organizations constitute the largest group (61%, or 38,780 organizations) of civil society organizations. According to the last available statistical data (KSH 2016b), the rest of the sector consists of nonprofit companies (5%, or 3,160 organizations). The churches themselves do not belong to the civil sector in Hungary; their satellite CSOs and other faith-based charities are included in the figures above.

### Legal Framework

There seems to be a strong belief in Hungary that legal regulation is necessary to solve all problems. The enactment of new bills and amendments to existing laws is a traditional reaction to any challenge, and this tendency has even increased under the rule of the present government for which legislation is merely a tool of achieving its own particular goals and extracting resources (Bozóki 2015). Consequently, every aspect of CSOs' operations is regulated (sometimes overregulated) by different, ever-changing laws and decrees. They do not necessarily harmonize with each other and are not a reliable guide to lawful behavior (Bíró 2010).

Once the most fundamental part of Hungarian CSOs' regulatory environment, the freedom of association and opinion was significantly weakened (Bánkúti et al. 2015, Schenkkan 2016), but its declaration is still included in the constitution (called the "fundamental law" since 2010).<sup>1</sup> The most important legal forms of civil society organizations (foundations and voluntary associations) are defined in the Civil Code (IV/1959), while the nonprofit company is defined in the Companies Act (IV/2006).<sup>2</sup> The rules for receiving public benefit-status are set out in the Civil Act (CLXXV/2011). The Civil Act also deals with the establishment, operation, reporting and closure of CSOs, but these issues are also addressed in several other laws and decrees (e.g. those governing the registration of CSOs and their economic and fund-raising activities). A specific law (CXXVI/1996) allows taxpayers to transfer 1% of their personal income tax to civil organizations; another (LXXXVIII/2005) regulates voluntary activities of public interest. The tax treatment of CSOs is defined in Hungary's tax laws on an annual basis. In addition, organizations are expected to follow the changes in the legal and economic regulation of the fields where they operate.

### Visibility of Civil Society

Hungarian civil society is highly visible in terms of the availability of information. There are two think tanks (Civitalis Egyesület and the Nonprofit Társadalomkutató Egyesület) focusing on the voluntary/nonprofit sector as a whole, and numerous others that deal with specific issues and/or fields of civil society. The majority of research reports and publications can be downloaded freely from the websites of research institutions and support centers like the Nonprofit Információs és Oktató Központ Alapítvány and the Önkéntes Központ Alapítvány. A quarterly journal called *Civil Szemle* has made research studies available to both CSO leaders and the academic community since 2004. *Civil Rádió* has also played an important role in sharing information on civil activities for the last 21 years. Several prizes and awards given to prominent CSOs and their donors and volunteers have also contributed to the visibility of the civil sector (Nagy et al. 2014). However, neither researchers nor practitioners are satisfied with the general public awareness of the activities and achievements of individual CSOs (Török 2014). This is why a pool of civil society organizations launched a rather successful visibility campaign and a website ([sziamaci.hu](http://sziamaci.hu)) in 2015.

### Sources of Empirical Information on Civil Society

The single most important source of empirical information on Hungarian civil society organizations is an annual statistical survey which has been carried out by the Központi Statisztikai Hivatal (KSH) since 1993. Thanks to its gradually developed, very sophisticated methodology (Nagy and Sebestény 2008), this survey provides us with reliable data on the size, structure (composition by legal forms, ICNPO groups<sup>3</sup>, regional and financial characteristics), revenues, expenditures, and human resources of the nonprofit sector. The survey results and their analysis were published in yearly booklets between 1993 and 2010. Since then, they have been available only in electronic form on the KSH website. The satellite account for nonprofit institutions recommended by the United Nations (UN 2003) has not been implemented to date.

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1 In fact, freedom of association was declared in the Hungarian constitution even in the communist period, when voluntary associations were literally banned by a decree of the Ministry of the Interior (Kuti 1996).

2 In addition, the Civil Act introduced two new forms of associations: the "alliance" (an association of different kinds of nonprofit organizations) and the "civil company". The latter is an almost informal association of private individuals, that is not registered and has neither legal personality nor financial assets.

3 The KSH uses an adapted version of the International Classification of Nonprofit Organizations (ICNPO) originally developed by Salamon and Anheier (1996).

The KSH was one of the first statistical offices to implement the method suggested by the International Labour Organization (ILO 2011) in order to generate systematic and comparable data on volunteer work via regular supplements to labor force surveys (KSH 2012b, 2016a). Formerly, in 1993 and in 2004, two independent sample surveys of individual giving and volunteering had been conducted (Czakó et al. 1995, Cziike and Kuti 2006). Their findings are more or less comparable<sup>4</sup> with the recent KSH figures for voluntary work. Unfortunately, no similar survey has been carried out since 2004; thus we know little about the changes in charitable giving during the last decade.

In addition to the sources mentioned above, an expert survey was conducted by the Vienna University of Economics and Business (WU Vienna) to support this report with further empirical data on the key actors and development trends. Respondents to the online survey were identified through snowball sampling and through the network of the authors, WU Vienna and ERSTE Foundation. 34 anonymous experts with an average of 21 years of professional experience in civil society activities contributed to the survey, and 29 of them completed all sections of the questionnaire.

### 3.2.2 Historical Development and Main Actors

#### Historical Development

The history of voluntary organizations in Hungary is rather turbulent. The flourishing church-related and lay charities of the Middle Ages were swept away in 1526 by the Turkish invasion, which pushed Hungary into a backward position on the European periphery (Wallerstein 1983). The first voluntary associations which can be qualified as civil society organizations in the modern sense of the term appeared only in the last decades of the 18th century (Tóth 2005) and were regarded (and persecuted) by the state authorities as the “emissaries” of the Enlightenment. Both the number and role of CSOs (charitable associations, literary and scientific societies, associations initiating economic development projects, etc.) increased drastically in the first half of the 19th century. The growing intensity of private initiatives and social participation was an organic part of the reform movement which culminated in the 1848-1849 revolution and war of independence. After its failure, almost all CSOs were abolished and very few new ones could be established until the Compromise of 1867 between Hungary and the Habsburg emperor. Though legal regulation remained quite strict (Dobrovits 1936), the development of CSOs accelerated after the Compromise. World War I and the Trianon Treaty caused many distortions and had far-reaching political consequences, but did not stop this growth. Neither the legal regulation of the civil sector nor the policy toward the sector changed significantly until World War II. According to a statistical survey (KSH 1934), 14,365 voluntary associations with almost 3 million members existed in the country in 1932.<sup>5</sup> They constituted crucial institutions of everyday life (especially leisure activities) and played an important role in social innovation (Kuti 1996).

World War II and the ensuing communist takeover brutally stopped the development of associations, partly because of the human and infrastructural losses they suffered, and partly because the Holocaust reduced the Jewish population whose charitable organizations and donations constituted an important part of the sector (Guba 2014, Harsányi 2015). The communist regime wanted total control over civil society and thus banned most of its organizations, nationalized their property and established the regime's own “mass organizations” (Molnár 2005). Despite its failure, the 1956 revolution changed the relationship between the state and civil society. The supposedly “non-oppositional” CSOs became tolerated. The government remained worried about spontaneous civic initiatives, but did not dare to ban the voluntary associations any longer, though sometimes still persecuted them. The scope for independent civic action gradually increased in the 1980s and led to the rehabilitation of foundations: an amendment to the Civil Code introduced the foundation as a legal entity in 1987. The legal guarantees of the freedom of association were also enacted just before the change of the political system in 1989.

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4 All three surveys were based on face-to-face interviews, worked with large samples (15,000 in 1993, 5,000 in 2004, and about 60,000 in 2014) and covered the adult population (18 years and over) in 1993, the population aged 15 years and older in 2004, and people between 15 and 74 years of age in 2014.

5 The population of Hungary was 8,688,000 at that time.

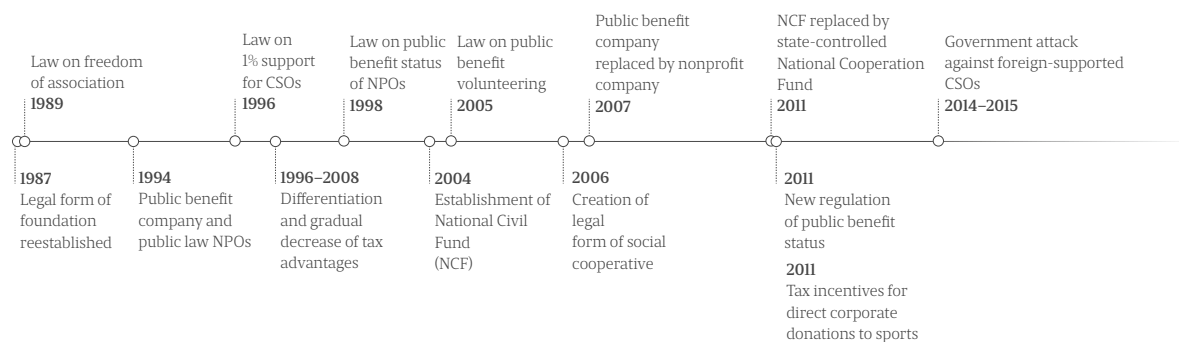


Figure 3.2.1: timeline of key events for civil society<sup>6</sup>

The change of regime created very favorable conditions (simple court registration, practically unconditional tax advantages) for private initiatives. All kinds of founders (including government bodies and private entrepreneurs) tried to profit from this preferential treatment, which resulted in abuse and, consequently, in a gradual reduction of tax advantages and a transition toward more detailed regulation and more bureaucratic registration procedures (Márkus 2007). An amendment to the Civil Code created new, state-controlled and somewhat privileged legal forms (public-benefit company, public law foundation, and public law association) for nonprofit service provision and the distribution of public funds in 1994, but the privileges of these organizations lasted for only a short period. Public-benefit character became the eligibility criterion for tax advantages in 1998, when the law on public-benefit organizations came into force. This law defined “public-benefit” status and “eminently public-benefit” status, as well as the regulations regarding registration as a public-benefit organization.

An important step toward decentralization and democratization in the distribution of state support was made in 1997, when the taxpayers were authorized to designate a civil society organization as the recipient of 1% of their personal income tax. This measure enabled CSOs to receive public support through private decisions, in accordance with taxpayers’ priorities, without endangering their independence from the state (Gerencsér and Oprics 2008, Török 2005, Vajda and Kuti 2002). The subsequent efforts to develop decentralized decision-making mechanisms led to the birth of a special fund, the Nemzeti Civil Alapprogram (NCA) in 2004. The NCA distributed public support (about the same amount as the sum of 1% designations) through boards whose members were mainly elected by the civil society organizations (Bódi et al. 2003, Kinyik 2008, Kuti 2006, Sebestény 2007).

The year 2005 brought about important changes in the field of volunteering. On the initiative of the Önkéntes Központ Alapítvány, a new law provided the definition of voluntary activities for public interest, set the rules of organized volunteering and listed the tax-free allowances available for volunteers (Kuti 2010). The conditions for social entrepreneurship were changed in 2006, when the non-distribution constraint was removed in the case of the first hybrid type of social enterprise, the social cooperative (a legal form created by the law on cooperatives). These special cooperatives became entitled to public-benefit status, which formerly had been available only to nonprofit organizations (Kuti 2008a). The legal form of nonprofit service providers also changed: the public-benefit company was replaced by the nonprofit company<sup>7</sup> (which was still not allowed to distribute profits to its owners). The existing public-benefit companies had to be either dissolved or transformed into some kind of public or nonprofit organization by July 2007.

What has happened to civil society since 2010 (the beginning of the present government’s rule) is dramatically different from the earlier developments. Previous democratization and decentralization processes have been reversed. The Civil Act significantly narrowed the definition of public-benefit status in 2011; it became available only to CSOs delivering services whose provision is qualified as a government task in some law (Kolejanisz and Móra 2012, Sebestény 2013). The Nemzeti Civil Alapprogram was replaced by the Nemzeti Együttműködési Alap (National Cooperation Fund), which distributes much less support than its predecessor. The majority of the new fund’s council and board members are appointed by the government and the parliament (Kákai 2013, Nagy 2014). Companies may<sup>8</sup> support so-called “spectacular sports” (in practice mainly football, the hobby of the prime minister) with up to 70% of the corporate income tax they would otherwise have to pay to the state budget (Rixer 2015). What had been unimaginable between 1989 and 2010, also happened in 2014: the government blacklisted some CSOs (Kövér 2015) and launched an open attack (involving not only the Government Control Office but also the tax authorities and the police) against them, making the false accusation that they serve foreign interests (Ágh 2015b).

<sup>6</sup> Sources: Literature listed in the References section and own sources.

<sup>7</sup> The “nonprofit company” is actually only a collective term for all legal forms of companies (e.g. ltd, joint stock company) defined in the Company Act. The founders of nonprofit companies can decide which of these legal forms is best for their purposes.

<sup>8</sup> The wording “are expected to” would be much closer to reality, but it is, of course, not written in the tax law.

## Funding Sources

It goes without saying that the government's attitude has had a significant impact on the funding structure of the civil sector. The trend of its slow transition toward the Western European pattern which was prevalent for 20 years has been reversed since the "illiberal turn" of 2010 (Bánkúti et al. 2015).

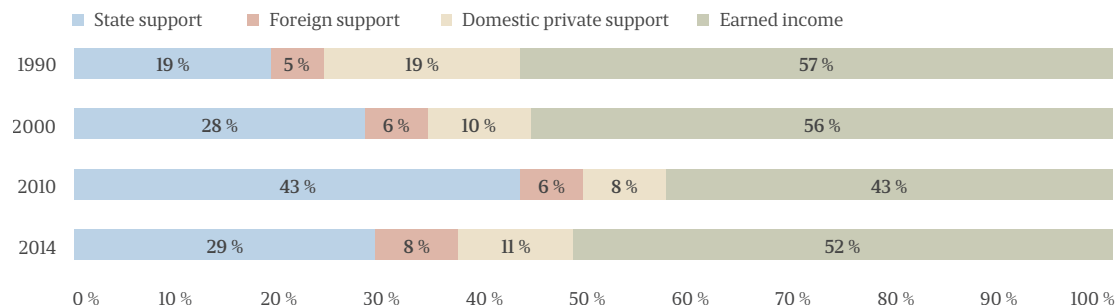


Figure 3.2.2: composition of CSO revenues by sources, 1990–2014<sup>9</sup>

As reflected in the 1990 and 2014 data displayed in Figure 3.2.2, the state's control over private initiatives resulted in a low share of public funding both in the state socialist period and in the last few years, mainly because the government's centralization efforts narrowed the scope for subsidiarity in service delivery. In contrast, developing partnerships with civil society (Bódi et al. 2003) and increasing its state support were among the basic aims of two subsequent civil strategies of the government in the 2000s (Bényei et al. 2007). It is no wonder, then, that the level of public funding moved closer to the European average during that period. Unfortunately, four years after the "illiberal turn" were enough to return to the revenue structure recorded in the year 2000.

In 2014, more than half of the CSOs' revenues originated from earned income, mainly from service fees (26%), unrelated business income (20%) and membership dues (4%). Public support was less than one third of the total income and came mostly from the central budget; the contributions of local governments amounted to 5%. Domestic private support (mainly corporate donations complemented by some support from private individuals, churches, foundations, and political parties) slightly exceeded one tenth of the sector's income, while the share of foreign support (8%) remained below that level. As shown in Table 3.2.1, the income structure varied widely according to the CSOs' field of activity.

Funding pattern	Field of activity	State support	Foreign support	Domestic private support	Earned income
		(percentage of total revenue)			
State support dominated	Emergency	75	3	7	15
	Health	58	4	10	28
	Environment	53	9	5	33
Earned income dominated	Business and professional	14	4	3	79
	Development and housing	15	6	1	78
	Research	25	9	5	61
Private support dominated	Religion	23	16	40	21
Balanced	Sports and recreation	27	3	32	38
	Law and advocacy	30	15	16	39
	International activities	31	17	22	30
	Education	37	28	12	23
	Culture	39	3	14	44
	Philanthropic intermediaries	40	7	19	34
	Social services	44	11	19	26
	Total	29	8	11	52

Table 3.2.1: revenue structure of CSOs by field of activity in 2014<sup>10</sup>

<sup>9</sup> Source: KSH 2016b

<sup>10</sup> Source: KSH 2016b



**Legal and fiscal incentives for funding CSOs:** All revenues directly related to the CSOs' mission are tax exempt, but unrelated business income is exempted from corporate income tax only if it does not exceed HUF 10 million (about EUR 32,000) or 10% of the total revenue of a CSO without public-benefit registration. This limit is higher (15%) in the case of registered public-benefit organizations. The tax deductibility of individual donations was abolished in 2008; charitable donations have not been encouraged by tax incentives since then. However, taxpayers are still allowed to select a CSO to which 1% of their personal income tax will be transferred by the tax authority if the selected beneficiary is not in arrears with taxes and duties, performs public-benefit activities, does not engage in party politics, and fulfills all administrative obligations. In addition, 20% of the amount of ordinary corporate donations can be deducted from corporate income tax. Another 20% becomes deductible if the support is given to a CSO on a regular basis. Some CSOs (mainly football clubs) also benefit from the above mentioned much stronger incentive for funding "spectacular" sports.

**Role of foreign donors:** The most important foreign donors are governments and international organizations; more than two thirds<sup>11</sup> of foreign support originate from these sources, mainly from European Union Structural Funds. This EU support is distributed in an extremely bureaucratic way (Arató et al. 2008) under strict government control, and is available only for very few, relatively large and highly institutionalized CSOs (Reisinger and Hajós 2013). The Hungarian government has made several efforts to gain control over the allocation of non-EU foreign support (e.g. the Norwegian Civil Fund) as well. This makes the relatively small foreign grants from private foundations, churches, and other private donors extremely important despite their limited amount, because they are available for innovative projects and for organizations with "unpopular" purposes that face serious difficulties in finding domestic support.

### Institutional Environment

The central government is a crucially important actor in Hungarian CSOs' institutional environment. This is all the more so because the latter do not have really influential, sector-wide umbrella organizations that could represent their common interests. The Hungarian respondents to the WU Vienna expert survey almost unanimously agree that the central government has a strong influence on civil society.<sup>12</sup> More than two thirds of them qualify this impact as negative, the rest of them as mixed (Table 3.2.2). None of the other actors is assumed to be similarly influential, but the assessment of the role they play is much more favorable.

Strength of influence	Negative influence	Mixed influence	Positive influence
Strong	Central government (5.35 - NM)		
Moderate		Media (3.88 - NMP)	European Union (3.41 - MP)
		Local government (3.65 - NMP)	Foreign foundations (3.38 - MP)
		Churches (3.13 - NMP)	
Weak			Corporations (2.88 - MP)
			Private donors (2.81 - MP)
			Universities, think tanks (2.73 - MP)
			Domestic foundations (2.58 - MP)

Note: In brackets: Average rating of strength (influence rated on a scale from 1=No influence ... 6=Very strong influence); indication of the composition of answers on the type of influence (N=Negative, M=Mixed, P=Positive)

Table 3.2.2: influence of different actors on CSOs<sup>13</sup>

The group of actors with moderate influence can be divided into two parts according to the character of their impact. All three types of influence (negative, mixed and positive) are mentioned by the experts in the case of media, local governments and churches, while none of the experts refer to any negative impact in connection with the European Union and foreign foundations. Little influence is attributed to corporations, individual donors, universities and think tanks, and domestic foundations, but their role is assessed rather positively. More details on the influence of different actors are given below, ranked from most to least influential.

<sup>11</sup> In 2014, the composition of foreign support was as follows: support from governments and international organizations: 69%; grants from nonprofit organizations and churches: 27%; corporate donations: 2%; individual donations: 2% (KSH 2016b).

<sup>12</sup> The two questions to be answered were as follows: "How influential are the following actors in the institutional environment of civil society in your country?" and "How positive or negative is their influence on the unfolding of civil society in scale and scope?"

<sup>13</sup> The number of experts who rated the influence of different actors varied from 31 to 34. Source: Expert Survey 2016

Central government:<sup>14</sup> The experts' assessment of the central government's impact corresponds with the picture described above. Centralization efforts, favoritism and hostility toward independent organizations, together with the decreasing state support of CSOs, explain why a strong negative influence is attributed to the government.

Media: The agreement on the importance and diversity of opinions about the "direction" of media influence is rooted in the nature of media itself. Seeking to reach the largest possible audience, journalists deal mainly with the most scandalous and the most successful CSO stories, thus doing both harm and good, sometimes worsening and in other cases improving the prestige of civil society. Despite the massive media coverage of the spectacular side of their activities, CSOs grumble about the scarceness of media reports on their everyday work.

Local governments: The partnership between local governments and CSOs operating at the community level shifted from development to decline in parallel with the centralization processes and the shrinking revenues of municipalities. The share of local governments which have no relations with local CSOs increased from 12% to 24% between 2004 and 2012 (Sebestény 2015), and the local governments' financial contribution dropped from 7% to 5% of the civil sector's total income between 2004 and 2014 (KSH 2006 & 2016b). These changes and local conflicts about development projects and environmental issues probably have to do with the fact that some experts mentioned a negative impact and others a positive one, while the overwhelming majority (28 of the 34 respondents) attributed a mixed but still relatively strong influence to local governments.

European Union and foreign foundations: The impact of both types of foreign actors was qualified as moderately important and mainly positive by the experts. On the one hand, this opinion obviously reflects the experience that foreign support is available only to a very small group of CSOs (Szabó and Márkus 2015). On the other hand, it is an expression of a firm conviction that the very presence of these foreign partners and the Hungarian CSOs' involvement in European initiatives and networks encourage social and political participation (Sasvári 2015) and constitute some professional and moral support (Vercseg 2014), which is highly needed under the present political conditions.

Churches: The officially acknowledged, so-called "historical" churches enjoy a number of privileges in Hungary (while some religious communities have been deprived of their church status), thus they are in a much better position than civil society organizations. Most of the experts regard their influence as mixed, probably because they have sheltered several nonprofit service providers endangered by financial difficulties (Kövér 2015) and also because there are some prominent charities among their own satellite CSOs.

Corporations and private donors: Both corporate and individual donors are perceived as actors with a weak but rather positive influence. This similarity is not really surprising because earlier empirical research (Kuti 2008b) has pointed out that owners, executives and managers of companies mainly behave as "private individuals" when deciding on corporate donations. However, the growing awareness of the concept of corporate social responsibility (András and Rajcsányi Molnár 2014) is likely to change companies' attitudes in the longer run.

Universities and think tanks: The experts considered the contribution of universities and think tanks even weaker, but useful. CSOs can rely on research results in planning their lobbying or communication activities and in developing their management skills (Farkas and Dobrai 2014). In addition, some of the higher education and research institutions also engage in helping CSO activities. For example, a project on the development of community foundations in Hungary was launched with assistance from the Civitalis Egyesület (Benedek et al. 2012), and the Általános Vállalkozási Főiskola (in partnership with the Szociális Innováció Alapítvány) established the "Pro Bono Prize" for outstanding social entrepreneurs (Hegyesi et al. 2014).

Domestic foundations: These organizations are probably perceived as the least influential actors because most of them focus on either fund-raising for public institutions (mainly schools, kindergartens, cultural, social, and health institutions) or on service provision. The number of independent grant-making foundations with a solid endowment is extremely low in Hungary, thus the positive impact of this kind of support is also very limited.

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14 Only two levels of public administration (central and local) are really important in Hungary. Though they still exist, the regional governments have lost practically all their roles in recent decades.

### 3.2.3 Mapping Civil Society

#### Size and Role of Civil Society

According to the information published by the Központi Statisztikai Hivatal, in 2014 there were 63,894 civil society organizations and 9.87 million people in Hungary, thus the per capita ratio was about 1:155. As displayed in Table 3.2.3, more than half of the CSOs operated in one of five fields, namely sports and recreation, culture, social services, economic development, and education. These organizations realized almost three quarters of the entire sector's income and employed 82% of its paid workforce. Consequently, the very same fields also played a dominant role in economic terms, as they produced 73% of the civil sector's value added. The total amount was EUR 1.5 billion, which accounted for 1.5% of the Hungarian GDP.

ICNPO	Field of activity	Number of CSOs	Revenues of CSOs in EUR million	Number of CSOs with paid employees	Number of paid employees	Value added in EUR million
1100	Culture	8,766	599.2	1,189	12,611	162.7
1200-1300	Sports & recreation	18,466	529.8	2,983	11,679	138.3
2100-2300	Education	8,550	454.4	1,037	6,379	99.3
2400	Research	1,345	126.8	299	2,441	56.2
3100-3400	Health	2,924	216.6	494	8,146	96.6
4100-4300	Social services	5,635	393.6	1,347	31,302	170.7
4200	Emergency	839	15.3	84	833	7.8
5100-5200	Environment	1,843	170.8	378	4,502	58.8
6100-6300	Development & housing	5,616	1,506.3	1,669	63,779	551.8
7100-7300	Law and advocacy	3,413	90.8	278	2,505	27.8
8100	Philanthropic intermediaries	767	212.6	248	2,048	54.7
9100	International activities	762	21.5	112	365	4.6
10100	Religion	1,390	21.6	148	735	7.2
11100	Business & professional	3,578	409.5	948	5,305	109.2
	<b>Total</b>	<b>63,894</b>	<b>4,768.8</b>	<b>11,214</b>	<b>152,630</b>	<b>1,545.7</b>

Note: Value added was estimated by the author on the basis of the labor costs and depreciation costs recorded by the statistical survey of CSOs.

Table 3.2.3: CSOs' number, revenues, employees, and value added by field of activity in 2014<sup>15</sup>

Less than one fifth of all CSOs can afford to hire paid employees; all the others have to rely on volunteers. However, the connection between economic strength and the share of voluntary work is not as clear-cut as one would expect. The composition of human resources (the actual amount of salaries paid to employees and the estimated value<sup>16</sup> of voluntary work) in different fields of activity (Figure 3.2.3) reveals that there are only three fields in which the role of volunteers is truly negligible, namely (1) business and professional associations, trade unions and chambers of commerce, (2) CSOs engaged in research, and (3) organizations oriented toward economic development. At the opposite end of the scale, we find three fields whose dependence on voluntary work is strikingly high. The value of voluntary work exceeds that of the work done by paid employees in the case of law and advocacy organizations and faith-based charities, and equals it in the field of international activities. The CSOs engaged in emergency services, sports and recreation, environment, social care, education, which are attractive to individual volunteers with various motives (Bartal and Kmetty 2011) and/or to organizers of corporate volunteering (Molnár 2011), also rely on voluntary work to a significant extent. However, the majority of their workforce consists of paid employees.

<sup>15</sup> Source: KSH 2016b

<sup>16</sup> The estimated value of voluntary work is the sum that would be paid to employees for the same amount of work. When calculating this figure, the Központi Statisztikai Hivatal uses two pieces of information collected as part of the annual survey of CSOs, namely the data on the working hours of volunteers and on payments to employees (Nagy and Sebestény 2008).

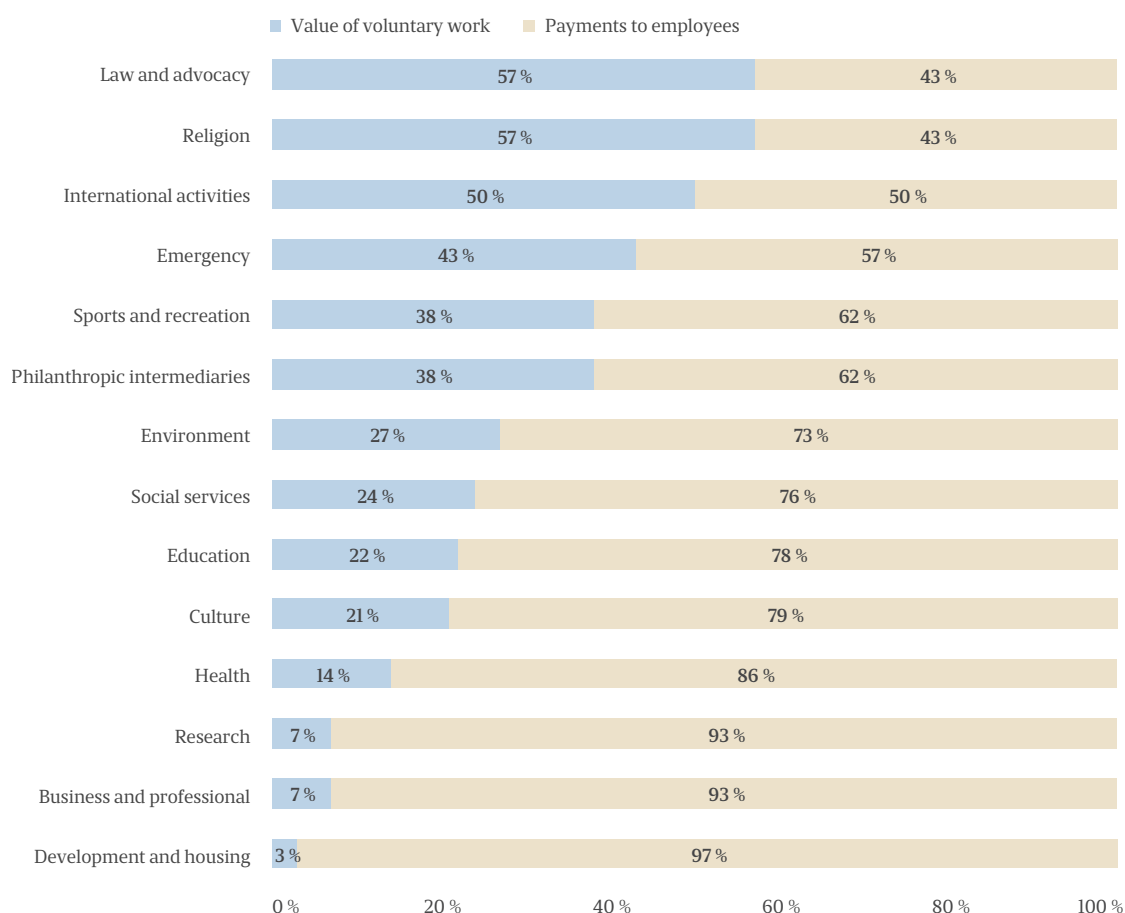


Figure 3.2.3: composition of human resources by field of activity: paid and voluntary work<sup>17</sup>

Over time, the Hungarian civil society sector has grown significantly, but its development has hardly been a smooth, steady one. The growth rate was extremely high after the change of the political regime in the early 1990s, still very high in the second half of the decade, then much lower in the 2000s and somewhat ambiguous since 2010. All indicators show some (smaller or larger) increase between 1993 and 2010, but they diverge between 2010 and 2014 (Table 3.2.4). The number of CSOs started to decrease, while economic indicators still reflect some moderate growth.

Year	1982	1989	1993	2000	2004	2010	2014
Number of CSOs	6,570	8,796	34,662	47,144	52,391	64,987	63,894
Revenues in EUR million	---	---	455.6	1,905.5	3,204.4	4,365.3	4,768.8
Number of employees	---	---	48,125	80,780	89,122	143,441	152,630
Volunteers as % of adult population	---	---	29.0%	---	39.6%	---	34.3%
Value added in EUR million	---	---	114.8	461.5	869.2	1,354.3	1,545.7

Note: The average official exchange rate for the given year was used as a basis in calculating the data in EUR for the years 2000, 2004, 2010, and 2014. The 2000 exchange rate was also used to calculate comparable figures for 1993.

Table 3.2.4: development of CSOs since 1982<sup>18</sup>

## Culture

A total of 3,176 foundations, 5,104 voluntary associations and 486 nonprofit companies operated in the field of culture in Hungary in 2014, but only 1,189 of them employed paid staff (KSH 2016b). Their number of employees amounted to 12,611. 30% of the organizations engaged in several different cultural activities; more than one third of them focused on the preservation of cultural heritage (e.g. folk arts, minority culture, museums and libraries); another 30% were involved in creative arts (mainly performing arts and fine arts), and only 4% in the media and publishing industry.

<sup>17</sup> Source: KSH 2016b

<sup>18</sup> Sources: Czako et al. (1995), Cziike and Kuti (2006), KSH (1984, 1990, 1995, 2002, 2006, 2012a, 2016a, 2016b)

Impactful	Budapesti Fesztiválzenekar Alapítvány	This foundation runs not only the most successful Hungarian orchestra (rated among the top ten in the world) but also community and musical education programs (e.g. midnight music, outdoor and cocoa concerts, autism-friendly events).
	Summa Artium Nonprofit Kft	Summa Artium is a nonprofit company with the aim of boosting sponsorship and support for the arts from the corporate and private sector.
Innovative	Káva Kulturális Műhely	Káva is a drama pedagogy association. It creates complex performances for young people in order to address social and moral problems and to develop democratic attitudes.
	Uccu Roma Informális Oktatási Alapítvány	The Uccu Foundation tries to reduce racial prejudice through intercultural communication. Roma volunteers offer educational programs in schools and guided tours in a district of Budapest with high visibility of Roma culture.

Table 3.2.5: examples of civil society actors in the field of culture<sup>19</sup>

The variety of impactful and innovative examples mentioned by the respondents to our expert survey<sup>20</sup> corresponds with Cziboly's (2008) statement based on statistical and research evidence: the most striking feature of the cultural field of civil society in Hungary is its heterogeneity. Several prominent and many smaller orchestras, choirs, theaters, dance groups, galleries, etc. have chosen the legal form of foundation, voluntary association or nonprofit company. Besides these relatively large organizations, thousands of local CSOs are active in organizing cultural events and preserving cultural heritage at a much smaller scale (Reisinger 2014). The operation of the majority of public cultural institutions is supported by foundations that raise funds for them and/or friendly societies that play a key role in the development of community relations and volunteer management (Arapovics 2015).

#### Social Services

According to the statistical data (KSH 2016b), the majority of CSOs operating in the field of social services were foundations in 2014. Besides the 3,488 foundations, 1,841 voluntary associations and 306 nonprofit companies were also actively working to alleviate social problems. Less than one quarter of them employed paid workforce; their number of employees totaled 31,302, averaging just over 23 employees per organization. This relatively high<sup>21</sup> average suggests that service provision was more widespread in the social field than in other parts of the civil sector. The two most important target groups of these services and other kinds of support were the poor and the disabled; both groups were assisted by 20% of the organizations. The share of organizations supporting the young, the elderly and families in need amounted to 15%, 8%, and 7%, respectively. The remaining organizations did not focus on just one issue; they carried out diverse activities and projects.

Impactful	Magyar Máltai Szeretetszolgálat	Established as a relief organization of the Sovereign Order of Malta in 1989, it is the best known multi-purpose charity service in Hungary. It supports mainly the poor, the homeless, the elderly, the sick, and addicts.
	Menhely Alapítvány	This foundation (also established in 1989) was the first secular organization dedicated to helping homeless people in several ways, e.g. professional care centers, shelters, 24-hour dispatch service, crisis cars, street service, etc.
Innovative	Szociális Innováció Alapítvány	Besides promoting innovation, quality assurance and transparency in social services, this foundation is also involved in research and community development projects.
	Budapest Bike Maffia	This association of young cyclists aims at developing empathy toward the poor. It collects in-kind gifts, and its members deliver them to social institutions and to needy families and individuals.

Table 3.2.6: examples of civil society actors in the field of social services<sup>22</sup>

This service orientation has historical roots. Social problems like poverty, unemployment, homelessness, drug addiction, etc. officially did not exist under state socialism, nor did the institutions for their alleviation (Nyitrai 2008). After the regime change, the formerly latent problems not only came to surface; they were even aggravated by the social consequences of the economic transition (Ferge and Tausz 2002). The newly emerging CSOs were the first – and in several cases the only – service providers offering help to the needy. Though they struggle with serious financial difficulties, their role has become even more important since 2010 because of the legislation and government measures that penalize poverty and criminalize drug addiction and homelessness (Bence and Udvarhelyi 2013) instead of trying to cope with them.

19 Source: Expert Survey 2016

20 Only a selection of these examples is displayed in Table 3.2.5.

21 The average was around 14 employees per organization among the CSOs with paid employees at the level of the civil society sector.

22 Source: Expert Survey 2016

## Advocacy

Only 753 CSOs (mainly voluntary associations) were classified as human rights and advocacy organization by the Központi Statisztikai Hivatal in 2014 (KSH 2016b). Almost half of them focused on the rights of ethnic minorities; about one quarter of them covered several aspects of human rights; and only a very small number of CSOs dealt with gender issues and consumer rights. Moreover, comparative research has pointed out that the embeddedness of Hungarian advocacy organizations is relatively low (Arató and Nizák 2012). In addition to CSOs specialized in advocacy (examples<sup>23</sup> of which can be found in Table 3.2.7), there are many other organizations that play important advocacy roles occasionally or even regularly (Ligeti 2008)<sup>24</sup>.

Impactful	Társaság a Szabadságjogokért	The Hungarian Civil Liberties Union protects the rights of citizens. It monitors legislation, pursues strategic litigation, conducts public education projects and launches public awareness-raising campaigns.
	Transparency International Magyarország	The Hungarian chapter of Transparency International strives to mitigate corruption by promoting accountability of public authorities and improving the accessibility of public-interest information.
Innovative	A Város Mindenkié	“The City is for All” is an informal, grassroots group of homeless people and their professional supporters. Besides fighting for housing rights and social justice, they also provide the homeless with information and legal assistance.
	Atlatszo.hu	This nonprofit company is a watchdog organization and a center for investigative journalism to promote transparency, accountability, and freedom of information.

Table 3.2.7: examples of civil society actors in the field of advocacy<sup>25</sup>

Support centers (especially the Nonprofit Információs és Oktató Központ and the Önkéntes Központ), field-level federations of CSOs and several individual organizations, also try to influence legislation and policy toward the civil sector as a whole or specific parts of it. The Civil Lobby Kerekasztal (a pool of prominent CSOs, think tanks, and experts coordinated by the Ökotárs Alapítvány) makes efforts to develop some cooperation between the civil actors involved in public discussion and in the consultations about legislative drafts. Beyond registered CSOs, several grassroots, more or less informal movements and protest groups, have also arisen to articulate social conflicts (Szabó 2009, Van Til 2015). They sometimes support and sometimes challenge the work of professional advocacy organizations.

## Social Enterprises

The concept of social entrepreneurship is new and not widely known in Hungary, despite the fact that its practice already emerged in the early 1990s, when the Autonómia Alapítvány (Nizák 2010) encouraged and supported small enterprises in poor, mainly Roma communities. The idea of helping people to take initiative and use their local resources in order to develop businesses that can generate income for the members of their community was very close to the concept of social enterprises. However, the latter emerged much later, mainly as an “imported” idea (Frey 2007, OECD 2007) whose definition is still under discussion (Kelen 2012, Kiss 2015). The foreign experiences (Grenier 2013, Varga 2014) are considered so important that the Civil Szemle published a special issue on social enterprises in Central European countries in 2012.

Unfortunately, a coherent legal and institutional framework regarding social enterprises still has not been developed in Hungary (Jenei and Kuti 2011). Though the legal form of social cooperative was created with the aim of promoting social entrepreneurship and some (mainly EU-funded) support schemes have supported its implementation since 2007, there are many social enterprises that have chosen other legal forms. They operate as foundations, voluntary associations, nonprofit or for-profit companies, as reflected in the examples in Table 3.2.8.

<sup>23</sup> Though the experts mentioned mainly the most prominent advocacy organizations, it was still difficult to select the ones to be included in Table 3.2.7. For example, the work of the Magyar Helsinki Bizottság is very similar to that of the Társaság a Szabadságjogokért; the watchdog activities of the K-Monitor are no less important in the fight against corruption than those of the Atlatszo.hu and Transparency International Magyarország.

<sup>24</sup> Several of them are listed and described in English by Ágh (2015b) and Szabó and Márkus (2014).

<sup>25</sup> Source: Expert Survey 2016

Impactful	NESsT Magyarország	This nonprofit company belongs to the Nonprofit Enterprise and Self-sustainability Team. Based on international experience, it develops sustainable social enterprises that try to solve critical social problems.
	Humusz Szövetség	This voluntary association sells educational and advisory services to companies on how to become environmentally friendly.
Innovative	Kék Madár Alapítvány	This foundation runs a restaurant that provides training and employment for people with mental and physical disabilities and helps the beneficiaries to find employment on the open labor market.
	Réthy Fashion Kft	This for-profit company produces clothing made from recycled denim. It spreads “green thinking” and involves marginalized people both in the production and in the collection and selection of raw materials.

Table 3.2.8: examples of social enterprises<sup>26</sup>

While the number of social cooperatives is known – it was about 1,500 in 2014 (Tésits et al. 2015) – we do not have any exact criteria that would allow us to identify which of the CSOs and companies comply with the definition of social enterprises. However, both the Global Entrepreneurship Monitor data (Terjesen et al. 2009)<sup>27</sup> and the examples mentioned by the experts seem to indicate that CSOs play an important role in the development of social entrepreneurship in Hungary.

### 3.2.4 Trends and Outlook

Neither the empirical evidence described above nor the recent changes provide us with a solid basis for forecasting the future of Hungarian CSOs. Fortunately, we can again rely on the results of the aforementioned WU Vienna survey, which also contained some questions regarding expected developments over the next 10 to 15 years. The experts' responses were content-analyzed by two raters who identified several different, though closely related trends. These trends have been classified into four groups which are displayed in Table 3.2.9.

The most frequently mentioned trend is increasing government control, or the “colonization” of civil society. The experts have no doubt that this trend will continue in the short run, and very few of them hope for a “miracle”, a change of government in the next elections. As they explain, Hungarian society has become very despondent and “tired”, suffering from division, distrust and disappointment (Van Til 2015). It cannot expect much help from outside the country, either, because a new, “hybrid” type of authoritarianism has emerged and seems to be gaining ground even in the traditionally democratic part of the world (Szabó 2015). Significantly enough, these pessimistic expectations have been confirmed by two developments since the time of the expert survey. The government failed to conceal the records of six supposedly “private” foundations established by the Hungarian National Bank<sup>28</sup> thus it has been revealed how these foundations funneled huge amounts of funds to the family and relatives of the Bank’s president and to the allies of the ruling party (Simon 2016). Almost at the same time, all foundation-run schools engaged in vocational training were informed about the nationalization of their properties and were ordered to fire all their employees (Tóth 2016). The government-level abuse of foundations, just like the establishment of “pseudo-civic” organizations, undermines the trust in CSOs (Gerő and Kopper 2013), while the nationalization efforts (together with restrictive laws and mushrooming bureaucratic requirements) create an atmosphere of “fear and foreboding”, which is likely to further decrease the potential for solidarity and sector-wide cooperation (Szabó and Márkus 2015).

There is general agreement among experts on the second trend, too: The attack against independent civil society organizations will continue. As we have already seen in the case of the Norwegian Civil Fund (Ágh 2015b, Kövér 2015), not only the four foundations involved in the operation of the grant scheme were harassed, but the “intimidation campaign” was also extended to the grantees. Since the government regards all critical CSOs as political “enemies”, there is no doubt that it will keep questioning their legitimacy and labeling them as political agents or even as foreign agents hiding behind CSO facades. This will probably prevent domestic donors from supporting them, meaning that their dependence on foreign funding will increase despite the government’s continuing efforts to frighten away foreign donors and to gain control over the distribution of funds coming from abroad.

The third trend identified by most of the experts is the aggravation of funding difficulties in the civil sector as a whole. Centralization tendencies, the decline of subsidiarity and partnership concepts, and the related decrease in government funding cast a dark shadow on the future of the civil sector, especially that of its service-providing segment. A significant number of CSOs will probably be unable to survive; the others

<sup>26</sup> Source: Expert Survey 2016

<sup>27</sup> According to the Global Entrepreneurship Monitor survey carried out in 2009, about 16% of all Hungarian social entrepreneurs were involved in the work of social enterprises operating in some nonprofit legal form.

<sup>28</sup> The endowment of these foundations (about EUR 800 million) amounts to almost half of the total annual income of all other Hungarian foundations.

will have to seek alternative funding sources and supporters, and rely on private donations, voluntary work and the commitment of their members and clients. Some of the experts expect (while others only hope) that this will also have some positive effect in terms of sustainability, accountability, transparency and professionalism. Since these have been the weak points of the Hungarian civil sector for a long time (Farkas and Molnár 2005, Farkas and Dobrai 2014, Török 2014), it will be useful if CSOs strengthen their relations with possible partners, make their activities more transparent and improve their management. However, as other experts pointed out, this will not be an easy task, even if it is somewhat facilitated by online communication and social media (Szűts and Jinil 2013). Potential donors are also dependent on the state in an ever-changing but generally unfavorable economic and legal environment, thus many of them are probably discouraged by the hostile government attitude toward CSOs.

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#### **Illiberal state, increasing government control of civil society**

By curtailing civic freedoms, widening its influence on CSOs, and imposing restrictive laws and biased funding schemes, the government will further restrict civil society's capacity to act.

*"Continuing efforts by a corrupt regime to dominate and control all forms of social opposition, including [...] civil society organizations."*

*"In the short run, the government will continue to 'colonize' civil society, to support and even create state controlled NGOs [...] whose roles range from being political allies of the ruling party to money laundering."*

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#### **Discrimination and marginalization of critical CSOs**

The discrimination, marginalization and criminalization of critical CSOs will remain a major component of the increased government influence on civil society.

*"The government will continue its attack on independent organizations, especially in two fields: funding and the general discourse on NGOs. Regarding funding, the government will make it harder to obtain independent funding. [...] The government will also strengthen its communication offensive against foreign donors and will continue to portray NGOs financed from external sources as foreign agents."*

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#### **Funding difficulties and the need for diversification of funding**

The aggravation of funding difficulties will result in a growing need for alternative sources, thus for more professionalism in fund-raising, volunteer management and entrepreneurial activities.

*"It is becoming increasingly hard to obtain funding for civil society. [...] As a positive result, the role of micro donations and individual financial support will grow substantially."*

*"Organizations will have to be better in generating own funds through innovative projects."*

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#### **More community-oriented organizations and more online activism**

As the civil society sector becomes more politicized, more grassroots and community-based organizations and more online activism will emerge.

*"People will get more involved on a local/community basis, as they realize this is the area where they can have influence and make a change to their own lives. It will be less political, [but] rather [aimed at having] a better quality of life."*

*"As opposed to CSOs with permanent structures, [...] a new generation of CSOs will emerge: ad-hoc campaign platforms mobilized through social media."*

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Table 3.2.9: frequently mentioned trends and sample quotes<sup>29</sup>

Finally, several experts predict a shift toward community-level involvement and online activism. They expect that people who feel helpless and impuissant when faced with government policy will try to find some other way of social participation. Taking part in community-based initiatives enables citizens to have a direct impact on their own environment, to contribute to the solution of local problems and to build partnerships with municipalities (Brachinger 2010, Domaniczky 2009, Péterfi 2015). Newly emerging community foundations (Benedek et al. 2012, Scsaurszki 2007) can also play an important role in raising local funds for locally initiated projects which serve the community as a whole. Though community development is traditionally based on personal contacts, the use of online communication methods is likely to make it more efficient (Csabai 2015). However, social media and online platforms will probably play a much more important role in the case of civic initiatives focusing on specific issues. Online assembly and online activism is obviously on the rise in Hungary; many ad-hoc campaigns are organized through social media, but the prospects are rather uncertain, as is reflected in the highly pertinent questions of one of the experts: "Will this action lead to effective organizational mobilization and advocacy? Or will it simply fizzle into a series of Facebook calls and one-day demonstrations without significant effect?" Unfortunately, the answers are not known, and accordingly, there are many doubts and worries about the future of Hungarian civil society.

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<sup>29</sup> Source: Expert Survey 2016



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### 3.3 Country Report: Poland

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#### ABSTRACT

The birth of the Solidarity Movement in 1980 was a watershed in the history of Central Europe, which had been under Soviet control since 1945. The dominance of the Communist Party was challenged, and a viable model of self-organizing on a larger scale emerged. After 1989, the number of civil society organizations (CSOs)<sup>1</sup> and social movements in Poland saw explosive growth. Some scholars have argued that civil society in East Central Europe, including Poland, has been weak. This is an exaggerated diagnosis. While certainly not as strong as civil society in many established European democracies, Polish civil society can be hardly described as weak. Since the early post-communist years, it has been characterized by a) reconstitution and recombination, by which the dense network of social organizations inherited from the old regime adapted to the new, democratic conditions, and a large number of new organizations and social initiatives emerged; b) de-etatisation, by which the state lost control of professional and social organizations; c) de-corporatization, by which large professional organizations and trade unions lost their dominant role; and d) professionalization, and the emergence of tens of thousands of CSOs and foundations. Over time, the initially contentious civil society sector (highly active labor unions) has mellowed, non-institutionalized forms of social engagement have become widespread, and the number and visibility of CSOs associated with the right wing of the political spectrum have increased. The future of civil society in Poland will most likely be characterized by further expansion (assuming that economic growth continues), pillarization along ideological and cultural lines (as long as political polarization endures), professionalization, and virtualization (as the number of people engaging with others online will grow).

#### 3.3.1 Introduction

##### Relevant Characteristics of Polish Society

The contemporary state of Poland's civil society is the result of four distinct and simultaneous processes: first, the initial years of transition witnessed a process of reconstitution and recombination, by which the dense network of social organizations inherited from the old regimes adapted to the new democratic conditions and a large number of new organizations and social initiatives emerged across the country (Stark 1996).<sup>2</sup> The reconstitution of civil society paralleled the de-etatisation,<sup>3</sup> through which the state lost control of professional and social organizations, and the de-corporatization, by which large professional organizations and trade unions lost their dominant role in politics and their influence on policymaking. Finally, the professionalization of civil society has resulted in the emergence of tens of thousands of small and specialized CSOs and foundations over the last two decades. These are mostly small organizations that are run by professional staff and rely on public funding, fund-raising and volunteers. They focus on a wide range of local and national issues and initiatives, and they operate in a well-structured and friendly legal environment.

##### Typical Characteristics of Civic Engagement in Poland

The dominant view holds that civil society in post-communist Poland is weak and underdeveloped. This view is supported mostly by comparative international surveys (Howard 2003, Bernhard & Karakoc 2007, Celichowski 2004). We do not agree. Instead, we see a dynamic, evolving reality of an active associational sphere whose members engage in various activities via many different organizational vehicles. Moreover, we can detect a distinct pattern in the evolution of post-1989 civil society in Poland: while the magnitude of contentious forms of activity (strikes, demonstrations, etc.) and their overtly political tenor has been gradually declining since the mid-1990s, the intensity of the more "civil" forms of activity (participation in and support for NGOs, volunteering, etc.) has been growing (Celichowski 2004). During the last two decades of post-communist transformation, the center of gravity in Polish civil society has shifted from large, membership-based, formal organizations, such as trade unions and professional associations (mostly inherited from the old regime), to a highly diverse sector of small, professionalized NGOs that rely on voluntary involvement as well as public and private funding. Accordingly, the highly contentious pattern of civil society activities present in the early years of transformation (Ekiert & Kubik 1999) has gradually changed in favor of non-contentious activities. This organizational shift has generated changes in the relationship between civil society organizations and

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1 Following the World Bank's example, we use the term "CSO" to cover the broadest possible set of organizations of civil society, including social movement organizations, labor unions, and voluntary fire brigades (World Bank 2016). We use the term "NGO" only when it is used in our sources.

2 Stark introduced the concept of recombination in his analysis of economic and institutional transformations in the region; the concept is also very useful for examining other institutional domains (Stark 1996).

3 In this context, the term refers to the loss of control by the state over creating, running or controlling civil society organizations. The state's role is reduced to providing the legal framework, defining the rules of the game in the public space, and monitoring conformity with the law. The term has a different meaning in economics.

the state and political parties. The highly politicized and adversarial relations of the early years gave way to more cooperative and complex relations, although tensions have begun to increase again since the 2015 elections.

### **Predominant Legal Forms of CSOs**

Various studies employ a variety of operational definitions of what constitutes civil society (Aronoff & Kubik 2013). Civil society organizations (CSOs) in Poland take a variety of forms, ranging from labor unions and grassroots neighborhood associations to voluntary fire brigades (Hryciuk and Korolczuk 2013, Jacobsson 2015). “Classic” NGOs usually take one of two organizational forms: they can register as associations or foundations.

A foundation is an NGO founded for social or socially useful economic purposes. It is supported by property donated by a founder and registered with the competent court (Krajowy Rejestr Sądowy, KRS). The responsibility for fund administration lies with the foundation’s management. Foundations can conduct economic activities, and they do not have membership.

An association is a group of people who wish to pursue common interests or a common goal. The essential attributes of an association are: a) voluntary character; b) self-government (freedom to establish internal rules); c) durability (existence regardless of the identity of members, provided there are at least 15 members in a registered association and three members in an ordinary association); and d) nonprofit goals (profits from commercial activity or property cannot be distributed among its members). An “ordinary” association does not have to be registered with the competent court and it does not have its own legal personality. Its only allowed source of income is membership fees. A “registered” association can be formed by a minimum of 15 persons and is registered with the competent court. Compared to an ordinary association (ngo.pl 2016), the registered type is allowed to have a wider range of funding sources. It can conduct economic activities to support its statutory mission, accept donations, apply for subsidies from public administration, collect money in public, and receive inheritances, punitive damages and 1% of the personal income tax (PIT) each taxpayer is allowed to designate for a specific civil society organization.

### **Legal Framework**

Foundations act on the basis of a law passed on 6 April 1984 and the subsequent amendments to that law. The law on associations was introduced on 7 April 1989 and later amended. In 2003, a law on public-benefit organizations and volunteer activity was enacted; this law allowed 1% of personal income tax (PIT) to be allocated to a specific NGO.

Other CSOs act on the basis of different regulations. For instance, parents’ councils in schools are subject to regulations concerning education. Numerous CSOs act on the basis of procedures designed to regulate relations between church and state. Churches are allowed to found organizations with legal personality acting to pursue religious goals, and they can engage in socio-cultural, educational and charitable activities.

### **Visibility of Civil Society**

The public awareness of NGOs and their activities is relatively poorly developed, and whatever people know about them is usually acquired through the mass media rather than personal experience. According to a survey conducted in 2014,<sup>4</sup> only 13% of Poles had been involved in NGO activities in the year prior to the survey.<sup>5</sup> On the other hand, 19% had learned about NGOs from friends, neighbors or family members, while 36% acquired information from the media. As many as 42% of respondents had never heard about NGOs. The image of NGOs in public consciousness is shaped primarily by large, recognizable national-level organizations. Smaller and/or newly formed NGOs are not as well known, though they frequently use social media to communicate with the public.

Among the images associated with the NGO concept, the most common were: charity, independence from the government and political parties, foundations and public charity collections. In the typical public image, an NGO is a foundation that collects money for a socially useful purpose, such as helping those in need (Klon/Jawor 2015b:11-13).

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4 Survey conducted by Klon/Jawor, results discussed in Wizerunek organizacji pozarządowych. Raport z badań [Image of NGOs. Research report]. Warsaw, 2015.

5 However, many more people participate if non-institutional activity and volunteerism are included; see Section 3.3.3.

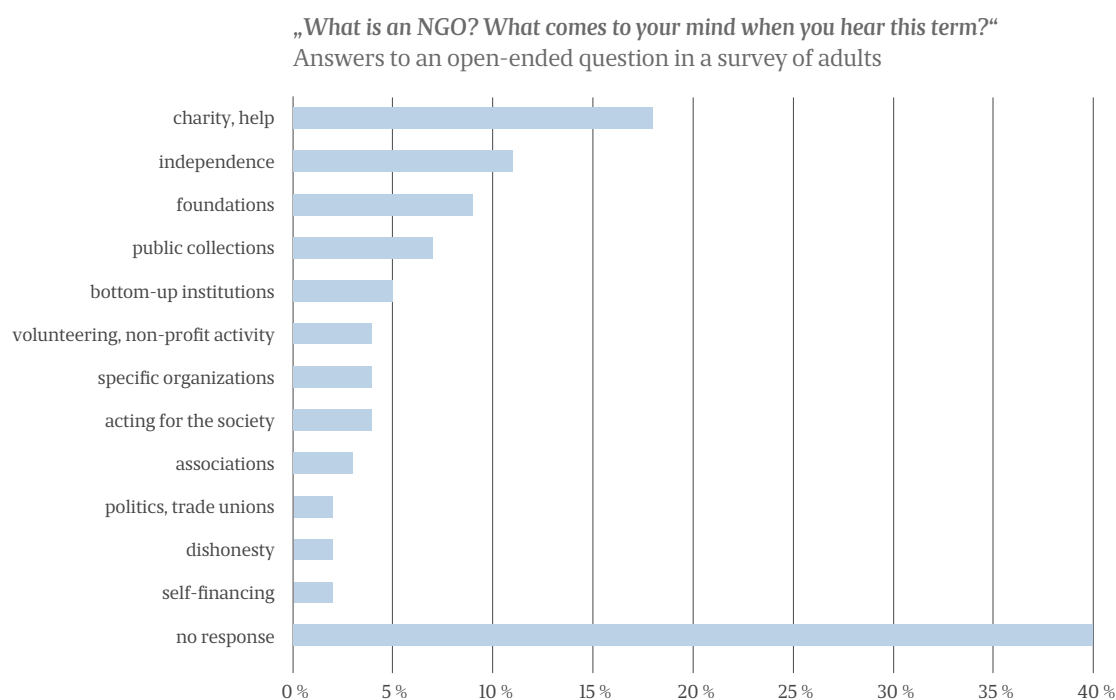


Figure 3.3.1: public image of NGOs<sup>6</sup>

### 3.3.2 Historical Development and Main Actors

#### Historical Development

In Poland, associational life under the old regime (1945-1989) was more diverse, less controlled by the communist state, and more pluralistic than in other communist countries, particularly after 1956. Moreover, Poland experienced a number of political crises involving significant mobilization from below by various segments of society (workers, students, intellectuals, peasants and Catholics), culminating in the emergence of the massive Solidarity Movement in 1980 and its suppression in 1981. These conflicts often included efforts to establish organizations independent of the state or to expand the autonomy of existing organizations. Even in the generally repressive post-totalitarian regime (1956-1989), the more or less independent “civic” initiatives influenced the practices of state-controlled organizations that eventually shed some of their ideological rigidity and developed partial autonomy from the ruling Communist Party. Moreover, the associational landscape in Poland was not exclusively populated by centralized mass organizations. Some pre-communist civil society traditions and even old organizations (mostly in the realm of leisure activities, education and culture) survived under communist rule, especially at the local level (Kurczewska 2004). They served as hidden carriers of local traditions and provided space for some activities sheltered from direct political interference.



Figure 3.3.2: timeline of key events for civil society

<sup>6</sup> Source: Klon/Jawor 2015b



In the 1980s, Poland's civil society was incomplete (Ekiert & Kubik 1999, Kubik 2000), with a large number of associations and a dense structure of organizations at various levels and in all functional domains, but without autonomy, a legally defined public space or enforceable rights and liberties. This incomplete civil society included a massive state-controlled sector comprised of mass organizations, including youth organizations, trade unions, farmers' unions, professional associations, recreation and leisure organizations, sports clubs, women's organizations, and veterans' and retirees' unions. As a result of the Solidarity experience and post-martial-law developments, the sector's development in the late 1980s and 1990s was marked by high levels of pragmatization, de-politicization, pluralization as well as a relatively high capacity to extract concessions from the communist state. The independent sector of civil society comprised a wide range of groups, including underground structures of the de-legalized Solidarity movement, semi-autonomous churches and religious organizations, human rights organizations and illegal political opposition, independent artistic and cultural movements, single-issue apolitical movements (environmental, ethnic, and consumer) and self-help groups.

The collapse of the communist regimes in Eastern Europe opened a space for the reconstitution of civil society and unleashed the process of civil society mobilization common to all cases of democratization (O'Donnell et al. 1986). A new civil society emerged as a result of two parallel developments: First, the organizations of the old regime underwent organizational and leadership transformations, and most of them managed to incorporate themselves into the new democratic system. Second, independent sectors of civil society, which had been banned or suppressed under state socialism, were reinvented and saw massive organizational development. In short, the resources of those two sectors were recombined to produce a new associational sphere representing diverse interests and identities.

Associations controlled by the Communist Party before 1989 often lost a significant portion of their members and resources, were frequently split into smaller organizations, and changed their names, leaders and agendas. Yet the majority of them survived the transition to democracy relatively intact and were able to protect most of their resources from before 1989. The reform of communist-era associations was accompanied by the rapid emergence of the "new civil society", comprising a wide spectrum of CSOs, including NGOs, foundations, charities, religious and ethnic minority organizations, social movements as well as employer and business associations (Krasnodebska et al. 1996). These newcomers were by and large the organizations that were absent in the associational landscape inherited from the communist regime (such as NGOs, charities and foundations) as well as organizations that competed directly with the inherited organizations (such as independent trade unions or new professional associations).

Since the organizational explosion of the transition period, Poland has experienced a steady growth in its number of associations and foundations. Data on new NGO registrations show that every year, several thousand new organizations are founded (see Figure 3.3.5). This growth rate has remained relatively constant throughout the period. It is important to note that the organizational growth of Polish civil society is also relatively even across all of its sectors, with all types of organizations showing numerical gains from year to year. Similarly, it is also relatively well distributed across the regions and between urban and rural areas (Przewłocka 2013). New organizations have emerged in all sectors of civil society and in all types of localities. At the same time, the survival rate of associations from the old regime has been very high. These two trends together produce a relatively dense and consistently growing civil society.

In the 21st century, two important trends have to be mentioned, with each pointing in different directions in the development of civil society. The first is the internationalization of civil society after Poland's EU accession. This event had both symbolic significance and tangible economic consequences. It signaled to CSOs the possibility of transcending national boundaries in their activity, forming links with like-minded partners in other EU countries, supporting transnational causes, etc. The process of Europeanization changed both the structure and institutional culture of numerous organizations, including CSOs. It also had the immediate result of making significant funds available (both from official sources and Western civil society) for different projects.

At the same time, an opposing tendency has emerged. Since 2010, illiberal, nationalist civil society has grown rapidly and is now composed of many loosely associated formal and informal organizations tied to sports clubs, right-leaning newspapers and their discussion clubs (Ślarzyński 2016), the Catholic Church (particularly related to Radio Maryja), historical reconstruction groups and right-wing political parties. The rate of their creation accelerated after the 2010 plane crash in which president Kaczyński and other politicians died. Between 2010 and 2016, a group of loosely connected clubs and associations institutionalized their interconnections, enhanced their media presence and developed political alliances with right-wing political parties. The growth of the right-leaning sector of Polish civil society has been reinforced by the reaction to the migration crisis in Europe, which has not affected Poland directly but has engendered anxiety exacerbated by anti-migrant rhetoric. The intensification of nationalist sentiments has also been facilitated by the prolonged legitimacy crisis of the EU and its institutions.

### Funding Sources

According to Klon/Jawor (2015a), in 2014 the median income of NGOs in Poland was PLN 27,000 (approx. EUR 6,400). The two most common sources of funding for NGOs are local government funds and membership dues. Donations from persons or institutions are a very important source of income as well. More than a fifth of NGOs received funds under the 1% rule, which allows each taxpayer to assign 1% of PIT to a selected NGO.<sup>7</sup> Foreign public funding (EU and non-EU) is used by 18% of NGOs in total.

These data are consistent with numbers given by the Central Statistics Office (GUS 2014). According to its data, in 2012 the median income of third-sector organizations was PLN 18,400, with NGOs reporting a median income of PLN 15,200 and foundations reporting PLN 53,600.

### Sources of funding in 2014 (% of organizations)

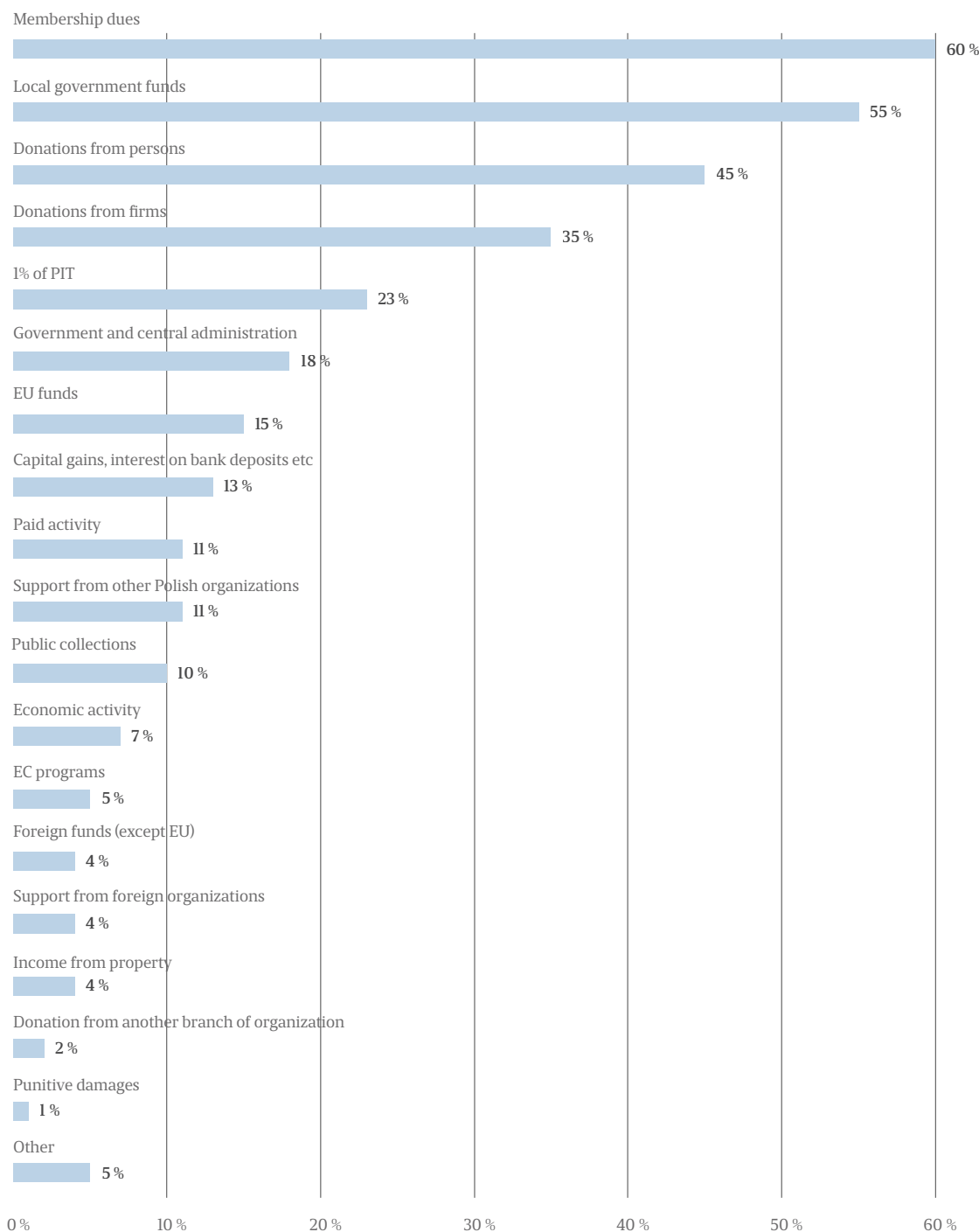


Figure 3.3.3: funding of NGOs<sup>8</sup>

7 Many of the NGOs that deliver social services are beneficiaries of the 1% rule. One of the peculiarities of this rule in Poland is the privatization of funding. Within this system, it is possible to allocate 1% of PIT to a particular individual (rather than the organization) by specifying the sub-account to which the money should be transferred.

8 Source: Klon/Jawor (2015a)

Over two fifths of NGOs have no property. Over a third have some office equipment, and a slightly smaller proportion have some specialist equipment. A small minority of organizations own real estate or land. One fifth of them have non-material property, for instance computer software, patents and copyrights.

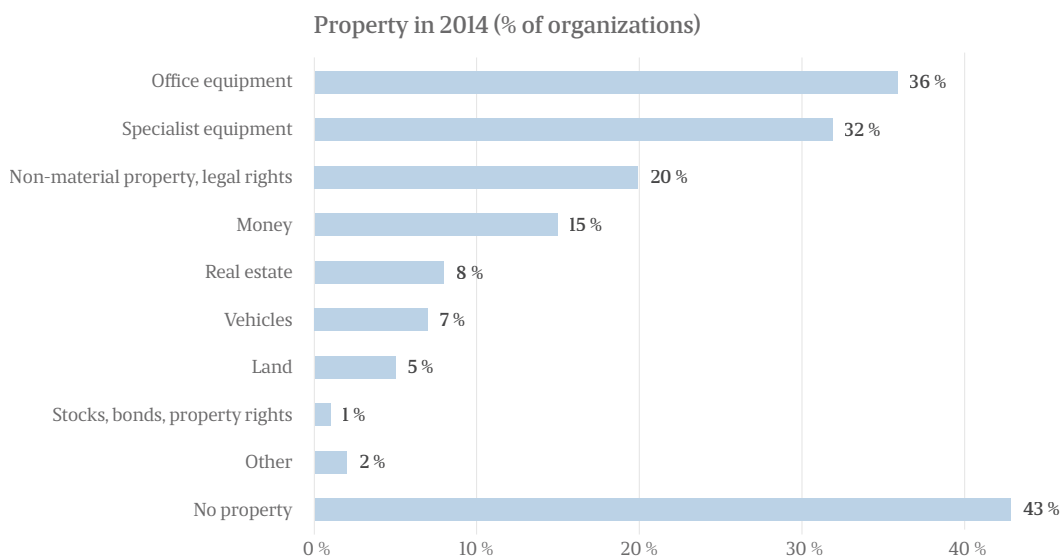


Figure 3.3.4: property of NGOs<sup>9</sup>

### Institutional Environment

The central government provides financial support for 18% of all NGOs. It also provides logistical support for organizations that can claim the 1% PIT allocation. As of January 2017, the Ministry for Family, Labor and Social Policy is responsible for the cooperation between public administration and NGOs. This cooperation is regulated by legislation passed in 2003 and includes the following areas: a) outsourcing public tasks to non-governmental organizations; b) sharing information; c) sharing legal knowledge related to the NGO sphere; d) consulting legal acts related to public tasks with regional government councils on public activity; e) creating common advisory bodies; f) formulating contracts pertinent to performing local tasks; and g) developing partnership contracts (MPIPS 2016).

From the perspective of NGOs, various levels of local government are far more important than central governmental institutions. The majority of organizations receive some form of funding from their town, commune (gmina), county (powiat) or region (województwo – voivodship). This support encompasses a vast array of programs in different areas, most commonly in sports, education, culture and social services. The model of cooperation varies from town to town and from commune to commune. Towns often create separate organizational units to facilitate cooperation with NGOs, to support their projects and to provide public consultation. For many NGOs, funding from local government is a lifeline, and receiving this support decides whether they are able to perform their functions or not.

The European Union (EU) and European Economic Area (EEA) have been major sources of support for NGOs in recent years. In 2014, EU funds were used by 15% of NGOs, and an additional 5% benefited from various programs of the European Commission. In addition to EU funds, EEA/Norway Grants and Swiss Grants have focused heavily on civil society. The areas of financing covered by the EEA/Norway Grants for civil society were: public participation, civic control over public institutions, combating various forms of discrimination, preventing exclusion, and support for youth. Swiss Grants supported civic activity in local communities, promoted a participatory model of democracy, disseminated knowledge about civil rights (with emphasis on gender issues), promoted the rule of law, facilitated NGOs' and citizens' engagement in public life, supported democratic processes and assisted in sharing civic experiences. Significant support also came from German foundations linked to political parties, especially from the Ebert and Adenauer Foundations.

Churches and religious institutions are a significant factor in supporting faith-based civil society. Both the Catholic Church and other denominations have created networks of organizations. They form a diverse system of national, regional and local organizations, with varying degrees of control by the church hierarchy. The Catholic Church also maintains a network of parish communities or groups. These grassroots organizations usually have small, informal membership. The most popular types are prayer and charitable groups, as well as groups that organize sports and leisure activities. They are usually created jointly by parish priests and lay people (GUS ISKK 2014).

Media and universities play an educational role in civil society, and university courses in sociology tend to devote a lot of attention to this sector. Media outlets of different political leanings increasingly promote the idea that robust civil society is a prerequisite for democracy (although each outlet, depending on its political orientation, favors a different range of CSOs).

Polish civil society is supported by a specific set of organizations that constitute meta-civil society: NGOs, think tanks, foundations and specialized institutions whose goal is to support civil society development. For example, the National Federation of Polish NGOs (OFOP), funded in 2003, has 146 member organizations. Its chief goals include: “Developing cooperation, performance standards and building a sense of identity within the third sector in Poland.”<sup>10</sup> One of the most important organizations is the Klon/Jawor Association, which serves as a clearinghouse for NGOs as well as a resource center, research institute and database organizer; its publications are cited extensively in this paper. Another example is the Academy for the Development of Philanthropy in Poland, which aims to support local social activism, charity and CSR. The Batory Foundation has been very active in supporting civic participation and civil society development since 1988. In addition, there are numerous other NGOs whose goal is to support this sector. These activities are funded, in large part, by international donors such as the Open Society Foundations, the Polish-American Freedom Foundation, the European Social Fund, the EEA Grants, the Swiss Grants, and several German foundations. The main source of national public funding for NGOs is the Fund for Civic Initiatives (Fundusz Inicjatyw Obywatelskich).

Corporations play an institutional role in civil society development, e.g. via their corporate social responsibility (CSR) strategies, and they organize charity events and support CSOs directly and via other institutions. There are a number of organizations that serve as forums for CSR, perhaps most importantly the Forum Odpowiedzialnego Biznesu (Forum for Responsible Business). Some corporations (e.g. Agora, Orange, PZU) have established foundations that support some aspects of civil society.

In January 2017, the government controlled by the Law and Justice Party (PiS) proposed legislation to establish a new institution responsible for the cooperation with NGOs – the National Center for the Development of Civil Society. The document, harshly criticized by OFOP, envisions a far-reaching curtailment of civil society’s autonomy.<sup>11</sup>

### 3.3.3 Mapping Civil Society

#### Methods

The Klon/Jawor Association has been systematically collecting data on associations and foundations, and it is the most important source of information on NGOs in Poland. The Central Statistical Office (GUS) also conducts regular studies on the third sector and its organizations.

Membership in different civil society organizations and the scope of voluntary activities have been calculated on the basis of surveys conducted by the Centrum Badań Opinii Społecznej (CBOS, Public Opinion Research Center). The questions are included in regular monthly surveys on current issues and events. Comparable questions on civil society are included as separate blocks in these surveys. There were at least 1,000 respondents in each iteration of the survey, and the results are representative of the adult population in Poland. Additional information, particularly on protest activities, has been drawn from a large empirical project conducted by the authors of this report. NGOs involved in culture were studied in a program known as DNA Miasta (“City DNA”), conducted by the Res Publica Nowa foundation.

In addition, 11 experts participated in an online survey on the Polish civil society landscape. The respondents, whose answers were anonymous, were identified through snowball sampling and with the help of the authors, the Vienna University of Economics and Business, and ERSTE Foundation. The experts were asked to identify key actors in different fields of activity, assess the institutional environment and opine on future trends. We also consulted Hanna Waśko, one of the leading experts on the Polish third sector.

#### Size and Role of Civil Society

In 2014, about 17,000 foundations and 100,000 associations were registered in Poland. However, this does not mean that all of them were active. According to Klon/Jawor, about 70%, or about 80,000 NGOs, were active at that time. The remaining organizations may be inactive but have not been removed from the register. The figure includes associations and foundations; in other words, it uses a narrow definition of the third sector. Additionally, there are about 50,000 entities (CSOs) that do not match the narrow definition of an NGO, but which operate in a broadly defined social sphere. Examples include hunters’ clubs, social enterprises, trade unions, employers’ associations, craftsmen’s guilds, church institutions and political parties (ngo.pl 2016)

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<sup>10</sup> <http://ofop.eu/about-us>

<sup>11</sup> <http://ofop.eu/>. Accessed on January 21, 2017.

These figures are higher than those provided by the Central Statistical Office, which uses a slightly different classification. According to its researchers (GUS 2014), there were 83,500 third-sector organizations in 2012, including about 69,600 associations and similar organizations, and 8,500 foundations. The former group was composed of sports clubs (19,800), volunteer fire brigades (14,900), hunting clubs (2,400) and so-called “typical” associations and social organizations (32,400). The last group broadly corresponds to the standard definition of an NGO. According to GUS, Poland’s third-sector organizations had 10 million members in 2012.

The number of annual registrations of new foundations and associations aptly illustrates the dynamics of growth in civil society. Between 1989 and 2000, civil society grew quickly. In subsequent years, its development stabilized, with over 3,000 new associations registered each year between 2001 and 2013. The number of newly formed associations fell below 3,000 in 2014, but this decline was partially offset by the increase in newly created foundations.

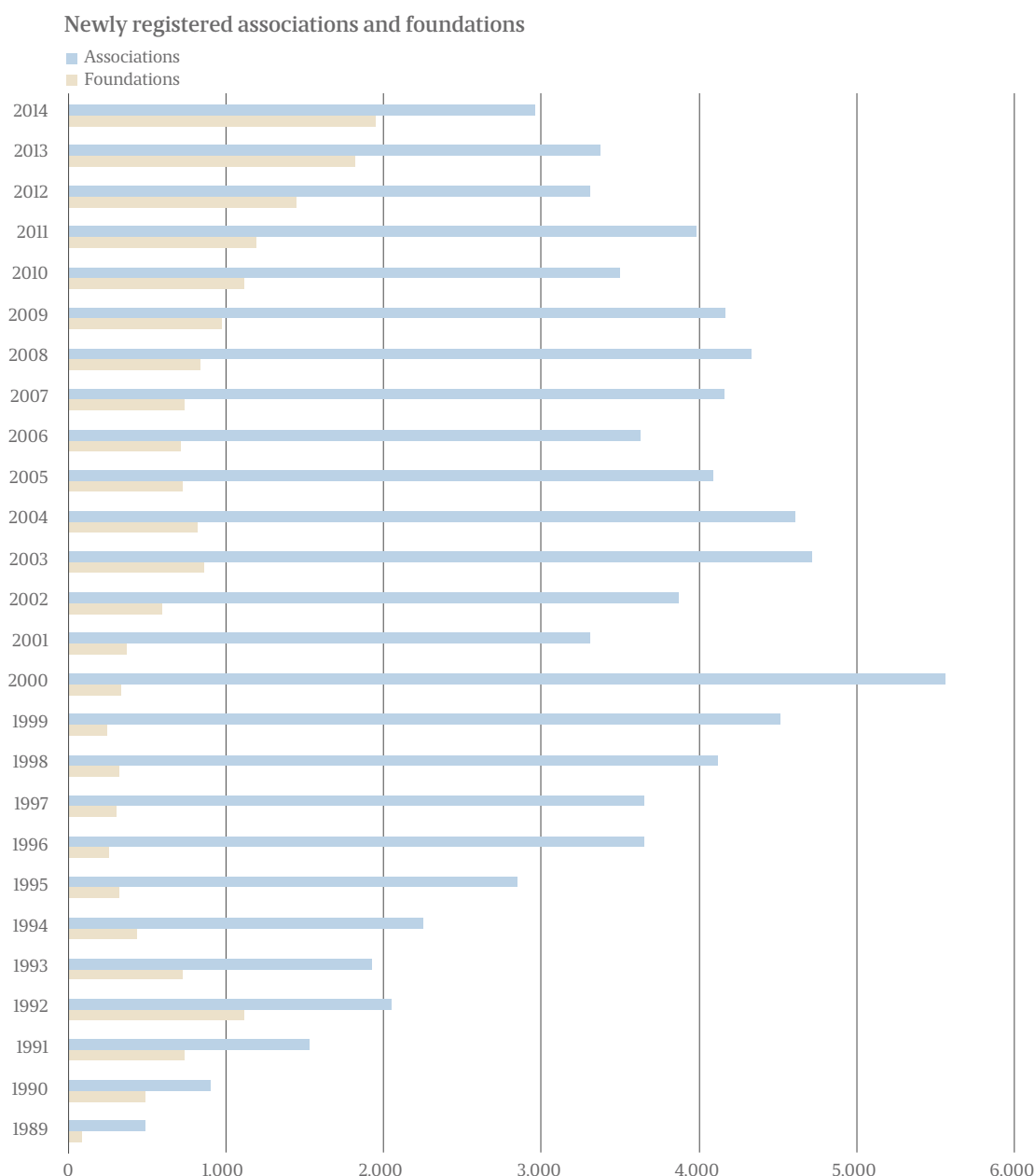


Figure 3.3.5: dynamics of NGO registration<sup>12</sup>

The most common area of activity of NGOs is related to leisure activities: sports, tourism and hobbies. About one third of NGOs (34%) were founded for one of these purposes. The second most common is education (15%), followed by culture and the arts. Charity (8%), healthcare (7%) and local development (6%) are pursued by less than one tenth of all NGOs.

12 Source: Klon/Jawor

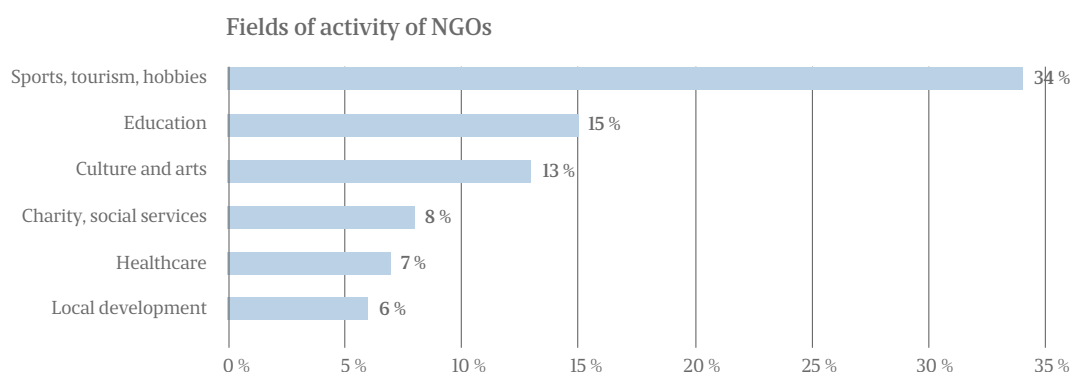


Figure 3.3.6: fields of activity of NGOs<sup>13</sup>

The picture is slightly different if activists, not organizations, are taken as the object of analysis. According to CBOS (Boguszewski 2016b), 37% of all Polish adults declared that they were active as volunteers in a CSO (i.e. devoting free time to activities, not just being members) in 2016. This figure is much higher than the one reported by Klon/Jawor, which estimates this proportion at 18% (Klon/Jawor 2014:41). This discrepancy can be explained by the different operationalization of the subject matter. In CBOS surveys, respondents are given a list of possible forms of activity and may respond affirmatively if they engage in activities in a grassroots group, even if it does not have a formal structure. Large swaths of Polish civil society are not organized in formal structures, and studies that focus solely on institutionalized forms tend to omit a great deal of activity (Jacobsson 2015). In other words, analyses employing a restricted definition of civil society as a sphere composed only of registered associations and foundations underestimate the size of civil society.

Between 1998 and 2016, civic activism intensified considerably in almost all areas. During that period, the proportion of active adults increased for all types of organizations except for veterans' associations (for obvious reasons). The two most popular areas of activity are both related to children and include school-based civil society (e.g. parents' councils) and charities for children. Between 2012 and 2016, they recorded a steep increase in activism. Charities not related to children come in third, followed by sports associations, religious groups, youth groups and different types of groups pursuing countryside hobbies, such as hunting or angling.

13 Source: Klon/Jawor 2015a

Percentage of adults who devote free time to activities in CSOs	1998	1999	2002	2004	2006	2008	2010	2012	2016
School-based (parents' councils, PTAs, etc.)	4.5	5.5	3.2	4.2	4.8	4.8	8	6.9	10.9
Children's charities	1.2	2.9	1	2.4	3.5	2.4	5.1	5.6	10
Charities for the needy	1.5	2.8	1.3	2.4	2.1	2.4	4	4.8	8.6
Sports clubs and associations	2.2	3.1	2.7	4.8	3.5	2.8	5.8	4	7.5
Religious associations	3.6	3.9	2	3.9	3.4	2.8	4.5	5.4	6.9
Youth associations	1.5	2	2.1	2.3	2.3	1.8	3.2	2.7	6.1
Hunters', anglers', allotment associations	2.4	3.1	1.8	2.9	2.5	1.6	3.3	4	5
Volunteer fire brigades, volunteer mountain rescue	3	2	3	2.2	3.4	1.4	2.7	3.2	4.7
Artistic associations	0.9	1.8	0.9	1.9	1.6	0.8	2.6	2.9	4.4
Trade unions	3.2	4.8	3.3	3.8	3.9	3.2	2.1	2.8	4.3
Animal protection associations	1.1	1.1	0.7	0.8	1.6	0.3	2.3	1.5	4.2
Single-issue committees	0.5	1.2	0.3	0.4	1	0.4	1.3	1.7	3.3
Environment protection associations	0.9	1.5	0.3	1.2	1.8	0.9	1.5	1.6	3.2
Senior citizens' clubs	1.4	1.4	1.2	1.8	1.8	1.2	1.8	2.6	3
Residents' or neighborhood councils	1	1.2	0.3	1	1.2	0.9	1.6	2.3	3
Professional associations	0.7	0.8	0.5	0.9	0.5	0.5	1	1.6	2.9
Self-help associations (e.g. disabled, AA)	0.6	1.1	0.4	1	1.3	0.8	2.5	1.6	2.7
Scientific associations	0.6	1.4	0.8	1.4	1.2	0.5	2.3	1.4	2.7
Municipal self-government	1.1	1.3	0.2	1.1	0.9	0.8	1.1	1.4	2.7
Local and regional associations (e.g. preservation of architecture)	0.7	0.8	0.4	0.6	0.8	1	1.9	0.9	2.7
Women's organizations	1	1.5	0.8	1.2	0.8	1	0.8	1	2.6
Tourism associations	1.6	2	0.6	1.3	0.9	1.1	1.7	1	2.3
Works councils	0.4	0.3	0.2	0.8	1.1	0.4	0.6	1.2	2.1
Organizations supporting healthcare	0.7	1.2	0.6	0.8	1.5	0.9	1.7	1.2	2
Hobbyists' associations	0.5	0.7	0.7	1.2	0.7	1	1.5	0.7	2
Regional and county self-government	-	0.4	0.1	0.5	0.2	0.7	0.7	0.5	1.5
International friendship organizations	0.1	0.7	0.1	0.7	0.6	0.4	1.1	1.1	1.2
Parties and political organizations	0.3	0.8	0.6	0.7	0.7	0.4	0.7	1.1	1.1
Veterans' organizations	1.4	1.3	0.9	1.4	1.2	1	0.6	1.2	0.9
Other	0.2	0.9	0.2	0.3	0.9	1.7	1.4	1.7	3.5

Table 3.3.1: activism in Polish NGOs by field<sup>14</sup>

Another measure of activism is the extent of social engagement defined as voluntary, unpaid work for a community, church, locality or charity. According to CBOS (Boguszewski 2016a), the majority of Poles have engaged in such activities at some point in their lives, and about one fifth were active in the year preceding the survey. This measure of activism has remained relatively static over time.

<sup>14</sup> Source: CBOS

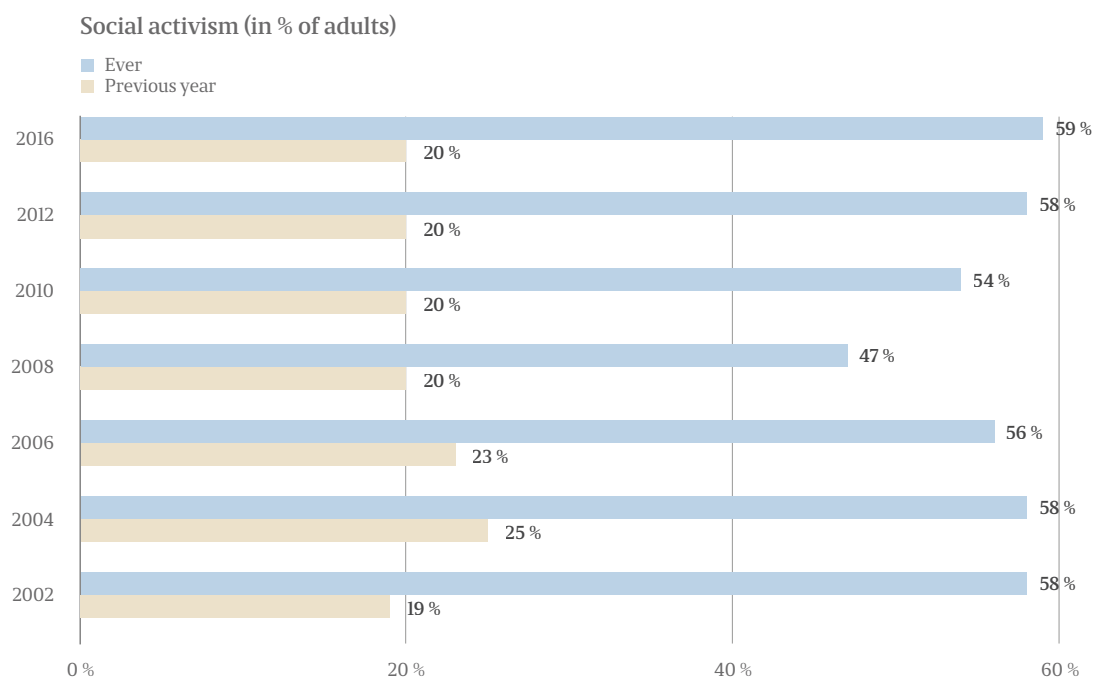


Figure 3.3.7: volunteering<sup>15</sup>

## Culture

According to the Klon/Jawor database of NGOs, there are 16,477 associations and foundations that work in the broadly defined domain of culture. Typically, they cooperate with municipal authorities in formulating and implementing cultural policies in cities and local communities. The majority of NGOs active in the field of culture had an impact on the strategies developed by local authorities in this area. In the majority of cities, there is a mechanism for influencing cultural policies, that is widely used by NGOs. Associations and foundations are often financially dependent on local government through a grant system (Wenzel 2015).

Cooperation between NGOs and municipalities is a double-edged sword. For the former, it helps to procure resources and creates opportunities to influence municipal policies. For example, in some localities, cultural policy is largely delegated to NGOs. On the other hand, this relationship also creates opportunities for clientelism: local authorities sometimes take control of civil society by privileging selected NGOs, who return the favor by supporting the decisions of local authorities and providing electoral backing. In fact, some NGOs have been created by local government officials to facilitate grant proposal writing and to provide assistance in policy implementation.

According to NGO representatives, the most important goals of cultural policy in cities are: promotion of the city, cultural education and support for artistic events. Promotion of the city is especially important for small municipalities. Some towns are known nationally, or even internationally, for an artistic event or architectural monument (e.g. Jarocin rock festival; Teutonic castle in Malbork). In these cases, both local authorities and NGOs cooperate in exploiting them as much as possible.

NGOs direct most of their activities toward the younger generation. For example, there are numerous projects that utilize innovative approaches to artistic education. NGOs are also active in various projects at the intersection of social services and culture, for instance turning post-industrial settings into hubs of artistic/cultural activity.



Impactful	Res Publica Nowa, Warsaw	Foundation behind the DNA Miasta ("City DNA") project, which combines studying cultural policies in cities with engaging NGOs in participatory projects.
	Fundacja Wyspa Progres, Gdańsk	Foundation introducing artistic activities in a post-industrial setting, in an area formerly used by the Gdańsk Shipyard.
Innovative	Fundacja Bęc Zmiana, Warsaw	NGO supporting activities at the intersection of the arts, architecture, social life and scientific research.
	Warsztat Innowacji Społecznych, Kraków	Interdisciplinary group of economists, sociologists, designers and cultural studies specialists working, for instance, on the social consequences and applications of design.

Table 3.3.2: examples of civil society actors in the field of culture

### Social Services

Klon/Jawor database shows a total of 33,779 associations and foundations involved in providing social services. These organizations work for a broad range of charitable causes, including help for families in difficult circumstances and assistance for the disabled, pensioners and foster children. The two biggest organizations that provide social services are Wielka Orkiestra Świątecznej Pomocy (the Great Orchestra of Christmas Charity) and Caritas Polska. The former is an independent charity, while the latter is subordinate to the Catholic Church. These two, in addition to the Polish Red Cross, occupy the top ranks of institutions that enjoy the highest levels of social trust (Omyła-Rudzka 2016), with the Great Orchestra being the most trusted institution in Poland in 2016.

Impactful	Wielka Orkiestra Świątecznej Pomocy	Non-governmental, nonprofit charity foundation that aims to improve the level of medical care in public hospitals in Poland.
	Caritas Polska	Charity institution associated with the Conference of the Polish Episcopate.
Innovative	Stowarzyszenie Inicjatyw Społecznych w Sosnowcu	Association that combines social work with cultural activities.
	Stowarzyszenie Pomocy Osobom Autystycznym, Gdańsk	Charity helping autistic people, focusing on helping them become professionally active.

Table 3.3.3: examples of civil society actors in the field of social services

### Advocacy

The Klon/Jawor database lists 7,936 associations and foundations which are concerned with advocacy, which is defined as the defense of basic freedoms and human rights, civil liberties and democracy, equal rights for men and women, consumer protection, and children's and families' rights.<sup>16</sup> This sector of civil society has been growing steadily since 1989. Awareness of the significance of civil rights has been systematically increasing, and interest in the activities of organizations advocating rights and liberties has intensified in Poland.

In 2015, two events contributed to the increased significance of this segment of civil society. The first was, as in other European countries, the influx of migrants from the Middle East and Africa to the EU. This issue quickly came to dominate public debates and has been reflected in the activation of both pro- and anti-migrant organizations in civil society. On the one hand, illiberal and nationalistic forces have been organizing various protests against (potential) migrants and migration. On the other hand, as a reaction, there has been an increase in the activity of organizations advocating migrants' rights. The former is most vividly illustrated by the Independence March on 11 November 2015, organized around the theme of "Poland for the Poles, Poles for Poland". The best example of the latter trend is the increased activity of civil rights NGOs, such as the Batory Foundation.

The second event was the parliamentary election of 2015, after which the former opposition party PiS (Law and Justice) acquired a parliamentary majority. The new right-wing, nationalistic government fomented a constitutional crisis (by failing to observe decisions of the Polish Constitutional Court) and engaged in the controversial partisan "colonization" of the public media as well as other public institutions. These actions reinvigorated advocacy groups such as the Watchdog network and gave rise to new CSOs, such as the Committee for the Defense of Democracy (KOD). The latter is very active in publicizing what it perceives as dangerous transgressions against the constitutional order, and defends the rule of law, accountability and the balance of powers.

<sup>16</sup> This definition does not fully match NACE category 94 because it does not include religious organizations, trade unions and business associations, which act on a different basis.

Impactful	Helsinki Foundation for Human Rights	Defense of and education about human rights.
	Sieć Obywatelska Watchdog Polska	Civic network monitoring activities of public institutions.
Innovative	Committee for the Defense of Democracy	Association formed after 2015 elections in response to the constitutional crisis, organizer of mass demonstrations.
	Association for Legal Intervention	Nonprofit organization with the aim of combating social exclusion by providing free legal advice to people whose rights and freedoms are threatened or violated.

Table 3.3.4: examples of civil society actors in the field of advocacy

### Social Enterprises

The scale of social entrepreneurship in Poland is limited. A numeric assessment of this segment of civil society is impossible due to the lack of a clear definition and, in many cases, insufficient data. There is a certain level of disagreement as to which forms of activity constitute social entrepreneurship (Dudzik et al. 2008). Some definitions include NGOs (associations and foundations) engaged in economic activities. Others include so-called social cooperatives (a type of cooperative in which at least half of the members have to be socially disadvantaged persons). If social entrepreneurship is broadly defined as a form of economic activity with social effects, there is a large sector of enterprises supporting the disabled. There are significant state subsidies (Public Fund for Rehabilitation of the Disabled) that support companies employing such people. The subsidies are financed from mandatory employer contributions.

Innovative	Stowarzyszenie Pomocy Wzajemnej "Być Razem", Cieszyn	Association providing social services financed by economic activity as well as volunteer work and donations.
	Spółdzielnia Socjalna "OPOKA"	Social cooperative active in several areas, such as catering, crafts and construction.

Table 3.3.5: examples of social enterprises

### 3.3.4 Trends and Outlook

In predicting the future development of civil society, we have to rely on a number of controversial assumptions. Civil society may be strongly affected by unpredictable, pivotal political and economic events. For instance, the recent migration crisis, which has strongly influenced civil society in many countries, was unforeseen even a few years ago. Similarly, the development of civil society may depend heavily on developments within the EU: whether it will overcome the current centrifugal tendencies and re-consolidate, or succumb to the legitimacy crisis and fragmentation. Civil society's composition will depend to a considerable degree on the political and ideological orientation of society. In sections 3.3.1 and 3.3.2, we singled out Europeanization and the retreat from liberalism as two significant yet contradictory factors in the present development of civil society. We assume that their impact will not last forever, but we are unable to assess their duration and depth. However, we do believe that the long-term trend of robust organizational growth and strengthening of civil society's impact in various policy domains will continue.

Experts frequently mention an increase in civic engagement and private donations as factors that probably strengthen civil society. They observe a positive correlation between the improvement of the overall economic situation and the intensification of public engagement by various CSOs. In addition, the increase in individual wealth tends to be coupled with a change in value orientations toward self-realization and social activity. This forecast is based on extrapolating the long-term trend of increasing participation in CSOs, underpinned by continuing economic growth. Although these assumptions are realistic, neither of them is certain.

According to some predictions, increased civic awareness will be accompanied by the rise of informal civil society. In the experts' view, the number of grassroots initiatives and organizations will continue to grow. At the same time, civil society will be increasingly de-institutionalized, as its activists will move into the digital world, including virtual social networks. This process has its roots in the present, in the rapidly growing sphere of un-, under-institutionalized or loosely set up informal engagements. Obviously, this "new" civil society will be bifurcated along generational lines: established CSOs will be dominated by the old, while loose and often virtual networks will become the domain of the young.

Parallel to this growth in informal civil society, it can be expected that large swaths of the existing CSO sector will consolidate. The professionalization of civil society organizations will be reflected in the stabilization of their financial situation, the stabilization of employment and the elimination of precariousness in CSO employment. This can be viewed both positively and negatively: while it will improve their performance and strengthen their presence, it can also lead to “oligarchization”, a process whereby a group of professional activists leads CSOs and makes all or most of the relevant decisions. This could endanger the very idea of civil society.

Fourth, civil society may become more fragmented and polarized along ideological and cultural lines. Fragmentation will be intensified by declining entry costs and rising governmental support, as the state will continue to delegate some of its functions to the third sector. Moreover, the deepening divisions within society as a whole could be reflected in the NGO sector. As discussed earlier, the 2015 presidential and parliamentary elections exacerbated existing cultural-ideological divisions between the two camps. On the one hand, there is the national-religious-populist camp associated with the new government, and on the other there is the liberal, pro-European opposition. Both of them have deep roots in Polish society, a fact reflected in the relative ease with which they can mobilize large groups of people to support their respective causes, also at the level of civil society. If this sharp ideological division persists, the polarization of the NGO sphere, already quite pronounced among advocacy and watchdog groups, will spread to other parts of civil society. More and more organizations will be categorized (or categorize themselves) in increasingly ideologized terms.

Finally, economic considerations may play a crucial role in civil society development. As already mentioned, we expect the increase in the overall wealth of society (if the current economic trends continue) to be reflected in the strengthening of civil society. Paradoxically, future economic crises may also have a positive – albeit qualitatively different – effect. The rise of the “shared economy”, communal projects, self-help groups, etc., in times of hardship could strengthen civil society in general and the relatively weak social enterprise sector in particular.

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#### **Increase of civic engagement and private donations**

The increasing standard of living will further enable people to engage and interact with civil society and to donate to CSOs.

*“Because of [the] increasing wealth of Polish society, one can expect more activism in civil society organizations as well as more individual support for such organizations.”*

*“As the society becomes richer and more aware of the benefits of various civil society organizations (e.g. watchdog groups), the ability and willingness to donate funds will increase.”*

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#### **Informal civil society**

Based on the increasing importance of civic engagement, more grassroots initiatives and community-based organizations will emerge.

*“People on the local level have learned how to use Internet to network, to learn but also to inform the local community [about] their activities [...]. It should bring reinforcement of local independent initiatives.”*

*“The institutionalization of civil society accompanies a slow but stable process of development of civic engagement in independent/unaffiliated forms.”*

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#### **Professionalization of civil society organizations**

The global trend of professionalization will also affect Polish civil society. Some see this as positive or neutral, while others fear that increasing professionalism might lead to a loss of the idea underlying civil society.

*“Polish civil society will follow the world’s trend of professionalization. It has been happening for a while and I believe the trend will intensify.”*

*“The loss of the idea of civil society favors its oligarchization, and groups of people [are evolving] who professionally deal with the problems of civil society.”*

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#### **Polarization of civil society**

National-level CSOs will be increasingly polarized between national-populist and liberal movements, in line with divisions within society as a whole.

*“[The] polarization will resemble the general division in the Polish political culture: between the nationalistic-religious-populist orientation and the liberal-cosmopolitan, pro-European orientation.”*

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Table 3.3.6: frequently mentioned trends and sample quotes<sup>17</sup>

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<sup>17</sup> These trends were identified in the Expert Survey, 2016.

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## 3.4 Country Report: Slovakia

Boris Strečanský

### ABSTRACT

Civil society in Slovakia reflects the ambivalence of Slovak society. On the one hand, it is a driving force and creative space which breeds new initiatives in social innovation and pro-social action, and it stimulates dialogues on important issues in the public sphere. Slovak civil society also enables volunteering and charitable giving, both of which are on the rise and are institutionally more mature, diverse and less dependent on external sources of funding. On the other hand, Slovak CSOs are relatively weak socio-economic actors in terms of economic output and employment. Most CSOs are small and volunteer-based, and they act on the local and community level. Civil society is still to some extent organized in ethnic silos; Slovak, Hungarian and Roma CSOs co-exist but have limited interaction. In the segment that enters the public space, there are parallel spaces differentiated by their value preferences: the liberal-democratic, the faith-based and socially conservative, and most recently, the extremist and anti-systemic movements. The relationship between civil society and public administration has improved and is more mature than it was in the early 2000s. However, this relationship is still shaped more by short-term and instrumental ambitions than by strategic principles. CSOs promote the human rights approach in social services and the participatory paradigm in policymaking, and they are slowly making progress. CSOs play a visible, positive role in citizen engagement in public affairs and discussions around issues in the public sphere, and through that role they also shape moral dialogues in society. The nature of domestic political developments (corruption scandals, cronyism, inefficient public services) and recent events in Europe (debt crisis, refugee crisis, growth of alternative media influenced by anti-European propaganda, war in Ukraine) have contributed to a rise in discontent with the establishment and growing confusion on democratic values across classes. This is the basis for the recent growth of “uncivil” civil society.

### 3.4.1 Introduction

#### Relevant Characteristics of Slovak Society

There are several unique features of Slovak society that shape the country's civil society as well as the nature and role of organizations in the sector (Buerkle 2004, Bútora et al. 2012, Gyarfášová et al. 2003, Vašečka 2010). These include the following:

Young country built on an ethnic concept of state: Slovakia recently celebrated its 24th anniversary as an independent nation and is a multi-ethnic country with significant Hungarian and Roma minorities. However, the nation is built on an ethnic concept, not on a political one. The national emancipation of Slovaks happened relatively late in the 20th century, which is one of the reasons why nationalism has shaped this new country and its institutions to this day. It has also had an impact on civil society, which has remained divided along ethnic lines (Slovak, Hungarian, Roma).

Prevailing ruralism and provincialism: Despite a delayed but accelerated Soviet-type structural modernization after World War II, Slovakia has remained a mostly rural country culturally and mentally. Its rapid industrialization and urbanization, combined with the communist destruction of the social fabric and the anomie of the post-communist period, did not significantly change the underlying patterns of a social organization and political and value orientations which persist even today. Specifically, these include paternalistic, socially conservative and egalitarian orientations with a preference for bonding (high trust in family and friends) over bridging social capital.

Value split and incongruence: Major changes in the last two decades have contributed to incongruence and paradoxes in some of Slovakia's value orientations. One change is a split of the country's identities between the Western and Eastern civilization vectors (FOCUS 2016). Slovakia's democratic modernization after 1990, including the exposure to globalization influences and the integration into the EU and NATO, revealed the clash of secular liberal-democratic values with traditional, socially conservative and authoritarian values. At the same time, Slovak society is characterized by value syncretism and pragmatism. Ideological or principled behavior in the public sphere at the local or national level is less visible than interest-based action, short-term bargaining and profit-seeking. The lack of basic consensus on the key aspects of Slovak history, politics and identity contributes to the relativization of values. In addition, the public discourse lacks reflection on the low quality of value dialogues.

Ambivalent relationship between the state, political parties and civil society: The polarization of Slovak politics in the 1990s between the latent nationalist-communists and pro-reform liberals influenced the nature of the relationship between the state and civil society. As the state has been captured by the post-

communist elite, it considers civil society to be its rival actor, a “fifth column” acting in concert with the liberal-democratic opposition. As a result, civil society is still perceived by the political elite as a political actor which goes beyond its mandate (TASR 2016). This was particularly visible in the situation of 1998, when a broad social and political movement blocked the efforts of Vladimír Mečiar's authoritarian government to lead the country away from democratic development (Strečanský 2008). At the same time, many of the public policy changes in which civil society has been engaged are within the scope of political parties.

#### **Typical Characteristics of Civic Engagement in Slovakia**

Formal volunteering (through organizations) in Slovakia is at a medium level and slightly higher (27%) than the EU average (Brozmanová-Gregorová 2012). It is also connected to informal volunteering (direct involvement), which is higher and suggests that community-based volunteering is more typical in Slovakia than the “managerial” type organized through formal institutions (Brozmanová-Gregorová 2012). In terms of charitable giving, various surveys indicate that about 40% to 60% of the population is engaged in charitable giving to nonprofit organizations; however, only 10% contribute regularly (TNS Slovakia 2015). Specific studies suggest that there was a rise in citizen participation in the early post-1989 period, followed by a gradual decline in the intensity of civic participation since the mid-nineties (Bútorová & Gyarfášová 2010, Bútorová 2008). Citizens became more concerned with their survival and existence, and in line with their paternalistic expectations, they delegated responsibilities for the “commons” to politicians and public administration. In the last few years, there has been growth in new types of social movements. Many of them, especially those in the cultural, urban and community spheres, exist only in the virtual domain and are not formally institutionalized (Bútorová et al. 2011).

#### **The Legal Framework for Civil Society**

The legal framework for civil society is stable and considered to be positive but not improving (USAID 2015). The framework for various legal forms of civil society organizations (foundations, nonprofit organizations) went through major changes immediately after 1989 and again after 1998 along with the EU accession process. The legal framework encouraging participation has also been gradually improving, and CSOs actively shape the policy dialogue.

The most important legal norm related to CSOs in Slovakia is the Law on Associations, which is one of the laws that facilitated the “associational revolution” in Slovakia after the Velvet Revolution in 1989. The liberal framework of that law is facilitative, which is confirmed by the growing number of civil associations that make up the vast majority of all kinds of civil society organizations (90%). The law governs the formation of professional organizations, housing associations, mutual benefit associations, trade unions and civil associations. However, it does not prevent the existence of “sleeping” or “dead” organizations, which is a source of some administrative problems.

There are also specific laws on foundations and nonprofit organizations providing publicly beneficial services; those legal norms are more complex and include more demanding structuring, governance and reporting requirements on these legal forms, while granting them explicit public-benefit status. This status does not have special advantages except that these organizations – foundations, nonprofit organizations, civil associations – are exempt from income tax on their income earned from their main (statutory) activity.

Another key law that contributes to active civil society is the Slovak Freedom of Information Act of 2000, which provides citizens with a rather open and flexible access to government information. This piece of legislation has been one of the key laws that provides interested citizens with a legal instrument through which they can demand information from a rather unwilling bureaucracy. The law is also among the results of one of the most impressive campaigns in civic advocacy in Slovakia.

#### **Visibility of Civil Society**

CSOs in Slovakia exhibit a specific dichotomy: There is a subset of CSOs that self-identifies with the civil society sector. It is formed through self-organization and networking, mostly on the basis of independent civic activity in areas where the state or public sector are not active or underperforming. These initiatives and institutions – associations, foundations, etc. – entered the public space through campaigns or advocacy actions, or by challenging the delivery approach, quality or institutional status quo of social services. This part of the civil sector has been most visible, and the general public has identified it as “civil society”. However, it only constitutes a subset of a broader realm of CSOs. There is another significant segment that is active in self-help, mutual help or leisure spheres without gaining attention from the media or the public at large. Obviously, various studies have shown that the most visible organizations are those which act in a charitable area and are also present in the media. In one survey, over 70% of respondents were able to name at least one or more CSOs (Bútorová 2008).

Another contribution to the visibility of the civil sector is made by the percentage tax designation system for both individual and corporate taxpayers, who are given the opportunity to allot a percentage (1% to 3%, depending on specific conditions) of their income tax to eligible civil society organizations. The system is used by over 50% of individual taxpayers and 60% of corporate taxpayers, thus reaching a significant part of the public.

### 3.4.2 Historical Development and Main Actors

#### Historical Development

**Surviving discontinuities:** Over the last 100 years, Slovakian history has been full of discontinuity and turbulence. With six models of government and three political systems since 1918, the ratio of democratic to non-democratic regimes evened out only recently (Bútora et al. 2012). This has had a profound impact on the nature of civil society and CSOs.

The most notable impact in this respect has been the influence of the communist regime, which lasted over 40 years (1948 until 1989) and systematically destroyed the organically developed CSOs. However, the regime did not completely eradicate civil society, which survived in the private sphere or deep underground. Because the public sphere was under the total control of the one-party state, citizens adapted by strengthening their bonds with family and friends and creating a radical distinction between the private and public spheres. After 1989, the power of friendship networks remained a key element during a period of turbulent change, and it helps to explain the nature of Slovakia's post-communist civil society (Howard, 2011). After the 1968 invasion by Warsaw Pact forces, citizens were further coerced into joining "voluntary" organizations under the auspices of state-party surveillance. This has contributed to the high resistance to the concept of membership (in CSOs) as such since the changes in 1989. The duality between public and private life intensified further in the 1970-1989 period.<sup>1</sup> At the same time, the seeds of civil society were already beginning to germinate, which had a profound impact in 1989. The ideologically vacant system partly tolerated (and was partly unable to cope with) the existence of "islands of positive deviation", as Slovak sociologists called them before 1989 (Bútora 1990): a) the independent underground Christian (Catholic) movement, b) the environmental movement and c) the "grey" zone of intellectuals, social scientists and artists who acted in a semi-independent way. Actors from all three areas played a crucial role in the political changes during the Velvet Revolution in Slovakia and shaped the newly emerging CSO sector in the 1990s (Bútora et al. 2012, Ekiert & Foa 2011).

**The renewal of CSOs after 1989:** This period was marked by a rapid rise of associations. In spring 1990, a liberal legal framework for civil associations was adopted, providing the legal basis for the associative energy that people had previously channeled into the private sphere (Strečanský 2015). The communist National Front organizations (e.g. the Socialist Union of Youth) had to adapt to new conditions. Some of these organizations were dissolved, some disintegrated into smaller organizations with renewed leadership (e.g. the Slovak Society for Nature and Landscape Protection), and others continued in the new context (e.g. the Slovak Union of Women). The new CSOs represented a new civil culture. They were smaller, driven by the energy of their founders, and often acted on a community level without any secured income streams. International donor support was an important formative factor in the post-1989 development of CSOs, as local funding sources were non-existent. At the beginning of the 1990s, there were already several thousand new associations and foundations. They organized into thematic platforms through national CSO conferences (Stupava Conferences) and an informal umbrella platform – the Committee on the Third Sector (1993) – that embodied the new CSO culture. Overall, the civil sector developed a new identity that was distinct from but co-existed with the old one.

The period from 1994 to 1998 was a formative time for the identity of the CSO sector in Slovakia because of domestic political developments that put the country's future democratic development in jeopardy. This period was characterized by the adversarial policies of Mečiar's government (1994-1998) toward CSOs. Those policies were aimed at limiting the freedom of foundations and imposing bureaucratic burdens while offering a narrative that labeled the civil sector as a "fifth column", an enemy to young Slovak nationhood that needed to be controlled. Many CSOs engaged in protests against the government's policies (e.g. the 1996 "Foundations S.O.S." campaign). The period culminated in the voter mobilization campaign known as "OK 98", in which CSOs played a significant role and contributed to the outcome of the elections that confirmed Slovakia's democratic and western orientation. The OK 98 campaign is considered to be the CSO sector's key contribution to the democratization of Slovakia and to its European integration (Demeš 2014).

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1 The term "normalization period" was coined in 1970 to denote the consolidation of power by the conservative communist wing. The term was intended to designate the retreat into conditions of normality. In practice, this meant stricter political control of the party over ideas and over any public engagement of non-communist origin. Welfare policies were promoted to satisfy the growing material needs of the population. The second meaning of the term is the essence of hypocritical and subservient attitude of the nomenklatura toward the Soviet system and double standards. The term refers to the period between 1970 and 1989 in Czechoslovakia.



Democratic consolidation (1998-2004): Under the leadership of Prime Minister Mikuláš Dzurinda, Slovakia joined the EU in 2004. Accession to the EU was an important psychological moment of achievement of democratic and political maturity for the country, especially when viewed from the outside. However, on the inside, reforms of state institutions toward open, responsive and accountable governance only slowly progressed, human-centered reforms in social services struggled with bureaucracy, corruption and clientelism, and the political parties' grip on power was growing stronger. One significant contribution CSOs made to the democratic changes in that period was the campaign for the Slovak Freedom of Information Act (see Section 3.4.1).

In 2002, a new law on foundations as well as significant amendments to the law on nonprofit organizations providing publicly beneficial services were adopted. Based on inspiration from Hungary, an innovative law on the percentage tax designation was passed in 1999. Despite the fact that the CSO sector has experienced many legal and fiscal changes aimed at strengthening the sector or correcting the deformations caused by the previous government in the pre-accession period, the expectations of CSOs were not met. There were some improvements in the transparency of government subsidies, but they were not sufficient. CSOs expected to acquire equal standing regarding the provision of social services – to become equal with the dominant public sector – but even today this has still not been achieved. The public advocacy and watchdog CSO segment, which grew in size and influence in the period from 1996 to 1998, was concerned with the signs of deterioration in the quality of democracy as well as growing clientelism and corruption in the pro-reform government. Organizations such as the Fair Play Alliance and Transparency International Slovakia actively entered the public sphere and became important commentators and critics of actions taken by the reform government.

Years of growth (2004 – 2010): The period after the EU accession was accompanied by growth in the activities of CSOs and in their relationships with other societal partners, specifically the government and business. CSOs were struggling to define their relationship with the state, firstly to fuel the necessary reforms, secondly to provide constructive criticism, and thirdly to achieve an improved framework for civil society. Some CSO leaders took offices in public institutions. Others who were based in CSOs promoted alternative public policies (public administration reform, health sector reform, pension reform). This partly reflected the fact that the academic sector and universities were not able to produce the type of knowledge that was useful for policymaking. A consultative body – the Governmental Council for Nonprofit Non-Governmental Organizations – was established in 1999 to act as a platform for communication between the government and the CSO sector. The relationship between the state and the CSO sector remained without major changes after 2006, when Robert Fico formed a coalition government. Fico was rather reserved or even adversarial toward the CSO sector, perceiving it as a political ally of the right-wing parties. The relationship between CSOs and the 2006-2010 cabinet remained tense, and the CSO sector struggled for equal partnership with the growing and dominant state in that period. At the same time, the relationships between CSOs and the business sector gained a lot of momentum. After rapid and cronyistic domestic privatization in the 1990s, the business environment improved in the early 2000s thanks to foreign investments that contributed to the standardization of business culture and growth in corporate social responsibility activities.

The rise of value polarization (2010–2016): The relationship between the state and the CSO sector changed significantly when the Governmental Plenipotentiary for the Development of Civil Society was established in 2010 by the government of Iveta Radičová, who pursued an ambitious agenda to open the state to citizens and introduce participatory mechanisms into policymaking (Demeš 2014). The second government under Robert Fico (from 2012 onward) slowed down those processes. However, it did not abolish those policies, but pushed the agenda of strengthening the role of the state and government to public services.

The years since 2010 have been marked by growing polarization in Slovak society. One of the major polarizing themes, in which the CSO sector was also significantly involved, was the discourse on human rights, family values and LGBTI rights. The government's efforts to prepare its strategy for human rights protection revealed growing differences between liberal (secular) and socially conservative (religiously inspired) civil society. The socially conservative camp of CSOs was gaining voice and popularity, and entered the public arena with greater intensity than ever before. The polarization of values also played out through the events in Ukraine in 2014 and 2015 and during the migration crisis in 2015. One contributing factor has been the growth of alternative media content in online spaces with unverified or falsified information and conspiracy theories. The refugee crisis remained a catalyzing factor for both xenophobic and anti-systemic elements of civil society (or "uncivil" civil society) and for the pro-democratic, humanistic and European values-oriented CSOs. The surprising rise of the far right neo-Nazi political party in the parliamentary elections in March 2016 and the emergence of several anti-systemic movements marked the advent of a new period in the further fragmentation of civil society (as such movements cannot be excluded from that realm), to which the democratic CSO sector in Slovakia still has to find a response.

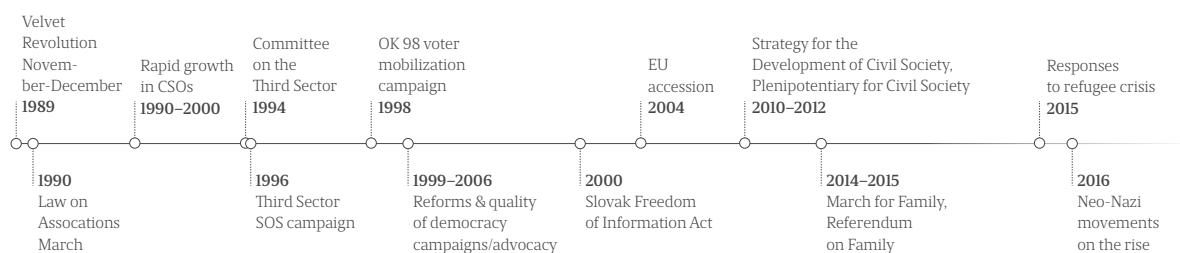


Figure 3.4.1: timeline of key events in CSO development

### Funding Sources

The ability of CSOs in Slovakia to address social and economic problems is compromised by persistent underfunding, which impacts the CSOs' institutional development and capacity. In terms of structure, the funding sources of Slovak CSOs are well balanced (Figure 3.4.2).

In 1996, earned income was the most significant type of income in the Slovak civil sector (Woleková et al. 2000), and it continues to play a key role in the funding structure of CSOs today. Its share of the total income of CSOs is decreasing, while in absolute figures it is stagnating or decreasing only slightly. Commercialization of the civil sector is not very widespread (Vaceková & Murray-Svidroňová 2016). CSOs in Slovakia are exempt from income tax on earnings generated from their main (statutory) activities. In addition, some CSOs – such as foundations – are exempt from road tax and other local and regional taxes (e.g. real estate tax), depending on local ordinances.

Public funding now accounts for a larger share of funding sources and is still rising (Kuvíková et al. 2014). In 2012, state subsidies and transfers to CSOs (including subsidies to political parties) came to EUR 274 million<sup>2</sup> (Ministerstvo financií SR 2013). Without subsidies to political parties (EUR 48 million), the figure comes to EUR 226 million that the state provided to associations, foundations and nonprofit organizations<sup>3</sup> (Štátny záverečný účet 2012). Income from the percentage tax designation amounted to EUR 46.7 million in 2013 (itretisektor.sk 2015). This is a very popular mechanism that is used by approximately 1 million taxpayers<sup>4</sup> (Blaščák 2016) and allows individual and corporate taxpayers to allocate parts of their income tax to one or more CSOs specified in the income tax statement. The percentage that can be redirected has changed over time: it started at 1% for individual taxpayers in 2002, then increased to 2% in 2003 and was expanded to include corporate taxpayers in 2004.

In 2013, CSOs received gifts and contributions in the amount of EUR 201 million, which comprised EUR 95 million from individuals, EUR 63 million from corporations and EUR 43 million from abroad (Statistical Office of the Slovak Republic). There are no indirect tax benefits for charitable giving or for contributions to CSOs; they were abolished when the percentage tax was introduced. In 2015, tax incentives to stimulate private investment in research and development (R&D) were introduced for corporations, which can deduct up to 25% of their investments from their income tax. The impact on the CSO sector is limited.

From the early 1990s until the early 2000s, foreign donors played an important role in providing not only funding for new civil society organizations but also encouragement and insight into what was happening abroad. Those donors also connected CSOs to other initiatives in the region. Since then, their role has diminished; in particular, private foundations left the country after Slovakia joined the EU. A more prominent role has been played by the EU, which has provided significant investments through pre-accession funds as well as structural funds. However, this funding has been considered rather bureaucratic and accessible mostly for larger CSOs and less for community-based or grassroots organizations. The presence of external donors has also contributed to the dependence of certain CSO segments on donor funding.

<sup>2</sup> Data for 2013 are not available in the required structure and do not allow comparisons.

<sup>3</sup> A specific legal form called a "not-for-profit organization providing publicly beneficial services" (terminus technicus).

<sup>4</sup> 50% of all individual taxpayers and 60% of corporate taxpayers use the system.

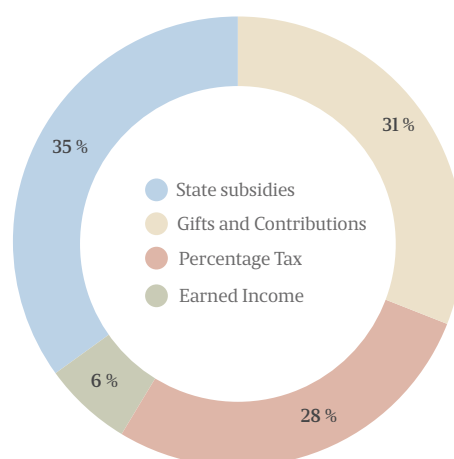


Figure 3.4.2: CSO funding sources (2013) <sup>5</sup>

### Institutional Environment

Respondents to the WU Vienna expert survey<sup>6</sup> consider the central government to be the most influential, and they qualify its impact as negative or mixed. Foreign and domestic foundations, on the other hand, are viewed almost exclusively positively, while corporations and individual donors are viewed mainly positively (Table 3.4.1).<sup>7</sup>

Strength of influence	Negative influence	Mixed influence	Positive influence
<b>Strong</b>	Central government (4.9 - NM) <sup>8</sup>		
<b>Moderate</b>		Media (3.9 - M) Municipal/local government (3.7 - MP) European Union (3.4 - NMP), Regional government (3.4 - NMP) Churches (3.4 - NMP) Corporations (3.2 - MP)	Domestic foundations (3.7 - MP) Foreign foundations and agencies (3.4 - MP), Individual donors (3.2 - MP)
<b>Weak</b>		Universities (2.7 - NMP)	

Table 3.4.1: influence of different actors on CSOs<sup>8</sup>

The central government defines the legal and fiscal framework for public services provided by CSOs as well as the parameters and roles they may play in the provision of health care, social, housing and education services, to name the most important areas (Dobrotková 2016, Woleková 2013). The decentralization of public administration has not been completed in public services and is needed to further minimize the influence of politics on the quality of those services (Nižňanský 2010).

Media plays an ambivalent role depending on its quality, which is often rather low. The quality of reporting and insight is often lacking. At the same time, even excellent investigative efforts remain without a reaction from the public or concerned institutions (e.g. on corruption issues).

Municipal/local government has high potential, but its realization of this potential varies. The high level of fragmentation in the Slovak municipal landscape – 40% of all municipalities have less than 500 inhabitants – contributes to the low human resource capacity of local governments to use the potential of CSOs in their communities to improve the inhabitants' quality of life. Regional governments are a rather unclear layer of government for many people, and their social and economic influence in civil society is relatively small. However, as recent events in Banská Bystrica show, when a regional government is controlled by an anti-system (neo-Nazi) party, it can cause a lot of disruption in areas that are indirectly relevant to civil society,

<sup>5</sup> Statistical Office of the Slovak Republic, Slovstat database, itretisektor.sk, Štátny záverečný účet 2012

<sup>6</sup> An online survey was conducted among a diverse pool of experts on the Slovakian civil society landscape. Respondents were identified through snowball sampling and with the help of the authors, the Vienna University of Economics and Business (WU Vienna), and ERSTE Foundation. 11 anonymous experts with an average of 15 years of professional experience in civil society activities completed the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends.

<sup>7</sup> Note: The average rating of strength (influence rated on a scale from 1=No influence to 6=Very strong influence) and the composition of answers (N=Negative, M=Mixed, P=Positive) are indicated in brackets.

<sup>8</sup> The question to be answered was as follows: "How influential are the following actors in the institutional environment of civil society?"

for example by withdrawing funding for cultural centers or interrupting human-centered reforms in social services delivery (Petková 2014, Reháč 2015).

The European Union is regarded as an ambivalent actor. Experts in the CSO sphere mainly associate the EU (Structural Funds managed at the national level) with excessive bureaucracy that has a devastating effect on the operations of CSOs through indebtedness or underfunding of the administrative capacities needed to properly administer EU funds. On the other hand, the amount of funding is significant.

The church (mostly Catholic, but also others) plays an important role within its community of followers or members. It provides them with guidance and encouragement to act for the benefit of the common good, cultivate compassion and build trust. Yet it is also a subject of criticism for not being sufficiently open, responsive, and inclusive. Its influence is significant, especially within its core group of followers, who are often active in the CSO sector.

Schools are places for political socialization as well as the early adoption and transfer of models of engagement and the acquisition of values and behavioral norms in people's relationships to the broader community. The influence of schools on civil society development in the sense of cultivating moral dialogue and pro-social values is often overlooked, as schools tend to be concerned only with the narrowly defined teaching and brokering of information (Burjan 2010). The lack of critical thinking skills and character-building has probably also contributed to the recent rise of confusion concerning democratic values as well as the rise of xenophobia and anti-systemic movements.

Civil society umbrella associations give a voice to particular themes relevant to CSOs. Examples include SocioForum, an umbrella group of providers of social services; the Slovak Youth Council, an association of youth organizations; and the Chamber of the Governmental Council for Nonprofit Non-Governmental Organizations, a national-level forum that brings together most active CSO platforms. These associations facilitate CSOs' development of positions toward the state or toward policies that may affect civil society. Their role is crucial.

Infrastructure organizations, including Partners for Democratic Change Slovakia, the Center for Philanthropy, the Slovak Fundraising Center, the Volunteering Centers, Internet-based services for information on legal issues ([itretisektor.sk](http://itretisektor.sk)) and [ChangeNet.sk](http://ChangeNet.sk) (a platform for petitions), provide CSOs with information and orientation, guide individuals in finding the right partners or provide specialized services in fundraising or communications. The influence of these organizations is decreasing, which is linked to a decrease in their funding and a lack of domestic funding available to them.

It can be assumed that the tax designation mechanism introduced in 2002 was the main factor behind the growth of corporate foundations in Slovakia and the rise of their grant-making activities. Only 23 corporate foundations were founded between 1990 and 2001, but 58 were established between 2002 and 2007, with many operating as de facto subsidiaries of their founders' parent corporations (Strečanský 2015). Corporate foundations represent a source of funding for various CSOs active in communities, education and many other areas, and they provide easily accessible and flexible funding (Bútora et al. 2012). At the same time, corporations do not want to engage in public discourse or controversial issues.

Foreign foundations and agencies now have limited influence compared to the pre-EU accession period. The most important of them is the NGO Fund of the EEA Grants & Norway Grants program, which has been implemented by the Ekopolis Foundation and the Open Society Fund. In the last five years, the NGO Fund has been the only significant source of funding available to CSOs active in the areas of social inclusion, anti-xenophobia, and human rights as well as anti-corruption and good governance.

Independent domestic grant-making foundations (Ekopolis Foundation, Pontis Foundation, Children of Slovakia Foundation, Carpathian Foundation) have tried to develop their asset base and combine various flow-through revenues of mostly corporate origin to fund grants and thus support needs in various areas. The relative weakness of assets has prevented these foundations from growing more significantly, but they are able to provide flexible public-benefit funding for various purposes. As intermediaries, they relieve smaller CSOs – as recipients of funds – of red tape of public or EU funds. Community foundations such as those in Banská Bystrica, Trenčín, Nitra, Bardejov, Pezinok, Liptov and Sabinov play an important role in communities, where they operate as local centers of philanthropy and flexible funders of grassroots action (i.e. not only CSO activities).

The role of individual donors has gradually increased; this applies to “high net worth donors” as well as individual donors who contribute smaller amounts through public collections or online giving.<sup>9</sup> Especially the latter contribute to the greater independence and autonomy of CSOs, as institutional or single donor funding typically comes with various strings attached.

Think tanks frame the public policy debate and provide expertise in policy areas in which CSOs act as watchdogs or advocates. Think tanks developed into an important part of the CSO sector in the late 1990s and continue to play a role as critical commentators of social and political processes and relationships, paying attention to the issues of good governance and providing policy recommendations (Bútora et al. 2012). They emerged to fill an empty space that had been ignored by the academic, public and commercial sectors but was needed for the democratic reform process. The sustainability of think tanks is problematic due to the limited potential for commercialization of their services and their limited access to non-public funding which would allow them to maintain independent positions on policy issues and applied social and economic research. Think tanks complement applied research in the socio-economic sciences and humanities at universities which are more focused on basic academic research (Horváth et al. 2004).

### 3.4.3 Mapping Civil Society

#### Method

The section is based on data from different sources, including the data from an online survey conducted by WU Vienna among civil society experts in Slovakia. Data sources on civil society organizations are fragmented, located at different institutions and rather incomplete. The Statistical Office of the Slovak Republic gathers data on CSOs periodically and selectively (with a partially overlapping sample in every wave). It gathers data on economic activity, human resources and selected issues (e.g. IT connectivity or technological readiness). The data is available in the system of national accounts and labeled “Nonprofit Institutions Serving Households”, which include other types of institutions (e.g. political parties).

Some data on CSOs can be accessed in aggregated form through the Slovstat database, which is available online and features CSOs under “Non-market services” (Štatistický úrad SR 2011). These services include not only CSOs but also governmental agencies and health insurance organizations. The classification of nonprofit organizations in the statistics (SK NACE) is unfortunately of little relevance to CSOs in practice, since the data structure does not correspond well to their typical fields of activity. The database includes data on the workforce, types of income and number of registered organizations. The absence of a satellite account on nonprofit organizations makes it difficult to obtain a comprehensive overview of the CSO sector (Strečanský et al. 2014).

#### Size and Role of Civil Society

According to the Statistical Office, there were 52,278 nonprofit organizations in Slovakia in 2014. This number includes 33,894 associations, 10,162 homeowners’ associations, 3,427 church-established organizations, 2,707 nonprofit organizations providing publicly beneficial services, 878 interest associations of legal entities, 497 non-investment funds and 443 foundations (Štatistický úrad SR). The growth in the number of nonprofit organizations over time can be seen in Table 3.4.8 in the Annex, which shows that there has been constant growth in the number of associations.

Data on the breakdown of the CSO sector by field of activity are not available. However, based on employment and volunteering data, it can be suggested that the Slovak CSO sector is most developed in the areas of education, sports and recreation as well as social services. Education and membership organizations are the most frequent fields of activity of CSOs with employees (Table 3.4.2). Among membership organizations, hobby, religious and youth organizations dominate.

Given a population of 5.4 million inhabitants, the per capita ratio is 1:103. The GDP output of nonprofit organizations reached EUR 729 million in 2013. This represents 0.98% of the country’s GDP (Štatistický úrad SR 2015). Comparing the data from 2014 with 1996, we can see that the share of GDP has decreased significantly, from 1.7% to 0.98% (Woleková et al. 2000). In total, there were 34,194 employees (full-time equivalents) and 65,502 short-term employee contracts in the Slovak CSO sector in 2014. This represents 1.53% of the country’s total employment, which came to 2.22 million in 2014 (Štatistický úrad SR 2014). Compared to the data from 1996, the share of employment in the CSO sector has increased from 0.92% to 1.53% (Woleková et al. 2000).

The largest share of the workforce (18,540 employees) is employed by nonprofit organizations providing publicly beneficial services, followed by 3,900 employees of church-related organizations. Overall, employment in the CSO sector is stagnating (Figure 3.4.3; Table 3.4.2).

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9 For example Miroslav Trnka, successful entrepreneur and partner in a major Slovak IT company called ESET, is known publicly for his effort in founding the “Let’s Stop Corruption” Foundation. It is also widely known that the current president, Andrej Kiska, established and for many years funded the “Good Angel” charitable system that motivates the public to make repeated donations to families whose members are struggling with cancer or other serious diseases. “Small” individual donors, who donate an average of EUR 10-20 to charitable causes, participate in public collection campaigns that are mostly anonymous. The revenues from public collections in both offline and online spaces have increased every year for the last five years.

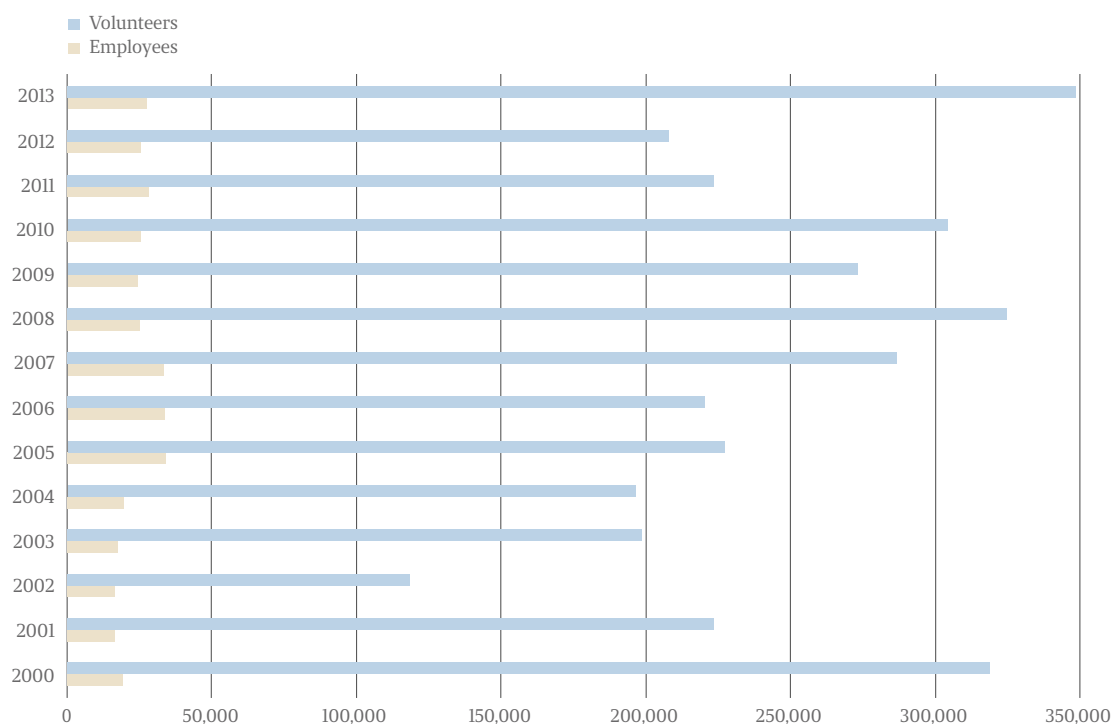


Figure 3.4.3: employees (FTEs) and volunteers in nonprofit organizations (2000-2013)<sup>10</sup>

As for volunteers, various sources suggest that they are the main driving force behind the CSO sector in Slovakia. According to the Statistical Office, the overall number of volunteers in the CSO sector reached 348,762 in 2013 (Figure 3.4.3). In terms of fields of activity, voluntary engagement is highest in sports and hobby activities and in membership organizations (Table 3.4.2). In recent years, an increase in volunteer engagement in social services and in religious organizations has been visible<sup>11</sup> (Table 3.4.2). However, the statistical data on volunteering do not provide a full picture. Other sources, such as representative public opinion surveys, report that approximately one third of the population participates in formal and around half in informal volunteering (Brozmanová-Gregorová 2012).

<sup>10</sup> Source: Štatistický úrad SR 2014

<sup>11</sup> Religious organizations are classified as membership organizations (94).

Field of activity (SK NACE Rev. 2 <sup>12</sup> )	Average no. of employees		No. of volunteers	
	2011	2014	2011	2014
68 Real estate activities	29	835	10,605	7,911
70 - 82 Scientific, administrative and support service activities	140	159	20	19
85 Education	9,190	11,333	1,316	1,287
86 Human health activities	6,515	2,540	72	127
87 - 88 Social work activities	2,632	4,247	6,468	10,270
90 - 91 Arts, libraries, archives, museums and other cultural activities	66	117	838	656
93 Sports activities and amusement and recreation activities	831	1,349	55,802	79,086
94 Activities of membership organizations	8,686	12,486	147,712	167,631
<b>Total</b>	<b>28,089</b>	<b>31,955</b>	<b>222,833</b>	<b>266,185</b>

Table 3.4.2: average number of employees (FTEs) and volunteers per selected field of activity (data for 2011 and 2014)<sup>13</sup>

It should also be noted that voluntary engagement is facilitated not only through CSOs, which play the most important role, but also through municipalities. Other research suggests that volunteers are mostly engaged in social services, environmental and cultural fields, and that they work either to support the organization or to provide assistance to other people (Brozmanová-Gregorová 2012). Informal volunteering is most frequent at the neighborhood and community levels (Brozmanová-Gregorová 2012).

### Culture

In 2014, around 117 persons were employed in the fields of creative, arts and entertainment activities as well as libraries, archives, museums and other culture activities within the CSO sector. This number seems rather understated.<sup>14</sup> In addition, other sources indicate that the number of volunteers in the sphere of culture is higher than the figure reported in the statistics in Table 3.4.2 (Brozmanová-Gregorová 2012). According to those sources, the cultural sphere is the third most prominent area of voluntary engagement and it exhibits a growing tendency (Brozmanová-Gregorová 2012, Bútorá et al. 2011).

One kind of innovation that has emerged in the last 5 to 10 years is that of independent cultural centers in different parts of the country (Kultúrne centrum Stanica – Žilina Záriečie, Tabacka Košice, Divadlo Potôň, Kultúrne centrum Záhrada Banská Bystrica, and others). These centers concentrate various civic initiatives and cultural activities around them and offer space for creative, artistic self-expression, the production of non-mainstream art, and reflection on societal issues. There are also cultural initiatives in many areas, mainstream or independent, that reach out to various sub-cultures and work to break down barriers and stereotypes (e.g. Divadlo bez domova, Divadlo z pasáže in Banská Bystrica, Nová Synagóga in Žilina). CSO initiatives in culture are often both innovative and impactful.

The cultural activities of CSOs are important not only in urban, but also in rural settings. The folk culture movement – music, dance, local traditions, fairs, and festivals – is an important part of leisure and community life in rural areas and engages a large number of informal volunteers. Another sub-field for informal volunteer engagement is the protection and revitalization of cultural heritage (castles, conservation of ruins or folk architecture, and other cultural-historical elements in the country).

12 SK NACE Rev. 2 is the statistical classification of economic activities of the Statistical Office of the Slovak Republic. Its purpose is to categorize data that are connected with economic subjects as statistical units. It is fully compatible with the European classification (NACE Revision 2). The term "NACE" is derived from the French Nomenclature statistique des activités économiques dans la Communauté européenne. Various NACE versions have been developed since 1970. NACE is a four-digit classification providing the framework for collecting and presenting a large range of statistical data according to economic activity in the fields of economic statistics (e.g. production, employment and national accounts) and in other statistical domains developed within the European Statistical System (ESS). NACE Rev. 2, a revised classification, was adopted at the end of 2006, and its implementation began in 2007. The first reference year for NACE Rev. 2 compatible statistics is 2008, and since that time NACE Rev. 2 has been applied consistently to all relevant statistical domains (Štatistický úrad SR 2007, Eurostat 2016).

13 Source: Štatistický úrad SR 2016

14 The official statistics (Slovstat open access database) seem to provide insufficient data in this field of activity. The actual number may be higher, but no other statistical data is available to confirm this assumption.

Impactful	Kultúrne centrum Stanica - Žilina	Community cultural space that facilitates critical cultural activities in Žilina in connection with civic action.
	Anténa - Sieť pre nezávislú kultúru	National network of cultural organizations aimed at strengthening independent culture.
Innovative	Vnútroblok	Initiative that encourages neighbors to recultivate abandoned public yards in the city to create community gardens.
	Divadlo Potôň	Theatre group that connects dramatic art with pressing societal problems; aimed at critical thinking development and public outreach as well as the promotion of tolerance and acceptance of ethnic and social diversity.

Table 3.4.3: examples of civil society actors in the field of culture

### Social Services

Statistical data suggest that there has been substantial growth in the field of social services in terms of volunteer engagement and employment (Table 3.4.2). This is one of the most prominent fields in civil society in Slovakia.

Social services are fully under the authority of local and regional government, but many parameters of social service delivery are defined by the central government. CSOs active in the field of social care face a legal and institutional framework as well as regulatory requirements that prevent them from pursuing a human-centered approach in their work. CSOs that operate social services are often considered an “outside” element that competes with municipal social care institutions. It is assumed that nonprofit social service providers offer better and alternative services, and improve the quality of public services in general by providing increased choice and different approaches to clients (Woleková 2004, Strečanský 2014).

Social service CSOs can be grouped into three categories:

- i) Direct social service providers (CSOs) that provide comprehensive services to particular target groups (battered women or people with particular physical or health disadvantages, social protection, street work, sheltered workshops), community (community social services) or humanitarian services. Unlike the area of education, the field of social care is characterized by a larger number of faith-based organizations.
- ii) Advocacy and support infrastructure organizations in the field of social services. These include CSOs that advocate for a human-rights based approach to social work aimed at various vulnerable groups, such as the elderly, children and disadvantaged people. There are also CSOs that act as support organizations (Association of Advisors in Social Work, Council for Social Work Advising), self-organized umbrella platforms and associations of care-providing CSOs (SocioForum, Association of Non-State Social Service Providers, Association of Low-Threshold Projects, etc.) and foundations (SOCIA Foundation, Children of Slovakia Foundation) supporting CSOs in category i) above.<sup>15</sup>
- iii) Voluntary informal groups at the community level, which are involved mostly in activities promoting the prevention of some negative behavior (awareness raising, free-time activities) or helping people in crisis (Bútora et al. 2011).

Impactful	SOCIA Foundation	Foundation supporting social change and the development of an alternative, non-state network of modern social services.
	Epic	CSO that provides community-based social services supporting the employability and employment of vulnerable groups.
Innovative	Návrat	CSO promoting the return of abandoned or orphaned children from institutional care to foster family care.
	ETP Slovensko	Community-based social services and housing development, savings schemes in marginalized Roma communities.

Table 3.4.4: examples of civil society actors in the field of social services

<sup>15</sup> In Slovakia, the particular human rights approach (or human-centered approach) in social services is one of the most significant paradigmatic changes that arose in this area after the Velvet Revolution. For this reason, networks and infrastructure organizations that advocate for progressive change in social service practices have also been included in the field of social services.



## Advocacy

One widespread narrative about the Slovak CSO sector is that its advocacy arm has grown disproportionately to the service arm due to domestic political development in the 1990s, when civil society was endangered by the adversarial policies of the state (Bútora et al. 2012, Demeš 2014, Dostál 2003, Strečanský 2008).

The statistical data does not provide a precise picture of employment and volunteering in advocacy CSOs. This is because the classification of advocacy activities in the statistics is not very clear. In the Slovak CSO realm, there are not that many “pure advocacy” CSOs. However, many CSOs provide services and also act as advocacy actor in a related area due to the problems they face in primary service delivery. Some of the advocacy initiatives focus on improving the functioning of the public sector in areas such as social care, environmental protection, rule of law, transparent governance or the judiciary. Typically, they choose areas in which the systems are not value oriented, human-centered, violate civil or human rights or are inefficient and/or corrupt. The agenda of advocacy CSOs is typically driven by a public interest that justifies their cause by allowing citizens to participate in the decision-making process.

Another segment of advocacy activities is focused on substantial or value-based agendas that provoke public debate. Most recently, in 2014, such an initiative was the Referendum for the Family by the Christian advocacy group Alliance for the Family. This group aimed to strengthen pro-family values in the legislation and narrow the rights of the LGBTI community in Slovak legislation. The advocacy field is shaped mostly by the interaction of CSOs with the state (or other government/public-sector institutions) rather than by interaction with the business sector. This reflects the statist tendencies in the state administration (Strečanský 2004).

Impactful	Via iuris	Organization that monitors and promotes reforms in the judiciary in order to be more effective in serving the best interest of justice.
	Alliance for the Family	Interest group of Christian organizations aiming at strengthening pro-family policies (limiting abortions, sexual education) and not expanding legal protection for the LGBTI minority.
Innovative	Fair Play Alliance	Watchdog CSO focusing on uncovering relationships between political parties and economic interests.
	Slovak Governance Institute	An organization that works to develop solutions in public governance to improve efficiency and responsiveness to citizens.

Table 3.4.5: examples of civil society actors in the field of advocacy

## Social Enterprises

Social entrepreneurship in Slovakia is still in its infancy. However, the roots of social entrepreneurship reach back to the mid- to late 19th century, which saw the emergence of a variety of cooperatives and mutual unions (school savings unions, credit unions or purchase cooperatives) that can be considered the predecessors of a modern social economy. The communists deformed the cooperative movement in the post-war period, and while there are still over 1,500 cooperatives today, they lack certain elements of the modern cooperative movement (Strečanský & Stoláriková 2012).

Until now, social entrepreneurship has been driven mostly by funding instruments offered to social enterprises by the government using European funding, and this strategy has yielded only partial results. In 2008, there was a major scandal associated with these subsidies, and social enterprises were cast in a negative light. According to the official list maintained by the Ministry of Labor, Family and Social Affairs, there are 96 social enterprises in Slovakia that are registered as such under the Law on Employment Services with the aim of employing the long-term unemployed and serving other work integration purposes. The law stipulates firm conditions, such as the percentage of employees classified as disadvantaged job-seekers that have to be employed, or the requirement that 30% of revenues gained through economic activities are to be reinvested. Out of the 96 registered social enterprises, approximately half are limited liability companies and the rest are registered as CSOs (Ústredie práce, sociálnych vecí a rodiny 2014).

The nature of the development of the social economy concept in Slovakia is based on the adoption of a law that defined this space rather narrowly and on the nature of funding instruments that did not manage to leverage the non-financial added value of social entrepreneurship (Strečanský & Stoláriková 2012). In the civil society sector, there are also other positive examples of social entrepreneurship that exist in parallel to the official concept; for example, sheltered workshops such as Z dobrých rúk, rehabilitation services for children with health impairments such as Svetielko nádeje, or the operation of bistros that employs homeless people, such as Café Dobré-Dobre. Infrastructure support for these CSO initiatives is ably provided by the Provida Foundation through its program “Aj ryby vedia lietať” (Even fish can fly), which provides financial support in combination with coaching and mentoring technical assistance to aspiring social enterprises (in a broader sense).

Impactful	Svetielko nádeje	Provision of accessible health rehabilitation services for children with polio.
	Provida Foundation	Financial and technical support, coaching and mentoring for social enterprises.
Innovative	Vagus	Café Dobré-Dobre, a bistro operated by homeless clients.
	Z dobrých rúk	CSO that markets products from sheltered workshops, building a supplier-consumer chain.

Table 3.4.6: examples of social enterprises

### 3.4.4 Trends and Outlook

Civil society in Slovakia has changed over time. For today's observers, it is hard to predict which of the many changes that we can identify today will gain strength and will impact the future development of the CSO sector. In spite of the problematic political and economic context, there has been observable growth in the quantity and quality of CSOs in the last 5 to 10 years. There have also been positive developments, as growth has been observed in private giving as well as non-institutionalized associations and cross-sectoral collaborations. This trend can be expected to continue in the future. Very recently, new challenges emerged for Slovak civil society, in particular the rise of "uncivility" and polarization in society and the growth of right-wing political movements. These challenges have been captured in the WU Vienna survey, and it remains to be seen how pro-democratic civil society will respond to them.

In this context, the ability of civil society organizations in Slovakia to address social and economic problems is compromised by their persistent underfunding or poor quality funding, which impacts the overall institutional development and capacity of the CSO sector. The partnership of CSOs with the government in general is more formal than real. Their relationship has an impact on public services, where the public sector often perceives CSOs as competitors. For example, general reforms in the field of education or social care have not progressed in the last decade despite the fact that various CSOs are active in those fields.

The aforementioned survey of civil society experts provided some evidence about the nature and scope of these trends, and it provided some evidence that changes in the Slovak CSO context are significant and may also influence future developments in the CSO sphere (Table 3.4.7). However, none of these developments seem to stick out as the most dominant.

As mentioned earlier, private donations from individuals represent one form of civic participation which shows positive development. However, some contradictions can be identified in this area as well. A comprehensive sociological survey observed a decline in civic participation (Bútorová & Gyarfašová 2010). This decline can be associated with the feeling that the key efforts requiring an outburst of civic energy are in the past, the situation is "normal" and the everyday nature of the market economy and growing individualism and consumerism are counteracting civic participation. At the same time, there is hard evidence of a rise in private giving. The amounts collected in various public campaigns or through the emergence of new private initiatives are growing (Ľudia ľuďom 2016). This applies not only to anonymous public collections, but also to economically and socially more significant initiatives of new donors who have emerged among successful entrepreneurs. For example, the owners of HB Reavis Group, a real estate and development company, have launched several educational initiatives (Leaf Academy 2016).

Another significant trend reported in the survey of experts that has been visible in the past few years (Bútorová et al. 2011) is the tendency of younger civil society groups to organize informally on an ad hoc basis and to avoid the traditional institutionalism of CSOs. This is partly due to the growing influence of social media and digital communication, which are especially popular among younger generations. New media and technologies have had an influence on ways of organizing and communicating civil society, both to the general public and internally. There is a tendency toward frequent but shorter communication outputs. Social mobilization, activism and community organizing are often initiated and developed through social networks and online tools.

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### More private donations

Donations from individuals, companies and philanthropic institutions will increase, also thanks to new technology.

*"There is a growing number of individuals (ordinary as well as wealthy) who see that their role as citizens is also to contribute in the public space. [...] Individual donors will be a promising fundraising pool to tap into."*

*"Individuals will grow in their philanthropic support to civil society organizations. [...] A growing number of successful businesspeople will increase the number of major donors to different causes."*

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### Rise of right-wing politics and polarization

The rise of populist and right-wing politics could continue, promoting polarization in society.

*"In recent years, there has been an increase in spreading views targeted against the human rights of minorities and women fueled by the church, religious groups and politicians, which has also negatively affected relevant civil society organizations. The recent elections showed a growing tendency toward extremist and nationalist political views, which will presumably lead to a deepening of such negative trends in the coming years as well."*

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### More cross-sectoral collaboration

Increased collaboration between civil society organizations and other CS actors, public institutions and private companies.

*"Not only cooperation within the civil society sector will gain relevance, but also cross-sector partnerships will be more and more important in order to tackle complex problems."*

*"I feel like there is more and more co-operation across various sectors, both with government and others such as businesses, media, academia, etc."*

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### Emergence of non-institutionalized initiatives and movements

Diversification of the CSO space and emergence of initiatives without formal registration, using virtual space for organizing.

*"This is more an impression based on anecdotal than empirical research evidence. But various sources report on the growth of initiatives that are relatively short-lived, not institutionalized, that can be mobilized through social networks and organized for effective action, but also can disappear very fast. An example is the refugee crisis – despite the existence of several humanitarian NGOs, the most effective initiatives were spontaneously organized, mobilized many volunteers and provided support (health, social work) at the Hungarian-Austrian border or Serbian-Hungarian border."*

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Table 3.4.7: frequently mentioned trends and sample quotes<sup>16</sup>

However, as recent qualitative research shows, digital activism does not lead to the mobilization of citizens to support "civic values" alone (Bútora et al. 2011). The anonymity of the Internet also contributes to the spread of "uncivil" values; anti-Roma, xenophobic, nationalistic or otherwise extremist movements and polarizing views are very popular in the online space. The roots of the rise of uncivil movements not only lie in the present international context (refugee crisis, debt crisis, EU institutional crisis), but also in the specific nature of domestic developments in the past. After the financial and economic crisis in 2009, Slovakia – like the rest of Europe – witnessed protest movements that mobilized various societal groups around the issues of corruption, misuse of public funds and overall disappointment with the political class, nepotism and clientelism.

The fact that none of the above trends stands out as a dominant one corroborates the diagnosis that Slovak society exhibits ambivalent confusion and controversy around European values, diversity and pluralism. There are both skeptical and optimistic experiences with civic engagement, the democratic political process and private efforts for the common good. Active participation and initiatives, volunteering and participation at the local level take place in parallel to the newly emerged phenomena of the far right and anti-politics movements. The last few years have also brought visible growth in urban community organizing, neighborhood initiatives and public space rehabilitation by civic initiatives and young people, especially students and young professionals. There are positive signs of growth in private giving and volunteering as well as cross-sector collaboration. It remains to be seen which of these different developments will have the greatest impact on the country in the future.

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16 Source: Expert Survey 2016

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# ANNEX

CSOs	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
TOTAL	17,814	21,282	23,566	26,210	26,106	29,260	32,514	35,643	38,081	39,874	42,395	44,176	46,273	45,480	49,101	52,278
Associations	9,942	11,685	12,903	14,654	14,588	16,346	18,420	20,375	22,113	23,651	25,460	26,991	28,648	28,205	31,989	33,894
Religious organizations	2,986	3,270	3,356	3,128	3,122	3,120	3,170	3,208	3,241	3,283	3,333	3,354	3,367	3,360	3,412	3,427
Housing associations	3,335	4,614	5,426	6,304	6,334	7,013	7,674	8,339	8,794	9,082	9,421	9,642	9,790	9,738	10,122	10,162
Nonprofit organizations providing publicly beneficial services							1,030	1,439	1,610	1,628	1,869	2,101	2,302	2,111	1,827	2,707
Foundations	456	491	518	530	402	429	458	483	493	382	412	426	439	416	328	443
Interest associations of legal persons	392	504	575	614	611	751	848	928	972	1,020	1,070	810	834	809	837	878
Non-investment funds	230	279	297	341	370	426	457	481	483	454	470	484	504	483	344	497
Professional chambers	205	218	225	141	116	106	102	101	93	88	94	93	94	94	72	83
Health contributory organizations					53	288	95	41	41	41	41	34	34	32	24	33
Other	268	221	266	498	510	781	260	248	241	245	225	241	261	232	146	154

Table 3.4.8: number of nonprofit organizations (1999–2014)<sup>17</sup>

## **Chapter 4**

# **Country Reports: Croatia and Slovenia**



## 4.1 Country Report: Croatia

Gojko Bežovan, Jelena Matančević, Danijel Baturina

### ABSTRACT

Civil society in Croatia was rediscovered in the early 1990s, when civil society organizations (CSOs) were most notably active as humanitarian organizations, with financial and technical support from international organizations. After a period of unfavorable socio-political conditions for civil society development in the 1990s and mutual distrust and conflicts between CSOs and the government, after the early 2000s CSOs started to gain a more prominent role in governance, and a more favorable legislative, tax and institutional framework started to develop. Still, the persisting problem of low levels of trust in civil society and its poor potential for building social capital seem to be a lasting barrier to strengthening Croatian civil society. Recent changes in the legal and tax framework have once again imposed restrictions on civil society and the freedom of association; this has been accompanied by a negative media portrait of civil society, especially in times of crisis. The process of EU accession and Croatia's EU membership since July 2013 resulted in the Europeanization of different policy processes, including the policy toward civil society. In addition, funding provided by the European Union will gain even greater importance in the near future. Notwithstanding the above-mentioned barriers, CSOs in Croatia have become a relevant actor in service provision over the past 25 years, mostly as a response to growing unmet social needs and as social innovators. The role of CSOs in personal service provision is expected to grow further, also opening space for the further development of social entrepreneurship. This is in line with the expected trend of growing professionalization among CSOs, especially given the available EU funds and the legislative trends toward increasing bureaucratization and professional demands.

### 4.1.1 Introduction

Civil society in Croatia was rediscovered in the early 1990s, when civil society organizations (CSOs) were most notably active as humanitarian organizations, with financial and technical support from international organizations, and in the circumstances of the war and the specific social problems and needs of war victims. In the period that followed, up until the late 1990s, the relationship between civil society and the undemocratic government was rather conflictual, which led to a negative public image of CSOs, which are largely referred to as NGOs (non-governmental organizations). From the early 2000s onwards, the institutional framework, the policy environment and the general socio-political environment of civil society have been improved under the coalition government (Bežovan 2005).

The most visible areas of civil society activities are as follows:

- Well-organized social welfare CSOs whose strong infrastructure originated during the socialist era. They are able to draw on stable public financing, but are characterized by a lack of new initiatives and social enterprise initiatives.
- Professional associations devoted to various activities, which are becoming important in education and training, as well as initiatives for self-regulation are recognized as partners by other stakeholders. Moreover, they are important actors in mobilizing support for new initiatives, e.g. around policy issues, legislation, etc.
- Local organizations established after 1990 with substantial foreign support and well-educated and skilled employees, functioning on principles of social entrepreneurship and developing innovative programs, mainly in social services, with missions and visions that are recognizable to potential partners.
- A small number of better-developed organizations in terms of skilled staff and funding, including human rights groups, women's organizations and organizations dealing with democratization; these organizations are linked to international networks and financed mostly from abroad without wider support from local stakeholders. They frequently attract high media attention.
- A small number of social and ecological organizations which are frequently organized around the self-help principle and promote innovative approaches, mobilize membership and local resources, and attract reputable figures from public life. Humanitarian organizations with broader support from all respective stakeholders are a very visible part of this development.

The size of the civil sector has increased considerably in the last 25 years. The number of associations increased from 12,000 in 1990 to some 53,000 at the end of 2015. However, active membership in CSOs is still a challenge, as can be seen in the insufficient level of civil engagement and the considerably sparse actions in local communities. Croatian civil society is still a phenomenon concentrated in larger cities and in better developed parts of the country. The low level of trust between the CSOs results in rather poor networking and insufficient cooperation, which reduces their development potential. Funding problems remain the main issue and pose an obstacle to sustainable civil society development. This development considerably depends

on investment in human resources, which can contribute to the competencies of CSOs as partners. The socio-economic framework – i.e. the economic crisis – is still having a negative impact on civil society development. The tax framework for civil society development is very vulnerable to arbitrary changes at instances of each government change. Stimulating tax incentives do not correspond with public goods produced by CSOs, and in public debates civil society is often accused of money laundering. The subsidies granted by various levels of state to civil society are rather respectable and should become a constitutive part of systematic cooperation policy between the state and CSOs from the local to the national level. In early 2016, the national funding program for civil society was threatened by the recent change of government (Bežovan and Matančević 2016).

The corporate sector has shown gradually increasing interest in cooperation with civil society actors. These changes have been observed primarily at the local level among small and medium-sized businesses. Dimension of values indicates that CSOs exercise and advocate civic values, but that these efforts are frequently not recognized as such by the public. The corruption issue in some CSOs reflects a negative image of the sector, and therefore the calls for increased financial transparency appear to be justified. Civil society is still more reactive to problems and to a lesser extent proactive. CSOs have a particularly distinct profile in the area of environmental protection, whereas their activities are rather restricted in programs aiming to combat poverty.

The impact of CSOs is evident in some priority areas, such as social policy, environmental protection and human rights issues. In these areas, civil society appears as a vanguard in establishing new institutional infrastructure to meet rising social needs. Civil society is far from becoming a relevant watchdog that holds the government and the corporate sector accountable. The widespread mistrust present in Croatian society also applies to CSOs. Their members do not exercise or advocate higher civil norms and values than the citizens who are not members. Consequently, CSOs do not appear to be specific “generators” of bridging social capital.

Civil society is currently in the process of building relationships of trust and partnership with other stakeholders. Local media has shown higher interest in this respect as well. At the local level, considerable space for dialogue is being created and new networks are being established; these could be the pillars of positive social change. The process of accession to the EU and Croatia's membership in the EU since July 2013 have resulted in the Europeanization of different policy processes, including policy toward civil society. There have been some notable improvements and “cognitive Europeanization” appears to be taking place. The principles of good governance, openness, accountability, participation and consultation, among others, have become an integral part of the public discourse on civil society. Notwithstanding the still-limited impact of civil society as perceived by its representatives and other stakeholders, it can be said that civil society organizations now act as co-governors in some important policy areas.

The dominant types of CSOs are associations, and the establishment procedure, which requires three citizens, is relatively easy. As legal persons with property dedicated to public purposes and with a rather complex procedure of registration, foundations are less prevalent. Public-benefit corporations provide public services on a nonprofit basis and can be an appropriate legal form for social enterprises. Cooperatives were not perceived as part of civil society until recently, when the legal form of social cooperatives as nonprofit organizations was established. The earlier perception was related to negative experiences from the socialist era of development, when people were forced to join cooperatives. Church organizations are mostly visible in the activities of Caritas, and trade unions are not considered CSOs in Croatia.

During the last 25 years, the media has paid more and more attention to civil society activities and provided grounds for CSOs to become respected stakeholders in all fields of life. In general, local media is more open to civil society activities. Besides that, civil society has been depicted with the negative image of parochial organizations with close ties to political parties.

#### **4.1.2 Historical Development and Main Actors**

##### **Historical Development**

The activities of civil society were more or less suspended during the authoritarian regimes established during and after World War II. Under the communist regime, the freedom of association was extremely restricted, and all interest groups involving recreation, sports and cultural organizations became part of the state-controlled system. In general, the communist regime had a profound and long-lasting impact on the development of civil society; the effects can still be seen today and will be difficult to overcome in the foreseeable future. In particular, this legacy manifests itself in the mentality of the citizens, who do not have experience with self-organization or taking on social responsibility, since they consider it the responsibility of the state to solve their problems. On the other hand, the Croatian government shows a paternalistic attitude toward citizens, and only members of certain political parties gain access to employment in certain public services. As a result, citizens have a high level of mistrust in state institutions and in each other.

In the late 1980s, independent initiatives of intellectuals as well as ecological, human rights and women's groups arose in Croatia. The rise of civil society in the late 1980s was linked to the creation of a multiparty political system, with some civil initiatives subsequently transforming into political parties. For example, the first registered political party in Croatia was originally a civic initiative launched by intellectuals (Bežovan 2005).

The war for the country's independence (1991–1995) impeded the development of a democratic and vibrant civil society. When considering the development of civil society in Croatia over the past 25 years, it should be noted that its development in the 1990s was influenced by a considerably unfavorable political and policy environment. The non-democratic government during that period used the media to defame the NGO sector. The government's accusations that such organizations are foreign hirelings and spies had a strong impact on the public's attitude toward CSOs.<sup>1</sup> Several studies reported on the citizens' negative attitudes toward CSOs (Ledić and Mrnjaus 2000, B.a.B.e. 2002), and today these attitudes are still recognizable in certain parts of the population.

At the beginning of the 1990s, the growth and activities of civil society organizations were predominantly developed through humanitarian work in the context of the Homeland War and the subsequent humanitarian and social crisis, with significant financial and technical assistance from abroad. However, such incentives for development were often donor-driven, and such programs were not embedded in the local context. A significant part of Croatian civil society was described as "imported, virtual civil society" which was primarily funded by foreign donations. Such programs led to foreign donor dependency, and the later withdrawal of foreign funds led to increased financial instability among CSOs. However, it has also been shown that foreign technical and financial programs contributed to the development of some important social services (Bežovan and Zrinščak 2007, Bežovan 2008).

During the 1990s, cooperation and dialogue between CSOs and the state were fairly limited and dominated by conflict. Under pressure from abroad, the government established the Government Office for Cooperation with NGOs in 1998. The Office contributed considerably to increasing the transparency of funds allocated to associations from the state budget, and it organized several education programs that were attended by representatives of CSOs, the state and, most importantly, local authorities. Two important initiatives of the Office were the establishment of the Council for Civil Society Development in 2002 and the National Foundation for Civil Society Development in 2003. In the late 1990s, CSOs played an important role in ousting the authoritarian regime and installing a truly democratic political system. In 2002, under the mandate of the new coalition government which was positively inclined toward the idea of civil society, better cooperation was established between the state and CSOs, and the latter were frequently invited to cooperate in the implementation of various projects.<sup>2</sup> However, a number of experts considered this cooperation merely declarative, as a part of proactive ideology, and not a true contribution to establishing successful partnerships between the state and civil society (Bežovan 2005). There were also cases in which the government did not honor its commitments to partners in the civil sector. While the government theoretically proclaimed the need to cooperate with civil society, little was done to foster such collaboration in practice (Government of the Republic of Croatia 2004).

In Croatia, legal regulations pertaining to civil society were passed rather late; this is particularly true of the reform of the tax system and the introduction of the Associations Act, which was passed in 1997 to regulate the establishment, registration and activities of civil society organizations. In passing this act, the government was not willing to consider comments and proposals from independent experts or associations. After being proposed by CSOs, the Constitutional Court of the Republic of Croatia abrogated 16 provisions of the Associations Act, because they violated the constitutional right of association. This experience had negative impacts on civil society's development and has undermined the trust of CSOs in institutions (Bežovan 2005). One of the primary issues that arose from the research in 2001 (Bežovan, 2005) was the legitimacy of CSOs, which were seen as puppets of international aid organizations (Bežovan 2005). In 2001, civil society in Croatia was an agenda item for international development agencies, which used their programs to work toward establishing a global civil society, but created one that was viable only as long as the financial resources continued to come from abroad. Therefore, civil society was seen as speaking a "foreign" language and as lacking roots in local communities and in the consciousness of Croatian citizens. Due to the absence of such a basis in Croatian society, the public was unwilling to acknowledge those agencies as stakeholders in contemporary development projects and required CSOs to justify both their existence and activities.

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1 The Open Society Institute Croatia and other donor organizations were threatened by the government and frequently exposed to attacks by the media-controlled government.

2 Coalitions of CSOs were part of the "get out the vote" campaign for oppositional political parties. From that period until today, the conservative HDZ party sees liberal CSOs as supporters of left-wing political parties.

Foreign influence contributed to the “NGO-ization” of civil society organizations and to a new type of activism which gained political relevance at the expense of grassroots and other dissident movements. Programs of activities and reports on achievements were written in English without consultations with local stakeholders. This development increased the gap between citizens and civil society organizations, and contributed to the massive rise of new channels of popular discontent that began to be driven by xenophobic, nationalist or conservative actors. Against this background, it is not surprising that civil society has been perceived as weak with regard to its ability to engage citizens (Bežovan 2016).

A more favorable policy and tax framework for civil society development has been created since the coalition government came to power in 2000 (Bežovan and Zrinščak 2007), and the period of EU accession and membership has had a more profound impact on the visibility and importance of civil society as a recognized stakeholder at the local and national level (Bežovan and Matančević 2016).



Figure 4.1.1: timeline of key events for civil society

### Funding Sources

In examining funding resources for civil society over the past decade, the Civil Society Index (CSI) 2008-2010 research on Croatia (Bežovan and Matančević 2011) found that more than two thirds of CSOs in research had stable financial resources, which indicated an improvement in comparison to the earlier wave of CSI research (Bežovan and Zrinščak 2007). However, the CSI already depicted the negative consequences of the beginning of the financial crisis on CSOs' funding. According to the USAID CSO Sustainability Index, in the past few years there has been a decrease in funding for CSOs from public sources, including local government budgets. Representatives of CSOs also cited the problem that financing is often not timely (USAID 2014).

According to the annual reports on public funding of CSOs for 2014, almost one third of all funding came from local governments (cities' budgets), followed by the lottery<sup>3</sup> (21%) and the national budget (17%). In terms of individual sources, the greatest share was allocated by the Ministry of Science, Education and Sports (28% of total funds from public sources), followed by the Ministry of Social Policy and Youth (24%), the Ministry of Culture (15%) and the National Foundation for the Development of Civil Society (NFDCS) (6%). In terms of fields of activity, the greatest share was allocated to support socially marginalized persons and persons with disabilities, and sports (23% and 22%, respectively) (Government of the Republic of Croatia 2015).

Concerning the structure of funding, CSOs in Croatia are financed from various sources; however, domestic sources prevail (Bežovan and Matančević 2011). It can be said that cities and different ministries provide financial support for the greatest number of CSOs. Over 60% of all CSOs receive funds from the government at different levels. Membership fees, often only symbolic, are also a source of income for a large number of organizations. Founded in 2003, the National Foundation for the Development of Civil Society has proven to be an important national funding source by providing donations and “institutional support”. Although regional and local governments provide support for the largest number of CSOs, this revenue constitutes a relatively small share of their total revenue.

3 According to the Law on Games of Chance (National Gazette 87/2009), the government decides annually on allocating part of the revenues from the lottery to fund CSO programs in particular fields, such as sports, culture, humanitarian aid, persons with disabilities, drug prevention, etc.

When it comes to corporate philanthropy, the earlier CSI (2003-2005) already noted that some better-developed business actors were implementing the practice of corporate social responsibility (Bežovan and Matančević 2011).

Civil society organizations (or, more precisely, nonprofit organizations – NPOs) in Croatia enjoy certain tax benefits. An enabling fiscal framework for CSOs was created rather late, after the 2000s. In the past, civil society organizations did not enjoy public trust, and citizens and corporations did not receive tax benefits for donations to CSOs, which was explained by the political establishment's suspicions regarding the non-transparent operations of CSOs (Bežovan 2008). Today, citizens and corporations (physical and legal persons) can donate up to 2% of their income for the common good and deduct that amount from their taxes. Furthermore, NPOs do not pay tax on profits or on membership fees, and they can receive tax-free donations. Donations, endowments, grants, membership fees and contributions from public funds are not subject to income tax. Imported goods delivered to humanitarian and certain other organizations are also exempt from customs duties (Bežovan 2008).

### **Institutional Environment**

Examining the environment for civil society development over time, the research conducted for the Civil Society Index (Bežovan and Zrinščak 2007, Matančević and Bežovan 2013) indicates that the dimension of the environment has shown the most significant improvement. Over the past ten years, there have been some notable developments with regard to the legal and policy framework for civil society. Some changes to institutional arrangements have also been made, such as the establishment of the Government Office for Cooperation with NGOs in 1998, the Council for Development of Civil Society, the National Foundation for Civil Society Development in 2003 (as well as regional foundations), and the Social Council of the City of Zagreb (Bežovan and Matančević 2011). These institutions were also named in the expert survey as important in supporting civil society.<sup>4</sup>

On the other hand, the heritage of paternalism and the strong role of the state with its negative impact on civil society development have been recognized as negative features and long-lasting barriers in the socio-political environment of civil society (Bežovan and Zrinščak 2007, Matančević and Bežovan 2013). The development of the relationship between the state and CSOs was characterized by mistrust in civil society especially in the 1990s, and that relationship still seems to impede the development of civil society. According to the Civil Society Index survey (Bežovan and Zrinščak 2007, Bežovan and Matančević 2011), there is still a perception that the state interferes excessively in the activities of CSOs and maintains a paternalistic attitude. Some more recent research (Bežovan et al. 2013, Matančević 2014, CERANEO 2015) has identified overregulation and administrative barriers as limitations to the development of civil society, especially with regard to social innovations. Moreover, according to the Civil Society Index 2008-2010 survey, almost 80% of all CSOs had experienced unlawful restriction by the local or central government (Bežovan and Matančević 2011). In the expert survey, one third of the respondents notes that the central government exerts a very strong influence, which is assessed as the highest in comparison to regional and local government as well as other stakeholders.

Counties (regional governments) are still perceived as having an ambiguous role in the governance regime (Bežovan 2010), and their funding programs for CSOs are often criticized for a lack of transparency and priorities for social development (Bežovan and Matančević 2011, USAID 2014). Some barriers to their greater involvement in social development include a lack of financial resources, the problem of coordination between the national and local governments, and a lack of human resources (Bežovan 2010). Previous research on the cooperation of CSOs with other institutions and stakeholders (Bežovan 2007, Bežovan 2010) showed there is little cooperation with regional governments and with the state's organizations that provide social services, whereas cooperation with local governments (cities) is somewhat better.

The influence of local governments (cities and municipalities) on civil society is most notable in funding. As shown earlier, funding from the cities' budgets constitutes the greatest share of CSO financing from public funds. Recent changes in the legislative framework have brought new challenges to the local governments. Specifically, in the process of decentralization of the social care system, regional and local governments are expected to take a greater role in social planning and the development of local governance, including the strengthening of cooperation with CSOs. Furthermore, recent legislative changes regarding the financing of CSOs from public sources stipulated more rigid funding procedures, which is assessed by part of the professional community as challenging "smaller" local governments with weaker professional and human capacities, and as potentially jeopardizing for previously established cooperation arrangements with CSOs (CERANEO 2015).

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4 Expert survey conducted for the purpose of this volume; see Section 4.1.3. Method

Notwithstanding certain improvements, the socio-cultural environment for the development of the third sector over the past 20 years has been rather disabling. Generally, low levels of trust on the part of the political establishment, the media and citizens toward civil society and third-sector organizations are seen as a permanent barrier to the development of the sector and to modernizing the social service system (Bežovan 2005, Bežovan and Zrinščak 2007, Bežovan and Matančević 2011). Earlier research (Bežovan and Zrinščak 2007) noted that professionals in public administration and state organizations often have doubts regarding the professional capacities and quality of programs of CSOs providing social services. The inadequate presentation of civil society in the media and the persisting problem of low trust are identified as weaknesses and obstacles to strengthening civil society in Croatia (Bežovan and Matančević 2011). The earlier CSI study (2003-2005) highlighted the media as a key stakeholder for civil society development in the future (Bežovan and Zrinščak 2007). In this research study, the case study on civil society in the media suggests that journalists and editors give low priority to and are poorly informed about the role of civil society in modern societies. The case study showed that part of the public is suspicious about the transparency of CSO activities, while there is sometimes an impression that CSOs are registered only to write project proposals and “withdraw” money. The media in general seems to distrust civil society and portrays it as seeking privileges. CSOs are often depicted as being prone to “scams” in their work (Bežovan and Matančević 2011).

Foreign donors and the European Union in particular have had an important influence on civil society development since the beginning of the 1990s. Foreign donors' programs played an important role for Croatian CSOs, especially in the 1990s, partly due to humanitarian aid and programs of technical assistance, which led to the dependence of CSOs on those funds and to problems with financial sustainability (Bežovan and Zrinščak 2007). The process of accession to the European Union has resulted in the Europeanization of different policy processes, including policy toward civil society. There have been some notable improvements, and a “cognitive Europeanization” has taken place. The principles of openness, accountability, participation and consultation, among others, have become an integral part of the public discourse on civil society. However, effective implementation of these principles in national and local policymaking is often disputed (Matančević 2011, Bežovan and Matančević 2011). Moreover, the EU has played an important role in funding CSOs through the pre-accession process and now through structural funds. Some CSOs, specifically those with “stronger” professional capacities, have participated in the EU financial programs and built up know-how in applying for and implementing projects financed by EU funds.

When it comes to corporate philanthropy, it has been observed that some better-developed business actors implemented the practice of corporate social responsibility. However, cooperation between business actors and civil society in implementing projects aimed at serving the public good is still rare. The corporate sector views CSOs solely as beneficiaries of their support, while the associations regard the corporate sector as donors only. Such a narrow view of civil society-business relations results in a limited number of partnerships between CSOs and the corporate sector (Bežovan and Zrinščak 2007, Bežovan and Matančević 2011). The topic of philanthropy is still not adequately addressed in the public or in research. Bežovan and Zrinščak (2007) mentioned certain positive trends regarding individual donations in connection with new technologies for donating (Internet, telephone). There is no reliable information on the scope of corporate philanthropy in Croatia. According to the Civil Society Index 2008-2010 survey, nearly 40% of all CSOs received funding from the domestic corporate sector; this constituted an average of 8% of their revenues, which was an increase in comparison to the 2003-2005 wave of research (Bežovan and Zrinščak 2007, Bežovan and Matančević 2011). The concept of corporate philanthropy is not seen as part of the corporate sector's image. One of the more prominent corporate foundations in Croatia is the Adris Foundation, which was also mentioned in the expert survey. However, 15% of respondents from the stakeholder survey report that corporations have no influence on civil society organizations.

Concerning individual donors, the state of giving in Croatia is still under-researched, and philanthropy has not yet been adequately promoted in the public sphere. However, according to unofficial data from the tax office at the Ministry of Finance, there was an increase in the number of citizens who reported donations for tax deductions and in the total amount of donations to CSOs between 2005 and 2009, followed by a decreasing trend during the economic crisis (Bežovan and Matančević 2017 in press).

The Catholic Church was attributed an important role in Croatian society in general. As a church-based organization, Caritas enjoys a high level of trust, and the Catholic Church clearly stands out as one of the most trusted institutions in the country (Bežovan and Zrinščak 2007, Nikodem and Črpić 2014). Recently, CSOs close to the Catholic Church have launched prominent initiatives advocating for changes in legislation and the policy framework related to marital status, family issues, reproduction and education curricula (Bežovan and Matančević 2017 in press).

The importance of academia for the development of civil society and philanthropy is still not adequately recognized. There has been some tangible but slow development regarding the introduction of topics related to civil society into the university curricula, with such initiatives usually coming from younger scholars (Bežovan et al. 2010). Respondents to the expert survey assess the universities' level of influence on civil society as moderate (score: 3 on a scale of 1 to 6).

### 4.1.3 Mapping Civil Society

#### Method

In Croatia, there is no single data source for all relevant information on civil society. The Croatian Statistical Bureau does not analyze or separately publish statistical data on CSOs, and there is a great gap in official statistics when it comes to collecting data and reporting on CSOs. Some types of institutions may not be covered by official statistics or administrative records. This is particularly true of small or volunteer-run organizations with limited economic resources and without paid staff, or units that are not formally registered. The available data are therefore mainly based on secondary information and suffer from a lack of precision. A statistical satellite account for nonprofit institutions as proposed by the United Nations (2003) has not been implemented to date.

Therefore, in writing this report, we have used data from secondary resources. We have reviewed existing literature, such as official reports and policy documents published in Croatia. We have also used previous research and sector analysis, publications available from relevant public institutions, and other statistical sources of information. In addition, an online survey was conducted among a diverse pool of experts on the Croatian civil society landscape. Respondents were identified through snowball sampling and with the help of the authors, the Vienna University of Economics and Business and ERSTE Foundation. A total of 16 anonymous experts with an average of 14.8 years of professional experience in civil society activities completed the survey. Their answers included assessments of key actors in different fields of activity, the institutional environment and future trends.

#### Size and Role of Civil Society

As mentioned in the previous section, sources of reliable data on the sector are scarce. In data provided directly by the Croatian Bureau of Statistics,<sup>5</sup> the number of registered NPOs<sup>6</sup> based on legal forms of organization and on codes of institutional sectors came to 57,932 as of 31 December 2014, which amounts to 13.66 organizations per 1,000 inhabitants. Among those organizations, there were 47,110 associations, 1,606 federations, 4,970 public-benefit companies, 4,048 cooperatives, and 198 foundations and funds. According to official statistics, Croatia has 68,407 organizations.<sup>7</sup> They are also divided into activity groups based on NKD 2007, which is harmonized with the NACE and ISIC classifications. However, the low degree of analysis regarding CSOs is also apparent in the fact that 40,813 of those organizations are classified as "other service activities".

In addition, we do not have official statistical data on the number of persons employed in CSOs. Probably the closest estimate to the real number of employees is the informational publication "Associations in the Republic of Croatia", which has been published by the Government Office for Cooperation with NGOs for the past two years. That Office's estimate<sup>8</sup> is that 10,981 persons were employed in associations and 21,912 in the nonprofit sector in the year 2014, up slightly from 10,808 in associations and 20,947 in the nonprofit sector in the year 2013.

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5 This data is not published in official statistics. It was provided at our request and is partially broken down according to organizational form.

6 "Nonprofit organizations" is the term used in official statistics. In the general public, the term is used synonymously with civil society organizations.

7 Different organizations were grouped in this item: associations, institutions, economic associations, funds, legislation, Croatian National Bank, foundations, political parties, public organizations, civil co-operatives and other organizations.

8 The data is based on financial statements, as associations are required to keep double-entry bookkeeping records. Additional detail is not available because the information is not published.

Field of activity	Number of associations	%
Sports	17,546	33.45
Culture	8,040	15.32
Other activities	5,320	10.14
Economy	4,772	9.09
Technical	3,718	7.27
Social	1,894	3.61
Health	1,587	3.02
Children and youth	1,341	2.55
Homeland War associations	1,285	2.45
Humanitarian	947	1.8
Hobby	861	1.64
Educational	782	1.49
National	632	1.2
Protection of rights	598	1.14
Science	511	0.97
Women	507	0.96
Ethnic	464	0.88
Spiritual	388	0.74
Informational	202	0.38
Total	52,450	100

Table 4.1.1: number of registered associations as of 31 December 2014<sup>9</sup>

Regarding the share of CSOs in Croatia's GDP, the only relevant data available indicates that nonprofit institutions serving households (NPISH), which include different nonprofit organizations (Statistical Yearbook 2015),<sup>10</sup> accounted for 1% of the GDP in 2014. There is no reliable data on volunteering in Croatia. However, in recent years, all the sector organizations that have volunteers have been required by the Regulation on the Content of Services Rendered and Activities of Volunteer Organizers (Official Gazette 101/08) to submit annual reports on volunteer organizers to the Ministry of Social Policy and Youth.<sup>11</sup> According to that source, a total of 45,955 people volunteered 2,597,121 hours of their time in 1,032 volunteer organizations in the year 2014. Another attempt at estimating the scale of volunteer activities is the recent European Value Study (EVS),<sup>12</sup> which showed that only 8.8% of the population does volunteer work. If we apply this percentage to the population above the age of 15 in Croatia, the number of people involved in volunteering comes to 319,657.

## Culture

In the 1990s, the cultural policy of Croatia as an independent country was politically and administratively centralized and incorporated in everyday life, with special emphasis on national traditions. This policy was designed to foster a sense of national cohesion, especially at the beginning of the period when the country was drawn into war. In the formal sense, the policy was formulated in general terms, emphasizing the market approach, freedom of creativity and professionalism. Cultural planning and funding gave priority to activities of "national interest" in culture and left all other activities to the emerging market and to civil society organizations.

9 Source: Associations in the Republic of Croatia. Government Office for Cooperation with NGOs.

10 Nonprofit institutions serving households (NPISH) consist of NPIs which provide goods and services to households either free of charge or at prices that are not economically significant (political parties, trade unions, churches or religious communities, social, cultural, recreational or sport clubs, charity organizations, aid agencies, etc.) Most associations are included in the NPISH category.

11 However, it is safe to say that many organizations that use volunteer work do not comply with this obligation. The number of volunteering reports submitted rose by 54% from 2013 to 2014, which certainly suggests that organizations are becoming more aware of this obligation.

12 Volunteering was defined as unpaid voluntary work for at least one social organization or activity, such as organizations concerned with health, religion, education, culture, youth work, social care for the elderly or sports and recreation (Zrinščak et al. 2012).



Research on cultural development and the status of culture in society has shown that cultural CSOs have grown during the post-2000 period (Kadrov and Pavić 2007, Burušić 2014). This has resulted in the establishment of an “independent cultural sector” and has separated “institutional”, public (government-subsidized) from “independent” culture (subsidized mostly by foreign sources during the 1990s).

CSOs in arts and culture are gaining importance on different levels in society. On the policy level, they are recognized as important stakeholders, and they often lead initiatives as strong networks or organizations in larger cities. CSOs in the field of culture played the most important role in developing a new governance style on the local level, explaining their missions as a part of civil society that is also sensitive to social issues. Civic engagement and voluntary work play decisive roles in the operations of CSOs in culture. Decentralization of funding was a rather long process, and the funding of CSOs is still largely part of political clientelism, where each party in power provides funding to “their organizations”. The establishment of the Kultura Nova civil society initiative as a public foundation in 2011 was important for the provision of funding and professional support to independent organizations. It is now part of reliable infrastructure and investment in innovations and creativity for the development of the sector.

The main barrier in the field is the monopoly position of public organizations, which are more or less under the direct control of political parties. These organizations are bureaucratic and inefficient, and they spend too much public money to produce less than CSOs which show entrepreneurial spirit. In circumstances of austerity, CSOs that receive funding for only part of their programs are forced to reduce their activities. More and more organizations and prominent professionals are calling for the “privatization” of cultural activities carried out by public institutions.

The corporate sector, and within it especially the organisations making their profit from foreign capital, like banks, does not respect activities in independent culture. Visible events like festivals organized by the independent sector receive support from the small local corporate sector.

Impactful	Clubture	Created by urban associations dealing with art and culture on a non-institutional basis in 2002, this network includes about 200 member and partner organizations.
	Kultura Nova	Public foundation created on the initiative of CSOs to provide professional and financial support to programs developed by organizations of civil society in culture
Innovative	Pogon	The Zagreb Center for Independent Culture and Youth “Pogon” was established in 2008 by the City of Zagreb and a number of CSOs as a hybrid organization providing space and facilities to other organizations.
	Lauba	Lauba aims to help discover new forms of artistic expression by Croatian visual artists, to contribute to raising public awareness about modern and contemporary Croatian art and culture, to present current cultural and art projects stemming from different cultural spheres, and to participate in international cultural spheres.

Table 4.1.2: examples of civil society actors in the field of culture<sup>13</sup>

### Social Services

In the field of social services, CSOs have had a prominent role in service provision and advocacy, and they have developed as part of the welfare mix, especially since the late 1990s. However, the development of the third sector was not a political or social policy issue at that time, and the sector has developed slowly and without expertise. The growth of CSOs in social service provision was related to the increasing demand for services and the limited capacity of state organizations to meet them; it did not result from any strategic orientation of policymakers to develop a social service system based on the welfare mix model. Furthermore, the paternalism and centralism of the social system, the lack of tax incentives for the development of the third sector, as well as the significant level of mistrust toward CSOs providing services were identified as threats to its development (Bežovan 1995 & 2008, Bežovan and Zrinščak 2007).

<sup>13</sup> Source: Expert Survey 2016

When it comes to the development of associations in particular, they have developed and made an impact especially in the fields of child welfare, youth, women's protection and protection against domestic violence, social inclusion and persons with disabilities (Bežovan and Zrinščak 2007, Matančević 2011). More recent research (Bežovan and Matančević 2011, Matančević and Bežovan 2013) has revealed the following policy areas where CSOs are perceived to exert social impact: education and training, support for socially excluded groups (such as persons with disabilities), as well as human rights protection, environmental protection, recreation and leisure, and culture and art. Interestingly, other stakeholders such as representatives of the government at different levels, media representatives, the corporate sector, etc. perceive CSOs as influential in providing humanitarian aid, that is, in civil society's more traditional role in welfare.

Impactful	MI Association	Founded in 1997, this association promotes the importance of collectiveness. It is active in different fields, including providing social services (mainly for the elderly), community development, promotion of volunteering by founding a regional volunteer center, advocacy and the development of civil society.
	MOST Association	Founded in 1998, the MOST Association is now one of the most prominent organizations in advocating and providing services for the homeless. In addition, it provides services for children and youth and promotes youth volunteering.
Innovative	RODA	Founded in 2001 by a group of mothers as a direct response to reductions in maternity leave benefits, the organization evolved over time into a group of concerned and engaged citizens interested in promoting and protecting the rights to a dignified pregnancy, parenthood and childhood in Croatia. Thanks to the entrepreneurial spirit of its leadership, the organization launched the production of cotton diapers and other related textile products, organized in sheltered workshops, which is today recognized as a prominent social innovation and a good practice in the emerging social economy in Croatia.

Table 4.1.3: examples of civil society actors in the field of social services<sup>14</sup>

### Advocacy

Civil society development during the socialist period of Croatian history was characterized by the marginalization of the sector, and there was not much space for advocacy organizations. In the early 1990s, certain civil initiatives with anti-war and human rights objectives (Škrabalo 2006), as well as feminist, green and cultural initiatives, were formed. However, the political desirability of such organizations in Croatia was questioned because of the pre-modern domination of the political culture. Doubts were concerned with organizations devoted to issues of human rights, democratization and the development of civil society; these were by nature advocacy organizations. The foreign funding of these organizations raised further suspicions (Bežovan 2003a).

These circumstances had an influence on the sector, especially regarding its low participation in the preparation, adoption and implementation of public policies (Bežovan 2003b). The cooperation between the state and CSOs is underdeveloped. The impact of citizens on public policies remains limited (Bežovan 2003c, Bežovan and Zrinščak 2007). Local authorities and the government do not regularly invite civil society organizations to participate in public policy. Recently, more space has been created for participation, mostly due to new online methods of consultation. The process of Croatian accession to the European Union partly resulted in Europeanization of certain public policies, including policies concerning CSOs, so advocacy organizations are now "better heard".

Considering the impact of CSOs on policymaking and their involvement in governance arrangements, it can be said that CSOs have developed their position as "co-governors" in the policies of environmental protection, human rights, health policy, policies for children and youth, gender equality and the protection of women, and in the policies promoting transparency and combating corruption (Bežovan and Zrinščak 2007, Matančević and Bežovan 2013). A number of prominent organizations has emerged, including GONG (democratization), B.a.B.e (gender equality) and the Centre for Peace Studies in Zagreb. Findings from the comparative research project conducted for the 2010 Civil Society Index (CSI) (Bežovan and Matančević 2011, Matančević 2012) reveal obstacles to the greater involvement of CSOs, namely associations, in policymaking and cooperation with the government as perceived by representatives of CSOs.

The USAID Sustainability Index for civil society organizations in Croatia (USAID 2015, USAID 2014) states that associations are still not able to mobilize citizens and gain strong support from the public. Citizens usually participate in some humanitarian activities or civil initiatives (as opposed to sustainable activism) and support the work of CSOs. Advocacy organizations rarely engage in activities to increase membership. There are few organizations with the necessary capacity to promote alternative views in public (TASCO 2011).

Impactful	GONG	Prominent organization in the promotion and improvement of human and civil rights, especially related to the development of democratic processes in Croatia.
	B.a.B.e.	Association that promotes and protects women's rights and focuses on promoting gender equality and ensuring equal opportunities in all spheres of social life.
Innovative	Eko Kvarner	Promotes the concept of local sustainable development focusing on ecology on the island of Krk.
	CERANEO	Promotes the development of civil society organizations in social policy with the concept of the welfare mix and the innovative role of CSOs.

Table 4.1.4: examples of civil society actors in the field of advocacy<sup>15</sup>

### Social Enterprises

The discourse on social entrepreneurship and social enterprises emerged around 2005, when the concept was “imported” from abroad, i.e. introduced by international organizations and donors (Vidović 2012). These organizations, mainly English-speaking actors, promoted the income-generating approach for nonprofit organizations to achieve sustainability. For several years, there was no official definition, legal recognition or specific legal framework regulating social enterprises’ activities. That gap caused a lack of overall recognition and visibility of these organizations. The Strategy for Social Entrepreneurship Development, which was adopted in April 2015, introduced an official definition of social enterprises and specified several criteria for their identification.

The term “social enterprise” refers to a status, not a legal form.<sup>16</sup> However, a number of legal forms may be used by social enterprises. In Croatia, these organizations most often register as cooperatives, associations or limited liability companies.<sup>17</sup> Most initiatives are present in the fields of social inclusion and social services, ecological sustainability and agriculture. The project iPRESENT (2015), which combines several sources and original research, has come up with the most reliable estimate of the number of social enterprises in Croatia; at the end of 2014, they found 90 social enterprises.

For social entrepreneurship as a new sector in our context, there is insufficient information and a lack of understanding of the term. Research has identified problems related to financing as well as the lack of human resource capacity and expertise needed to set up social enterprises (Vidović 2012, Vincetić et.al. 2013). The problem is partly concerned with a lack of awareness of social entrepreneurship among national authorities, meaning that vertical and horizontal coordination of policies and support is also missing, especially in the tax framework. In addition, the lack of human and technical capacities also reflects the lack of formal education in this area. Some organizations are developing supporting networks, like the CEDRA network established by the ACT group from Čakovec and the Social Entrepreneurs Forum set up by SLAP from Osijek. Since public financing has remained rare and sporadic, money allocated to this area through the European Social Fund could provide an important nudge for the development of the sector.

Impactful	ACT Grupa Čakovec	Consortium of several social enterprises in different areas, founder of the CEDRA support network for social businesses.
	SLAP	One of the first social entrepreneurship initiatives; founder of the Social Entrepreneurs Forum (SEFOR).
Innovative	Cooperative for Ethical Financing	A Croatian cooperative managing the process of creating the first social (ethical) bank in Croatia.

Table 4.1.5: examples of social enterprises<sup>18</sup>

### 4.1.4 Trends and Outlook

The expert survey conducted in the research part of the project contained a section in which respondents were asked to name trends which they expected to influence civil society in the next 10 to 15 years. The answers were content-analyzed by two independent raters in order to identify trend patterns in distinct categories (Stemler 2001, Krippendorff 2004). Four trends were mentioned especially frequently (see Table 4.1.6). By combining the assessments by experts with relevant prior research on development trends in the sector, we can give a sound outlook regarding future developments in the sector.

<sup>15</sup> Source: Expert Survey 2016

<sup>16</sup> However, the Strategy for Social Entrepreneurship Development will formalize that status to a certain extent, as the Ministry of Labor and Pension Funds will create an official registry of social enterprises in Croatia

<sup>17</sup> Most often subsidiary companies of associations.

<sup>18</sup> Source: Expert Survey 2016.

First, respondents expect that CSOs in Croatia will continue to be confronted with a negative public image due to a perceived lack of legitimacy and low levels of trust. In the first half of the 1990s, the policy and socio-cultural environment for third sector development was rather unfavorable, and the political desirability of civil society organizations in Croatia was questioned. There were some positive developments regarding the image of the sector after the change of government in the 2000s, but still the negative image remains. This is often related to the political situation, in which the government's negative attitudes toward civil society translate into a negative public image and into more media hostility toward the sector.<sup>19</sup> In addition, several studies have warned of the negative attitude of citizens toward civil society organizations. The media, especially national television, is often not interested in showing positive activities, but more interested in scandals and negative stories (Bežovan and Zrinščak 2007). Croatia is a society with low levels of trust (Štulhofer 2004, Šalaj 2005 & 2011), which contributes to the low level of active citizenship (Matančević and Bežovan 2013, Bežovan and Zrinščak 2007). Given the circumstances, the stability of the sector may be more dependent on development impulses "from above" and less on the initiative and aspirations of citizens within the different communities in which they operate (Matančević and Bežovan 2013).

The second important development that experts notice is that funding sources provided by the European Union will gain importance. Foreign donors, particularly the EU, are already a very significant source of income for civil society organizations. EU funds also provide an opportunity for modernization. They help CSOs to develop the capacity to be competitive in tenders that can enhance their further development. More organizations develop economic activities and compete in relatively "weighty" EU funding programs, in which they are relatively successful. Many of them have also started to think about self-sustainability.<sup>20</sup> They are considering forming new types of organizations that will provide economic support for their social mission (such as social enterprises and social cooperatives). In addition, the process of Croatian accession to the European Union resulted partly in the Europeanization of certain public policies, including policies toward civil society. Some policy standards from the EU level have been accepted in Croatia. In the process of the Europeanization of Croatian policy, the principles of transparency, accountability, participation and consultation have become an integral part of various documents and public discourse on the third sector (Bežovan and Matančević 2011). The adoption of EU standards partly prepared CSOs for the logic of "doing things" in the EU and helped them to successfully apply for EU funds. Civil society is building its capacity to apply for demanding EU funding programs. Those capacities are now easier accessible than in public administration or the private sector and civil society has shown leadership potential in adapting to the new environment.

A third major trend noted in the survey is the professionalization of CSOs. Organizations use various strategies to adapt in order to survive in uncertain conditions. They compete in a growing number of tenders, which involve additional administrative tasks. Experts believe that CSOs will focus mainly on the level of human resource management as well (financial) sustainability and transparency. Human resources and financing are sources of instability for most organizations. The share of organizations with stable human resources is relatively small, and the low financial sustainability of the third sector as a whole makes it difficult to hire and retain experts and educated young people. The sector's relatively underdeveloped human resources are obstacles to the stronger professional development of third-sector organizations (Bežovan and Matančević 2011, Matančević and Bežovan 2013). There is also a clear need for relevant skills, such as management, leadership and entrepreneurship. The growing sector is showing a new need for specific education programs, e.g. in the areas of project proposal writing and management skills.

Finally, some of the experts project that CSOs in Croatia will increasingly provide social and personal services for vulnerable target groups. In the last ten years, there has been significant improvement in the legal and policy framework. However, the state's paternalism and patronizing attitude toward civil society (Matančević and Bežovan 2013) still dominate. The centralized and paternalistic state over-regulates services and social programs (including local social programs) whose development is still not coordinated or planned (Stubbs and Zrinščak 2012). Clientelism still plays a role in shaping the sector. This is especially the case in the social welfare domain (Stubbs and Zrinščak 2015). Cooperation and partnership between different local stakeholders is still not sufficiently developed. As a result, synergy effects are missing in efforts to strengthen the welfare mix. Research on the welfare mix in Croatia (Bežovan 2007 & 2010) shows that the centralization of important social stakeholders, such as centers for social care and employment services, as well as CSOs' low financial capacity and human resources for fundraising and the lack of coordination and cooperation among local stakeholders, are seen as barriers to strengthening the welfare mix and especially the role of CSOs in service provision. However, the growth of unmet needs for personal social services opens up space for the development of private initiatives within the legal/organizational framework of CSOs. Social services are perceived as an area for the development of social entrepreneurship activities for these purposes.

19 The new right-wing government is considering a reduction of the funds allocated to the sector, which is threatening the sustainability of established organizations, especially those regarded as capacity builders.

20 The National Foundation for Civil Society Development emphasized that 41.8% of all civil society organizations specify self-financing as an income source (NFCSD 2012), and as much as 21.9% of the CSOs claimed that self-financing was their main source of income.

In the end, we can conclude that civil society exhibits capacity, especially at the local level, for fostering sustainable and positive social change in Croatia (Bežovan and Matančević 2016). CSOs are also the first ones to put new issues on the public agenda (e.g. sustainable sources of energy) and they initiate new structures of social governance in society.

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#### **Continuing negative image of CSOs**

CSOs in Croatia will continue to be confronted with a negative public image due to a perceived lack of legitimacy and low levels of trust.

*"When we connect better outcomes of programs/projects with their concrete contribution, there would be less "doubts" and greater trust in third sector organizations. Demonstrating impact would increase legitimacy and the development of the third sector, resulting in a change of public awareness which is still relatively unfavorable in Croatia."*

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#### **Increasing importance of EU funding**

Funding provided by the European Union will gain importance.

*"Opening of greater opportunities for funding of domestic CSOs; possible polarization of CSOs, in terms of professionalization of those with capacities to compete for EU funds, and others with small professional capacities."*

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#### **Professionalization of civil society**

Professionalization of CSOs will focus mainly on the level of human resource management as well as (financial) sustainability and transparency.

*"The weak human structure of human resources is an obstacle to the stronger professional development of third sector organizations. We expect the development of educational programs and further investment of organizations in their human resources as a sustainability tool."*

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#### **Additional responsibilities for CSOs**

CSOs in Croatia will increasingly provide social and personal services for vulnerable target groups.

*"The growth of unmet needs for personal social services (e.g. elderly care, preschool education) opens a space for the development of private initiatives within the legal / organizational framework of CSOs."*

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Table 4.1.6: frequently mentioned trends and sample quotes<sup>21</sup>

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21 Source: Expert Survey 2016

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## 4.2 Country Report: Slovenia

*Danica Fink-Hafner and Meta Novak*

### ABSTRACT

The development levels of civil society organizations (CSOs) in Central and Eastern Europe are becoming increasingly comparable to those of Western European countries with longer histories of democracy. In certain respects, Slovenia has drawn closer to Western European levels than have other post-socialist countries in terms of civil society activity (i.e. the political participation of citizens). In this context, we can identify five features of civil society activity that are particular to Slovenia:

- (1) While opposition movements in civil society have actively contributed to the transition to democracy, Slovenia's transition has also radically changed the institutional and socio-economic environment. These developments have enabled an increase in the number and variety of interest groups.
- (2) The corporatist traditions rooted in the 19th century, which had found their way into the socialist system of self-management in former Yugoslavia (to which Slovenia belonged), were also carried over into the post-1990 political system.
- (3) Civil society actors have increasingly assumed responsibility for services that were formerly part of the normal functioning of the state.
- (4) Slovenia's integration into the EU has, among other things, contributed to a proliferation of NGOs (co-)funded by EU subsidies, a rise in the overall activity of interest groups, and a decline in social partnership.
- (5) The long-term decline in national state funding of CSOs and the resulting problems in ensuring resources for CSOs seem to persist even though the worst of the financial and economic crisis has passed. These trends are expected to contribute to the already increasing marketization, projectization and precarization of CSOs.

### 4.2.1 Introduction

As a former socialist country, Slovenia has gone through multiple transitions since the early 1980s: the creation of an independent state, the disintegration of its former socialist system, its transition to a capitalist economy and a multi-party system, and, just 13 years after independence, becoming a full member of the EU and NATO. As an open economy and a member of the Eurozone (since 2007), Slovenia is vulnerable to the impacts of globalization, including neo-liberal economic pressures, the impact of the international financial and economic crisis, and the effects of global migration.

#### Relevant Characteristics of Slovenian Society

**Traditions:** In analyzing the peculiarities of civil society development in Slovenia, three main traditions need to be taken into account. Firstly, Slovenia has had a rich tradition of organizing into associations since the mid-19th century, when many social and cultural organizations emerged as vehicles for the expression of Slovenian ethnic sentiment and the political struggle against the Austro-Hungarian Empire. Secondly, Slovenia has a strong tradition of organizing economic interest groups and corporatism, which has also been sustained since the 19th century, including the period of socialist self-management with corporatist elements. Thirdly, the term "civil society" was used in Slovenia in the context of the deepening economic and political crisis of the old (socialist) regime from the end of the 1970s until the late 1980s. This term primarily referred to the newly emerging and autonomously organized interest groups that openly acted as parts of socio-political movements which opposed the one-party socialist regime.

**Oppositional civil society:** Pressure from both the oppositional civil society movements and the liberalized League of Communists of Slovenia contributed to the transformation of society, economy and politics in Slovenia. In the initial stage, sub-cultural movements (Student Radio/Radio Študent, punk bands) criticized the one-party socialist system. This was followed by the transformation of the public space, including the pluralization of existing media outlets (such as the political weekly Mladina and the daily Delo), the evolution of an alternative mass media, new social movements and oppositional political leagues (proto-parties). During the liberalization stage that followed the victory of the liberal stream in the secret ballot for the leader of the Slovenian League of Communists in 1986, interest groups and newly emerging oppositional political leagues were allowed to form outside the umbrella of the Socialist League of Working People and were occasionally even allowed to participate in political dialogue.

**Dynamics of political party changes:** During the transition period, while the newly formed political parties initially functioned more like movements (they were actually proto-parties), some interest organizations were more institutionalized and consolidated than parties. With the increasing institutionalization of political parties and their state funding, this relationship changed. Not only did interest organiza-



tions have an impact on party developments, but parties have increasingly instrumentalized civil society organizations and movements within the framework of political issues centered around key ideological and political divisions.

**Changing statehood:** Three major macro-institutional changes have reshaped the political arenas of civil society activity: (1) the legally sanctioned separation of Slovenia from the Yugoslav system (making the Yugoslav federal state de facto asymmetrical by changing the economic and political system within the Slovenian Republic); (2) the establishment of an independent state; and (3) Slovenia's accession to the EU, thereby normatively and de facto shifting the execution of part of Slovenia's sovereignty to the EU.

### **The Term "Civil Society Organizations"**

In this report, we use the term "CSOs" to refer to organized non-governmental interests, regardless of whether or not they are actively involved in influencing public policies.

In Slovenia, the universe of CSOs is relatively modernized compared to most other post-socialist countries. It includes not only various traditional associations of citizens, organizations of employers and employees, professional and leisure activity organizations, but also interest groups focused on post-materialist values (e.g. LGBT, green, feminist and psychiatric organizations) and a variety of interest groups which involved the most recent wave of globalization (project-oriented organizations, think tanks and branches of international non-governmental organizations without individual membership, such as Greenpeace). Although the increased plurality of interest organization modes is now comparable to older democracies and older EU member states, Slovenia's interest groups have lagged behind in terms of available resources, in their actual participation in policy processes, and in learning how to act in the context of the multi-level EU political system.

### **Method**

Using various data, we can trace the dynamic development of civil society and interest groups in Slovenia since the early 1980s. Our analysis is based on data from several sources:

- Official statistical data on interest organizations (National Statistical Agency);
- Data from the official register of organizations managed by the Slovenian tax authorities (AJPES);
- Secondary data, such as academic research and analyses by civil society organizations;
- Information available on the websites of Slovenian government ministries;
- Face-to-face interviews conducted with the most influential interest organizations from 11 selected policy fields<sup>1</sup> (n=70) in 1996. Interest organizations were identified by experts active in each policy field and by means of snowballing (Fink-Hafner et al. 1996);
- Face-to-face interviews conducted with the most influential interest organizations from 11 selected policy fields (n=97) between March and May 2012. The sample used for the survey in 1996 was updated with help of experts active in the same 11 policy fields (Fink-Hafner et al. 2012);
- A web-based survey conducted among the population of civil society organizations that are active at the national level. The Slovenian register of all legal entities was used to estimate this population. The survey included various types of organizations, such as trade unions, NGOs, sports federations, employer groups and business groups. The survey took place between November 2015 and February 2016 (n=439; response rate: 36.5%) (Fink-Hafner et al. 2016);
- An online survey of experts on the Slovenian civil society landscape. Respondents were identified through snowball sampling with the help of the authors, the Vienna University of Economics and Business (WU Vienna) and ERSTE Foundation. A total of 15 anonymous experts with an average of 17 years of professional experience in civil society activities completed the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends.

### **Typical Forms of Civic Engagement**

The engagement of the population of Slovenia in different forms of social participation is relatively high compared to the other former Yugoslav republics and is comparable to the levels observed in older EU member states (EU 15) (Sissenich 2010:26-28). As many as 25.9% of all Slovenians are members of at least one CSO, and an even larger percentage (26.8%) are members of more than one organization. 17.9% of citizens also perform voluntary work in one of those organizations, while 14.2% do so in more than one organization (Novak & Hafner-Fink 2015:27-28). Slovenes are mostly members of organizations in the areas of sports and recreational activities (20.9%), trade unions (13.7%), organizations engaged in cultural activities (12.7%), and religious organizations (9.5%) (Novak & Hafner-Fink 2015:30). In addition, 39.4% of all Slovenians have engaged in at least one political protest activity. The most common – and least demanding – form of protest activity is signing a petition (which 33.6% of Slovenians have done in the past). Other forms of protest which are less common (and more demanding) include attending lawful demonstrations (12.7%), participating in boycotts (7.2%), joining unofficial strikes (3.4%) and occupying buildings or factories (0.8%) (Novak & Hafner-Fink 2015:31-32).

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1 The 11 policy fields included economic, social, housing and agricultural policy, policy regarding the disabled, environmental protection, health, education, culture, sports policy and policy in the field of marketing/public relations.

### Predominant Legal Forms

The law currently recognizes three forms of CSOs: societies (*društva*), institutes (*zavodi*) and foundations (*ustanove*). Societies (*društva*) are membership organizations which have an organizational structure, but whose members represent its highest body, the “*zbor članov*”. Institutes (*zavodi*) are organizations without members that are established for a particular nonprofit-oriented, publicly beneficial service for individuals and organizations. Institutes are managed by their founders. While private institutes may be treated as part of the non-governmental sector, some institutes are public and are established by the state or local communities. Foundations (*ustanove*) are established by pooling assets for a particular cause and are headed by management boards. They have no members. The vast majority of registered CSOs are societies. As of 30 April 2016, there were 23,913 societies, 2,944 (private) institutes and 259 foundations (CNVOS 2016a).

### Legal Framework

The legal framework in Slovenia has developed with a certain time lag in relation to the dynamic social, economic and political changes taking place in Slovenia. While the above-mentioned societies, institutes and foundations were legalized earlier, the country’s laws on voluntary work and on social entrepreneurship were not adopted until 2011. Furthermore, previously adopted laws have been subject to frequent amendments. At the time when this report was finalized (August 2016), the legal framework was still not sufficiently clear.

There is still no legal definition of “NGO” in Slovenian law. The Ministry of the Environment and Spatial Planning defines an NGO as “a part of civil society that essentially contributes to the development and implementation of democracy and human rights” (Ministrstvo za okolje in prostor 2016), and references the definition of an NGO used by the Council of Europe in Recommendation CM/Rec(2007)14, which states that “NGOs are voluntary self-governing bodies or organisations established to pursue the essentially nonprofit-making objectives of their founders or members” (Ministrstvo za okolje in prostor 2016). The draft Bill on NGOs in the Public Interest defines an NGO first of all by what it is not, stating that “An NGO is a legal person established by exclusively domestic or foreign physical or legal persons of private law, is not for profit, is independent and is not organized as a political party, church or other religious community, trade union or chamber” (Ministrstvo za javno upravo 2016:1).

Organizations may be selected by the state for the execution of particular public services. Among the best known are firefighting organizations, which are not only tasked with fighting fires and providing fire rescue services, but also with traffic accidents as well as environmental, ecological and industrial disasters.

Some organizations may gain the official status of organizations “in the public interest”, which means that they become officially recognized as organizations not only dedicated to the fulfillment of the particularistic needs of their members but also dedicated to the common good. Directories of such organizations can be found on the websites of the relevant government ministries.

### Civil Society and the Media

The media is important for Slovenian CSOs. According to data collected in a Web-based survey (Fink-Hafner et al. 2016), as many as 29.8% of all CSOs have included media campaigns in their activities, and 65.8% of these organizations also consider the public visibility of their organizations (e.g. media frequency) to be a measure of effectiveness and efficiency concerning their activities and processes. Besides member satisfaction, public visibility is the most important indicator.

	Never	At least once	At least once every three months	At least once a month	At least once a week
Organizing press conferences or distributing press releases	58.3%	25.6%	11.1%	4.0%	1.1%
Active involvement in media debates, such as giving interviews, editorials, opinion letters	47.4%	28.8%	13.2%	7.7%	2.9%
Contacting journalists to increase media attention	42.1%	35.4%	14.3%	6.1%	2.1%

Table 4.2.1: CSOs engaged in media activities in order to affect or influence public policies<sup>2</sup>

<sup>2</sup> Source: Fink-Hafner et al. 2016

In 2012, 38.1% of the 96 most influential interest organizations from 11 selected policy fields (Fink-Hafner et al. 2012) considered the media to be favorably inclined toward them, while 24% felt that the media were not so favorably inclined toward them. 45.8% even stated that they had received more attention from the media than in previous years, and 33.3% believed that they had received the same amount of attention from the media as in the past.

## 4.2.2 Historical Development and Main Actors

### Historical Development

The process of liberalization under the one-party system in Slovenia allowed voluntary social organizations to flourish. The new law on societies adopted in 1986 brought about a modernization of legislation regarding the freedom of association. In fact, some new oppositional social movements – such as the peace movement – even registered as societies in order to gain access to the funding permitted by the new law. Constitutional amendments and the Law on Political Organizations allowed oppositional political leagues to be legally registered. In the first multi-party elections, the List of New Social Movements (Lista NDG) competed but did not win any seats.

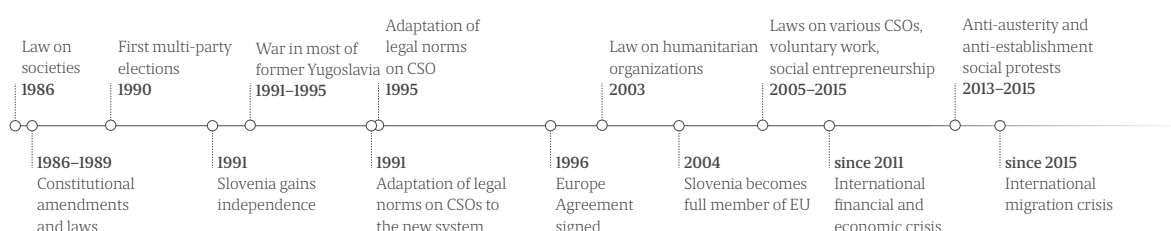


Figure 4.2.1: timeline of key events for civil society

The proliferation of various forms of voluntary associations has continued in the democratized system. The number of societies and social organizations jumped from 5,306 in 1980 to 7,889 in 1982, then to over 10,000 following the adoption of the new Law on Societies in 1986 (Zavod za statistiko 1977-1994). While the dynamic growth of newly emerging civil society organizations continued, their politicization as well as the protest activities typical of the transition period declined; this decline, however, has seen a reversal in the anti-austerity and anti-establishment protest activities which have taken place as a result of the recent international financial and economic crises.

### Funding Sources

Slovenia's legislation supporting organizations allows tax deductions for donations from legal persons for humanitarian causes and the common good (up to 0.3% of income), tax deductions for donations from legal persons for cultural purposes and for protection from natural disasters (up to 0.2% of income), and various tax benefits (the "0.5% rule").

Nevertheless, the data from the 2016 Web-based survey (Fink-Hafner et al. 2016) indicate that membership fees are the most important source of funding for Slovenian CSOs. The same survey also shows that only 14.4% of all organizations are not funded by membership fees (from companies, individuals or member organizations).<sup>3</sup> Among the organizations financed from membership fees, these revenues represent, on average, 55% of each organization's budget. Funding from the national budget is also an important source of revenue, averaging 40.6% of each organization's budget, although only 39% of all organizations receive funding from this source. 43.5% of all organizations receive funding from charitable or corporate sponsors; among those organizations, this source of income represents an average of 30.6% of their budget. Other income-generating activities, such as online crowdfunding, selling services to members, and income from savings and investments, account for an average of 29.68% of the budget for the 39.4% of all organizations that have access to those revenue streams. For the 39.9% of all organizations that receive donations and gifts from individuals, this income makes up only 19.6% of their budget. Although European projects and programs are becoming increasingly important sources of funding for Slovenian CSOs, only 17.3% of the organizations receive EU funding. Among these organizations that receive funding from EU projects and programs, this source represents 24.95% of their budget.

<sup>3</sup> The web-based survey (Fink-Hafner et al. 2016) included questions on the policy activities of CSOs; for this reason, we believe that the majority of the organizations that responded to the survey are from the field of advocacy and policy. This may also explain the high degree of dependence on membership fees.

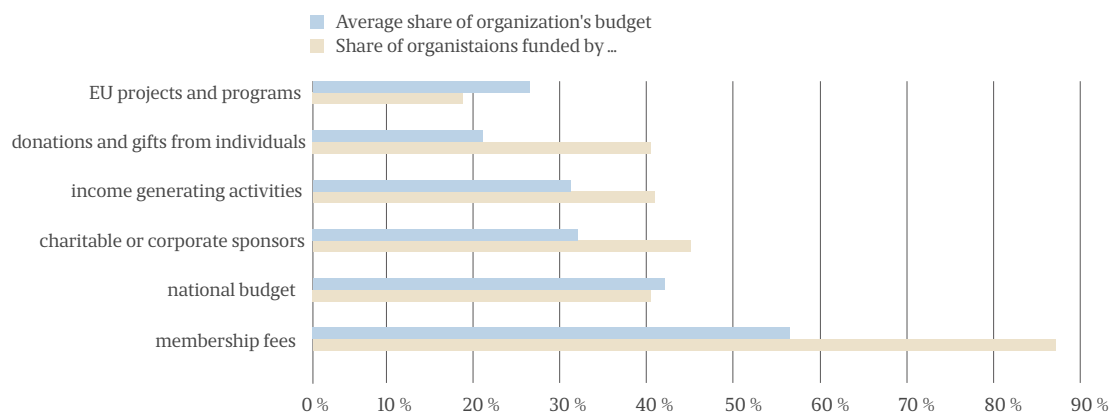


Figure 4.2.2: sources of funding for Slovenian CSOs<sup>4</sup>

An analysis by CNVOS (2016b) reveals that the financial and economic crisis in Slovenia has led to a decline in the public funds made available to organizations by ministries, but not by local communities. Nevertheless, 35% of all CSOs estimated that they were at least “likely” to face challenges to their existence in the future (Fink-Hafner et al. 2016).

According to the CNVOS (2016c) report, after the international financial and economic crisis hit Slovenia, the total share of donors rose from 32.6% of all taxpayers in 2011 to 41.2% of all taxpayers in 2014. Nevertheless, the overall sum of donations remained between approximately EUR 3.7 million and EUR 3.8 million, while the number of eligible NGOs has risen by about 1,000. The average donation amount declined from EUR 12.64 in 2007 to EUR 9.6 in 2014 (CNVOS 2016c). Additionally, the percentage of legal persons making donations to humanitarian and other causes for the common good (up to 0.3% of income) declined from 11.19% in 2006 to 6.71% in 2014 due to austerity measures (CNVOS 2016d).

### Institutional Environment

Over the last quarter of the previous century, the macro-institutional environment in Slovenia has dynamically changed, creating pressure on interest groups to adapt. Firstly, from 1986 onwards, Slovenia's one-party system was gradually dismantled, leading to the legalization of a market economy, to political pluralism and to the elimination of the adjective “Socialist” from the formal name of the republic, creating the legal basis for Slovenia's subsequent declaration of independence. On one hand, civil society had been pressing for such changes. On the other hand, institutional changes – such as enshrining the right of association in the new constitution – have provided the basis for citizens' and interest groups' activities in the newly emerging political system.

Secondly, the new constitution, which was adopted in December 1991, redefined Slovenia as a parliamentary system with a nominal president of the republic. The upper chamber of parliament, known as the National Council, was created as a body representing functional and local community interests. By institutionalizing the representation of these interests, the National Council can be said to have granted them a voice in the policymaking processes, albeit a limited one. In order to ensure a National Council veto of a law passed by the National Assembly, representatives of a particular interest in the National Council need to persuade a sufficient number of other members of the Council to support them in demanding that the National Assembly take a second vote on an act. In practice, this only serves to postpone the final validation of the original decision and rarely results in any amendment to the legislation in question.

Thirdly, while its full integration into the EU in May 2004 changed little about Slovenia's national political system, its day-to-day functioning has been altered. As in many other post-socialist countries, Slovenia's national parliament (i.e. the lower parliamentary chamber, known as the National Assembly) was very active and assertive during the first decade following the transitional multi-party elections. Since the first decade of democracy, however, the National Assembly has been losing power and policy initiatives to the national executive branch, and the former has gradually come to be regarded as a mere “voting machine”. This has not prevented interest groups from trying to lobby the National Assembly. Nevertheless, institutional changes to national legislative procedures and the changes in the National Assembly's statutory rules, coupled with the rather frequent use of the “fast-track” legislative procedure in adopting laws, have made it more difficult for interest groups to lobby the National Assembly on policymaking.

Fourthly, domestic institutions have adapted in order to coordinate EU matters, particularly since Slovenia became a full member. The requirements of EU accession prompted Slovenia to pass constitutional amendments which have altered the central role of the National Assembly. In the pre-accession stage, the legislative procedure became shorter and more efficient due to an agreement among the party elites to adopt the *acquis* into Slovenia's legal system during the process of Slovenia's negotiations with the EU on becoming a member state. Additionally, national political institutions have adapted to the coordination of EU matters. Following the initial openness and transparency of the coordination of EU affairs and the active role played by the National Assembly in decision-making on Slovenia's integration into the EU, Slovenia – like many other newer EU member states – has “imported” the EU's democratic deficit into its own system by allowing the executive branch to prevail in all national decision-making on EU policy processes. In practice, this means that since Slovenia became a full member of the EU, interest groups have been dependent on the executive branch for information as well as access to national decision-making on EU policy – including decisions on national positions regarding particular EU-level policy proposals.

Fifthly, national political parties have also had a critical influence on the role of interest groups in Slovenia. Relations between interest groups and various socio-political movements on the one hand and between interest groups and political parties on the other hand have been very dynamic. Interest groups and movements contributed to the establishment of oppositional political leagues as well as the reformation of old political organizations. With the consolidation of the newly formed party system, political parties (both the reformed old parties and the newly established ones) have evolved into actors that are able to instrumentalize particular interest groups and movements, and they have the capacity to strengthen the executive branch in relation to the legislature. The decade of Liberal Democracy coalition rule brought about an increase in clientelism and corruption, which in turn led to a decline in the Liberal Democracy and the beginning of a period of alternation between center-left and center-right coalition governments, each with its own “clientele” of interest groups. Two early elections in recent years (2011 and 2014) have destabilized the party system and added to the problems of CSO involvement in policymaking.

National and European courts are increasingly becoming a point of interest for civil society actors. This is especially true in the case of environmental groups, as legal procedures have become a new form of strategy initiative (Kavka Gobbo 2016). According to the Web-based survey (Fink-Hafner et al. 2016), 17.5% of all CSOs surveyed have sought representation in court at least once during the last 12 months. 13.8% have initiated or participated in legal procedures during the last three years, with most of the cases brought before the national courts. The majority of active Slovenian organizations use litigation more often; 34.4% have already initiated at least one legal procedure in the national courts, but only 7.4% have initiated legal procedures at the European level (Fink-Hafner et al. 2012).

Civil society actors and the EU: Slovenian CSOs do not operate at the EU level or access EU-level actors as often as organizations from older member states (Hafner-Fink et al. 2016). Nevertheless, the Europeanization process has had considerable impact on CSOs in Slovenia. It has changed institutional opportunity structures, internationalized segments of CSOs, impacted the political culture of CSOs, changed their organizational modes and impacted the influence of CSOs on EU policy and national-level policymaking (Fink-Hafner et al. 2015:81-84). Today, more than 60% of national-level CSOs are members of at least one international or European umbrella organization (Fink-Hafner et al. 2016). This is especially important for the purpose of passing on know-how and valuable information (Fink-Hafner et al. 2012).

The Catholic Church enjoys a special status compared to other religious groups. As the largest religious institution in Slovenia, it has been able to secure an agreement with the state as well as to obtain special treatment in terms of receiving state funding and exemptions from taxation. The Catholic Church has attempted to influence social life in Slovenia and certain policies in particular. Among them are first of all education, family policy and the regulation of abortion and artificial insemination. To some extent, the Church has also attempted to influence certain political parties and has been involved in financial and economic activities.

Other forms of organizations: Up to 2003, Slovenia had only two universities: the University of Ljubljana and the University of Maribor. Today, we have four universities with the newly established University of Primorska and University of Nova Gorica. All four are members of the Slovenian Rector's Conference, which is an informal association of all Slovenian universities. They are rather powerful actors, especially in higher education policy. Individual employees from universities also act as experts supporting both CSOs and the government. For a long time, think tanks outside the government and outside the established political parties were almost non-existent in Slovenia. Recently, some newly established private institutes have claimed to be think tanks but they are still in an early stage of development. The role of corporations in the CSO field is mostly that of a donor, most prominently in the field of sports, culture and education.

Actors	Influence	Accessibility
National Assembly	3.25	2.22
National Council	1.37	2.51
Government	3.74	2.04
President of the Republic	1.43	2.05
Courts	2.01	1.43
State funds	2.43	2.84
State officials	2.11	2.75
Local officials	1.66	2.84
Experts	2.07	3.07
Media	2.88	2.61
Interest groups	2.19	3.01

Table 4.2.2: influence and accessibility of political actors (average values on a scale of 1 to 4)<sup>5</sup>

### 4.2.3 Mapping Civil Society

#### Size and Role of Civil Society

Following Tito's death in 1980, the social, economic and political crisis in Yugoslavia as well as the liberalization process in Slovenia enabled many social organizations and societies to organize and officially register their status. Toward the end of the 1980s, even oppositional social movements were allowed to register as societies and were provided with funding from the liberalized political authorities. By 1992, the total number of newly registered social organizations and societies had nearly doubled.

The number of registered interest groups in the broader sense has been increasing continuously since the transition to democracy. Since the delayed start of the financial and economic crisis in Slovenia in 2011, the most dynamic growth has been among institutes (zavodi), which grew by 11.3% in 2014; by contrast, the slowest growth was among societies, which grew by just 2.6% in the same year (CNVOS 2016e).

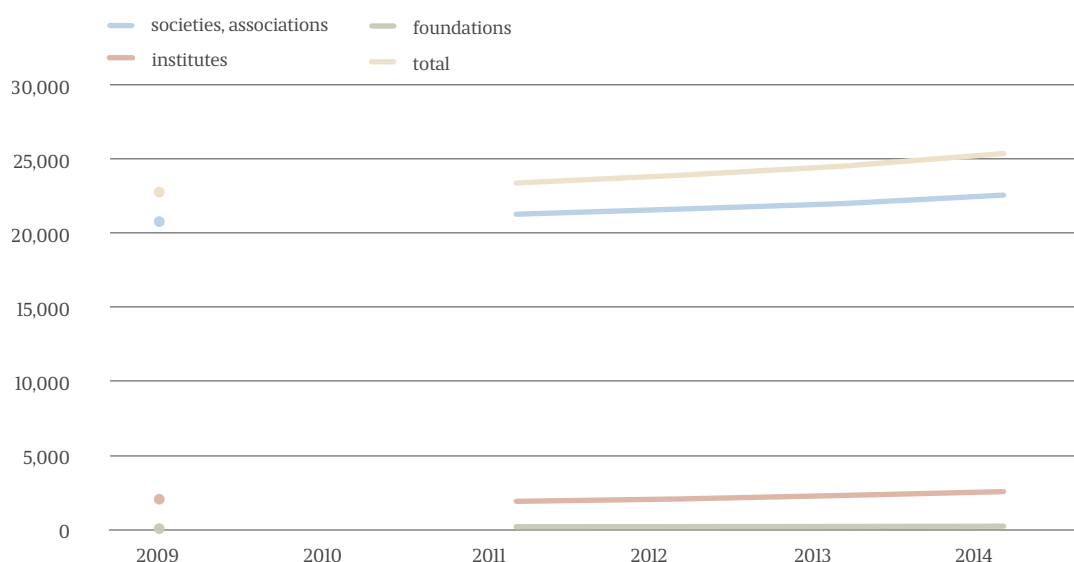


Figure 4.2.3: number of CSOs<sup>6</sup>

It is difficult to indicate the precise overall number of CSOs in Slovenia due to the absence of a legal definition of CSOs and NGOs as well as the different methodologies used when estimating the size of CSOs. Including voluntary organizations, private foundations, trade unions, NGOs, political parties, etc., the size of Slovenia's CSO population was 28,606 in 2014 (AJ PES 2015a, 2015b). As the population of Slovenia was 1,962,343 in 2014 (SUR S 2016), the per capita ratio was about 1:69.

<sup>5</sup> Source: Fink-Hafner et al. 2012

<sup>6</sup> Source: CNVOS 2016a

According to the AJPES data, over 7,100 persons are employed in interest organizations; more than half of these employees work in institutes (zavodi), which represent only 10.1% of all interest groups registered in AJPES. However, the vast majority (23,535, or 92.51%) of institutes have no employed staff at all, and only 20 institutes (0.08%) employ more than 50 people (CNVOS 2016f).

In line with its own classification, AJPES indicates that societies (total number: 22,568) employed a total of 3,299 employees in 2014, which is 205 employees more than in 2013. The majority of the people employed in societies works in social services (46.0%) and in sports and recreational societies (23.3%) (AJPES 2015a). Nonprofit organizations,<sup>7</sup> which include private foundations, trade unions, political parties, etc. (6,038 organizations in total), had 5,090 employees in 2014, an increase of 3% compared to 2013. Most employees of nonprofit organizations work in the fields of education (34.8%), health and social security (25.3%), and scientific and research activities (15.5%). Of all the different legal forms of organization, private institutes (zasebni zavodi) employ 85.4% of all employees, while trade unions employ only 3.8% (AJPES 2015b). Taken together, CSOs had a total of 8,389 employees.

Our Web-based survey (Fink-Hafner et al. 2016) reveals that while 69.5% of all organizations are without paid employees, 65.1% of all organizations benefit from volunteers. 28.3% of the organizations hire external professionals, and 7.1% employ interns or trainees. The revenue of NGOs<sup>8</sup> in 2014 came to EUR 760 million, representing 2.05% of Slovenia's GDP. The amount of revenue has gradually increased since 2009. The average annual revenue of Slovenian NGOs is EUR 30,000, with 18% bringing in no revenue and 38% reporting an income below EUR 5,000 (CNVOS 2016a).

In 2013, Slovenia's 494 voluntary organizations (which fall under Zakon o prostovoljstvu)<sup>9</sup> relied on a total of 46,903 volunteers. Their activities amounted to 6,161,795 hours (or EUR 65,535,388 worth) of voluntary work. This also represents an increase compared to 2011 and 2012. Despite the relatively high numbers of volunteers, a relatively low share of adult Slovenes (between 10% and 19%) are involved in voluntary work. Volunteers tend to be better educated and are often female (63.51% of volunteers) and retired (68.72%), but the share of high school students and university students is also significant. The contribution of voluntary work to Slovenia's GDP remains below 1% (Ministrstvo za notranje zadeve 2014).

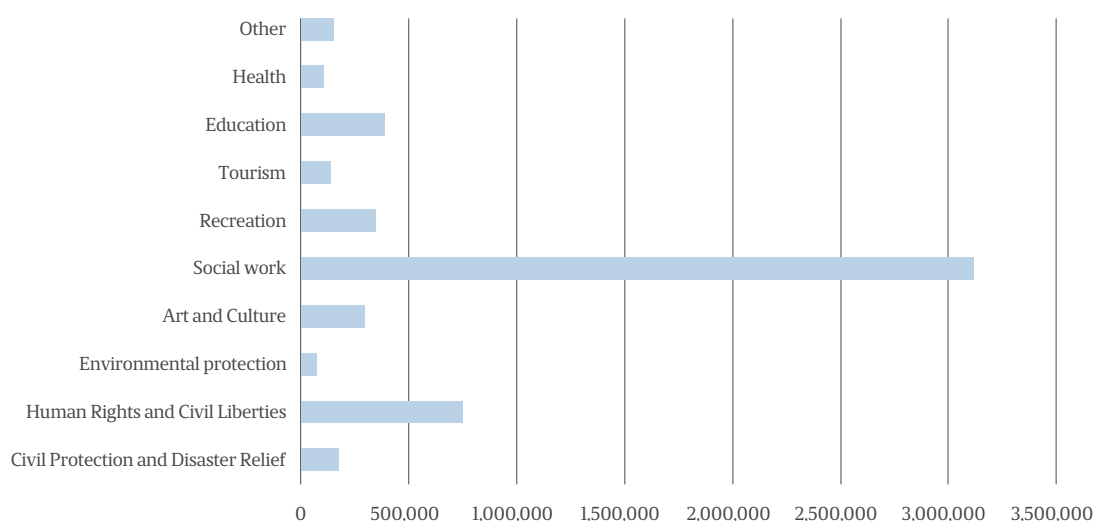


Figure 4.2.4: volunteer hours by field of activity in 2012<sup>10</sup>

Civil society organizations are predominantly active in cultural, art, sports, recreation and leisure activities (41% of Slovenian CSOs), in business associations, professional associations and trade unions (21%), and in social services (5.4%) (Kolarič and Rakar 2010).

<sup>7</sup> The data are based on the AJPES definition of the term "nonprofit organization", which includes private foundations, trade unions, political parties, etc., but does not include societies or non-governmental organizations. For this reason, we differentiate between CSOs and nonprofit organizations in this context.

<sup>8</sup> The definition of NGOs includes societies, associations, youth councils, (private) institutes and foundations, but does not include trade unions, religious organizations or civil initiatives (CNVOS 2016a).

<sup>9</sup> This includes only those organizations which are entered in the electronic register of voluntary organizations. The picture is therefore slightly skewed.

<sup>10</sup> Source: Ministrstvo za notranje zadeve 2013

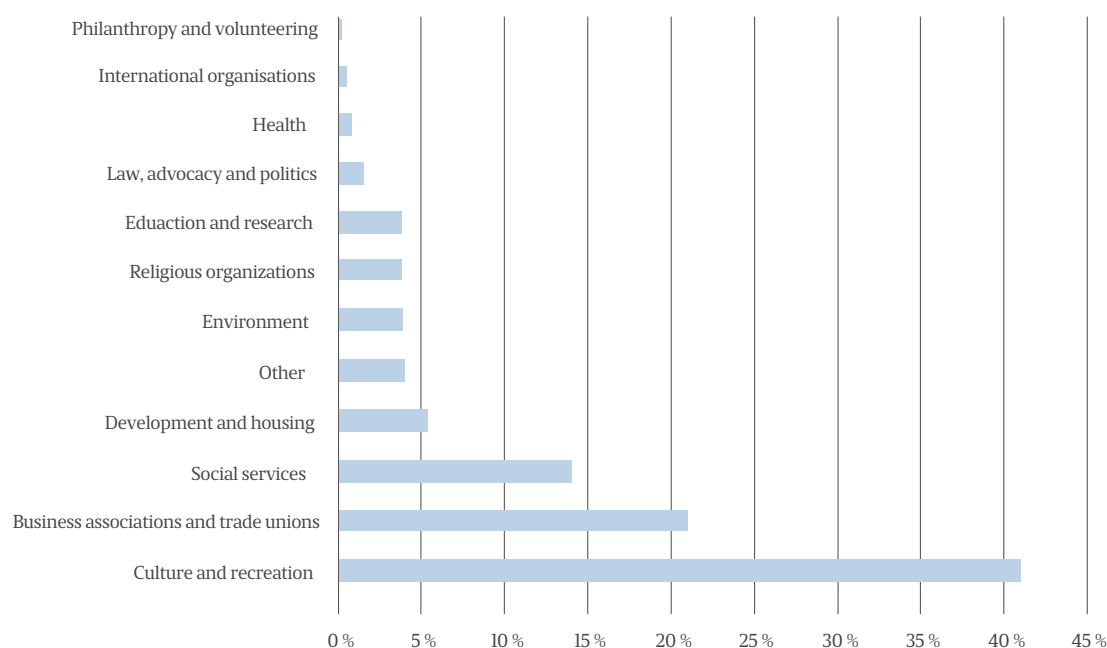


Figure 4.2.5: areas of activity of civil society organizations<sup>11</sup>

### Culture

In 2014, 3,641 associations, or 16.1% of all associations in Slovenia, were active in the field of culture and art. They employed 216 employees (6.5% of all employees working in associations), and they had EUR 33,982 (4.5%) of funds and an average income of EUR 40,628 (7.6%) (AJ PES 2015a). Among nonprofit organizations, 335 were active in cultural, leisure and recreational activities, with EUR 10,018 of funds (2.0%) and an average income of EUR 13,815 (3.3%) (AJ PES 2015b).

Activity	Number	Share in %
Performing arts	1,399	25.1
Activities supporting the performing arts	487	8.7
Artistic creation	3,332	59.7
Operation of arts facilities	92	1.6
Libraries	62	1.1
Archives	24	0.4
Museums	82	1.5
Historical sites and buildings and similar visitor attractions	83	1.5
Botanical and zoological gardens and nature reserves	23	0.4
Total	5,584	100.0

Table 4.2.3: fields of activity under the code "Creative, arts and entertainment activities and libraries, archives, museums and other cultural activities"<sup>12</sup>

<sup>11</sup> Source: Kolarič and Rakar 2010

<sup>12</sup> The numbers include all legal entities registered under this code. Source: AJ PES 2016



As a consequence of the international financial and economic crisis, the Slovenian state budget for culture was reduced after 2009. However, compared to other post-socialist countries, this decrease was delayed; many post-socialist countries decreased funding for cultural policies as early as the 1990s. The financial crisis also accentuated existing long-term problems in the NGO sector in the field of cultural policy. Among the most critical long-term issues specific to cultural policy have been the following (Hazabed et al. 2011): societies in the experimental and alternative cultural-artistic scene have been instrumentalized for anti-establishment culture since the 1980s; the production of art and culture continues to be marginalized financially and in terms of advocacy compared to established cultural institutions (e.g. theaters, museums) and their involvement in cultural policymaking in the post-1991 political system; since many NGO support and service activities in the field of culture have been marginalized and denied systematic state financing, a significant part of the non-governmental cultural sector today has also served as a way of marginalizing the “below-forty” generation in this field; and lastly, the success of NGOs in the field of culture has been primarily linked to their internationalization.

Impactful	Asocijacija	Asocijacija is an association of non-governmental organizations and independent creators in the field of arts and culture. It currently has 65 member organizations plus individual members.
	KUD France Prešeren	KUD France Prešeren is an arts and culture society that has been active since 1919 and supports various outstanding artists and alternative modes of culture. Particular attention is paid to disadvantaged groups and to the encouragement and development of greater tolerance and respect for diversity.
Innovative	Zavod Bunker	Bunker is a nonprofit organization for the implementation and organization of cultural events. It takes innovative approaches to cultural activities and organizes the international festival “Mladi levi”.
	Metelkovo mesto	Metelkovo mesto is a center of arts and crafts, political activity and independent cultural production that has been active in the field of music, theater, painting, video, comics, sculpture and other arts for 16 years. It is also known for its alternative community.

Table 4.2.4: examples of civil society actors in the field of culture<sup>13</sup>

### Social Services

In 2014, a total of 2,929 Slovenian associations were active in the field of social services; this figure represents 13% of all associations. According to AJ PES (2015a), there were 1,519 employees in associations concerned with social policies in 2014, accounting for 46% of all employees in associations. These organizations had access to EUR 329,107 in funds (43.6%) and paid out EUR 140,658 in salaries (26.1%) in 2014 (AJ PES 2015a). Among Slovenia’s nonprofit organizations, 461 organizations work in the fields of health and social security. They had access to EUR 57,531 in funds (11.4%) and paid out EUR 62,261 in 2014 (14.9%) (AJ PES 2015b).

Most voluntary work performed by CSOs in Slovenia is performed in the field of social services. In 2013, the number of hours of voluntary work in social services totaled 3,222,041; this represents 52% of all voluntary work done in 2013 (Ministrstvo za notranje zadeve 2014).

Activity	Number	Share in %
Residential nursing care activities	1	0.1
Residential care activities for mental health and substance abuse	15	1.2
Residential care activities for the elderly and disabled	104	8.6
Other residential care activities	17	1.4
Activity of enterprises employing disabled persons	1	0.1
Other social work activities without accommodation for the elderly and disabled	133	11.0
Child day-care activities	84	7.0
Activities by humanitarian and charitable organizations	383	31.8
Other social work activities without accommodation n.e.c.	468	38.9
<b>Total</b>	<b>1,206</b>	<b>100.0</b>

Table 4.2.5: fields of activity under the codes “Residential care activities” and “Social work activities without accommodation”<sup>14</sup>

13 Source: Expert Survey 2016

14 The numbers include all legal entities registered under this code. Source: AJ PES 2016

Impactful	Slovenska Karitas	Slovenska Karitas is a charity of the Roman Catholic Church in Slovenia and a member of Caritas Europa and Caritas International. It engages in and promotes volunteer work and had a total of 9,413 volunteers in 2012.
	Rdeči križ Slovenije	Rdeči križ Slovenije is part of the Red Cross network and is a humanitarian organization that helps vulnerable groups. In 2015, this organization played a vital role during the refugee crisis.
Innovative	Zveza prijateljev mladine Moste - Polje	Zveza prijateljev mladine Moste - Polje runs a successful charity project, Botrstvo ("Guardianship"), that endeavors to improve the quality of life for children and adolescents living in financial distress and in need of financial support.
	Anina zvezdica	Anina zvezdica is a charitable organization that collects and distributes food to vulnerable families.

Table 4.2.6: examples of civil society actors in the field of social services<sup>15</sup>

### Advocacy

Based on AJPES data, advocacy groups represent a sizable share of CSOs in Slovenia (NACE code 94). There are as many as 18,274 legal entities engaged in advocacy work and registered as membership organizations in Slovenia.

Activity	Number	Share in %
Activities of business and employer membership organizations	171	0.9
Activities of professional membership organizations	1,515	8.1
Activities of trade unions	3,049	16.4
Activities of religious organizations	1,037	5.6
Activities of political organizations	84	0.5
Activity of membership organizations for disabled persons	239	1.3
Activities of other membership organizations n.e.c.	12,551	67.3
Total	18,646	100.0

Table 4.2.7: fields of activity under the code "Activities of membership organizations"<sup>16</sup>

New advocacy organizations have emerged from the problems and conflicts in particular policy areas related to the recent financial and economic crisis. These fields include: health-care policy (see e.g. Društvo za zdravje naroda 2016), newly emerging vulnerable social groups (e.g. the Movement for Decent Work and Welfare Society) (Gibanje za dostojno delo in socialno družbo 2016), "new-age slaves" such as agency workers ("Nikogaršnji ljudje" 2015), which have become part of the trade unions' agenda (KS90 and Sindikat GIT-KS90 2015), and migrant workers – residents in Slovenia with income from abroad (Trade Union of Migrant Workers) (Sindikat delavcev migrantov 2016). In a few instances, dissatisfaction with the existing trade unions has even led to radical trade unionism (Zukić 2014) and the spread of protest politics.

Impactful	Amnesty International	Amnesty International is the largest human rights organization worldwide and is also present in Slovenia.
	Peace Institute	The Peace Institute (Institute for Contemporary Social and Political Studies) is a private, independent, nonprofit research institution that undertakes scientific research and advocacy activities in support of human rights.
Innovative	Danes je nov dan	Danes je nov dan ("Today is a new day") is a private, nonprofit, professional, non-governmental organization that encourages active (digital) participation, civil society development, control, transparency and social dialogue on public issues.
	Umanotera	Umanotera is an environmental organization focused on an advanced, systemic paradigm of sustainable development.

Table 4.2.8: examples of civil society actors in the field of advocacy<sup>17</sup>

<sup>15</sup> Source: Expert Survey 2016

<sup>16</sup> The numbers include all legal entities registered under this code. Source: AJPES 2016

<sup>17</sup> Source: Expert Survey 2016

### Social Enterprises

The establishment and activities of social enterprises are defined in Slovenia's Law on Social Entrepreneurship (Zakon o socialnem podjetništvu), which was adopted in 2011. This law states that the status of social enterprise can be obtained by a nonprofit legal person for engagement in social entrepreneurship or for the employment of vulnerable groups. The purpose of setting up a social enterprise may not be either primarily or solely for profit. At present, 140 social enterprises are registered with the Slovenian Ministry of Economy, Development and Technology. Activities of membership organizations include as many as 44 enterprises. Others are spread over many different areas in very small numbers (in many cases only one to three enterprises per area). The following areas stand out with somewhat larger numbers of enterprises: social work activities without accommodation (16 enterprises), education (14 enterprises), crop and animal production, hunting and related service activities (9 enterprises), and retail trade, except for motor vehicles and motor-cycles (9 enterprises).

While CNVOS have been critical of the final text of the Law on Social Entrepreneurship, they are even more critical of the lack of ambition related to the role of social entrepreneurship in the Slovenian strategy and in its implementation. In particular, they point out the lack of mechanisms supporting social entrepreneurship (such as tax relief, ensuring sufficient financial resources for the implementation of particular policy mechanisms and combinations of these mechanisms including promotion, help in starting enterprises, and subsidies for employment). Regardless of the implementation problems, there have been cases of good practice.<sup>18</sup> Those cases, which have also received media coverage in Slovenia, have included projects which aim to encourage the social integration of persons from vulnerable groups. For example, Zadruga Pomelaj is noteworthy for tackling social integration through rural development activities.

Impactful	Center ponovne uporabe	Center ponovne uporabe ("Centre for Reuse") produces innovative products according to the principle of reuse, employing vulnerable groups and integrating disadvantaged persons back into the labor market.
	Zadruga Pomelaj	Zadruga Pomelaj offers permanent and secure jobs in the areas of traditional crafts and cuisine to people with disabilities.
Innovative	Skuhna	Skuhna is a social enterprise based on the idea of intercultural exchange with immigrants from Africa, Asia and South America living in Slovenia and offers world cuisine and cultural programs.
	Druga vijolina	Druga vijolina is a restaurant project where people with disabilities produce much of the food on a farm near Ljubljana and also work as service staff in the restaurant.

Table 4.2.9: examples of social enterprises<sup>19</sup>

<sup>18</sup> We are grateful to Matej Verbaj, head of the CNVOS legal unit, for this information (e-mail of 26 August 2016).

<sup>19</sup> Source: Expert Survey 2016

#### 4.2.4 Trends and Outlook

The characteristics of CSOs based on official data and academic survey data as well as the trends in CSO development forecast by experts (see Section 4.2.1, Method) point to four main trends:

The first trend is an increasing role of CSOs (including social enterprises) in the provision of social services. Civil society actors have increasingly assumed responsibility for the provision of services that were formerly functions of the state. This has been particularly evident in Slovenia's social services sector. In the context of the recent international migration crisis, civil society actors have proven crucial in pressing the government for a timely and efficient solution to the problem while coordinating the generous support of volunteers and citizens' voluntary contributions to take care of refugees, thus helping the nation to save face. Additionally, CSOs have helped to shift the increasingly security-oriented political discourse toward one of human rights.

The second trend is a decrease in public funding and the related marketization, projectization and precarization of CSOs. In spite of the fact that CSO activity is on the increase, work conditions remain precarious because CSOs are active in niche areas where established institutions are not present. As CSOs face increasing financial problems and the resulting challenges of employment and professionalization, they are forced to spend much of their time searching for additional funding, either on the market or by applying for grants from various EU project calls and programs. Poor resources also limit the policy-oriented activities of CSOs.

The third trend includes linkages between political parties and CSOs. The trend toward CSOs and political parties exchanging resources has become evident since the transition period. While macro-political issues were in the focus during the transition, ideologically charged policy issues have afterwards become the key nodes of ideological-political coalitions among particular parties and like-minded CSOs, usually along center-left vs. center-right ideological divisions. Party-CSO linkages can, to some extent, also explain why particular groups have better access to certain EU-related funding distributed by national political elites. The significance of party-CSO linkages is unlikely to disappear in the near future.

The fourth trend is the low and declining inclusion of CSOs in policymaking. Although the number of CSOs in Slovenia is one of the highest per capita in Europe, and although the social partnership has been institutionalized, the overall political participation and inclusion of CSOs in policymaking remains lower than in older democracies. The declining opportunities for CSOs to be included in political processes seem to become a long-term trend, especially when taking into account the policymaking shift toward the executive branch in the national and EU political system framework in general, and the ongoing shift from national policymaking to EU authorities and international financial organizations, in particular for addressing the financial and economic crisis.

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### **Decrease in public funding; marketization, projectization and precarization of CSOs**

The problem of financing has been the main challenge faced by CSOs. For this reason, many CSO activities are geared toward the search for additional funding.

“A lack of funding, part time and short term employment in civil society organizations are weakening civil society. As a consequence, CSOs are losing knowledge invested in their staff, their expertise is decreasing.”

“Workers in NGOs have very low salaries and a hard workload. Therefore workers are circulating very quickly, which creates instability for service users.”

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### **Increasing role of CSOs in delivering social services**

Civil society actors have increasingly assumed responsibility for delivering services that were formerly provided by the state, especially in the social services sector.

“The increase in delegating social service provision to civil society organizations, which are not prepared to take on this burden due to their weak financial situation and low level of professionalization, will create a ‘welfare gap’ without a substantial increase of government funds.”

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### **Poor and declining inclusion of CSOs in policymaking**

Despite the fact that Slovenia has one of the highest numbers of CSOs per capita in Europe and despite the social partnership having been institutionalized, the political participation and inclusion of CSOs in policymaking remains lower than in older democracies.

“The governments must realize that civil society is an important and relevant partner in the policymaking process. At the moment in our country, civil society is involved in discussions, but rarely influences policies and decisions (at least in our field of public health). It is estimated that the government will delegate some tasks to civil society and invest more funds in those tasks.”

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### **Political party – CSO linkages**

The links between CSOs and political parties have been evident since the transition period. Since that time, ideologically imbued policy issues have become the key nodes of ideological-political coalitions among particular parties and like-minded CSOs.

“The further development and consolidation of the collaboration between centre-left oriented civil society organizations and centre-left parties and centre-right oriented civil society organizations and center-right parties”

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Table 4.2.10: frequently mentioned trends and sample quotes<sup>20</sup>

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<sup>20</sup> Source: Expert Survey 2016

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## **Chapter 5**

# **Country Reports: Bulgaria and Romania**



## 5.1 Country Report: Bulgaria

Ruzha Smilova

### ABSTRACT

The civil society sector in Bulgaria was reborn in the wake of the changes of 1989, after 45 years of communist rule which had successfully subdued the civic energy of Bulgarians. The general trend after 1989 was a gradual withdrawal of the state from the regulation of different societal spheres, including the CSO sector. Despite their growth – in size, thematic fields and forms – CSOs had very limited access to public funding and state support, which was mostly restricted to providing a legislative framework. For the greater part of this period, the sector was driven by foreign donors and projects, contributing to its insufficient financial and organizational sustainability. The low levels of voluntary participation and the limited availability of funding from domestic donors also contributed to the sector's relative weakness. Around the time of Bulgaria's EU accession (2007), the sector experienced a crisis not only as a result of the withdrawal of foreign (private and public) donors, but also because its transition agenda seemed exhausted. The financial crisis and the difficulties of EU membership for a young, barely consolidated democracy gave new purposes to the sector, which is currently trying to recover from its crisis by inventing new forms of organization, mobilization, thematic focus and funding. The declining levels of trust (both in institutions and people), which in the case of Bulgaria are correlated with very low levels of citizen participation in CSOs, throw further light on the context in which CSOs currently operate. A way forward is already emerging with the creation of networks of CSOs working in areas such as judicial reform and the democratic process which are crucial for a well-functioning democracy. The major challenge ahead for these networks is to remain connected to citizens' needs.

### 5.1.1 Introduction

The civil society sector in Bulgaria was reborn in the wake of the changes in 1989. For 45 years, communist rule had successfully subdued the civic energy of Bulgarians, who sought refuge from the pressures of the party-state in their private lives. The post-communist period was characterized by initial enthusiasm for the rebirth of civil society and by rapid growth of CSOs. However, the country experienced a protracted and turbulent transition from an authoritarian regime to a free-market liberal democracy. The general trend after 1989 was the gradual withdrawal of the state from the regulation of different societal spheres, including the CSO sector. Despite their growth – in size, thematic fields, forms, etc. – CSOs had very limited access to public funding and state support which was mostly limited to providing a legislative framework. For the greater part of this period, the sector was driven by foreign donors and projects, contributing to its insufficient financial and organizational sustainability. The low levels of voluntary participation and the limited availability of funding from domestic donors also contributed to the sector's relative weakness. In sum, although the number of registered CSOs in the country has grown, only a fraction of them are sustainable and "active". Around the time of Bulgaria's EU accession (2007), the sector experienced a crisis not only as a result of the withdrawal of foreign (private and public) donors, but also because its transition agenda seemed exhausted. The financial crisis and the difficulties of EU membership for a young, barely consolidated democracy gave new purposes to the sector, which is currently trying to recover from its crisis by inventing new forms of organization, mobilization, thematic focus and funding. The declining levels of trust (in institutions and among people), which correlate with very low levels of citizen participation in CSOs,<sup>1</sup> throw further light on the context in which CSOs operate in Bulgaria.

### Legal Framework, Legal Forms and Predominant Types of Organizations

The Bulgarian legal framework for CSOs was provided by the 1991 Constitution, by the 2001 Nonprofit Legal Entities Act (NPLEA) and by other acts regulating other types of CSOs.<sup>2</sup> This framework guarantees the development of the civil society sector, granting CSOs sufficient freedom. NPLEA, which deals specifically with NGOs, defines two types of NGOs in the country: associations (membership-based) and foundations (property-based), and each type can be either for private or for public benefit. NGOs are constitutionally barred from political, trade union and religious activities, and until recently NPLEA further prevented them from providing health care and education services.<sup>3</sup> NPLEA specifies the registration and termination procedures, the requirements with regard to management, and other responsibilities vis-à-vis the state. The registration procedure is considered relatively cheap and not excessively cumbersome, though less so for public-benefit NGOs. To ensure their transparency and accountability, their regulation is stricter – in addition to district court registration, they register and submit annual activity and financial reports to the Registry of Public Ben-

1 81% of all Bulgarian citizens have never participated in any organization, and only 3% have participated in the activities of an NGO (OSI-S 2015a). This is in stark contrast to the data from the National Statistical Institute (NSI), to which NGOs submit annual activity reports. In 2014, associations and foundations reported that they had over 2 million members (113,454 corporate and 1,890,718 physical persons), compared to a population of 7.5 million in Bulgaria (NSI 2014). These data are constantly contradicted by multiple sources, including the EU Barometer, European Value Survey, national surveys, scholarly studies, etc.

2 Such as community cultural and education centers (chitalishta), cooperatives, church and religious organizations, trade unions, etc., as well as the legislative acts on access to public information, on conflicts of interest, etc.

3 Amendments in 2015 made NGOs eligible for state funding for service provision in these two areas.

efit NGOs at the Ministry of Justice. An amendment to NPLEA passed in September 2016 envisages its further streamlining. Specialized NGOs, among which the major player is the Bulgarian Center for Not-for-Profit Law (BCNL), provide legal expertise for newly established NGOs throughout the registration process and beyond. Because of the restriction that only public-benefit NGOs are eligible for public funding, many have changed their legal status from private to public benefit. Because it is more demanding to register an NGO, the registration costs have also increased. Monitoring by the Ministry of Justice does not work well in practice; information is not regularly updated and is not user-friendly, leading to less transparency of the sector. The picture is further complicated by the fact that different types of CSOs are registered in several other public registries (CSD 2015). The current legislation does not provide clear, transparent procurement procedures for the municipal and central government funding of NGOs (BCNL 2015, CSD 2015). Many NGOs still perceive state funding as state dependence. Despite these difficulties, the legal framework is regarded as enabling, as it is the highest-ranking indicator in the USAID CSO Sustainability Index for Bulgaria (CSO SI B). In 2015, the legal environment scored 2.5 (on a scale from 1.0 [fully sustainable] to 5.0 [sustainability inhibited]), down from 2.0 in 2001, when NPLEA was passed. The deterioration started in 2010, and the trend is currently negative.

Among the most visible, traditionally well-established CSOs are the community cultural and education centers known as “chitalishta”. Regulated by a special law, they receive guaranteed public funding. Their numbers are nevertheless declining (especially in the villages, where they were traditionally well-established and active), as only 3,075 of those centers were active in 2012 (NSI 2013).<sup>4</sup> The cooperative movement developed early (first cooperative established in 1890) and was very strong in the early to mid-20th century, though it was later taken over by the communist state. In post-communist Bulgaria, cooperatives are legally regulated by a special act. The “worker producers’ cooperatives” are organized in a national union with less than 300 member cooperatives,<sup>5</sup> down from 400 (with 40,000 individual members) a decade ago. The cooperatives of physically impaired persons receive state support and some public funding. Other forms of cooperatives (most notably “parents’ cooperatives”) are gaining popularity, though their numbers are still very low.<sup>6</sup>

Information on religious organizations was available from the Commercial Registry, where 1,310 of these organizations were registered as of January 2010.<sup>7</sup> From reported participation of 13% (EVS 2008, cited in Kabakchieva et al. 2012), we can conclude that their influence is relatively low. Officially registered NGOs amounted to more than 41,500 in 2015, and most of them are active in social services, education and culture (CSO SI B 2015). Most are associations for private benefit, despite the trend toward re-registering NGOs as public-benefit organizations in order to be eligible for public grants. Education, service provision and community development are the most common spheres of NGO activity, with EU issues and public policies also in the focus of many NGOs (Kabakchieva et al. 2012).

### Civic Engagement and Visibility of CSOs

The level of engagement in organizations is low; 81.5% of all Bulgarians have not participated in any organization, and 86.9% of them have not participated in any volunteer activities (EVS 2008).<sup>8</sup> Only 13.1% have taken part in an NGO/civic association in the last five years (OSI-S 2009). Indicative here are the titles of two CIVICUS reports on the state of civil society in Bulgaria: *Civil Society without the Citizens: an Assessment of Bulgarian Civil Society (2003-2006)* and *Civil Society in Bulgaria: Citizen Actions without Engagement (2008-2010)*.

The low levels of civic engagement correspond to the generally very low social trust in post-communist Bulgaria, as only 17% of all Bulgarians agree that “most people can be trusted” (EVS 2008). This trend of even lower trust is a conspicuous characteristic of Bulgarian society. These levels of engagement also correspond with relatively low levels of visibility of the sector. Only 11% have had direct contact with an NGO, yet the majority report positive experiences from that contact. According to 75%, the existence of NGOs is important for society and 63% trust them, compared to 10% trust in politicians and 20% in judicial magistrates (BCNL 2013).<sup>9</sup>

4 Their number declined from 3,646 in 1997 to 2,838 in 2005, then partially recovered to 3,075 in 2012.

5 According to the register of cooperatives, there are only 240 members.

6 According to the Association of Parents’ Cooperatives, less than 20 of these cooperatives are active, and most are in Sofia.

7 After the introduction of a subscription fee, it is currently not readily accessible.

8 Though participation in religious organizations is particularly low (1.3%), the lowest can be found in local communities’ actions to fight poverty and protect minorities’ rights (0.9%), and in humanitarian relief or human rights (0.4%).

9 According to 33%, there are cases in which NGOs have helped to solve problems. Some 45% can name an NGO about whose activities they are informed, and the majority of those capable of naming an NGO and its activities have a positive attitude toward that NGO (55% toward national NGOs, and 59% toward regional ones). 65% declare that the NGOs are useful because they help people through charity, 43% because they support just causes, yet only 8% because they monitor the state (BCNL 2013).

The public image of NGOs has deteriorated since 2013, partly as a result of a targeted media campaign during and after the 2013 anti-government protests. In April 2015, already 45% of all Bulgarian declared that they did not trust NGOs (OSI-S 2015b). Pro-government media labeled NGOs and the protesting activists “Sorosoids”<sup>10</sup> and “foreign agents”. These forces launched a smear campaign against some of the most visible NGOs and their activists, one of the persistent accusations being that they are “paying for”/“being paid” to participate in the protests (2014 CSO SI B). One positive development is that in 2016 there have already been a few court rulings against newspapers that circulated such claims; they have to pay damages for defamatory articles against prominent NGO activists (Capital 2016, Mediapool 2016).

## 5.1.2 Historical Development and Main Actors

### Historical Development

The first CSOs in modern Bulgaria (“chitalishta”) appeared in the second half of the 19th century, prior to the country’s independence from the Ottoman Empire, and were critically important for civil society development in pre-liberation Bulgaria, being among the triggers of the National Bulgarian revival. These early developments have little relevance for the current state of civil society, as 45 years of communist rule (1945-1989) caused a radical break in the country’s development. More relevant are the developments in the 1980s, during the last period of communist rule, when the regime started slowly disintegrating, mostly due to external influences.<sup>11</sup> The first “informal” organizations (as the CSOs were then called to distinguish them from the “formal”, communist state-dominated organizations) appeared in the late 1980s, and included organized forms of resistance by members of the ethnic Turkish minority<sup>12</sup> demanding recognition of their right to self-determination and freedom of religion. Organizations of members of the intelligentsia, who were becoming more critical of the personal rule of Todor Zhivkov, the long-ruling communist leader of the country, also started appearing. The process of establishing “informal” organizations was accelerated by the Helsinki agreement, which granted citizens of communist states the right to establish non-formal organizations. The first ones focused on the environment (in the wake of the Chernobyl disaster) and human rights (triggered by the regime’s blatant violations of the human rights of ethnic Turks and other repressed groups). The sudden regime collapse in November 1989 marked the start of a turbulent period of protracted transition to democracy and a market economy: after more than a year of mass protests against the communist government,<sup>13</sup> a new constitution was adopted in 1991, guaranteeing the full spectrum of human rights, including the right to establish associations.

According to expert estimates, the 1992-1996 period saw the registration of the largest number of civil society organizations.<sup>14</sup> In 1996/1997, again under a socialist government, the country experienced its second financial collapse since the regime change, bringing citizens back to the streets to demand resignation and faster reforms. After pre-term elections, the Kostov government (1997-2001) introduced long-overdue reforms and started the country’s NATO and EU accession. The period leading to EU accession in 2007 was characterized by institution and capacity building aimed at meeting the requirements of EU membership. It was also a period of steady economic growth, providing a favorable background for the continuing institutionalization and strengthening of CSOs. The adoption of NPLEA in 2001 provided a stable legal framework for NGO activities. At that time, the Registry of Public-Benefit NGOs was envisaged to start operating, yet it failed to meet its objective of full NGO transparency because it had not been updated regularly. The 2000 Access to Public Information Act, which defines the scope and rules of access to public information for individuals and legal entities, including CSOs, also contributed to their development. Nevertheless, even during this most favorable period, the sector failed to achieve financial and organizational sustainability; the majority of organizations continued to be project-driven and dependent on the availability and agenda of foreign donors’ funds.

Somewhat paradoxically, Bulgaria’s accession to the EU in 2007 triggered a process of backsliding. Most foreign donors downscaled their support or withdrew it altogether, taking the EU accession as a clear sign of the end of a long transition to a consolidated democracy with a working market economy, which could presumably support the CSO sector on its own. Coupled with the lack of a well-established culture of private donors’ support, the economic crisis caused deterioration of the CSO environment, which failed to make full use of access to EU funds because of insufficient organizational capacity and/or administrative difficulties with the national operators of programs. Nevertheless, during this period, many organizations (mostly in the fields of advocacy and social services) strengthened their presence and standing.

10 Derived from George Soros, the founder of the Open Society Foundation.

11 These were, in the first place, the developments in the Soviet Union under Gorbachev and his “perestroika” and secondly, the dissident movements in the Central European communist states.

12 The communist state’s attempts to assimilate the Bulgarian Turks culminated in their forced renaming in 1984-1985. The resistance it provoked (open demonstrations verging on revolts took place in several villages and were put down with extreme violence by the army, leaving several protesters dead) was unprecedented in communist Bulgaria. Consequently, a pro-Turkish terrorist group planted a bomb in a train, killing seven people, including children, and injuring many more.

13 The hesitant rule of consecutive communist governments brought the country to an economic and financial standstill in 1990/1991.

14 The exact number is difficult to verify, as the registry was only established after the adoption of NPLEA in 2001.

The period after accession also saw growth in spontaneous initiatives and grassroots organizations that employ innovative techniques of mobilization, funding and volunteering. This is most true of environmental protection CSOs but also applies to donors' and volunteers' organizations.

Starting from 2008-2009, networks of CSOs (working in advocacy, social services and even think tanks) started forming with a view to synergizing their efforts to exert stronger pressure on central/local authorities to reform certain public sectors, notably the electoral process, the judicial system, etc., but also with a view to gaining easier access to EU funding. Very few CSOs have the administrative and financial capacity required to launch a successful bid for EU funding on their own. With access to EU funding, however, a negative trend developed: the registration of CSOs by people with good connections (to the local and/or national administration) with the sole purpose of siphoning off EU funds. The 2009 Law on Conflicts of Interest, which imposed some restrictions on the ability of national and municipal officials and their relatives to take part in the management of NGOs, was adopted in part to counteract this negative trend.

The most recent developments in the field are, firstly, related to the wave of anti-government protests and the general political instability that hit the country in 2013/14, and, secondly, associated with the refugee crisis (2013). The effects of the anti-government protests on the development of the civil sector are manifold. On the one hand, the political instability created an unfavorable environment for CSOs.<sup>15</sup> At the same time, however, the 2013-2014 period saw an outburst of civic activism, which gave birth to multiple grassroots initiatives. It also gave rise to what now seem to be sustainable new projects of cooperation between CSOs, aiming to reform the weakest public institutions and societal systems, such as the judiciary, the electoral system, etc.

The refugee crisis prompted the creation of grassroots organizations, which were often formed ad hoc through social media. During a period when the state was failing in its responsibilities, active citizens self-organized to provide social services to refugees. However, a negative trend arose from the refugee crisis as well. Starting in 2015, grassroots "vigilante brigades to protect the borders from illegal immigrants" (as their members and supporters presented their cause) started springing up.

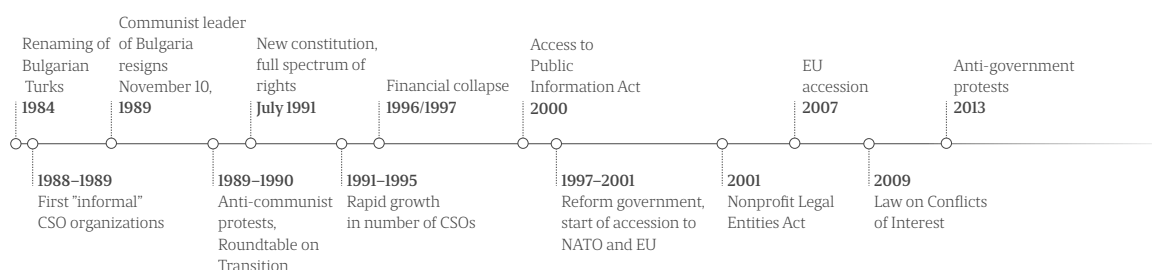


Figure 5.1.1: timeline of key events for civil society

### Funding Sources

During the early period of rapid NGO formation (mid-1990s), the predominant sources of funding were foreign donors, both private<sup>16</sup> and public,<sup>17</sup> as well as EU-funded programs.<sup>18</sup> By 1996, the NGO sector was already perceived as foreign donor-driven and reliant on the agenda of external donors, rather than as a product of "spontaneous activism".<sup>19</sup> This dependence still characterizes the sector, albeit to a lesser extent. Not surprisingly, financial sustainability was and still is the worst-scoring indicator in the CSO Sustainability Index.<sup>20</sup> Internal public funding is often limited to a few traditionally supported CSOs, such as The Red Cross, unions of people with disabilities and chitalishta. The 2012 Strategy for the Support of Civil Society Development (2012-2015) envisaged the creation of a State Fund to Support CSOs, but due to the political instability in 2013/14 neither the Strategy nor the Fund went into operation. When competition-based state funding was still available to other NGOs in the pre-2011 period, the rules were not clearly spelled out, raising concerns about the state dependence of CSOs supported in this way. According to some authors, there has been a phenomenon

15 This environment prevented, for example, the implementation of the 2012 Strategy to Support CSO Development in Bulgaria (2012-2015), which envisaged the creation of a State Fund to Support CSOs and a Council for Civil Society Development.

16 George Soros' Open Society Foundation was the major private foundation active in Bulgaria.

17 The German and American foundations, which were often political party-related, were the most active in early post-communist Bulgaria.

18 One example is the PHARE program, which supported the development of civil society in CEE from 1995 onward.

19 The title of a summary report on civil society in Bulgaria from 2010 is telling: "General Context of Civil Society in Bulgaria: from Donor-driven NGOs to spontaneous activism?" (Petia Kabakchieva et al. 2012).

20 This score first ranged between 3.8 and 3.7 (2002-2003), dipped to 4.6 in 2010, and only reached 4.3 in 2014.

of “NGO capture” by municipal officials who took advantage of unclear rules/insufficient control over NGO funding through their municipal budgets (CSD 2010).

By the time the country acceded to the EU in 2007, the gradual process of downscaling/withdrawal of foreign donors left the sector in a deteriorating financial state, which was further worsened by the termination of already modest state subsidies in 2011. The main sources of funding were two international programs: EEA/Norway Grants (distributing close to EUR 14 million in 2008-2015) and the Bulgarian-Swiss Cooperation Program (distributing CHF 12 million in 2011-2019), as well as EU operational programs, which contributed BGN 98.230 million (approx. EUR 48 million) to NGOs for the 2007-2013 program period (BCNL 2015:8). After 2007, the America for Bulgaria Foundation (AfBF) emerged and continues to be the largest donor to NGOs in Bulgaria; in 2015 alone, this foundation approved projects totaling USD 5 million for 47 NGOs, and disbursed more than USD 9 million in grants to 87 NGOs (2015 CSO SI B).

There is no unified level of tax deductions for donations. The exact percentage depends on the legal status of the donating person (private or corporate) and on the recipient.<sup>21</sup> Private persons can claim only up to 5%, irrespective of the recipient. The procedures for tax relief were only recently simplified, as NGOs are no longer required to present a declaration from the donor for each donation received. A further obstacle is that in-kind corporate donations (in commodities and food) were subject to VAT, though in September 2016 the Bulgarian parliament passed a bill exempting food donations from VAT.

There has been a recent trend toward growing private donations for different causes, including CSOs (BDF 2014).<sup>22</sup> The largest source in 2014 was a foreign donor (AfBF with 33.63% of all donations), followed by private companies in Bulgaria (33.5%), foundations in Bulgaria (24.1%), private individuals (6.98%) and international donors (1.37%). The causes attracting the most donations from foundations (the largest source with a total of 60% of all donations in the country) are social services and activities, education and science, human rights and civil society (BDF 2014).

At the same time, a negative trend of growing hostility to foreign donors (notably AfBF and George Soros' Open Society Foundation) inspired by pro-government private media has developed. Present already in 2009/2010, this trend has become more visible since the 2013 anti-government protests, which were presented as foreign donor-inspired.

### **Institutional Environment**

In the last 27 years, Bulgarian civil society has been developing in an institutional environment where the state has gradually withdrawn from regulating various spheres of society. The drive for liberalization characterizing the early transition period led to the demonopolization of the mass media, to the spread of pluralist values and opinions, and to an outburst of civic energy, some of which was channeled into mushrooming NGOs. It took more than ten years to realize that some legal regulation of the civil society sector is still needed. Thus, in 2001 the Bulgarian parliament adopted NPLEA, providing a relatively beneficial legal framework for the development of the sector. This framework is still the highest-scoring indicator in the CSO Sustainability Index, despite some recent negative developments, mostly relating to the implementation of the legislation by the courts (i.e. pertaining to the judicial branch rather than the legislature). For example, there have been occasional refusals of court registration without good reason, delays in registration procedures, and even a controversial motion by the Commercial Section of the Supreme Court of Cassation to the Bulgarian Constitutional Court (BCC).<sup>23</sup> Particularly troubling is the role of the prosecutor's office, which undertook several investigations of NGO activists (Dnevnik 2015) and even against the Minister of Justice Hristo Ivanov, a legal expert and NGO activist who campaigned for sweeping judicial reform. This investigation, which was triggered by an anonymous publication in the media (Capital 2015), occurred in the context of a rather angry exchange between the Minister and the General Prosecutor on the direction and scope of the judicial reform. It also sparked protests, as the actions of the prosecutorial office were deemed repressive by the NGO sector (Mediapool 2015).

With regard to the executive branch, the Registry of Public-Benefit NGOs at the Ministry of Justice (which monitors public-benefit NGOs) also leaves much to be desired. Another important dimension of the influence of the executive branch, especially after EU accession, is the management of EU grants by different ministries. As EU grants are a major source of NGO funding, the fact that the executive branch manages them has raised concerns over the political dependence of the sector, potentially harming its advocacy mandate and public policy reform efforts.

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21 Corporations donating to state-supported charities like the state-operated Fund for the Treatment of Children or Fund for Assisted Reproduction can get up to a 50% tax base deduction, while donations to state-operated cultural funds are eligible for up to 15% and donations to other CSOs 10%.

22 In 2014, some BGN 113 million (approximately EUR 60 million) were donated by companies, foundations, private and legal persons, a 5% increase compared to 2013.

23 In 2015, the Commercial Section of the Supreme Court of Cassation asked the Bulgarian Constitutional Court to interpret the constitutional provision prohibiting NGOs from being involved in political activities. This motion was viewed by the NGO community as an attack on its advocacy mandate. The BCC ruled the motion inadmissible (Legal World 2015).

The local government has been a very active participant in shaping civil society in Bulgaria, as local NGOs are partners to municipalities and often receive funding from them. Yet a practice emerged in which relatives of local officials (or even the officials themselves) registered their own local NGOs, often with the sole purpose of siphoning off public resources. This has raised concerns about “CSO capture” by local and national-level officials (CSD 2010). These practices prompted a revision of the Law on Conflicts of Interest in 2009, which then included the prohibition that state and municipal officials work for or serve on the boards of NGOs.

The media is currently not fulfilling its mandate to provide objective and neutral information to the public and to serve as a check on government. Due to the political and corporate dependence of private media, the country is currently in a free fall in several press and media freedom rankings. This dependence was conspicuous in the coverage of the 2013 anti-government protests: the majority of the publications (and some TV channels) owned by the MP Delyan Peevski, the political media mogul whose appointment as chief of the Bulgarian national security agency sparked the protests, took a very aggressive stance toward the protests and launched a smear campaign against its most visible leaders, the majority of whom were NGO activists.

Bulgaria's accession to the EU was considered a great success and a result of the devoted work of a plethora of NGOs actively promoting EU values. The ensuing withdrawal of foreign donors, however, ushered in a period of financial difficulties for the NGOs, as they predominantly relied on such funding. The EU brought new opportunities for the sector, including financial opportunities, though they came with a price tag: EU funds were administered by the central/local authorities, thus creating further risks of state dependence. One of the strategies for think tanks in particular to avoid this risk was to apply directly to a variety of European Commission programs. The EC is perceived by the sector as a major partner in their public policy reform efforts in the fields of anti-corruption policy, the judiciary, public administration and institutional reforms, etc.

One characteristic feature of civil society development was the active involvement of university professors, especially during (but not only) the early transition period. When the state started withdrawing from generously funding the universities, many academics sought other opportunities to fund their academic/practice-oriented activities. Currently many academics, especially (but not only) in the social sciences/humanities, have their own NGOs and apply for funding from different national and EU science programs through those organizations rather than through their universities, as some universities still lack the administrative capacity to manage such projects effectively.

Despite the recent growth in private donations (both corporate and individual), most funds go to either ad hoc campaigns (natural disaster and emergency relief efforts, as well as medical treatment of children) or to social service CSOs. Almost no private support goes to advocacy or arts and culture NGOs, which still rely on international and foreign donors. A trend toward crowdfunding is emerging, but its share is still insignificant.

Foreign foundations and donors were instrumental in bringing about and sustaining many of the most visible advocacy, arts/culture and social services NGOs in the country. Until 2007 they were the main players in the field, but EU accession marked the gradual downscaling of their presence. Nevertheless, the AfBF is the major individual donor in the sector. There is a targeted campaign in certain media (co-owned by or related to the politician-cum-media-mogul Delyan Peevski) alleging that AfBF and the Open Society Foundation promote foreign agendas that are hostile to national interests. The attacks on foreign foundations have also become part of the political discourse not only for national-populist political parties (like the anti-EU and anti-NATO ATAKA), but also for defenders of the political and institutional status quo as well. Characteristically, even members of the currently largely discredited in its current form Supreme Judicial Council can be heard raising allegations against their NGO critics, claiming that NGOs are paid to promote foreign interests.

### **5.1.3 Mapping Civil Society**

#### **Method**

In addition to the data available from different reports on the state of civil society in Bulgaria, in particular the CSO SI B (USAID), CIVICUS State of Civil Society Reports (UNDP), and many other available sources, an online survey developed especially for the current study was conducted among a diverse pool of experts on the Bulgarian civil society landscape. Respondents were identified through snowball sampling and with the help of the authors, Vienna University of Economics and Business (WU Vienna) and ERSTE Foundation. Six anonymous experts with an average of 18 years of professional experience in civil society activities completed the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends.

### Size and Role of Civil Society

In any attempt to determine the size of civil society in Bulgaria, the figures seem to be misleading. There is, firstly, the ambiguity of which types of organizations are part of civil society in addition to NGOs. Does civil society include the political parties, trade unions, profit-making cooperatives, etc.? With regard to the narrower category of nonprofit NGOs, we need to further differentiate between those registered on the books and those active in the field. Between 2001 and 2007, for example, the number of registered nonprofits nearly doubled, rising from 15,580 to 26,696 NGOs (domestic associations and foundations, and international nonprofits, CSD 2010), then exceeding 41,500 by the end of 2015 (2015 CSO SI B), though many of them are only nominally active. Indeed, it was estimated that no more than 20% were doing actual work (NSI 2007, CSD 2010); in other words, peaks in numbers do not signal a sustainably and effectively expanding sector. Of the 41,500 registered NGOs in 2015 (almost 14,000 of which were entered in the Registry of Public-Benefit NGOs), less than 25% were “active”. The share that submitted reports to NSI for 2014 was even smaller (9,512, compared to 7,087 in 2008). In 2010, NGOs (foundations and associations) reported 1.8 million individual members, and this figure nearly reached 1.9 million in 2014. The number of volunteers working for NGOs came to 59,500 in 2010 and reached 72,393 in 2014 (NSI 2010, NSI 2014).<sup>24</sup> Due to a lack of clarity in legal definitions and in systematic data collection on volunteering in Bulgaria, the possibilities for quantitative estimates are limited. Some speculate that the volunteer profile comprises mostly young people between 15 and 19, mainly still in school and predominantly female (FYC-Vidin 2013). It was estimated that approximately 6% participate in volunteer activities (GhK 2010). One worrying recent trend is that between 2011 and 2014 the number of young people (15 to 30 years) involved in volunteer activities dropped from 21.5% (EC 2011) to 10% (EC 2014).<sup>25</sup> This puts Bulgaria among the EU countries where young people are least likely to participate in organized volunteer activities. On the other hand, some spontaneous/one-off volunteering campaigns attract far more participants: in 2016, for example, BTV’s annual country-wide “Let’s clean up Bulgaria together” initiative attracted over 10,000 volunteers (bTV 2016). This supports the argument that despite the comparatively low level of registered citizen participation, civic activism has been gaining momentum. A shift has been noticed from the mass rallies of the early transition period to much smaller-scale “private causes, sparked by personal interest and the cooperation of small groups, who act as civil actors” (OSI-S Civicus 2011).

The sector has recently made progress in organizational capacity and financial stability (2014 CSO SI B). Yet overall it seems to be at a standstill – the index score has been steady at 3.3 since 2012, meaning that the sector is still characterized by a certain level of instability. Between 1991 and 1998, the civil society sector contributed around 0.15% of the GDP, then added BGN 62.8 million to reach 0.21% of the GDP in 2001.<sup>26</sup> The sector received insufficient contributions during the 1990s and early 2000s (in the context of grave financial difficulties in the country), yet it increased its net financial assets due to transfers received, an indicator that the sector has potential to become an important factor “for a long-run growth of economy in an appropriate economic policy for its further development” (BCNL 2002). In 2000, the value added by nonprofits came to a mere BGN 31.8 million (0.12% of the GDP), and this figure is even smaller when chitalishta and sports organizations are excluded (BGN 23.1 million, or 0.087% of the GDP) (BCNL 2002). The data cited here only cover the period up to 2001/2, when the last comprehensive study on the topic (BCNL 2002) was conducted. Yet, given the traditional financial difficulties of the sector (which were only exacerbated in the wake of the EU accession in 2007), one can safely conclude that the sector does not yet significantly contribute to the GDP, in spite of a recent surge in private donations.

### Culture

The field of culture was traditionally in the scope of activities of chitalishta (which also provided educational services). As the post-communist state has generally withdrawn from generously supporting arts and culture, many see a need for more civil society initiatives in this field.

It is impossible to provide precise and reliable data on the share of CSOs active in any of the fields covered in this report, since most of the 41,500 (and counting) registered NGOs declare in their mission statements a very wide scope of activities, typically including arts and culture as well. Nevertheless, we have reliable data on chitalishta (3,075 in 2012, predominantly in villages, with around 238,000 individual members). The information on NGOs specifically active in this field is widely divergent. One can safely conclude, however, that their share is well below 10%. According to a 2006 study (401 active organizations surveyed), 3.8% of all organizations were active in the field of culture (BCNL 2006). According to a 2009 study (sample: 156 organizations), 6.5% were active in the field of arts and culture (OSI-S Civicus 2009), and, lastly, according to the NGO Portal (where NGOs register to obtain information and legal assistance), 8% were working in this field in 2010 (Kabakchieva et al. 2012).

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<sup>24</sup> These only refer to NGOs submitting reports to NSI and do not cover all volunteers, as many of them work on an ad hoc basis without an NGO affiliation.

<sup>25</sup> The question was, “In the last 12 months, have you been involved in any organized volunteer activities?”

<sup>26</sup> The data cited in this paragraph are from a 2002 study (BCNL 2002), and only cover the period until 2001/2.

AfBF provides the most generous and broad support, and the field of culture is included among its six priorities in grant-making. Few of the NGOs in Bulgaria are single-issue organizations that focus on culture alone. For example, one of the most influential and innovative CSOs in the field, The Red House Center for Culture and Debate, combines public debates with culture and the promotion of contemporary visual and performing arts. There are indeed narrowly specialized NGOs (like the Institute for Contemporary Art), but they are the exception rather than the rule.

There are also multi-purpose associations (often funded and founded by municipalities) for city development, with culture as one of their objectives (Sofia Development Association). One innovative example in this field is the work of the Next Page Foundation, which promotes access to knowledge and information as a way of supporting intercultural understanding and active citizenship in the Arab region, CEE and SEE/Balkans.

Impactful	America for Bulgaria Foundation	AfBF's six selected areas of grant-making include arts and culture.
	The Red House Center for Culture and Debate	The Center offers socio-political, artistic, cultural, socially engaged and educational programs; stimulates socio-political debate and independent contemporary art; provides training in innovative fields and methods in arts, culture, social activities and practices, etc.
	Communitas Foundation	This foundation aims to establish conditions and incentives in Bulgaria for the development of informed civil positions on global issues and topics of cultural and universal importance.
Innovative	Next Page Foundation	This foundation focuses on access to knowledge and information to promote intercultural understanding and active citizenship. Its goals include empowering underprivileged groups, languages and countries for equal participation in the global dialogue of ideas, and cultural programs and projects in the field of books, reading and translations. It works in close partnership with international organizations and local partners in 25 countries.
	Foundation Art Office	This organization contributes to the diversity/quality of Bulgarian cultural life by ensuring easier and wider access to contemporary noncommercial art productions; improves the institutional development of artists, art groups and organizations by introducing professional art marketing practices and more varied and inventive art funding; and promotes noncommercial Bulgarian art abroad.

Table 5.1.1: examples of civil society actors in the field of culture<sup>27</sup>

### Social Services

Social services provision (SSP) seems to be the most widespread field of activity of NGOs in Bulgaria; 21% of 399 NGOs interviewed for a 2006 survey (BCNL 2006) declared it their primary objective. As these data are from a non-representative study, they would require verification, which is not available at present. For example, on the NGO portal, where 13,657 NGOs are voluntarily registered, only 674 self-identify as providers of social services, amounting to approximately 5% of the NGOs registered there. There are no reliable data from the obligatory Registry of Public-Benefit NGOs, as social services feature in roughly half of the 14,000 (and counting) public-benefit NGOs in that registry, without SSP being their primary field of activity; in addition, the registry does not distinguish between NGOs on the basis of NACE categorization (or an equivalent). Even in the public registry of social service providers, one cannot obtain reliable data on the number of SSP NGOs, as the commercial enterprises and NGOs are lumped together indiscriminately in that registry. The data in the NSI reports on revenues from NGO activity do not indicate the sources of revenue, such as commercial activities, services (social, education, health, etc.) or others, so it is impossible at present to provide an estimate of the share of NGOs' income from SSP. There is also no official information on the share of paid employees and/or volunteers at such NGOs. One study reports that 90% of such NGOs worked with volunteers, and, interestingly, found that a higher number of paid employees generally coincides with a higher number of volunteers (BCNL 2006).

However, it is important to emphasize that NGOs are among the traditional providers of social services; in fact, they were the first non-state actors to provide such services in post-communist Bulgaria. It is estimated that currently around 20% of all publicly funded social services are provided by NGOs (BCNL 2014), while the possibility of delegating publicly funded SSP to private entities and NGOs was introduced only in 2004. NGOs also continue to provide non-publicly-funded social services. The particular services most often provided by CSOs are day care centers and social assistance for children and adults with disabilities, support centers for children and community members at risk, community care for the elderly, early intervention for children with special needs, foster care, etc. Generally, SSP CSOs aim to address the

<sup>27</sup> Source: Expert Survey 2016 and author's own evaluation



needs of vulnerable groups, seeking to provide innovative services to better serve their needs. Typically, SSP CSOs do not charge their clients for these services, as society generally expects to receive them pro bono (2015 CSO SI B). There have been a few positive developments recently: since 2015, NGOs registered as SSPs are allowed to provide some related health care services as well. The most influential and innovative SSP NGOs are listed in the table below.

Impactful	Animus Association	This organization works for the intellectual, professional and spiritual development of women, and for a change in the Bulgarian family and society through projects and programs supporting women and children; encourages gender-equality, improving women's status; and fights violence against women.
	For Our Children	The first NGO that introduced foster care in 1997, aiming to provide the highest level of support for babies, children and young people at risk, working closely with families, and extended families, foster care providers and health care professionals to ensure that every child has the best chances.
	Karin Dom	Leader in professional service provision for children with special needs; supports social inclusion of these children and their families through advocacy and public awareness campaigns.
	Caritas Bulgaria	Provider of social services for disabled children and adults, and disadvantaged people, including the homeless, poor, elderly, addicted, victims of human trafficking, refugees and migrants.
Innovative	I CAN TOO, Bulgaria	Social services charity supported by donations and in-kind contributions from corporate and private donors, and by the non-monetary partnership and support of the Bulgarian government.

Table 5.1.2: examples of civil society actors in the field of social services<sup>28</sup>

### Advocacy

According to different estimates, the number of advocacy NGOs in Bulgaria is low, between 2% and 5% of all NGOs (Kabachieva et al. 2012), yet they are both visible and highly influential. There are some well-established ones in the fields of environmental protection, access to public information, transparency of electoral and legislative processes, anti-corruption policy and legal reform, economic and social policy, judicial reform, human rights, etc. There is a growing trend toward building networks of NGOs, especially in environmental protection, transparency of the electoral process, and judicial reform. The majority of initiatives, however, are ad hoc, triggered by a piece of legislation or policy, and are aimed at subverting it. One especially effective example is the mobilization of environmental protection NGOs which use innovative techniques of mobilization and funding.

A leading advocacy NGO is the Access to Information Program foundation, the driving force for adopting the Access to Public Information Act as early as 2000, which made Bulgaria one of the first countries in CEE to adopt such an act. Its pioneering work set high standards and spread good practices in the region and beyond. Another organization specifically concerned with the field of CSOs legislation is BCNL, which has for more than 15 years advocated improvements in the legal framework, the further simplification of NGO registration procedures, and clear, transparent rules on public funding. Other examples are the Open Society Institute in Sofia, the Center for the Study of Democracy, the Institute for Public Environment Development, Transparency International Bulgaria, the Bulgarian Institute for Legal Initiatives (legal reform, transparency of appointment of independent bodies), the Institute of Market Economics, the C.E.G.A. Foundation (policies for social inclusion of marginalized and disadvantaged groups), the Centre for Liberal Strategies, and many more. Advocacy is probably the field where the most influential NGOs and think tanks in the country work.

A major challenge for advocacy NGOs is to maintain their independence vis-à-vis the state under conditions of dwindling foreign funding, as access to domestic public funding for such NGOs has been associated with a heightened risk of political dependence. Since the EU accession and the withdrawal of major international foreign donors, EU funds have become an important source of NGO funding, yet, as it flows through the central/local government, it also creates opportunities and an increased risk of “NGO capture” by state officials. Another important issue is the responsibility of the NGOs for the policies they advocate. An often-voiced criticism, in addition to the charge of serving the “foreign interests” of their donors, is that NGOs are not “representative” – i.e. democratically elected and accountable – and thus cannot claim legitimacy for their policy recommendations. There is a growing realization among the NGO community that they need to re-connect with the citizens to regain legitimacy.

28 Source: Expert Survey 2016 and author's own evaluation

Impactful	Open Society Institute, Sofia	Promotes, develops and supports open society values and democratization in public and political life; works for guaranteeing civil freedoms/fundamental human rights; supports strong civil sector institutions and encourages civic participation; supports EU integration.
	Access to Information Program	Assists in the exercise of rights to access information; encourages citizens' demand for government-held information through civic education in the freedom of information field; advocates enhanced transparency in public institutions at the central/local level.
Innovative	Institute for Public Environment Development	Promotes a culture of civic engagement and participation in the democratic process; develops/implements mechanisms for accountability and civic control of public institutions; introduces new practices to strengthen public administration.
	Institute for Market Economics	Develops/advocates market-based solutions to societal problems; provides independent assessment and analysis of governmental economic policies; and acts as a focal point for the exchange of views on market economics/relevant policy issues.

Table 5.1.3: examples of civil society actors in the field of advocacy <sup>29</sup>

### Social Enterprises

At present, there is no definition of “social enterprise” (SE) in Bulgarian legislation. It was only in 2011 that the first strategic document on encouraging SEs, the National Social Economy Concept, was adopted, though it does not spell out a well-structured state policy with specific measures (National Social Economy Concept 2011). The Ministry of Labor and Social Policy is currently drafting a bill on SEs (Ministry of Labor and Social Policy 2016).

Statistical information on SEs has been collected since 2012, with 4,872 enterprises declaring themselves as “social”; 2,717 are commercial entities and cooperatives, generating an income of some BGN 3 billion (approximately EUR 1.45 billion). Most SEs work in automotive/motorcycle repair and in processing industries. 2,155 were registered as nonprofits. In 2013, the number of self-reported social enterprises declined to 3,612, with two thirds registered as commercial companies or cooperatives and the rest as nonprofits (BCNL 2016). One characteristic feature of the current legal framework is that an SE in Bulgaria can be registered in three different legal forms: as a nonprofit CSO, as a cooperative (of people with disabilities) and as a commercial company, where a percentage of workers are people with disabilities. This manifold approach to registering SEs provides a relatively enabling legal framework for their work, as it is only necessary to declare that the company or the NGO is an SE in order to receive some of the benefits. There are tax deductions for SEs: up to a 10% reduction of the tax base for donations and services to people with disabilities/disadvantaged people; tax deductions for employers hiring long-term unemployed persons for more than 12 months; and VAT exemptions for social services. The state also covers some of the employers' social and health insurance payments when a disabled person is hired.

In addition, there are SEs of disabled people (mostly hearing impaired) working in the clothing industry.<sup>30</sup> The “Betel House – Bulgaria” Foundation provides rehab and reintegration centers for addicted persons, financed by the provision of services to the community.

Impactful	Foundation BCause (formerly Bulgarian Charities Aid Foundation)	BCause/BCAF works for modern philanthropy and a strong and effective nonprofit sector by collaborating with businesses, individuals and nonprofit organizations.
Innovative	Time Heroes	The largest platform for volunteering in the country, matching volunteers with the missions they care about most, within the time frame in which they can contribute the most.
	Betel Bulgaria Foundation	Provides social work programs for the rehabilitation and integration of drug and alcohol addicts, restoring marginalized people to productive and independent lifestyles.
	Bulgarian Food Bank	Collects and manages donated food and provides long-term food aid to a broad public throughout the year; fosters voluntary work in Bulgaria; and acts as an interface between the food industry and social welfare organizations to increase access to food aid in Bulgaria.

Table 5.1.4: examples of social enterprises<sup>31</sup>

<sup>29</sup> Source: Expert Survey 2016 and author's own evaluation

<sup>30</sup> For instance, in many district centers in Bulgaria there are SEs called “Silent Labor” production cooperatives.

<sup>31</sup> Source: Expert Survey 2016 and author's own evaluation

### 5.1.4 Trends and Outlook

The major problems that haunted CSOs already at the time of their mushrooming growth during the early transition period were the sources and sustainability of their funding, which at the time were provided predominantly by foreign donors.<sup>32</sup> The sector soon came to be perceived by the public as driven by foreign donors and project cycles, responding more to the agenda of its donors than to the needs of Bulgarian citizens. As the sector was more or less institutionally closed off and lacked effective communication with citizens, some authors have raised doubts about its capacity to empower citizens (Civicus 2005, Civicus 2011). Some have even voiced concerns that the problems with the sector's financial and organizational sustainability may threaten its role in society (Dainov 2008). The situation deteriorated in the wake of Bulgaria's EU accession, when the majority of foreign donors downscaled or altogether withdrew their financial support and the sector seemed to have exhausted its transition-related agenda.<sup>33</sup>

The experts surveyed for this study explained the importance of the problem by referring to diversification and finding new sources and forms of funding, which would at the same time more closely connect CSOs to the citizens' needs. The experts pointed out that the CSO community is aware of the problem, and that trends of looking for domestic sources of funding (private individual and corporate donations), as well as "building single-issue networks of CSOs" that often resort "to crowd funding for their campaigns", have already emerged (Expert Survey 2016).

Public funding for CSOs is often recommended as a solution to the above-mentioned problems. Yet, as the CSO sector is "the key actor in countering high level corruption and state capture processes and in the development of transparent and well functioning public institutions, it will be the one initiating policy reform in key public sectors" (Expert Survey 2016) and its financial independence from the state is a necessary precondition for achieving sustainable results there. The experts point out that "Though there is a growing need for diversifying the sources of funding, the bitter experience with GONGOs in the past prompts CSOs to be very cautious, circumspect toward public funding" (Expert Survey 2016). Thus, a major challenge for the next decade would thus be for the sector to retain its independence vis-à-vis the state despite the drive for its increased governmental regulation and the need for longer-term, guaranteed funding. One solution could be that "fewer CSOs stay strong and [preferably not publicly] funded to provide the expertise and skills on demand" (Expert Survey 2016).

A new trend of informal civic initiatives generated by social media has also emerged. The first of these large-scale grassroots initiatives took place in January 2009 as a movement against state control of the Internet<sup>34</sup> (Yvobojkov 2010). The trend gained further momentum in a series of ad hoc environmental protection mobilizations against government decisions in 2011/2012, and erupted in spontaneous anti-government protests involving tens of thousands of people in 2013 (Gueorguieva 2015). Some of these initiatives were quite successful in blocking the governmental decisions that prompted them, though their long-term effects are more difficult to gauge (Gueorguieva 2014). Despite the attractions of such rapid online mobilizations, experts warn of the associated risks. In contrast to "genuine citizens' engagement with traditional NGOs and their work", such civic activism is "much more fluid and difficult to keep on the issue for longer periods", which "limits its chances to bring systemic change" (Expert Survey 2016). Several social media-based civic initiatives (mostly focused on the reform of the judicial and electoral systems),<sup>35</sup> and even a political party, arose from the 2013 mobilizations, yet they only partially met their objectives due to their fluid organization and membership. The challenge here is to find ways to streamline the efforts and strengthen the commitment to worthy civic causes in order to achieve sustainable systemic change.

Progress is already emerging, as networks of CSOs working in similar areas started forming in the pre-EU accession period and the trend has only intensified since then. CSO networks are created both with the aim of forming successful consortia to apply for EU funding and to gain leverage to promote reform in spheres that had proven difficult to reform, such as the judicial system, the electoral system, etc. The need felt in the sector to establish "hubs to provide consistency, guidance and material organization" (Expert Survey 2016) prompted continuing CSO consolidation, as it has been recognized as a successful strategy. Key CSOs are already becoming more professional (some of them are mentioned in Section 5.1.3 Advocacy above) and able to back up the often spontaneous grassroots reform initiatives with much-needed expertise, raising the chances of achieving sustainable results. It is expected that this trend will strengthen in the decade ahead, though a major challenge will be for these professionalized CSOs to remain connected to citizens' needs rather than becoming detached from them as unaccountable expert bodies.

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<sup>32</sup> See Section 5.1.2 Funding sources for details.

<sup>33</sup> See Section 5.1.2 Funding sources and Institutional environment for details on these developments.

<sup>34</sup> Protests against state control of the Internet were among the many unifying causes that attracted diverse constituencies, including young mothers, environmentalists, agricultural workers, students, etc.

<sup>35</sup> Examples include the civic initiatives in support of e-voting ("Vote without borders") and for the reform of the judicial system ("Justice for everyone").

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## **Diversification and new forms of funding**

### **Need for diversification and new forms of funding (crowdfunding, donations)**

"Many funding opportunities are no longer available since Bulgaria became a member of the EU. [...] Many CSOs are dependent on a single source of funding and find it difficult to diversify their sources of funding."

"There is a new trend of building single-issue networks of CSOs [...], often resorting to crowdfunding for their campaigns."

"There is a distinct trend for slow but steady increase in private donation, both individual and corporate. Moreover, this trend has to do with higher levels of engagement, understanding and responsibility in givers, which brings them closer to 'investors' in development."

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### **Problems with public funding with regard to CSOs' independence**

In order to remain independent vis-à-vis the state, CSOs should be financially independent from it. Independence is crucial if CSOs are to counteract high-level corruption and state "capture". This creates the need for core non-state funding of key expert CSOs.

"Though there is a growing need for diversifying the sources of funding, the bitter experience with GONGOs in the past prompts CSOs to be very cautious, circumspect toward public funding."

"There is a trend of increased government regulation of the NGO sector that would limit the independence of the NGOs and their ability to act as watchdogs in the next decade. The increased government regulations are linked to the increased funds that are provided to NGOs through the government and its structures. "

"Civil society will be the key actor in countering high level corruption and state capture processes and in the development of transparent and well functioning public institutions. It will be the one initiating policy reform in key public sectors." "A lesser number of CSO should stay strong and funded to provide the expertise and skills on demand."

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## **Social media-generated, informal, often unsustainable civic initiatives**

### **Informal engagement in ad hoc, social media-supported grassroots initiatives, often with unsustainable results**

"The civic activity will move away from one mission organization toward ad hoc initiatives attracting varying constituencies."

"Social media, new developments in politics and public life and new demands bring to life new kinds of structures – more flexible, more acting on an ad hoc basis."

"A lot of activity will move from face-to-face gatherings toward online mobilization – much more fluid and difficult to keep on the issue for longer periods."

"There is a growing risk that the civic activism in social media will gradually replace the genuine citizens' engagement with the traditional NGOs and their work. As a result we'll have more and more short-term ad-hoc civic initiatives that would not be sustained over time and that will have limited chances to bring systematic change."

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## **Continuing CSO consolidation and professionalization to back up grassroots reform initiatives**

Networks of CSOs as well as further consolidation and professionalization of key CSOs in fields most in need of reform to provide sustainability for ad hoc, grassroots reform initiatives through the CSOs' expertise.

"The new trends mentioned above [ad hoc grassroots initiatives] will require hubs to provide consistency, guidance and material organization."

"Professionalization of NGOs began in the mid-1990s, has continued since and is likely to continue. Main positive: specialization resulting in expertise. Main downside: the expert attitude, providing paid services at market prices prevailing over the civic reaction or pro-action attitude, defined by inadequate expertise, voluntary work and unpaid public service."

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Table 5.1.5: frequently mentioned trends and sample quotes<sup>36</sup>

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<sup>36</sup> Source: Expert Survey 2016

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## ANNEX

Organization	Website
National Union of worker producers' cooperatives	<a href="http://www.uniontpk.com/index.php?MhObg5KvQ9KHMheLMtezUFSXQ9Wzg5OzEZ">http://www.uniontpk.com/index.php?MhObg5KvQ9KHMheLMtezUFSXQ9Wzg5OzEZ</a>
Cooperatives' Register	<a href="http://registarnakoooperatsiite.com/">http://registarnakoooperatsiite.com/</a>
Association of Parents' cooperatives	<a href="http://priateli.info/">http://priateli.info/</a>
The Red House Center for Culture and Debate	<a href="http://www.redhouse-sofia.org/Default.aspx">http://www.redhouse-sofia.org/Default.aspx</a>
Institute for Contemporary Art	<a href="http://www.ica-sofia.org/en/ica-sofia/history">http://www.ica-sofia.org/en/ica-sofia/history</a>
Sofia Development Association	<a href="http://www.sofia-da.eu/en/initiatives.html">http://www.sofia-da.eu/en/initiatives.html</a>
Next Page Foundation	<a href="http://npage.org/rubrique3.html">http://npage.org/rubrique3.html</a>
NGO portal	<a href="http://www.ngobg.info/">http://www.ngobg.info/</a>
Open Society Institute – Sofia	<a href="http://www.osf.bg/?cy=100&amp;lang=2">http://www.osf.bg/?cy=100&amp;lang=2</a>
Center for the Study of Democracy	<a href="http://www.csd.bg/">http://www.csd.bg/</a>
Institute for Public Environment Development	<a href="http://iped.bg/en">http://iped.bg/en</a>
Transparency International – Bulgaria	<a href="http://transparency.bg/en/">http://transparency.bg/en/</a>
Bulgarian Institute for Legal Initiatives	<a href="http://www.bili-bg.org/2/page.html">http://www.bili-bg.org/2/page.html</a>
Institute of Market Economics	<a href="http://ime.bg/en/">http://ime.bg/en/</a>
C.E.G.A. Foundation	<a href="http://cega.bg/">http://cega.bg/</a>
Vote without borders	<a href="http://referendum2015.bg/">http://referendum2015.bg/</a>
Justice for everyone	<a href="http://pravosadiezavseki.com/">http://pravosadiezavseki.com/</a>
AfBF	<a href="http://www.americaforbulgaria.org/page/home">http://www.americaforbulgaria.org/page/home</a>

Table 5.1.6: websites of mentioned organizations

## 5.2 Country Report: Romania

Mihaela Lambru

### ABSTRACT

Civil society is central not only to promoting and consolidating Romanian democracy, but also to its overall social and economic development. Today, Romania has thousands of civil society organizations (CSOs) in various forms, from associations and foundations to cooperatives, credit unions, labor unions and social movements. The associations and foundations are the most developed type of civil society organization in Romania. During the last 26 years of democracy and market economy, CSOs have played an active role in promoting good governance and democratization in Romanian society, and they have actively promoted the empowerment of different categories of citizens while representing their interests as well as those of communities and society at large. Along with public organizations, CSOs have matured, allowing the introduction of welfare mix elements in the design, implementation and evaluation of public service provision systems, and increasing their role in building partnerships instead of focusing exclusively on an oppositional role. In the last 20 years, we have witnessed the development of new forms, types and patterns of public participation, underlined by online communication and social media. In addition, the professionalization of the CSOs' activity has reached new heights and is paralleled only by the increased interest in the development of social entrepreneurship.

### 5.2.1 Introduction

#### Relevant Characteristics of Romanian Society

After 1989, Romania experienced dramatic political, economic, social and security reforms which marked the transition from a communist dictatorship to a democracy, from a command economy to a market economy. Among the major players in the process of transforming Romanian society were civil society organizations, which have continuously evolved over the past 26 years. This evolution has taken place both in terms of quantity and in terms of the role that civil society organizations take on as promoters of citizens' interests and important actors in governance reform, and as partners in the economic and social development of various policy areas. As in all countries in the CEE region, civil society organizations play an important role in democracy consolidation, bringing into the public space the voices and interests of the citizens organized formally or informally in associations and foundations, labor unions, mutual aid associations, religious or political organizations, and social movements. At the beginning of the 1990s, the main topics on the public agenda in Romania were the "political transition", the discovery of political and social rights, the rebirth of private profit and nonprofit entities, the establishment of a market economy as well as security transition issues (mainly related to NATO integration). Currently the public agenda shows a different profile, focusing on the public administration reform and good governance, health and education system reforms, and sustainable economic development. In more than two decades of democratic transformation, the role of civil society organizations has also changed from mainly one of an active detractor/critic of the slips of the incipient democracy in the 1990s and the human rights status quo (organizing demonstrations, strikes, etc.) to becoming an advocate and convener of citizens' and communities' interest in participating and benefiting from democratic development. In the last decade, the number of non-governmental organizations active in the area of services, particularly in education and welfare, has sharply increased. Non-governmental organizations have promoted innovative modalities/approaches to reform public services in order to increase their effectiveness and efficiency. They have also played an active role in urging public authorities to adopt participatory decision-making with regard to public resource allocation. Moreover, non-governmental organizations have been instrumental in promoting new legislative initiatives and reviewing legislative frameworks as well as advocating a broad accession of new private actors to the public sphere.

#### Typical Characteristics of Civic Engagement in Romania

During the 1990s, market fundamentalism shaped Romania's economic policies and promoted a dichotomous state-market model where the state plays an increasingly small part in public service provision and where market exchanges support profit-driven economic activities (Hansmann 1996). This neo-liberal model was mainstreamed throughout all former communist countries, leading to drastic decisions related to privatization, public service provision and welfare systems. Due to the privatization and restructuring of the economic system, organizations that previously depended on the communist agro-industrial system have gone into decline. Labor unions have recorded a sharp drop in membership, and cooperatives have descended from the economic mainstream to the edge of the economic system; at the same time, their membership has drastically declined, rendering them almost invisible as economic and social actors.

At the same time, associations and foundations have experienced a renaissance and further development in both quantitative and qualitative terms. These organizations have progressively enhanced their role within the welfare mix system as service providers in many policy areas and have acted as



policy entrepreneurs with regard to governance and public service reforms. Despite these positive trends in recent years, civil society organizations remain on the margins of the welfare system, covering risks and representing interests but without constant or consistent state support.

Various comparative opinion polls such as the World Value Survey indicate that civic involvement and volunteering have grown incrementally in recent decades, although their status is not comparable to the levels reached in Western countries. However, the citizens' interest in public affairs and in developing and legitimating a new political participation paradigm became one of the dominant dimensions of the transition from the pre-1989 political culture to one that is characteristic of open societies and liberal democracies. Among the indicators of this dynamics is the sharp increase in participation in demonstrations, protests and rallies as well as the rapid development of new associative patterns and online participation.

#### Predominant Legal Forms of CSOs

In Romania, each type of civil society organization is governed by its own legislation. Labor unions, for example, are regulated by Law 54/2003, while the regulatory framework for the establishment and operation of political parties is represented by Law 114/2015, amending and complementing Law 14/2003.

Most civil society organizations are registered as associations and foundations. The main regulatory framework for those types of organization can be found in Governmental Ordinance (GO) 26/2000. According to that ordinance, there are four categories of civil society organizations that can be legally registered: foundations, associations, federations and unions. 71% of all non-governmental organizations registered in Romania are associations,<sup>1</sup> which are the most dynamic component of the sector (Figure 5.2.1).

Under Romanian law, associations can be registered at the initiative of at least three persons who decide to pursue a common interest or goal. Membership implies that the individual members ought to contribute – without compensation – their knowledge, skills and labor to activities of general or community interest. A foundation can be registered by one or more members (founders) who contribute to the creation of an endowment which is dedicated permanently and irrevocably to the realization of a general or community interest. Unions and federations both represent groupings of two or more associations or foundations. They are legal persons and are established in accordance with the norms regulating associations without patrimonial purposes. In this context, it is worth mentioning that the associations or foundations constituting a union or federation each preserve their own legal personality and endowment.

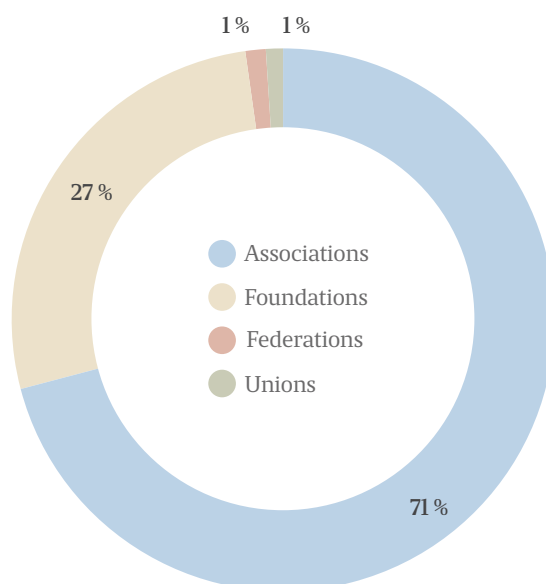


Figure 5.2.1: distribution of non-governmental organizations according to the National Register

<sup>1</sup> The associations and foundations are also known as "NGOs" or "non-governmental organizations".

### Legal Framework

For more than 80 years, the legislation regulating associations and foundations remained unchanged, functioning under the framework of Law 21/1924. The situation in Romania after 1990, both at the level of citizenship rights within a democratic society as well as at the level of good governance practices and institutional democratization, required changes in the legislative framework. GO 26/2000 revised the definitions of associations and foundations, and prohibited any intrusion of the public authorities. The ordinance stipulated a minimum endowment level and reduced the compulsory number of members required to register an association from 20 to three persons. Besides these changes, additional elements were introduced, reflecting the changing context and the demand for a more flexible and modern legislative framework. GO 26/2000 explicitly mentions the ability of associations and foundations to conduct economic activities, introduces the concept of public benefit and establishes the National Register of NGOs maintained by the Ministry of Justice.

Just as important as the legislative framework for associations and foundations is the secondary legislation that enables associations and foundations to function and develop in accordance with international standards. Romanian fiscal policy regarding donations, sponsorships and contributions to associations and foundations (governed by provisions under the Fiscal Code, Law 22/2015) or public-benefit status (governed by GO 26/2000, later modified by GO 37/2003) is in need of revision. Therefore, advocating for those revisions is considered a priority by the associations sector. Other types of CSOs, such as parents' councils, mutual aid associations and religious associations that are subject to separate legislation will also have additional registration requirements included in the legislative framework on associations and foundations.

### Visibility of Civil Society

Over the last 25 years, civil society organizations have considerably increased in number while legitimizing and consolidating their presence in the public space. The population has greater access to a variety of services offered by associations and foundations. Romanians' enrollment and participation in parents' associations, clubs and mutual aid associations has increased considerably. Those types of associations allow citizens to pursue their interests, passions and hobbies. At the same time, the associations facilitate the participation of their members in broad public consultation processes on topics of general or community interest. In the course of the last two decades, public trust in the roles and utility of the associations and foundations has followed a steady ascending trend. Thus, the level of trust in associations and foundations was 19% in 1998 and 26% in 2004 (Soros Barometer 1997-2010), and even reached 32% in 2010 (Omnibus research, CSDF 2010).

There are both exogenous and endogenous factors that affect the way citizens perceive the effectiveness of civil society organizations. For instance, one of the exogenous factors that may reduce the visibility/effectiveness of these organizations is the lack of a coherent policy and consistent support for the Romanian non-governmental sector in the last 25 years. In comparison with Western European countries, where associations and foundations are central to the welfare system and are important actors and partners to the state, their place in Romania is rather at the periphery of the social welfare system. The diminished capacity of Romanian civil society organizations to attract new members and mobilize volunteers is one of the endogenous factors that accounts for the reduced effectiveness and visibility of the sector. The recent political history of the country provides an explanation of the lower level of volunteerism. In particular, the communist regime imposed what can be called "compulsory volunteerism". During those times, "volunteering" was a politically correct expression for forced labor to supply the workforce necessary for economic growth. According to the data from the World Value Survey 2012, only 22% of the Romanian population is actively engaged in volunteering (Tufis 2014).

## 5.2.2 Historical Development and Main Actors

### Historical Development

The Romanian non-governmental sector has a considerably historical background. Some organizations, such as various types of associations and mutual aid associations, have a long tradition in Romanian society, going back as far as the 19<sup>th</sup> century. The communist regime disrupted the development of those organizations and altered their core characteristics (Les and Jeliaskova 2007) in order to align them with communist ideology and to transform them into instruments of the new political regime.

As in other countries in Central and Eastern Europe, the systemic political changes after 1989 made it possible to relaunch the associations sector and the development of civil society. The history of civil society organizations is deeply connected with the main streams of political and social evolution in Romanian society over the last 26 years.

At the beginning of the 1990s, the development of civil society organizations was characterized by a democratic enthusiasm that manifested itself in a dramatic increase in the registration of non-governmental structures, free labor unions and new political parties as an expression of the freedom of association. That period of time was characterized by tumultuous political and civic activism.

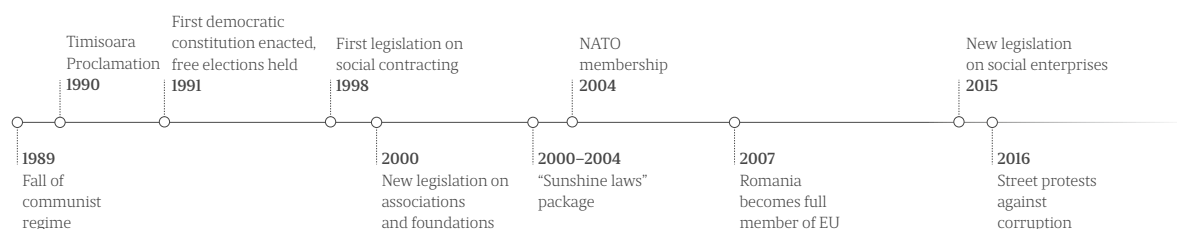


Figure 5.2.2: timeline of key events for civil society

Non-governmental organizations that gained prominence in this period of rising democracy in Romania, such as the Civic Alliance, the Group for Social Dialogue, the Students' League, Lado, Pro Democracy, Timisoara Society, University Solidarity or the Association of Former Political Prisoners, placed themselves unequivocally in opposition to the government in power after the 1992 elections. This period of time was marked by tensions between the Romanian government and civil society organizations.

Beginning in 1996, civil society organizations entered a new phase characterized by institutional consolidation while developing a partnership model between the public and private spheres (i.e. the state and civil society). The massive, systematic support that the non-governmental sector has received from a number of international assistance programs forged the sector's identity and consolidated its institutionalization and regulatory capacities. The sector's ideological affinity to opposition parties and especially to the Democratic Convention of Romania, which won the 1996 elections, is reflected by the changes in political discourse and public policy action toward civil society organizations.

Between the years 2000 and 2008, the dominant public themes and concerns were related to Romania's accession to the EU. It would be accurate to define that period as a time when a consolidated non-governmental sector emerged with an effective presence in various policy domains. In this context, two very important laws on governance reform are worth mentioning: Law 544/2001 on Free Access to Public Information and Law 52/2003 on the Transparency of Decision-Making in Public Administration. Another major highlight in that period of time was the replacement of the legislative framework (i.e. the law from 1929) regulating associations and foundations with GO 26/2000, which was meant to modernize and simplify the registration procedures for associations and foundations. Given the drastic reduction in technical assistance programs and international public and private financial support, for several causes due to Romania's accession to the European Union, most civil society organizations feared the consequences that scarce funding sources and insufficient budgets would have on their development programs.

As the general understanding of the importance of the dialogue with political parties on general issues related to good governance and intersectoral partnership had matured, the Coalition for Good Governance and Partnership with Associations was created during the 2008 parliamentary election campaign. This coalition published a ten-point platform addressed to the representatives of those political parties running in the elections. The document aimed to bring the paramount transformative powers implied by good governance into the public discourse. According to the authors of the platform, the operational definition of good governance was strengthening participatory democracy, supporting social economy, strengthening subsidiarity and the decentralization of services of general interest, investing in education and sustainable development, adopting coherent legislation on public financing of the NGO sector and changing the criteria for granting public-benefit status. Unfortunately, political actors did not respond to this invitation to dialogue.

In light of the public financial crisis and its effects on development and social programs and projects, Romania's non-governmental sector became more and more interested in pursuing business opportunities after 2010. In the absence of a legal framework that encourages economic activities, non-governmental organizations have focused on strategies aimed at enhancing their contribution to developing a favorable legal framework for social enterprises. After four years of public consultation and advocacy efforts, legislation on social enterprises was enacted in July 2015.

In 2015, when 64 persons died in a devastating fire at the Collective nightclub in Bucharest, popular discontent reached the tipping point. The loss of young people's lives due to the structural dysfunctionality of political and administrative institutions brought people out onto the streets.<sup>2</sup> Massive protests were held under the banner "Corruption kills" in almost all major cities in the country. The protesters demanded that the prime minister and government resign, setting the tone for a broad public debate on the costs of generalized corruption in the public space as well as on the crisis of political and administrative leadership. Following those protests, a new government came into power, and one of the first decisions was to create the Ministry of Public Consultation and Civic Dialogue. The new ministry's agenda includes, among other priorities, one topic referring to non-governmental aims of increasing the transparency of decision-making processes, increasing the quality of public consultations, and the establishment of satellite accounts for the third sector.

### Funding Sources

The funding base for the non-governmental sector is fragile. According to data from the Ministry of Finance, 66.6% of all active non-governmental organizations have budgets of approximately EUR 1,000 per fiscal year, which places a major constraint on their capacity to perform. The same report (Lambru and Vamesu 2010) analyzes the economic activity and funding sources of the non-governmental sector. Based on the outcomes of the opinion poll among leaders of non-governmental organizations (Barometrul Liderilor ONG, CSDF 2010), the report highlights the following:

- In 2008, the overall amount of assets held by Romania's non-governmental organizations was approximately EUR 1.25 billion;
- In 2008, 66.6% of Romania's non-governmental organizations either had no income or had an income lower than EUR 1,000. Only few organizations had managed to acquire important EU or national program funding;
- Another important finding in the report was that the income sources of non-governmental organizations have diversified. The most important income sources remain the EU, mainly the European Social Fund. More than one third of the organizations (35.2%) receive funds from the EU, foreign governmental institutions or international foundations;
- National philanthropy (donations from companies, foundations and individuals) is another important source of income for almost 18% of non-governmental organizations in Romania, while public sources (public grants and subsidies, contracts with public authorities and the use of the 2% income tax designation) provide funding for almost 19% of organizations;
- Economic activities are the most important source of income for only 5.5% of the organizations. Here it is worth mentioning that the legislation does not encourage or support the non-governmental organizations' entrepreneurial efforts;
- The funding provided by public authorities in accordance with the "2% law" is becoming a more and more reliable source of funding, especially for small and medium-sized non-governmental organizations. Of the total amount of income tax collected for the year 2008, taxpayers transferred 0.84%, almost half of the amount available to be transferred under the 2% law procedure.

### Institutional Environment

Civil society organizations are influenced by the institutional environment which they operate in, as much as it determines their nature and the roles they play in society. They are attributed social and economic significance based on the political culture in which civil society organizations develop and on the support (more or less) provided through public policy.

The development of an institutional environment that fosters civil society growth has been heavily influenced by Romania's public administration reform. After 1990, elements of New Public Management (NPM) were gradually introduced, yet without a clear understanding of how the new theoretical background might affect the way in which public organizations operate. Similar to other CEE countries, Romania has been slow and inconsistent in promoting relevant reforms to modernize public services (Kuti 2011) that foster the right settings for the development of civil society organizations.

Central and/or local governments represent important institutional actors for the development of the non-governmental sector. Over the last two decades, we have witnessed heightened efforts on both the central and local level to implement an administrative reform in Romania. The measures taken were influenced greatly by the strategic partnership with the EU leading to Romania's accession.

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<sup>2</sup> Public authorities have been accused of corruption related to the implementation of fire risk assessment regulations. In exchange for bribes, assessments were performed superficially.

Along with the public administration reform, the social services policy reform was another important factor influencing the development of service-oriented organizations. In recent decades, the social policy reform has followed the international trend toward the development of a diversified welfare mix. Social service marketization has occurred in Romania as well, but with limited coverage and a heavily reduced policy toolkit. Social service contracting was first introduced into Romanian legislation in 1998, but almost 20 years later, the toolkit and the management capacity of public authorities remains limited. In the 1990s, the central and local governments were assisted in various ways by non-governmental organizations in attracting international resources in different reform areas. After 2000, the government, especially at the central level, became an important donor for the non-governmental sector. After 1990, in post-communist Romania, the local administration was reinstated, as the first free local elections were organized immediately after the regime change. In the last 15 years, local governments at the municipal and county levels have become very important donors and partners to non-governmental organizations.

**Resource centers, think tanks and universities:** In order to boost policy advocacy, strong resource centers are necessary, as are partnerships with researchers that can generate structured and reliable information about the non-governmental sector, including social enterprises. These entities are also instrumental in building the capacity and professionalism of policy advocacy networks. In recent decades, we have observed increasing interest in research on the nonprofit sector, with the development of academic or specialized training programs in partnership with universities. One specific area of high interest is advocacy.

**European Union:** The EU represents an important actor in the CSOs' environment. The EU integration process and EU membership have supported the creation of a more favorable environment for non-governmental organizations, which themselves played an important role in Romania's accession to the EU, serving as agents of change by advocating and applying European ideas and practices. EU funding represents an important source of income for non-governmental organizations' development, in particular for those organizations involved in service delivery and advocacy.

**Corporations:** Through their CSR programs, corporations are still a modest donor when it comes to funding non-governmental organizations. However, we can find growing interest among non-governmental organizations in building partnerships with corporations, mainly in community development projects.

**Domestic or national foundations:** These entities are not well established in Romania, and national philanthropy is not encouraged by the country's legislation. Domestic foundations are small and only active in a few areas of interest.

### **5.2.3 Mapping Civil Society**

#### **Methods and Data Sources**

The section is based on data provided by key research projects regarding civil society organizations in Romania. A useful data source and analytical reference is the report published by the Civil Society Foundation in 2010 (Lambru and Vamesu 2010). Even today, six years later, the report is considered one of the most comprehensive assessments of the non-governmental sector in Romania. The methodology of the study, which combines both quantitative and qualitative techniques and methods, ensured the collection of a wealth of relevant and reliable data, allowing multi-dimensional analyses of the dynamics of civil society and the challenges and opportunities it faces in the process of becoming a force for change. The secondary data analysis was informed by the REGIS database maintained by the National Institute of Statistics (NIS). REGIS contains all fiscal data received from private organizations in Romania, including civil society organizations. The analysis of the data collected from fiscal records – the most reliable source of data in the absence of satellite accounts – made it possible to identify active organizations. Currently, the development of satellite accounts is a priority on the non-governmental sector's agenda.

Another study referred to here is known as PROMETEUS, a complex research project aiming to provide information about the main characteristics of and trends in the social economy sector in Romania. The methodological design included desk research on financial data related to social economic entities using the REGIS database, a questionnaire-based survey on a representative sample for each type of social economic entity, research based on semi-structured interviews with managers, board members and members of social economic entities, and a review of the documents/archives made available for research purposes by Romanian social economic entities themselves. In both of the above-mentioned studies, the term "NGO" was used to designate the associations and foundations registered under GO 26/2000.

As mentioned above, an online survey was administered to a pool of professionals whose expertise on and understanding of the development of Romanian civil society was of great analytical value. The respondents were identified by means of snowball sampling. Their informed answers and comments were instrumental in identifying the dimensions of the institutional environment as well as avenues for the future development of civil society organizations.

### Size and Role of Civil Society

Like other CEE countries, Romania is a post-totalitarian society where we have witnessed a civil society boom that arose to fill the gaps left in the economy and state social welfare system (Kerlin 2013:94). The Johns Hopkins comparative study conducted in 1996 described the non-governmental sector in Romania as one of the “smallest not for profit sectors in Eastern and Central Europe”, not only by Romanian economic standards, but also in relation to its international counterparts (Salamon et al. 1999). This study, which was conducted five years after Romania’s democratic opening and transition to the market economy, identified a number of main causes for the relative underdevelopment of the nonprofit sector: the negative legacy of communism, in particular that of Ceausescu’s regime, the main outcome of which was a reduced capacity of the state to fulfill social responsibilities; a lack of governmental policies aiming to support and encourage public-private partnerships with the nonprofit sector; an outdated and underdeveloped legislative framework; and public mistrust and skepticism. At that time, the Romanian nonprofit sector – which was underdeveloped in both quantitative and qualitative terms – was heavily dependent on international resources, especially on those provided through foreign public agencies’ international development programs.

In the past 25 years, the registration figures for Romanian non-governmental organizations have been highly dynamic. Thus, compared to the 10,494 active associations and foundations in the year 2000, the overall number in 2010 was 26,322 active organizations<sup>3</sup> with an estimation of 60,947 employees.

NGOs (associations and foundations)	2000	2005	2007	2009	2010
Active NGOs (NIS)	10,494	16,532	19,354	22,589	26,322
% of active rural NGOs	17%	17%	17%	19%	20%
NGOs with economic activities	1,219	2,466	3,116	2,404	2,730
Total income (EUR)	94,738,149	456,399,082	681,173,616	840,905,825	1,261,105,288
Total employees	19,173	48,238	51,912	48,633	60,947

Table 5.2.1: growth of active NGOs in Romania (2000-2010)

The Civil Society Foundation report (Lambru and Vamesu 2010) mentioned above describes the main fields of activity for Romania’s non-governmental organizations. Based on the number of registered legal persons, the most important fields of activity are sports and recreational activities (18.8%), education (7.5%) and social services (7.3%).

### Culture

The field of culture is not among the main areas of activity for Romanian non-governmental organizations. In 2008, according to NIS data, non-governmental organizations declaring culture as their main area of activity represented only 0.4% of the total number of active organizations. Still, in the last few years we have observed growing interest in using associative legal incorporation as a way to undertake various cultural initiatives. Non-governmental organizations active in the cultural domain are included as partners in all policy documents, from the Ministry of Culture down to local strategies developed by municipalities or counties.

<sup>3</sup> The total number of registered non-governmental organizations in 2010 was 62,680. The ratio of organizations to inhabitants in Romania is thus 1:343.

Impactful	Transylvania International Film Festival (TIFF)	TIFF is the largest international feature film festival in Romania, and its main goal is the promotion of Romanian cinema.
	Mihai Eminescu Trust	Organization dedicated to the conservation and regeneration of villages and communes from Transylvania and Maramures.
Innovative	Fundatia Arte Vizuale	Organization aiming to support independent filmmakers and visual artists to produce their own projects in the fields of documentary and experimental video.
	Romanian Association for Culture, Education and Normality (ARCEN)	Association conducting cultural projects in Bucharest.

Table 5.2.2: examples of civil society actors in the field of culture

### Social Services

In the early 1990s, Romanian non-governmental organizations in the field of social services were based on the reconstitution and modernization efforts of the social assistance system, which had been destroyed during the communist era. In a communist and totalitarian regime, asserting the very existence of poverty was incompatible with the values and ideological imperatives of the period. The network of social welfare institutions was destroyed and organizations dismantled, and the communist propaganda machine promoted the image of a “multilaterally developed” society in which all citizens enjoyed contributory rights derived from work.

After the 1990s, under the harsh conditions of transition to a democratic and pluralist system based on a market economy, the need arose for the restoration and modernization of the social assistance system and for the corporate restructuring of social professions. Restoring this system represented a great challenge for policymakers in post-revolutionary governments. Gradually, the social services system evolved toward the welfare mix model that we see today, with non-governmental organizations in the social field developing in this context. Until the end of the 1990s, non-governmental organizations were strongly sustained by international funding, primarily public and private funds, humanitarian aid and support from international networks and religious organizations. After 1998 they began to benefit from domestic public funds within programs such as public-private partnerships or public grant programs. In this context, non-governmental organizations established programs offering different types of services to vulnerable beneficiaries: street children, elderly people without family support, children and adults with special needs, etc., bringing innovative elements and practical solutions to the social services system.

Impactful	Save the Children Romania	Association active in the field of child protection and promoting respect for children's rights in Romania.
	Princess Margareta of Romania Foundation	Foundation supporting social services for children, young people, families and at-risk elderly people.
Innovative	Autism Romania	Association founded by parents of children with autism; active in the field of social services and advocacy.
	Fundatia Estuar	Foundation active in the field of social services and advocacy for people with mental health issues.

Table 5.2.3: examples of civil society actors in the field of social services

Another crucial element in structuring the partnerships between the public and non-governmental sectors in the provision of social services was the European Commission's monitoring of the situation of children in difficulty, which was a condition for EU accession. The new public system was built specifically around county-level services for child protection and welfare, with significant support from non-governmental organizations.

Funding for social services generally remains very low, with the Romanian government giving priority to social benefits. Non-governmental organizations represent 49% of accredited providers of social services and almost 50% of accredited services in Romania. In the social services field, the system is decentralized and local authorities are entirely responsible for funding and organization. The capacity of private providers who offer social services is marked by the diversity and number of accredited services. A total of 7,776 private nonprofit providers (associations and foundations) are accredited, which constitutes approximately 50% of the total number of accredited services in Romania. In addition, non-governmental organizations provide 25% of alternative services for child protection. Using their own funding sources, non-governmental organizations also care for 41% of the beneficiaries of home care services.

## Advocacy

Advocacy and civic participation are now widely accepted by government institutions and civil society in Romania as a means of ensuring greater transparency and accountability of the political system, and of increasing citizens' involvement in decision-making. Yet in practice, much of what is done in the name of both advocacy and citizens' participation is still fragile.

Impactful	Resource Center for Public Participation (CeRe )	The main aim of this association is to promote public participation. CeRe is specialized in community mobilization and public campaigns to promote public participation.
	Civil Society Development Foundation (CSDF)	A national NGO resource center providing various services, including advocacy services.
Innovative	Funky Citizens	Association that builds research-based, data-driven online advocacy tools.
	Federatia Organizatiilor Neguvernamentale Pentru Copii (FONPC)	This federation represents organizations specialized in developing and redefining child welfare in Romania.

Table 5.2.4: examples of civil society actors in the field of advocacy

Over the last 20 years, the term “advocacy” has become part of the public discourse for many different professionals, from policymakers to NGO managers and activists, journalists and academic researchers. The term spans a variety of meanings and sometimes generates confusion. In the literature, advocacy is often defined as an activity aiming to influence decision-makers. These decisions are mainly related to allocations of public resources (financial resources, but also power or symbolic resources) in order to solve various identified social problems. In Romania, public interest in participating in the decision-making policy process is relatively new to citizens and non-governmental organizations. Starting in 2000, we can see the development of a legislative framework that allows and encourages public participation. This process was mainly achieved under external pressure from large international assistance programs such as USAID, which requested the enactment of “sunshine laws” (regulations requiring openness in government or business), and the European Commission, which strongly recommended the development of social and civil dialogue.

## Social Enterprises

Social entrepreneurship initiatives started to appear in Romania in the early 1990s, promoted mainly by non-governmental organizations in an attempt to gain more resources for their operations. These were small-scale operations carried out in an environment that did not foster such entrepreneurial endeavors. Starting in 2005, the NGO sector witnessed the emergence of policy advocacy initiatives aimed at creating specific laws for social enterprises. After 2010, strongly influenced by the European social inclusion agenda and under pressure from NGOs, the government carried out public consultations on social enterprise legislation. The NGO sector and other social economic actors played a major role in advocating for this legislation and were deeply involved in shaping the social enterprise law.

In 2005, amid growing interest in European perspectives in various public policy fields that were strongly supported by the EU accession process, the European approach to promoting the social economy concept and integrating cooperative organizations and mutual aid associations also became known in Romania. Research conducted from 2008 onwards has shifted its focus toward social economy (Lambru and Vamesu 2010). Thus, the concept of social economy has also gained ground in Romania as an umbrella concept covering various organizations that place social objectives at the very core of their mission and practices. These same organizations pursue business objectives and generate economic value by providing services and participating actively in the production and sale of goods. Research carried out using this theoretical framework does not focus on the non-lucrative (nonprofit) nature or features of the enterprises, but rather on the fact that their profit distribution is limited. This augments the other organizational characteristics related to the principle of mutuality and social purpose that is specific to social economy organizations. Since 2015, social enterprises theoretically have their own legal status, with a focus on work integration social enterprises (WISEs), but this status is not yet functional due to a lack of secondary legislation. We can find a variety of organizations acting as social enterprises, but using different forms of incorporation, from cooperatives to non-governmental organizations which engage in economic activities.



Impactful	"Omenia" mutual aid association for the elderly	Mutual aid association providing financial and social services to its members.
	Alaturi de Voi	Association focusing on social and work integration of HIV-positive people and other groups at risk.
Innovative	Mesteshukar Butiq	Network of social enterprises aiming to promote traditional Roma crafts.
	Ateliere fara Frontiere	Association implementing work integration activities for various groups of disadvantaged people.

Table 5.2.5: examples of social enterprises

An analysis of the information gathered by NIS of fiscal records, regarding the activities conducted by social economy entities in 2010, revealed that there were 29,226 active social economy entities in Romania, with non-governmental organizations with economic activities accounting for an important share (2,730; also including agricultural associations and commonage structures), followed by cooperatives (2,017) and mutual aid societies (887). These entities have a total of 116,379 employees, more than half of whom work for non-governmental organizations.

Under Romanian legislation on associations and foundations (GO 26/2000), non-governmental organizations are allowed to carry out economic activities directly or indirectly. Direct economic activities must be auxiliary in nature, and separate accounting records must be maintained. The applicable legislation does not provide for fiscal incentives for non-governmental organizations unless their business-generated income is less than EUR 15,000 per year. Upon exceeding this threshold, the organization has to pay the same taxes as any SME, but without the advantages granted to SMEs (access to loans, various specific funding opportunities, etc.). That is why the easiest solution is preferred, namely setting up a business with the NGO as majority shareholder. In 2010, a total of 845 SMEs were owned by non-governmental organizations.

Romanian social enterprises are at an early stage of development. They are in an emerging stage characterized by quantitative growth of the sector in terms of the number of organizations and employees, greater diversity of entrepreneurial projects, increased visibility through various advocacy activities, organization of public debates, and development and dissemination of research products. A social enterprise law that focuses on a specific type of social enterprise, namely on work integration social enterprises, has been in force in Romania since July 2015. This type of externally driven social enterprise is the only one promoted by the new legislation. This situation is common in CEE countries, which generally have such specific legislation for social enterprises in the field of work integration and leave other types of bottom-up social enterprises out of the public policy debate and decisions. The commonalities among CEE countries regarding the development of specific legislation for social enterprises are mainly related to the "Europeanization" effect; the EU policy framework and budget allocations for social entrepreneurship have generated an isomorphic effect in the CEE region. In other words, both in Romania and in the CEE region, decision-makers consider social enterprises to be strictly a public policy tool useful for the development of jobs for disadvantaged groups.

## 5.2.4 Trends and Outlook

An analysis of the results of the expert survey conducted within this project predicts the trends over the next 10 to 15 years as perceived by CSO representatives. The following are the main five trends underlined by the findings of the survey.

First, the respondents expect a change in organizational profiles and business models, with the focus shifting toward the development of smaller organizations that specialize in different areas and reflect various interests. The respondents have an optimistic outlook regarding the future development of foundations. In Romania, most non-governmental organizations are registered and operate as associations. At the same time, the number of foundations is relatively low, with lower levels of assets and income than those in Europe. Academic foundations, foundations for ethnic minorities, and some public foundations have higher levels of assets and income. A few foundations finance programs of non-governmental organizations or community programs. With regard to the social field, the foundations are almost without income, as they operate to support public institutions in achieving their mission. The trends mentioned above show the particular interest the non-governmental sector holds for the development of local philanthropy in its various forms, despite the fact that it is currently not stimulated by the fiscal system.

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### More diversity and specialization in civil society

The landscape of civil society actors is likely to change: there will be more, smaller and more specialized organizations with changing agendas, as well as more foundations.

*"Traditional NGO business models will be disrupted by new social organizing tools and lead to the dissolution of larger, old organizations that can't keep up in market terms."*

*"Civil society organizations become more active and efficient in watchdog activities to keep public authorities [accountable] and [put] pressure on decision-makers, public figures and providers to deliver."*

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### Increasing cooperation with (local/regional) governments

Cooperation between local governments and CSOs will increase over the next decade, partly due to the relative increase in public funding sources.

*"Changing the way [in which] public authorities, [both] local and central, fund services will increase civil society's sustainability. It will also create stronger public-private partnership networks and hopefully the quality and effectiveness of services will increase."*

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### More private donations

Donations and funding provided by corporations or through crowdfunding will gain importance for financing Romanian CSOs in the future.

*"More and more individuals are taking interest in the activities of civil society organizations, either as volunteers or individual donors. It helps organizations to gain support, visibility and trust as more people are engaged."*

*"Companies will invest more in CSR and will likely establish foundations and associations that will draw European funds in order to support their specific CSR purposes and economic goals."*

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### Professionalization of civil society organizations

Professionalization and specialization will be increasingly important for Romanian CSOs, especially regarding accountability, impact measurement and human resource management.

*"Civil society will be led by the top talents in the country. Migration from corporate environments will bring in amazing professionals. I think it [will] reach the point where the people wanting to make a difference will join civil society instead of politics."*

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Table 5.2.6: frequently mentioned trends and sample quotes

Another trend identified is increased cooperation with all levels of government. This cooperation is an important factor that led to the development of the non-governmental sector. Introducing elements of the welfare mix in Romania and building public-private partnerships as well as public management formulas represent top priorities on the non-governmental sector's agenda. These elements are related to the overall process of the governance and public administration reform, which is characterized mainly by the inclusion and adoption of management techniques and methods typical of the private sector. By doing so, the management of public organizations strives to increase effectiveness, transparency and accountability in the supply and management of public policies. The Romanian governments that have come to power since 1998 have delegated more specific responsibilities – relating in particular to the provision of social services and other services – to non-governmental organizations through various contracting modalities, from grants and subsidies to the privatization of services. As a result, the role of non-governmental organizations in offering services has increased in Romania, particularly in the field of social services. That was possible thanks to both quantitative and qualitative growth in the sector, public administration reform and a renewed vision for governance. However, it can still be qualified as a mar-

ginal reform with regard to social contracting (public funding, private implementation), mainly because there is still no consolidated public political vision over the welfare mix model, that Romania could fully and successfully implement. Instead, the developments so far have been ad-hoc results of international pressure or internal advocacy campaigns initiated by non-governmental organizations, not part of a strategic reform process of quantitative and qualitative growth in the provision of services to citizens.

A third trend refers to the increase in private donations from corporations or crowdfunding for non-governmental organizations in Romania. CSR practices in Romania were adopted after 2000. In the “Assessment of the main characteristics of CSR at Romanian companies” conducted by the National Scientific Research Institute for Labor and Social Protection (ICMPS) on a representative sample of 410 companies in 2008, 93% of the surveyed companies mentioned the need to disseminate more information about CSR practices to Romanian companies and organizations. However, CSR remains limited to multinational companies, although funding for such programs is relatively limited.

The final two trends refer to the respondents’ expectations in relation to the consistent professionalization of the non-governmental sector, integrating highly qualified human resources, possibly with experience working in international business organizations. In the early 1990s, the non-governmental sector in Romania, which was in its early stages of development at the time, lacked information, expertise and experience, as it was dependent on training programs proposed and funded by international organizations and trainers. Nowadays, numerous specialized resource centers and several local networks of trainers provide capacity-building opportunities and counseling for organizations and interested citizens. Access to information sources is made easier by the Internet and modern techniques of communication and networking.

In addition to those trends, the interest of the non-governmental sector in the development of entrepreneurial activities is also an evident feature of its profile. The enactment of social enterprise legislation in 2015 only partially responded to pressures from the non-governmental sector to make the public sector marketplace a more inclusive one. The law focuses only on work integration enterprises. But apart from those externally driven social enterprises, we can note a growing trend toward bottom-up social enterprises which do not focus on the employment of disadvantaged categories, but respond to the identified needs of different groups of citizens and communities.

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## **Chapter 6**

# **Country Reports: Non-EU Countries**

## 6.1 Country Report: Albania

Elona Dhëmbo

### ABSTRACT

Civil society in Albania has a relatively short but lively history. Although donor-driven and strongly influenced by western models “imported” into the country, Albanian civil society organizations (CSOs) have been growing steadily in the last three decades in terms of their internal organizational capacities, constituency-building mechanisms and advocacy expertise. They have played an important role and contributed to shaping much of the country’s development in its transition from communism to democracy. While the legal and policy framework has continuously created more enabling conditions for Albanian CSOs, they still struggle with issues of financial viability, service provision, and regulation of voluntarism and social entrepreneurship. Nonetheless, the civil society (CS) sector in Albania has been increasingly known and recognized by national and international actors ranging from the government and the parliament to EU institutions and the business community. The sector has also turned out to be important in terms of the employment opportunities it creates in the country. With advocacy being the strongest pillar of CS activism, CSOs in Albania have significantly impacted the legal and policy framework in many areas, while more recently, their efforts have begun to yield tangible results in terms of a more enabling environment for the CSOs themselves. Experts forecast that future developments in the sector will include a growing profile and security among the main CS players, an expansion of grassroots initiatives with (more) independent agendas, enhanced cross-sectoral cooperation and higher professionalization of the sector. All these developments are expected to take place in a setting largely defined by a shrinking community of international donors, diminishing support from these donors, increased attention to/from and collaboration with the government and parliament, as well as stronger involvement of EU mechanisms due to EU integration processes.

### 6.1.1 Introduction

Albania’s civil society (CS) sector has a short but relatively dynamic history. The sector remains fragile, underdeveloped and concentrated in the capital city. Furthermore, it is relatively unconnected to grassroots movements, and its agenda is largely donor-driven (see e.g. Dhëmbo et al. 2012, USAID 2014, Partners Albania 2015 and 2016). Nonetheless, the sector has been of crucial importance during the country’s transition from communism to a democratic and open-market society. Consequently, civil society is highly important for the democratic health of the country and the ongoing European integration processes (USAID 2014). In this section, we describe the current status of the CS sector as well as the sociopolitical background that has contributed to shaping it.

#### Origins of Civil Society, Predominant Forms of Civil Society Organizations, and Current Developments

The Albanian CS sector emerged from a historic setting unfavorable to its development (for details, see Section 6.1.2). Nearly half a century of communist rule impacted the pace of civil society’s development because, as in other former communist countries in Eastern Europe, the communist government largely repressed any CS activity (Dhëmbo et al. 2015, Hann and Dunn 1996, Vasiljević 2014, Holdar et al. 2002). Coupled with an altered meaning of volunteerism,<sup>1</sup> this weak basis of civic engagement inherited from the communist period deprived Albania of a healthy foundation for the development of civil society. This resulted in what Sampson (1996) calls a “system export” where forms of civil society of the West were transferred to emerging democracies such as Albania.

In Albania, the legal framework, specifically Law No. 8788 (2001) on Nonprofit Organizations, provides for three forms of civil society organizations (CSOs): associations (membership-based CSOs), centers and foundations (non-membership-based CSOs). However, even after three decades of civil society development, it remains difficult to obtain accurate and reliable data (see Section 6.1.3 for more details). What is easier to confirm across various sources, however, is the difficulty of registering a CSO. The regulatory framework for the registration of CSOs remains problematic due to the centralization of the (re)registration process at the Tirana Court of First Instance. Relatively high registration costs, lengthy procedures and a lack of specialized experts on the legal issues surrounding CSOs also pose challenges (Partners Albania 2015 and 2016). These difficulties are among the factors which are claimed to have influenced the uneven distribution of CSOs across the country (Dhëmbo et al. 2012). Albanian CSOs continue to be primarily concentrated in Tirana and other main urban areas of the country, with extremely limited activity in rural and remote areas (Dhëmbo et al. 2012, Partners Albania 2016).

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1 Under communism, voluntary association free of control and direction from the government was absent; however, people were continually involved in the state’s so-called “volunteering initiatives” that focused on building the country and the “new socialist man” (Dhëmbo et al. 2015).

Recent reports on the sector paint a picture of a “shrinking horizon” in terms of CSO and donor numbers (for details, see Dhëmbo et al. 2015) relative to those observed in the advanced civil society sectors in developed democracies. Differences can be identified in the most and least developed characteristics. Albanian CSOs are reported to have made significant advances in their internal organizational capacities, constituency-building mechanisms, and advocacy expertise. However, they still struggle with issues related to the legal environment, financial viability, service provision, and public image (USAID 2014).

### Legal Environment

Albania enjoys a regulatory framework of basic legal guarantees and freedoms for CSOs which has developed and consolidated steadily over recent years in line with international standards (Partners Albania 2016, USAID 2014). The main instruments outlining the legal environment in which Albanian CSOs are established and dissolved include the Law on Nonprofit Organizations (2001), the Law on the Registration of Nonprofit Organizations (2001) and the Civil Code (1994). Albania guarantees the right of individuals and entities to establish, register, join and participate freely in (in)formal online and offline organizations without discrimination. Albanian CSOs enjoy the freedom of expression and the right to organize and/or participate in peaceful assemblies. Even more important, they usually report no cases of administrative impediments or state harassment (e.g. no such events were reported in 2014 according to the Monitoring Matrix on Enabling Environment for Civil Society Development in Albania 2015).

In spite of this generally healthy legal environment, certain areas remain problematic, underdeveloped or prohibitive for the activities of CSOs in the country. These areas include registration, taxation, volunteerism and social entrepreneurship. Registration of CSOs continues to be centralized and costly. A special decision of the Council of Ministers<sup>2</sup> to support the implementation of Albania’s VAT law stipulates the criteria and procedures for the exemption of CSOs from VAT for all “activities for the good and interest of the public”. However, no benefits have been observed yet, as the decision-making body, the General Directorate of Taxation, reports that it did not receive any applications from organizations in 2015 (Partners Albania 2016).

Volunteerism and social entrepreneurship are two other major issues which have not yet been regulated with specific legislation. After consecutive failures to draft a law on volunteerism, this objective was met only in October 2015; however, the draft still needs to be considered and approved by the parliament. Likewise, a draft was also prepared for a law on social enterprises in 2015. This law aims to regulate the organization and functioning of social enterprises and to define conditions and criteria to classify for that status. To date, CSOs that run activities of a similar nature operate on the basis of Article 36 of the Law on Nonprofit Organizations (2001), which stipulates that CSOs can engage in economic activity without creating separate legal entities, thus allowing CSOs to receive income from service contracts and public procurement.

### Civil Society Visibility and Image

The visibility of civil society in Albania has increased with its growing involvement in important social, economic and political developments in the country. International actors consider civil society to be a crucial sector, while the government and decision-making bodies in the country are now dedicating greater attention to the sector. The adoptions of the Law on the Right to Information (in 2014) and of the Law on Public Notification and Consultation (October 2014) have created more room for the involvement of CSOs in decision-making processes as well as enhancing their visibility. CSOs also enjoy good access to different media channels, and the media frequently involve and consult senior CSO representatives. In 2014, this happened on various issues such as EU integration, administrative and territorial reforms, CSO participation in decision-making, and parliamentary openness (USAID 2014). Although there are no data or analyses on the business sector’s perception of CSOs, neither party has reported negative experiences in recent years (e.g. USAID 2014). Finally, social media and other web-based tools have also boosted the visibility and public image of CSOs.

Regardless of these developments and opportunities, it is not yet easy to characterize the CSOs’ image in the eyes of the general public. The yearly surveys on trust in the government conducted by the Institute for Democracy and Mediation (IDM) (e.g. for 2014 and 2015 and a comparison between them; see Lame and Papa 2016) reveal that the public increasingly trusts CSOs when it comes to holding the government accountable. However, the same studies find a huge discrepancy between Albanian citizens’ trust in local CSOs compared to international actors such as NATO and the EU. A recent survey conducted by NDI and IDM in 2016 indicates that Albanian citizens show little satisfaction with and are losing trust in both the government and opposition (see Duci and Dhëmbo 2016 on citizens’ political engagement). Media and CSOs are increasingly seen as the actors that could wisely and lawfully take advantage of this opportunity to improve their image.

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2 Decision of the Albanian Council of Ministers (VKM) No. 953, December 29, 2014



## 6.1.2. Historical Development and Main Actors

### Historical Development

The history of civil society in Albania mirrors Albania's history as a free and independent country. Albania became an independent country in 1912, when it declared its independence from the Ottoman Empire. Until 1944, it struggled to maintain its independence and territorial integrity. The subsequent arrival of a communist government did not help to create an enabling environment for the development of civil society. On the contrary, the communist government that ruled from 1944 until 1990 made it impossible to engage in free initiative of any type, including civil society initiatives, activism and volunteerism (apart from what was arranged and led by the ruling party) (IDM 2010, Holdar et al. 2002). It was only with the end of communism that the transition toward a democratic and free market society marked the beginning of "modern" Albanian civil society. In what follows, this historical development of civil society and its activism are described. The main historic milestones are summarized and presented in Figure 6.1.1.

Early traces of civil society in Albania: Even though civil society as we know it today was not defined in similar terms in earlier stages of Albania's history, some scholars have argued that traces of comparable trends and contributions go back decades or even centuries (IDM 2010, Sulstarova 2008, Thengjilli 2004). Taking a broad definition of civil society as the realm between citizens and state power, those authors (Sulstarova 2008, Thengjilli 2004) argue that the origins of civil society activism date back to the 19<sup>th</sup> century. Although sporadic, poorly organized and unstructured, the activism of Albanian elites during the 19<sup>th</sup> century could be considered an early form of civil society (IDM 2010).

Civil society during communism: Issues of citizens' activism and civil society are rarely studied within the context of communist Albania; however, analyses provided for other former communist societies are often considered relevant to Albania (e.g. Dhëmbo et al. 2015). As in other countries, the communist regime abolished some basic human rights, such as freedom of speech, which are at the heart of civic engagement and civil society activism (Howard 2002). The meanings of social activism and volunteerism were altered, as they were centralized and controlled by state structures.

The early 1990s: The end of communism paved the way for new developments, including civic activism. Indeed, civic movements shaped the landscape and even led some of the most decisive developments of the early 1990s.<sup>3</sup> This period marked the start of a new era for civil society in Albania. It was in 1991 that the first formal CSO was established – the Forum for the Protection of Human Rights and Fundamental Freedoms – followed in 1992 by the first Albanian think tank organization, the Albanian Center for Economic Research (ACER) (IDM 2010). During this first period of modern CS in Albania, the arena was dominated primarily by the registration of human rights and women's organizations and associations. The early transition period (1991 to 1996) as defined by the HDPC report (2009) accounts for almost 30% of the CSOs registered during the first two decades following the end of communism (HDPC 2009: 14). The years 1997 to 2001 saw another intense period of CSO registration and activity. This followed two major events in the country: the pyramid scheme financial crisis in 1997 and the Kosovo war and refugee crisis in 1998. Both events created new needs and attracted more donors and funds, creating new opportunities for CS activism and services. Almost 49% of the CSOs registered in the first two decades following the end of communism were registered during this period (HDPC 2009: 15).

2000s: The beginning of the 2000s was marked by one of the most important milestones in defining the legal and institutional environment for CS in Albania: the Law on Nonprofit Organizations (2001). However, these years were characterized by developments that blurred the line between CS and politics due to the increased movement of actors from one sector to the other (IDM 2010). Along with other developments, this led to higher insecurity for the CSOs, which was observed in a reduction of funding, geographic and thematic reach and the overall amount of CS activity (IDM 2010). Nonetheless, the legal framework continued to follow a positive trend. In 2007, the Council of Ministers passed a decision that for the first time established a separate budget line dedicated to the support of civil society. Two years later, the Albanian Parliament passed the Law on the Organization and Functioning of the Civil Society Support Agency, giving rise to the first public agency exclusively dedicated to supporting CS in the country. This was coupled with wide support for the Charter of the Civil Society, which was passed in the same year (IDM 2010).

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3 Some of the most important events during that time were the miners' and students' demonstrations and hunger strikes (IDM 2010).

Recent and ongoing developments: In recent years, different actors have been putting more effort into improving some of the weakest pillars in the Albanian CS environment, including the legal framework, financial sustainability and the regulation of volunteerism and social entrepreneurship. The Council of Ministers Decision No. 953 of December 29, 2014, in support of the implementation of the VAT law enables CSOs to exempt from VAT all activities qualifying as “activities for the good and interest of the public”. Another positive development is the approval of the National Accounting Standards for Nonprofit Organizations (2012), which establish mechanisms for differentiating between CSOs and the business sector in terms of financial reporting and accounting rules (in particular for small CSOs with annual revenues of less than ALL 5 million, approximately EUR 36,000, for which simpler standards and procedures apply).

The Albanian government and parliament have passed a series of legal acts that further refine the role and space for CS actors in the country. In 2014 alone, the adoption of the Law on Public Notification and Consultation and of the Law on the Right of Information as well as the approval of the Resolution on the Recognition and Strengthening of the Role of Civil Society in the Democratic Development of the Country have formalized and confirmed specific roles and spaces dedicated to the CS sector.

This tendency continued in 2015 with the Council of Ministers’ approval of the first “Road Map for Drafting Policy and Measures for Enabling Environment to Civil Society” (2015). This document is expected to enable more efficient cooperation between government and civil society as a prerequisite for the sustainability and irreversibility of reforms undertaken within the framework of the EU accession process (Partners Albania 2016). Another important development in 2015 was the adoption of the law on the establishment and functioning of the National Council for Civil Society. The council is expected to be fully operational in 2016. The adoption of draft laws dedicated to regulating issues of volunteerism and social entrepreneurship was also expected in 2016.



Figure 6.1.1: timeline of key events for civil society

## Funding Sources

In almost all dedicated reports from the area, financial viability and sustainability continue to be cited as the weakest aspect of CSOs in Albania (USAID 2014, Partners Albania 2015, BCSDN 2015, Partners Albania 2016). Albania’s civil society remains heavily dependent on funding from foreign donors, while domestic public funding and domestic donor support are limited (USAID 2014). In 2007, the Council of Ministers introduced a dedicated budget line to support CS in Albania for the first time. However, up to now the only governmental funding provided for CSOs has come in the form of calls for proposals launched by the Agency for the Support of Civil Society<sup>4</sup> established in 2009. The Ministry of Culture<sup>5</sup> is the only line ministry that provides dedicated financial support for CSOs. In the case of both the Agency and the Ministry, questions related to transparency and decision-making have been raised<sup>6</sup> (USAID 2014, Vurmo and Kurti 2014).

Public funding is considered insufficient among CSOs. In fact, only 1% of the CSOs that responded to the 2015 Monitoring Matrix survey considered it possible to access public funds. Public procurement also represents a limited source of income for CSOs (Partners Albania 2016). There are very few cases of local government units contracting with CSOs to provide services; these primarily include social services for vulnerable populations such as Roma and Egyptian minorities, children, the elderly, etc. (USAID 2014).

4 In 2014, the Agency issued two calls for proposals, ultimately awarding 63 grants ranging from ALL 500,000 (approximately EUR 3,600) to ALL 5,000,000 (approximately EUR 36,000). One of the priorities of the calls was to support CSOs’ advocacy capacities to engage in policymaking, networking and cooperation, institution building, public communications, and citizen engagement.

5 The most recent call is accessible at <http://www.kultura.gov.al/al/newsroom/lajme/hapet-thirrja-per-projekt-propozime-ne-art-kulture-trashegimi-per-vitin-2016>

6 An investigative report by Balkan Insight in 2014 revealed that five CSOs obtained funds from the Agency due to direct and family relationships with four members of the Supervisory Board.

While no restrictions are imposed on the types of economic activities CSOs can engage in, few of them take this opportunity to help diversify their funding and strengthen their financial sustainability (Partners Albania 2016, USAID 2014).

In this context, dependency on foreign donors remains high, even though Albania has a relatively low number of donors that support CSOs. The EU is the most important donor at the national level, with an annual budget of approximately EUR 93.2 million, of which EUR 1.5 million is earmarked for the Civil Society Facility Programme<sup>7</sup> (BCSDN 2014: 34). Other important donors are the governments of Germany, Switzerland and Sweden. However, most donors report a steady decrease in their budgets, and evidence of “donor flight” from Albania is growing. The main areas of interest are rule of law, good governance and European integration. Plans for the future will mainly be shaped by Albania’s progress in European integration. So far, donors and Albanian authorities have followed a sectoral approach in their development of assistance and a top-down approach in identifying priorities for aid programs. Only in very few cases a bottom-up approach has been adopted. Even in those cases, all priorities are finally set by actors outside of Albania (BCSDN 2014: 36-37).

The combination of the funding opportunities described above leave Albanian CSOs on shaky financial ground. The Monitoring Matrix Country Report for Albania 2015 (Partners Albania 2015) finds that the majority of CSOs interviewed (67%) had an annual income of less than EUR 50,000. The annual income per CSO in Albania is, on average, among the lowest in the region. According to data from a Balkan Civil Society Development Network (BSCDN) report on the economic value of CSOs in the Balkans, CSOs in Albania had an average monthly income of EUR 10,454 in 2014, placing Albanian in second-to-last place ahead of Montenegro, whose average is EUR 6,027 (BCSDN 2015: 14).

### **Institutional Environment**

A variety of international and national actors are the main force shaping the civil society landscape in Albania. In mapping Albanian CS actors, IDM (2010) includes women’s CSOs, minority groups, development agencies, education institutions, think tanks, environmental groups, social service providers, children and youth organizations, as well as religious groups. All of these organizations operate in an environment of complex social forces, including culture, local and international legal and political bodies and the business community (IDM 2010: 10-11). The CIVICUS (2012) report on CS in Albania identifies the government, the two main political parties, law enforcement agencies, universities, international donors and the media as major pillars of the Albanian public sphere. All of these non-governmental organizations can exert some degree of influence on the government. Overall, donors are crucial because of their financial support and setting of development priorities (as discussed in the previous section). The government and the parliament play a key role in shaping the regulatory framework, while other actors remain quite peripheral.

Such trends are also observed by the 11 anonymous civil society experts in Albania who were surveyed about the past, present, and future roles of various CS actors in Albania (for more details, see Section 6.1.3, Method). In this section, we look at each of these actors and describe the experts’ perceptions of their influence on the civil society environment in Albania; a comparative chart is provided in Figure 6.1.2 below.

The central government is generally perceived as an influential actor in the Albanian CS environment. However, its influence is not always considered positive when it comes to creating or fostering an enabling environment. Recent legal initiatives may have contributed to experts’ higher expectations for a future where the central government plays a smaller role but its overall influence is more positive and enabling.

Regional government in Albania remains small in terms of size and impact. CSOs themselves report a similar perception of regional government influence. The administrative reform, the ongoing implementation of which began in 2015, will further diminish the role of regional government bodies in the country. As a result, CS experts believe that the role of regional governments will be further diminished in the future. However, the overall influence is expected to remain positive.

Among the three layers of government, the only one expected to take on a more significant role is the local level. The administrative reform reorganized Albanian municipal divisions, resulting in fewer municipalities (a total of 61 municipalities as compared to 65 municipalities and 308 communes, with the latter no longer existing as a type of administrative unit) but stronger local units. For this reason, the local government is expected to take on a more significant and positive role in the future of CS in the country.

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7 The Civil Society Facility Programme was set up by the European Commission’s Directorate General for Enlargement to provide financial support for the development of civil society in the Western Balkans and Turkey.

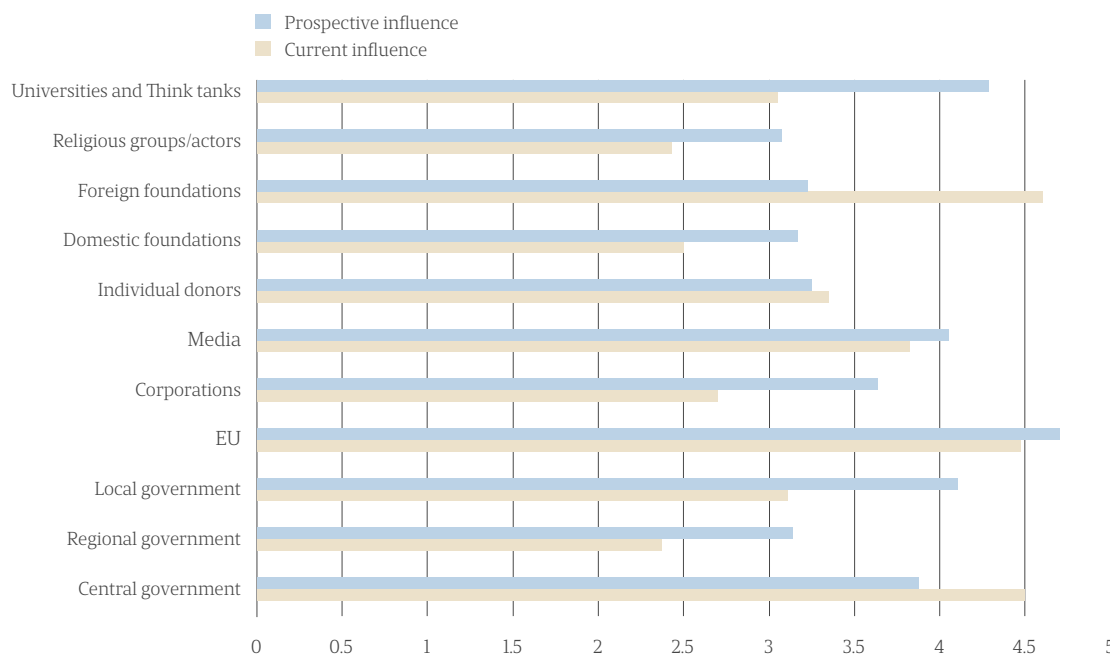


Figure 6.1.2: current and prospective influence of major actors in the institutional environment for CS (average score on a scale from 1 to 5)<sup>8</sup>

**Individual, domestic and foreign donors/foundations:** Private donors are very important in the context of Albanian civil society activity. As mentioned above, foreign foundations and donors have been the main players in defining priorities and resources for CSO development in Albania. This view is shared by experts, who rate them as having a very strong and generally positive influence. Individual donors, on the other hand, are rare, and along with domestic donors they are perceived as players with very limited influence. However, the influence of domestic foundations is expected to increase, while that of foreign ones is expected to diminish in the coming years.

**EU and foreign embassies:** The EU is a very important contributor and highly trusted by the Albanian society (see Lame and Papa 2016). CS experts also believe that the EU is a very strong and positive player in the CS environment in Albania. As described in the section on financial resources, embassies of foreign (western) countries have also played a key role in setting agendas and priorities as well as providing funds and other forms of support to CSOs in Albania.<sup>9</sup> Experts predict an expansion of the EU's role in the coming years due to Albania's EU integration agenda, in which the role of CSOs is considered crucial (USAID 2014).

**Corporations, media and religion:** These diverse actors are perceived to be similar in terms of their limited influence on the CS environment in the country. Thus far, they have exerted little influence in terms of funding but are expected to grow significantly in the future. The expectations are high, in particular for the growing role of corporations. Increasing awareness of corporate social responsibility is expected to have a positive impact on their role as well as their support of and collaboration with local CSOs. Although it has provided limited financial support to CSOs, the media is considered very important for their image. Senior representatives of Albanian CSOs are often involved in and given visibility through media programs. However, the media also sometimes portrays a negative image (e.g. the coverage of various scandals in 2014; see USAID 2014). The media's mixed to negative influence is expected to evolve into a more supportive/positive one. It is most difficult to determine a clear profile for the influence of religious groups on CSOs. According to the latest census (2011) data, the largest religious communities in the country are Muslim (56.7%), Catholic (10%) and Orthodox (6.8%). Overall, little is known about their role, and perceptions of their influence range from low to non-existent. Experts see them playing an increased role in the coming years, but it is difficult to predict whether this increased influence will be positive, mixed or negative.

<sup>8</sup> Source: Expert Survey 2016 (n=11); Details provided under 6.1.3 Method.

<sup>9</sup> TACSO (Technical Assistance for Civil Society Organizations) program is the EU program dedicated to the support of civil society actors in the country. <http://www.tacso.org/project-org/Albania/?id=18>

Universities and think tanks: Although they currently play a limited role, universities and think tanks are expected to be among those entities whose influence will increase the most in the future. The reasons for this include the blossoming private university market in the country, increased competition and pressure to generate high-quality research output, as well as the advancement of human resources at both universities and think tanks. Most experts foresee an increase in their influence, especially in terms of research, evidence and advocacy, which will be relevant to and supportive of CSOs' overall work, activity and success.

### 6.1.3. Mapping Civil Society

#### Method

Obtaining reliable quantitative data on the civil society sector in Albania is challenging. The main sources where relevant data could be accessed include the Tirana Court of First Instance (where all CSOs are required to register), the General Directorate of Taxation, and the Albanian Institute of Statistics (INSTAT). However, data are rarely readily available and when they are, they are often contradictory. An official request as stipulated by the articles of Law No. 119/2014 on the Right to Information is required to access such data. Nevertheless, in our attempt to prepare an up-to-date outline of the civil society sector in Albania, we consulted the most recent quantitative data presented in the latest reports on the subject. Such reports include the BCSDN regional report on the Economic Value of the Nonprofit Sector in the Countries of the Western Balkans & Turkey (2015), the Roadmap for Policy and Actions for an Enabling Environment for Civil Society (2015), the Monitoring Matrix reports prepared by Partners Albania for 2014 and 2015 (2015, 2016), the USAID-supported CSO Sustainability Index (2014), and the yearly INSTAT publication Albania in Figures (for the years 2013 to 2015).

In order to supplement our map of civil society in Albania for the purposes of this section, we conducted an online survey to obtain data on expert perceptions of the Albanian civil society landscape. Expert respondents were identified through snowball sampling and with the help of the authors, the Vienna University of Economics and Business (WU Vienna) and ERSTE Foundation. A total of 11 anonymous experts with an average of 15 years of professional experience in civil society activities completed the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends. The results are discussed below.

#### Size and Role of Civil Society

The number of Albanian CSOs appears to be dynamic. The BCSDN regional report on the economic value of the nonprofit sector (BCSDN 2015) as well as one of the most recent government documents, the Roadmap for Policy and Actions for an Enabling Environment for Civil Society (2015), report a total of 2,427 CSOs, or 1 CSO per 1,154 citizens, registered with the Albanian tax authorities at the end of 2014. According to the CSO Sustainability Index (USAID 2014), the number obtained from the Tirana Court of First Instance at the end of the same year was about 6,855 CSOs. The difference in numbers is influenced by the availability and reliability of data as well as the category of reference (i.e. some count all CSOs ever registered, while others count only those currently active in the sector).<sup>10</sup>

However, if we go beyond the number of CSOs and focus more on the quality of CS impact, the steadily growing trend in the sector becomes clearer. CS is increasingly known and recognized by national and international actors ranging from the government and parliament to EU structures and the business community. The developments in recent years provide some key indications in this respect. Several measures have been taken to improve CS infrastructure and to create more room for its involvement in the country's development agenda (for details, see the historical timeline under Recent Developments above). CSOs have improved their capacities and are now better positioned nationally and internationally through different networks and coalitions. Intersectoral partnerships have also developed, though they remain in an embryonic phase (USAID 2014). Although no longitudinal data are available to track the economic value of the sector, the recent regional report by BCSDN (2015) provides cross-sectional data for Albania in comparison to other countries in the region. A summary of the key figures is reproduced in the following table.

<sup>10</sup> The most recent figure reported by INSTAT refers to active CSOs in 2012 and amounts to 1,858 organizations (INSTAT 2013).

### The Albanian nonprofit sector in figures

Population and CSOs in Albania	Population of Albania (based on 2011 census)	2,800,138
	Number of CSOs (2014)	2,427
	Number of citizens per CSO	1,154
Economic performance of CSOs in Albania	Total CSO income	25,372,256
	Total CSO expenditure	24,826,390
	Number of CSO employees	7,505
	CSOs' share of total employment (%)	0.72
	Number of employees per CSO	3.09
	Number of volunteers	N/A

Table 6.1.1: economic data on the nonprofit sector <sup>11</sup>

The total of 2,427 active CSOs registered with the Albanian tax authorities in 2014 employed some 7,505 persons, thus accounting for 0.72% of total employment. This ranks Albania second only to Kosovo in terms of the sector's importance to employment opportunities. In addition, at 3.09, the average number of employees per CSO is the highest in the region (BCSDN 2015: 12). According to INSTAT's labor market data for 2015 (INSTAT 2016a), the CS sector has a gender wage gap of only 1%, the lowest in the country. However, at mere 0.25%, the sector's contribution to the country's overall GDP is the lowest in the region (BCSDN 2015). Beyond these data, in order to achieve a more robust mapping of the size of the CS sector, Albania (particularly INSTAT) needs to make quick progress in updating, harmonizing and publishing data on the sector and the specific issues concerning its development.

### Culture

CSOs in Albania offer a wide range of services and activities. However, it is difficult to obtain representative and comprehensive data on the scale and scope of each specific field. INSTAT publishes an annual publication "Albania in Figures", but the most recent mention of nonprofit organizations (NACE Category 91) and international organizations (NACE Category 99) is limited to a note about their absence from a table summarizing the economic activity of different types of enterprises at the end of 2012 (INSTAT 2013: 35).<sup>12</sup> The 2014 and 2015 editions of "Albania in Figures" each devote a specific section to culture (INSTAT 2014; 2015), but again without including data on the role and contribution of CSOs in this area.

One can only observe from partial data provided in the Monitoring Matrix reports for the last three years (2013, 2014, and 2015) that culture and education appear to be an important area of interest and intervention for Albanian CSOs. According to the organizations participating in the surveys for these three consecutive reports, the organizations working in the field of culture and education are ranked second only to those working in the area of youth (Partners Albania 2016: 17). The CSOs in the area of culture are among the most fortunate ones because they have an additional source of support in the country: The Ministry of Culture<sup>13</sup> makes grants available to CSOs.<sup>14</sup> The CSOs surveyed in the Monitoring Matrix reports confirmed that they are aware of those grants. In 2015 alone, the Ministry of Culture is reported to have awarded a total of ALL 31,588,600 (approximately EUR 229,000) in grants to CSOs. This opportunity for CSOs in the area of culture serves as an addition to those provided by the Agency for the Support of Civil Society, the other public body with a mandate to support and provide funding for (all) CSOs (Vurmo and Kurti 2014).

<sup>11</sup> Source: BCSDN (2015: 21).

<sup>12</sup> See table on page 35 of that publication, accessible at [http://www.instat.gov.al/media/212757/shqiperia\\_ne\\_shifra\\_2013.pdf](http://www.instat.gov.al/media/212757/shqiperia_ne_shifra_2013.pdf)

<sup>13</sup> Based on Article 26 of the Law on Art and Culture (No. 10352, November 18, 2010; Official Gazette 166/2010), the Ministry of Culture is mandated to award grants to physical and legal persons, and legal entities, both domestic and foreign, that focus on the promotion and development of art and culture in Albania. The grants program is organized through open calls and based on the criteria stipulated in those calls.

<sup>14</sup> Most recent call for project proposals: <http://www.kultura.gov.al/al/newsroom/lajme/hapet-thirrja-per-projekt-propozime-ne-art-kulture-trashegimi-per-vitin-2016>

Due to the lack of robust data on the activities and impact of CSOs in general, and of those in the field of culture in particular, the experts we surveyed were able to provide only a rather limited number of examples of impactful or innovative work in this specific area. Nevertheless, in Table 6.1.2 we attempt to give examples that represent the diversity of CSOs in this field.

Impactful	Institute of Romani Culture in Albania (IRCA)	IRCA works toward a vision in which Roma identity and culture are recognized and appreciated as national and world cultural heritage, where Roma youth and future Roma generations are empowered to access equal citizens' rights and have friendly mutual intercultural exchange with non-Roma.
	Qendra e Studimeve Albanologjike (Center of Albanological Studies)	With a focus on research in the fields of history, archaeology, cultural anthropology, art studies, linguistics and literature, QSA supports the investigation, evaluation, conservation, and promotion of the material and spiritual heritage of Albanian culture, both past and present.
Innovative	Tirana Art Lab	Tirana Art Lab is a one-of-a-kind presence in Albania's cultural life. Founded in 2010, this contemporary art center aims to promote emerging artists from Albania as well as other Central, Eastern and Southern countries. The center is process- and research-oriented, focusing on different events/activities.
	Shoqata "Kulture-Media-Art" ("Culture-Media-Art" Association)	This association supports culture, media and art in the country. It is best known for organizing and hosting the "Marie Kraja" international opera festival.

Table 6.1.2: examples of civil society actors in the field of culture

### Social Services

Social services were the third most popular area of intervention among CSOs surveyed for the Monitoring Matrix in 2015 (Partners Albania 2016). Previous work on Albanian CS, such as the USAID CSO Sustainability Index (2014), maintains that social services constitute the most important area of service provision by Albanian CSOs. However, quantification is once again not possible with the available data. Opportunities to engage in social service provision for CSOs stem from the Law on Social Assistance and Social Services (2005) and the Law on Public Procurement (2010). Social services are offered mainly to vulnerable social groups<sup>15</sup> and are generally project-based. Although there are only few cases where governmental structures (primarily at the local level<sup>16</sup>) contract with CSOs as providers of social services, they still constitute the majority of CSOs that have benefited from public funding (Partners Albania 2016: 29).

Even though most CSOs that provide social services try to diversify investments in order to increase their financial sustainability, very few report that they charge beneficiaries for the services provided. As a result, CSOs are highly dependent on international funding and donor priorities (USAID 2014). Recent developments, however, seem to be contributing to a more enabling environment for CSOs that provide social services. A process of social services reform started in 2014 and aims to endorse an integrated and deinstitutionalized approach that will create more room for the involvement of CSOs. In 2015, the Ministry of Social Welfare and Youth prepared two draft laws: the draft Law on Social Services in the Republic of Albania<sup>17</sup> and the draft Law on Social Enterprises.<sup>18</sup> In addition, the adoption of the Law on the Order of Social Workers (2014) and the Law on the Order of Psychologists (2016) is expected to ensure a higher degree of professionalism and better standards of service provision by CSOs. Table 6.1.3 provides a number of examples of impactful and innovative initiatives in the area of social services as described by the experts surveyed.

15 CSOs also offer services related to social inclusion, capacity building, job training, research and policy analysis, and environmental protection (USAID 2014).

16 A policy paper on social procurement released by Partners Albania in November 2014 documents a few cases of local government units (LGUs) contracting with CSOs to provide social services. For example, the Emanuel Mission Foundation in Korça was awarded two contracts by Korça Municipality to implement a project to empower RAE children and a project to support elderly populations. Another example is the "Today for the Future" community center in Durres, which receives municipal funding to deliver legal and psychological support and to operate a counseling line for victims of domestic violence.

17 The draft Law on Social Services reaffirms that social services can be provided by public and non-public legal persons (including CSOs) that are licensed for that purpose in compliance with the standards approved by the ministry responsible for social affairs.

18 The draft law includes some novelties and positive developments with regard to contracting with CSOs for public service provision. It also addresses some of the recommendations provided by CSOs over the years, such as procurement of social services from municipalities (for service provision at the local level) and state social services (for service provision at the central level) through a negotiation procedure as a special exemption from public procurement legislation; evaluation of the offers based on a fair relation between the price and the quality of services; and the creation and administration of the Social Fund by the municipalities in cooperation with the ministry responsible for social issues.

Impactful	Center for Legal Civic Initiatives	The center's mission is to support and provide legal assistance to citizens, placing priority on women and girls and offering, among other things, free psycho-social and legal services for the victims of domestic and other forms of violence.
	World Vision Albania	World Vision works in Albania to speak up on behalf of children and improve their lives through child protection programs, inclusive education, youth programs, business facilitation and other projects focusing on child well-being.
Innovative	ARSIS	Arsis is an NGO specialized in promoting the rights and social inclusion of youth and children. Its activities include prevention, advocacy and direct services.
	SHKEJ	SHKEJ is an Albanian NGO established in 2003 by a group of young people working for the promotion of human rights and social inclusion.

Table 6.1.3: examples of civil society actors in the field of social services

### Advocacy

Advocacy is one of the areas where Albanian CSOs have the longest history of impactful and measurable activity. Launched primarily as human rights and women's rights organizations in the early 1990s (IDM 2010), the CSOs advocating for different issues have grown and diversified through the years. Although for years there were no formal mechanisms for consultation between state institutions and civil society, CSOs have been actively engaged in advocacy activities and have managed to impact the legal and policy framework around a variety of issues, such as the drafting of the Constitution of the Republic of Albania (1998) and different national development strategies in the late 1990s and early 2000s (for details, see IMD 2010: 9-10).

With the improvement of in-house capacities, the outcomes of Albanian CSOs' advocacy efforts became more evident and structured, especially after the year 2000. CSOs' direct contributions include the Law on Measures against Violence in Family Relations (2007), which came as a result of advocacy by women's CSOs in Albania.<sup>19</sup> More recent reports on the activity and progress of CS also highlight progress in the area of advocacy (USAID 2014, Partners Albania 2016). The year 2014 saw several achievements, including the Law on the Right to Information and the Law on Public Notification and Public Consultation. During that same year, CSOs were also consulted about reforms of administrative, territorial, and social services, among other issues.

In 2015, CSOs advocated more directly on issues related to the creation of a more enabling environment for their own work. Following the approval of the Resolution for the Recognition and Strengthening of the Role of Civil Society (2014), there has been further progress in recognizing the importance of CSO development. Similarly, the importance of CSO partnerships with the state was recognized in 2015 with the approval of the Law on the Establishment and Functioning of the National Council for Civil Society and the Road Map For Drafting the Policies and Measures for Enabling Environment to Civil Society. These two strategic documents provide a general framework that guarantees institutional cooperation between the state and CSOs. Additional examples of CSOs' advocacy activities, as provided by the experts surveyed, are summarized in the following table.

Impactful	IDM (Institute for Democracy and Mediation)	Since 1999, IDM has provided expertise, policy analyses, applied research and capacity building for key societal actors to drive reforms and engage in evidence-based policy processes in the areas of EU enlargement, security, integrated and sustainable development, evidence-informed policymaking and civil society development.
	Partners Albania for Change and Development	Partners Albania is an independent Albanian NGO that was established in 2001 and works to support civil society and facilitate inter-sector cooperation in order to strengthen democratic institutions and advance economic development.
Innovative	Ecovolis	Ecovolis is a program that aims to promote environmentally friendly transportation by bicycle, giving the city more clean air and adding a civic European practice that helps the economic, social and environmental development of the community.
	Alliance against Discrimination of LGBT People	The LGBT Alliance is an Albanian non-governmental organization that envisions a free, open and equal Albanian society that embraces diversity and is inclusive of people of all sexual orientations and gender identities.

Table 6.1.4: examples of civil society actors in the field of advocacy

<sup>19</sup> A draft law was prepared and presented to Parliament by women's CSOs in 2006, together with the backing of a public petition signed by 20,000 people.



### Social Enterprises

The Albanian legislative framework allows CSOs to engage in economic activities, provided that this economic activity falls within the mission of the organization. However, no comprehensive data on Albanian CSOs' total engagement in economic activities are available. In the 2015 Monitoring Matrix survey, about "39% of the surveyed CSOs reported engagement in some form of economic activity" (Partners Albania 2016: 20). The relatively low level of CSO engagement in economic activities relates to a complicated system of administrative and taxation practices as well as the absence of a law regulating social enterprises in the country. While one third of the CSOs surveyed report difficulties in operating within the current legal and procedural framework (Partners Albania 2016), the drafting of a dedicated law on social entrepreneurship was deferred for years (USAID 2014) despite the CS sector's continued push for such legislation.

A draft Law on Social Enterprises was not prepared until 2015, and the Albanian parliament was expected to adopt the law in 2016. The draft law aims to regulate the organization and functioning of social enterprises and to define the conditions and criteria to be fulfilled by a subject in order to gain the status of a social enterprise. According to the draft, this status will be conferred through a decision of the minister responsible for social affairs (currently the Minister of Social Welfare and Youth) based on an application submitted by the interested subject. However, this status is expected to be limited to one form of CSOs, namely associations (nonprofit organizations with membership as defined by the Law on Nonprofit Organizations of 2001). Objections are expected due to the limitation imposed on other forms of CSOs, specifically centers and foundations (Partners Albania 2016).

The completion of the legal framework and the growing interest observed in recent years are expected to produce a diversity of social enterprises across different areas of intervention. This is also demonstrated by the fact that impactful and innovative social enterprise initiatives were mentioned frequently by the experts in the survey. A selection of these examples is provided in the following table.

Impactful	Youth Albania Parcel Service YAPS	By exclusively employing disadvantaged youths, this enterprise aims to ensure that vulnerable young people are better able to harness some of the opportunities of an emerging free market for their own benefit.
	Yunus Social Business (YSB) Albania	YSB Albania was founded in 2012. Since then it has become the most renowned accelerator and early-stage investor in the country, supporting more than 200 entrepreneurs in just two years.
Innovative	Startup Pirates Tirana	Startup Pirates Tirana gathers the most promising aspiring entrepreneurs and experienced guests to share and learn together in a combination of workshops and mentoring activities.
	New York Tirana Bagels	New York Tirana Bagels is a social business created by a group of Albanians and Americans. Part of the profit goes to women and children in need in Albania.

Table 6.1.5: examples of social enterprises

### 6.1.4. Trends and Outlook

Making predictions about future developments is difficult under any circumstances. However, it can prove even more challenging when there is a lack of longitudinal data from which one can extrapolate possible future trends, as is the case with inconsistent and often contradictory data on Albanian CS. In such circumstances, turning to the opinion and assessment of experts is another way to obtain predictions about future developments in the Albanian CS sector. For this purpose, the expert survey described above (see Section 6.1.3 Method) also contained a section in which respondents were asked to name trends that they expect to influence civil society in the coming 10 to 15 years. The answers were content-analyzed by two independent raters in order to identify trend predictions in distinct categories (Stemler 2001, Krippendorff 2004). The four trends mentioned most frequently for Albania are summarized in Table 6.1.6.

Our respondents predict two major developments that relate to two weaknesses of the sector, namely its fragile financial sustainability and its high dependency on donor funds and agendas. Respondents foresee the development of a higher degree of independence among Albanian CSOs over the next decade. Thus far, civil society has been judged and has often lived up to the expectation that (hidden) political (parties') agendas have shaped their activities and that their dependence on donors has been unquestionable. However, this is expected to change due to the growing profile and level of security among the main CS players as well as the growing number of grassroots initiatives with (more) independent agendas. According to the experts, these developments will result from two of the most popular trends that are expected to shape the environment of CSOs in Albania in the future: (1) the withdrawal of foreign donors and the need for diversification of funding, and (2) enhanced cross-sectoral cooperation.

As foreign donors have been scaling back their role in Albania, they have also been withdrawing their funds. This tendency is expected to persist and to lead to increased funding difficulties. As a result, there will be more pressure on CSOs to be creative and find new ways to diversify their funding. By doing so, they might become more self-sustained, stable and independent. Part of these efforts to diversify funding will lead to the other trend, that of intensified cross-sectoral cooperation. Experts predict that CSOs will take more opportunities to collaborate and join forces with other CSOs, the corporate sector and public agencies. Recent initiatives to regulate the legal and policy framework in this respect are indicative of such potential developments.

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#### **Withdrawal of foreign donors and need for diversification of funding**

Foreign donors are expected to withdraw funds from Albania, leading to increased funding difficulties but also implying more independence and new possibilities for civil society. Changes in the sources of funding will lead to an increased necessity for CSOs to diversify their income in order to survive and grow.

*"There might be a shortage of foreign donors operating in Albania. In the coming years, there should be an increase of public funds in support of the CSO sector, further procurement of public funds. The corporate funds allocated to CSOs may ensure a further diversification and sustainability of the CSO sector operating in Albania."*

*"Following the logic of the previous trend, CSOs that want to be sustainable and not depend on donors will try to engage in profit-making activities as well as social impact."*

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#### **Greater cross-sectoral cooperation**

Actors in Albanian civil society will increasingly collaborate with other CSOs as well as the corporate sector and public agencies.

*"Although it is still at the initial stage, there is increased interaction between the corporate sector and NPOs, marked by increased philanthropic activity. This is expected to impact the financial sustainability of NPOs but also the transfer of know-how and the level of professionalism."*

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#### **Improved relations with government and positive influence of the European integration process**

The government will play an increasingly important and probably more positive role in civil society in terms of cooperation and support. European integration will be a major driver of the positive development of civil society and its ecosystem.

*"In recent years, government agencies have increasingly engaged CSOs in the drafting of sub-laws, strategies and action plans, and in the joint implementation of projects. In the future it is expected that the government will increase incentives for the process of dialogue with CSOs."*

*"In recent years, the enabling environment has gone through some positive changes, which are expected to expand for the sake of the EU integration process."*

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#### **Professionalization of civil society organizations**

As in many other countries, Albanian CSOs will become more professional and specialized in the future.

*"In large, well-established CSOs, professionalism and the quality of work will grow with the recruitment of more highly qualified staff and the intensification of exchange and collaboration with other CSOs in the region."*

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**Table 6.1.6: frequently mentioned trends and sample quotes**

The increased cross-sectoral cooperation and growing role of CSOs in the country are organically related to the other two most popular trends predicted by the experts. Building a closer relationship with governmental bodies seems to be a two-way process. CSOs are expected to grow closer in collaboration with public and state agencies, while at the same time the government is expected to play an increasingly important and positive role for CSOs in terms of cooperation and support. The government's (and other actors') increased attention to CS is also related to the EU integration processes the country has been engaged in for years now. EU integration is expected to continue to be a major driver of the positive development of the civil society sector and its ecosystem.

Increased government and EU supervision of CS service standards is expected to lead to the last trend, that of greater professionalization in the sector. Large, well-established CSOs are expected to invest more in professionalization and quality of work. CSOs are also expected to recruit more qualified staff and to boost their expertise as a result of accumulated experience, improved resources as well as intensified exchange and collaboration with other CSOs in the region.

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## 6.2 Country Report: Bosnia and Herzegovina

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### ABSTRACT

Civil society organizations (CSOs) in Bosnia and Herzegovina play a supporting role in the country's emerging post-conflict and post-socialist democracy, and their achievements should be neither overestimated nor underestimated. This heterogeneous sector includes some 23,000 CSOs, less than half of which are actually active. Most of them are small associations operating in the fields of social services, cultural activities and advocacy. Some large membership sports clubs and veterans' associations enjoy close relationship with the state and the ruling ethno-political parties, and therefore receive a large share of their income from public sources. The civil sector also comprises a few large professional organizations that have close links to foreign donors and are engaged in fostering democratic culture and the protection of human rights to counterbalance ethno-national divisions. Apart from these few organizations, the general public visibility of the civil sector is rather low due to mutual mistrust between the media and CSOs. Because of the decentralized and federated nature of the state, the legal framework is fragmented, and thus only about 12% of CSOs are registered at the central state level, while all others operate mostly within a particular entity, canton or municipality. Tax deductibility for charitable donations is unfavorable, so the culture of philanthropy is rather low. Volunteer activism and social entrepreneurship are not yet sufficiently developed. Experts expect a decrease in foreign funding for civil society that might increase political influence in the sector. Cooperation with different political actors is therefore expected in the coming years, as are increased levels of volunteering, a sharper focus on beneficiaries and stakeholders, and a rise in social entrepreneurship.

### 6.2.1 Introduction

Civil society in Bosnia and Herzegovina (BiH) encompasses a wide range of both formally registered organizations and informal grassroots groups and individuals. This report includes information on the key characteristics of the social and political contexts that simultaneously shape and reflect the realm of civil society organizations' work in BiH.

#### Relevant Characteristics of BiH Society

BiH is a post-war and post-socialist country with multilayered governmental, political and legislative structures with three ethnic groups – Bosnians, Croats and Serbs – positioned as “constituent peoples”, and others (minorities such as Roma, Albanians, Hungarians, Slovenes, Jews, etc.). The society is almost completely divided along these ethnic lines and is heavily influenced by antagonistic ethno-politics (Šavija-Valha and Šahić 2015). This nature of the modern state of BiH since 1995 has had a major impact on the development and flourishing of CSOs, including:

**Asymmetric or sui generis federalism:** The Dayton Peace Agreement stopped the war, imposed a constitution of the state with decentralized powers and divided it into two entities: Republika Srpska (RS) and the Federation of BiH (FBiH), along with the subsequently formed Brčko District (BD). The FBiH entity is further decentralized into ten highly autonomous cantons, which makes its constitutional powers much weaker compared to those of RS. This legal and political fragmentation of the country forced civil society to adjust to various regulations and administrative restrictions, and to show flexibility in its functioning (Technical Assistance for Civil Society Organisations [TACSO] 2014a).

**Ethno-politics and corporatism:** One of the most visible features of the political system in BiH is its ethnicity-based corporatism built around the concept of the three “constituent peoples” mentioned above. However, BiH is sometimes also described as a state of unequal constituent peoples and of “un-free” and discriminated citizens (Mujkić 2008). The former refers to the problem of asymmetry: BiH has three ethnic “peoples” but only two territorial entities with autonomous powers. The latter signifies that a BiH citizen who does not identify with any ethnicity is legally prevented from being elected to a public office. Alternately, “the institutional framework of the Dayton state qualifies post-war Bosnia as a classic example of consociational settlement” (Bose 2002:216). The consociational democracy as proposed by Arend Lijphart (cited in Bose 2002:216) is otherwise characterized by four key elements: government by grand coalition, segmental autonomy, proportionality, and mutual veto powers. Historical cases of such a system have been recognized in European countries such as the Netherlands, Belgium, Switzerland or Austria. A dominant feature of modern politics in BiH is therefore ethno-politics, or the politics of ethnic identity (Fetahagić 2015). Rather than being restricted to the activities of ethno-political elites and their ruling parties, it actually pervades most strata of society, including “leftist” political parties, media, academic institutions, education, religion, profitable public enterprises and even civil society itself. Thus, trade unions, war veterans' organizations and sports clubs are the largest organizations that fall under the

umbrella of CSOs in BiH. Because of their capabilities for spreading ethno-political populism and “patriotism”, they receive significant amounts of state funding for their activities, but they do not have as great an impact on the development of a democratic society as other CSOs. These organizations can exert pressure on the government, yet their focus does not go beyond their own particular interests. Although the political system in BiH has many elements of consociational democracy, this consociation can be described as incomplete and unstable (Mujkić 2008) because the elite cartel of ethno-politicians persistently lacks the ability and will to accommodate divergent interests and to stabilize the system, which are top requirements for a successful consociation (Lijphart 2008).

**Political parties and religious communities:** Some CSOs are closely connected to religious communities and churches because they were established at the turn of the 20<sup>th</sup> century to support emerging nationalist projects. Thus, most humanitarian and philanthropic organizations established by the Islamic Community, Catholic Church, Serbian Orthodox Church and the Jewish Community after the 1990s are also at least indirectly connected to ethno-national political parties (except for the numerically small Jewish community) that maintain a monopoly on the preservation of ethnic and religious identities in BiH. These major religious communities and ruling political parties are often considered to promote “traditional” or “conservative” values, and from this position they both tend to be suspicious of CSOs, which are considered to stand for “liberal” or “progressive” values (Fetahagić 2015). The parties often labeled “leftist” are considered successors of communist ideology, and they usually have more connections with trade unions (former workers’ councils) and enjoy support from liberally oriented CSOs. Formally, CSOs are independent from the political parties and religious communities, although some are more inclined toward liberal political agendas and others lean toward conservative agendas. They are, however, not fully independent from international donors and local authorities that exert pressure on CSOs.

#### **Typical Characteristics of Civic Engagement in BiH**

In the post-socialist context, civil society was mainly shaped by international organizations and their agendas for democratization, establishment of the rule of law, protection of civil and political rights, peace building and reconciliation. Therefore, “the general notion that civil society development is critical to democratization has become the centerpiece of democracy assistance efforts” (Howard 2011:98). Volunteer work is not widely practiced in BiH. According to the 2012 Young People’s Voices study/survey, only 10.3% of the interviewees resident in the FBiH entity volunteered in their community, a local organization or group, and they usually did so once or twice a year (UN Volunteers 2013). Also, the culture of making charitable contributions is underdeveloped in BiH, partly due to limited tax concessions allowed by law. There are discrepancies between the entities in this regard, so individuals and businesses in RS are slightly more encouraged to give donations to CSOs in comparison to those in FBiH.<sup>1</sup> Voter turnout in BiH declined between the last two general elections (56.49% in 2010 vs. 54.54% in 2014) (IDEA 2016), while it was 56.51% for the last local elections held in 2012 (Central Election Commission of Bosnia and Herzegovina 2012:9).

#### **Legal Forms of CSOs**

Several laws prescribe the forms of CSOs and the criteria a founder needs to meet in order to register an organization. Those criteria vary depending on the legal form, and they are very strict for organizations of public interest. Foundations require less complex governance arrangements, and many choose this registration type despite the fact that the registration fee is higher than for associations. Associations are divided into two main types: those that serve all citizens, and those that target specific parts of the population or professional and vocational organizations. The Needs Assessment Report 2016, which was presented on June 30, 2016 by the TACSO BH Organization and the TACSO VESTA Resource Center, shows that the number of registered CSOs increased from about 12,000 in 2013 to around 23,000 in 2016 (Institut za razvoj mladih KULT 2016). Religious communities and churches enjoy a different legal status, but they may also register their own faith-based institutions, including associations, some of which are part of the CSO network.

#### **Legal Framework**

The Constitution of BiH and several laws guarantee the right of assembly and freedom of association. In 1990, the Socialist Republic of BiH adopted a law on CSOs, but as the country became ethnically divided in 1992, the RS entity adopted its own legislation (the Law on Endowment, Foundations and Funds) in 1994, and the same happened in the FBiH entity (the Law on Foundations in 1995 and the Law on Humanitarian Activities and Humanitarian Organizations in 1998). In the period from 1995 to 2001, FBiH had three different laws that covered the functioning of CSOs. In 2001, the Parliamentary Assembly of BiH adopted the Law on Associations and Foundations, and its latest amendments (from 2011) are still in force (Ministry of Justice of Bosnia and Herzegovina 2016a). Both entities adopted new laws on associations and foundations: RS in 2001 and

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1 “In FBiH, charitable donations from both individuals and registered businesses may be deducted against tax up to a limit of only 0.5% of individual earnings and corporate profit. In the case of the RS, the limit is raised to 2% of earnings and profit” (TACSO 2014a:15).

FBiH in 2002. Today, BiH has the state law and two entity laws on associations and foundations, and in order to register a CSO, one must apply to the Ministry of Justice of BiH, to the Federal Ministry of Justice in FBiH, to the Ministry of Justice in RS, or to one of the ten cantonal justice ministries in FBiH.<sup>2</sup> Although the legal framework governing CSOs is in accordance with international standards and practices, there are a number of obstacles to implementation, including a complex and bureaucratic registration process, tax policy and a lack of state support (TACSO 2011).

The legal and political fragmentation of the country forced civil society to adjust to the various regulations and administrative restrictions and to show flexibility in its functioning (TACSO 2011). Relations between the government and civil society were formally established in 2007 with the Agreement on Cooperation between the Council of Ministers of BiH and the Non-Governmental Sector in Bosnia and Herzegovina (TACSO 2011:15). Recently, the Civil Society Promotion Center (CSPC) initiated a petition to establish the mechanism for dialogue and collaboration with the Council of Ministers of BiH.

### Visibility of Civil Society

The visibility of CSOs in the media is generally low, and only large CSOs in greater urban centers like Sarajevo, Banja Luka, Mostar and Tuzla get media attention, especially when they monitor the government and political party campaigns during elections (TACSO 2011). The media either sensationalizes CSOs' activities or merely reports on their activities without further comments or criticism. Both sides bear responsibility for this situation: the media because many journalists are not equipped with enough knowledge or the proper methodology to critically follow CSOs' work, and they are largely controlled by the political parties in power; and the CSOs because they do not understand the power of the media and do not invest in media visibility (TACSO 2011).

Overall, CSOs today do not enjoy a lot of trust in the public eye due to the lack of transparency and democratic procedures within their organizations, and they do not conduct independent financial audits of their work. Only 18% of these organizations undertake financial audits, and less than 5% publish their annual accounts (TACSO 2011). Women comprise the majority of CSOs' staff, but men still hold the majority of management and decision-making positions in these organizations, with the exception of those which focus on women's rights (TACSO 2011).

## 6.2.2 Historical Development and Main Actors

### Historical Development

The precursors of modern CSOs in BiH date back to the late 19<sup>th</sup> century, when the first religious, educational, humanitarian and cultural organizations were established under the auspices of churches and religious communities. Most of these organizations worked on literacy campaigns and education, and they were associated with the movements of "national awakening" and political aspirations for greater freedoms and self-expression; at first under Ottoman and Austro-Hungarian rule and later also within the Kingdom of Serbs, Croats and Slovenes (Kingdom of Yugoslavia from 1929) (Sterland 2006). After 1945, the Communist Party shut down most of these ethno-national and faith-based associations, but they were allowed to renew their work in the late 1980s, following the trends of political liberalization and pluralization. In socialist Yugoslavia, many social and cultural associations such as youth groups, sports and cultural clubs, and professional associations existed, but they were all under government control, mostly established within the umbrella organization known as the Socialist Alliance of the Working People. However, although "the structures of socialist self-management prevented the emergence of a free civil society independent of the State, they were undeniably the basis for voluntarism and community giving" (Sterland 2006:11).

The "mjesna zajednica" (community center) was the lowest administrative unit in Yugoslavia that connected citizens with local authorities. It existed in almost every village and neighborhood, and was primarily focused on improving infrastructure in rural areas: water supply, roads, schools, health and cultural centers (Goss 2013). During and after the Bosnian War (1992-1995), the role of these centers was neglected until international organizations started to target them as an important part of local community development.

Civil society since the 1970s: In the former Yugoslav Federation, the 1970s were a time of relaxation of the socialist regime that allowed a revival of faith-based CSOs and religious educational institutions, as well as the development of liberally oriented intellectual circles. It is often overlooked that informal feminist groups existed within academic circles in the late 1970s and early 1980s in Belgrade, Zagreb,

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2 Registering a CSO usually requires one to two months and is subject to registration fees (BAM 200 in the FBiH; BAM 600 in the RS), not including other fees for collecting valid documents (United States Agency for International Development [USAID] 2014). According to the fixed exchange rate under the currency board arrangement, EUR 1 = BAM 1.9558 (Central Bank of Bosnia and Herzegovina 2016).



Ljubljana and Sarajevo, and they managed to publish their work and publicly scrutinize the exclusion and marginalization of women (Popov-Momčinović 2013). These circles also debated democracy, freedom and individual rights. However, like the work of students gathered around popular political magazines in BiH, such as *Valter* and *Naši dani* in the late 1980s, the work of those groups influenced only a small number of educated elites in greater urban centers, while the vast majority of citizens in rural areas were not affected by the embryonic ideas of civil society (Sterland 2006).

**Civil society since the year 1990:** The major shift in the political life of former Yugoslavia occurred in 1990, after the first multiparty elections were held in all Yugoslav constituent republics, including BiH. Here, the three major ethno-nationalist parties ousted the Alliance of Communists (former Communist Party) from power. The 1992-1995 Bosnian War prompted many citizens to form CSOs either to protest ethnic divisions, like the International Multireligious and Intercultural Center (IMIC) “Zajedno” (1991) in Sarajevo, or to provide humanitarian and psychosocial support, like the first feminist CSO, “Medica” in Zenica (1993), to help women victims of wartime rape (Spahić Šiljak 2014).

**Civil society since the year 2000:** After the war, a large number of organizations registered to work on democratization, social inclusion of returnees, gender equality, reconciliation, and human rights in general. However, the post-war realm with its social and political instability and international donor policies affected domestic CSOs, and they often had to shift their goals in order to get funding. CSO activists, in particular women, struggled to include the needs of the returnee population in the democratization agenda of international donors (Spahić Šiljak 2014).

After the war, BiH was completely destroyed in terms of both social capital and infrastructure, and citizens were imprisoned in newly formed, ethnically divided and homogenized communities. International aid was important for mitigating the humanitarian crises, but it also had negative effects on both CSOs and the state. Some organizations were genuine grassroots initiatives that pursued goals for social change, but most used the momentum to achieve their own interests (Sterland 2006). International organizations formed local branches in BiH that developed various projects and social services that were needed, but some authors estimate that it was, in fact, a “parallel system of social services, which weakened government’s ability and will to re-establish effective state-run social institutions” (Sterland 2006:16). However, in a devastated and ethnically divided country like BiH, certain issues would have probably not been addressed at all if it were not for these organizations and their projects.

The vast majority of CSOs were formed in larger urban areas, while rural communities remained neglected. In addition, the priorities of international donors changed and there was no sufficient coordination between international aid agencies. In the first five years after the war, international aid was more focused on the reconstruction of houses and infrastructure and on democratization, but after 2001, long-term economic and social development combined with institutional capacity building, including reforms of government policy and administration, became a new priority (Sterland 2006).

Thus, local organizations that had acquired some expertise in certain fields had to adjust their activities. “The result was a constant withering and replenishment of local organizations and the growth of a large, non-specialized, short-term oriented and financially insecure sector” (Sterland 2006:17). Most local CSOs had to adjust their focus to the donors’ agenda. This often impaired their limited expertise and the fragile structure they had built after the war, while a few had the benefit of more stable donations and were able to keep their staff and continue working under the new donor strategies.



Figure 6.2.1: timeline of key events for civil society

Civil society development remains the focus of internationally led post-conflict transition (Belloni 2001). State-building was directly linked to the development of civil society, and the international community expected that a strong civil society sector could entrench democratic values, heal the wounds of ethnic conflict, and facilitate economic growth, bringing an end to the international administration of BiH (Chandler 2000).

However, radical transformation depends to a great extent on the political will of the ruling parties and on a constitutional reform that would guarantee equal rights for all citizens of BiH. In fact, at the national level of BiH's institutions, disagreement among ethno-politicians is so high that the international body established with the Dayton Peace Agreement – the Office of the High Representative (OHR) – had to impose almost all necessary legislation in order to enable the minimum preconditions for BiH to function as an internationally recognized state (e.g. laws on citizenship, national symbols, identity cards and travel documents) (Šavija-Valha and Šahić 2015). Today's BiH is still not a fully functioning state, and international supervision is still present. However, its powers and willingness to act have been steadily decreasing for the last ten years, and its influence has been reduced to monitoring and advising on certain political issues that cannot be resolved by local politicians, mainly those within several “reform agendas” in the context of the EU accession path.

### Funding Sources

From a global perspective, BiH is ranked relatively high in terms of a legal and regulatory environment that might foster a culture of philanthropy. Its “Rules to Give By Index” score (Quick et al. 2014) is 10 out of a maximum of 11 points, and BiH, as an “upper middle income” country, ranks alongside some “high income” countries such as Austria and even better than some other neighboring countries (Croatia and Hungary scored 9, while Serbia scored only 6). However, BiH's actual giving score is far lower. According to the World Giving Index, BiH ranks 103<sup>rd</sup> (out of 135) and its score is 23% (where the highest percentage is 64% and lowest 14%) (Charities Aid Foundation 2014). Philanthropy is underdeveloped in BiH and is often misunderstood and confused with humanitarian activity. According to a survey published by the Mozaik Foundation in 2013, almost half of respondents (49%) had given to charities in the past, but only 30% of them frequently took part in philanthropic activities. The same percentage of citizens was willing to donate to the foundations, while many of them (22%) did not feel confident in doing so. Individual donors have by far most confidence in civic associations (22%), followed by foundations (10%) and religious institutions (8%). Due to the economic crisis and a lack of savings, the maximum amount donated by individuals is quite low; more than 45% of all citizens are able to offer up to BAM 50 (EUR 25.5) per donation, and they prefer to give smaller amounts for several different activities rather than a larger sum to only one cause (Fondacija Mozaik 2013).

Business donors, on the other hand, complain about unfavorable legislation and the insufficient tax deductibility of charitable donations. In the FBiH entity, donations from both individuals and businesses can be deducted against tax up to a limit of only 0.5% of individual earnings and corporate profit, while that limit is somewhat more favorable in the RS entity, at 2% (TACSO 2014a). Many companies, both public and private, donate goods and services (more than 70% of businesses have participated in humanitarian activities in the past) but complain that they must pay VAT on those donations. Unlike individuals, who prefer to participate mostly in humanitarian activities and to help vulnerable social groups, most businesses also give charitable donations to particular projects in other fields (e.g. sports, arts and culture, education, environment, health). One major public company gave BAM 1.3 million (EUR 664,689) to charity during one year, including 200 scholarships and equipment for 400 schools. Unlike individuals, businesses tend to have less confidence in CSOs, which they deem weak in terms of initiatives and creativity when it comes to project activities for the common good (Fondacija Mozaik 2013).

Predominantly international donors fund the civil sector in BiH (TACSO 2014a, USAID 2014). Between 1996 and 2007, around USD 14 billion in international aid was invested in BiH (Howard 2011), but there is no reliable data on international support for BiH over the last 20 years. The biggest donors are international organizations and governments, but in the last six years they have tended to withdraw their support or to redirect it through EU funds. In 2011, the total funds for development were reduced by EUR 133.37 million compared to 2010. The total grants increased by EUR 8.58 million, while loans decreased by EUR 141 million. The donors that still support the civil society sector are: EU, Italy, Norway, the Netherlands, Switzerland/SDC, Sweden, USA/USAID, World Bank, UNDP, Austria/ADC, and UNICEF.

EU IPA and other funds: BiH signed the Stabilization and Association Agreement (SAA) with the EU in 2008, and it entered into force in June 2015. The EU is providing support for institutional and economic reforms in the accession process. “[The] EU underlines the importance of strengthening democratic institutions and ensuring inclusive democratic processes that support these institutions and reinforce core democratic principles and common EU values” (TACSO 2014a:22). The current focus of the EU in BiH is:

- Improvement of transparency in funding CSOs from public budgets,
- Improvement of cooperation between municipal authorities and CSOs,
- Improvement of cooperation among CSOs,
- Establishment of institutional mechanisms for cooperation with civil society within the governments of the state, entities and BD, and
- Regional cooperation among CSOs (TACSO 2014a; Delegation of the European Union to Bosnia and Herzegovina & European Union Special Representative in Bosnia and Herzegovina 2016).

More funding is directed through the EU and the Instrument for Pre-accession Assistance programs (IPA), but the “reports on coordination of foreign aid show that the donors are increasingly incorporating civil society and human rights-related issues into other projects” (TACSO 2011:11). So far, local CSOs have had limited access to IPA funds, and these run mainly through cross-border collaboration projects and state-building empowerment. Hopefully, IPA fund II for 2014-2020 will bring new opportunities for CSOs if BiH advances its reforms on the EU accession path (European Commission 2013).

**State support:** State institutions do not support CSOs to the extent they do in developed Western countries, but some financial support is provided from various levels of government, the state, entity, cantonal and municipal authorities (Daguda et al. 2013). Over the last few years, the amount of state support has also decreased due to the economic crisis (Muhić 2011), including the recent flood damage in 2014. That trend continued in the following years, but sports and veterans’ organizations remained a state priority (TACSO 2011). The majority of state funding for CSOs is still allocated to those two branches.

The 2012 report published by the Social Inclusion Foundation in BiH and the CSPC (as cited in TACSO 2014a:17-19) shows that procedures for the allocation of state funding are semi-transparent, because some institutions publicize calls for applications in the media, some do so only through their websites, and some use different procedures. One half of the funding is awarded via public calls, while the rest is allocated through other procedures.

State institutions in general do not have advanced fund allocation procedures that are transparent with clear criteria and priorities. “Thus the authorities fail to identify CSO partners for implementation and monitoring of strategic documents, as well as to take a strategic and deliberate approach to allocation of funds and support for CSOs” (TACSO 2014a:20).

#### **Institutional Environment**

**Foreign donors:** The main institutions in BiH that influence the development of civil society are EU institutions, UNDP, USAID, OSCE and a few European governments. These institutions play an important role in supporting diverse programs for development, political and educational reform, and infrastructural state projects. Foreign donors support CSOs in terms of cooperation between municipal governments and CSOs, increasing cooperation among CSOs, and the establishment of institutional mechanisms for cooperation with civil society in the governments. However, a significant part of foreign funding that is allocated to BiH is retained by international donors for their own administrative coverage. They hire more staff to administer projects, so their employees are given higher salaries than is awarded to the staff in the CSOs who actually implement the projects.

**Government:** The CSO experts interviewed via an online survey (see Section 6.2.3, Method) depicted the BiH government as very complex and ethnically divided, with widespread corruption and nepotism. Some cantons and municipalities collaborate closely with CSOs and even sign protocols for certain programs, but the majority of smaller municipalities overlook the importance of CSOs and do not recognize them as partners. Institutional cooperation between the state and entity-level governments with CSOs remains limited and functions only sporadically. Only the Ministry of Justice of BiH “can serve as a good practice example, with the different types of cooperation it has developed with CSOs and its openness for similar operations in future” (TACSO 2014a:28). At the municipal level, the authorities failed to reform the local communities (mjesna zajednica), so they “have actually become a part of the problem, not [the] solution, in terms of engagement of citizens in the decision making processes” (TACSO 2014a:30-31).

**Universities and think tanks:** Unlike in developed democracies, academic institutions and think tanks in BiH do not have enough funding for their own work and they are often engaged by CSOs as partners or to provide experts in certain fields who are paid by CSOs, or more precisely by international funding. Due to high levels of corruption at universities, foreign donors are reluctant to support these institutions directly.

Corporations and private donors: During post-war recovery, some large companies started to support some CSOs and their initiatives, primarily sports and cultural activities, but their overall support is very small compared to their income and foreign donations. Since tax exemptions are very low (see Section 6.2.2 above), both corporations and private donors are probably not very motivated to donate more to CSOs. A very small number of citizens support CSOs via regular membership. Individual citizens only occasionally buy CSO products, and CSOs collect money or goods only when concrete humanitarian campaigns are launched. Although some good examples of social enterprises have been noticed, this concept has not yet been adequately developed in BiH (TACSO 2014a).

Media: In spite of a generally accepted notion that both free media and vibrant CSOs are essential for the existence of a democratic culture, and that their goals are therefore converging, relations between these two sectors in BiH are marked by prejudice and a lack of trust and knowledge (TACSO 2014a). CSOs often question the proclaimed independence of the media and accuse them of being politically biased and of creating stereotypes about civil society. On the other hand, the media criticize CSOs' inability to present information about their work as news and claim that they fail to adequately work on building a democratic society. Most civil society activities in areas such as peace building, social services, and promotion of the rights of women, youth or children, i.e. those which are not "politically charged", do not enjoy sufficient media attention (TACSO 2014a).

Religious institutions: Legally acknowledged "historical" churches and religious communities (Islamic, Serbian Orthodox, Roman Catholic and Jewish) enjoy a privileged position compared to other minority religious groups or CSOs. This is most evident through generous public subsidies for their activities, their high media presence and the right to organize and perform confessional religious education in public schools. Because the concept of ethnicity, due to historical reasons, lies at the core of both religion and politics in BiH, ideological affinity and mutual interests converge between the aforementioned religious communities (the numerically small Jewish community notwithstanding) and the ruling ethno-political parties. This has a profound effect on their treatment of CSOs. Since the very concepts of civil society and democracy are not well understood in BiH, mutual misunderstanding or even antagonism prevails between these religious institutions and CSOs (Fetahagić 2015). There are positive examples of faith-based CSOs actively working in the fields of inter-religious and inter-ethnic dialogue and reconciliation, but these examples are mostly grassroots initiatives that are often viewed with suspicion even by their own religious leadership.

### 6.2.3 Mapping Civil Society

#### Method

Data collection on CSOs was mainly conducted via online desk research because a great number of organizations, topics and issues are not covered by regular assessments and reports. The Ministry of Justice of BiH has its own registry, as do the two entities and the cantonal and BD registry offices, but these data do not provide full and up-to-date information about all CSOs. Some data are also collected by larger international and local CSOs for the purposes of their surveys, but these collections deliver data that serve the goals of these organizations. In the last ten years, only a few reports and surveys were conducted, and these were mostly published through the BiH Office of the Technical Assistance to Civil Society Organizations Project (TACSO) and funded by the EU and other international sponsors (see References to this report). In addition, an anonymous online survey was conducted by Vienna University of Economics and Business (WU Vienna) with 32 experts from BiH, each of whom has more than 15 years of experience in civil society. These experts were identified through snowball sampling in the network of the author, WU Vienna, ERSTE Foundation, and the Network for Building Peace in Bosnia and Herzegovina.

#### Size and Role of Civil Society

While there is no single database of all registered CSOs, whether national or entity-based, it is estimated that there were over 23,000 registered organizations as of mid-2016 (Institut za razvoj mladih KULT 2016). According to the most recently published census results (2103; Agency for Statistics of Bosnia and Herzegovina 2016), there are 3,531,159 inhabitants in BiH, which makes for a per capita ratio of approximately 1:153. Most CSOs are associations without employees or with only a small number of employees (up to 5). The data on registered CSOs at the Ministry of Justice of BiH as of 14 January 2016 shows almost 1,800 associations and 140 foundations registered at the state level (Ministry of Justice of Bosnia and Herzegovina 2016b). According to the previously established estimate of 12,189 registered CSOs in BiH, one survey of 988 organizations showed that only some 6,620 were active (Siebenmann and Kolić 2011, Howard 2011). The number of active CSOs could be even lower because the law requires a fee to close down a registered organization, which many organizations have refused to pay. This means that the ratio between active and inactive CSOs was about 1:2 or even 1:3. Only 12% of CSOs were registered at the state level, while most register at the entity and cantonal levels, since state institutional funding is allocated on the basis of registration level.

CSOs can be classified into two main categories: mutual or member benefit organizations (MBOs) and public-benefit organizations (PBOs). However, there are fewer PBOs due to the unclear criteria prescribed by entity laws (Siebenmann and Kolić 2011). Many CSOs do not have any employees, although there is no reliable and regularly updated data on this topic. Available reports show that CSOs' budgets are not sufficient to cover high employment taxes (around 69%), so many employees officially work as volunteers. For their operations, CSOs rely on formal volunteering (4.5%), association membership (17.5%) and hidden volunteerism (35.7%)<sup>3</sup> (Siebenmann and Kolić 2011). The 2009 Kronauer report (as cited in Siebenmann and Kolić 2011:11) found that the majority of CSO employees (60.7%) work on a voluntary basis and that this number is probably even higher than indicated by the data. Volunteerism is not well understood in BiH: "Many view it with a great deal of skepticism, mistrust or, at worst, as a form of free or exploitative labor, rather than see volunteering as something that is beneficial for the individual and/or community" (Siebenmann and Kolić 2011:11). The full potential of volunteerism is also undermined by inadequate legal procedures.

Based on research data collected from 998 CSOs by Kronauer Consulting in 2009 (as cited in TACSO, 2014a:43), the greatest number of organizations indicated sports as their main activity (18.45%), followed by „interest organizations" (12.02%), women's organizations (7.3%), and CSOs working with children and youth (6.01%). The most frequent activities conducted by CSOs are education, working within local communities, providing advice and information sharing, and lobbying for members' interests (TACSO 2014a). Although the number of registered war veterans' associations was not high, these tend to have quite a large number of members. However, the number of registered organizations is not commensurate to the state funds allocated to them because veterans' and sports organizations receive the largest portion of state funds for CSOs.

Associations	Percentage (%)
Sports associations	18.45
Interest associations	12.02
Associations for protection of women	7.3
Cultural associations	6.87
Associations dealing with problems of children and youth	6.01
Other activities	5.15
Associations arising from the last war	4.72
Associations dealing with environmental protection	4.29
Associations for psychosocial help and social protection	3.86
Educational associations	3.43
Associations for rural and agricultural development	3.43
Hobbyist associations	3
Associations for local economic development	3
Civil initiatives	2.58
Humanitarian associations	2.58
Associations for human rights protection	2.58
Associations for civil society promotion and development	1.72
Vocational associations	1.72

Table 6.2.1: percentage of CSOs based on their primary field of work<sup>4</sup>

Civil society in BiH "is marked by a complete absence of social capital, i.e. interest for volunteer activism of most citizens in Bosnia and Herzegovina, which is one of the main prerequisites for the development of a new pattern of collective behavior" (Dmitrović n.d.:4). The civil society sector in BiH can be divided into three sub-sectors:

<sup>3</sup> This term is used in a UN Volunteers report to describe "voluntary work such as community self-help or mutual solidarity on one hand, and campaigning or advocacy work (which is often left out in surveys of volunteerism), on the other" (Powell 2009:14). Examples of hidden volunteering thus include both informal civic activism as well as "more traditional forms of volunteering not organized by modern CSOs" (Powell 2009:42).

<sup>4</sup> Source: TACSO, 2014a:43.

The first sub-sector embraces CSOs that are conditioned by attitudes and policies of certain groups, such as war veterans, union members or casualties of war. Rather than working under the umbrella of civil rights and representing the interests of all citizens, these CSOs promote the interests of particular groups or political parties. This is especially visible during election campaigns, when they attempt to attract voters. Therefore, it is not surprising that 60% of the resources allocated from municipal budgets go to veterans' associations, trade unions, disabled persons' organizations, and associations of civilian war victims (Dmitrović n.d.).

The second sub-sector includes think tanks, that is, organizations that focus on analyzing the social and political realms in which they operate. They propose strategies and policies to the government, but they are mostly available only to a limited number of intellectual and human rights activists' circles (Dmitrović n.d.).

The third sub-sector comprises "grassroots" organizations, which account for the majority of CSOs. They are usually small-scale associations that target politically marginalized social categories in local communities. This category includes a number of various associations, from returnee and refugee associations, to the associations uniting persons with disabilities or special needs, to local youth initiatives, agricultural cooperatives and associations established for the purpose of promoting agriculture and rural development, etc. (Dmitrović n.d.).

In the last 15 years, the prevailing public opinion in BiH is that CSOs are crucial for democratization and development, but examples of collaboration between the government and CSOs are rather scarce. Progress is slow, and according to a survey of March 2014 (TACSO 2014b), 52% of CSO representatives thought that the current situation was worse than three years prior to the survey.

However, new partnership mechanisms have been established and there is at least hope for future improvements. The Agreement on Cooperation between the Council of Ministers of BiH and the Non-Governmental Sector has not been implemented, and the institutional mechanisms provided for in the Agreement, such as the Office for Cooperation with CSOs, have not been established. Yet, some positive actions may be noted, such as: a) the development of a web portal for public consultation at the level of the Council of Ministers of BiH in order to facilitate citizens' access to information regarding legislation submitted to the public consultation process; b) the involvement of five CSOs in monitoring the implementation of the Justice Sector Reform Strategy 2008-2012; and c) the establishment of the SECO mechanism<sup>5</sup> to develop a structured dialogue with civil society in specific sectors and to use its information, know-how, and ideas to the advantage of IPA programming.

## Culture

Many CSOs in the field of culture are project-driven organizations and are not able to employ many staff due to high salary taxes. In the FBiH entity, for instance, these associations had a total of 8,444 members in 2014, but only 200 paid employees (Hodo and Alić 2015). Cultural CSOs include a variety of organizations that work to develop and improve the cultural and artistic skills of youth, especially children. Their activities include the organization and co-organization of seminars, round tables, debates, cultural events, exhibitions, festivals, lectures and presentations; informal education and education in the culture of living and culture of heritage; establishment of the rule of law and a culture of dialogue and peace in BiH; inter-religious, inter-ethnic and inter-cultural dialogue; and the promotion of cultural diversity. The institutes for statistics of both entities register organizations based on their activities and send out forms to be filled out every year. In addition, they assign codes that designate the scope of activities and orientation of CSOs. According to those data, 172 associations of citizens in the field of culture were registered in FBiH in 2014. Their breakdown by area of culture was as follows: music (72), performing arts (51), visual arts (50), architecture (14), literature (62), publishing (60), cinematography (15), informal education (110), journalism (18), radio and TV (10) (Hodo and Alić 2015:76-77). In the same year, 26 associations were active in RS, where they organized cultural events as follows: exhibitions (77), theatre (117), literary events (30), cinematography (13), music and musical theatre (147) and other events (74) (Gvozdenac 2015:26).

Two decades after the war, larger-scale manifestations of culture have become well-known brands, including the Sarajevo Winter Festival, the MESS Theatre Festival, the Sarajevo Film Festival, and the Jazz Fest Sarajevo. A large number of regional and local festivals as well as annual cultural gatherings do not have such a high public profile, although they may have a more profound impact on local communities. Cultural policy is also fragmented along ethnic and political lines in BiH, and cultural organizations and events are heavily dependent on the will of the ruling political parties. Tensions in this field are intensified

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<sup>5</sup> "SECO is a mechanism of civil society-public sector cooperation in the planning and utilization of international development assistance funds" (Đorđević 2014:3).

by political turmoil, particularly during pre-election periods. The online expert survey conducted for this study by WU Vienna in 2016 shows the overall impact of 20 CSOs named in the field of culture. However, only four of them are sufficiently present in the media, while many others lack media coverage and are therefore not recognized as impactful.

Impactful	Sarajevo Winter International Festival	The organizer of the Sarajevo Winter Festival is the International Peace Center Sarajevo, and its aim is to promote cultural diversity, dialogue and coexistence.
	Sarajevo Film Festival	In 1995, the Obala Art Centar initiated the Sarajevo Film Festival with the aim of helping to reconstruct civil society and retain the cosmopolitan spirit of the city.
Innovative	Foundation CURE	Feminist-activist organization which promotes gender and sex equality and works for positive social changes through educational, cultural and research programs
	BUKA Magazine	Magazine established by the Center for Informational Decontamination of Youth Banja Luka in 2011 in order to promote dialogue as well as fair and independent journalism.

Table 6.2.2: examples of civil society actors in the field of culture<sup>6</sup>

### Social Services

CSOs in BiH are mostly focused on providing social services and social inclusion programs for different categories of citizens and groups (Žeravčić and Bišćević 2009). “Grassroots’ projects have started to die out and more and more organizations are turning to advocacy and making policy documents” (Initiative for Better and Humane Inclusion 2012:5). Social services are mostly provided by several larger CSOs (with 10 or more employees) based in urban centers. These organizations receive funding from both international donors and local governments, and they typically provide shelter, psychosocial support for battered women, therapy for veterans and families, or other social or economic services that help their users rebuild their lives (TACSO 2014a). Municipalities usually have jurisdiction over social services, but the role of CSOs is only rarely regulated by protocols of cooperation that recognize CSOs’ services and oblige local authorities to allocate some funding to them. There is no up-to-date information about CSOs that offer social services. The expert online survey indicates some of the CSOs whose work can be considered particularly impactful.

Impactful	Medica Zenica	Protection of women and children against violence and discrimination, full equality of rights in family and society, and protection of wartime survivors
	Women's Organization Lara Bijeljina	Education of women on principles of democratic decision-making, affirmation of women and their engagement in society (shelter for survivors of trafficking and other forms of gender-based violence)
Innovative	Fondacija Mozaik	Mobilization of local resources for social and economic sustainability
	Kult Sarajevo	Creating and advocating legal and other strategic solutions to build and strengthen the capacities of associations and governmental authorities in BiH and the region.

Table 6.2.3: examples of civil society actors in the field of social services<sup>7</sup>

Several of these organizations particularly focus on gender equality, protecting women and children from domestic violence, helping wartime survivors and victims of rape, torture and human trafficking, providing emergency lines and shelters as well as psychosocial support, and fighting against the discrimination of these groups. Organizations in this field include Lara Bijeljina, United Women of Banja Luka, Medica Zenica, Vive žene Tuzla and Žena BiH Mostar. Other CSOs mentioned in the survey, such as the Foundation of Local Democracy, Fondacija Altruista Svjetlo and Futura Modriča, are concerned with developing civil society and active participation of all social groups, building democracy, and protecting marginalized groups and persons with special needs. Still other organizations engage in mobilizing local resources for economic and social sustainability (e.g. Fondacija Mozaik) or in advocating for legal and strategic solutions to strengthen the capacities of CSOs and governmental authorities (e.g. Kult Sarajevo). State institutions provide some funding for these social services, but there are no clear and consistent overviews of allocated funding (SeConS 2013).

6 Source: Expert Survey 2016

7 Source: Expert Survey 2016

## Advocacy

CSOs in BiH are mostly comprised of small local organizations with limited human and technological capacities and without stable financial means that would help them sustain larger initiatives and programs, including advocacy work. The 2012 Report on CSO Advocacy Work in BiH (Spahić Zekić 2012) shows that most membership organizations possess only a vague understanding of advocacy. They rarely base their work on analyses and policies, and they do not include monitoring procedures. Due to the lack of human resources and stable funding, advocacy work is carried out mostly by a few CSOs in Sarajevo, Banja Luka, Zenica and Tuzla that have more stable funding and activists dedicated to the causes they advocate for: gender equality, human rights and youth empowerment. These organizations usually have more than ten employees. CSOs prominent in advocacy activities include Rights for All, the Sarajevo Open Center, the Center for Civil Initiatives, and Kult.

Impactful	Center for Civil Initiatives (CCI)	Encouragement and promotion of active participation of citizens in democratic processes and strengthening of the capacity of organizations and individuals to solve problems in communities.
	Sarajevo Open Centre	Advocacy for full respect of human rights and social inclusion of LGBTIQ people and women.
Innovative	Rights for All	Promotion of citizens' participation in democratic institutions and processes through advocacy campaigns exposing human rights violations and discrimination.
	Kult Sarajevo	Creating and advocating legal and other strategic solutions to build and strengthen the capacities of associations and governmental authorities in BiH and the region.

Table 6.2.4: examples of civil society actors in the field of advocacy<sup>8</sup>

## Social Enterprises

Social entrepreneurship is a completely new development in BiH, and most CSOs are not aware of its potential, rules and possibilities. According to the Assessment Report on Social Entrepreneurship (Ninković-Papić 2012), one third of the BiH population is at risk of poverty, 60% are considered socially excluded, and 57% of the working-age population is not active. Therefore, social entrepreneurship might play an important role in alleviating poverty and economic hardships. Some CSOs are involved in social entrepreneurship, and both the public and the private sectors are recognized as key players and implementers of these activities in BiH (Ninković-Papić 2012). Among CSOs, Kult and Mozaik have been recognized as organizations that initiated social entrepreneurship projects in the last few years. However, according to 44 respondents who participated in interviews and focus groups, the main obstacles to the development of social entrepreneurship are the "Political climate in the state" (37.04%) and "Not knowing the subject" (29.63%) as well as "Insufficient information, too much bureaucracy, slow administration, lack of proper legislation, poverty, destroyed resources in the country and unemployment" (Ninković-Papić 2012:26-36).

Social entrepreneurship is gradually becoming more relevant in the BiH realm, but there are no reliable data about the types and range of activities or the number of employees involved. The legal framework, although heterogeneous, allows CSOs, including religious communities, to start social enterprises and to acquire property. The state and entity laws on associations and foundations allow CSOs to run social enterprises as long as they work to further a public interest and not to generate profits.

Impactful	Medica Zenica	Protection of women and children from violence and discrimination, full equality of rights in family and society, and protection of wartime survivors.
	Duga Banja Luka	Support for women and families.
Innovative	Mozaik Foundation	Women's affirmation in all spheres of private and public life.
	Kult Sarajevo	Creating and advocating legal and other strategic solutions to build and strengthen the capacities of associations and governmental authorities in BiH and governmental authorities in BiH and the region.

Table 6.2.5: examples of social enterprises<sup>9</sup>

<sup>8</sup> Source: Expert Survey 2016

<sup>9</sup> Source: Expert Survey 2016



#### 6.2.4 Trends and Outlook

CSOs' status in BiH corresponds to the situation in the country, which is "fragmented, institutionally exceptionally weak, financially unsustainable and to a large extent dependent on the political and financial support of the international community, without a clear vision of solutions to citizens' needs, with the private sector and a very bad public perception of the general use of their work for society" (Žeravčić 2008). Based on the online survey, the experts named several important trends in BiH:

Foreign support is decreasing. The current trends in BiH are inseparable from the global social and political trends because the refugee crisis in the Middle East has also affected BiH. Many European governments have decided to transfer their funding to the creation of refugee accommodations in their own countries, and CSOs in BiH will have less funding available for some programs financed by those governments. The private sector is underdeveloped, and the public sector is a giant bureaucratic apparatus with many levels of government that spend most of the state budget on the administration and operation of state institutions. However, some experts perceive this decreasing influence of foreign donors as a positive trend, for it might enable CSOs to become more independent and locally rooted.

Corruption and stronger political influence on CSOs are expected to continue. Corruption is a widespread part of the local culture; as a result, many citizens do not recognize its disastrous consequences. They either participate in spreading it or support it by remaining silent or ignoring the problem. Reports by the anti-corruption network ACCOUNT show that corruption is embedded in the social and political system and in the work of state institutions (Aladžuz 2015). Political parties have more power over CSOs' work through blackmailing and threatening to withdraw their support for initiatives such as the creation and maintenance of shelters and other social services. Since foreign support is contingent upon state support, many CSOs are silent and cannot speak up freely for fear of losing government support. Given that political parties appoint the directors of public companies and other state institutions, these appointees usually do not act in the interest of their communities, but in the interest of political parties instead.

Need to increase cooperation with political actors: Since the ethnic and political divisions in the country are expected to continue hindering more effective cooperation between CSOs and the public sector, some experts see a growing need to establish a better basis for future collaboration. Proper regulation will also be needed due to different legal frameworks from entity to entity and from canton to canton. Partnering cooperation with CSOs is particularly lacking in smaller municipalities, whose authorities are still largely closed down and prejudicial toward civil society.

Greater focus on beneficiaries and stakeholders: CSOs are expected to focus increasingly on their beneficiaries and stakeholder groups, rather than mainly being advocacy organizations. There is a need to establish organizations that would work with people in order to educate them, to give advice or to do social work, especially with youths, and to work on the inclusion of socially marginalized groups.

Need for professionalization of CSOs: The prevailing opinion of the experts is that CSOs need to become more specialized in certain fields, as well as more focused on productivity, efficiency and effectiveness if they want to be recognized as relevant partners for government and other CSOs. However, the respondents also underlined that it is difficult for CSOs to become sustainable due to a lack of funding and expertise.

Need to increase social entrepreneurship: More and more CSOs are searching for innovative ways to fund their work. Foreign funding is less widely available, and soon CSOs will have to turn to more sustainable solutions to maintain their organizations. This means that more creativity, planning and attention to trends and needs in the country will be required for an organization to be a relevant participant in these processes. CSOs will also have to rely more on their constituencies, i.e. the individuals and groups they represent, advocate for or serve.

In addition to the trends highlighted by the surveyed experts, it would be important to add the need to foster volunteering. Under the Law on Volunteering, a myriad of training courses and events were organized by Kult and other CSOs. Although hundreds of youths received training and became young leaders in their communities, there are still many obstacles to utilizing the full potential of volunteering. Very few organizations have the capacity to include volunteers, and some think that volunteering is too time-consuming for their management. Additional problems include insufficient collaboration between CSOs and state institutions, a lack of available information about volunteering, citizens' prejudices and a lack of confidence in volunteering, and a lack of logistical and financial resources.

Finally, another noteworthy trend is brain drain, which has affected not only BiH but also the region. Migration during and after the war brought about a change in the population structure and a lack of required expertise in the devastated post-war environment. The youth unemployment rate is still high, at around 60% (World Bank 2013), and there is no hope of reducing it. In the last few years, the migration trend has intensified further, with entire families leaving for Western/Northern European countries to search for jobs.

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#### **Withdrawal of foreign donors: Less funding and more political influence on CSOs**

As foreign donor institutions withdraw their funds from Bosnia and Herzegovina, new funding difficulties are arising for CSOs. This gives rise to the danger of corruption due to the increased influence of political institutions on CSOs.

“As foreign donors are withdrawing, funding options will become even more scarce and will result in a donor-driven approach when it comes to activities of CSOs.”

“CSOs have a bad reputation within the country. The latest initiative of government allowing municipalities, cantons, entities and states to become one of the co-founders of CSOs will add to this perception and consequently dislodge ‘healthy’ donors.”

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#### **Greater need for cooperation with political actors**

Several experts expect the ethnic-national division of the country to continue making it difficult for CSOs to cooperate effectively with the public sector. Nevertheless, they see a growing need and express hopes for a better basis for collaboration.

“Only a couple of bigger cities, such as Sarajevo, Banjaluka, or Tuzla, can state they have established good, partnering cooperation with CSOs. The majority of other municipal governments, especially the ones from the smaller communities, are still pretty much closed down and prejudiced toward cooperation with CSOs.”

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#### **Higher focus on beneficiaries and stakeholders, and on the professionalization of CSOs**

CSOs will, or rather should, increasingly focus on their beneficiaries and stakeholder groups rather than mainly being advocacy organizations. As in many countries, there is also a trend among Bosnian and Herzegovinian CSOs toward more professional management and financial sustainability.

“There is a need for organizations working with people, [in order to] educate, to give advice, to do social work and to work with youth.”

“CSOs will have to become more professional – focused on productivity, efficiency, effectiveness, etc. if they want to be recognizable and an important partner for various stakeholders.”

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#### **Higher relevance of social entrepreneurship**

In order to achieve sustainable funding, an increasing number of emerging organizations will combine business models with social aims.

“More and more NGOs will innovate and create their own income streams, either directly within NGOs or with separate companies.”

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Table 6.2.6: frequently mentioned trends and sample quotes<sup>10</sup>

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<sup>10</sup> Source: Expert Survey 2016

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## 6.3 Country Report: Kosovo

Vjosa Musliu

### ABSTRACT

Civil society organizations (CSOs) in Kosovo mirror some of the general challenges that Kosovo faces as a new state. The development of legal infrastructure for a number of regulations with regard to funding and procurement is still underway. Since 1999, Kosovo's CSOs have shifted from civil society-oriented projects in peace building and conflict resolution toward democratization and rule of law. Focusing mainly on those two areas as well as corruption and gender equality, CSOs play an important role in social and political life in Kosovo. By and large, civil society in Kosovo, especially large organizations, remains financially dependent on foreign donors. Funds from public institutions are on the rise, even though they are still not regulated by legal criteria and procedures. Volunteering through civil society remains low and might even be considered to be in decline. Nonetheless, there is a greater number of volunteers than paid staff in civil society.

### 6.3.1 Introduction

#### General Characteristics of CSOs in Kosovo

Like in other post-conflict societies, civil society in Kosovo since 1999 has consistently been characterized as “weak” and “unconsolidated” by scholars and practitioners alike. Until 2012, there was a consensus in the literature, in the donor community and among CSO leaders in Kosovo themselves that, despite significant support from a wide array of international organizations, Kosovo's CSOs struggle with organizational weakness, financial dependence and low levels of participation and mobilization. In Kosovo, the terms “CSO” and “NGO” are used interchangeably, both in the public discourse and in legislation. The term “CSO” is used throughout this section.

#### Legal Framework

In general, CSOs in Kosovo operate freely. The country's legal framework prevents public authorities from interfering in the operations and activities of CSOs, and to date no cases of direct state interference in the internal issues of CSOs have been reported. Moreover, the Constitution guarantees the right to establish an organization without obtaining permission.<sup>1</sup>

In 2014, Kosovo saw an improvement in its legal environment for civil society organizations, as the online registration of CSOs became available, funds from central and local institutions for service provision increased, and formal collaboration between CSOs and policymakers was strengthened (USAID 2010). Though the legal framework is still not fully implemented, data from the expert survey (see Section 6.3.1, Sources of empirical information on civil society) indicate that the basic rules of operation for CSOs are defined, applicable and compliant with international law. Civil society in Kosovo is mainly comprised of registered non-governmental organizations (NGOs), while other forms of organization are fairly rare. The few examples of non-registered initiatives are sporadic and mostly arise on an ad-hoc basis. Under the formal definition of civil society, trade unions, organizations of religious communities, and professional associations (i.e. doctors, etc.) are hardly part of civil society and forums (Kosovo Civil Society Index 2014). To a large extent, this reflects the post-war situation in which civil society became directly associated with (internationally) funded CSOs.

There are two types of CSOs in Kosovo: foundations and associations. As of late 2014, the total number of CSOs registered was around 8,000, and over 90% of them were organized as associations. A report published by the Technical Assistance to Civil Society Organizations (TACSO) project in 2014 indicates that only 10% to 15% of all registered CSOs in Kosovo are active (TACSO 2014). According to the Kosovo Civil Society Index, around 40% of CSOs believe that democratization is the area where the sector has the most impact, followed by gender issues (16%) and assistance to marginalized communities (13%). Of the 7,452 CSOs registered as of December 2013, 6,947 were domestic and 505 were international/foreign. Among the domestic CSOs, 6,695 are associations and 252 are foundations (Kosovo Civil Society Index 2014).

#### Typical Forms of Civic Engagement and Voluntary Activities in CSOs

Even compared to the period before 1999, when CSOs were virtually non-existent, civic participation is still low in Kosovo (Kosovo Civil Society Index 2011). In the majority of cases, membership is merely formal and does not necessarily mean involvement in the practical operations of an organization. However, although volunteering is generally low, it is worth noting that a larger number of citizens has supported issues raised by civil society (petitions, protests, etc.) compared to those who have participated in civil society activities or benefited from services provided by CSOs (Kosovo Civil Society Index 2014). For instance, in 2015, over 200,000 citizens signed the petition against the demarcation of the border between Kosovo and Montenegro (Telegrafi 2015).

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<sup>1</sup> The general freedoms of civil society are laid out in the Constitution, whereas the Law on the Freedom of Association in Non-Governmental Organizations contains detailed provisions on civil society organizations.

Volunteering is among the objectives of the Government Strategy for Cooperation with Civil Society. Even though this strategy is a positive step in itself, there are no other legal instruments that regulate voluntary work in detail besides the Law on the Empowerment and Participation of Youth (2009). In addition, there is still a lack of centers to promote volunteering or registration facilities where all volunteers are registered at the state level. From the CSOs' perspective, this is due to a lack of non-monetary benefits and economic hardship as well as the lack of clear legal recognition of volunteer work (Kosovo Civil Society Index 2014).

#### **Visibility**

Kosovo's CSOs are highly visible in terms of availability, information and public outreach. Over 63% of them have operational, up-to-date websites (Kosovo Civil Society Index 2014). The majority of their publications and information on their day-to-day work can be freely downloaded from those sites. The larger and older organizations provide their publications consistently in English and Serbian, in addition to Albanian. The visibility of CSOs in social media is very high in Kosovo. The vast majority have active accounts on Facebook and/or Twitter, both of which are used to raise awareness of the organizations' work and to boost visibility and impact. This dimension is all the more important given that Kosovo has the highest Internet penetration in the Balkans (Kosovo Association of Information and Communication Technology 2013). Finally, the work of CSOs is also regularly presented in traditional media such as TV and radio. This is done either by directly reporting on new publications or activities, or by inviting CSO leaders and researchers to take part in TV and/or radio debates. The aspect of visibility has also led to a rapid growth in the number of members of CSOs who eventually switched lanes and ran for political office. This phenomenon was especially noticeable in 2010 and 2014 (Telegraf 2011).

#### **Sources of Empirical Information on Civil Society**

There is no list or database that can provide the total number of CSOs in Kosovo. Although a satellite account of nonprofit institutions was proposed by the United Nations in 2003, no such database is available yet. Information is particularly sparse when it comes to the structure, size, revenues and expenditures of CSOs. The vast majority of this information is scattered across studies and reports conducted by CSOs themselves. Given the lack of a comprehensive overview, the data sources combined for this study include, among others, the Kosovo Civil Society Index reports (an annual mapping of the civil society sector) and documents from the Office of the Prime Minister, the Ministry of Finance and the Ministry of Local Government.

Finally, an online survey was conducted by the Vienna University of Economics and Business (WU Vienna) with a diverse pool of experts on the Kosovan civil society landscape. The respondents were identified through snowball sampling. Two anonymous experts with an average of five years of professional experience in civil society activities completed the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends.

Given the very low number of survey respondents, it is difficult to draw conclusions and make generalizations about the civil society sector in Kosovo. For this reason, academic literature – books and international journals on civil society in post-conflict and post-socialist countries – have been consulted not only for the sake of background research, but also to flesh out some of the results from the survey.

### **6.3.2 Historical Development and Main Actors**

#### **Historical Development**

Civil society played an important role in Kosovo during the 1990s, both as an expression of civic consciousness and as a form of resistance to the oppressive regime in Belgrade. Faced with almost total exclusion, or what is commonly referred to in academic literature as the "apartheid" of the 1990s (Maliqi 1997, Kelmendi 1990, Musliu & Orbie 2015), Kosovo Albanians developed a socio-economic system parallel to the existing one, which includes primary, secondary and university education, health care services and social justice (Clark 2000). This parallel system was managed by a government in exile and funded by a 3% income tax on Kosovans in Kosovo and the diaspora. The system was managed by a small group of civil society organizations, the vast majority of which relied on volunteer work. The Mother Teresa Society, which operates 91 health clinics around Kosovo and has around 7,000 volunteers, represented the epitome of the parallel system, providing humanitarian aid to 350,000 people (Sterland 2006).

Despite their voluntary nature and their civic consciousness, organizations in the 1990s were strongly politicized, as they embodied the goals of the Kosovo Albanian nationalist struggle. A number of these organizations also advocated for political concerns in the international arena. For instance, with 15 staff members and a pool of roughly 2,000 volunteers, the Council for the Defense of Human Rights and Freedoms (CDHRF) gathered and reported evidence on human rights abuses by the Serbian authorities. Other organizations were also formed along these lines, such as Post Pesimits, the Pjetër Bogdani

Club, and Alternativa (Kelmendi 2012). In contrast, civil society among Kosovo Serbs was rather inactive throughout the 1990s (Kostovicova & Bojicic-Dzelilovic 2008).

Very little of the civic consciousness and mass mobilization of the 1990s has been retained in post-war Kosovo. Since 1999, the concept of civil society development in the country has changed; it has tried to mirror the Western model of civil society more and more. Much like in other state-building projects in Kosovo, the international structures of Kosovo did not try to introduce the post-war notion of civil society by invoking the history and pride of civil society development throughout the 1990s (Musliu & Orbie 2014). Instead, they focused on building a “Western” model of civil society from scratch. In this way, with the installment of the UN administration in Kosovo and the subsequent advent of donor organizations, Kosovo experienced a proliferation of CSOs. Only one year after the end of the war, the number of local CSOs rose from 45 to 400 (Sterland 2006). An early mapping of civil society by the Kosovo Civil Society Foundation indicates that two thirds of all registered local CSOs were situated in the capital, Pristina. Many of these local CSOs were established in response to available international donations. Consequently, there was growth in the number of small, leader-dominated organizations that lacked a social mission, professional skills and organizational capacities. A significant number of these organizations was unable to continue functioning after 2005, when the donations came to an end (Kipred 2005). Moreover, until the late 2000s, the internationally sponsored CSOs were a major source of employment in Kosovo (Balkan Civil Society Development Network 2002). This factor contributed to changing the face of civil society from one of voluntary engagement before 1999 to a sector for creating employment. Internationally sponsored civil society organizations have paid local Kosovans twice as much as the average salary (Gagnon & Brown 2014). This has also positioned civil society as a new “upper middle class” in Kosovo.

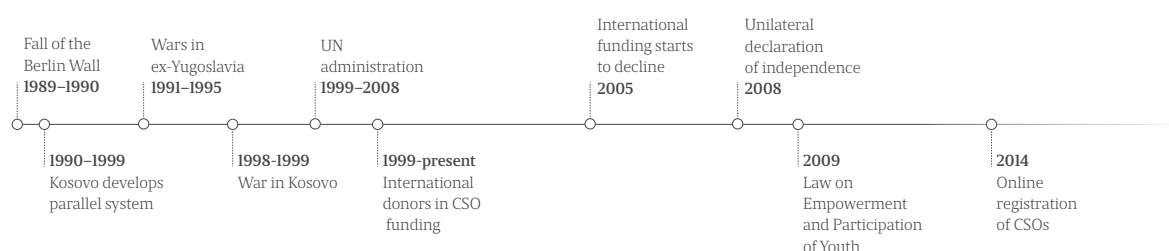


Figure 6.3.1: timeline of key events for civil society

### Funding Sources

Unfortunately, an accurate database of foreign and national donors to CSOs in Kosovo is still unavailable. With the support of the EU Office in Kosovo, the Kosovan government has established a digital platform aimed at managing donor assistance; however, it has not been put into operation properly. The available data on donors are thus fragmented and collected according to the needs of various projects.

Donor	Percentage
Central government	9.1%
Local government	11.4%
Foreign donors	74.0%
Private companies	4.2%
Individuals	0.4%
Sales/services	0.2%
Membership fees	0.7%

Table 6.3.1: revenue structure of CSOs<sup>2</sup>

**Legal and fiscal incentives for funding CSOs:** According to the legal framework in Kosovo, only those organizations with public-benefit status are obliged to report their program activities and financial data to the Division for Registration of and Liaison with NGOs (DRLNGO). Other organizations – which repre-

<sup>2</sup> Data source: Kosovo Civil Society Index 2014



sent the majority of active organizations in Kosovo – are required to report their financial transactions only to the Tax Administration of Kosovo, as is the case with businesses. According to a study conducted by the Kosovo Civil Society Index 2014, 88% of organizations state that they regularly report to the Tax Administration, while only 12% have stated that they do not report to this institution. Those organizations which stated that they do not report are mainly small ones that generate less than EUR 10,000 in income, and a number of them are minority organizations. A majority of civil society organizations regularly pay their base taxes (Kosovo Civil Society Index 2014).

**Role of foreign donors:** Due to the lack of a comprehensive database listing all active donors in Kosovo, it is impossible to calculate the total amount of international funds allocated to civil society in the country. Nevertheless, the dependence of Kosovan CSOs on foreign donors remains quite visible. Data from 2011 indicate that 70.17% of CSO funding came from foreign donors, while 5% came from private donors, most of whom were also of foreign origin (Kosovo Civil Society Index 2011). This is fully confirmed by the data from the WU Vienna expert survey (see Section 6.3.2 Institutional environment; source: Expert Survey 2016), which shows that the largest percentage of funding for civil society comes from foreign donors. While those donors continue to maintain the same percentage of funding sources for civil society, a significant increase is now becoming visible in state funds allocated to civil society. While government funds (local and central) accounted for a share of 8.84% in 2010, local and central authorities now provide 20.5% of funding to civil society in Kosovo (Kosovo Civil Society Index 2014). To a large extent, this relative increase in government support has resulted from a decrease in other funding sources. Notwithstanding the proliferation of funding agencies, foreign donors remain the biggest financial supporters of Kosovo's CSOs, contributing around 74% of the total funds allocated to the sector (KCSF 2013).

Donor	Amount in EUR
EU	1,078 million
USAID	441 million
GG	258 million
SWE	99.8 million
SDC	96.1 million
Others	631 million

Table 6.3.2: top donors (2000–2020)<sup>3</sup>

### Institutional Environment

In evaluating the institutional environment in Kosovo, one cannot exclude the EU offices and other relevant international structures present in the country. First, in light of Kosovo's peculiar political status, the EU office has an increased importance in the overall institutional landscape. Second, given that the EU pays special attention to Chapters 23 and 24 of the *acquis* in enlargement negotiations, issues pertaining to civil society and the media are crucial to Kosovo's accession process (Zornaczuk 2014). In the five years since the European Commission began to write progress reports for Kosovo, a number of improvements have been noted with regard to cooperation between public institutions and CSOs. The data from the expert survey (2016) indicate that the EU has a “very strong influence” on civil society in Kosovo. Even though this influence is acknowledged to be both negative and positive, there is a tendency to see the EU's influence in a positive light.

The EU remains one of the main donors in the field (with a total contribution of EUR 2 million per year) primarily through the Civil Society Facility and the European Instrument for Democracy and Human Rights. While only 20.6% of the Kosovan organizations surveyed in 2010 stated that they had benefited from EU funds, this percentage had reached 40% by 2015. Nonetheless, around 60% of all organizations have still never benefited from EU funds, while around 43% of these organizations have never even applied (Kosovo Civil Society Index 2014).

3 Source: Aid Management Platform (2016). Retrieved on 1 August 2016 from <http://amp-mei.net/portal/>

In 2012, the Kosovan president established two national councils, the National Council Against Corruption and the National Council on European Integration, in order to foster consensus on issues pertaining to national priorities. Both of these bodies include a wide range of stakeholders, including the president, the government, the parliament, political parties, academics, civil society, businesses, the media, etc. Notwithstanding their good intentions, the work of these bodies remains rather vague, with no clear strategies. With regard to the parliament, the main engagement of civil society is its participation in the meetings of the committees in which draft laws are discussed. Civil society maintains that it is important to be engaged in the process of monitoring implementation of the law (TACSO 2014). Even though civic participation in the legislative process is formally accepted by the Kosovo Assembly and the government, there is a need for clearer legal instruments and advocacy in this regard.

With regard to the government, the data from the expert survey (2016) indicate that Kosovo's government has a "very strong influence" on civil society. In 2013, the government implemented the Government Strategy for Cooperation with Civil Society, setting out the criteria for public funding and transparency as well as service provision by CSOs. The objectives to be achieved by 2017 include 1) ensuring the strong participation of civil society in drafting and implementing policies and legislation; 2) creating a system of contracting public services to civil society organizations; 3) building a system and defined criteria to support CSOs financially; and 4) promoting an integrated approach to volunteering development (Office of Good Governance 2013).

In its report on Kosovo in 2014, Freedom House observes that the vacuum between the government and civil society continued to dwindle. A major case that deserves attention arose between the office of the then Prime Minister Hashim Thaçi and the Balkan Investigative Reporting Network (BIRN) on access to public documents. In 2012, BIRN asked the Office of the Prime Minister for expenses and invoices billed by the Prime Minister and his six Deputy Prime Ministers during their official travel and meetings abroad (Nushi 2015). In Kosovo, requests for access to public documents are usually sent by journalists or activists from civil society organizations. Very few of these requests come from citizens, mainly due to a lack of awareness of the corresponding law on access to public documents. After failing to obtain the invoices in question, BIRN filed an appeal to the Ombudsperson Institution, which requested the Office of the Prime Minister to publish the required invoices. The Office of the Prime Minister asked the National Agency for the Protection of Personal Data to clarify whether BIRN's request would violate personal data protection. According to the former, "food invoices contain data that may reveal religious affiliation or the health state of the officials", and thus no such invoices could be made public. BIRN filed a lawsuit, and after a three-year legal battle with the Prime Minister's Office, the Basic Court of Pristina decided that the Office of the Prime Minister must make the travel expense documents public. This decision set an important precedent not only for civil society in Kosovo but also for the Western Balkans region at large (Musliu 2014).

Municipalities are also a crucial focal point in cooperation with CSOs, even though local authorities hesitate to enter into a structured dialogue with civil society. In contrast to central government influence, our findings indicate that the influence of local governments is seen in a more positive light. Through the Association of Municipalities, local governments tend to limit public access to local administration documents, and civic participation and public consultation are more ceremonial in character (TACSO 2014).

Private donations remain a small source of funding for the activities of CSOs in Kosovo. Only 4.2% of funding for civil society comes from donations made by private companies, while a mere 0.4% comes from individual donations. The percentage of organizations that benefit from the private sector is rather low (23%) and even lower in the case of individual donations (15.15%). According to the Law on Corporate Income Tax, "Contributions made for humanitarian, health, education, religious, scientific, cultural, environmental protection and sports purposes are allowed as expenditures under this Law up to a maximum of five percent (5%) of taxable income computed before the humanitarian expenditures are deducted" (Kosovo Civil Society Index 2014). The data from the WU Vienna expert survey (2016) indicate that individual donors do not exert much influence and that they are largely seen to have a mixed impact.

**Media:** As mentioned previously, CSOs in Kosovo are highly visible in the media. Publications and other activities of CSOs are regularly reported in national and local media outlets. In addition, the heads of CSOs regularly take part in TV debates, commenting on political, economic and social matters. The experts surveyed for this research acknowledge that the influence of the media is very strong and see its role as a positive one.

**Religious networks and organizations:** The data from the experts reveal no influence from church and religious institutions, and their potential influence is not considered positive. This evidence is rather surprising, especially considering that with increased religious radicalization in Kosovo (Kursani 2015), a

comprehensive debate on the role and format of religious organizations operating under the umbrella of “civil society organizations” has started in the public sphere and in the media. Although there is no full list of all religious organizations and networks operating in Kosovo, their involvement in civil society projects is still a subject of debate.

**Universities and think tanks:** One of the major problems in the university sector in Kosovo is its inability to produce a labor force that is structurally compatible with the economic needs of the country. According to the RIINVEST Institute, “the generic skills required by the knowledge-based economy do not directly figure in the curriculum offered in secondary and tertiary education” (RIINVEST 2004). This assertion is also clearly confirmed by our survey data. Universities and think tanks are seen to have no influence in the process. Moreover, contrary to popular opinions that cast a positive light on universities and academia, there are mixed responses with regard to the role of universities and think tanks.

### 6.3.3 Mapping Civil Society

#### Size and Role of Civil Society

Currently, over 50% of all Kosovan CSOs have annual revenues under EUR 50,000, and over half of those organizations generate less than EUR 10,000 in revenues per year; they are mainly funded by local government (municipalities). Over 40% of the CSOs bring in revenues between EUR 50,000 and EUR 500,000 per year, leaving around 7% with an annual budget between EUR 500,000 and EUR 1 million (TACSO 2014). Generally, donors consider CSOs in Kosovo to be weak in financial and procurement management as well as transparency. With the exception of 30 CSOs that have achieved a sustainable long-term model of operation, CSOs are unstable; they see frequent staff changes and have no sustainable identities. Think tanks, in contrast, are reported to be more stable and well established.

One prevalent element with regard to CSOs has to do with distrust toward civil society as an independent sector that ought to represent the concerns of citizens. Such elements of distrust usually point to the perceived link between members of civil society and politics. During the 2012 elections, a number of high-profile individuals from civil society and media joined political parties and ran for office. A similar pattern occurred in the 2014 elections, further casting a negative light on the motives of civil society organizations and their members. In addition, according to the Kosovo Civil Society Index, the negative public perception of the civil society sector is also linked to its reliance on foreign donor funds, which often drive CSOs’ agendas (Kosovo Civil Society Index 2014).

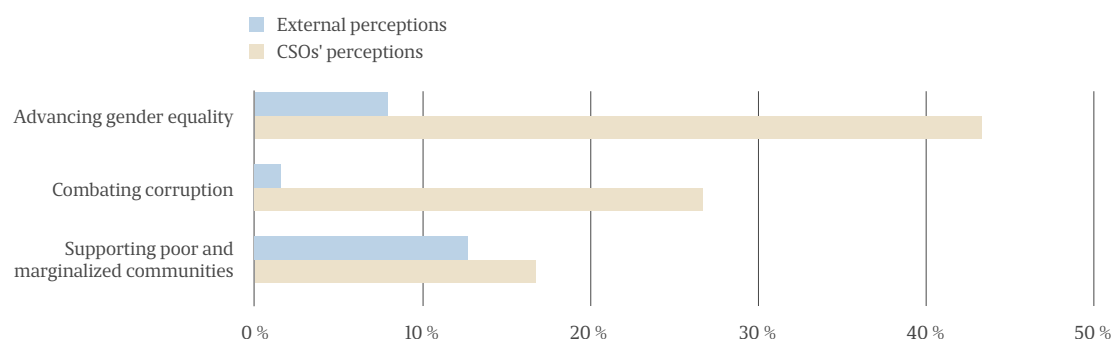


Figure 6.3.2: CSOs’ fields of activity according to CSOs and external perceptions of randomly chosen citizens<sup>4</sup>

The striking difference between external perceptions and CSOs’ perceptions indicates a problematic relationship between CSOs and the general population; it may also paint a problematic picture of popular awareness of CSOs’ activities. Although additional research is needed to fully understand this difference in perceptions, it may be that the aforementioned dimensions (supporting poor and marginalized communities, combating corruption, advancing gender equality) receive greater media attention.

Civil engagement and volunteerism have been constantly lacking in post-conflict Kosovo. According to the Kosovo Civil Society Index 2016, 91% of the respondents in the study have never participated in any civic initiative or CSO. Public discussions show higher public engagement, with 12% of respondents reporting that they have participated in such processes. Furthermore, community-based initiatives, including organized neighborhoods, religious groups, and women’s organizations, saw a participation rate of 8% (Kosovo Civil Society Index 2016). As important elements of a vibrant civil society and democratic standards, volunteerism and civic engagement reflect the sluggish development of the overall civil society sector in Kosovo

A deeper look at the statistics on volunteer work for civil society organizations reveals that men appear to have volunteered more than women, with 5% compared to 2.5%, respectively. Among those who do volunteer work, 13% are between 18 and 24 years of age. In addition, the available data indicate a disproportionate relationship between employment status and volunteering. Of those who have done volunteer work, 17% are unemployed and looking for a job (Kosovo Civil Society Index 2014). This percentage indicates more than the actual share of volunteer work per se; it is also a sign that young people engage in volunteering while unemployed and/or waiting for a job. In 2015, initiatives such as protests or petitions earned the most support, with 21% of respondents reporting that they had either signed a petition or participated in a protest organized by civil society. In 2014, the figure came to 13%. Nonetheless, this increase cannot be directly linked to a positive development in the sector. Rather, it should also be placed in context with the internal political problems in Kosovo and the government crisis.

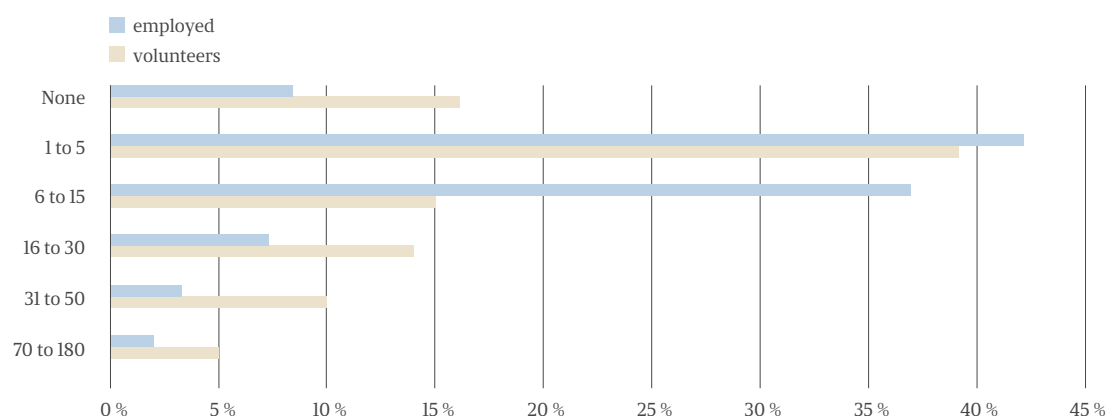


Figure 6.3.3: organizations according to number of regular volunteers/paid staff<sup>5</sup>

## Culture

The civil society sector in Kosovo is still dominated by organizations devoted to democracy consolidation, minority rights, corruption and gender. Very few organizations deal exclusively with culture as such. In fact, culture is spread among different organizations, which deal with it sporadically in individual projects. The main CSOs engaging with cultural activities include the DokuFest international film festival, the EC Ma Ndryshe cultural heritage festival, the SKENA UP film festival promoting young artists, and the Prifest international film festival.

Impactful	EC Ma Ndryshe	Engages with issues of cultural heritage. Founder of the Cultural Heritage Forum of Prizren.
	Stacion – Center for Contemporary Art	Project institution focusing on contemporary art, design and architecture
Innovative	Balkan Sunflowers Kosova	Inspires and engages in community action for human rights and dignity, working in education, health, culture, citizenship, employment and respect for diversity.
	DokuFest International Documentary and Short Film Festival	The largest film festival in Kosovo; takes place each year in the historic city of Prizren. Turning the city into a public cinema, the festival continuously draws attention to the preservation and maintenance of cultural heritage.

Table 6.3.3: examples of civil society actors in the field of culture<sup>6</sup>

## Social Services

Social services and social protection benefits are very limited in Kosovo. There is also a lack of unemployment and child care benefits. Every municipality has a department that is mandated by the municipal government and is responsible for social and welfare matters within that particular municipality (Institute of Economics Zagreb 2008).

The current social protection system in Kosovo consists of social assistance and social and family services. Social and family services consist of direct social care, counseling and material aid for people in need. The services target the following categories: children lacking parental care, children exhibiting anti-social behavior because of difficult relations in their families, elderly people who are unable to look after themselves, disabled persons or persons with limited physical capacities, people with limited mental capacities,

<sup>5</sup> Source: Kosovo Civil Society Index 2014

<sup>6</sup> Source: Expert Survey 2016

people exposed to risks such as exploitation or abuse, domestic violence and human trafficking, and people addicted to alcohol or drugs (ILO 2010). Another special social protection scheme provides individual income support for persons who are disabled due to their participation in the war and for civilians who are disabled as a consequence of the war.

From the Yugoslav era, Kosovo inherited several residential care facilities, most of which offer health and mental care for the elderly and the disabled. The Shtime/ Štimlje Special Institution, for instance, takes care of over 150 adults diagnosed with mental health problems. The Pristina Nursing Home also hosts over 100 residents (Institute of Economics Zagreb 2008). Other social service organizations include Handikos, the Association of Paraplegics and Paralyzed Children of Kosovo, Autizmi, a center dedicated to autistic persons, the Kosovo Association of the Blind, which offers care and support to the members of the community, Down Syndrome Kosova, which raises awareness of the syndrome, providing information and support to people and their family members affected by it, and the Implementation of Alternative Sentence (Kosovo) which supports people who fell victim to sexual violence during the war in 1998-1999 in Kosovo. As in other spheres, the EU is the main donor to the social sector, followed by UNDP, UNICEF and GIZ (European Commission 2015). Even though it was once the flagship of social services, Mother Teresa charity (Nëna Terezë) now functions on the margins of the sector without a functional website where its work could be traced.

### Advocacy

In Kosovo, the most consolidated CSOs and those with the most impact on society are reported to be primarily working in the areas of service delivery and democracy, but not in advocacy. In addition, because CSOs do not rely upon citizen mobilization as an advocating strategy, advocacy has a limited impact on democratic development, highlighting a lack of meaningful representation (USAID 2010).

In principle, citizens, CSOs and other interest groups can address the president in cases where their recommendations have not been taken into account during the process of drafting and adopting a law by the government and/or the Assembly. For instance, there were several cases between 2011 and 2013 when civil society turned to the President in attempts to block laws from entering into force. Civil society addressed the President with regard to four laws in 2012 (Law on the Historic Centre of Prizren, Law on the Village of Hoçë e Madhe/Velika Hoca, Law on Banks, Microfinance Institutions and Non-Bank Financial Institutions, and the Criminal Code). Whereas the requests for a review of the first three laws were dismissed by the President, he acknowledged the request of the Association of Professional Journalists that the Criminal Code breached the freedom of the media guaranteed by the Constitution. As a result, the law was returned to the Assembly and amended. This case showed that with unified and well-articulated requests, civil society and the media can advocate in their own interests (TACSO 2014).

Impactful	Advocacy Training & Resource Center (ATRC)	ATRC trains & assists CSOs in professionalizing their work and pressuring the government into changes.
	Consortium of leading CSOs in Kosovo (KOSID)	KOSID advocates for green energy policies in Kosovo and argues for smarter energy options than coal.
Innovative	EC Ma Ndryshe	This organization is devoted to raising awareness and advocating in favor of the protection of cultural and architectural heritage in Prizren city.
	DokuFest	DokuFest advocates in favor of cultural and historical heritage in the city of Prizren.

Table 6.3.4: examples of civil society actors in the field of advocacy<sup>7</sup>

Among the most prominent organizations in this regard is the Advocacy Training and Resource Center (ATRC), which trains and assists CSOs in Kosovo in professionalizing their work, articulating their demands and pressuring government structures for change.

Similar to consultation, the inclusion of civil society in decision-making is equally important. An important development which may have had an impact in this regard is the agreement between the Government of Kosovo and the CiviKos platform, which caused the majority of draft laws and bylaws drafted by various ministries to be distributed through the platform to CSOs for written consultation. Even though this is an important step toward strengthening civil society's impact on decision-making, it is not a sufficient one, mainly due to the fact that many organizations do not belong to the CiviKos platform and are therefore excluded.

### Social Enterprises

Though it is difficult to clearly define the term “social enterprise”, it includes a wide spectrum of organizations, ranging from for-profit businesses engaged in socially beneficial activities (corporate philanthropy) to nonprofit organizations engaged in mission-supporting commercial activity (Young 2001).

Even though support for people in communities was rather strong in Kosovo before 1999, the re-definition of civil society reintroduced the concept of “social enterprises” as an internationally sponsored import. Ad-hoc initiatives have emerged from the nonprofit and for-profit sectors, but there is no network or organized platform for social enterprises. Currently, Kosovo does not have a legal definition of social enterprises, and the sector does not yet exist as such. However, social enterprises can be found embedded within CSOs themselves (Varga and Villanyi 2011).

In addition, two social enterprises have been operating in the Sharr mountains since 2014; one is called “Mladi na Selu” (Youngsters in the Village), the other “Udruzenje Proizvodjaca Maline – Susice”. Both employ members of vulnerable communities in the production of traditional foods such as “ajvar” and homemade juices (UNDP 2016).

Innovative	Mladi na Selu	This enterprise produces traditional foods and beverages and employs members of vulnerable communities.
	Udruzenje Proizvodjaca Maline – Susice	This organization employs members of vulnerable communities in the production of traditional foods.

Table 6.3.5: examples of social enterprises<sup>8</sup>

### 6.3.4 Trends and Outlook

As mentioned previously, on the one hand, it is rather difficult to predict the future of Kosovan CSOs on the basis of a limited quantity of survey data. There may be numerous reasons for the low number of respondents, and it is not within the scope of this study to analyze the reasons for the low response rate. On the other hand, the literature on civil society in post-socialist and post-conflict societies, though offering very good insights on the problems and pitfalls of CSOs’ development, falls short in addressing idiosyncrasies that pertain to Kosovo alone. Nonetheless, based on the experts’ responses, five main trends can be identified in Kosovan CSOs.

The first trend is the prospect of academic involvement. As mentioned above, the university and more generally the academic sector in Kosovo are still not structurally linked with economies of scale. Academic publications and large-scale studies remain entrenched within academic circles and do not transcend to other areas. The experts surveyed predict that think tanks will increase their cooperation with academia and universities in order to increase the impact of their work. The survey indicates a positive influence of universities and academia in general.

A second trend pertains to a potential increase in corporate and social responsibility. The idea that private-sector businesses will get more involved in community projects and perhaps even in funding CSO activities is gaining momentum in Kosovo. Even though perceptions are rather mixed with regard to corporate influence, it is evident that the corporate world is increasing its involvement.

<sup>8</sup> Source: UNDP 2016

A third and very significant trend refers to the ever-decreasing diversity of donors. After the war in 1998-1999, Kosovo had a wide range of donors covering vastly different areas of post-conflict reconstruction and state-building. As international structures have shrunk in number and activities ever since, and as a number of state-building projects are largely led by locals, the number and variety of donors will also decrease. Since 2009, when Kosovo's EU integration aspirations took a more concrete shape, the conceptual and material role of the EU has also increased in the country. Our surveys indicate that in time, the EU and local donors might remain the most important ones. On the one hand, this may not be a very good trend for a country that struggles with chronic levels of unemployment of around 30% (World Bank 2015) and where international donor organizations have been an important source of employment. Yet, this trend may help create a more self-sustaining civil society sector with fewer donor-driven visions and ad-hoc organizations.

Another positive trend noted in the survey is the establishment of a suitable legal framework for CSOs and public funding. The government's observance of these legal instruments is also mentioned as a favorable trend. It is worth mentioning that in contrast to countries with older civil society traditions, Kosovo is in the infant stages of creating and developing its civil society sector. Thus, more than a positive trend as such, the "catching up" element – i.e. the early stages of development – is embedded in this trend.

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**Donors**

The currently diverse and rich presence of donors in Kosovo, which traces back to 1999, will gradually decrease.

*"Donor organizations will decrease, leaving the EU and local organizations as the main ones."*

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**Connections with academia**

CSOs – specifically NGOs and think tanks – will develop a more structured relationship with academia and the universities.

*"CSOs will increase cooperation with academia and universities to increase their societal impact."*

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**Politicization**

The fact that a large number of pioneers in civil society in Kosovo are linked to politicians at all levels of government and to businessmen may bring about negative effects on CSOs.

*"In the medium term, this may negatively impact the cohesion of CSOs, leading to fragmentation."*

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**EU integration**

Kosovo's EU integration process will have a positive impact on the country's CSOs.

*"CSOs will become more active in policy drafting and consultation. In addition, more funding opportunities will arise."*

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Table 6.3.6: frequently mentioned trends and sample quotes<sup>9</sup>

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9 Source: Expert Survey 2016

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## 6.4 Country Report: Macedonia

Sašo Ordanoski

### ABSTRACT

Twenty-five years after the fall of communism, the Macedonian civil society sector is still struggling to attain institutional stability, to ensure continuous and stable funding, to strengthen its value bases, and to deal with the lack of a supportive constituency. These factors undermine the civil sector's sustainability and full impact on society and political reality. Still, this sector plays a vital role in developing a pluralist democracy after the state's independence, especially in achieving inter-ethnic stabilization of the country after the stormy political and security events in the 1990s and at the beginning of the 21<sup>st</sup> century. As democracy in Macedonia has declined in the last decade as a result of strong populist, conservative tendencies in the country, independent civil society organizations (CSOs) and their activists are among the main targets of smear and intimidation campaigns organized by the government, pushing the CSOs' endurance to the limit. However, this development has also served as a factor for unprecedented cohesion and cooperation in the civil sector. Hundreds of non-governmental organizations (NGOs) and other civil society organizations and individuals have united in a persistent and active front against the non-democratic state apparatus that uses the "services" of the secret police, a pro-government propaganda media machinery and adversarial government-organized non-governmental organizations (GONGOs). In the next decade, the civil sector should evolve into a force for social change in Macedonia by strengthening its system of values and tangible links with its respective constituencies. It should adapt to today's different reality, where large foreign donors are continually withdrawing their funding support for CSOs; the sector should turn more toward modern organizational forms of existence, fostering alternative models for fundraising, advancing service components to the community and developing social entrepreneurial forms of activities. An independent civil society sector will also have to re-invent its cooperation with the state and the political system in Macedonia will have to return to democratic paths of development.

### 6.4.1 Introduction

Macedonia's civil society sector consists of around 4,000 to 5,000 active non-governmental organizations and other civic entities.<sup>1</sup> The diversity of the civil society sector in Macedonia is represented by various organizations that are active in areas ranging from rule of law and human rights to sports and the protection of disabled persons (MCIC 2011). Organizational funding and sustainability remain the greatest challenge in the sector (Dimitrieva 2015:7), especially in the face of constant pressure and intimidation by the non-democratic government in the last decade. The country and its civil sector are still fighting to achieve a more inclusive democracy, economic prosperity, and governance with accountability.

#### Relevant Characteristics of Macedonian Society

Several specific conditions have influenced the historical and modern development and functioning of the civil sector in the Republic of Macedonia.<sup>2</sup> Most of them have been laid out by authors who analyze the conditions of civil sector operations in the country. The most important of these factors include:

**Multi-ethnic, multi-religious, multi-cultural society:** Macedonian society is a mixture of two major ethnic groups (Macedonians: 64.2%, Albanians: 25.2%) that belong to two distinctive religions (Orthodox Christianity and Islam) and speak two very different languages (Macedonian and Albanian), as well as a number of smaller ethnic communities (Turks: 3.9%, Roma: 2.7%, Serbs: 1.8%, and several other ethnic groups).<sup>3</sup> This intrinsic heterogeneous characteristic of Macedonian society is a major factor in constant political tensions, keeping the society in a state of permanent instability and perpetual social volatility.

**High political parallelism:** Traditional links between existing major political parties and CSOs – especially in the sectors of media, trade unions, professional associations, and even sports clubs or research and think-tank NGOs – are typical of South and South-East European countries, and Macedonia is no exception.

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1 There are various estimates of the real number of CSOs in the country because the number of registered CSOs in the Central Registry Office contains thousands of CSOs registered at some point in the past, but with very little or no activity during their lifetime. For instance, the last update of active CSOs was from 2014, when the total number of registered CSOs came to 13,656, but the number of truly active CSOs was 4,156 according to the USAID 2014 CSO Sustainability Index (as cited by the Balkan Civil Society Development Network and others).

2 The Republic of Macedonia has a population of 2.06 million, a poverty rate of 27.5%, an adult literacy rate of 97.3%, and a Human Development Index score of 0.740 (UNDP).

3 The last census of the Macedonian population was carried out in 2002.

Post-communist legacy: Macedonia is a relatively young democracy, established only 26 years ago. Given its short and turbulent democratic history and the non-democratic legacy of the Balkans, Macedonia's democratic institutions and democratic practices are still very much a work in progress. The political culture in the country is strongly influenced by a high degree of authoritarian sentiment among the population, mixed with pervasive practices of corruption and irresponsible governance at all levels of state authorities. Being the main employer, investor and contractor in the country, the state/government is a very centralized and omnipresent factor in people's lives. The main political parties belonging to the opposition mostly share undemocratic characteristics with the governing parties. Space for independent and non-partisan public engagement is very narrow and often exposed to various sorts of retribution and intimidation.

Poor tradition of private/corporate philanthropy: Substantial charitable practices are a rare appearance in Macedonian society, with the possible exception of some religious traditions (both Christian and Muslim) of helping with the construction of sacral objects and occasional support for underprivileged members of one's ethnic/religious group. This makes the local civil sector dependent on foreign aid and outside donations, driving the agendas of CSOs closer to foreign donors' intentions (or absence thereof).

#### Civic Engagement and Motivations for Civic Activism

As a reaction to the dwindling democratic space in the country, civic engagement has shown considerable development in Macedonia over the course of the last decade. According to the latest surveys (ISSHS 2015), Macedonian citizens, on a scale from 1 (lowest) to 5 (highest), gave the work of nonprofit CSOs a rating of 3. The majority of respondents have a positive perception of civil activism. They believe that civil activism is useful and necessary to influence public policy (66%) and to effect social change (55%). More than two-thirds of the respondents would join a civil initiative if it concerned them (70%) or someone close to them (69%). Respondents are least likely to join a civil initiative if it concerns the political party they support (18%), although they are not shy if there is a need to voice their opinions publicly: The survey findings reveal that the majority of those who took part in civil initiatives preferred to protest or rally (49%) or to sign a petition (46%).

Regarding the motivations for civic activism, it is important to note that volunteering practices are still largely underdeveloped; according to MCIC surveys (2011), less than 10% of all citizens are actually involved in some form of volunteering activities in the community, although some specific issues (e.g. the international refugee crises or poverty-related problems in society) have recently increased levels of civic volunteering and inclusion. Still, what prevails among citizens is the general "etatistic culture", where the state is predominantly perceived as the most important factor for meeting societal needs. Characteristically, ethnic Albanians in the country, having been politically more marginalized throughout the communist era and in the first decade of Macedonia's post-communist independence, have high expectations but low trust in the state (MCIC 2011:11-12).

	Church and faith communities	Trade unions	Political parties	Civil society organizations
Trust	62.9%	25.3%	23.3%	42.5%
Membership	30.7%	24.2%	37.5%	24.6%

Table 6.4.1: trust and membership of citizens in organizations of civil society<sup>4</sup>

#### Legal Framework and Predominant Legal Forms of CSOs

The vast majority of the Macedonian civil society organizations<sup>5</sup> are nonprofit entities based on membership and registered in the legal form of non-governmental organizations (Dimitrieva 2015). Registering a CSO in Macedonia is simple, fast and inexpensive, and it takes five days if all the required documents are in order. The existing Law on Associations and Foundations (adopted in 2010 in accordance with the European standards regulating this area, and replacing the older law from 1998) stipulates that at least five citizens are required to found an association engaging in nonprofit and non-partisan activities. The new law expanded the freedom of association, stipulating that not only individuals, but also legal entities can be founders of civil organizations, as can foreign individuals or minors. There is little space for tax relief or other forms of financial incentives regarding the work of CSOs, which is reflected in their constant sustainability predicament.

Existing legal requirements clearly define the management structures required for a CSO: an assembly of all founders and a legal representative for associations, a management board and a director (in the case of foundations). However, most small organizations do not clearly divide responsibilities between their executive and administrative functions (USAID 2015).

4 Source: "Social Responsibility of Citizens", Macedonian Center for International Cooperation (MCIC), Skopje, 2011

5 It should be noted that trade unions and the media, as two important segments of civil society in the country, are registered and work under the Trade Union Law and Company Law (and the Broadcasting Law for electronic media), respectively.

Concerning employment regulations, Macedonian law does not provide for advantages for the civil society sector, even where some specificities of this sector are concerned (large number of short-term engagements, specific soft-skill needs, discouraging insurance policies). The voluntary members of the governing boards of CSOs can lose their social support from the state if they are unemployed, which discourages higher formal involvement of activists in the civil sector and hampers CSOs from developing into more influential and more sustainable actors in society. No collective employment agreement exists between the state and this sector, and no trade union or other form of workers' organization exists that would articulate specific working requirements in the civil sector (Kusinikova and Mirčevski 2015).

#### Visibility of civil society

Macedonian CSOs have been very vocal and active participants in the national and regional public sphere since the state gained independence in 1991. According to the composite Index of Recognition of CSOs, which was developed by the Macedonian Center for International Cooperation and has been calculated regularly since 2006, the visibility of the most active CSOs in Macedonia generally floats between 52% and 64% of the surveyed respondents (Nuredinoska et al. 2013). Usually, the highest results in terms of trust among the general public are found for religious organizations, followed by a wide variety of NGOs, chambers of commerce, trade unions, etc. The trends show that people are more and more interested in concrete issues, focusing their engagement on youth activism, health or gender issues, the environment, etc. (Nuredinoska et al. 2013).

With the development of a deep political crisis in the country in recent years, a number of civil activists and organizations are at the forefront of public debates and confrontations with the authoritarian regime in Macedonia, elevating the CSOs' public visibility in the country to maximum levels.<sup>6</sup> The Internet is the key tool for CSOs to promote their own work. There is no code of conduct that applies to the entire sector (USAID 2015).

### 6.4.2 Historical Development and Main Actors

#### Historical Development

From a historical perspective, Macedonian contemporary civil society has largely consisted of two main groups of organizations. The first group dates back to the early and mid-20<sup>th</sup> century, founded before and during the era of socialism. Those CSOs worked in the areas of sports, the preservation of music and folklore traditions, professional associations (architects, engineers, journalists, physicians, craftsmen, etc.), art, culture, etc. The second group consists of those established in the late 20<sup>th</sup> century and afterwards, that is, since the fall of communism. Those organizations deal with various issues of democracy, social inclusion and forms of discrimination, protection of the environment, gender issues, etc. Additionally, since the ethnic conflict in Macedonia in 2001, and especially since the country obtained EU candidate status in 2005, special attention has been paid to inter-ethnic relations, anti-corruption activities, problems of the rule of law, sustainable development, European integration, civic activism and participation in policy creation (Nuredinoska et al. 2013).

Civil society before 1945: In the period before World War II, a number of voluntary associations and comradeships publishing their own magazines, clubs and other forms of autonomous citizens' associations were already in existence, representing the seeds of Macedonians' aspiration to national independence (UNDP 1999). Unlike in Western European countries, the number of religious CSOs was rather small.

Civil society in the period from 1945 to 1989: It should be noted that during the socialist era, most CSOs were extensions of the communist party and worked under its patronage. Their role was quasi-non-governmental (UNDP 1999). This tradition of high political parallelism between the government/party and the non-governmental sector in society remains to a significant degree even today, albeit in the multi-party "color" of modern democracies. For instance, the main trade union associations in Macedonia are still close partners of (at least one of) the governing political parties, often misrepresenting workers' interests. However, in the socialist days, although the Communist Party and the state mechanism were the main impetus (and controller) for "non-state" civil engagement, people were involved in a very rich variety of organized activities, both in urban and in rural areas: from culture and art to sports, entertainment, social activities, firefighters' organizations and voluntary labor activities to build public infrastructure in the country.

In this period, according to state statistics, the growth of the civil sector in Macedonia was gradual but steady: there were 1,004 CSOs in 1954, 1,138 in 1962, 1,535 in 1971, and with the increase of civil and democratic ideas in ex-Yugoslavia in the 1980s, the number of CSOs in Macedonia reached 3,077 in 1980, further expanding beyond 4,000 after the fall of communism in 1990 (UNDP 1999). The legacy of the com-

6 As a common way of derogatively naming all those who fight for democracy in Macedonia, the powerful propagandistic machinery of the government has adopted the term "sorosoidi" (derived from the name of George Soros, founder of the Open Society Foundation in Macedonia).

unist regime influenced the mentality of the population: imposed collectivism in the form of massive organizations gave birth to conformity, which reduces creativity and willingness to undertake individual action and risk (UNDP 1999).

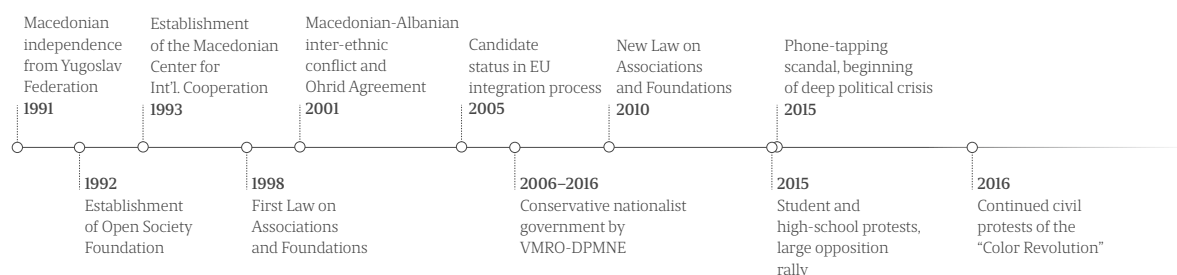


Figure 6.4.1: timeline of key events for civil society

Civil society after the fall of communism in 1989: The contemporary development of civil society in Macedonia is mostly driven by social and political agendas generated in society, but there have been certain periods (like the inter-ethnic conflict in 2001 or the EU integration process since 2005) when agendas for action were based on donor strategies (Nuredinoska et al. 2013). In line with the citizens' interests and need for involvement in democracy, the number of registered CSOs more than tripled, rising from 4,203 in 1990 to more than 13,000 in 2013 (Nuredinoska and Oggenovska 2014). In the 1990s, roughly two thirds of all CSOs were registered in the capital, Skopje (UNDP 1999), and this has remained the case until today.

In the context of the Yugoslav dissolution and the internationally challenged statehood of ethnic Macedonians due to the "name dispute" with Greece, ethnocentric ideas are still politically more characteristic of this period than the civil identity of people: The class-based ideology of communism was replaced by an ethno-national consensus in the first decade of democracy, thus fostering political values of national collectivism more than the ideals of civil individuality.

2001, the year of inter-ethnic conflict: 2001 was a dramatic year in Macedonia's recent history, bringing the country to the verge of an open inter-ethnic Macedonian-Albanian civil war. The armed conflict lasted from January to August 2001 and was the last significant destabilization in the Balkan region after the bloody wars among the ex-Yugoslav republics in the process of Yugoslav dissolution in the last decade of the 20<sup>th</sup> century. Ethnic Albanian militants, mostly members of the previously dissolved Kosovo Liberation Army, attacked Macedonian security forces on the pretext of fighting for the human and political rights of ethnic Albanians in the country. They soon gained support among the Albanian community in Macedonia. The conflict was resolved through a resolute U.S.-led intervention by the international community, resulting in a peaceful negotiated agreement known as the Ohrid Framework Agreement (OFA). This power-sharing arrangement guaranteed the unitary character of the Macedonian state, with a number of constitutional, legal and political changes that were designed to improve the status and the equitable representation of ethnic Albanians in state institutions.

This conflict left a significant mark on civil society in the country. As a result of the OFA, a number of new initiatives and organizations were established to deal with the socio-political aftermath of the conflict, as well as with the development and monitoring of minority and ethnic rights. International donors invested significant funds in various improvements in the inter-ethnic area, including the sectors of education, state administration, media, culture, employment of ethnic minorities, and other fields sensitive to identity and political issues concerning ethnic Albanians in Macedonia.

As the political and social effects of the 2001 conflict were overcome relatively successfully and the country introduced fairly dynamic reforms of its political and economic system, Macedonia was given EU candidate status in 2005, despite the Greek veto on Macedonian EU and NATO aspirations as a result of the "name dispute"<sup>7</sup> between the two countries. Important parts of the Macedonian civil sector were the strongest and most publicly articulated pro-European and pro-NATO voices, both with permanent promotion of Western democratic values, and with political advocacy and expert vigor on different aspects of this process (Nuredinoska and Oggenovska 2014).

7 Ever since Macedonia gained independence in 1991, its constitutional name ("Republic of Macedonia") has been the subject of a bitter dispute with its southern neighbor, Greece. Greeks argue that this name inherently suggests territorial ambitions on the part of its northern neighbor, since the northern region of Greece is called Macedonia. Therefore, in 1993 the Republic of Macedonia was given a provisional international name "Former Yugoslav Republic of Macedonia" (FYROM) pending the diplomatic solution of this quarrel. So far, more than 120 countries worldwide (including USA, Russia and China) have recognized Macedonia under its constitutional name.

Once the country obtained EU candidate status, the funding of the civil society sector in Macedonia gradually shifted from bilateral project-based funding by EU member states to pre-accession EU funds. Therefore, as a result of the EU demanding bureaucratic procedures and regulations, the need for professionalization and “corporate-style” capacity building in the civil sector became apparent, with many of the medium-sized and smaller NGOs and other organizations facing the fate of virtual extinction.

Civil society since 2006: With the establishment of the nationalist-conservative VMRO-DPMNE government and its ethnic Albanian coalition partners in July 2006, the most challenging decade for the survival of a politically independent and active civil society in Macedonia began. The conservative, populist policies of this government have become increasingly authoritarian since 2009, dramatically suppressing freedom of speech and any opposition-minded political activities in the country, including all forms and acts of criticism leveled at the government by civil society (Ordanoski 2014).

With the public revelation of the phone tapping mega-scandal in 2015,<sup>8</sup> the country plunged into its deepest political crisis since independence. This scandal revealed how corrupt and prone to all sorts of criminal misuses the current political regime is, including rigging of elections, high-level corruption, racketeering, widespread fixing of public procurement, infiltration of party “soldiers” in key institutional systems at all levels in the country (from judges and media owners/journalists to all supposedly independent controlling and/or regulatory bodies), and a number of cases of intimidation and violence against critics involving most of the prominent representatives of the civil society sector in the country.

As a result of these scandalous revelations, a powerful wave of mobilization emerged in the civil sector, resulting in massive demonstrations (over 60,000 strong) in Skopje on May 17, 2015, organized by the opposition social democrats and supported by more than 80 multi-ethnic CSOs. Furthermore, with the protraction of the crisis well into 2016, in April of this year an alternative civil movement that called itself the “Color Revolution” (opposing the pro-government, pro-Russian style propaganda that labeled it a “Ukrainian scenario” of the Orange Revolution) started to protest in Skopje on a daily basis in order to support to the work of the Special Prosecutor’s Office, which is supposed to deal with the dozens of criminal cases emerging from the phone-tapping scandal. These protests have spread to a dozen more cities around the country, with thousands of people gathering on the streets every afternoon to express their disapproval of the current undemocratic and corrupt regime in Macedonia.

These events are likely to leave a very strong impression on many of the CSOs in the country for years to come, since for the first time in the last 25 years they have been literally pushed from their comfortable offices onto the streets in an explicit political action openly confronting an aggressive regime with its intimidating political, police and propaganda machinery. With regard to these events, the annual Progress Report by the European Commission (2015) states that “civil society organizations have played a constructive role in the context of the crisis through demanding accountability from the political actors across ethnic lines. At the same time organizations continue to express their concerns about a difficult climate in which they operate and the limited government commitment to dialogue, as well as about public attacks by politicians and pro-government media” (EC 2015:5).

### Funding Sources

According to the Office of the Central Registry of Macedonia, 29% of the 13,656 registered CSOs in 2014 submitted their financial reports or declarations of their spending. Since 4,156 CSOs re-registered under the law in 2010 and are considered active CSOs, this percentage represents 95% of the re-registered CSOs (Velat and Hafner-Ademi 2015).

According to the data available for 2014, the total income of all CSOs for that year was EUR 81,516,756 (around USD 105 million in 2014), with two thirds of those funds coming from donations and grants (Velat and Hafner-Ademi 2015). For the purposes of comparison, the total income of CSOs in the country in 1998 was roughly USD 41 million (UNDP 1999), just over a third of the 2014 figure. The fact that only 12% of their income in 2014 was generated from product sales and services means that the CSO sector in Macedonia is highly dependent on outside funding sources, which clearly reflects on their longer-term sustainability. Some CSOs generate insignificant income through membership fees, and only a few hundred are recipients of foreign donor funds (McGee et al. 2011). The actual data on the income structure of CSOs is very illustrative:

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8 At the beginning of 2015, the opposition Social-Democratic Alliance published the content of highly politically sensitive private phone conversations of more than 400 phone-tapped conversations, as a selection of the cache of more than 600,000 phone calls and other forms of electronic communication allegedly illegally recorded by the Macedonian secret service. The opposition presented indisputable evidence that Macedonian secret police had conducted this mega-operation for surveillance since 2010, covering more than 26,000 people in the country, including all top politicians from the government and the opposition, as well as individuals from all sectors of civil society, foreign diplomats, individuals from the business community, academia, etc.

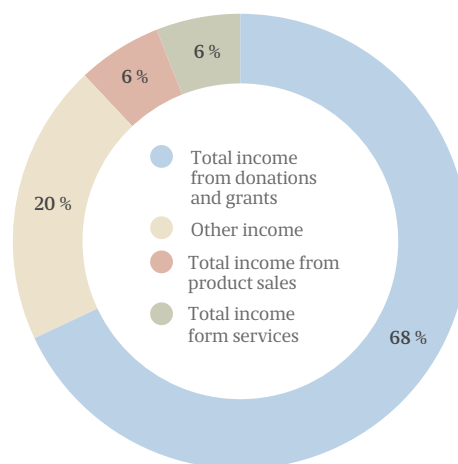


Figure 6.4.2: income structure of Macedonian CSOs in 2014<sup>9</sup>

Still, with the total income of CSOs in Macedonia comprising 0.96% of the national GDP, the Macedonian civil sector is ranked very high among Balkan countries in terms of the share of GDP it generates; in fact, only Turkey's civil sector generates a larger share of national GDP (Velat and Hafner-Ademi 2015). Since the official number of persons employed in the civil sector was 1,897 full-time employees in 2014,<sup>10</sup> thus accounting for 0.38% of the total workforce in Macedonia for that year, it is clear that CSOs are more productive contributors to the country's GDP compared to other sectors of the economy. This, among other things, is a result of the number of volunteers working for CSOs.

Macedonian tax laws do not provide for greater tax benefits or exemptions that would stimulate the work of CSOs compared to any other businesses or legal taxpayers in the country.<sup>11</sup> The Law on Personal Income Tax stipulates that CSOs have a status equal to that of any other legal entity. Moreover, some of the expenses accumulated by CSOs (like personal income tax on material and travel costs) are not recognized as eligible costs in the EU and other donor-funded projects. The Law on Donations and Sponsorship in Public Activities is nominally supportive of CSOs, but since these legal provisions are either nonfunctional or too complex, they do not have great significance for CSOs' funding. On the other hand, the state is obliged to fund CSOs, but it distributes only small amounts – generated from games of chance and entertainment (lottery) – mostly to pro-government NGOs in a politically arbitrary manner and through non-transparent procedures. Most CSOs do not publish their financial statements at the end of the year, and financial audits are usually conducted only if donors require them.

### Institutional Environment

For quite a few years now, Macedonia has not been a democratic country according to most existing international and independent domestic indexes and ratings.<sup>12</sup> In modern corporate-style autocracies, two parallel realities exist: one is the virtual reality of democracy, perpetuated by the regime in power through propagandistic pro-government media and non-democratic institutions; and the other is the reality of the fight against widespread high- and low-level corruption, nepotism, extensive clientelism, un-accountable governance, totally partied institutions (including the judiciary and public media, which are filled with people loyal to the governing political parties and not to professional standards and the public interest), dysfunctional independent regulatory and controlling bodies, and unrestrained actions of the security apparatus against any democratic means or actions.

This dual reality is the prevailing characteristic of the institutional environment which has influenced the work and development of civil society in Macedonia in the last decade. Most of the relevant public-sector institutions, many of the non-state actors like academia or business entities, and even actors from the international community are trying to “play” in society along the lines of the virtual and real reality in the country (Ordanoski 2014).

9 Source: “Report on Economic Value of the Non-Profit Sector in the Western Balkans and Turkey”, Balkan Civil Society Development Network (BCSDN), 2015

10 For comparison, the official data for 2013 indicate that the number of employees in the civil sector came to 1,839.

11 A decade ago, there were discussions among CSOs on introducing a “1% law” – a percentage philanthropy – into the Macedonian tax system as a legal mechanism for taxpayers to designate some percentage of the tax paid for the previous year to CSOs, but the idea never reached the official government agenda.

12 According to Freedom House ratings, Macedonia was rated as a partly free country in 2016, but in terms of freedom of the press it was the only country in Europe besides Belorussia to be classified as “not free” in the same year. In the World Press Freedom Index 2016, calculated by Reporters Without Borders, Macedonia is ranked in 118<sup>th</sup> place, 75 places down from its 43<sup>rd</sup>-place ranking 2006, when the current government took office. According to the Bertelsmann Transformation Index 2016, the Macedonian government's “dedication to democratic transformation is highly questionable”. In the Transparency International Corruption Perception Index, Macedonia's score dropped from 45 points in 2014 to 42 points in 2016.

Central government: The central government is the only relevant domestic source of funding for CSOs, providing an average of EUR 4 million to EUR 5 million annually (EC 2014). However, according to a survey conducted in 2012, only half of the ministries in the government have designated funds for the purpose of supporting CSOs.<sup>13</sup> In January 2007 and June 2012, the government adopted two six-year strategies (2007-2011 and 2012-2017) for cooperation with the non-governmental sector in the country, as well as an action plan for fulfilling each strategy. The main goal of this strategy is to foster better cooperation between the government and the country's civil sector in five priority areas: a developed and sustainable civil sector, support for policies and legal processes in the European integration of the country, economic development and social cohesion, and strengthening of civic activism. A special department for the co-operation with NGOs ([www.nvosorabotka.gov.mk](http://www.nvosorabotka.gov.mk)) was set up as part of the General Secretariat of the government and works on all key elements of the strategy; each ministry also has a network of officials in charge of cooperation with CSOs. Among other things, the strategy calls for the adoption of transparent state funding for CSOs. Nonetheless, the council that is meant to facilitate the strategy through cooperation between the authorities and the civil sector in the country is stipulated to consist of 27 members, of which the majority (14) are directly appointed by the government from the ranks of its officials in various ministries.<sup>14</sup> There is a widespread suspicion among Macedonian CSOs that this will enable the government to grant state funds and influence only to those non-government organizations that support the government's policies.

The overall sustainability of the independent, critical civil sector in the country has never been in a worse situation than in the last decade. The process of state funding is entirely politically arbitrary, including to a certain extent the distribution of EU funds processed through state institutions.<sup>15</sup> In other words, with the policy of "either you're with us or against us", the state – i.e. the governing Macedonian and Albanian parties – constantly tries to engineer a CSO sector that will support their projects and policies. As a result, an increased sense of solidarity and coordination of activities among CSOs critical of the government has arisen to an unprecedented degree in recent years.

Local government: Given that the national governing political parties control 95% of the 84 municipalities in Macedonia as well as the city of Skopje, this national policy of confrontation with the independent civil sector is translated from national to local governments. Local CSOs do cooperate with local governments on environmental and infrastructural issues, and on the social problems of underprivileged communities (ethnic minorities). However, local self-government units cannot provide significant funding support to local CSOs due to their own financial instability (USAID 2015).

Private donors: As already stated, the culture of individual donations is fairly modest, with individual philanthropy limited mostly to religious causes or very occasional small donations to the poor or those with health needs. Even when individuals donate money to CSOs, those donations are usually aimed at short-term activities and are not officially registered due to complicated tax procedures or a certain socio-political sensitivity regarding the work of CSOs. Individual donations, in cash or in kind, usually increase in the wake of occasional natural catastrophes (like the recent floods).

European Union: The European Union is the key foreign partner and the largest institutional donor to Macedonian CSOs. In the past, regional or multi-beneficiary EU programs like PHARE (1997-1999), CARDS (2003, 2006), EIDHR and IPA I (2007-2013)<sup>16</sup> were used to support CSOs. The IPA II 2014-2020 assistance program will provide funding of up to EUR 664.2 million, and some of the key areas to be supported are democracy and good governance, rule of law and fundamental rights, environment and social development – the traditional focus of CSOs in Macedonia. The assistance is envisioned to provide strategic, efficient and tailor-made support for civil society development, such as a favorable environment, capacity building, organizational and human resource development, and reaching out to grassroots organizations (EC 2014). However, during the past decade, the overall process of EU integration has become a predominantly technocratic and bureaucratic process of "ticking boxes" on the EU integration agenda (adoption of numerous laws and regulations, improving formal statistics, spending funds within given timeframes, etc.), thus weakening the substantive discussion on values and responsibilities in the society and its democratic system. This favors CSOs with the institutional and management capacity to deal with the technical aspects of those processes.

Corporations: In terms of funding and social responsibility, Macedonian companies are an insignificant factor in the life of CSOs. A few larger foreign-based corporations – like the Austrian electric distri-

13 Sazdovski M., Ognenovska S. Public participation in a process of preparations of regulations: Government's Mirror. Macedonian Centre for International Cooperation. Skopje 2012

14 Government decision published in the Official Gazette of the Republic of Macedonia, No. 98 of May 19, 2016, Article 3.

15 For instance, as a result of a major corruption scandal in 2011 and 2012 involving governing party officials inspected by OLAF (the EU's anti-fraud office), the EU funds channeled through the National Agency for European Educational Programs and Mobility for youth NGOs in Macedonia remained frozen for several years.

16 The political components in all of these EU programs aim to build institutional structures and capacities in the country – both on the government and non-governmental levels – to support sustainable democratic development in the post-communist era.



bution company in Macedonia (EVN), the T-Mobile Foundation, T-Home, Sparkasse Bank and Procredit Bank – occasionally support civil society activities in the environment and energy sectors, humanitarian aid, health-related initiatives, or youth activities, usually in line with the companies' business interests. The concept of corporate social responsibility among Macedonian companies often ends at the doorsteps of local or youth sports clubs and in support to folklore festivities. No significant instances of private-CSO partnership exist in the commercial or non-commercial sector.

**Media:** The activities of Macedonian CSOs, for better or worse, were always very present in the national and local media. With the development of the pro-government media propaganda industry, a number of CSOs ("Sorosoids"<sup>17</sup>) play a prominent role as targets in orchestrated attacks on democratic civil society. Even the public broadcaster, Macedonian Radio-Television, whose editorial policy is entirely controlled by the government, rarely features the civil sector in its programs and is always apologetic about the government's positions on the issues (NVO Infocentar 2015). On the other hand, the experts and activists in CSOs are the most important voices in the independent media when it comes to analyzing the bad practices of the current regime. Social media plays an ever-increasing role in civil mobilization on various issues, from animal rights to environmental protection.

**Domestic foundations:** Domestic foundations (e.g. the Trifun Kostovski Foundation) are few in number, and they mostly function as family legacies in the name of the life and deeds of certain individuals. A few of the existing foundations are active in the fields of arts and education, providing modest grants and student scholarships or backing health-related initiatives.

A significant stimulus for the development and support of civil ideas and civil engagement in the country comes from the wide organizational network of the Open Society Foundation (OSF) in Macedonia,<sup>18</sup> established in 1992. In the last 25 years, OSF has donated more than EUR 90 million in various areas of the Macedonian civil sector, fostering civil engagement and open society ideas, and engaging thousands of mainly young people in the mainstream of Macedonian democracy.

Another important organization that helped accelerate civil society values in Macedonia is the Macedonian Center for International Cooperation (MCIC),<sup>19</sup> founded in 1993 with support from Dutch Interchurch Aid and the World Council of Churches as a response to the problems in Macedonia arising from the dissolution of Yugoslavia. With more than EUR 45 million spent on 1,300 projects in the last 23 years, MCIC is a key driving force in the country in the areas of rural development, health and education, employment and civil society, democratization, and the creation of various national and regional networks in support of CSO development.

**Foreign foundations and agencies:** Besides support from the EU, CSOs have received significant additional backing, from both funds and programs, through ad-hoc and institutional grant support from USAID<sup>20</sup> and the Swiss Agency for Development and Cooperation (SDC).<sup>21</sup> Most of the other bilateral foreign players (Netherlands, Germany, Sweden, and Norway) were and are running comparatively smaller operations to support CSOs in Macedonia. One of the more positive examples is the work of the German Marshall Fund's Balkan Trust for Democracy, which in the last decade has provided relatively small (mostly up to USD 25,000) but "fast" grants without overcomplicated bureaucratic procedures to dozens of small and medium-sized NGOs in various fields of democratic development, youth activism, media support, CSO networking, etc.

**Churches/religious institutions:** There are no significant activities or cooperations between religious institutions and CSOs outside of occasional humanitarian activities and church-based charities, which are largely localized in scope. MCIC has been maintaining a high-level interreligious dialogue process in Macedonia for years, successfully helping to keep Macedonian religious organizations and communities outside of politicized and more radical religious tendencies.

**Universities and think tanks:** In a small country with an oversized educational sector consisting of 4 state and 18 private universities, collaboration between universities and CSOs is rather limited, even in

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17 According to Vladimir Milčin, the longtime director (1994-2015) of the Open Society Foundation in Macedonia, the term "Sorosoids" was first used in Latvia in the mid-nineties by the Latvian rightist nationalistic political parties in their efforts to negatively frame Latvian civil society activists who publicly shared Hungarian philanthropist billionaire George Soros' position in support of the human and cultural rights of the large Russian minority in that country. Ever since, this term has been used widely by various nationalists and chauvinists in the Balkans as a derogatory qualification for activists who support open societies through Western-style, cosmopolitan democracies.

18 [www.fosm.mk](http://www.fosm.mk)

19 [www.mcims.org.mk](http://www.mcims.org.mk)

20 USAID Civil Society Project (CSP) offered grants in the following categories: grants for CSOs that act as democracy hubs in their communities, grants for government oversight and research-based advocacy, grants for joint CSO actions, fellowship grants, and ad-hoc grants for CSOs and/or informal groups around pressing current issues. Launched in 2012, this project involves USD 5.5 million in funding over a four-and-a-half year period.

21 The second four-year support program of the SDC to Macedonian CSOs, worth CHF 5.5 million, started in December 2014.

the field of education. In the case of state universities and their research institutes, this kind of cooperation is hampered as a result of a highly centralized financial system at the state university level, where dealing with outside donations and outside partners is quite complicated and slow-paced. Most of the private universities, on the other hand, lack the capacity and interest in strictly non-educational purposes. There is, however, another developed practice where many of the universities' professorial staff are members or founders of CSOs, using their university references to develop causes, visibility and recognition.

### 6.4.3 Mapping Civil Society

#### Method

The predominant methodology used to analyze CSOs in Macedonia for the purposes of this study involved extensive desk research and an evaluation of secondary sources. Most researchers focusing on the situation of civil society in Macedonia agree that access to information related to this sector – especially when more complex data is needed – is limited or non-existent. Some data is publicly available,<sup>22</sup> but more detailed facts and figures collected and processed by state institutions (Central Registry, State Statistical Office) are only available for a fee. Most statistics, especially in the historical context, are basic or indistinct in describing various aspects of developments. Many of the available studies are inspired by foreign donors, and only few Macedonian CSOs – most notably the Macedonian Center for International Cooperation (MCIC), but also more recently the Center for Institutional Development (CIRa) – have conducted continual research and monitoring of civil society developments in the last decade. Surveys on CSOs are scarce and mostly inconsistent. They do not provide sufficiently reliable, relevant or comparable data for research purposes.

#### Size and Role of Civil Society

The most recent structured data on CSOs in Macedonia are from the year 2014; an excerpt is presented in the following table (Velat and Hafner-Ademi 2015). Here, it is important to note that in 2014 there were still 13,656 registered associations and foundations, of which 4,156<sup>23</sup> were re-registered according to the new Law on Associations and Foundations, making them an active part of the civil society sector.

Population of Macedonia (2014)	2,069,172
Number of registered CSOs in 2014	4,156
Number of citizens per CSO	498
Number of organizations per 1,000 citizens	6.6
National GDP	EUR 8,535,000,000
CSO income as % of GDP	0.96%
Total CSO income	EUR 81,516,756
Salaries and other expenditures related to salaries	EUR 9,875,892
Expenditures for honoraria	EUR 3,214,950
Expenditures for part-time assignments	EUR 4,716,287
Number of CSO employees	1,897
Largest number of employees in a single CSO (2014)	42
CSO employees as % of total employment in Macedonia	0.38%
Average salary (net), monthly	EUR 348
Average salary (gross), monthly	EUR 509
Number of volunteers	N/A

Table 6.4.2: general data on the size and role of CSOs<sup>24</sup>

A majority of CSOs lack sufficient financial resources, which affects the continuous maintenance of their program activities. 85% of them have an annual budget of less than EUR 1,640, and only 1.1% have an annual budget exceeding EUR 164,000 (IPA II 2014:11). This indicates that most of the larger CSOs are dependent on support from international donors. Alternative funding options are not consistently developed, with only several dozen CSOs actually having enough capacity to absorb EU funds due to unde-

22 Some data can be obtained through the mechanisms of the Law on Free Access to Information of Public Character and the Law on Using Public Sector Data, but even when institutions are responsive, these legal procedures are slow, and most of the data obtained is incomplete or irrelevant.

23 It should be noted that almost 30% of these CSOs, or about 1,000 of them, are sports associations.

24 Source: "Report on Economic Value of the Non-Profit Sector in the Western Balkans and Turkey", Balkan Civil Society Development Network (BCSDN), 2015

veloped project management, insufficient organizational budgets for EU grants, or an inability to ensure co-funding. Hundreds of medium-sized and small NGOs work mostly on human rights, basic services and municipal accountability agendas (McGee et al. 2011). Local CSOs active in the provinces of Macedonia receive little support, although most municipalities have, at least formally, some kind of local point of contact for cooperation with local CSOs.

However, financial challenges are not the only problem most CSOs face in Macedonia: they operate in highly politically contagious surroundings, overburdened with daily party politics. Their relations with constituencies are weak or non-existent, and they have not learned how to adjust and modernize. Their causes are flexible, their perspective is mostly unsustainable, and most of them are office-based, project-oriented organizations. The chart below clearly illustrates some of the main problems faced by CSOs in the country.



Figure 6.4.3: vicious circle for Macedonian CSOs<sup>25</sup>

According to several MCIC surveys of Macedonian CSOs, two thirds of the currently active CSOs are involved in some sort of national or international networking in their field of activity.<sup>26</sup> Macedonian citizens do volunteer both officially and unofficially. In 2007, a law on volunteering was adopted to regulate the legal status, rights and responsibilities of volunteers. In 2010, a national strategy for the promotion and development of volunteering was created, followed by the establishment of the National Council for the Development of Citizens' Volunteering. Half of the existing CSOs in the country use volunteers in their activities, although many of them think that procedures for the engagement of volunteers are complicated and that the state administration is too slow in the procedural treatment of volunteering activities (Nuredinoska and Ogrenovska 2014).

### Inter-Ethnic Relations

Even before, but especially after the inter-ethnic conflict and the adoption of the Ohrid Framework Agreement (OFA) in 2001, inter-ethnic relations in the country were at the center of Macedonian political stability and democratic prosperity. However, the government does not focus on making consistent or effective efforts to strengthen the institutions that promote human and minority rights. Rather, the government depends on inter-party Macedonian-Albanian relations in every governing coalition, preferably concentrating on clientelistic and corrupt political practices.

Nevertheless, among CSOs, the field of inter-ethnic relations is probably the most prolific one, both at the national and grassroots level, and among all ethnic communities. This field is one of the specific areas supported by EU funding for implementation and monitoring of as well as reporting on OFA-related policies, watchdog activities of CSOs, including partnerships with municipal councils, public information campaigns to improve inter-community relations, extra-curricular activities in education processes on all levels of education; efforts to strengthen the human rights of marginalized ethnic groups, inter-ethnic networking, etc. (EC 2014). Still, most CSOs transcend existing ethnic lines of division in society, and given their weak relationships to their constituencies, ethnic tolerance between CSOs does not necessarily translate into ethnic tolerance in society at large (McGee et al. 2011).

<sup>25</sup> Source: Civil Society Support Fund – Macedonia – Consultancy Report, December 2011

<sup>26</sup> For instance, a rural development network established in 2010, consisting of some 40 multiethnic rural NGOs and initially supported by the Swedish International Development Agency (SIDA), is successfully cooperating on issues of improving rural working and living conditions.

Impactful	Association for Democratic Initiatives (ADI)	Individual and group inter-ethnic inclusion based on non-discrimination and good governance.
	Forum - Center for Strategic Research and Documentation	Promotion of good inter-ethnic relations and analyses of their political, social and security impact on Macedonian democracy.
Innovative	Antico	Women's civic initiative and inter-ethnic network of women leaders promoting democracy, tolerance and pluralism.
	Multikultura	Promotion of youth activism, tolerance and non-violent conflict resolution in a multicultural and multiethnic context.

Table 6.4.3: examples of civil society actors in the field of inter-ethnic relations

## Culture

Macedonian civil society in the cultural sphere can be roughly divided into two general groups. The first, “top-down” group consists of different national associations of artists (writers, painters, composers, etc.) whose institutional roots are from the times of socialism, which were transformed into non-governmental organizations after the fall of communism, and whose activities are mostly reduced to presenting annual awards and lifelong honors, conducting deliberations about national pensions for artists, enabling their members to travel through similar international networks, etc.

The second, “bottom-up” group of some 60 to 70 independent cultural organizations and artistic/cultural personalities, most of whom are networked in the informal cultural association/platform known as JADRO (meaning nucleus, or core) under the aim identified in their mission statement of “being vigilant in the effort to clearly and boldly point out the necessity of critical thinking on the socio-cultural context as well as the necessity for de-monopolization of culture and art, whose fate depends on a small number of people who hold decision-making power in the central municipality in the capital Skopje” (Veljanovska and Gešovska 2012:3).

Financing of the sector is also divided along these two lines: while national associations of artists are mostly covered by modest state funds from the Ministry of Culture, the independent cultural CSOs are mostly funded by outside donors, with ever-declining funds<sup>27</sup> and with an almost non-existent tradition of philanthropy for art and culture in the country. The Ministry of Culture also allocates annual financial project support to some 20 or 30 independent CSOs each year, but the grants almost never amount to more than EUR 2,000 each. The same ministry allocates funds for CSOs through its Annual National Cultural Program, which is typically a very non-transparent, highly politicized and centralized process that depends on the minister's decisions. Furthermore, without meaningful fiscal decentralization in Macedonia, no important local funding is available for culture among the vast majority of the 84 municipalities in the country, with the exception of certain ethnic folklore festivities.

One recent significant development (in May 2016) was related to the decision of the central municipality in Skopje – after three years of intense debates and procedural complications – to formally accept the initiative of the independent cultural CSOs networked in the JADRO platform for the establishment of a municipal cultural center using the pioneering model of public-civil partnership. The center should be an institutional focal point for the further democratization of culture in the country from an urban, independent, creative and productive point of view.

Impactful	Open Society Foundation	Part of the George Soros regional foundations network supporting culture by working in the fields of education, youth, media and democratic governance.
	JADRO Association	Group of 60 to 70 independent cultural organizations and artists working in the area of de-monopolization of culture and art.
Innovative	Kontrpunkt	Associations of citizens founded in 2001 to develop alternative urban cultural policies both locally and regionally.
	Makedox	Production, creation, screening and education in the field of documentary films.

Table 6.4.4: examples of civil society actors in the field of culture

<sup>27</sup> Currently, the main funders are: the European Cultural Foundation, the European Cultural Commission (which requires institutional capacity far beyond that of most CSOs in Macedonia), some smaller projects by OSF, USAID and very modest bilateral donations from the local Western embassies in Macedonia. Those funds have become even scarcer since 2010, after the closure of the offices of Pro Helvetia, the Swiss Arts Council, which works upon the mandate of the Swiss Agency for Development and Cooperation (SDC) by the Federal Department of Foreign Affairs. In the last 6 years, Pro Helvetia has covered Macedonia from its regional office in Sarajevo and on a much more modest scale than before.

## Social Services

Macedonian CSOs are very diverse in the areas they cover – from numerous democracy and governing issues to various health issues, environmental protection, education, culture, arts, sports, etc. – and most organizations provide social services free of charge. CSOs are not recognized by the public or the government for their service provision (USAID 2015). Unfortunately, there are no official statistics on Macedonian CSOs and their economic, welfare, social or other impacts on the administration of the state. Similarly, no institution evaluates or measures the work of volunteers in the area of social services.

With the emerging refugee crisis in 2015 and 2016, a number of CSOs working in the field of human rights, health protection, assistance for those in need, legal rights, training volunteers, and other areas intensified their activities. The Red Cross Macedonia, MCIC and the Helsinki Committee for Human Rights were traditionally at the forefront of CSOs' refugee crisis management, but other smaller organizations, like the Macedonian Young Lawyers' Association (MYLA), NUN Kultura and LEGIS, were also involved in addressing different aspects of the crisis (UNCHR 2016).

Impactful	Helsinki Committee for Human Rights of the Republic of Macedonia	Human rights promotion and protection, providing legal assistance and counseling to the citizens.
	Red Cross Macedonia	Preventing and alleviating human suffering, protecting life and health, promoting mutual understanding and peace.
Innovative	CIVIL - Center for Freedom	Actively promoting and defending human rights and freedoms, inter-ethnic dialogue, religious tolerance, arms control, social justice and rule of law.
	Legis	Protecting law and legal conduct, fighting against oppression, and providing legal and other help to all people in need.

Table 6.4.5: examples of civil society actors in the field of social services

## Advocacy

The current government in Macedonia does not carry out meaningful consultative processes with the civil sector. In its annual Progress Report for 2014, the EU states that even in the case of the second Strategy for Cooperation with CSOs and the accompanying Action Plan, the government did not adequately implement its own obligations “due to the lack of political commitment, administrative capacity and resources” (EC Progress Report 2014:10). The parliament frequently adopts hundreds of laws annually in shortened procedures, without public consultation. In 2014, for instance, 155 out of 301 passed laws were adopted through shortened procedures, without the possibility of debate for the public and CSOs (USAID 2015).

On the other hand, probably no more than a few dozen CSOs have the capacity to write policy papers and policy briefs, such as the Macedonian Center for International Cooperation and the Open Society Foundation Macedonia, MOST and CIVIL (organizations specialized in monitoring elections), the anti-corruption watchdog Transparency Macedonia, the Metamorphosis Foundation for Internet and Society, the Association of Journalists of Macedonia, or the Helsinki Committee for Human Rights. Even fewer organizations have the internal capacities necessary for sustainable advocacy in their fields of work. Most of the good advocacy activities are concentrated in the sphere of EU integration processes, an unintended benefit of the very long process of gaining EU membership. As a result of the Decade of Roma Inclusion, many advocacy efforts have been invested in improving the rights and overall position of Roma in society in the last few years. Among CSOs, there is a trend toward forming coalitions to increase their impact on decision-making processes, as in the case of the 2014 coalition of some 20 CSOs to advocate for changes in CSO taxation. Advocacy coalitions also usually work well when health issues (shortage of insulin for diabetes, TB prevention, cancer awareness) or environmental issues (air pollution) are in question in Macedonia. Still, no coalition can exert substantive influence on the issues that are “uncomfortable” for the conservative authorities in Skopje: although a group of 22 CSOs established a very active National Network against Homophobia and Transphobia several years ago, the situation of LGBT individuals in the country and discrimination based on sexual orientation is worsening every year, often followed by “loud silence” on the part of the authorities and by active hate-speech campaigns perpetuated by pro-government media.

Impactful	MCIC - Macedonian Center for International Cooperation	Social cohesion, local and rural development, good governance, civil society, and EU integration.
	Association of Journalists of Macedonia	Protecting freedom of the press and media, promoting professional standards in journalism, fighting for freedom of speech.
Innovative	Transparency Macedonia	Watch-dog organization promoting transparency and good governance by fighting corruption.
	Youth Education Forum	Debate, freedom of speech and development of civic activism among young people.

Table 6.4.6: examples of civil society actors in the field of advocacy

### Social Enterprises

It is still very rare for Macedonian CSOs to earn money from their products and services. Just a few expert-based CSOs, mostly in the capital, are trying to develop their consultancy services, but the effects are very modest at best and the entire area of social enterprises is still in a very early phase of development. There are some recently developed initiatives to promote entrepreneurial spirit among the younger generation and career development activities for students ([www.socialimpactaward.mk](http://www.socialimpactaward.mk)) as well as initiatives to utilize technology for CSOs' development ([www.techsoupbalkans.org](http://www.techsoupbalkans.org)) or non-governmental activities to promote and support organic food production and distribution. However, the general picture is still in an infant phase of development.

Impactful	Metamorphosis	Development of democracy by spreading information and providing education.
	Our Good Earth	Organic food cooperative of buyers encouraging ecological food production across the country.
Innovative	Lice v lice (Face to face)	Regional CSO platform for economic and social strengthening of marginalized groups in society.
	Konekt	Encouragement and promotion of philanthropy and private giving in a socially responsible way.

Table 6.4.7: examples of social enterprises

## 6.4.4 Trends and Outlook

In general, Macedonian civil society is moderately well developed after the “stop and go” process of the country’s democratic and socio-economic transition over the last 25 years. Faced with the strong anti-democratic tendencies of the current government in Skopje, most CSOs in the country have reacted with stamina, expanding their networking activities in the areas of mutual support and collaboration.

This constitutes the first important trend in civil society: An improved understanding of the role of civil society in democratic consolidation and the future reform of the political system in Macedonia, especially in the fields of free and fair elections, freedom of speech and free media, and the need to “de-partify” state institutions and independent regulatory and monitoring bodies. Most analysts agree that this will require stronger ties between CSOs and their respective constituencies, a greater sense of solidarity in the civil sector, and stronger inter-ethnic cooperation.

The second major trend is related to the escalation of funding difficulties as a result of fewer bilateral donors and greater dependence on EU funds. Those funds may hold greater potential, but they require CSOs to have far more capacity in order to fulfill the demanding criteria for eligibility. There is a need to develop alternative models for fundraising, involving stronger citizens' participation and support from businesses, encouraging local community philanthropy, and increasing CSOs' social enterprise activities in order to maximize all potential for increased income in the civil sector. This also means that important initiatives will have to be undertaken to further “fine-tune” taxation policy toward the civil sector, stimulating tax deductions (especially for individual giving) and larger donations from private companies. In parallel, the next democratic government, in cooperation with CSOs, will have to establish a more transparent, fair and responsible system of state funding directed toward the Macedonian civil sector.

Relations between the state (at both the national and local, self-governing level) and the civil sector need to improve; this constitutes the third important trend. The existing institutional framework for government-CSO dialogue is not entirely functional and is inconsistently implemented. This framework needs to be revisited and improved according to the principle of horizontal cooperation instead of vertical hierarchy, complementing other efforts in the fields of collaboration. Such an approach will advance

democratic governance at the national and local levels through constituency-building in order to improve CSOs' legitimacy and credibility. It will also increase volunteering activities, strengthening the sense of values and solidarity among citizens and CSOs, and it will broaden the space for the growth of social services provided by CSOs and recognized by the authorities.

One of the weakest aspects of Macedonian CSOs is organizational capacity, including strategic planning, management, fundraising abilities, technical resources, staffing (a great deal of employment among CSOs is still on a project-by-project basis), constituency-building, etc. This leads to the fourth trend in Macedonian civil society: the need for increased professionalization in civil society organizations. The necessity of institutional development is growing among CSOs, as is their "hunger" for outside support for this effort in the form of both funds and know-how. Increased professionalization will result in CSOs becoming more robust and sustainable employers, with better opportunities for career development for employees in a competitive environment. That will also allow a more reliable approach to research and the analysis of their work, as well as stronger mechanisms for self-regulation in the sector, including the creation and implementation of a code of conduct for CSOs in Macedonia.

The expert survey on the Macedonian civil society sector conducted within the framework of this study contained a part in which respondents named their predictions about future changes and trends that will influence the development of Macedonia's CSOs in the next 10 to 15 years. Their answers were systematized in the five most frequently distributed forecasts, which are illustrated by several concrete remarks in the table below:

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#### **Funding difficulties will lead to greater diversification of income sources**

**The funding structures of Macedonian civil society are about to change: the importance of EU funds is increasing, whereas foreign donors are withdrawing and private donations are still at a low level. Financial sustainability is one of the main challenges for CSOs.**

*"In a situation where basically there are no governmental funds for civil society and the foreign donors provide less and less funds, one of the challenges of civil society is to ensure self-sustainability."*

*"Advancing in EU integration will bring more funding opportunities for civil society actors, and will force them to become better organized, equipped and focused."*

*"I believe that the organizations [...] will find a suitable way for maintaining the scope and quality of their activities. The organizations must learn not to be donor-driven, but to find alternative ways of financing."*

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#### **Implications of the political crisis: Democratization**

**Macedonia is currently undergoing a political crisis. It is expected that civil society will play a key role in the re-establishment of a democratic process.**

*"Civic activism will be crucial to re-establishing democratic values in the country."*

*"Having in a mind the local political context and the political crisis, civil society must take a more active role in the processes of implementation of fair and regular elections in future."*

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#### **Implications of the political crisis: Increased government control over civil society**

**In the current political crisis, CSOs are increasingly subject to government control. The need for an active, independent civil society has become even more pressing.**

*"The line between CSOs and politics might get thinner. That may undermine the original role of civil society to fight for better policies in certain policy areas and stand for specific values and principles without fighting for power and public posts."*

*"In a society where there are no effective mechanisms for protection against discrimination [...] and where the government is one of the biggest discriminators, the role of civil society will be to ensure the rule of law in terms of equality and non-discrimination."*

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#### **More cooperation between CSOs and the government**

**More and stronger partnerships between CSOs as well as between CSOs and (local/municipal) governments are expected within the next decade.**

*"Many civil actors will make alliances in order to become more influential and learn from each others' best practices. That can lead eventually to merging into a few bigger players or defenders of important causes."*

*"I do hope that in the next 10-15 years the major trend will be the development of an institutional and social environment in which the government (central/municipal) and civil society will perceive each other as partners, not as 'enemies.'"*

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#### **Professionalization of civil society organizations**

**Macedonian CSOs will become more professional in terms of their evaluation capacity, their management as well as their development strategies.**

*"Organizations are slowly realizing the importance of the institutional development and growing of the sector in general. Hopefully the organizations will manage to develop themselves even more and to become a serious factor of employment in Macedonia."*

*"The capacities of the CSOs for monitoring, research and contributing to a specific area will grow and they will get more professional. Many valuable research data, monitoring reports and policy proposals will be developed by civil society and think-tanks."*

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**Table 6.4.8: frequently mentioned trends and sample quotes**

These trends imply that the civil sector in Macedonia, in order to further develop and become more influential and effective, will have to move a step closer to the corporate world of the global liberal capitalist environment. This will constitute a risk for many small and medium-sized Macedonian CSOs, which were once founded as civil initiatives of individuals who wanted to engage, in their free time, in certain areas of specific interests; they may have to transform their non-governmental initiatives into more bureaucratic organizations with the technical and managerial capacity to satisfy the “box ticking” requirements of modern funding, and complex processes of project implementation and project reporting. This may cause CSOs to forget that most civil engagement is about human contact, improvement of relationships, solidarity with others and building social capital. That, among other things, is why volunteering and some form of charitable activities need to remain at the center of civil engagement, to keep its vitality and – yes – its sustainability.



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## 6.5 Country Report: Moldova

Tatiana Cernomorit

### ABSTRACT

Civil society organizations (CSOs) play an important role in Moldovan society. The sector has developed since the country declared its independence and sovereignty in 1991, and the number of CSOs now exceeds 10,500. These organizations are mainly involved in education, social services, community development, civic participation, advocacy and youth affairs. They are also active in many other fields. The predominant source of funding for CSOs in Moldova are foreign donors. The European Union and the USA are the largest providers of assistance in the development and financing of projects and CSOs in the country. The state does not have sufficient financial resources to fund CSOs, and cooperation between CSOs and businesses is limited. Public authorities at the central and local level are aware of the importance of a policy dialogue and express their willingness to cooperate with civil society in Moldova in order to solve various socio-economic problems. CSOs have gradually managed to institutionalize a policy dialogue with the state, particularly following the parliamentary elections in April 2009. Recent developments include the adoption of the “2% Law”, which is an important instrument for the diversification of fundraising sources. Furthermore, experts expect that the collaboration between CSOs and central authorities will increase and CSOs will have a greater voice in the decision-making process and the development and implementation of public policies and laws.

### 6.5.1 Introduction

#### General State of Civil Society in Moldova

Moldovan civil society is young, with a history of some 25 years since the country declared its independence in 1991. Currently, about 10,500 nonprofit organizations are recorded in the State Register of the Republic of Moldova (RM). According to Moldova's Civil Society Development Strategy (CSDS) 2012-2015 (Law No. 205), only about 25% of the total number of CSOs are sufficiently active and have the potential to develop various projects and initiatives. Considering the fact that civil society in Moldova is relatively young, the sector faces some problems, including:

- Difficulties in ensuring financial sustainability (Neicovcen et al. 2016);
- Difficulties in cooperating with central and local public authorities and other partners, including CSOs;
- Lack of interest among citizens and difficulties in conducting community empowerment and mobilization activities;
- Political instability and difficulties in ensuring the sustainability of the policies and programs developed (Chiriac et al. 2014).

The precarious financial situation of Moldovan noncommercial organizations is also due to the fact that CSOs mostly work on a project-by-project basis, not on the basis of institutional strategies. Moreover, there are very few financial support programs for the institutional development of CSOs. Therefore, in many situations they do not develop full fundraising plans or their work is based on sporadic grants (Neicovcen et al. 2016).

#### Typical Characteristics of Civic Engagement in Moldova

CSOs in Moldova are involved in different national platforms which contribute to the consolidation and efficiency of the sector. The National Council of Non-Governmental Organizations (NGOs) plays an important role in the development of civil society and the participation of CSOs in policy dialogue. This council is an umbrella organization of NGOs and is responsible for promoting social equilibrium and good governance (consiliulong 2016). Another important actor that was influential in facilitating the policy dialogue and cooperation between CSOs and state institutions was the National Participation Council (NPC). The NPC, which aims to provide a platform for dialogue and cooperation between the government and CSOs, has been inactive since the parliamentary elections in November 2014.

Civil society representatives are also involved in different working groups and coordination councils created within the government and ministries. Thus, on 25 July 2016, the Government created the National Coordinating Council for Sustainable Development, with one of its members being a representative of CSOs (Antonita Fonari, President of the National Council of NGOs). The objective of this council is to coordinate and monitor the national-level adaptation and integration of the 2030 Agenda for Sustainable Development.

At the same time, CSOs also belong to sectoral networks depending on their field of activity. Thus, the organizations contribute to the development of the sectors they represent, such as: the Alliance of Active NGOs in the Social Protection of Child and Family, the Alliance of Organizations for People with Disabilities, the Network of Organizations Working in the Field of HIV/AIDS, STDs and Drug Abuse (AIDS Network), the National Youth Council of Moldova, etc. These networks are registered as CSOs and serve as national platforms for the fields they represent.

### Legal Framework

The legal framework in the Republic of Moldova (RM) favors the development of CSOs and recognizes three distinct legal forms of organization: public associations, foundations and private institutions. Most CSOs in the RM are registered as public associations. Several laws and regulations govern the establishment and operation of civil society organizations in Moldova. The main ones are Law No. 837 on Public Associations (1996) and the Civil Code of RM (2003). Moldova does not have a specific law on nonprofit organizations. Therefore, foundations, churches, trade unions and political parties are governed by different laws (Caraseni 2015). In addition, the Law on Employers' Organizations (2000) and the Law on Freedom of Conscience, Thought and Religion (2007) are also worth mentioning in this context. Article 34 of the Constitution of the RM emphasizes the importance of the freedom of expression. The Law on the Freedom of Expression is seen as one of the most developed and advanced legislative acts on freedom of expression according to Council of Europe standards (Chiriac et al. 2014).

The rules on public-benefit status are stipulated in Law No. 837 on Public Associations (1996). Amendments made in 2012 to the Law on Public Procurement allow CSOs to provide social services along with state institutions, while the Law on the Accreditation of Social Service Providers (2012) facilitates this participation (Chiriac et al. 2014).

Under the "2% Law" that was adopted by the Moldovan parliament on 21 July 2016, individual taxpayers can transfer 2% of their personal income tax to CSOs with public-benefit status or to religious groups and churches. The regulation on implementing this mechanism was adopted on 30 November 2016 (Governmental Decision nr. 1286).

### Visibility of Civil Society

In Moldova two information portals serve as main sources of information about CSOs: [www.civic.md](http://www.civic.md) and [www.ong.md](http://www.ong.md). These portals provide a wealth of information on the CSO sector in the country, including news, events, announcements, training opportunities and grants, information about service providers and several newsletters of different organizations.

Several annual events and award ceremonies ensure the visibility of CSOs. Among them, it is important to mention the Civic Fest,<sup>1</sup> the UN Human Rights Gala and the UNICEF Child Rights Award. Until 2013, the ERSTE Foundation Award for Social Integration played an important role in ensuring the visibility of Moldovan CSOs at the international level. According to a mapping study (Chiriac et al. 2014), cooperation with the media is a very prominent activity among Moldovan CSOs. The study shows that 152 respondents<sup>2</sup> cooperate with the media at least to some extent. However, the visibility of CSOs is not very high, as not all organizations have a communication specialist who is mainly responsible for promoting their activities and services. Moreover, a dynamic analysis of the population's trust in CSOs shows a constant decrease, from 26% in November 2014 to 23.6% in April 2016<sup>3</sup> (Public Opinion Barometer 2014, 2015 and 2016). Thus, despite all the efforts of CSOs to develop and provide services to the population, many citizens still view CSOs as "grant hunters" (USAID 2014).

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1 The International Festival "CIVIC FEST – Moldova for Citizens" aims to promote the most successful projects, social actions and programs, as well as achievements in the field of modern art, specifically theater, film and painting. In 2016, the festival was held on August 6-7 and September 23 in partnership with the "Gustar" International Music Festival.

2 Data from a survey and face-to-face interviews with the 152 most active civil society leaders engaged in policy dialogue with public administration.

3 Data were analyzed from the distributed cumulative answers ("Very great trust" and "Some trust") to the question "How much trust do you have in...".

## 6.5.2 Historical Development and Main Actors

### Historical Development

The period of the establishment of civil society started with the proclamation of the Republic of Moldova's sovereignty and independence and lasted until 1996, when the Law on Public Associations was adopted (Law No. 837 of 17 May 1996). Once sovereignty and independence were proclaimed, Western public and private donors committed to supporting the democratic transition and the market economy in Moldova, as well as civic engagement in these endeavors by developing CSOs.



Figure 6.5.1: timeline of key events for civil society

On 25 August 1989, the Presidium of the Supreme Soviet of the Soviet Socialist Republic of Moldova (SSRM) adopted a special decree regarding the provisional model of registering public formations of citizens in SSRM. Based on this decree, the first four alternative socio-political formations were registered on 26 October 1989 (Juc 2001). Later, in 1992, the Soros Foundation Moldova was registered as a non-governmental organization with the goal of promoting the values of an open society in the country. At the same time, offices of international non-governmental organizations were registered, including Amnesty International Moldova. Additionally, the first autochthonous CSOs were registered on the initiative of youths, including the Environmental Movement of Moldova and the "Viitorul" Foundation, which was registered in June 1993.<sup>4</sup>

The creation of the National Assistance and Information Center for NGOs in Moldova (CONTACT) in 1995 played an important role in the development of Moldovan civil society. The Center was created with the support of the Soros Foundation Moldova and the PHARE/TACIS Program for Democracy. In the 1997–1999 period, the CONTACT Center created regional centers in Balti, Cahul, Soroca and Comrat (CONTACT 2013). From a legal point of view, two important cornerstones for the development of Moldovan civil society were the Law on Public Associations in 1996 and the Law on Foundations in 1999.

Another key event for the development of civil society was the launch of the first National Forum of Non-Governmental Organizations from the Republic of Moldova, organized by the CONTACT Center in 1997. It marked the start of the consolidation period for civil society, and other similar discussion platforms followed later. Furthermore, during the fourth NGO Forum, the Moldovan National Council of NGOs was created.

Local civic engagement in the RM started to develop at the beginning of 1997, when the Moldova Social Investment Fund (MSIF) project was launched. MSIF strengthened the capacities of local groups by implementing ideas for sub-projects and ensuring their sustainability. At the same time, sectoral reforms contributed to the creation of associations, such as farmers' associations<sup>5</sup> and parents' associations in schools.<sup>6</sup>

Starting in 2008, the development of civil society became a national priority reflected in official documents, including the Code of Ethics of NGOs and the first Civil Society Development Strategy (CSDS) for the 2009–2011 period. Afterwards, in September 2012, the parliament adopted the CSDS for the 2012–2015 period and an action plan for implementing the strategy. Its general goal was the creation of a favorable environment for the development of an active civil society which is able to contribute progressively to Moldova's democratic development. The final evaluation of the strategy's implementation shows that most of the commitments made under the CSDS were not fully achieved. The degree of implementation of the actions planned under the CSDS came to nearly 27% (Caraseni 2016).

<sup>4</sup> The latter subsequently became the Institute for Development and Social Initiatives "Viitorul".

<sup>5</sup> Farmers' associations were created as a result of the privatization program.

<sup>6</sup> Parents' association were created as a result of structural reform in the education sector.

In addition, several laws related to the activities of CSOs were adopted in 2010, such as the Law on Volunteering (No. 121 of 18 June 2010) and the Law on Social Services (No. 123 of 18 June 2010). While further work is needed in order to ensure successful implementation, these initiatives have contributed to creating a more favorable environment for civil society actors.

### Funding Sources

Predominant sources of funding for civil society in Moldova: The legal framework of the RM ensures broad possibilities for diversifying funding sources and, accordingly, for improving CSOs' financial sustainability.<sup>7</sup> Nevertheless, the basic funding source for CSOs in Moldova is foreign funding, which accounts for some 80% to 85% of the budget of CSOs (Chiriac et al. 2014, CSO Sustainability Index 2014, Ombudsman's Report 2015, Neicovcen et al. 2016). This is also confirmed by the Moldovan respondents<sup>8</sup> to the Expert Survey 2016 who stated that "Unfortunately, in Moldova, the big majority of CSOs are project-oriented and do not have an organizational vision and mission."<sup>9</sup>

One important aspect of CSO funding in Moldova is that government institutions have begun to acquire services from CSOs and to allocate more resources to them. In 2014, for the first time, three ministries<sup>10</sup> contracted with CSOs to provide social services pursuant to the Law on Public Procurement and the Law on Social Contracting (USAID 2014). In 2015, besides other institutions, Moldova's National Health Insurance Company contracted with 13 CSOs (USAID 2015).

The legal framework for the financial sustainability of CSOs improved with the adoption of amendments to the Fiscal Code that allows individuals and legal entities to donate two percent of their income taxes to CSOs with public-benefit status (Chiriac et al. 2014). However, the direct involvement of the private sector in supporting the activities of CSOs is quite low. Current legislation does not motivate business entities to engage in or support charity activities (Chiriac et al. 2014).<sup>11</sup> Nevertheless, Moldovan CSOs consider the donations made by the private sector (20%) to be an important source of funding (Neicovcen et al. 2016).

Personal/individual donations: There is a lack of regulations for the collection of anonymous donations in Moldova (Neicovcen et al. 2016). According to a study of philanthropic behavior (IMAS 2010), individual donors "prefer to give money directly to the person". The study also indicates that only 7% of the respondents made donations to CSOs. Nevertheless, Moldovan CSOs also consider individual donations an important source of funding (20%) (Neicovcen et al. 2014).

### Institutional Environment

The European Union (EU) and foreign foundations are among the most important actors with a positive influence on the institutional environment surrounding CSOs. More than two thirds of the Moldovan respondents to the expert survey qualify this impact as positive (88% in the case of the EU and 78% in the case of foreign foundations), while the rest regard their impact as mixed.

Strength of influence	Negative influence	Mixed influence	Positive influence
Strong			European Union (4.91 - MP) Foreign foundations (4.7 - MP)
Moderate		Central government (3.83 - NMP) Media (3.82 - NMP) Local government (3.33 - NMP) Domestic foundations (3.28 - NMP) Churches (3.04 - NMP)	Individual donors (3.34 - PM)
Weak		Corporations (2.22 - NMP)	Think tanks, universities (2.95 - MP)

Note: In brackets: Average rating of strength (influence rated on the scale 1=No influence ... 6=Very strong influence); indication of the composition of answers on the type of influence (N=Negative, M=Mixed, P=Positive)

Table 6.5.1: influence of different actors on CSOs<sup>12</sup>

7 According to Article 28 of Law No. 837 of 17 May 1996 on Public Associations, the property of CSOs can be created from different sources, including entry and membership fees, donations and grants, organization of different events, income from one's own economic activities or from civil legal acts, external economic activities, material and financial means donated by sponsors and philanthropists, and, as a new addition, funds from percentage designations.

8 The survey was conducted among 30 anonymous civil society experts from the Republic of Moldova.

9 Excerpt from the responses to the online expert survey conducted in February and March 2016

10 The three ministries that contracted with CSOs were the Ministry of Labor, Social Protection and Family, the Ministry of Economy, and the Ministry of Culture.

11 The Law on Sponsorship is too vague, and the existing legal framework does not provide for any facilities/incentives for the business sector to support the activities of CSOs.

12 The experts were asked to assess the influence of a given list of actors on civil society and the direction of the influence exerted. The questions therefore read: "How influential are the following actors in the institutional environment of civil society in your country?" and "How positive or negative is their influence on the unfolding of civil society in scale and scope?"; see also Section 6.5.3, Method.

The group of actors with moderate influence can be divided in two parts according to the nature of their impact. All three types of influence (negative, mixed and positive) are mentioned by the experts in the case of central and local government, media, domestic foundations and churches. None of the respondents refers to a negative impact in connection with individual donors. Weak influence is attributed to corporations (with all three types of influence). Think tanks and universities also have little influence, but their role is assessed as rather positive. More details on the influence of different actors are provided below.

**Central government:** CSOs use a wide range of tools and mechanisms to influence government policies and programs. Cooperation is arranged through the National Council of NGOs as well as through councils of experts,<sup>13</sup> working groups and public debates organized by the ministries. The results of the expert survey highlight the fact that the government has a medium impact on the activities of CSOs. The respondents mentioned that “the areas of cooperation of CSOs with state institutions in the majority of cases is limited to organizing and conducting seminars, training courses and some advocacy activities. The cooperation is less oriented on direct involvement of CSOs in the process of development and implementation of public policies.” So far, no efficient mechanism of control over the state has been developed. The Law on Central Public Authority stipulates consultation with CSOs as a right, but not an obligation. The respondents to the expert survey expect that central public authorities will continue to show increased interest in collaborating with CSOs, as well as involving them in decision-making processes.

**Local public authorities (LPAs):** The respondents to the expert survey highlight the involvement of local government in the process of implementing social projects. In many cases, LPAs are project co-funders and are gradually taking over the services developed through joint projects. An important trend mentioned by the experts is that LPAs will involve local CSOs more and more in the decision-making process and contract with CSOs to provide services to the local population via sub-awards.

The donor community<sup>14</sup> remains influential in shaping the agenda of Moldovan civil society; this was also confirmed by the participants in the expert survey. Their assessment of how foreign donors’ influence will develop is somewhat ambivalent: Some expect it to decrease somewhat within the next decade, whereas others emphasize the donors’ agenda-setting power.

**European Union:** The EU provides important support to CSOs. With regard to their development, the expert survey highlights the very strong and positive influence of the EU as an important donor. According to the mapping study (Chiriac et al. 2014), around 25% of the 152 active organizations surveyed had already benefited from the financial support of the European Commission.

According to the expert survey, foreign foundations and agencies provide a broad range of support and have a high and positive influence on the development and activities of CSOs. The foreign foundations mentioned in the survey include the Pestalozzi Children’s Foundation, the Friedrich Ebert Foundation and the Heks Eper Foundation.

**Corporations, businesses:** In Moldova, CSOs have not developed an institutionalized, sustainable dialogue with businesses. Previous studies have found that there is a low level of satisfaction among CSOs regarding their relations with the private sector (Chiriac et al. 2014, Neicovcen et al. 2016). This is also confirmed by the expert survey.

In terms of funding, corporations exert little influence on CSOs. The private sector has made a limited and segmented contribution to reform in the field of social services. One trend highlighted in the expert survey is that corporations are expected to build up relationships with civil society through their corporate social responsibility programs and will thus become a strong pillar of civil society.

**Media:** CSOs cooperate actively with the media, with most organizations using it at least to some extent (Chiriac et al. 2014). The expert survey highlighted a medium influence and impact of the media on the activity of CSOs. The CSOs tend to contribute to strengthening the capacity of the media in raising awareness about social issues, by conducting training courses and/or developing guides on communication with and about vulnerable groups (children, persons with disabilities, etc).

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13 Example: the Council in the Ministry of Education for coordinating the process of deinstitutionalization and development of inclusive education.

14 The donor community in Moldova is represented by international and European organizations (EU Delegation to Moldova, United Nations Development Program and other UN structures, USAID, SIDA, Swiss Cooperation Office in Moldova, etc), diplomatic missions of various countries (US Embassy, British Embassy, Slovak Embassy), foundations (Soros Foundation Moldova, East Europe Foundation, SOIR, HEKS EPER, Pestalozzi Children’s Foundation) and funding programs of many other private and government donors outside the country (UN-DEF, European Endowment for Democracy, Visegrad Fund, Marshall Fund, Embassy of Canada).

**Domestic foundations:** Domestic foundations in Moldova rarely offer funding for CSOs and prefer to act in a targeted manner (e.g. Orange Foundation, Felicia Foundation). Usually, these foundations focus on supporting vulnerable groups, youth development and cultural activities.

**Churches/religious institutions:** The experts who participated in the survey consider that “the influence of church will decrease and civil society will rethink its values based on education rather than on [the] church’s principles”.

**Universities:** One of the trends highlighted by the experts in the survey is that “the role of universities will increase and their value in the society will be appreciated more”. Their influence on the activity of CSOs is perceived as positive. The universities that cooperate with CSOs in developing and implementing innovative projects include the Technical University of Moldova<sup>15</sup> and the Moldova State University.<sup>16</sup>

**Think tanks** act with the goal of promoting public interest and developing efficient and innovative policy solutions for sustainable development in Moldova. The leading think tanks in the country are the Expert Group and the Institute for Development and Social Initiatives (IDIS) “Viitorul”.

### 6.5.3 Mapping Civil Society

#### Method and Data Source

There is no single data source containing all relevant information on civil society in Moldova. The National Bureau of Statistics does not publish data on CSOs. The information on the number of CSOs can be found at the Ministry of Justice, which maintains the register of NGOs and publishes the list and the total number of registered organizations. Very important information on the status of civil society is provided by active CSOs that conduct research in the field, including IDIS Viitorul, the CONTACT Center, the Institute for Public Policies, the Legal Resources Centre of Moldova, etc.

Besides a desk review of the relevant studies and public policies in the field of CSOs, an online survey was conducted among a diverse pool of experts from the Moldovan civil society landscape in February and March 2016. Respondents were identified through snowball sampling and with the help of the author, Vienna University of Economics and Business, and ERSTE Foundation. A total of 30 anonymous experts with an average of 12 years of professional experience in civil society activities contributed to the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends.

#### Size and Role of Civil Society

Moldovan civil society is young, with a history of about 20 years. Currently, about 10,500 nonprofit organizations are recorded in the State Register of the RM. According to the Civil Society Development Strategy 2012-2015, only about 25% of the total number of CSOs are active and develop various projects and initiatives. Around 1,948 organizations are active, making for a per capita ratio of 1:1,000. The Strategy states that most registered organizations (approximately 65%) are located in the Chisinau municipality, although this administrative territorial unit represents only about 25% of the country’s population. According to the State Register, about 70% of the registered public associations are public-benefit associations (CTO Caraseni 2015). Regarding the CSOs’ fields of activity, an equilibrium between the social and educational fields characterizes Moldovan civil society. The table below presents the main fields of activity of CSOs from Moldova (organizations were able to indicate more than one field of activity).

15 Efficient cooperation established with the Moldova Association of Private ICT Companies at the IT Excellence Center Moldova (Tekwill)

16 CSOs in the field of inclusive education cooperate with the university (especially with the Faculty of Educational Science) in developing methodological guides and resources in the field of inclusive education. Another positive example is the cooperation of the Legal Resources Centre of Moldova with the Law Faculty in piloting the Master’s Program in Human Rights.

Field of activity	Percentage of organizations
Education and training	50%
Social services	40.8%
Community development	36.9%
Civic participation and advocacy	26.2%
Health and youth	19.2% (each)
Culture	16.9%

Table 6.5.2: main fields of activity of Moldovan CSOs<sup>17</sup>

The dominance of activities in the field of education and training (50%) derives from the existence of parents' associations in schools, which are classified as CSOs. Thus, the structure of the civil society sector points to the problematic status quo of the education and social protection sectors. Regarding the CSOs' target groups, their activities are mainly intended to support children and youth (60.3%), the elderly, pensioners and veterans (17.8%) and professional groups (17%). In addition, every 10th organization named state institutions as its main beneficiary, and an equal number of organizations are working for the benefit of disadvantaged people. Only 7.8% of the organizations report that they support other CSOs, while 4.6% provide services and support for women (Civil Society Development Strategy 2012).

The financial viability of Moldovan CSOs also affects their employment statistics. As a result, 67% of the CSOs from Moldova have full-time employees, 62.5% have part-time employees, and 29.5% of the organizations have no employees at all. Among the organizations that have full-time employees, 33% of CSOs employ 1 to 5 persons, 27% employ 6 to 10 persons, and only 7% have more than 10 employees. Regarding the percentage of part-time employees, 50% of all CSOs employ 1 to 5 persons on a part-time basis, no organization has 6 to 10 part-time employees, and 12.5% have more than 10 part-time employees.

At the same time, 86.5% of all Moldovan CSOs involve volunteers in their activities. Regarding the number of volunteers, 33% of the organizations have 1 to 5 volunteers, 40% have 6 to 10 volunteers, and 13.5% of the organizations have more than 10 volunteers (OCT Caraseni 2011). Volunteer work is a widespread phenomenon in the country. According to the National Bureau of Statistics (2015), in April 2015 almost 1.3 million people, which equals 42% of the total population aged 15 years and older, helped people from other families or worked without pay for the benefit of their community.

Position	Average monthly salary in CSOs	Average monthly salary in Moldova	Third sector
Coordinator	MDL 4,003.70 (EUR 178.52),		
Specialist	MDL 3,002 (EUR 133.85)	MDL 3,134.20 (EUR 139.75)	
Average salary			MDL 3502.85 (EUR 218)

Table 6.5.3: average salaries in 2011<sup>18</sup>

If we compare the average monthly salary of an NGO member, which was MDL 3,002 (EUR 133.85) in 2011, with the national average wage of MDL 3134.20 (EUR 139.75), it is clear that the average salary of NGO employees is lower.

### Culture

According to the 2015 CSO Sustainability Index (USAID 2016), 16.9% of all Moldovan CSOs represent the culture sector. In Moldova there are around 78 intercultural CSOs that make an important contribution to realizing the rights of ethnic groups in the preservation, development and expression of their cultural, linguistic, religious and ethnic traditions (Council of Europe/ERICarts 2015).

CSOs in the field of culture are mainly supported by foreign donors, such as the Soros Foundation in Moldova, the European Cultural Foundation, the Open Society Institute, the Council of Europe, the Swiss Cooperation Office, UNDP Moldova and the Eurasia Foundation.

<sup>17</sup> USAID 2016

<sup>18</sup> Caraseni 2011



An important role in ensuring the sustainability of CSOs' activities in this field is played by the state fund allocated for financing cultural projects. The projects are financed on the basis of the "Regulation regarding the modality of financing cultural projects implemented by civil society organizations from the state budget", approved by Government Decision No. 834 of 10 August 2014. The Ministry of Culture administers the fund for cultural projects. The total amount of budget allocations for 2017 amounts to MDL 2 million. The amount of funding available for a cultural project is up to 50% of the total cost, but no more than MDL 100,000 per project.

Impactful	Young Artists Association Oberliht	The association aims to mobilize emerging artists in order to improve their professional skills and contribute to their integration in the international artistic context.
	Center for Art and Professional Development ARS DOR	The goal of the association is to provide consulting, training and capacity-building programs for the cultural sector of Moldova. The organization implements socio-cultural projects meant for the revival of society through culture and creating cultural alternatives for youth.
Innovative	Public Association "Ca Lumea"	The association's goal is to preserve and promote Moldova's heritage and cultural identity, as well as to create a bridge between various forms of traditional and contemporary art. The most important projects are The Christmas Tree Ball, an annual competition for art students, Mai Dulce, The Sweet Traditions Festival, the Lavender Fest, and Ia Mania, a festival inspired by folk art.
	Center for Contemporary Art	The Center aims to promote the cultural forms and practices of art that reflect the dynamics of social, political and economic transformations of society. It supports advocacy activities in promoting cultural policies suitable for defining and strengthening the position of the artist and contemporary art practices in society.

Table 6.5.4: examples of civil society actors in the field of culture<sup>19</sup>

### Social Services

The percentage of CSOs in the field of social services comes to 40.8%, and the role of CSOs in the field of social services is very important. The government has recognized the value of many CSOs' services and entered into working relationships with a number of CSOs to provide services in health, prevention of human trafficking, and public awareness. The Ministry of Labor, Social Protection and Family was the first ministry to sign contracts with CSOs for services, partnering with La Strada International Association to launch and operate a children's helpline (USAID 2014).

The Law on the Accreditation of Social Service Providers requires all CSOs providing social services to undergo an accreditation process in order to be awarded contracts by the authorities. In 2015, 50 out of 70 applicant organizations were accredited. This represents an increase compared to 2014, when only 27 out of 63 applicants were granted accreditation (USAID 2015).

Many organizations develop innovative services based on the needs of beneficiaries, provide support in developing the regulatory framework in the field, and promote the services to be undertaken by central and local public authorities. In this way, the sustainability of the services is ensured.

Impactful	CCF Moldova	CCF Moldova is a leading national organization which supports the central and local public authorities in implementing the 2014-2020 Child Protection Strategy and (draft) Action Plan. ERSTE Foundation and United Nations Development Program have presented the organization with awards for implementing innovative and impactful programs in child protection.
	Keystone Human Services	Throughout the years, this association has contributed to developing and promoting social services that facilitate the process of deinstitutionalization and social inclusion of persons with mental disabilities.
Innovative	Speranta Center	Founded in 1998 as a first alternative service for children with disabilities and their families. Over the years, the Center has contributed to developing innovative services that facilitate the process of social and educational inclusion of children with disabilities.
	Caritas Moldova	The association has a diverse group of beneficiaries: homeless persons, elderly people, persons with disabilities, persons with severe pathologies, etc. The main directions of activity include community development, social and medical assistance, education, prevention and youth, organizational development, lobbying and advocacy.

Table 6.5.5: examples of civil society actors in the field of social services<sup>20</sup>

<sup>19</sup> The examples presented here and in the other parts of Section 6.5.3 were selected from the suggestions of 30 anonymous Moldovan experts surveyed in spring 2016.

<sup>20</sup> The examples presented here and in the other parts of Section 6.5.3 were selected from the suggestions of 30 anonymous Moldovan experts surveyed in spring 2016.

## Advocacy

According to the CSO Sustainability Index, Moldovan advocacy organizations made significant progress in 2014 in comparison with 2013 (USAID 2013 & 2014). In 2015, CSOs' level of cooperation with central and local authorities did not change significantly (USAID 2015). Based on the mapping study (Chiriac et al. 2014), over 68% of all CSOs<sup>21</sup> use advocacy and activism in order to achieve their goals.

CSOs became more informed and skilled in their advocacy due to numerous organizational development programs. In their advocacy activities, however, the CSOs face constraints such as deficient legislation on advocacy, a lack of clear regulations on lobbying, and limited access to public information, which impedes the conduct of appropriate analyses and the development of recommendations (Chiriac et al. 2014). The expert survey results also highlight the clear need to develop a legal framework that supports civil society advocacy. The cooperation of CSOs with government is mostly organized through the National Council of NGOs, which represents the entire sector (USAID 2016).

Positive results achieved by CSOs active in the field of advocacy include the following:

- Ratification of the UN Convention on the Rights of Persons with Disabilities and adoption of Law No. 60 on the Social Inclusion of Persons with Disabilities;
- Adoption of Law No. 121 of 25 May 2012 on Ensuring Equality;
- Amendments to the Law on HIV/AIDS, including banning all forms of discrimination, border crossing restrictions and denial of residence permits because of HIV.

Impactful	Legal Resources Centre of Moldova (LRCM)	LRCM has extensive expertise in analyzing the activity of and reforming the justice sector, representation before the European Court of Human Rights (ECHR), ensuring equality and non-discrimination, as well as promoting reforms for an enabling environment for civil society organizations.
	Promo-LEX	This organization aims to advance democracy in Moldova, including in the Transnistrian region, by promoting and defending human rights, monitoring democratic processes and strengthening civil society.
Innovative	National Women's Studies and Information Center "Partnership for Development"(CPD)	CPD aims to develop and strengthen resources and mechanisms of equal empowerment of women and men to promote gender equality in the Republic of Moldova by means of lobbying and advocacy.
	Center for Legal Assistance for Persons with Disabilities (CLAPD)	Advocacy for ratification of the UN Convention on the Rights of Persons with Disabilities. CLAPD created and coordinated the activities of a network of 62 organizations involved in genuine advocacy actions.

Table 6.5.6: examples of civil society actors in the field of advocacy

## Social Enterprises

CSOs increasingly engage in social entrepreneurship in order to improve their financial sustainability. Some of the most popular fields of work for social enterprises are manufacturing, catering and social services for vulnerable people. In October 2015, the NGO Eco-Razeni organized the first National Conference on Social Entrepreneurship in Chisinau.

The East European Foundation (EEF) is among the active supporters and funders of social entrepreneurship projects developed and implemented by ten CSOs from Moldova. The expert survey results highlight the trend among CSOs toward developing social entrepreneurship projects that foster the social inclusion of vulnerable groups. However, the experts are concerned that the existing legal framework does not stipulate the conditions for creating, launching and developing social enterprises.

The development of social entrepreneurship is an urgent need, that CSOs have been reiterating for quite some time in their dialogue with governmental authorities. To this end, a group of CSOs prepared a draft law on social entrepreneurship in 2013. The draft law was subject to repeated discussions in 2015, but unfortunately, the promotion of this initiative has been very cumbersome. The pessimistic finding is that draft laws prepared on the social entrepreneurship platform will evolve in Moldova only with the support of foreign donors.

Impactful	Public Association "Eco-Razeni"	Eco-Razeni created the first social enterprise that provides training and employment opportunities for youths with disabilities. The social enterprise has two types of activities: catering and growing vegetables in greenhouses.
	NGO C.I.S.T.E. "CERTITUDINE"	This NGO provides paper recycling services and uses the revenue for its organizational development.
Innovative	Mara-Women Association	This enterprise creates jobs for rural women by selling hand-made products, including dresses, skirts, tops, sweaters, beanies, etc.
	ProAbility	This organization, which created the "New from New" social enterprise, focuses on facilitating the social and economic inclusion of visually impaired persons in Moldova.

Table 6.5.7: examples of social enterprises

### 6.5.4 Trends and Outlook

Assessments by experts can help us to understand the expectations, hopes and fears in Moldovan civil society and to formulate educated guesses about its future. To this end, the expert survey described above also contained a section, in which respondents were asked to name trends that they expect to influence civil society in the next 10 to 15 years. The answers were content-analyzed by two raters independently in order to identify trend patterns in distinct categories (Stemler 2001). These trends have been classified into the four groups displayed in Table 6.5.8.

#### Continued influence of foreign donors

Foreign donors will remain influential in shaping the agenda of Moldovan civil society. The expected development of their influence is ambivalent, as some expect it to decrease somewhat within the next decade, whereas others emphasize their agenda-setting power.

"Unfortunately, in Moldova the majority of CSOs are project-oriented and do not have an organizational vision and mission. They are dependent on grants proposed for different interventions by international organizations or foundations [...]. In 10-15 years, the CSOs could learn how to develop the organization and how to plan strategically to address different social, economic, political issues in society."

"In Moldova, CSOs are mainly donor-driven and adopt a fragmented, project-based approach limiting their overall impact. There is a need for promoting and strengthening the financial sustainability of the civil society sector."

#### Increased cooperation between CSOs and the public sector

Central as well as local governments will continue to show increased interest in collaborating with CSOs as well as involving them in decision-making processes.

"Collaboration between NGOs and central authorities will increase and NGOs will have a greater voice in decision-making process and the development and implementation of public policies and laws"

#### Increased involvement of CSOs in policymaking

In line with the increased cooperation between (local) governments and CSOs, the latter will increasingly be involved in policy dialogue.

"The central and local governments involve CSOs in the development and public consultations of public policies".

"Strengthening the capacity of civil society can be accomplished by lobbying and monitoring the laws that prescribe the state obligations in terms of contributing to the implementation of the activities promoted by NGOs. Currently, the area of cooperation of NGOs with state institutions is limited to organizing and conducting seminars, training courses and some advocacy activities, but does not reflect the direct involvement of NGOs in the development of public policies and decision-making".

#### More diversified funding

CSOs will tap into more diverse sources of funding.

"More NGOs will raise funds in their communities and will diversify their sources of income. This will bring NGOs and local communities closer and will make NGOs more accountable and transparent in spending the funds."

"Currently NGOs depend to a great extent on funding from foreign donors. In the upcoming years civil society will have to diversify funding streams in order to be sustainable."

Table 6.5.8: frequently mentioned trends and sample quotes

First, the experts see as a major trend in “the continuous influence of foreign donors on the activities of CSOs in Moldova”. Funding from foreign donors is the primary source of income for Moldovan CSOs. Thus, the existence of institutions that organize capacity-building programs will, hopefully, strengthen the capacities of CSOs in the diversification of fundraising resources as well as maintaining cooperation with the donor community. A related trend is “more diversified funding”. The national legislation (Article 28 of Law No. 837 of 17 May 1996 on Public Associations) provides CSOs with the opportunity to derive their property from different sources.<sup>22</sup> Hopefully, the newly adopted “2% Law” will contribute to diversifying sources of funding. This trend is also linked to another one highlighted by the respondents to the expert survey, namely “more private donations”. The participants in the expert survey consider that “corporations will tend to be closer to civil society through their social responsibility programs but also will become a strong pillar of the civil society having more influence via advocacy and lobbying”.

Another major trend highlighted by the experts is the “increased cooperation between CSOs and the public sector”. It is expected that Moldovan organizations will have a greater voice in the political decision-making process and will be more involved in the development and implementation of public policies and laws. The CSOs start to understand the importance of ensuring the sustainability of the services and programs developed. Therefore, they try to develop and maintain a good cooperation with the state at all stages of the projects.

The development of CSOs in Moldova is also possible thanks to the existence of highly professional capacity builders that contribute to the professionalization of civil society organizations. Among the organizations that provide capacity-building programs for CSOs, the following can be highlighted: the Center for Organizational Training and Consultancy (CICO), CONTACT Center, Expert Group and Caraseni Consulting and Training. An important role in strengthening the organizational capacities of CSOs is played by FHI 360 and the European Center for Not-for-Profit Law (ECNL). Donors that support this process include USAID, EEF and the Swedish Organization for Individual Relief Moldova.

CSOs in Moldova need to strengthen their capacities to be active and independent development actors in order to expand their constituency and representativeness. It is also necessary to build up capacities of civil society, so it can become a stronger actor in governance and accountability and get more systematically involved in policy dialogue and monitoring the implementation of existing policies and reforms.

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22 According to national legislation, the property of CSOs can be derived from different sources, including entry and membership fees, donations and grants, collections from the organization of public lectures, exhibitions, lotteries, tenders, sports and other kind of activities, income from the organizations' own economic activities, civil legal acts and external economic activities, material and financial means donated by sponsors and philanthropists, and funds from percentage designations.

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## ANNEX

Organization	Website
The Christmas Tree Ball	<a href="http://klumea.eu/category/balulbrazilor/">http://klumea.eu/category/balulbrazilor/</a>
Mai Dulce – The Sweet Traditions Festival	<a href="http://klumea.eu/category/maidulce/">http://klumea.eu/category/maidulce/</a>
Lavender Fest	<a href="http://klumea.eu/2015/lavender-fest-2015-mai-mult-de-10-motive-ca-sa-vii/#more-4942">http://klumea.eu/2015/lavender-fest-2015-mai-mult-de-10-motive-ca-sa-vii/#more-4942</a>
Ia Mania	<a href="http://klumea.eu/category/iamania/">http://klumea.eu/category/iamania/</a>
CCF Moldova	<a href="http://ccfmoldova.org/en">http://ccfmoldova.org/en</a>
Keystone Human Services	<a href="http://www.keystonemoldova.md/en/index.php">http://www.keystonemoldova.md/en/index.php</a>
Speranta Center	<a href="http://www.speranta.md">www.speranta.md</a>
Promo-LEX	<a href="http://www.promolex.md">www.promolex.md</a>
National Women's Studies and Information Center "Partnership for Development"(CPD)	<a href="http://www.progen.md">www.progen.md</a>
Mara-Women Association	<a href="http://shop.marawoman.org/">http://shop.marawoman.org/</a>
ProAbility	<a href="http://www.proability.md">www.proability.md</a>

Table 6.5.9: websites of mentioned organizations



## 6.6 Country Report: Montenegro

Zlatko Vujović

### ABSTRACT

Even though the beginnings of civil society activism in Montenegro were recorded as early as the 15<sup>th</sup> century and certain forms of it existed during the communist era, we can only refer to CSOs in a modern meaning of the word after the introduction of the multi-party system in 1990. The initial activism of non-governmental organizations in the 1990s was characterized by conflicts with the government and a lack of trust on the part of citizens, but over the years these organizations have gained the trust of the public. The legal framework does not provide sufficient incentives for civil sector development, especially when it comes to the allocation of public funds, which is often associated with irregularities. Although non-governmental organizations in Montenegro are very influential, they are also very vulnerable due to their dependence on foreign donors' support; this is especially true of those organizations which are critical of the government's performance in the fight against corruption, organized crime, violations of human rights and the rule of law. Ever since the introduction of a multi-party system in Montenegro, the same political party has formed the government: Montenegro has been governed by the same political party (DPS), alone or in coalition with other political parties, whereas the opposition has remained weak and predominantly nationalistic. Thus, CSOs have a corrective function when it comes to public policy creation. Such a position in society makes them the targets of some pro-government media outlets which strive to diminish the CSOs' reputation in the eyes of the public. Attacks against the NGO sector come not only from structures close to the government, but also from the nationalist opposition parties.

### 6.6.1 Introduction

#### Relevant Characteristics of Montenegrin Society

In 2006, Montenegro renewed the independence that it was formally granted at the Berlin Congress in 1878. From 1918 until 2006, Montenegro formed part of a state union that existed under different names (the Kingdom of Serbs, Croats and Slovenians/Yugoslavia, socialist Yugoslavia, Milosevic's Yugoslavia and the state union of Serbia and Montenegro). Apart from that, segments of Montenegrin territory formed part of the Austro-Hungarian Empire (the Bay of Kotor and part of the coastal area) and of Ottoman Turkey during the monarchy prior to 1918.

Tendencies toward pillarization in society: For a long time, Montenegrin society faced deep identity divisions, starting from the reign of the Karađorđević dynasty in the 19<sup>th</sup> century, which caused a relatively open conflict between the new Serbian Karađorđević dynasty and the Montenegrin Petrović-Njegoš dynasty. Both dynasties intended to take the throne of a united state of Yugoslavia that was to be formed after the end of World War I. In that period, the Karađorđević dynasty backed its supporters in Montenegro to form a powerful political party dedicated to promoting the annexation of Montenegro to Serbia. The end of World War I led to the occupation regime established by Serbian military units, followed by the unconstitutional annexation of Montenegro to Serbia and its integration into the Kingdom of Yugoslavia. The conflict between the supporters of the two dynasties, that is, supporters and opponents of the unification with Serbia, left deep marks on Montenegrin society, and it is still the fundamental line of societal divisions. Despite Montenegro being an independent country with European Union candidate status and NATO "invitee" status, the issue of identity remains a predominant one in its political scene, population (2011: 46% Montenegrins, 26% Serbs), religion (two orthodox churches with different national marks: the Montenegrin and Serbian Orthodox Church) and culture (different names for the same language:<sup>1</sup> Montenegrin and Serbian). The line of division is the same, but it has different manifestations. Thus, we cannot speak of pillarization as such, but we can certainly identify such tendencies.

Transformation of identity: After renewing its independence in 2006, Podgorica initiated the process of NATO accession in line with its strategic EU-integration orientation. From a historical point of view, this was a dramatic shift from the traditional reliance on Eastern-Orthodox identity to building an identity relying on Euro-Atlantic integration. The issue of NATO integration has deepened the existing divisions in Montenegrin society and, in part, overlaps with the Montenegrin/Serbian identity division, which has now been partially transformed into a Western/Eastern division (Eastern meaning Russian-Serbian).

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1 Apart from these two nations, Bosnians and Croats use almost the same language and name it after their respective nationalities (Bosnian and Croatian).



Single political party domination: The introduction of the multi-party system in 1990 did not result in the fall of the ruling communist party (SKCG, the League of Communists of Montenegro). Instead, this political party changed its name (DPS, Democratic Party of Socialists) and continued to rule independently (1990-1997), in larger pre-electoral coalitions (1998-2001, 2002-2012), in post-electoral coalition arrangements (2012-2016) and also as part of a minority government (2001-2002).

The dissolution of DPS into two political parties in 1996, which caused the party to lose the absolute majority in the Montenegrin parliament, strengthened the further democratization of Montenegrin society. According to Darmanovic (2015), the year 1997 can be considered the beginning of the second democratic transition<sup>2</sup> in Montenegro, since the first democratic transition<sup>3</sup> was completed with the 1996 breakdown of what used to be a communist party, according to the same author. The long governance of a single party that emerged from a communist party placed a burden on the democratic transition and respect for the rule of law. Party affiliation is a predominant condition for employment in the public sector, which is particularly problematic, given that one political party has been governing for a long period of time and that approximately 35% of the country's total number of registered employees are, in fact, employed in the public sector (Ministry of Internal Affairs 2013). This statement was proven by the "recording affair" and the "sealed resignations" affair. In the first affair (Vijesti 2013), audio recordings from the DPS Election Committee, aired in February 2013, showed that the rigging of parliamentary elections in October 2012 relied on employment in the public sector or through publicly funded programs (with the famous equation: 1 new employee = 4 new votes for DPS). In the second affair, the public learned that employees appointed by a political party in the public sector had to submit sealed resignations to the Prime Minister, who could put those resignations into effect at any moment (Institute Alternative 2014:25). Party influence on the labor market generates a high level of corruption and slows down democratic processes. The "recording affair" and the "sealed resignations" affair remain essentially unresolved, exposing the lack of accountability in Montenegrin politics (Freedom House 2015). According to the results of a UNODC survey (2011), within a period of three years, at least one family member in 25% of households had applied for a job in the public sector, and 41% of those who applied got the job. Of those whose applications were successful, 9% admitted to bribery, while almost 70% "of those who did not get a job think that somebody else was employed due to cronyism, nepotism or bribery (60%) or the payment of money (9%)." Opposition parties find this situation frustrating, so they often advocate for non-institutional change of government, which has a destabilizing effect upon society. However, despite all of the above-mentioned problems, Montenegro has signed the NATO Accession Protocol and is expected to become a member of that organization within a year. In addition, at the time this paper was written (May 2016), Montenegro had opened 22 chapters in EU negotiations, had temporarily closed two chapters, and was about to open two more chapters (Ministry of Foreign Affairs, 2015). Among the EU candidate countries, Montenegro is currently the one that has made the most progress toward acquiring EU membership.

### Typical Characteristics of Civic Engagement in Montenegro

Active citizenship and volunteerism are not very well developed in Montenegro. However, public opinion research conducted by the Center for Monitoring and Research (CeMI) in March 2016 showed that 4% of the respondents were members of some non-governmental organization, in contrast to the 12% of respondents who indicated they were members of a political party. According to the CSO Database (TACSO 2016:39), civil society organizations are mostly active in the following areas: 1) culture (656), 2) civil society development and volunteerism (267), 3) protection of human rights and freedoms (267), 4) environmental protection (254), 5) arts (240), 6) social and health protection (239), 7) institutional and non-institutional education (233), and 8) agriculture and rural development (221).

2 "In the second new transition, this regime has entered unexpectedly with another clash within the ruling elite. This clash was different from the January 1989 one, because this was a clash within the narrowest ruling circle. Paradoxically, the clash happened just after a convincing victory of the DPS over the united opposition in the parliamentary elections of November 1996. The public and opposition were shocked by the sudden conflict within the ruling party. The conflict had typically post-communist institutional character – president vs. prime minister – one branch of the executive power against the other. However, in this case, institutional form was more accidental, while its substance was of another nature" (Darmanović 2015:18).

3 "Even though it was a federal unit in common state with Serbia, Montenegro has had a somewhat different path of transition. Of course, there are similarities, due to a high influence of the Milosevic regime to political processes in Montenegro. For example, in Montenegro, just like in Serbia, two transitions took place. Comparatively speaking, the first transition had similarities with the Romanian situation, but without violence. In the wave of Milosevic's populist 'anti-bureaucratic revolution', the old communist management structure in Montenegro was overthrown in a coup d'état that took place [on] January 10-11, 1989. The coup d'état was characterized by mass demonstrations in the capital, Podgorica, where several thousand people gathered with a demand to remove the state and party leadership. Similarity with the Romanian situation, rather than that in Czechoslovakia or Eastern Germany, was the fact that it was a clash within the communist elite, which was, both systematically and spontaneously, orchestrated with civic rebellion. The fact that all leaders of the [protest movement] were members or officials of the League of Communists of Montenegro and Yugoslavia, or the so-called socio-political organizations such as the SSRN (Socialist Workers' Union) or SSO (Socialist Youth Union) was indicating that this was a clash within the elite. Also, after the success of the coup, a new political party was not created, but the leaders of the movement simply [took over] the main functions within the League of Communists of Montenegro" (Darmanović 2015:13).

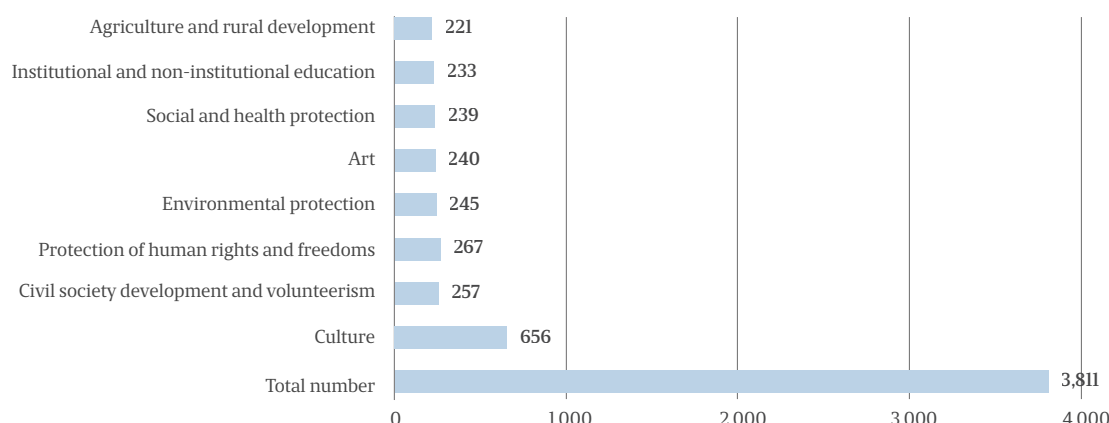


Figure 6.6.1: number of CSOs by field of activity<sup>4</sup>

### Legal Framework

There is no commonly accepted definition of civil society. The European Commission has suggested that the term “civil organizations” includes labor-market players, organizations representing social and economic players which are not social partners in the strict sense of the term (e.g. consumer organizations), NGOs, CBOs (community-based organizations), organizations set up at the grassroots level which pursue member-oriented objectives, i.e. youth organizations, family associations and all organizations through which citizens participate in local and municipal life, and religious communities (European Commission 2002).

In Montenegro, there are numerous laws that affect these different actors in civil society, such as the Law on Youth, the Law on Religious Groups and, most importantly, the Law on Non-Governmental Organizations. The latter regulates the establishment and activities of registered civil society organizations in Montenegro and will be discussed in further detail in the section below on the legal framework for NGOs.

### Legal Framework for Civil Society in General

Groups of citizens and independent civil initiatives that do not operate through NGOs, business sectors, churches or political parties are not very common in Montenegro. Depending on the legal framework, they may take part in public discussions on laws, strategies and policies, the adoption of municipal development programs, spatial and urban planning, the budget, and general acts that regulate the rights and obligations of citizens and local authorities. Forms of direct civic participation in expressing views and in decision-making processes include initiatives, citizens' initiatives, citizens' assemblies, referendums (local and municipal) and other forms of expression and decision-making regulated by municipal statutes, such as petitions and complaints (Law on Local Self-Government).

When it comes to labor-market players that are independent of the government, the country has trade unions and NGOs, such as the Montenegrin Employers' Federation. The Constitution and Labor Law define working conditions for trade unions and stipulate that the trade unions should be registered with the Ministry of Labor and Social Welfare (Law on the Representativeness of Trade Unions).

Regarding community-based organizations other than NGOs, it is important to mention that laws on education oblige elementary and secondary schools, as well as universities, to have representative bodies. In addition, all levels of pre-university education, including kindergartens, are required to have functioning parents' councils. In addition, the Law on Youth (2016) provides for the establishment of youth organizations, organizations for young people, youth clubs, youth centers, youth councils, non-formal youth groups, information points and student parliaments. Youth organizations and organizations for young people are defined as NGOs. Art and culture groups are either registered as NGOs or operate under restored companies.

Professional associations, associations of people with disabilities, patients' associations and consumer protection organizations are also registered as NGOs. In 2015, consumer associations were granted the opportunity to be financed by the government (Official Gazette No. 40/2015) but this mechanism is yet to be implemented. Humanitarian organizations other than the Red Cross operate as national or international NGOs. The activities and funding of the Red Cross of Montenegro are regulated by a specific law (Law on the Red Cross; Official Gazette No. 28/2006).

A more detailed Law on Religious Groups was recently drafted but has also been criticized by many religious groups. The current law defines basic rules for the recognition of religious groups and their relationship with the state. These groups must register with the local police authorities. There are 19 active religious groups in the country: the Serbian Orthodox Church, the Montenegrin Orthodox Church, the Islamic Community of Montenegro, the Roman Catholic Church, the Church of Christ's Gospel, the Catholic Mission Tuzi, the Christian Adventist Church, the Evangelistic Church, the Army Order of Hospitable Believers of Saint Lazar of Jerusalem for Montenegro, the Franciscan Mission for Malesia, the Biblical Christian Community, the Bahá'í Faith, the Montenegrin Community, the Church of Jesus Christ of Latter-Day Saints (Mormons), and the Buddhist, the Protestant, the Jehovah's Witnesses and the Jewish communities. Apart from the Serbian Orthodox Church, all of them are registered. Due to a lack of official data, sports and recreational groups, non-formal art groups and church groups are not discussed in this article.

### Legal Framework for NGOs

In May 2016, a total of 3,940 civil society organizations were registered as non-governmental organizations in Montenegro. 3,811 of them were CSOs with membership (NGO associations), and 129 were CSOs without members (NGO foundations). The Montenegrin Law on Non-Governmental Organizations regulates the establishment and activism of CSOs in Montenegro. The first law to regulate this field was adopted in 1999 but later amended multiple times. The current version of the law was adopted in 2011. The country introduced the multi-party system under a legal framework that recognized the concepts of citizens' associations and social organizations. Specifically, Montenegro adopted the Law on Citizens' Associations in 1971 (Official Gazette No. 30/1971).<sup>5</sup> This law provided only one legal form of citizens' association – an association that could be formed only by 10 adult citizens. The Law on Citizens' Associations and Social Organizations (Official Gazette No. 25/1984) of 1984 introduced a new form of citizens' organization, namely the social organization. Social organizations such as the Hostel Association, the Scouts' Association and vocational associations were financially supported by the state and enjoyed organizational autonomy, but they were not free in expressing their political views, whereas citizens' associations were aimed at more particular interests of the citizens. Similarly, citizens' associations were not allowed to comment on political processes. The situation was slightly better in other Yugoslav republics. The Law on Association of Citizens from 1990 (Official Gazette No. 23/1990) introduced a third model of political organization of citizens, which created the legal conditions for the formation of political parties. The first Law on Political Parties was adopted in 2004.<sup>6</sup> At that time, the law regulated political activism in general. The first Law on Non-Governmental Organizations was adopted in 1999 (Official Gazette No. 27/1999). Today's Law on Non-Governmental Organizations (Official Gazette No. 39/2011) differentiates between two forms of non-governmental organizations: (1) non-governmental associations, i.e. organizations with membership, and (2) non-governmental foundations, i.e. organizations without membership. In addition, CSOs registered in other countries can also operate in Montenegro.

As Montenegro has acknowledged the significance of cooperation between CSOs and the state, the Law on State Administration stipulates the ministries' "obligation to establish cooperation with CSOs, especially by consulting the NGO sector on legal and other projects that regulate respect for the rights and freedoms of the citizens".<sup>7</sup> In the meantime, a law that defines options for the implementation of such cooperations has also been adopted (Official Gazette No. 38 /2003).<sup>8</sup> There is no legal framework on social entrepreneurship, meaning that social enterprises are not officially registered in Montenegro. Numerous NGOs incorporate some elements of social entrepreneurship in their activities, but examples of registered companies operating as social enterprises are rare (Nenezic & Kalezic 2016:26).

### Visibility of Civil Society

Civil society organizations in Montenegro enjoy significant support from the public. CeMI's research from March 2016 showed that 49% of the respondents had a positive attitude toward CSOs (CeMI 2016), whereas the CRNVO/IPSOS survey from April 2016 showed that support for CSOs was as high as 47% (TACSO 2016:35). For the sake of comparison, only 33% of the respondents expressed trust in political parties, which placed them last on the list of institutions that citizens trust. The TACSO draft report published in May 2016 concludes that the media are very supportive of CSOs' activities, primarily those dedicated to the issues of corruption, human rights, rule of law, European integration and good governance. The TACSO/IPSOS research conducted in April 2016 therefore showed that about half of all CSOs consider their visibility to be at an appropriate level (TACSO 2016:43).

5 Transitional provisions stipulate that the provisions of the Law on Citizens' Associations (Official Gazette No. 5/1965) no longer apply. However, an examination of that issue of the Official Gazette (No. 5/1965) revealed that no such law was published.

6 The non-governmental organization CeMI, supported by the signatures of 6,000 voters, exercised its constitutional right to propose a Law on Political Parties. The Parliament of Montenegro adopted the proposed law during a regular session. Representatives of this NGO took part in the work of parliamentary boards and the debate with MPs at a plenary session of the Parliament.

7 Article 80 of the Law on State Administration provides that cooperation with NGOs should be specifically implemented by: 1) consulting the non-governmental sector about legal and other projects and regulations governing the realization of rights and freedoms of citizens, 2) enabling participation in the work of working groups for the consideration of issues of common interest, or for the normative regulation of specific issues, 3) organizing joint public discussions, round tables, seminars, other forms of joint activities and other appropriate forms; 4) informing about the content of the work program and of reports on activities of state administration authorities.

8 Decree on the procedure and manner of developing cooperation between public administration bodies and non-governmental organizations, and the decree on the procedure and manner of conducting public debate on law preparation.

## 6.6.2 Historical Development and Main Actors

### Historical Developments

CSOs in Montenegro before 1989: The beginnings of civil society activism in Montenegro (before 1945): When Montenegro gained independence at the Berlin Congress in 1878, it was a very poor country. Afterwards, it achieved significant economic progress due to the expansion of its territory at the Berlin Congress (Montenegro doubled its territory incorporating a few more towns), but that progress was stopped by the loss of independence in 1918. This marked the start of a period of great poverty and social degradation. The first indications of civil society formation were different forms of philanthropic activism, which were mostly popular among Montenegrins from Boka Kotorska, part of the Venetian Republic at the time. The first philanthropic association, which was an initial form of what we now call nonprofit organizations, was the Brotherhood of Kotor Seamen (Bratovstvin akotorskih pomoraca). This organization still exists (Bokeljska mornarica). Its Rules of Agreement were adopted in 1463 and registered in Venice in 1491. This association took care of seamen and their families if and when they needed socio-economic help. Philanthropy was not as developed in the central part of Montenegro as it was on the coast. Even though a class of wealthy people had formed by the end of the 19<sup>th</sup> century, they did not realize the need to help those in need. One notable exception was King Nikola and his wife, Queen Milena, who provided support for the Red Cross of Montenegro (Papović 1999:20).

Freedom of association in Yugoslavia (1945-1989): In communist Yugoslavia, “legal regulations of freedom of association were adopted on a federal level, so that all republics had to comply with the same federal law, up until the 70s of the 20<sup>th</sup> century” (Bezovan & Ivanovic 2006:12). Afterwards, a special law of the republic defined procedures for the registration of non-governmental associations and social organizations. Social organizations supported by the state were predominant in society.

CSOs in modern Montenegro (since 1989): The development of the civil sector since the introduction of the multi-party system in Montenegro can be divided into five phases. The key factor taken into consideration when defining these five stages is the attitude of the state toward non-governmental organizations, which reflects the relationship of the state to some of the most important values promoted by key non-governmental organizations: human rights and freedoms, rule of law and the fight against corruption.



Figure 6.6.2: timeline of developments for modern CSOs

Initialization phase (1990-1996): The term “initialization” is used in computer science to denote the formatting of a section in order to enable the initial realization of activities; this is a fitting description of this phase in the development of Montenegrin civil society. The introduction of the multi-party system provided space for the free association of citizens, which was previously not the case. This format was also used by the first political associations: the Association for the Improvement of Democratic Processes (April), the Association for Democratic Initiative in Yugoslavia (September) and the Democratic Alternative (December) (Vujović et al. 2005: 27). These were followed by the establishment of other citizens’ associations, some of which gathered former dissidents, whereas others fought for the protection of Montenegrin identity (Matica Crnogorska, PEN Center) in the most active period of expansion of nationalist support for Slobodan Milosevic and the idea of “Greater Serbia”. In addition, nationalistic groups and military veterans formed CSOs. The first modern CSOs founded in this period were CEDEM (1995), Juventas (1996) and ZID (1996).

Liberalization phase (1997-2000): The process of liberalization started with the change in relations between the Montenegrin and Serbian governments,<sup>9</sup> together with increased activism on the part of foreign foundations such as the Soros Foundation. The ruling party (DPS) initiated new alliances with the EU and the USA as a consequence of its inner divisions and constant attacks from Milošević's supporters in both Serbia and Montenegro. The new allies clearly intended to weaken Milošević's regime with Djukanović's help, but also by strengthening the role of CSOs in the democratization process. This change in relations significantly increased the number of foreign embassies and foundations in addition to the Soros Foundation, which provided support for the civil sector. CSOs thus saw gradual growth, and the vast majority of them were against Milošević.

Expansion phase (2001-2006): The fall of the Milošević regime created space for NGO activism. The establishment of numerous funds led to the creation of organizations that were previously considered unnecessary. This period was marked by the creation of more specialized CSOs that focused on strengthening civil society resources, such as CRNVO (1999) and MANS (2000), election monitoring, as in the case of CeMI (2000) and CDT (2000), other aspects of rule of law (e.g. CGO, EMIM and IA), and specific target groups, such as the Association of Youth with Disabilities of Montenegro, CAZAS or the SOS Telephone for Women Victims of Violence. The government was very open to cooperation, especially in the period prior to the referendum for Montenegrin independence, when opposition parties boycotted the work of the parliament (2004). During that period, the decision-making process was basically simulated, and the social dialogue included only the government and CSOs, as the vast majority of opposition parties excluded themselves from this process.

Consolidation phase (2007-2012): During this stage, numerous CSOs started using more and more EU funds following the establishment of the Delegation of the European Union to Montenegro. The introduction of EU funding brought about more rigid procedures, but also the constant support of the EU and other foreign donors for NGOs. These processes strengthened one part of the Montenegrin civil society by supporting the improvement of technical and other resources, transparency and the role of NGOs in decision-making processes at both the local and national levels. Key CSOs were not only those active in the field of rule of law and in the fight against corruption, but also the emerging CSOs that provided services and represented marginalized groups. The issue of LGBT rights was also raised (Juventas in 2009), and the first LGBT organizations were established, namely the LGBT Forum Progress (2010) and Queer Montenegro (2012). The civil sector, in particular CSOs fighting against corruption, had become more influential than the opposition parties in Montenegrin society. The civil society sector became ready to make a joint impact on anomalies in society. The bond between the EU and CSOs was visible and strong in this period, as they considered themselves partners on the road toward implementing reforms.

However, the period after the renewal of independence was marked by severe conflicts between the ruling DPS and CSOs. Specifically, after the influence of Belgrade and of the parties controlled by it in Montenegro was marginalized, the ruling parties in Montenegro started to react sharply to criticism coming from civil society. These tensions continued to grow in the period after 2012.

Stagnation phase (2013-present): This period has been characterized by an almost-open conflict between the coalition of ruling parties and key CSOs. The entry of the Serbian tabloid "Informer" and the television channel "Pink M" in the media market resulted in what experts had expected: not only did these new media outlets clash with opposition parties due to false statements, but they also continually cast a negative light on NGO personalities on their cover pages. This clash was followed by many obstructions and a lack of will to cooperate. Nevertheless, despite strong resistance from the government, the NGO sector prevailed and successfully pressured the government into creating conditions that allowed the first Montenegro PRIDE parade to be organized in the capital in 2013. The parade was organized by Queer Montenegro with the support of almost all of Montenegrin civil society, and it has now become a regular event. However, in this period, CSOs have occasionally been subject to strong attacks from the opposition block DF, which saw a dramatic decrease of support (from 24% to 8%) after the departure of one of its constituents. DF has sought to change this trend by radicalizing its relations not only with the ruling party, but with foreign representatives and key non-governmental organizations. This period also saw a crisis emerge in 2013, when the official results of the presidential elections were not accepted by the opposition parties, and the "recording affair" revealed conversations about high officials abusing state resources. Eventually, an attempt was made to resolve the crisis by forming a concentration government (Government of Electoral Trust). Representatives of the opposition parties have now become part of the government, but one of the ministers was appointed from the NGO sector. Within their respective quotas, the opposition parties showed interest in appointing more CSO leaders to government positions because they lacked experts within their own ranks.

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9 In the above-mentioned period, the political parties forming the Montenegrin government led by Prime Minister Milo Đukanović were in confrontation with the federal and Serbian Government led by the President of Federal Yugoslavia, Slobodan Milošević. Milošević lost the federal presidential election held in 2000 after massive ballot fraud had been revealed.

## Funding Sources

There is no official data about the total yearly income of CSOs in Montenegro, so a review of the share of individual sources in total funding is missing as well. However, thanks to the TACSO report, information about state outlays for non-governmental organizations is available (TACSO 2016). State resources can be divided into four groups: 1) Games of Chance Fund, 2) Commission for the Allocation of Funds to Non-Governmental Organizations (Parliament of Montenegro), 3) Fund for the Protection and Realization of Minority Rights, 4) state administrative bodies, and 5) local governments. The available data shows that “total allocations for the NGOs from the state budget were reduced from EUR 4 million in 2010, to EUR 1.7 million in 2013. Presented as a percentage of the current budget of Montenegro, these allocations were reduced from 0.73% in 2010, to 0.24% in 2013” (TACSO 2016:16). Thanks to an NGO advocacy campaign, allocations to CSOs from the state budget have been increasing since 2013. In 2013, they came to EUR 1,910,541,<sup>10</sup> in 2014 EUR 2,293,311, and in 2015 the total allocations amounted to EUR 3,371,990.<sup>11</sup> This is a positive trend given that the government of Montenegro, i.e. the Ministry of Finance, has been unlawfully reducing allocations from the Games of Chance Fund, a fact that was pointed out in the State Audit Institution’s report of July 2014. According to the CRNVO analysis, “funds that were allocated and planned by the Budget in the period from 2008-2015, are approximately EUR 8 million less than they had to be under the Law on Games of Chance” (TACSO 2016:17). It is important to note that the Commission for the Allocation of Funds to Non-Governmental Organizations of the Parliament of Montenegro had EUR 740,000 earmarked for a five-year period, but has not allocated any of these funds to CSOs. The allocation of funds to CSOs has often been challenged; it is predominantly influenced by the ruling political parties and followed by a lack of respect for legal procedures which infringes on the equal treatment of CSOs in the selection and approval of projects. There are also special reasons for concern in the Fund for the Protection and Realization of Minority Rights.<sup>12</sup>

Legal and fiscal incentives for funding CSOs: TACSO conducted an analysis of legal and fiscal incentives, and the draft report for 2016 repeats the findings of the 2014 report: “Individuals and legal entities may deduct up to 3.5 percent of the total (untaxed) income for expenditures for health, educational, scientific, religious, cultural, sport, humanitarian and environmental purposes.” This incentive, which is stipulated in the Law on Corporate Income Tax and the Law on Personal Income Tax, covers a very limited number of areas of public interest. As there are no official statistics, it is not possible to analyze the impact of these legal provisions. There is a very limited number of tax exemptions, such as foreign grants and donations. Like services provided by CSOs, they are not subject to VAT, but “CSOs are broadly speaking [...] subject to the same VAT regulations (payable at the standard rate of 19 percent as of 2013) as commercial enterprises, although CSOs do not have to register for VAT if their total annual income is less than the statutory limit of EUR 18,000.00” (TACSO 2016:12). So, if their income from services provided on a commercial basis is higher than EUR 18,000.00 per year, they have to register for VAT.

Role of foreign donors: Foreign donors are the key source of CSOs’ funding, especially when it comes to CSOs that do not provide services, but instead deal with topics such as rule of law, anti-corruption activities, good governance and human rights protection. The biggest donor is the EU, which provides funds through different programs: the IPA Civil Society Facility, EIDHR, the Regional Civil Society Facility (RCSF), the Framework Partnership Agreement, IPA Cross Border Cooperation (CBC), Erasmus+, Europe for Citizens, Euromed and Adriatic. The Instrument for Pre-accession Assistance (IPA) is used by the European Union to support countries that are potential or current candidates for EU membership. At the moment, these include Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Kosovo, Montenegro, Serbia and Turkey. Over a period of seven years, from 2007 to 2013, the IPA had a budget of approximately EUR 11.5 billion; its successor, IPA II, will build on the results already achieved by dedicating EUR 11.7 billion for the 2014-2020 period<sup>13</sup> (European Commission 2015). However, the programs listed above are intended not only for CSOs, but also for local governments, enterprises and educational institutions. Unlike the EU, other donors are in the process of withdrawing from Montenegro. The diminishing funds have raised concerns over the sustainability of the NGO sector. Of all Scandinavian donors, only the Royal Norwegian Embassy in Belgrade is still active. The Embassy of the Netherlands in Belgrade is very active and especially interested in matters related to Chapters 23 and 24 of the acquis.<sup>14</sup> Embassies based in Podgorica have very limited funds. The US Embassy had comparably high funds at its disposal, but USAID and its various implementation agencies have closed their programs. In addition, the British and German embassies in Podgorica provide some small-scale financial support for CSOs in Montenegro. This is also the case with the Embassy of Canada to Serbia, Macedonia and Montenegro. Among the bilateral sources of donations, the following grant opportunities should be mentioned: Visegrád Fund, grants of

10 This amount does not include allocations from local government budgets to NGOs.

11 Without contributions from the Fund for the Protection and Realization of Minority Rights

12 For years, the work of the Fund was criticized by NGOs, State Audit Institution and the European Commission, which concluded in its 2013 Progress Report for Montenegro that the Fund for the Protection and Realization of Minority Rights continues to operate with notable irregularities, especially when it comes to budget allocations and the implementation of projects (TACSO 2016:20).

13 More information is available at [http://ec.europa.eu/enlargement/instruments/overview/index\\_en.htm](http://ec.europa.eu/enlargement/instruments/overview/index_en.htm)

14 Chapters 23 (Judiciary and Fundamental Rights) and 24 (Justice, Freedom and Security) of the acquis are considered the most important ones in the EU negotiations process, but also the first and the last chapters to be opened and closed, since Montenegro is expected to make significant and consistent progress in those areas.

the Ministry of Foreign Affairs of Japan, grants of the Ministry of Foreign Affairs of the Republic of Poland, grants of the Embassy of Hungary to Montenegro, small grants from the Slovak Republic, and small-grant programs of the Turkish International Cooperation and Development Agency.

Individual philanthropy is not well developed, and companies rarely provide funds for NGOs. Examples of corporate responsibility funds include those of Telekom, Telenor and Niksić Brewery. Table 6.6.1 provides an overview of important sources of income for Montenegrin CSOs according to different databases.

Indicator (source)	Year (source)		
	2013 (Through Cooperation to Goals)	2014 (CRNVO/ TACSO)	2014 (Ademi 2015)
Number of NGOs included in study	94	128	1137 <sup>15</sup>
Total income (in EUR)	4,024,407	4,221,574	19,889,292
Total income of donations and grants (in EUR)			15,876,546
Public sources (in EUR)	749,377	911,284	
Foreign donations (in EUR)	3,034,087	3,084,940	
Individual donors	74,066		
Corporations	24,645		
Commercial activities	37,767		
Memberships	14,945		
Paid taxes (in EUR)	354,656		2,412,946

Table 6.6.1: sources of funding for CSOs

#### Institutional Environment

In the WU Vienna expert survey,<sup>15</sup> 22 Montenegrin respondents rated the influence of different actors on the development of CSOs. Their views are presented in the following paragraphs, together with comments from the author of the study. The European Union plays the most important role in civil society development in Montenegro, followed by the public sector, foreign foundations and the media. The only institutions that are considered to have a negative influence on CSOs are religious institutions, whose influence has been assessed as weak.

Strength of influence	Negative influence	Mixed influence	Positive influence
Strong			European Union (5.4, PM)
Strong		Central government (4.7, MN)	
Moderate			Foreign foundations (4.4, PM)
Moderate		Media (4.1, MP)	
Moderate		Local government (3.4, MN)	
Weak			Universities (2.9, PM)
Weak		Domestic foundations (2.7, MP)	
Weak	Churches/religious institutions (2.6, NM)		
Weak		Corporations (2.5, M)	
Weak			Individual donors (2.5, PM)

Note: In brackets: Average rating of strength (influence rated on a scale from 1=No influence ... 6=Very strong influence); indication of the composition of answers on the type of influence (N=Negative, M=Mixed, P=Positive)

Table 6.6.2: influence of different actors on CSOs<sup>16</sup>

<sup>15</sup> For more details about the survey, please refer to Section 6.6.3, Method and data sources.

<sup>16</sup> Source: Expert Survey 2016. The number of experts who rated the influence of different actors varied from 19 to 22.

Central and local government: Most of the anonymous experts find that the government has a strong influence on the CSO sector, whereas only one person believes that the government does not affect the position of CSOs. The experts who are convinced of the government's influence did not characterize it as positive, but rather mixed or negative (Table 6.6.2). The reasons for these assessments can be found in the following circumstances: Firstly, the central government in Montenegro has not changed for a long period of time, as mentioned above. This government thinks of watchdog and advocacy CSOs as threats to their control over state resources, social policies and part of the media, and the government even engages in unlawful surveillance of CSOs (European Commission 2015:17), yet it has not terminated cooperation with them. Secondly, the government is in charge of allocating funds to NGOs, which even showed a diminishing trend in one period, but recently there have been some limited improvements in the transparency of the allocation process. Thirdly, despite very well-envisioned mechanisms for cooperations between CSOs and the government, form still comes before substance in cooperation with CSOs, and there is a need for improved transparency in cooperation (European Commission 2015:818). The new Council for the Development of Non-Governmental Organizations has been in operation since 2014. It is a multi-sector body consisting of representatives of both, governmental institutions and CSOs, and its main task is to monitor the strategy for developing CSOs and the relevant sections of the action plan for Chapter 23 (European Commission 2015:8). Participating NGOs have shown dissatisfaction with its work and even issued a statement on a boycott of its work in September 2016 (Dan 2016). Multi-sector bodies with stronger influence have a tendency to be put out of commission. Examples of such bodies include the National Commission for the Fight against Corruption and the Council for the Fight against Discrimination.

When asked about local governments, the experts agreed that this level is less influential and has a slightly more negative influence, with the exception of one expert who thought local governments produced an entirely positive impact (Table 6.6.2). The situation varies across municipalities. All municipalities provide funding options for NGOs, but they often lack transparency and clear procedures. As an exception, local governments treat CSOs as important partners in addressing local problems and help them in different ways, for example by providing municipal premises for their work (CRNVO 2013:18). On the other hand, the situation in other municipalities resembles that of the national level. The City of Podgorica, which is home to the largest number of active CSOs, does not set a very good example in terms of cooperation with CSOs, especially in the fields of urban development, rule of law and social services. Citizen participation is very limited at the local level. Despite legal mechanisms for citizens' participation in the decision-making process, these mechanisms are rarely used, mostly due to the lack of information given to citizens and the lack of necessary logistical and technical assistance (CRNVO 2013:15).

Public funds: The largest number of CSOs are dependent on public funds, although public funding does not dominate in the overall income of all CSOs in the country. CSOs have an influence over the allocation of these funds at both the central and local level, but preference is still given to the number of approved projects rather than their substance. The reason for this attitude is the belief that it is better to provide partial funding for a large number of NGO projects than to assess each project's potential impact and quality and to provide full funding for fewer projects. More detailed information was provided in the previous section. The allocation of public funds should be more transparent and of higher quality, and financial resources should be increased in accordance with the current law. The public funding decision-making process should return to the ministries, and the purposes for which public funds are granted to CSOs should be broadened. This would also improve cooperation between CSOs and certain ministries.

Media: The media is one of the key actors in the NGO development process. The anonymous experts who took part in the survey found the media to be very influential, and none of them thought that the overall impact of the media was negative (Table 6.6.2). Cooperation between CSOs and certain media outlets is very intensive, and it is of utmost importance for the rule of law and human rights. CSOs also have representatives in the Agency for Electronic Media and the Council of Radio and Television of Montenegro. The elections of representatives to both councils in the 2014-2016 period were conducted – with procedural irregularities – by the Administrative Committee of the Parliament of Montenegro.<sup>19</sup> In gen-

17 "Relations between CSOs and the government have occasionally been overly adversarial and characterized by distrust, especially on the political situation, the rule of law and fundamental rights. Instances of government bodies undertaking unlawful surveillance of CSOs and using administrative intimidation and legal threats have been reported and proven with court verdicts. It is a matter of concern that some civil society activists have been repeatedly targeted on a personal basis by local media through smear campaigns" (European Commission 2015).

18 "Greater transparency is needed in government procedures for cooperation with and consultation of CSOs, especially in legislative drafting" (European Commission 2015).

19 According to the regulation on the procedure for exercising cooperation between state administration and NGOs (2012), representatives of NGOs are chosen within their sector based on the number of letters of support collected from relevant NGOs. In the case of the above-mentioned agencies, candidacy and letters of support are to be evaluated and verified by the Administrative Committee of the Parliament. Between 2014 and 2016, there were three elections for representatives of NGOs in the bodies for media regulation. In all three cases, the Administrative Committee voted for representatives of one NGO who did not have the highest number of support letters over representatives who had collected more. Now, two seats reserved for NGOs in the Agency for Electronic Media of Montenegro are occupied by representatives of one NGO, and both of them were selected on the basis of procedural irregularities in the Montenegrin Parliament. The Agency for Electronic Media of Montenegro and the Council of Radio and Television of Montenegro decide on programs of public media and, to some extent, on the funding of all media.



eral, the process of selecting NGO representatives for different state administrative bodies, not only those related to media regulators, must be regarded as “compromised”.

CSOs were involved in scaling up the capacities of media self-regulatory bodies (HRA 2016) and the transparency of media funding, especially from public sources (CCE 2015). However, not all of the media have a positive attitude toward the NGO sector. For instance, in 2014 a shameful and brutal negative campaign was conducted against eminent leaders of the NGO sector by a daily tabloid (the “Informer”) and one TV channel with national reach (TV Pink M). The campaign continued in 2015, albeit with less intensity.

**The European Union:** In the WU Vienna expert survey, 22 anonymous experts from Montenegro found that the EU had the strongest positive influence on CSOs (Table 6.6.2), and the vast majority of them thought this influence was positive, whereas five experts found it mixed and none considered it negative. The impact of the EU is manifold. Firstly, the EU invests significant funds in the civil sector, and it is the largest individual donor. Secondly, EU integration has led to the transformation of society in the fields of rule of law, democracy, human rights and the environment, which is precisely what influential NGOs aim to achieve. Thirdly, the EU – as one of the most important political actors – continuously emphasizes the significance of civil society through its activities and reports, highlights the necessity for better working conditions for NGOs, and fosters social dialogue between state institutions and NGOs through recommendations and other mechanisms. CSOs have participated actively in Montenegro’s EU accession process through numerous activities conducted independently or in cooperation with the public sector. Here it is important to emphasize that Chapter 23 (Judiciary and Fundamental Rights) and Chapter 24 (Justice, Freedom and Security) of the *acquis* were among the first chapters Montenegro opened in its EU accession negotiations. These chapters cover topics of special interest for prominent CSOs and are expected to remain open until the end of the negotiation process.

**Other international donors:** Foreign foundations and agencies have a moderate to strong influence on Montenegrin CSOs (Table 6.6.2). In the WU Vienna survey, the anonymous experts assessed the influence of those foundations and agencies as mainly positive, with a few experts considering them mixed. The influence of those donors is significant, but was stronger in the past, when they allocated more funds than the EU or the state administration. Moreover, some of the organizations that were considered donors in the past are now being transformed into foundations/agencies which compete for the same funds as domestic CSOs in EU or government calls for proposals (e.g. UN agencies, German aid, etc.).

**Individual donors:** In the WU Vienna expert survey, 22 respondents indicated that individual donors have, on average, a weak influence on CSOs (Table 6.6.2). Philanthropy is not well developed in Montenegro (TACSO 2016:48). Nevertheless, a certain number of CSOs are financed through membership fees (TACSO 2015:169-176). CSOs that are mostly based on volunteer activities, such as the Parents Association<sup>20</sup> or the Food Bank,<sup>21</sup> predominantly base their activities on limited in-kind contributions from individual donors or corporations.

**Corporations:** On average, corporations were rated as having a weak to mixed influence on CSOs (Table 6.6.2). The conclusion is that they have not yet gained importance for NGO development. There are exceptions involving successful, well-established cooperation and public calls for project ideas, but they are rather negligible in terms of their reach and impact. It would be necessary to promote these examples in order to increase the number of corporations that cooperate with the NGO sector.

**Domestic foundations:** The respondents to the WU Vienna survey found the impact of domestic foundations to be low and mostly mixed (Table 6.6.2). None of the experts said this influence was negative. There are two types of domestic foundations related to the topic of this study. The first are those which are financed through public competitions (as are CSOs) and later allocate their funds to other organizations through their own competitions in order to strengthen NGO capacities (e.g. the FAKT Foundation). Foundations of the second type are financed from other sources and allocate most of their funds to CSOs; an example of this type is the Petrović Njegoš Foundation, which is financed from the state budget of Montenegro.

**Universities and think-tanks:** Anonymous experts rated academic institutions as somewhat influential (Table 6.6.2), with their impact being more positive than mixed. Apart from the institutes registered by NGOs, universities and scientific institutes do not conduct research on civil society development, but there are examples of good cooperation in the field of social work and social policies, health care and pedagogy.

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20 The Parents Association is supported by members, individuals and companies. More information is available at <http://www.roditelji.me>.

21 More information is available at <http://www.bankahrane.me>

Churches/religious institutions: The impact of religious institutions was found to be mostly negative, but not of importance to CSOs (Table 6.6.2). Here, one should bear in mind that churches and religious institutions may have been assessed on the basis of their attitudes toward the values CSOs advocate for, which are often opposed to traditional religious teachings. On the other hand, some foundations that are linked with religious institutions, such as Caritas, have traditionally enjoyed good cooperation with other CSOs, and in part they have even assisted in the sector's development. Only a few CSOs are visibly active in the field of inter-religious tolerance.

### 6.6.3 Mapping Civil Society

#### Method and Data Sources

Montenegro faces a lack of statistical data in all areas. One of the least-covered areas is the civil society sector. Nevertheless, there are some data illustrating the state of affairs, although there are no official state reports on the number of employees in CSOs, average personal income, the total income of CSOs per year, or the number of volunteers, to name just a few examples.

The Ministry of the Interior manages an online database containing key information about registered CSOs in Montenegro. In addition, specialized CSOs such as CRNVO and TACSO regularly carry out surveys and analyses on the position of the CSO sector. Their reports and analyses were used in this research. Other studies, predominantly conducted by CSOs as well as various experts, were also used. In addition, an online survey was conducted among a diverse pool of experts on the Montenegrin civil society landscape. Respondents were identified through snowball sampling and with the help of the authors, the Vienna University of Economics and Business (WU Vienna) and ERSTE Foundation. A total of 13 anonymous experts with an average of 13 years of professional experience in civil society activities completed all sections of the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends.

#### Size and Role of Civil Society

As mentioned above, there were 3,940 registered CSOs in Montenegro as of May 2016, most of which are non-governmental organizations, and only some of which are foundations. One way to assess the number of active organizations is to use the reports submitted to the Department of Public Revenues as an indicator; these reports were filed by 1,050 NGOs in the financial year 2013 (TACSO 2016:37).

The largest number of NGOs (1,522) are based in Podgorica, whereas 363 CSOs are based in Nikšić; both cities form part of the central region of Montenegro. These two cities are followed by the city of Bar in the southern region (253 CSOs) and the city of Bijelo Polje in the northern region (199 CSOs) (TACSO 2016:38). Despite the promising fact that one NGO representative has a seat on the Statistical Council and that the Statistical Office of Montenegro has a person responsible for communication with CSOs (as do other bodies of the state administration), state authorities still do not have any legal provisions or internal procedures that would regulate statistics and records that refer to CSOs. Therefore, there is a general lack of official data about CSOs' employees and volunteers, income (domestic and foreign donations, commercial activities, membership fees, etc.), offices and technical equipment (TACSO 2016:38).

The "Through Cooperation to Goals" coalition, the largest platform of active CSOs in Montenegro, published financial reports of its 94 member organizations which generated EUR 4 million in income in 2013. Of that total figure, EUR 750,000 came from domestic sources, whereas the income from commercial activities amounted to EUR 25,000. International donations came to just over EUR 3 million, or 75% of CSOs' total income. Some of the coalition members are financed through membership fees, which amounted to approximately EUR 15,000, or 0.4% of the total. Member organizations paid EUR 354,656 in state taxes and benefits, which equals about 50% of the funds allocated to CSOs from public sources (Through Cooperation to Goals 2014).

The Report on the Economic Value of the Non-Profit Sector in the Countries of the Western Balkans & Turkey indicates that CSOs' income is derived primarily from donations (79.8%). Income from economic activities was estimated at a full 15.2% of total income, whereas 5% of CSOs' income came from other sources (Ademi 2015). However, the authors of the report expressed concerns about the reliability of data gathered from the tax administration, which had served as the primary source.

Furthermore, the above-mentioned report finds that Montenegro has the largest ratio of CSOs per citizen in the region (one NGO per 188 citizens). The income of CSOs accounts for 0.58% of the GDP; the total income of NGOs, according to the report, amounted to EUR 19,889,292 in 2014, and the average income per CSO (EUR 6,027) was among the lowest in the region. However, if we assume that there are 1,050 active CSOs, the average income per active NGO comes to approximately EUR 19,000. The report also pro-

vides data about the number of employees in the nonprofit sector (766), which is 0.37% of the total number of employed persons in Montenegro. According to the TACSO report, “CSOs [...] paid EUR 2,412,945.79 for taxes and benefits, which is significantly above the amount of EUR 1,852,738.57 the state allocated to CSOs in 2014” (TACSO 2016:18-20). Since the total income from donations to CSOs was EUR 15,876,546 in 2014, it is possible to conclude that CSOs import at least EUR 14 million to Montenegro through foreign donations, paying approximately EUR 2.5 million directly to the state budget for taxes and benefits. Nevertheless, the Montenegrin TACSO office warned in its 2016 draft report that these data are not complete, as they were calculated on the basis of data that the Tax Administration was able to extract from available documents (TACSO 2016:39).

The Strategy for the Development of Non-Governmental Organizations in Montenegro 2014-2016 concludes that there are no official records that would provide more detailed information on NGO finances, but the annual business overviews submitted by 209 CSOs in 2010 show that over 70% of CSOs have an annual income of less than EUR 10,000, whereas only 12.9% of them have annual incomes over EUR 50,000.

The legal framework established by the Law on Volunteering adopted in 2010 and the revisions passed in 2012 and 2015 merely provide a definition of unpaid work, while complicating volunteer activities and introducing numerous administrative and financial barriers. No data are available on volunteer engagement, in spite of its actual presence in CSOs, the Red Cross, other legal entities, informal groups and educational institutions. For instance, the largest secondary school in Montenegro, the Gimnazija Slobodan Škerovic, has the country's largest operational volunteering club, which includes about 200 active volunteers. This volunteering club was formed during the school year 2006/07 with the support of the NGO Association for Democratic Prosperity (ZID) (Gimnazija Slobodan Škerovic 2016). It has been announced that there will be amendments to the Law on Volunteering and that measures will be introduced in order to foster volunteerism through the country's youth strategy, which will be prepared by the end of 2016.

The law prohibits “corporate volunteering”, even if it is organized outside the official working premises of commercial companies. The action plan for Chapter 23 in the EU accession process calls for the adoption of the amended Law on Volunteering. Although this measure was slated for 2014, it has not yet been realized (TACSO 2016:13). In its 2015 report on Montenegro, the European Commission found that “some progress was made in improving cooperation between the government and civil society organizations, especially concerning the latter's [sic] participation in the accession process, where civil society continued to play an active role. Conditions conducive to voluntary work, civic activism and social entrepreneurship need to be created” (European Commission 2015:4). Only a few organizations are active in the field of international mobility of volunteers. Data from the Register of NGOs, which is administered by the Ministry of the Interior, show that the largest number of CSOs are active in the fields of culture (656), the protection of human and minority rights (267), the arts (240), formal and non-formal education (233), agriculture and rural development (221), social and health protection (239), civil society development and volunteerism (267), and environment protection (254) (TACSO 2016:39).

## Culture

As mentioned above, the largest number of registered NGOs are active in the field of arts and culture (TACSO 2016:39). Yet only a small number of NGOs focuses primarily on culture, is truly active in their field, and has significant income. The main problem these organizations face is the radical reduction of funds at their disposal. Specifically, since 2012, the Ministry of Culture has provided funds for the profit sector only. This resulted from the introduction of a new Law on Non-Governmental Organizations that went into effect in 2012, which called for the centralized funding of NGOs and the amendment to Article 71 of the Law on Culture, which explicitly forbids NGOs to participate in calls for project proposals issued by the Ministry of Culture (Law on Culture 2012). Article 71 of the Law on Culture was changed without public discussion (Government of Montenegro 2012:5). NGOs have launched a few initiatives prior to and after the amendment to the Law on Culture in order to prevent or change the decision (Group of Intellectuals 2011, Through Cooperation to Goals 2016, Expedition 2016). The only source of financing for CSOs is the funds allocated by the Commission for the Allocation of Revenues from Games of Chance, only 12% of which are aimed at projects in the field of “Culture and Technical Culture” (approximately EUR 222,000 in 2013). Some limited amounts can also be allocated to NGOs by local-level authorities if local governments identify culture and art as priorities. Other possibilities for funding cultural projects which do not involve social engagement are extremely limited. Due to the lack of investment in the field of culture, NGOs do not have sufficient capacity to develop and implement projects financed through EU grant schemes, such as the Creative Europe program. Professional associations, such as the Association of Fine Artists of Montenegro (AFAM), can be also funded from membership fees or through organized events. AFAM is one of the most influential professional associations of artists, along with the PEN Center or the Montenegrin Association of Independent Writers (CDNK). In the field of publishing, there are

only few influential organizations, such as the Open Cultural Forum and the newly established organization “Žuta kornjaca”. Some NGOs are affiliated with for-profit companies, especially following the decision of the Ministry of Culture to distribute funds only to individuals and producing/publishing companies.

The engagement of prominent NGOs in advocacy and services has notably increased in the field of culture. These organizations often partner with cultural NGOs and use artistic forms such as film, theater and literature to point out problems in society. Innovative tools are used by organizations such as the Alternative Theater Active Company (ATAK), which even produced a theater show with prison inmates in 2015, and Koala Production, which has received awards in international festivals for its socially engaged documentary movies. Socially engaged art is the focus of prominent organizations which have prevailed – despite inappropriate working conditions – thanks to their achievements in the field of culture and art. Examples of such organizations include Expeditio,<sup>22</sup> the Center for Civic Education<sup>23</sup> and Juventas.<sup>24</sup>

Impactful	Association of Fine Artists of Montenegro (AFAM)	Since its establishment, this association has been one of the major supporters of current artistic life and the driving force behind the opening of many galleries, salons and other exhibitions in Montenegro.
	Open Cultural Forum (OKF)	The Open Cultural Forum (OKF) was founded in Cetinje in 2001. The organization provides support for literature and publishing in Montenegro.
Innovative	Alternative Theater Active Company (ATAK)	The NGO ATAK is an association of freelance artists, professionals and students. ATAK is known for its original, socially engaged and powerful theater performances.
	Koala Production	Koala is known for its socially engaged film productions covering issues in the lives of marginalized groups.

Table 6.6.3: examples of civil society actors in the field of culture<sup>25</sup>

### Social Services

The Law on Social and Child Protection adopted in 2013 reformed the organization of social protection, which is now based on the principles of an individual and holistic approach to the user. Among other principles, the Law prescribes “pluralism of services and providers of social and child protection, also provided by CSOs “ and “partnership and association between different activities and programs at the local level in particular“ (Article 7).

In 2012 and 2013, a total of 285 social services were provided by 175 providers for 27,587 users in Montenegro. Social education services and counseling services are the most readily available ones (58.8%), whereas shelter accommodation is the least common service offered (2.8%). In 80.5% of all cases, the services are provided by NGOs (Radoman 2013). Examples of civil society actors in the field of social services are given in Table 6.6.4. Juventas provides a full range of social services for at least 1,500 people per year, mainly from the following populations: drug addicts, sex workers, Roma, LGBT persons, prisoners, youth at risk of social exclusion. The SOS Telephone for Women and Children Victims of Violence from Podgorica received 1,135 calls and provided services to 290 people in 2015.

Other examples include the Parents’ Association, which is known for its ability to mobilize large numbers of people and to engage professionals, sometimes on a voluntary basis, to provide services for people in need. The Association of Youth with Disabilities is also an example of a well-developed organization that provides a range of self-support and professional services for its benefactors.

22 KoTo(R) o Kotoru – A community theater documentary play entitled KoTo(R) o Kotoru, jointly produced with the assistance of the theater director Petar Pejaković, with the citizens of Kotor as actors.

23 For example, the goal of the Fast Forward Human Rights Film Festival is to raise awareness among the citizens of Montenegro about the relevance of human rights as well as their protection and promotion, and to foster a system of values which underpins harmonious relations between different people, whatever the grounds for their difference.

24 The organization’s theater forum on corruption in high schools aims to increase the integrity of young people by producing theater pieces and personalized videos at high schools.

25 Source: Expert Survey 2016

Montenegrin law and bylaws define procedures for licensing services provided by NGOs, the standards NGOs should comply with in order to license their services, as well as the procedure for the accreditation of experts who provide social protection services. Many of the organizations that provide services do not comply with requirements related to space or human resources. The process of licensing has not yet been initiated, and the lack of clear procedures for all levels of standardization raises concerns (Zekovic 2016).

The new Rulebook on Standards for the Accreditation of Training Programs, which applies to programs for providing services, the manner of conducting the procedure for program accreditation, and the content and form of the certificate (Official Gazette No. 58/2015), has enabled NGOs to accredit training programs for experts in the field of social and child protection. In this way, clear standards and procedures are introduced in NGOs' activities, but on the other hand they impose a bureaucratic burden and a demand for a long-term strategy that is quite challenging in light of the short implementation periods of most projects. The issue of the definition and functionality of the NGO financing model remains open in spite of the reformed institutional framework for social protection services and the introduction of an apparently broader spectrum of financing options for services offered by non-governmental organizations.

Impactful	Juventas	Juventas is one of the leading service delivery NGOs as well as a policy research NGO focusing on drug addicts, sex workers, the Roma population, LGBT persons, prison inmates, and youth at risk of social exclusion.
	SOS Podgorica	The SOS Hotline Podgorica provides services for women and children who are victims of violence.
Innovative	Parents' Association	The Parents' Association is a relatively young organization which gathers large number of volunteers and provides services intended for child development and support for parents.
	Association of Youth with Disabilities	The Association of Youth with Disabilities of Montenegro develops numerous services in the fields of education, employment, social protection and health aimed at increasing the independence of persons with disabilities.

Table 6.6.4: examples of civil society actors in the field of social services<sup>26</sup>

### Advocacy

Unfortunately, statistical data is generally lacking in this field as well. Most of Montenegro's prominent NGOs are recognized for their public advocacy achievements in the field of European integration (CCE, CEMI, European Movement in Montenegro), rule of law and human rights (HRA, MANS, IA, CEMI, Association of Youth with Disabilities, Queer Montenegro, Young Roma, Women's Rights Center, Juventas), combating corruption (MANS, IA, CEMI, CCE, CRNVO), environmental protection (Green Home, Expeditio, CZIP), poverty reduction and the improvement of social policies (Juventas, SOS Podgorica, HRA). The TACSO report finds that "only a small number of CSOs have [the] analytical capabilities which are necessary for social research, public advocacy and policy dialogue" (TACSO 2016:42).

Since 2009, Montenegrin NGOs have had opportunities to receive training in evidence-based advocacy in the field of public policy. Only two organizations, specifically the Center for Monitoring and Research (CeMI) and CEDEM, have expertise in quantitative research, whereas at least 18 NGOs have experience in conducting qualitative or some quantitative research and applying those skills in their advocacy work (SEEDS Survey dataset, CeMI 2016).

Thanks to investments in capacity building, CSOs have also been able to improve their administrative and human resources. Nevertheless, working conditions have deteriorated over the past few years. Donors who traditionally provided support for advocacy activities have reduced their involvement. This decrease in donor support (with the exception of the European Commission) has happened for various reasons. Montenegro was categorized as an upper middle-income country in the World Bank classification in 2016. Overall respect for the rule of law and fundamental rights and freedoms have, in fact, improved in the country despite new threats at the global and European level, such as open conflicts, radicalization and the rise of right-leaning governments, human and natural disasters, and the migration crisis, on which donors focus more heavily. At the same time, CSOs have recently been targeted by frequent attacks from the media and structures controlling the media.

The advocacy impact of CSOs is also influenced by the fact that voters have been deprived of the right to propose laws<sup>27</sup> directly to the Parliament. A new opportunity for high-impact advocacy has been created by the introduction of mandatory cooperation between state bodies and NGOs, and by the state actors' obligation to include representatives of the NGO sector in all bodies in charge of writing laws and strategies, to inform and invite NGOs to public debates, and to include NGO representatives in each chapter of the country's EU accession negotiations.

Even though the number of NGOs active in the field of public advocacy is small, their impact is quite important, especially when it comes to the rule of law, human rights, the fight against corruption, environmental protection and the development of the NGO sector. Table 6.6.5 lists examples of such civil society actors.

Impactful	Network for Affirmation of the NGO Sector (MANS)	MANS is Montenegro's leading watchdog NGO in the area of combating corruption and organized crime.
	Center for Monitoring and Research (CeMI)	CeMI is one of the country's leading think tanks in the field of election monitoring, anti-corruption and the rule of law.
Innovative	Center for Civic Education (CCE)	CCE is one of the leading advocacy NGOs in the field of democracy, human rights and active citizenship.
	Institute Alternative (IA)	IA is one of the leading think tanks focusing on good governance, transparency and accountability.

Table 6.6.5: examples of civil society actors in the field of advocacy<sup>28</sup>

### Social Enterprises

Social entrepreneurship is still in its initial phases in Montenegro. Despite initiatives for regulation in this field, social entrepreneurship is not treated as a separate legal category under Montenegrin law. The Law on Social Entrepreneurship was drafted in 2013, but it has not been approved or adopted. However, social entrepreneurship is mentioned in several Montenegrin strategies: the National Strategy for Sustainable Development of Montenegro until 2030, the Montenegrin Vocational Education Development Strategy 2015-2020, the National Strategy for Employment and Human Resource Development 2016-2020, the Strategy for the Development of Non-Governmental Organizations with its Action Plan 2014-2016, the Strategy for the Integration of Persons with Disabilities in Montenegro, the Regional Development Strategy 2014-2020, and other relevant documents (Nenezic & Kalezic 2016).

The concept of social entrepreneurship is not well defined, and it partially overlaps with the concept of socially responsible business. However, despite the under-defined legal and institutional frameworks in Montenegro, certain forms of social entrepreneurship are recognized. The implementation of policies aimed at the employment of persons with disabilities fosters the development of "protective workshops", which are usually based on souvenir production. Some NGOs realize their activities with elements of social entrepreneurship, but at the same time their administrative capacities are not developed enough for them to run their own businesses. In addition, a number of social companies do business through commercial companies founded by NGOs, which is one means of self-sustainability for them (Nenezic & Kalezic 2016). One of the first social companies in Montenegro was the PR Center, founded by a CeMI project with the support of Norwegian national aid in 2003 (Table 6.6.6). The Caritas organization of the Bar Archdiocese has been running an elderly care project for over a decade, and it has been recognized as a social enterprise (Table 6.6.6). The „Thread“ association for old handicrafts from Podgorica (NIT) and the Women's Rights Center encourage people from marginalized groups by providing them with the skills necessary to produce souvenirs, and both organizations have successful programs in prisons (Table 6.6.6). Social entrepreneurship development has been supported by the activities of CRNVO, TACSO, the Montenegro Chamber of Skilled Crafts and Entrepreneurship, and Juventas.

27 The 1992 Constitution of Montenegro recognized the institution of voters' legislative initiatives, which obliged the parliament of Montenegro to discuss and decide on legislative initiatives of citizens in plenary sessions if the initiative was supported by at least 6,000 voters (equivalent to the constituency of one MP). This initiative was used several times. The NGO CeMI proposed two laws, both of which were adopted after discussion in a plenary session, where there were two representatives of voters who supported the citizens' initiative. The 2007 Constitution of Montenegro rendered this institute meaningless, as it only provided for the possibility of legislative initiative proposals to the parliament if such initiatives are supported by 6,000 voters and at least one MP.

28 Source: Expert Survey 2016

Impactful	Foundation for the Promotion of Civil Society (PR Center)	The Foundation for the Promotion of Civil Society, one of Montenegro's first social enterprises, received an award from the Montenegrin Association of Employers for corporate responsibility in the SME category in 2015. The PR Center profits from commercial PR and event management services for SMEs and CSOs, and uses its profits to provide services for CSOs free of charge or with significant discounts.
	Caritas (Bar Archdiocese)	Caritas operates a few social enterprises. Its range of work includes various programs and initiatives, including the development of social services for the elderly and people with disabilities, youth work, health care, civil society development, social economy development (unemployment) and urgent assistance for people in need.
Innovative	"Thread" association for old crafts in Podgorica (NIT)	The "Thread" association has implemented numerous traditional arts and crafts workshops for different groups, including prison inmates. The organization has the potential to become an important example of a social enterprise in Montenegro.
	Women's Rights Center	The Women's Rights Center includes social entrepreneurship elements in its activities focusing on the economic empowerment of underprivileged women, women victims of violence, and female prison inmates.

Table 6.6.6: examples of social enterprises<sup>29</sup>

#### 6.6.4 Trends and Outlook

In the WU Vienna expert survey, Montenegrin respondents rated the influence of different actors on the development of CSOs. The answers were coded by WU Vienna and the author of this study. The experts' opinions are presented together with the comments of the author. The CSO experts expressed strong concerns about the sustainability of the civil sector in Montenegro. Their concerns align neatly with the results of the latest USAID CSO Sustainability Index (USAID 2016). The figure below clearly reveals that the Montenegrin CSO sector is far from attaining sustainability.

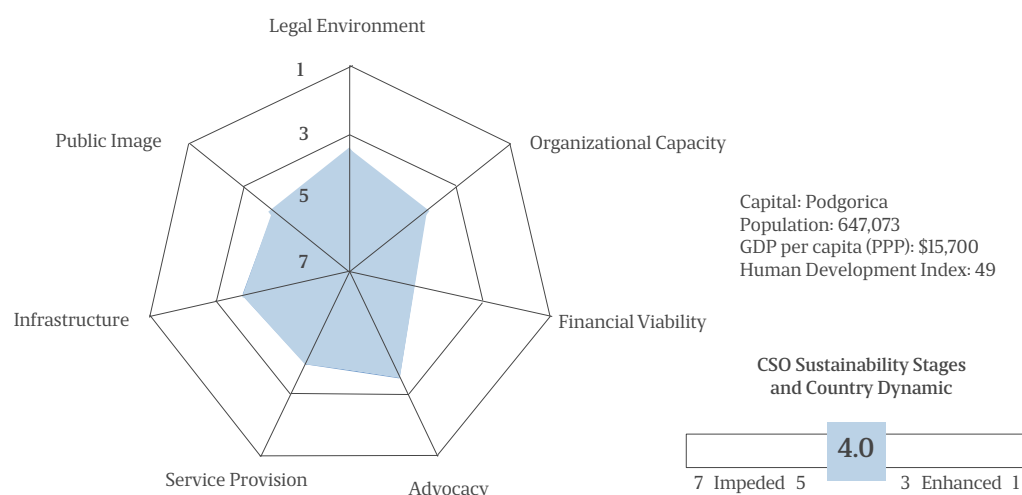


Figure 6.6.3: 2015 CSO Sustainability Scores<sup>30</sup>

The index shows that financial sustainability is in the highest risk area. An analysis of financial viability results over the last ten years shows that financial sustainability has remained at the same level (5), with a slight improvement (4.9) registered from 2007 to 2011. As USAID (2016: 175) notes, "The financial viability of CSOs worsened slightly in 2015, although not sufficiently to change the score for this dimension."

<sup>29</sup> Source: Expert Survey 2016

<sup>30</sup> Source: USAID 2016:171

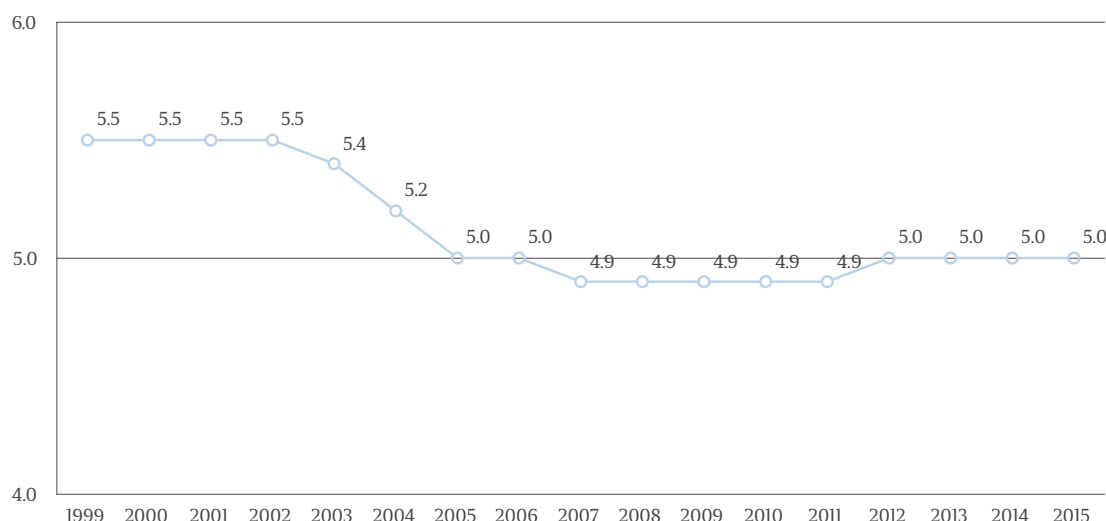


Figure 6.6.4: financial viability<sup>31</sup>

The civil society experts who responded to the survey identified key problems for the further development of CSOs: increasing government control of civil society (mentioned 6 times) and the development of government-friendly civil society actors (5 times). These two issues are closely interrelated, so they are treated as a single phenomenon. They also correlate directly with the third issue: negative media campaigns against CSOs (2 times). All of these problems indicate that significant efforts are being invested in reducing the impact of prominent, critically oriented NGOs whose activism makes civil society visible in Montenegro. The experts surveyed also fear that the allocation of EU funds will become very politically biased as soon as the state administration takes control of this process. This fear is based on negative experiences with public calls for proposals administered by state authorities, but also on the lack of trust in the allocation of EU funds, including support from Cross Border Cooperation (CBC), in which government representatives take part. „Following EU procedures, Montenegrin authorities in [the] next few years will start managing [the] process of evaluation and allocation of projects within EU funds (IPA). This process would be strongly politically affected, and represents [a] strong threat to [the] independence and sustainability of CSOs in Montenegro as they [depend heavily] on foreign support” (Expert Survey 2016).

This development also points to the trend of state authorities creating a parallel NGO system dominated by partisan NGOs in certain sectors. This trend is visible in the allocation of public funds administered by the state. “As the government gains control of European Union funding instruments, the funding of government-friendly CSOs will increase further. This might increase [the] size and influence of such actors while decreasing [the] budgets of independent ones” (Expert Survey 2016). Some private media outlets will continue to be used for the purpose of discrediting key leaders of NGOs by publishing spurious scandals in order to influence the currently very high level of citizens’ trust in the work of CSOs in Montenegro. In a negative scenario, such a combination of factors might lead to a reduced number of active NGOs, which would strongly affect the creation of public policies in various fields, especially rule of law and the fight against corruption.

Reduced funding options will influence the competitiveness of CSOs at the regional level and lead to better networking with related organizations from the EU and to the introduction of new fundraising models. Social entrepreneurship is one of the best chances CSOs have. However, it is necessary to invest significant efforts in creating conditions conducive to the development of social entrepreneurship. Moreover, becoming a member of the EU relatively soon will enable Montenegrin CSOs to apply for funds that have not been at their disposal so far. Public funds may also be among the funding opportunities if full compliance with procedures is ensured, and if the selection criteria are objective and beyond political influence. This seems unlikely from today’s perspective, but it is still possible.



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### Decreasing funds

A decrease in the funds available to civil society organizations due to the withdrawal of international donors could pose challenges to CSOs and force them to find new sources of funding.

"More and more foreign donors are leaving the country."

"A withdrawal of international donors would mostly influence small and medium CSOs in the field of advocacy, as the government would not find interest [in supporting] them."

"One of the main challenges for CSOs in Montenegro in forthcoming years would be how to secure [their] own institutional and financial sustainability. It would be difficult to keep [the] existing format of financing, and thus it would be out of importance [sic!] to prepare proper solutions for securing [the] financial sustainability of CSOs in [the] coming years. "

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### Development of government-friendly civil society actors

As the government gains control of European Union funding instruments, the funding of government-friendly CSOs will increase further. This might increase the size and influence of such actors.

"State institutions [do not follow] procedures in [the] evaluation of the CSOs' projects and [in the] allocation of state funds to CSOs. [The] process is politically controlled. Some [...] of those funds [are] used for [the] funding of political party-affiliated organizations."

"Following EU procedures, Montenegrin authorities in next few years will start managing [the] process of evaluation and allocation of projects within EU funds (IPA). This process would be strongly politically affected, and represents a strong threat to the independence and sustainability of CSOs in Montenegro as they depend heavily on foreign support."

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### Increasing government control of civil society

Increased control of civil society through government, e.g. through the allocation of EU funds.

"Transfer of the pre-accession assistance to civil society from the hands of EU delegations to the state will influence all CSOs. Independent and critical NGOs will have to search for alternative means of funding at least until a transparent procedure for the allocation of funds is established."

"One political party has ruled since the introduction of the multi-party system. [...] Very often CSOs are recognized by state institutions more as a problem than as a contributor to finding a solution to social problems."

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### Increase in funding for civil society in the long term

Increase of funds available to CSOs once Montenegro becomes an EU member state.

"CSOs have to shift from the independent donor scheme of the EU/UN/embassies to funding through channels controlled by local and national governments, including IPA funds. This will be improved when MNE joins the EU, as new grant schemes, such as the EU Social Fund, [will become available]."

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### Independent CSOs to seek new forms of funding

Independent and small CSOs will change their approach to funding in order to achieve financial sustainability; these measures will include social entrepreneurship.

"Independent and critical NGOs will have to search for alternative means of funding at least until a transparent procedure for the allocation of funds is established."

"Small CSOs with a lack of capacities will remain without funding. Either they will reform, or they will vanish."

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### Negative media campaigns against CSOs

Media outlets, often close to the government, campaign against the work of civil society organizations.

"The Government uses the media under its influence and controlled NGOs to destroy the reputation of those NGOs and its leaders who criticize the work of the Government. For years, the media close to the Government [has reported] on alleged abuses by those NGOs which are recognized as opinion leaders in society. Pressure is exerted on NGOs' free work continuously, and in disputes triggered by the attacked NGOs, the courts generally procrastinate in making decisions or are very mild on the media that attack free NGOs."

"Tabloids are a new product on the media market in Montenegro. Previously they were published only in Belgrade (Serbia; Montenegro was until 2006 part of a federation with Serbia) and did not cover political activity in Montenegro. The newly established tabloid "Informer" is conducting a brutal campaign against key CSO leaders in Montenegro. This continuous campaign is partially damaging the trust of the general public in CSOs."

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### Positive effects of European Union membership

In the long term, European Union membership is expected to improve policy work, democratic institutions and the funding of civil society.

"With the alignment of local policies to EU standards, new policies adopted at the EU level will become increasingly important, and policymaking process at the EU level will become a bigger topic than policymaking at the national level."

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### Social inequality will continue to be a key challenge

Social inequality and the integration of marginalized groups will continue to be a primary field of action for civil society.

"Social inequality is the main obstacle on the road towards a more just society [...]. Most of the Western Balkan countries have a long history of poverty, and after 1989 the poverty gap [has widened] much more (due to various reasons: armed conflicts, transitional economy, etc.). Therefore reducing this negative phenomenon will stay one of the main trends for the years to come."

"Social Integration of marginalized groups is still a burning topic..."

"Social equality and social justice is far, far away from Montenegro."

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Table 6.6.7: frequently mentioned trends and sample quotes<sup>32</sup>

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## 6.7 Country Report: Serbia

Dušan Spasojević

### ABSTRACT

Civil society in Serbia was described as “suppressed” during previous undemocratic regimes. After being one of the main actors in the initial process of democratizing Serbia, civil society failed to gain influence in the new circumstances. Although the new legal environment does not pose obstacles to the work of CSOs, civil society is facing new problems: a lack of international financial support, an underdeveloped local economy without incentives to support the work of CSOs, and passive citizens who rarely engage in social or political activism. Two opposing trends are currently shaping the role and position of civil society in Serbia: European Union integration processes, which are enabling greater influence on the part of CSOs, and the diminishing democratic standards of the last few Serbian governments (with specific emphasis on media freedom, transparency and accountability), which have narrowed the political space for civil engagement. In circumstances that can still be described as transitional, a new generation of civil society actors and leaders have emerged with new approaches and ideas. Some of them became more visible during the 2014 flood crisis and the refugee crisis in 2015, when civil society once again showed its full capacity to respond and assist in extraordinary circumstances.

### 6.7.1 Introduction

Serbian civil society shares many characteristics with Serbian democracy: it is transitional, post-communist, unstable and, in terms of size and effect, minimal. This is not surprising given the legacies of Tito's and Milošević's regimes, which undermined possibilities for individual and collective political and social action, and promoted an authoritarian political culture (Golubović 2005). This means that even within the new democratic framework, which provides citizens with political and human rights, some of these tools are not used because of the lack of democratic and participatory traditions and practices.

Therefore, it can be argued that Serbian civil society is still neither well developed nor influential (Paunović 2007a, Pavlović 2012). Actually, in many cases it seems that civil society has not developed much since the early 2000s and the democratic changes after the fall of Milošević's regime. This primarily refers to citizens' ability to participate in public decision-making processes, which are neither transparent nor inclusive, regardless of the level of governance and/or policy area concerned (Vujadinović 2005).

Serbian civil society is very heterogeneous. However, the first impression of civil society is almost always based on non-governmental organizations that deal with political issues and human rights. A typical civil society organization (CSO) or, more precisely, a “typical NGO” is a registered and professional non-governmental organization (NGO) founded during the last decade of the 20<sup>th</sup> century, funded by Western donors and oriented toward democratization and the protection of human rights (Mikuš 2015). These organizations are the most visible and influential ones in the civil sphere and in the public eye, and usually they serve as the starting point in debates on civil society. Since these organizations (e.g. YUCOM or Građanske Inicijative) represent the liberal and modernistic side of the political spectrum (and even its far end), evaluations of civil society are often based on (dis)agreement with such liberal and modernistic positions, in particular with those prominent organizations.

However, civil society is not limited to “typical NGOs” that promote democratization. Other viable actors include professional organizations and trade unions, environmental CSOs, organizations that provide social services, cultural organizations and students' organizations. Registered churches are also active and influential. Finally, a significant number of associations are oriented toward sports and recreation.

The legal framework that governs the activities of civil society is based on constitutional rights to free speech, the freedom of assembly and political organizing. Furthermore, the Law on Associations adopted in 2009 sets low criteria for founding associations, requiring only three founding members' signatures, and it does not burden associations with administrative tasks apart from annual fiscal reporting. Associations are only required to have an assembly as the main decision-making body. This has brought about a large number of registered associations, leading to the false presumption that civil society in Serbia is vibrant and extensive. The available data (Serbian Business Register Agency 2015) shows that a significant number of registered organizations are inactive, as 15% of all associations did not submit an obligatory annual financial report. In addition, 15% of those CSOs which submitted the report declared inactivity for the current year, which means that the percentage of inactive organizations is even higher.

The legal framework for civil society in Serbia cannot be reduced to the Law on Associations alone, because other forms of organizations are defined by other (numerous) laws, e.g. trade unions, churches, foundations and endowments, and sports associations. Finally, the last part of the legal framework is related to the fact that some organizations were founded during the communist period (e.g. journalists' organizations or trade unions that had a monopoly as the only organizations in the field) but continued to work under the new legal framework, in some cases re-registering later under new laws. This gave them an advantage compared to newly founded organizations in the same fields because the former were already funded by the state and provided with offices and equipment as the legal successors.

The organizational structure of civil society actors is similar in many cases; it is usually a small group of activists and/or experts oriented more toward expert knowledge than toward amateur and voluntary public work (Milivojević 2006), led by a publicly recognizable leader at the national or local level (very often the one who founded the organization). Trade unions, churches and organizations that perform public services (e.g. the Red Cross or automobile clubs) are exceptions to this rule. Almost 85% of CSOs in Serbia do not have any employees, and 63% of them operate in Belgrade or Vojvodina (Velat 2015). CSOs usually do not have active members who are not employed or engaged in certain programs/projects, and their ability to generate mass protest is rather limited. Voluntary work in the civil sector is mostly limited to youth and students in internship positions, with the partial exception of CSOs dealing with social services and health, which often rely on voluntary work. However, precise data on volunteerism are not available because CSOs report only a small number of volunteers (1,166 citizens in 2015 according to the Balkan Civil Society Development Network 2015).

Therefore, it is not surprising that civil society prefers to exert influence through media pressure or direct contact with government officials instead of creating bottom-up pressure (e.g. street activities or protests). Besides the lack of organizational capacity mentioned above, CSOs are faced with inactive citizens that rarely engage in protest activities or in any other kind of civic activism (Građanske Inicijative 2009). This is also applicable to mass organizations such as trade unions, which have even given up on the traditional May 1<sup>st</sup> protest due to low turnout in recent years. However, there are some exceptions: high school and elementary school teachers are frequently engaged in strikes, but these activities involve passive participation. In addition, agricultural unions have a tradition of protests that usually include road blockades. However, none of them have the potential to be transformed into a social movement or more lasting forms of political participation.

The lack of classical activism is also a consequence of the legal framework for decision-making processes, which is not friendly toward civil society actors. For example, in order to launch a legislative initiative on the national level, citizens have to gather 30,000 supporting signatures (verified by a court); this amount is three times higher than the requirement for a parliamentary electoral list. Even when an initiative successfully gathers those signatures, it is at the discretion of the parliamentary chair to decide whether the proposal will be discussed in the parliament or not. Therefore, it is not surprising that there are no examples of laws that were adopted in response to a legislative initiative by citizens. Similar obstacles to participation can be observed in municipal statutes that require the support of 5% or 10% of the total population in order to initiate public debates or hearings at the local level.

The public visibility of civil society is rather limited. Civil society organizations face two main problems: the legacy of the Milošević era and the perception that CSOs work for "foreign interests" and do not represent the people (Milivojević 2007, Građanske Inicijative 2009). After the fall of Milošević, most CSOs failed to establish a better connection with disaffected citizens and to keep the supportive ones on board, which resulted in a public perception of CSOs similar to the perception of politicians: as alienated professionals who protect individual interests or those of their organizations. CSOs and trade unions also have one of the lowest levels of trust among the general population (32%), which ranks them closer to politicians (20%) than to the Serbian Orthodox Church, which has one of the highest trust scores (68%) among the population (Stojiljković 2011). However, it should be noted that this distrust primarily refers to "typical NGOs", while other CSOs might enjoy a more positive image.

## 6.7.2 Historical Development and Main Actors

### Historical Development

The first examples of civil society appeared in Serbia already during the late 19<sup>th</sup> century, after the adoption of the Constitution in 1888, the Law on Associations, and the right of assembly as early as 1881 (Paunović 2007b). The most influential forms of organization were agricultural and family cooperatives, and charity work organized by the Serbian Orthodox Church through numerous associations and endowments (Milivojević 2006).

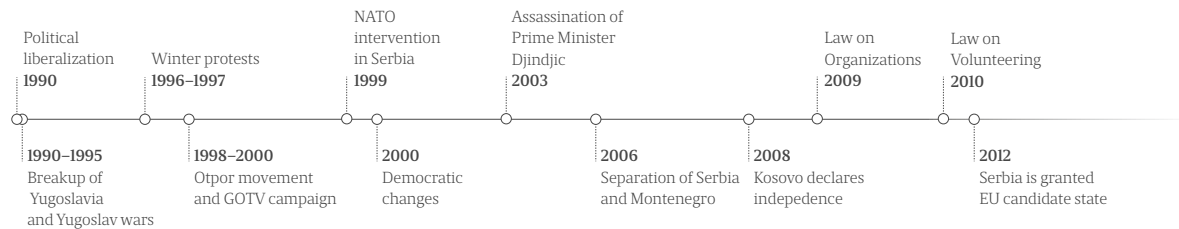


Figure 6.7.1: timeline of key events for civil society

In the second half of the 20<sup>th</sup> century, civil society started to develop in communist Yugoslavia. The most notable fields of activism during the 1970s and 1980s were feminism, peace and environmental issues (Pavlović 2006), as well as culture, which provided artists with some level of artistic freedom within the non-democratic framework. Although this activism could be considered a substitute for political freedom, the long-term effects show that most of these initiatives were well founded and sustainable, and they served as a basis for future civil society and democratization (Vujadinović 2006). Of course, as one of just a few autonomous areas of social life, they attracted more people and support due to the undemocratic character of the regime.

The most important aspect for the long-term development of civil society was related to circles of academic dissidents (Dvornik 2009) who tried to achieve more political freedom under communist rule. Dissidents' circles initiated student movements in 1968, the journal *Praxis* and the Korčula summer school inspired by "social critical theory", the prominent and provocative youth paper *Mladost*, and many other colorful initiatives aimed at creating more freedom in the real-socialist context. Solidarity between dissidents was proven during trials for so-called "verbal delicts" that presumed criminal liability for words spoken against Tito's regime, when liberal and human rights activists acted as lawyers even for radical right-wing, religious and nationalist activists. The tactical and ideological heterogeneity of civil society is described by Pavlović (2006), who argues that some parts of civil society believed that they could be a tool for the modernization of Yugoslavia or the creation of social opposition comprising social movements, while others used civil society as a mechanism for the promotion of national interests.

The dissolution of Yugoslavia created different circumstances for civil society in the newborn states. The Serbian case was the example of pre-emptive reform led by allegedly reformed and formally renamed communists (Kasapović 1996) who pushed civil society to the margins of political life and into the opposition camps, while in other countries (e.g. Slovenia) civil society was the leading actor in democratization. Although ten years of Milošević's rule and his nationalistic discourse managed to develop significant anti-Western standpoints in one part of the Serbian population, it also led to the development of civil society aimed at pro-democratic social change and the de-installation of Milošević's regime in the remaining part of society (Golubović 2003).

The most important organizations founded during that period were independent media outlets like B92 or media associations (e.g. ANEM), CSOs dealing with democratization like *Gradanske Inicijative* or the Center for Free Elections and Democracy (CeSID), the *Nezavisnost* trade union, the Independent Alliance of Serbian Journalists, and the Alternative Academic Educational Network (AAOM). Alternative organizations were created in almost every aspect of social life, which led to a parallel society in opposition to the one controlled by Milošević. At that point, Serbian civil society was similar to Mary Kaldor's "activist" model of civil society (Paunović 2007b).

Some scholars depict civil society under Milošević as "suppressed civil society" which could become active and burst out in extraordinary situations (Pavlović 1995), as seen in the most notable phase in the development of civil society during the successful 1996-1997 winter protest against fraud in local elections (Stojiljković 1998). The "winter of discontent" throughout Serbia lasted 90 days (November 1996 to February 1997) and ended with the success of the protestors and the opposition. The network and knowl-

edge gathered during those protests were later used to create Otpor, a students' movement that was initiated after the adoption of restrictive laws on universities and on public information. The Otpor movement and other civic initiatives (e.g. the GOTV campaign "Vreme je") were among the most influential activities in 2000, when the united opposition in Serbia (Demokratska opozicija Srbije, or DOS) managed to defeat Milošević after generating and receiving enormous support from civil society (Minić and Dereta 2007). This model of political action was later used in other similar events, known as "color revolutions", in Ukraine, Georgia and elsewhere (Beissinger 2007, Spasojević 2010).

This political change served to relaunch the democratization process in Serbia. As in many other countries, some CSOs were transformed into political parties (e.g. the Otpor movement or the G17 Institute) and organizations, while many prominent activists and leaders became high-level administrative officials (Pavlovic 2006). This process strengthened the already existing relations between civil society and the new governing parties, at the same time discouraging civil society from performing its representative and oversight functions. Since there were no other influential actors in civil society, and since churches and existing associations originating from the communist era (e.g. trade unions) remained inactive due to the changed political circumstances, the new government was mostly unchallenged and without a counterweight during the first transitional years. In addition, civil society established strong relations with and dependence on European Union (EU) countries and other international support funds due to the poverty of Serbian citizens and the inability to raise funds and resources independently (Kolin 2005, Vuković 2015).

Those power relations reduced the capacity of civil society to participate in the decision-making process, which was particularly dramatic for trade unions because of the massive privatization of state-owned companies. It seems that trade unions never recovered from their failure to have a stronger impact on privatization processes and to protect workers' rights in a more effective manner (Petković-Gajić 2012). Similar problems can be observed in other fields. After failing to establish itself as counterweight vis-à-vis the government during the early stages of transition, many CSOs opted for a different strategy and used international organizations as leverage in negotiations with the government. Put simply, since governments and politicians were not interested in hearing what civil society representatives had to say, the latter shifted their focus toward the EU and other international organizations that were willing to promote more participatory decision-making processes as part of the democratization and Europeanization agenda. This strategy had two consequences. Civil society became more and more detached from the citizens and increasingly dependent on the EU and international actors. Furthermore, this strategy created a division within civil society between CSOs that are more critical and focused on international support and CSOs that adopted a more cooperative strategy in relations with the government.

Regardless of the initially good relations between the new government and civil society, the government failed to establish the necessary legal framework, although drafts of the law on civil society organizations were prepared as early as 2001 (Paunović 2005). After the assassination of Prime Minister Djindjić in 2003, the new center-right government took the lead and canceled ongoing negotiations with civil society regarding the new law. Finally, in 2009, after the decisive electoral victory of pro-EU parties, the new Law on Associations was adopted by the parliament and the first Law on Volunteering was adopted a year later.

In 2012, Serbia became a candidate for EU membership, which can also be understood as a significant success for Serbian civil society and as one of the preconditions for its development within the new framework. However, the developments after the 2012 parliamentary elections (and the formation of a new government based on, at least declaratively, reformed ruling parties from the Milošević period: the Socialist party of Serbia and the Serbian Progressive Party) show negative trends regarding democratic standards, media freedom and human rights protection, and remind us that Serbia still has a long way to go in order to establish a consolidated democracy.

The most recent activities of civil society point to possible directions of development. In 2014, after unprecedented floods that affected the entire region (Croatia, Bosnia and Herzegovina, and Serbia), citizens and their organizations showed significant capacity to act and to provide shelter and support for those in need. The following summer, after the outbreak of the refugee crisis, Serbian civil society was again the first in line to assist and to provide refugees and migrants with basic supplies and with support for their journey to the destination states. Although we should not draw conclusions from such extraordinary situations, these changes might point to a trend toward a more service-oriented civil society that is better connected with citizens.

### **Funding Sources**

Serbian CSOs have three main sources of funding: membership fees, state funding (provincial and local), and international organizations, agencies and foundations. Membership fees are the main source of funding for professional organizations (e.g. trade unions or business associations) or organizations delivering public services with obligatory/mass membership (e.g. automobile clubs); state support is crucial for CSOs dealing with social and health services, while international foundations support CSOs dealing with democratization and human rights (Građanske Inicijative 2012).

On the national level, state subsidies are allocated under budget line 481, "Funds for non-governmental organizations". In 2013, the total amount distributed was 0.37% of the national GDP (Kancelarija za Saradnju sa Civilnim Društvom 2013). Earlier research shows that almost 80% of those funds are usually allocated to political parties (which are formally established as citizens' associations, although registered under a different law), churches and sports associations (Lončar 2010).

An additional problem with state subsidies is that there are frequent irregularities in decision-making procedures. Public calls for financial support to CSOs are frequently used for the redistribution of public funds to "government-friendly" CSOs (that are close to certain parties or even to CSOs founded by the members/officials of political parties). This was the case in 2014, when the Ministry for Social Affairs allocated funds to many CSOs that were recently founded and did not have the years of experience required by the call for applications.

International funds are the core driving force for a significant part of civil society in Serbia (Milivojević 2006). Their support was crucial for the development of civil society during the 1990s and for its transformation in the early 2000s. Some scholars consider Serbian civil society to be predominantly donor-driven (Fagan and Ostojić 2008). However, international support was directed only at some parts of civil society (which created uneven intra-sector development) and, especially in the last 10 years, it has been conditioned by cooperation between state institutions and civil society in programs focused on implementing good governance, Europeanization or similar concepts. This shifted many organizations to a more cooperative position toward the state.

International donors operate under loose regulations and they do not face legal barriers to their work in Serbia. Many international donors support the government or public institutions ranging from political parties to universities, and 70% of all financial support is given to public institutions, state and local authorities (Katalist and Trag fondacija 2016, Selaković et al. 2015). With the exception of political parties, this support is not distributed according to political preferences, and in most cases it represents support to general and mostly undisputed goals like human rights or transparency. There are some concerned voices regarding the interference of international actors in "Serbian internal issues", but those voices express right-wing minority standpoints and so far they have not posed a real threat to international donors.

The Serbian tax system provides fiscal reductions for companies that support civil society organizations (up to 5% of a company's income can be tax free) active in the fields of health, education, science, humanitarian issues, religion, the environment and sports. Culture is also part of this tax deduction, but in this case the Ministry of Culture has to verify the activity supported. However, activities related to human rights protection, anti-corruption action or democratization are not eligible for this tax relief. In addition, there are no tax benefits for individual entrepreneurs or individuals who support civil society.

### **Institutional Environment**

Serbia is a rather centralized state and society. This applies not only to institutional design (e.g. the lack of regionalism or low authority at the municipal level), but also to the dominant mindset of politicians and the manner in which they make decisions. Put simply, politics in Serbia is limited to narrow oligarchic circles that carry out a well-hidden decision-making process. Many scholars define Serbia as a state with strong elements of partocracy (Orlović 2008) because political parties (and their leaders) occupy central positions and represent the strongest social and political groups by far.

The institutional position of political parties is even stronger because their influence is not limited by the usual checks and balances mechanisms: The parliament has been transformed into a disciplined voting body (Spasojević 2012), and the judiciary system did not develop into an independent branch of government due to the failure of several reforms driven by the interests of ruling parties (Pavlović 2010). At the same time, freedom of the media and civil society have shown a decline in their capacity to advocate and perform oversight functions. In these circumstances, international organizations and influential states represent one of the strongest power-balancing mechanisms and act as a corrective to the Serbian government through the very formal and institutionalized EU accession process.



Therefore, it is not surprising that the expert survey<sup>1</sup> results regarding the institutional environment show that state institutions, the EU and international foundations represent by far the most influential actors in relation to Serbian civil society. Central government was evaluated as having a negative or mixed influence, while the influence of the EU is seen as mixed and that of foreign foundations as predominantly positive or mixed.

Strength of influence	Negative influence	Mixed influence	Positive influence
<b>Strong</b>	Central government (4.3 - NM)	EU (5.04 - MPN)	Foreign foundations (5.1 - MP)
<b>Moderate</b>		Media (3.72 - MPN) Regional government (3.7 - MPN) Local government (3.45 - MPN)	Universities (3.15 - MP) Domestic foundations (3.05 - MP)
<b>Weak</b>		Churches (2.68 - MPN)	Corporations (2.8 - MP) Individual donors (2.1 - MP)

Note: In brackets: Average rating of strength (influence rated on the scale 1=No influence ... 6=Very strong influence); indication of the composition of answers on the type of influence (N=Negative, M=Mixed, P=Positive)

Table 6.7.1: influence of different actors on CSOs<sup>2</sup>

A moderate and mixed influence is attributed to the media as well as regional and local governments; universities and domestic foundations exhibit similar strength but have a more positive influence, while churches, corporations and individual donors are seen to have the weakest impact.

**Central, provincial and local governments:** There is no doubt that the central government represents the institutional actor most relevant to civil society. Most of the interviewed experts agreed that the central, provincial and local levels of government exert a very strong influence on civil society. State actors provide political space and mechanisms for civil society to be heard and to exercise influence. In addition, the state is the most important source of funding for many CSOs in the field of social services, health, culture and sports. However, in many cases these provisions are driven more by specific party or coalition interests, and therefore it is not surprising that our experts consider government influence on civil society to be either mixed or negative. An important channel for relations between the state and civil society is the Office for Cooperation with Civil Society, which was founded in 2010 as a tool for improving cooperation. In recent years, especially after the start of EU negotiation talks, the National Convent on the EU has become one of the primary channels of communication between civil society and government.

**European Union and international community:** The influence of different international actors in the post-Yugoslavian space is very important in all aspects of life, including civil society. This influence includes unilateral actions by individual states and influence institutionalized through the EU accession process. The experts surveyed consider the EU's influence to be very strong and regard it as either mixed or positive. Besides the substantial financial assistance mentioned above, the EU can also be credited for insisting on human rights, transparency and accountability, all of which are goals per se and preconditions for a functional civil society. It is obvious that the influence of the EU and the international community is more important and favorable for what we describe as "typical NGOs" (dealing with democratization issues), while other CSOs might be more reserved toward the EU; trade unions, for example, would regard the EU as too liberal and free market-oriented, at least in the current stages of Serbian accession.

**Domestic foundations, donors and the private sector:** There are two main forms of cooperation between the private sector and CSOs: In most cases, the private sector is in the position of donor and supporter of CSO activities, but it can also call in CSOs as experts and purchase their services (Građanske Inicijative 2012). Besides professional organizations, the cooperation of the private sector is most frequent with CSOs in the fields of health, social services, culture and education. This is the case with the two largest forms of private donations. First, following international trends, larger companies are launching

1 Section 6.7.3 provides a more detailed explanation of the Expert Survey conducted by the WU Vienna for the purposes of this research.

2 Source: Expert Survey, 2016. The two questions to be answered were as follows: "How influential are the following actors in the institutional environment of civil society in your country?" and "How positive or negative is their influence on the unfolding of civil society in scale and scope?" The number of experts who rated the influence of different actors varied from 19 to 23.

corporate social responsibility programs. Second, wealthy individuals – usually athletes – organize their own foundations or endowments and provide support to CSOs either with their own funds or by acting as promoters (and attracting media attention) together with private companies. Business sector donations are aimed at institutions (51% of all donations), CSOs (22%) and individuals or families in need (15%); these donations focus on providing support for marginalized groups, health issues and education (Katalist and Trag Fondacija 2016)

**Media:** The relationship between the media and many CSOs was established during Milošević's rule, when independent and free media acted in concert with civil society organizations. Friendly relations continued after democratization, which enabled CSOs to enjoy access to the media and positive coverage. However, in recent years, this relationship has changed due to increasing pressure exerted on the media by political actors and because of market demand for more entertainment programs (and the decreased visibility of critical voices from civil society). While a smaller part of the media reports on the work of CSOs in a positive light, there are many media outlets that connect CSOs' work with the promotion of solely political or international interests.

**Churches:** The Serbian Orthodox Church and other churches (most notably the Roman Catholic Church and the Muslim community) are regarded by the experts as actors with low influence, but with a negative impact on civil society. This can be explained by several conflicts that churches have with "typical NGOs", starting with the pro-life vs. pro-choice debate or LGBT issues. These issues are not as relevant to the mainstream political debate in Serbia as in some predominantly Catholic countries, but they can still be regarded as salient social issues. Generally speaking, the Serbian Orthodox Church is regarded as close to the conservative, traditional and anti-EU part of Serbia. Churches also compete with CSOs for state funds, although some of the property that was confiscated during communism has been returned to the churches, thus making them rather wealthy organizations. Some churches are more active in charity work and in social and cultural development, especially when they represent a mechanism for the development and/or protection of minority identity, as in the case of the Hungarian Catholic community in the north or the Bosnian Muslim community in the south-west part of Serbia.

**Universities and think tanks:** Universities were very important for the development of civil society during the second half of the 20<sup>th</sup> century, as they provided a free (or moderately free) space for political and social action and served as a recruitment base for CSO leaders and activists. After the democratic changes in 2000, universities were less active as civil society agents and served only as providers of legitimacy for professors and researchers who advocated on certain issues (Spasojević et al. 2012). In many cases, university-based actors amplified existing political divisions because they belonged to opposing sides, although the liberal and modernistic forces were much stronger, especially among students. The most notable debate among the academic elite was related to EU integration during the first transitional decade (and especially after Kosovo's declaration of independence in 2008), but it can also be observed in other value-based issues (Spasojević and Kleut 2015). In recent years, universities have been faced with budget cuts as part of austerity measures, which have provided incentives for a more active role of student and union movements. In addition, universities are now more inclined toward market-oriented research as well as policy-oriented and applied research commissioned by the state. This makes them more relevant to social issues, but also more dependent on government and market actors.

### 6.7.3 Mapping Civil Society

The data available on CSOs in Serbia is very limited due to sporadic attempts to gather information. This is not different from other fields of social and political life, and it reflects the lack of institutional capacity to provide information. Furthermore, even when information is available, it is not presented in a coherent and regular manner. For example, one ministry is in charge of gathering information on registered CSOs, but several others are responsible for collecting data on state financing for CSOs and their other income. In addition, there is a significant discontinuity in the public availability of data on civil society; for example, the last report on public spending by the ministerial Office for Cooperation with Civil Society was published in 2013.

Since this problem can be an obstacle to designing public policies in a number of relevant fields, several reports have been produced in recent years, including the Office for Cooperation with Civil Society Report on Cooperation between State Administration and Civil Society (Velat 2015) or an extensive survey among CSOs (Građanske Inicijative 2012). Most of these reports have been supported by international donors and produced by local researchers. However, they fail to provide insight into all aspects of civil society since they are most often driven by particular policy interests. Moreover, since Serbian civil society shows great instability, some of the data that was relevant just a few years ago may be completely irrelevant in the current period.

In addition to the reports mentioned above, an online survey was conducted among a diverse pool of experts on the Serbian civil society landscape. Respondents were identified through snowball sampling and with the help of the author, the Vienna University of Economics and Business, and ERSTE Foundation. A total of 13 anonymous experts with an average of 11 years of professional experience in civil society activities completed the survey. Their answers included assessments of key actors in different fields of activity, the institutional environment and future trends, which are especially important due to the high instability of the sector.

### Size and Role of Civil Society

Serbian civil society consists of several blocks operating under different legal frameworks: the core of civil society is made up of citizens' associations registered under the Law on Associations of 2009 (18,749 organizations in 2015), but this number does not include trade unions (6,960 registered), registered churches (25), foundations and endowments (556), and sports organizations (10,364 that compete within professional and semi-professional league systems). In addition, most institutions dealing with culture (e.g. museums or youth centers; 1,063 institutions in total) operate as state-owned or public institutions (Serbian Business Register Agency 2015). In most cases, data about these diverse groups are gathered by separate authorities and analyzed/published in different manners. In the narrow sense of civil society, the number of CSOs per capita is 1:383,<sup>3</sup> but it falls to 1:273 if trade unions, foundations and endowments, and churches are included, and to 1:195 if all nonprofit organizations are included.

Most available data are related to associations, as they represent the most influential parts of civil society in social and political terms. A small percentage of CSOs can look back on a long tradition of more than 25 years. The next small wave of CSOs emerged during the Milošević decade and consists mostly of human rights and politically oriented organizations. After 2000, the number of CSOs rapidly increased following the actual introduction of pluralism, when citizens felt free to formally register their organizations. Finally, the number of associations has doubled in the last six years, with 50% founded after 2010 (Građanske Inicijative 2012). There are two main reasons behind this change: the generation shift from the old CSOs established during and just after Milošević's time toward new initiatives, and the increase in the number of CSOs founded by activists from political parties driven by available public funding or by IPA funds (Građanske Inicijative 2012).

A similar pattern of development can be observed in trade unions, while sports organizations and churches have a longer tradition. Foundations and endowments are new organizations, with 75% of them founded after 2000 (Građanske Inicijative 2012).

Data on the structure of civil organizations according to the ICNPO methodology are available only from the survey conducted in 2011 by Ipsos Strategic Marketing and commissioned by the Civic Initiatives organization and the ministerial Office for Cooperation with Civil Society (Građanske Inicijative 2012). However, due to the extensive research sample (10% of all registered CSOs), those data can be used as a relevant source. The survey shows that the largest numbers of CSOs are active in the field of social services (25%), culture, media and recreation (24%), and environmental protection (18%). However, in the case of the multiple-answer option where CSOs could opt for more than one field of activity, the number of organizations in culture, media and recreation rises to 46%, education and research comes in second with 42%, and social services are in third place with 40% of organizations. Again, it should be noted that this research includes only civic organizations, without trade unions and other organizations.

Fields according to ICPNO	Primary field (%)	Secondary field (%)
Social services	25	40
Culture, media and recreation	24	46
Environment	18	28
Education and research	9	42
Law, advocacy and politics	8	19
Business and professional associations	6	21
Health	4	19
Development and housing	3	11
International cooperation	0.7	24
Religion	0.4	-
Philanthropy	0.2	8
other	2	-

Table 6.7.2: structure of civil society<sup>4</sup>

3 Calculated according to 2015 census results for Serbia; 7,186,862 inhabitants (Kosovo excluded).

4 Source: Građanske inicijative (2012).

If we focus on civic associations and foundations/endowments, their total yearly income came to EUR 254,713,543 (data on their revenue structure is not available), and they operated with 6,729 full-time employees (0.4% of total employment in Serbia) and with a far larger number of part-time employees (14,200) in 2015. Therefore, the average income of associations in Serbia was EUR 13,194, but only 5% of all CSOs had a yearly budget that was more than EUR 100,000 (Građanske Inicijative 2012). Trade unions had 2,082 employees in 2015 and a yearly income of EUR 5,879,000 (Serbian Business Register Agency 2015).

Precise data on volunteering is also unavailable, although CSOs can report this data to the Ministry of Labor, Employment, Veterans' and Social Affairs. However, in 2013 only 1,166 volunteers were reported, with previous surveys suggesting that the number of active volunteers is as high as 150,000 (Balkan Civil Society Development Network 2015). This difference in numbers is explained by the fact that CSOs are not obliged to report volunteers and also because the registration procedure represents a significant administrative burden.

## Culture

Culture (including media and recreation) represents one of the two major fields of Serbian civil society. If we include public institutions that belong to this field and which partly work as civil society actors (with a high level of autonomy and similar sources of financing), this field is by far the largest. CSOs in the cultural field are also involved in education and research (44%) and international (primarily regional) cooperation (36%); a significant number of these organizations are small ones (up to 5 employees) founded after 2010 (Građanske Inicijative 2012).

Within the large group of culture-oriented organizations, there are some vocal and influential ones that usually reinterpret culture within a broad social and political framework. However, there are many smaller ones whose actions are dedicated to specific aspects of cultural production (e.g. cultural heritage) and whose political and social influence does not match their numbers because they receive low media attention and do not influence decision-making processes in the field of culture. Therefore, it is not surprising that organizations from this sector evaluate the influence of civil society on government as "appropriate" (39%) and believe that CSOs should not participate in the electoral process in any way (45%).

This "isolation" of the cultural part of civil society is also visible in our expert survey because the majority of respondents did not offer examples of influential or innovative culture organizations. A public opinion survey would show similar findings. However, if we search for examples in the recent past, two music festivals during the first transitional decades were frequently used as symbols of the social division between conservative anti-EU positions (the trumpet festival in Guča) and modernist pro-EU positions (the EXIT Festival in Novi Sad). After the decisive 2008 elections and the victory of pro-EU parties, this symbolic division ceased to exist, as did the social agenda surrounding both festivals.

Impactful	EXIT (Festival and Foundation)	Festival founded as a GOTV campaign in 2000, later transformed into a symbol of modernist and liberal Serbia; gradually decreased social program to less provocative forms.
	Mikser House	Cultural institution that encourages the development of the creative economy of the country and the region; connects cultural, educational, and commercial activities.
Innovative	Centar za kulturnu dekontaminaciju (CZKD)	CZKD is an independent nonprofit cultural institution focused on the promotion of social justice and cohesion, and the preservation of public good.
	SHARE foundation	Nonprofit organization dedicated to protecting the rights of Internet citizens and promoting the positive values of openness, decentralization, free access and exchange of knowledge, information and technology

Table 6.7.3: examples of civil society actors in the field of culture<sup>5</sup>

## Social Services

Civil society serves as an addition to social services provided by the state. Due to poverty and austerity measures in recent years, the role of civil society is growing within this field, although it is still evaluated by other CSOs as "underdeveloped". CSOs in social services are oriented toward services (with a majority of programs aimed at care for the elderly, disabled persons and youth) and to training programs. Every fourth organization in Serbia is primarily oriented toward the provision of social services, while 40% of them provide such services in combination with other activities (Građanske Inicijative 2012).

<sup>5</sup> Source: Expert Survey 2016.

CSOs in social services have somewhat different sources of funding compared to other organizations: they are more dependent on local government (40% of income) and state administration (24%), while international and local donors (33%) and participation (2%) provide the remaining funds (Centar za Liberalno-demokratske Studije 2013). For example, CSOs perform 29% of the services supported by local government, although many CSOs are challenged by the complicated and demanding procedure of licensing for the provision of services.

CSOs in social services are very heterogeneous and at the same time include large, internationally oriented organizations and small groups of service users and their families. However, due to their specific agenda and relations to the state, these organizations are more similar to each other than to other parts of civil society. Compared to other CSOs, these organizations have a much longer tradition because almost half of them were founded before 1990. Moreover, they have more members (only 30% have less than 30 members), they are more dependent on volunteer work, and they are less critical toward the state administration and engage in better cooperation with the state.

Impactful	Grupa 484	Founded in 1995 to support refugees and migrants.
	ASTRA	ASTRA is a grassroots CSO dedicated to the eradication of all forms of trafficking of human beings, especially of women and children.
Innovative	Centar za integraciju mladih	The Center for Youth Integration works with street-involved children and is most noted for its "Svratiste" project, a drop-in center for support and counseling.
	SECONS	SECONS is an independent think tank with experts who conduct research, analyze policies and processes as well as social and economic challenges, and educate, train and empower different actors.

Table 6.7.4: examples of civil society actors in the field of social services<sup>6</sup>

### Advocacy

Advocacy is a small but very visible and impactful part of civil society. A survey conducted by Građanske Inicijative and the IPSOS agency shows that only 8% of all CSOs refer to advocacy as their primary field and 12% as one of their fields of activity (Građanske Inicijative 2012). Even if we consider that some CSOs fulfill an advocacy role as an unintentional outcome, this is a rather low percentage. The reasons for this can be found in the decision-making process at the national level, which is non-inclusive and non-transparent (Lončar and Spasojević 2010), thus limiting civil society participation. For example, in 2014 the government organized public debates for only 10% of adopted laws, strategies and action plans, while parliament organized only a dozen public hearings for more than 150 adopted laws, of which 50% were carried out using an expedited procedure (with limited time for advocacy).

This situation is clearly reflected in the survey: 75% of professional and 74% of advocacy organizations evaluate their impact on the policymaking process as "not sufficient" (Građanske Inicijative 2012). Considering this unequal position, many CSOs are more focused on international actors (the EU or individual states) than on the Serbian government.

Most advocacy organizations were founded after 1990; half of them are small organizations with up to 30 highly educated members, and most of them are organized as think tanks with low participation of volunteers. Their income is based on project financing by international foundations, which 64% of all advocacy CSOs cited as their primary source of funding (Građanske Inicijative 2012).

The typical CSOs in the field of advocacy are what we described as Serbia's "typical NGOs" at the beginning of this report. Therefore, most of them operate in the field of democratization and human rights, transparency and accountability, EU integration, and the promotion and protection of the rights of marginalized groups. Important advocacy activities are connected with environmental issues, where CSOs have managed to establish a partnership with the parliamentary committee dealing with this issue through regular participation in sessions and green caucuses.

6 Source: Expert Survey 2016.

Impactful	Gradanske Inicijative	Association of citizens that promotes democracy and civil education through two programs: the program for strengthening civil society capacities and the program for public policies.
	Transparentnost Srbija	Local branch of Transparency International.
Innovative	Crta	CSO that engages with citizens and institutions in an effort to increase accountability through monitoring and oversight of their work.
	Ministarstvo prostora	CSO dealing with the protection and transformation of public spaces; leading organization in the protest movement "Ne davimo Beograd" against the Belgrade Waterfront project.

Table 6.7.5: examples of civil society actors in the field of advocacy<sup>7</sup>

### Social Enterprises

Social entrepreneurship is a new and underdeveloped aspect of civil society in Serbia, but many of the experts interviewed already consider it a significant opportunity to improve the financial situation within the sector and to reduce unemployment. Social enterprises are still not clearly defined by the legal framework, and their work is determined by several laws.

Due to the formal ambiguity of the concept, it is sometimes unclear which entities should be classified as social enterprises. In one of just a few sources on this topic, 1,196 entities were identified as active social enterprises in Serbia, including 785 cooperatives, 283 civil associations, 45 companies that employ disabled persons, 32 agencies for development, 23 foundations, 18 business incubators, 8 spin off companies and 2 other entities (Vukmirović 2014).<sup>8</sup> In 2012, those companies created 0.2% of national GDP, employed 10,362 persons (0.6% of all employees in Serbia) and engaged more than 20,000 volunteers (primarily in associations and foundations). Their primary goals are employment, social and humanitarian aid, local development and education.

Impactful	Ana and Vlade Divac Foundation	Originally set up with the idea of supporting the integration of refugees and displaced persons, this foundation supports other marginalized, socially vulnerable groups and young people, and encourages the development of both individual and corporate philanthropy.
	SMART Kolektiv	This organization promotes corporate social responsibility and connects business with society.
Innovative	Nova perspektiva Pirot	Small agricultural cooperative that employs individuals from vulnerable groups
	Razlivaliste	New hub for promotion of social enterprises, host of the Social Impact Award for Serbia

Table 6.7.6: examples of social enterprises<sup>9</sup>

### 6.7.4 Trends and Outlook

Projecting the future development of any political or social actor in Serbia is a complicated process. Even though some general trends can be observed in the long term (e.g. the EU integration process or economic liberalization), there are often stop-and-go situations (where progress in certain fields is followed by several regressive steps) which can lead to a significant decline in some respects (e.g. media freedom after 2012). Since civil society reflects many of society's more general characteristics, it is even harder to make estimates and forecasts, but it is possible to single out several trends that will shape the development of Serbian civil society in the next decade.

<sup>7</sup> Source: Expert Survey 2016.

<sup>8</sup> Data based on the EMES definition of a social enterprise.

<sup>9</sup> Source: Expert Survey 2016.

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### **Decline of available international support**

Many international foundations and individual states were responsible for the initial development of civil society. Due to progress achieved in Serbia, most of them are moving to other regions.

"As Serbia is progressing towards a democratic country and towards membership in the EU, there will be less development funds and agencies, and a large number of foreign donors will withdraw."

"In a country of transition, when foreign donors are leaving state institutions, private organizations and private donors should jump in. This is not happening in Serbia and I believe the CSOs will change their goals to accommodate political elites."

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### **Increased power of Serbian government**

Political power has been gradually shifted in favor of the Serbian government and decreased the influence of media, civil society and other actors.

"In the last 5 years foreign donors, e.g. embassies, funds and foundations, have started to push for better cooperation between government institutions and CSOs. Although the idea was noble, the policy resulted in major NGOs becoming too close to government to ensure funding and at the same time softened the criticism towards government policies. A worst-case scenario is where a prominent NGO started to support government in its action."

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### **European integration process**

EU integration is shaping civil society development in Serbia by making politics more transparent, accountable and issue-oriented.

"EU membership will also influence civil society indirectly by making sure that the central government is aligned with the overall EU social welfare strategy and direction."

"As Serbia moves forward with the EU integration process, it is expected that CSOs will have more opportunities to increase their capacities (e.g. will have access to more funds, know-how, networking, etc.) and thus will have more opportunities to influence political and social processes in the country."

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### **Growing expertise and importance of civil society**

Civil society represents one of the most important pools of resources.

"There is already significant expertise in the CSO sector. It will further grow with economic and social development and the accession of Serbia to the EU. This expertise will become better used by public institutions and businesses through increased partnership among the three sectors."

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Table 6.7.7: frequently mentioned trends and sample quotes<sup>10</sup>

The first trend is related to the decline in support from foreign foundations and agencies. This support primarily refers to financial means: as stated before, due to poverty and a lack of local opportunities for funding, Serbian CSOs are dependent on international financial assistance. However, the international foundations' strategy is to gradually withdraw from a state once it reaches sufficient levels of democratization and human rights standards, and to move on to regions where funds are needed more urgently. Furthermore, support from individual countries (e.g. Germany or the UK) has come under internal pressure due to austerity measures and expectations that Serbian citizens should support their civil society on their own. This trend might also have some positive aspects; as one expert stated, "this will motivate CSOs and make them think about other revenue streams, for example social entrepreneurship" (Expert Survey 2016). Serbian CSOs might also be more active in grassroots fundraising: One of the prominent independent investigative journalism groups, KRIK, initiated a fundraising campaign after publishing several very intriguing articles on the corruption of the Belgrade mayor with the slogan "Support us if you want more stories like this." On the other hand, there is a need to change the legal framework in order to facilitate the establishment of local foundations or investments by corporations or enterprises in the field of nonprofit or non-governmental organizations, motivated by tax deductions, social responsibility agendas and/or promotional purposes.

The second trend is focused on the increased influence of the Serbian government on civil society. This trend is a cluster of several parallel trends, although their origins are heterogeneous. The main sub-trend is partly a consequence of the first trend, namely the change in the international actors' agendas and their withdrawal from Serbia. Specifically, many international actors (including EU institutions and international foundations) are calling for cooperation between civil society and state institutions (as a precondition for funding), thus placing civil society in a dependent position in relation to state institutions. In response to this position, CSOs are becoming less critical and more cooperative in relations with the state, which limits their advocacy and oversight functions. In some cases, cooperation has led to the transfer of individuals from the civil sector to state institutions, particularly in the last several years. The second sub-trend is related to the financing of civil society by the state (including all levels of administration): in many cases, members of political parties are establishing government-friendly NGOs which are being awarded the majority of funds (if "their" party is in power) and therefore creating a parallel, non-functional civil society driven from the top down. In addition, due to austerity measures in Serbia, the amount of funds available to civil society could decline even more. Finally, since the 2012 elections and the formation of a government with the Serbian Progressive Party (SNS) as the leading party, many negative developments for civil society have been observed. The most important one is the decrease in media freedom and the expansion of media control by the government, which in turn influences the ability and

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10 Source: Expert Survey 2016.

tactics of civil society. As one expert framed it, “self-censorship could be seen in the wording used by CSOs’ representatives in the media. A few organizations remained loud, however without government-owned media attention” (Expert Survey 2016).

The European Union integration process is the third trend recognized by the interviewed experts. There is no doubt that EU integration is by far the most influential process shaping the future of Serbia. Civil society is also heavily affected by the integration process: besides the aforementioned financial support, EU political support is a crucial source of leverage for civil society. Of course, this support of civil society is not a kind of *carte blanche* and depends on the EU’s relations with the Serbian government. The European integration process is relevant for a number of additional reasons: (1) it will create more accountable politics, and civil society representatives will gain influence; (2) by opening more chapters in the negotiation process, politics in Serbia will become more concrete and issue-oriented, and politicians will have to talk more about actual issues and less about “progress”, “reforms” and other general topics; (3) according to the experts interviewed, EU policies are also aimed at solving social issues with heavy emphasis on welfare politics; and (4) civil society will have more opportunities to increase its capacity within European networks of civil society organizations.

The fourth trend is related to the growing importance of the civil society sector based on its expertise. As mentioned before, many CSO experts, members and volunteers have skills and knowledge that are far above the Serbian average. The capacity of civil society also includes organizational skills and networking as well as significant policy experience. This experience and knowledge have arisen from the great interest in education and training developed within the civil sector. Therefore, civil society is expected to play a more important role in the upcoming stages of EU integration. Moreover, CSOs can assist municipal and local authorities as well as private companies in their attempts to apply for European funds or to compete on the single market. This could lead to the establishment of the missing links between the economy, state administration and civil society.



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## **Chapter 7**

# **Country Report: Austria**

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## ABSTRACT

Civil society organizations (CSOs) play an important role in social and economic life in Austria. A vibrant and heterogeneous sector of more than 122,000 CSOs provides society with welfare services, engages in advocacy activities, and serves as a crucial vehicle for community building. Key features of this sector include its close relationship with the state and political parties (also known as “corporatism”), and the fact that CSOs receive a large share of their income from public sources and provide social services in return. The sector comprises a few large, established organizations that have close links to political parties and are highly relevant in economic terms, as well as a large number of small associations that are particularly important to social life in communities. Recent developments include legal changes aiming to enhance the number and impact of charitable foundations as well as expansions of the law on the tax deductibility of donations. Most recently, Austrian civil society has been affected by the flow of refugees mainly from the Middle East, which resulted in overwhelming civil engagement and brought about a number of spontaneous initiatives and organizations. The growing number of refugees and their integration will continue to challenge and activate civil society in the coming years. Furthermore, experts expect a decrease in public funding for civil society over the next decade, as well as increased levels of volunteering and a rise in social entrepreneurship in Austria.

## 7.1 Introduction

Austria’s civil society sector is characterized by enormous heterogeneity in its fields of activity, legal forms, funding structures, objectives (i.e. whether CSOs serve themselves or others), and reliance on paid employment or voluntary work (Heitzmann and Simsa 2004). In this section, we describe the sector’s key features and the characteristics of Austrian society that shape and explain the large variety of organizations in this sector.

### 7.1.1 Relevant Characteristics of Austrian Society

The characteristics of Austrian society that have influenced CSOs over the last century and still affect their development today (cf. Heitzmann and Simsa 2004, Pennerstorfer et al. 2013) include:

**Federalism and self-governance:** Austria consists of nine federal provinces, all of which enjoy substantial political autonomy and power. This federalist ideology is also reflected in the civil society sector, where many small, local organizations have founded umbrella organizations at the provincial and federal level. Nevertheless, the former remain autonomous as counterparts to local and provincial governments, manifesting a culture of self-governance.

**Corporatism:** Another important characteristic of Austrian society is corporatism, or the participation of professional associations and unions in political decision-making processes. This forms part of the country’s system of “social partnership”, in which institutionalized negotiations are held between labor organizations, employers’ associations and political parties in order to balance interests. Many CSOs – especially the large and well-established ones – take part in these negotiations and exert remarkable political power (Neumayr et al. 2007b). CSOs also contribute significantly to public welfare services and depend on public funding, especially in social services and health care. According to Salamon and Anheier (1998), this system of state-sponsored welfare provision by CSOs is a key feature of a corporatist nonprofit regime.

**Political parties and the church:** The close links between CSOs and political parties or the Catholic Church are also evident in their ideological background. Historically, this is because many CSOs arose from either the socialist workers’ movement or its Christian-Catholic counterpart at the end of the 19<sup>th</sup> century, when Austria’s modern political parties and the church formed their own organizations to bind members to their ideas. Up to today, CSOs influenced by rather Christian-democratic ideas (relating to the People’s Party or the church) or rather social-democratic ideas (relating to the Social Democratic Party) exist side by side and deliver similar services. However, their coupling with their ideological successor organizations has become rather loose. Within this system, it is still quite difficult for more or less “independent” CSOs to establish themselves.

### 7.1.2 Typical Characteristics of Civic Engagement in Austria

Civic engagement can be considered high in Austria: Almost half of the population (46%) does some kind of volunteer work (Federal Ministry of Labor 2015), and two thirds make some form of charitable donations. While formal volunteering largely mirrors social stratification and occupational patterns in society, informal volunteering involves “marginalized” groups, such as the unemployed or immigrants, to a much larger extent. As for charitable giving, donors tend to give comparatively small amounts, on average only EUR 91 per year. Voter turnout is also very high – 75% in the latest parliamentary elections in 2013 – compared to the average voter turnout (66%) in Europe (IDEA 2016).

### 7.1.3 Predominant Legal Forms of CSOs

As mentioned above, CSOs form a heterogeneous group in terms of legal status, as there is no specific legal form for CSOs in Austria. Instead, various types of legal entities can claim public benefit status and are thus eligible for specific tax alleviations. In order to qualify for this status under Austrian tax law, organizations are required to primarily pursue “public-benefit, charitable or religious purposes”, which is verified by the fiscal authorities (Neumayr et al. 2007b).

Empirical evidence shows that nearly all CSOs – about 99% – are registered associations. This legal form does not require much administrative effort regarding establishment, annual reporting or accounting. In addition, it was the first form in which citizens were permitted to organize their interests in the 19<sup>th</sup> century. Despite their high prevalence, associations are not an important economic force, as most are very small and do not even have paid employees, and many are active in sports, culture and recreation. A second group of CSOs (about 500) are incorporated as private-limited or public-limited companies, or as co-operatives. In addition, about 700 charitable foundations exist under the law on private foundations and the law on federal foundations and funds (Pennerstorfer et al. 2013).

### 7.1.4 Legal Framework

The essential legal basis for civic engagement in Austria includes the right of free assembly and the freedom of association; both were established as fundamental rights in the Constitution of 1867. The right of association allows citizens to group without any administrative effort, funding requirements, or formal permission. The association must only be declared to the authorities and can be prohibited in the case of suspected illegal activities. This is why there are so many registered associations in Austria. Beyond that, citizens have the right to voice their opinions in demonstrations, which do not require permission but can be forbidden under certain circumstances. In practice, this right is quite often utilized and, except for a few unpleasant events (e.g. regarding freedom of the press during demonstrations), it works well in practice. In the past, Austrian civil society has achieved many goals by way of demonstrations (e.g. preventing a power plant on the Danube River in Hainburg in the 1980s, stopping Austria’s engagement in nuclear energy in the 1970s). Other legal possibilities related to direct democracy, such as popular petitions, consultative referendums, and national referendums, play a minor role in practice, as only the outcome of a national referendum is obligatory. Overall, legal decisions in Austria can be considered very predictable, and as stated above, CSOs are often involved in negotiations on political decisions affecting their activities (More-Hollerweger et al. 2014).

### 7.1.5 Visibility of Civil Society

Awareness of the civil society sector is still not deeply ingrained in the Austrian population (Heitzmann and Simsa 2004). One reason for this is the fact that researchers only began to “discover” and systematically study the field in 1995. The increased attention from researchers and the public as well as the availability of statistical information supported the formation of a common identity and self-awareness in the sector. A few years ago, CSO practitioners started to realize that they belong to a distinct sector; its identity is also visible in their successful lobbying for changes in the legal framework applying to CSOs (e.g. foundations, donations). Events such as the recent refugees crisis have resulted in huge media coverage, even in popular newspapers, with reporting being positive in all cases. Still, the sector’s identity is mainly limited to the fields of social services, health care, humanitarian aid, human rights, and political, educational, and environmental issues. Practitioners in other fields, like sports and culture and arts, identify less with the civil society sector as a whole. More recently, high attention and media coverage have resulted from awards and prizes tendered for start-ups and social businesses.

## 7.2 Historical Development and Main Actors

### 7.2.1 Historical Development

CSOs can look back on a long tradition in Austria, and many of the organizations active today date back to the 19<sup>th</sup> century. In 1867, the law on registered associations laid the foundation for the emergence of the civil society sector (Simsa et al. 2005). Since then, CSOs’ fields of activity have steadily broadened according to the needs and problems of society. From around the turn of the 20<sup>th</sup> century until 1914, the most important types of associations were mutual benefit societies and savings clubs, reflecting the lack of a public social security system and the working class’s need to save for unforeseen events. Later, during the interwar years – when fascist ideology gained popularity in Austria – CSOs, especially sports clubs, played an important role in disseminating fascist ideas (Simsa et al. 2005). Additionally, the ongoing labor movement spurred the founda-

tion of many CSOs. In 1934, as the era of Austro-Fascism set in, all of the associations linked with the Austrian Social Democratic Party were dissolved and their activities forbidden. A major turning point was the annexation of Austria by Germany in 1938; the whole sector was restructured, and associations with “undesired” aims were either shut down or brought in line with nationalist goals (Heitzmann and Simsa 2004). It was at that time that the remnants of a formerly prosperous foundations sector were extinguished. During the last decades of the Habsburg monarchy, a flourishing field of wealthy foundations had emerged. Their wealth was partly destroyed in World War I and partly diminished by the 1929 economic breakdown, and the remainder was nationalized by the Nazis.

After World War II, with the formation of the Second Republic, political parties helped reinvigorate the civil society sector. Many CSOs were founded or supported either by the Social Democratic Party of Austria or by the conservative Austrian People's Party. Due to these affiliations, CSOs had an enormous influence on politics, thereby establishing the basis for Austria's modern corporatist system. Yet there was little endeavor to re-establish private philanthropy, and there was little desire to repatriate those who had succeeded in fleeing from the Nazis. Economic sectors that were nationalized by the Nazis were not reprivatized, but kept in public ownership.

In the 1970s, increasing ecological and political awareness and successful protests against nuclear power in Austria (1978) resulted in the foundation of a substantial number of CSOs focusing on previously untargeted areas, including women's liberation, ecology and support for disadvantaged groups (e.g. people with disabilities), as well as development aid and international relations. Many of these organizations were not linked to established political parties or the church. For example, protests against the construction of a hydroelectric power plant in a nature reserve in 1984 gave rise to a new social movement out of which the Green Party of Austria was founded (Neumayr et al. 2007b).

Civil society since the 1980s: One of the more recent waves of new CSOs resulted from political transformations and conflicts in neighboring countries, including several states belonging to the former Eastern Bloc: the Czech Republic, Slovakia, Hungary, Croatia and Slovenia. Due to the war in former Yugoslavia in the early 1990s, CSOs emerged to provide refugee assistance. Moreover, long before the fall of the Iron Curtain in 1989, CSOs focusing on human rights and migration were founded, as were many cultural associations (Neumayr et al. 2007b).

In 1995, Austria became a member of the European Union. In the following years the European procurement directive went into effect, and along with increased efforts to implement New Public Management in public governance, the relationship between the state and the civil society sector underwent profound changes: For one, public funding broadly shifted from lump-sum subsidies to performance-related contracts. In addition, several services previously reserved for contracting with CSOs were opened up to for-profit providers, thus challenging CSOs with competitors who focused on the delivery of the requested services and on competitive advantages, and were not interested in advocacy. This competition drove down prices at the cost of quality, as exemplified by the case of the Traiskirchen refugee camp in 2003 (Schneider and Trukeschitz 2007, Schenk 2015).

Civil society since the year 2000: One remarkable occasion in Austrian history that motivated action within the civil society sector took place in the year 2000, when the right-wing Freedom Party (FPÖ) formed a government coalition with the Austrian People's Party. In response, many initiatives emerged spontaneously, such as weekly marches against the government for nearly two years. Facilitated by new communication technologies, these spontaneous forms of protest continued when students protested against education policy (“Uni Brennt”) in 2009.

Between 2005 and 2010, the blurring boundaries between for-profit and nonprofit organizations brought about new forms of civil society organizations that labeled themselves either “social enterprises” or “social businesses” (see Section 7.3.6). At the same time, foundations started to offer rewards and prizes for start-ups and social businesses with “innovative” approaches to tackling social problems, resulting in high media attention for this part of the civil society sector. In recent years, several changes in the legal framework applying to CSOs have taken place. In 2009, the tax deductibility of donations was enhanced, with further expansions in 2012 and 2016. Another major change was introduced by the Gemeinnützigkeitsgesetz 2015 (law on charities), which went into effect in 2016. These changes first and foremost target charitable foundations in Austria.



Figure 7.1: timeline of key events for civil society

The most recent development was the refugee crisis with a high number of refugees crossing Austria's borders on their way through Europe due to the war in Syria. In response, numerous spontaneous initiatives and CSOs were founded, e.g. for recreational activities and support for unattended, underage refugees, etc. Social media played a major role in organizing citizens' engagement, for instance in short-term volunteering, providing legal counseling, coordinating donations of food and clothes, and also mobilizing people for demonstrations against restrictive refugee policies in Austria and Europe, arguing for a "welcoming culture" (see Section 7.4).

### 7.2.2 Funding Sources

Austria's civil society sector is predominantly funded by public sources: 50% of the sector's income is derived from contracts with public authorities, while another 17% comes from public subsidies (Pennerstorfer et al. 2015). The largest share of CSOs' public income stems from provincial governments (45%), followed by local governments (23%) and the federal government (23%).<sup>1</sup> The relevance of public funding in general and of income from provincial governments in particular is characteristic of the Austrian system of corporatism and federalism, both of which are outlined above. The remaining sources of CSOs' income are revenues from sales to private organizations and individuals (22%), private donations (9%), membership fees (2%) and sponsoring (1%) (Pennerstorfer et al. 2015).

This pattern characterizing the sector as a whole is particularly prevalent in social services and health care, which are the sector's most important fields in terms of employment and revenues. However, other fields exhibit different income structures. In the field of culture, for instance, CSOs receive almost 90% of their income from the public sector, most notably from subsidies, as performance-related contracting is unusual in this field. The situation in research and development is quite similar, with about 94% of income from public sources; income from the European Union (17% of the total) also plays a vital role here. The predominant source of funding for sports and recreation organizations is sponsoring (55%), followed by sales revenues (16%) – which do not come from the public sector – and membership fees (10%).

**Legal and fiscal incentives for funding CSOs:** The tax deductibility of charitable donations is a relevant financial incentive for CSO funding. Introduced in 2009, this law allows individuals and corporations to deduct donations of up to 10% of their income or profit from their tax base. This regulation refers to donations to CSOs that contribute to the public good, emergency relief, development aid or animal and environmental protection, or that collect donations for one of these purposes. The law also includes CSOs that engage in research and education or, under specific conditions, in arts and culture.<sup>2</sup> In order to benefit from tax-deductible donations, CSOs have to be accredited by the Ministry of Finance, which requires them to have existed for at least three years, to undergo audits, and to ensure that their administrative costs do not exceed 10% of the donations received.

Beyond this tax incentive for donors, a number of tax alleviations incentivise CSOs themselves, with tax exemptions applying to corporate income tax, value-added tax, municipal tax and capital transfer tax.<sup>3</sup> For instance, with the exception of those profit-seeking parts of organizations that are not essential to fulfil their public-benefit mission, CSOs do not have to pay corporate income tax, and they benefit from reduced value-added tax rates; those active in specific fields even enjoy total exemption, but they are not allowed to reclaim the VAT they pay to their suppliers. In January 2016, several amendments to the law on corporate income tax, real estate transfer tax and taxes on foundations were incorporated in the new law on charities. This initiative aims to foster the activities of charitable foundations (for more details, see Section 7.4).

<sup>1</sup> The remainder of public income stems from the EU, the Austrian Public Employment Service and several other sources.

<sup>2</sup> Arts and culture were included in 2016 in the course of implementing the law on charities; it applies only to CSOs that also receive income from public authorities.

<sup>3</sup> These alleviations apply to any legal entity with charitable status.



Role of foreign donors: Foreign donors are not a major factor in CSO funding in Austria. In a survey among CSOs belonging to the Austrian Fundraising Association, 30% stated that they receive foreign donations on a regular and 60% on a non-regular basis, mostly from foundations, corporations and major donors (FVA 2015); however, the share of donations from abroad is rather small. Nevertheless, they may be highly relevant for certain CSOs.

### 7.2.3 Institutional Environment

Public-sector organizations at different levels play the most important role in the institutional environment. In addition, a few associations representing larger parts of civil society and engaging in advocacy for CSOs' interests can be considered relevant. Among them is the Austrian Fundraising Association (FVA), a platform for donation-collecting CSOs that aims to improve regulations for fundraising. This was one of the organizations that initiated and lobbied for the recent changes in the law on charities (Gemeinnützigkeitsgesetz 2015) that went into effect at the beginning of 2016. Another player is the Privatstiftungsverband (PSV), an organization representing private foundations, most of which, however, do not pursue charitable purposes. Likewise, the PSV was successful in lobbying for the above-mentioned amendments to the law on charities. As a counterpart, an association representing public-benefit foundations was recently founded (Verband für gemeinnütziges Stiften). Furthermore, there is a CSO interest group called IGO (Interessensvertretung gemeinnütziger Organisationen) and an advocacy organization founded by the big five social service CSOs (Bundesarbeitsgemeinschaft freie Wohlfahrt, or BAG).

The idea that the public sector still has the most say in the institutional environment was also supported by a survey conducted among 18 anonymous civil society experts in Austria.<sup>4</sup> They indicated governments on the federal, provincial and municipal level as the three most influential actors out of a list of 11 actors. The list continues with the church, media, individual donors, the European Union, and universities and think tanks. Little or no influence on civil society is attributed to corporations, domestic foundations, and foreign foundations and agencies. Remarkably, and possibly in contrast to other countries, the respondents did not identify any institutional actors that exert a negative influence inhibiting civil society. All of the given actors were assumed to exercise positive influence upon Austrian civil society, but to varying degrees: while the influence of governmental actors is controversial, resulting in the lowest positive rating, universities and think tanks are unanimously rated as very supportive. Likewise, the (Roman Catholic) church is assessed very positively, as are individual donors and domestic foundations. In the following, more details on the kind of influence and the role of these actors vis-à-vis CSOs are given, with the actors ranked from the most to the least influential.

Federal, regional, and local government: As already mentioned, experts rated governments as the most influential actors in the CSOs' environment. Notably, they assessed all three levels of government – the municipal, regional, and federal level – as equally important. Given the relevance all three levels have for CSOs with regard to funding (see Section 7.4), these appraisals are very understandable, as Austrian civil society is intertwined with the public sector in various ways and interacts with all levels of government.

Private donors: Private donors are important supporters of Austrian civil society. CSOs appreciate such donations because donors do not exert much influence on CSOs' activities and spending compared to other funding sources (Schober et al. 2011). This is partially due to the fact that the vast majority of donors in Austria are ordinary people who give small amounts and thus do not have much power to influence CSO activities. Major donors, in contrast, play a very limited role. Philanthropic income is not a major pillar of CSOs' funding, with only about 7% of their income stemming from this source in 2007 (Neumayr et al. 2007b) and about 9% in 2013. However, this small upward trend is predicted to continue thanks to the recent expansions in the tax deductibility of donations and the fact that CSOs expect to benefit from the enormous wealth which was accumulated by the generations born after World War II and will be transferred in the coming decades.

European Union: The European Union (EU) is not perceived as an important player in the CSOs' environment. When Austria joined in 1995, Austrian CSOs were challenged with a number of legal regulations. In particular, the legal framework for CSOs in the field of social services and health has changed markedly, with an increase in competition among CSOs, but also between CSOs and for-profits and with foreign service providers that were permitted to enter the Austrian quasi-market for social services (Schneider and Trukeschitz 2007). Beyond that, European institutions play some role in funding CSOs in certain fields, most notably research and development.

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4 The experts were asked to assess the influence of a given list of actors on civil society and the direction of the influence exerted. The questions therefore read: "How influential are the following actors in the institutional environment of civil society in your country?" and "How positive or negative is their influence on the unfolding of civil society in scale and scope?"; see also Section 7.3.1.

**Universities and think tanks:** Universities such as the University of Vienna and the Vienna University of Economics and Business also support Austrian civil society, especially as they lobby for including the activities of CSOs as a separate category in national statistics, thus enhancing their visibility and recognition. In addition, university research on the sector since 1995 has played a major role in creating a sector identity.

**Corporations:** In terms of funding, corporations exert little influence on CSOs. They do play a key role in sponsoring CSOs in the field of sports and recreation, and they support social service organizations in their CSR activities, but their overall impact on the sector is rather small. One trend triggered by the recent wave of refugees is the engagement of CSOs in corporate volunteering. Corporations also play a role in the CSOs' environment as competitors in service provision.

**Domestic foundations:** The reasons why Austrian foundations are not perceived as very important for CSOs are twofold: First, Austria does not have a well-established foundation sector; both the number of charitable foundations per capita and the annual expenditure of foundations are rather small compared to the figures in other countries. Second, unlike the legal regulations in other countries, Austrian law does not require private foundations to pursue a public purpose. Out of Austria's 3,500 foundations, most of which are endowed foundations, only 700 serve philanthropic purposes. Thus, the vast majority of foundations are devoted solely to private objectives without contributing to civil society. Schneider et al. (2010) attribute the low number of charitable foundations to restrictive tax regulations, a small number of role models, a lack of transparency in the foundation sector, and, most importantly, the assumption that "it is the state's most fundamental task to realize social agendas." In addition, the small number of foundations is linked to World War II, when many foundations were dissolved or their legislation changed (see Section 7.2). In the latest initiative, the above-mentioned law on charities aims to foster the activities as well as increase the number and annual expenditures of charitable foundations. The changes include incentives to facilitate establishment and include benefits for strictly "supporting" foundations. However, critics complain that these amendments will not provide a boost for private foundations because there are still very low thresholds that inhibit significant endowments.

## 7.3 Mapping Civil Society

### 7.3.1 Method and Data Sources

In Austria, there is no single data source containing all relevant information on civil society. The Austrian statistics office does not regularly gather statistical data on CSOs, and the organizations themselves are not obliged to report. Available data are therefore mainly based on convenience samples and suffer from a lack of precision. A statistical satellite account for nonprofit institutions as proposed by the United Nations (United Nations 2003) has not been implemented so far.

Since there is no single legal form for CSOs, various data sources must be combined for mapping purposes. First, the Austrian Ministry of the Interior maintains the associations register. These data are public, but access is restricted to specific searches for individual associations. The ministry itself publishes only the overall number of associations. Besides, the association register provides only very basic legal data. Second, CSOs that are limited liability companies or corporations can be found in the commercial register, but they can only be identified as charitable organizations by their names. Third, foundations are also registered, but their legal data (documents containing purposes, founders, boards) are dispersed over ten different databases – and an eleventh is about to be established. An overview of the role of foundations in civil society is provided by Schneider, Millner and Meyer (2010).

Helpful information on CSOs can also be found in survey data. However, only a few surveys have been conducted to date: First, a very recent survey investigated CSOs with at least one paid employee (Pennerstorfer et al. 2015). Second, the Austrian microcensus in 2006 focused on volunteer work, and the results were published in the first report on volunteering by the Ministry of Labor, Social Affairs and Consumer Protection (Federal Ministry of Labor 2009). A second report based on a face-to-face survey from 2012 was published in 2015 (Federal Ministry of Labor 2015). As for charitable giving, information is available from surveys conducted by the Vienna University of Economics and Business (WU Vienna) in the years 2008 and 2011 (Neumayr and Schober 2012, Neumayr et al. 2013).

Finally, an online survey was conducted among a diverse pool of experts on the Austrian civil society landscape. Respondents were identified through snowball sampling and with the help of the authors, the WU Vienna, and ERSTE Foundation. 18 anonymous experts with an average of 16.1 years of professional experience in civil society activities completed the survey. Their answers included assessments of the institutional environment, key actors in different fields of activity, and future trends.

### 7.3.2 Size and Role of Civil Society

As mentioned in the previous section, only limited data are available on CSOs in Austria. We nevertheless tap different sources to draw as complete a map as possible. In 2014, there were 120,861 registered associations in Austria, but the register does not report on their fields of activity (Statistik Austria 2016). In addition, there were at least 714 foundations and 514 limited liability companies, corporations and cooperatives that could be classified as CSOs (Pennerstorfer et al. 2013). Adding up these figures, we conjecture that at least 122,000 CSOs exist legally in Austria. Given a population of 8.5 million inhabitants, the per capita ratio is 1:70. However, the number of CSOs that employ paid staff is considerably smaller, namely around 10,700 organizations.

Table 7.1 gives an overview of CSOs with at least one paid employee by field of activity. The categorization of fields follows the Austrian NACE classification at the 2-digit level. Important fields of activity for CSOs with paid employees include education, social work activities without accommodation as well as activities of membership organizations. These CSOs employ around 234,000 persons. The last column displays the value added by CSOs in 2013. In total, we find a value added of around EUR 7.3 billion, which accounts for 2.3% of the total GDP.

NACE 2008	Field of activity	Number of CSOs	Number of paid employees	Value added in EUR million
72	Scientific research and development	65	1,825	27.29
85	Education	3,053	29,277	980.04
86	Human health activities	320	29,882	1,679.43
87	Residential care activities	468	29,398	1,042.33
88	Social work activities without accommodation	2,473	90,525	1,978.38
90	Creative, arts and entertainment activities	67	1,625	12.96
91	Libraries, archives, museums and other cultural activities	71	651	8.15
93	Sports activities and amusement and recreation activities	648	4,596	146.87
94	Activities of membership organizations	3,552	46,664	1,422.87
	<b>Total</b>	<b>10,717</b>	<b>234,443</b>	<b>7,298.36</b>

Note: All figures for the year 2013.

Table 7.1: CSOs with paid employees by field of activity

If we compare the number of organizations with paid employees to the estimated total of at least 122,000 CSOs, it becomes evident that the vast majority of Austrian CSOs are run only by volunteers. As mentioned above, there is no data on fields of activity or value added by CSOs without paid employees. In 2003, the last year in which the activity fields of associations were published, the three top activity categories were sports, savings associations and cultural associations (Pennerstorfer et al. 2013).

Data on volunteering is available from surveys which focus on individual-level data, i.e. asking individuals whether, for how many hours and where they do volunteer work. In 2006, 43.8% of the total population over 15 years of age indicated that they did formal or informal volunteer work. Looking only at formal volunteering, we find that 27.1% of all Austrian adults do volunteer work, which equals around 1.925 billion people (Federal Ministry of Labor 2009). The second report shows similar figures, with 46% doing volunteer work and 28% of the adult population active in formal volunteering in 2013 (Federal Ministry of Labor 2015). However, differences in the survey methods make comparisons rather difficult. Figure 7.2 gives an overview of the activity fields of volunteers in 2006 and 2013.

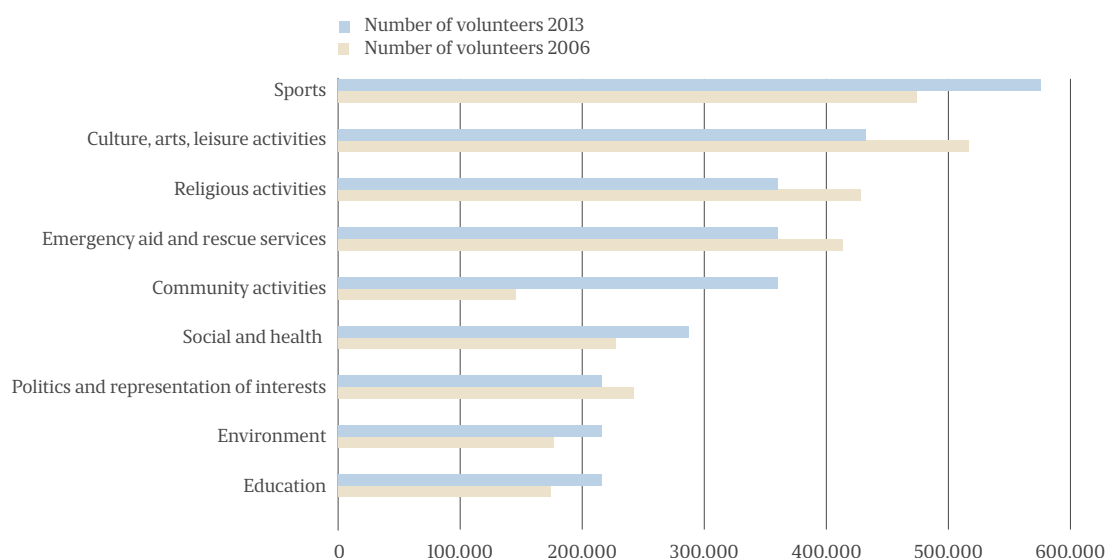


Figure 7.2: volunteers by field of activity in 2006 and 2013<sup>5</sup>

Over time, the Austrian civil society sector has grown considerably. Table 7.2 gives an overview of various growth indicators. Note that the table combines different data sources, which sometimes makes it difficult to compare years and variables.

Year	1980		1990		2000		2010		2013	
Number of associations	58,400	<sup>1</sup>	78,835	<sup>1</sup>	104,203	<sup>1</sup>	116,556	<sup>1</sup>	120,168	<sup>1</sup>
Number of employees	---		---		152,882	<sup>2</sup>	212,175	<sup>2</sup>	234,443	<sup>3</sup>
% of total population above the age of 15	---		---		29.8%	<sup>4</sup>	27.9%	<sup>4</sup>	28%	<sup>5</sup>
Value added in EUR million	---		---		3,757	<sup>2</sup>	5,940	<sup>2</sup>	7,298	<sup>3</sup>

Table 7.2: development of CSOs since 1980<sup>6</sup>

### 7.3.3 Culture

In 2013, around 2,300 persons were employed in 138 CSOs in the fields of creative, arts and entertainment activities as well as libraries, archives, museums and other cultural activities (Leisch et al. 2016). Thus, in terms of paid employment and revenues or value added, the field of culture is not of great importance in the Austrian civil society sector. However, in terms of volunteerism, this field was the most important field in 2006 and the second most important in 2013. CSOs in the cultural field depend heavily on volunteers, and cultural CSOs count as an important pillar of Austrian civil society. While large theaters and museums are often public institutions with a long tradition, many CSOs in this field operate on a smaller scale, are of local importance and rely heavily on volunteers (Badelt 1999). In the cultural field, the expert survey revealed highly heterogeneous results in terms of impactful or innovative examples. Table 7.3 therefore shows organizations that can be understood as examples representing the diversity in this field.

<sup>5</sup> Federal Ministry of Labor (2009:53, 2015:26).

<sup>6</sup> Sources: <sup>1</sup>Statistik Austria (2016:198), <sup>2</sup>Pennerstorfer et al. (2013:64), <sup>3</sup>Leisch et al. (2016), <sup>4</sup>Federal Ministry of Labor (2009:52), <sup>5</sup> Federal Ministry of Labor (2015:19).

Impactful	IG Kultur	IG Kultur is the lobby of cultural initiatives in Austria. Its main aim is to improve the working conditions of people employed in the field of culture.
	Leopold Museum Privat Stiftung	This private foundation runs an art museum in Vienna showing the collection of the founder.
Innovative	Caritas Brunnenpassage	Brunnenpassage is a project launched by Caritas Vienna and designed to provide access to culture and cultural activities for groups otherwise marginalized or often excluded from culture.
	Inntöne Festival	This association organizes a regional jazz festival in Upper Austria every summer.

Table 7.3: examples of civil society actors in the field of culture<sup>7</sup>

### 7.3.4 Social Services

By international comparison, the Austrian civil society sector is often categorized as service-dominated (e.g. Neumayr 2015). The social service field is of great economic importance within the sector and is fairly professionalized. The NACE categories 87 (Residential care activities) and 88 (Social work activities without accommodation) figure prominently among CSOs with paid employment. Around 27% of all CSOs with paid employees were registered in these two fields. Among those 2,941 organizations, we find 51% of all employees in Austrian CSOs (approximately 120,000 persons), and their value added accounts for almost 41% of total value added in Austrian CSOs. From a socio-political point of view, CSOs are very important actors in the provision of social services in the Austrian welfare state. CSOs in NACE category 88 account for 89% of the overall value added in their field, and CSOs in category 87 account for almost 45% in their field (Leisch et al. 2016). Volunteers, however, are less important in the field of social services. Only around 10% of all volunteers report that they are active in these fields.

Impactful	Caritas	Caritas is the largest and one of the most important CSOs in Austria. It is active in various fields of social services, most importantly care and poverty.
	Diakonie	Diakonie is one of the most important CSOs in Austria. It is active in various fields of social services, such as care and education.
Innovative	Magdas Service GmbH	Magdas is the label used for social business projects by Caritas Vienna. Projects include a hotel employing refugees and a restaurant which is a workplace for people otherwise excluded from the labor market.
	Flüchtlinge Willkommen	Flüchtlinge Willkommen is a start-up that matches asylum seekers with locals for flat shares. The organization won the Social Impact Award in 2015.

Table 7.4 examples of civil society actors in the field of social services

NACE category 88 (Social work activities without accommodation) in particular can be described as a large, heterogeneous field of organizations; it consists of five big welfare associations, most of which are close to a church or political party. These large organizations offer a wide range of services for different target groups. In addition, there are a number of medium-sized organizations that more often focus on a single issue (Dimmel and Schmid 2013). Finally, at the local level we can find a multitude of CSOs in this field.

Table 7.4 gives examples of social-service CSOs mentioned in the expert survey. The most often mentioned “impactful” organizations were Caritas and Diakonie, which are among the “big five” organizations mentioned above. Caritas is closely linked to the Catholic Church, Diakonie to the Protestant Church. Among the “innovative” examples, we find projects and organizations for refugees and asylum seekers that are quite well known in Austrian society.

<sup>7</sup> Source: Expert Survey, 2016. The examples presented here and in Section 7.3.4, 7.3.5 and 7.3.6 were selected from the suggestions of 18 anonymous Austrian experts, surveyed in spring 2016 (see also Section 7.4).

### 7.3.5 Advocacy

Although the Austrian civil society sector is often described as service-oriented, it also has a strong tradition in advocacy. Many CSOs have close links to political parties and participate in public discussions, are involved in the process of preparing laws, and are consulted on legislative drafts (Neumayr 2015).

NACE category 94, Activities of membership organizations, can again be described as a vast and very heterogeneous category. When looking at paid employment, we find that almost one third of all CSOs with paid employees are categorized in this field, accounting for almost 20% of total employment in the civil society sector. In total, these organizations create a value added of around EUR 1.420 billion (~19.5% of total value added in CSOs). As for volunteerism, it is hard to come up with a comparable value, since the fields of activity in volunteer surveys do not match the NACE classification. However, in existing surveys, volunteers in the fields of environment, politics and representation of interests or community activities could be counted as advocacy. In these three fields, we find between 20% and 26% of all volunteer activities, depending on the survey used.

Put differently, advocacy activities can be found in many – if not all – fields of activity. Restricting the view to the NACE category “Activities of membership organizations” could seriously underestimate the importance of advocacy in Austrian civil society. This also becomes apparent when looking at the results of the expert survey (see Table 7.5). Whereas Amnesty International can be viewed as a classic example of an advocacy organization, we also find projects and organizations that are relevant in social services. This result underlines the fact that many organizations not only provide services, but also make important contributions to public opinion-making and the representation of interests.

Impactful	Amnesty International	Amnesty International is the largest human rights organization worldwide and is thus seen as especially impactful in Austria as well.
	Diakonie	Diakonie is perceived as impactful not only in the field of social services, but also in advocacy, as the organization is very active in social policy issues.
Innovative	Train of Hope	Train of Hope was established in response to the refugee crisis in autumn 2015. It is the best-known organization which emerged during that time, and it is dedicated to helping incoming refugees and asylum seekers at Austrian train stations and elsewhere.

Table 7.5: examples of civil society actors in the field of advocacy

### 7.3.6 Social Enterprises

Social entrepreneurship is a new phenomenon in Austria. Most initiatives that are explicitly dedicated to social entrepreneurship have been launched in the last few years, including the co-working space Impact Hub Vienna, social innovation awards like “SozialMarie”, “Social Impact Award” and “get active”, and the research and teaching activities at the authors’ university (Schneider 2013; Millner and Vandor 2014). The ecosystem of social entrepreneurship is still in its infancy, and social entrepreneurship lacks a coherent institutional and legal framework. However, the topic has recently gained momentum with the launch of two small-scale publicly funded programs by the Vienna Business Agency and the Austrian Development Agency in 2015 as well as growing public recognition (Austrian Council for Research and Technology Development 2015).

In line with academic literature and the discourse in other countries, social entrepreneurship in Austria is generally understood as the application of entrepreneurial means to achieve social goals. Thereby “entrepreneurial” is interpreted in two ways: On the one hand, it involves innovations such as the start-up “Flüchtlinge Willkommen”, which enables refugees to find shared flats. On the other hand, it includes social business organizations like “Magdas Service GmbH”, that earn income through market transactions while reinvesting profits in cause-related activities (Millner and Vandor 2014, Vandor 2015). However, being innovative or market-oriented is not the exclusive domain of start-ups. A fair number of social enterprises are also operated by established “traditional” CSOs (Vandor 2015).

Impactful	Magdas Group	Group of social businesses operated by Caritas Vienna, including a hotel in Vienna mainly operated by former refugees.
	Impact Hub	Co-working space, community and capacity building provider for over 400 social entrepreneurs in Austria.
Innovative	Flüchtlinge Willkommen	Start-up that matches asylum seekers with locals for flatshares and winner of the Social Impact Award 2015.
	Vollpension	Café in Vienna that employs and provides a community for retirees with marginal income.

Table 7.6: examples of social enterprises

The number of social businesses has recently been estimated at 1,200 to 2,000 organizations (Vandor 2015). The main fields of activity of social businesses are research and education, social services, and the environment. In addition to their mission-related impact, these organizations also create considerable job and demand effects as well as tax revenues. An analysis of 190 social businesses for which primary data was available showed that those businesses alone generated annual revenues of EUR 700 million and employed over 16,000 individuals (Vandor 2015).

## 7.4 Trends and Outlook

Making forecasts is a tough business. Predictions are subject to many human biases, such as a tendency to extrapolate on the basis of existing trends while failing to anticipate non-linear developments (Tversky and Kahneman 1974, Taleb 2007). Nevertheless, assessments by experts can help us to understand expectations, hopes and fears in civil society and to formulate educated guesses about its future. To this end, the expert survey described above also contained a section in which respondents were asked to name trends which they expect to influence civil society in the next 10 to 15 years. The answers were content-analyzed by two raters independently in order to identify trend patterns in distinct categories (Stemler 2001, Krippendorff 2004). Four trends were mentioned especially frequently (see also Table 7.7).

First, respondents expect the immigration and integration of Syrian and Iraqi war refugees to continue to influence civil society. In 2015 alone, 88,000 refugees sought asylum in Austria, and several hundred thousand crossed Austria's borders on their way to Germany and Sweden. These events spurred strong reactions in various parts of society, especially during the second half of the year. Many citizens became active as volunteers, took part in demonstrations or donated to CSOs that work with refugees (Simsa 2016). This surge of empathy and voluntary action was publicly dubbed the "Willkommenskultur" – a new culture of welcoming. Some of these volunteering efforts manifested in the development of informal (and later formalized) organizations such as Train of Hope, which managed an improvised refugee shelter and effectively used social media to coordinate volunteers, resources and attention. Established civil society organizations also faced exceptional circumstances and were required to scale up their operations rapidly in order to meet the demand for shelter, food and supportive legal and integrative measures (Simsa 2016).

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### More refugees and continued political challenges

The continuous immigration will create a need for services in the area of integration, unemployment and others, but it also presents opportunities.

"More and more people from far abroad will come into the EU and far more will relocate within the EU."

"Refugees and migration will continue to heavily influence European politics and activities of civil society."

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### Decrease in public funding

Public funding is expected to decrease (e.g. because of reduced tax income), causing higher competition among CSOs and reinforcing the role of earned income.

"As public funding will decrease significantly in many fields, fundraising for CSOs will become a contact sport – competition will increase dramatically."

"Tax avoidance due to differing tax rates is thinning out public finances."

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### Increase in volunteering

Increase in the number and activity of volunteers, and stronger emphasis on short-term and flexible forms of volunteering

"Professionalized nonprofit organizations have the ability to create kinds of voluntary work that shows regularity but limits the volunteers' time expenditure to a few hours per week or even month. Compared with local societies and clubs they combine this volunteer engagement with paid work and thereby counterbalance temporary fluctuations of the first. [...] Consequently, many Austrian nonprofit organizations will be able to make use of the rising "donations of time". "

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### Higher relevance of social entrepreneurship and social enterprises

Social entrepreneurship and social business are gaining in importance, bringing in fresh ideas and a focus on earned income, but potentially at the cost of advocacy activities.

"Social Entrepreneurship is going to gain even more momentum - both in its manifestation as a start-up movement and social business. This trend will be driven by a) institutional changes that are already taking place (see: the 3 new public funding calls for SE in 2015 alone), b) the trend of seeking meaningful work, [...] c) by the withdrawal of the state [...]."

"More and more social businesses and enterprises will develop, both beyond traditional CSOs and within."

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Table 7.7: frequently mentioned trends and sample quotes

With currently no political solution in sight for the wars in Syria and Iraq, the debate surrounding refugees is likely to continue to influence Austrian civil society in the coming years. As long as new refugees continue to enter the country, CSOs will be involved in providing housing and assistance. Furthermore, the long-term integration of refugees into the Austrian labor market, educational system and society will require significant effort from organizations and citizens. The heated public debate and the increasingly hostile sentiment toward refugees in some parts of society are likely to make this a challenging task. At the same time, the events of summer 2015 showed that the situation can also help to mobilize new resources and actors, be it through increased public spending or through the activation of civilians to become engaged in voluntary and political activities.

The second major trend in civil society activities is an expected change and overall decrease in public funding, which is the primary source of income for Austrian CSOs (see Section 7.2.2). This represents the continuation of a pattern that has been observed over the last few decades, with public subsidies being cut or replaced with performance-related contracts (Pennerstorfer et al. 2013, Pennerstorfer et al. 2015). As Simsa et al. (2015) find in a large survey among Austrian CSOs, 84% already report difficulties in gaining public funds. The experts surveyed estimate that this trend will continue. One driver of the decrease in public funding is demographic change: By 2030, the number of pensioners is expected to increase by 31% to 47%, while the size of the working population financing the social security system is forecasted to stagnate (ÖROK 2014). To meet the needs of a rapidly aging Austrian society, more public funds will be shifted toward care, health and retirement pay – at the expense of other areas. This change is likely to increase financial pressure and competition among CSOs and between CSOs and the private sector. One respondent notes: "As public funding will decrease significantly in many fields, fundraising for CSOs will become a contact sport – competition will increase dramatically." Others point out that financial pressure will fuel the marketization of the sector, with CSOs becoming more businesslike, while non-measurable aspects of their work will go neglected. A more positive potential development path is that the decrease could be offset at least to some degree by an increase in private funding through individual donors. In this area, recent years have shown a modest but steady upward trend (Neumayr et al. 2007a, Neumayr 2015).

Another related trend is an expected increase in social enterprises and social entrepreneurship. As outlined in Section 7.3.6, interest in social entrepreneurship is growing, and experts forecast that the number of social businesses in Austria will at least double by the end of the year 2025 (Vandor 2015). This development is driven by a number of factors, including the strengthening of the institutional ecosystem



for social entrepreneurship, the rising interest in entrepreneurship and meaningful work as career choices, but also the lack of traditional means of funding. Furthermore, the implementation of European Union directives on public procurement could ease access to public funding for social enterprises. Civil society could benefit from this trend toward social entrepreneurship. It provides a new, compelling narrative for mission-related work which is attracting new resources, talent and attention – from educational offerings to media attention and new forms of funding. At the same time, the shift toward social entrepreneurship also bears the risk that important functions of civil society such as advocacy or the creation of social coherence will disappear from sight.

Finally, several experts predict an increase in volunteering activities, especially in flexible forms of volunteering. As one expert observes, “More and more volunteers ‘shy away’ from a long-lasting and time-consuming commitment and favor engagements for which the demands of time and content are calculable.” This is consistent with the observation by Simsa (2015) that civic engagement in Austria is moving toward more diversity, but less stability and loyalty. Voluntary organizations will have to treat their volunteers in a more differentiated way in order to be able to attract and organize short-term volunteers. Professionalized CSOs often have the ability to create forms of voluntary work that show some regularity but limit the volunteers’ time expenditure to a few hours per week or even per month. Consequently, experts predict that large Austrian CSOs will be able to make use of such “donations of time” from individuals and larger organizations that engage in corporate volunteering. On the other hand, smaller organizations are less likely to benefit from this trend. Many of them rely on volunteers for their main activities and leadership, thus requiring people who are willing to carry out time-consuming voluntary work that is hardly calculable.

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## List of Abbreviations

Abb	meaning
ACER	Albanian Center for Economic Research
AfBF	America for Bulgaria Foundation
AJPES	Agencija Republike Slovenije za javnopravne evidence in storitve (Agency of the Republic of Slovenia for Public Legal Records and Related Services)
ALB	Albania
AT	Austria
BAM	Bosnia and Herzegovina Convertible Marka
BCC	Bulgarian Constitutional Court
BCNL	Bulgarian Center for Not-for-Profit Law
BCSDN	Balkan Civil Society Development Network
BD	Brčko District
BGN	Bulgarian lev
BiH	Bosnia and Herzegovina
BIRN	Balkan Investigative Reporting Network
BUL	Bulgaria
c.f.	see also
CARDS	Community Assistance for Reconstruction, Development and Stabilization (Macedonia)
CBOS	Centrum Badania Opinii Społecznej (Public Opinion Research Center, Poland)
CEE	Central and Eastern Europe
CHF	Swiss Franc
CIRa	Center for Institutional Development (Macedonia)
CLAPD	Center for Legal Assistance for Persons with Disabilities (Moldova)
CNVOS	Center za informiranje, sodelovanje in razvoj nevladnih organizacij (Centre for information service, co-operation and development of NGOs, Slovenia)
CS	civil society
CSDS	Civil Society Development Strategy (Moldova)
CSO	civil society organisation
CSO SI B	USAID CSO Sustainability Index for Bulgaria
CSPC	Civil Society Promotion Center (Bosnia and Herzegovina)
CSR	Corporate Social Responsibility
CZ	Czech Republic
COPNI	Classification of the Purposes of Non-Profit Institutions Serving Households
CZK	Czech Koruna
e.g.	for example
EC	European Commission
ECtHR	European Court of Human Rights
EEA	European Economic Area
EEF	East European Foundation
EIDHR	European Instrument for Democracy and Human Rights
ESF	European Social Fund
et al.	and others
etc.	and more
EU	European Union

EUR	Euro
EVS	European Value Study
FBIH	Federation of Bosnia and Herzegovina
FOSIM	Foundation Open Society Institute Macedonia
FTE	full-time equivalent
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GONGO	government-organized non-governmental organization
GUS	Główny Urząd Statystyczny (Central Statistical Office; Poland)
HR	Croatia
HU	Hungary
i.e.	that is
ICNPO	International Classification of Nonprofit Organizations
IDM	Institute for Democracy and Mediation Albania
IMF	International Monetary Fund
INSTAT	Instituti i Statistikave (Institute of Statistics, Albania)
IPA	Instrument for Pre-accession Assistance
IRCA	Instituti i Kultures Rome në Shqipëri (Institute of Romani Culture, Albania)
KOS	Kosovo
KSH	Központi Statisztikai Hivatal (Hungarian Central Statistical Office)
LGBT	Lesbian, Gay, Bisexual, and Transgender/Transsexual
LGBTI	Lesbian, Gay, Bisexual, Transgender/Transsexual and Intersexed
LGBTIQ	Lesbian, Gay, Bisexual, Transgender/Transsexual, Intersexed and Queer
LPAs	Local Public Authorities
LRCM	Legal Resources Centre from Moldova
MAC	Macedonia
MBO	mutual or member benefit organization
MCIC	Macedonian Center for International Cooperation
MD	Moldova
MDL	Moldovan Leu
MNE	Montenegro
MNP	Moldova National Platform
MP	Member of Parliament
MSIF	Moldova Social Investment Fund
n.d.	no date
NACE	Statistical Classification of Economic Activities in the European Community
NATO	North Atlantic Treaty Organization
NCA	Nemzeti Civil Alapprogram (National Civil Fund Program, Hungary)
NCTUM	National Trade Union Confederation of Moldova
NDI	National Democratic Institute
NGO	Non-Governmental Organisation
NIF	Nadační investiční fond (Foundation Investment Fund, Czech Republic)
NIS	National Institute of Statistics of Romania
No.	Number
NPC	National Participation Council (Moldova)
NPLEA	Nonprofit Legal Entities Act (Bulgaria)
NSI	National Statistical Institute (Bulgaria)

NUTS	Nomenclature of Units for Territorial Statistics
OFA	Ohrid Framework Agreement
OSCE	Organization for Security and Co-operation in Europe
PBO	public benefit organization
PHARE	Poland and Hungary Assistance for the Restructuring of the Economy
PIT	Personal Income Tax
PLN	Polish Zloty
POL	Poland
QSA	Qendra e Studimeve Albanologjike (Center of Albanological Studies, Albania)
resp.	respectively
RM	Republic of Moldova
RO	Romania
RS	Republika Srpska
SDC	Swiss Agency for Development and Cooperation
SE	social enterprise
SECO	Sectoral Civil Society Organizations
SEE	Southeast Europe
SK	Slovakia
SLO	Slovenia
SRB	Serbia
SSP	social services provision
SSRM	Soviet Socialist Republic of Moldova
TACSO	Technical Assistance for Civil Society Organisations
TB prevention	Tuberculosis prevention
TESSEA	Tématická síť pro sociální ekonomiku (Thematic network for social economy, Czech Republic)
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USA	United States of America
USAID	United States Agency for International Development
USD	United States dollar
VAT	Value-added tax
VMRO-DPMNE	Vnatrešna Makedonska Revolucionerna Organizacija-Demokratska Partija za Makedonsko Nacionalno Edinstvo (Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity)
WB	World Bank
WISE	work integration social enterprise
WU Vienna	Vienna University of Economics and Business
YAPS	Youth Albania Parcel Service
YSB	Yunus Social Business

# List of Figures

## 1 Background and Method

## 2 Patterns in Civil Societies in Central and Eastern Europe

Figure 2.1: share of total employment in CSOs (CEE) . . . . .	19
Figure 2.2: a map of civil society in CEE . . . . .	20
Figure 2.3: influence of institutional actors on civil society in Visegrád countries . . . . .	30
Figure 2.4: influence of institutional actors on civil society in Croatia and Slovenia. . . . .	30
Figure 2.5: influence of institutional actors on civil society in Bulgaria and Romania. . . . .	31
Figure 2.6: influence of institutional actors on civil society in non-EU countries. . . . .	31
Figure 2.7: expected development of institutional environment in Visegrád countries. . . . .	36
Figure 2.8: expected development of institutional environment in Croatia and Slovenia . . . . .	36
Figure 2.9: expected development of institutional environment in Bulgaria and Romania . . . . .	37
Figure 2.10: expected development of institutional environment in non-EU countries . . . . .	37

## 3.1 Country Report: Czech Republic

Figure 3.1.1: timeline of key events for civil society . . . . .	44
--	----

## 3.2 Country Report: Hungary

Figure 3.2.1: timeline of key events for civil society . . . . .	61
Figure 3.2.2: composition of CSO revenues by sources, 1990-2014. . . . .	62
Figure 3.2.3: composition of human resources by field of activity: paid and voluntary work . . . . .	66

## 3.3 Country Report: Poland

Figure 3.3.1: public image of NGOs . . . . .	78
Figure 3.3.2: timeline of key events for civil society . . . . .	78
Figure 3.3.3: funding of NGOs. . . . .	80
Figure 3.3.4: property of NGOs . . . . .	81
Figure 3.3.5: dynamics of NGO registration. . . . .	83
Figure 3.3.6: fields of activity of NGOs . . . . .	84
Figure 3.3.7: volunteering . . . . .	86

## 3.4 Country Report: Slovakia

Figure 3.4.1: timeline of key events in CSO development. . . . .	96
Figure 3.4.2: CSO funding sources (2013) . . . . .	97
Figure 3.4.3: employees (FTEs) and volunteers in nonprofit organizations (20–2013) . . . . .	100

## 4.1 Country Report: Croatia

Figure 4.1.1: timeline of key events for civil society. . . . .	114
---	-----

## 4.2 Country Report: Slovenia

Figure 4.2.1: timeline of key events for civil society . . . . .	129
Figure 4.2.2: sources of funding for Slovenian CSOs . . . . .	130
Figure 4.2.3: number of CSOs . . . . .	132
Figure 4.2.4: volunteer hours by field of activity in 2012 . . . . .	133
Figure 4.2.5: areas of activity of civil society organizations . . . . .	134

## 5.1 Country Report: Bulgaria

Figure 5.1.1: timeline of key events for civil society. . . . .	146
---	-----

## 5.2 Country Report: Romania

Figure 5.2.1: distribution of non-governmental organizations according to the National Register . . .	159
Figure 5.2.2: timeline of key events for civil society . . . . .	161

## 6.1 Country Report: Albania

Figure 6.1.1: timeline of key events for civil society. . . . .	176
Figure 6.1.2: current and prospective influence of major actors in the institutional environment for CS . . . . .	178

## 6.2 Country Report: Bosnia and Herzegovina

Figure 6.2.1: timeline of key events for civil society . . . . .	191
--	-----

## 6.3 Country Report: Kosovo

Figure 6.3.1: timeline of key events for civil society . . . . .	206
Figure 6.3.2: CSOs' fields of activity according to CSOs and external perceptions of randomly chosen citizens . . . . .	209
Figure 6.3.3: organizations according to number of regular volunteers/paid staff . . . . .	210

## 6.4 Country Report: Macedonia

Figure 6.4.1: timeline of key events for civil society in Macedonia. . . . .	219
Figure 6.4.2: income structure of Macedonian CSOs in 2014 . . . . .	221
Figure 6.4.3: vicious circle for Macedonian CSOs. . . . .	225

## 6.5 Country Report: Moldova

Figure 6.5.1: timeline of key events for civil society . . . . .	234
--	-----

<b>6.6 Country Report: Montenegro</b>	
Figure 6.6.1: number of CSOs by field of activity . . . . .	248
Figure 6.6.2: timeline of developments for modern CSOs in Montenegro. . . . .	250
Figure 6.6.3: 2015 CSO Sustainability Scores for Montenegro. . . . .	261
Figure 6.6.4: financial viability in Montenegro . . . . .	262
<b>6.7 Country Report: Serbia</b>	
Figure 6.7.1: timeline of key events for civil society. . . . .	268
<b>7 Country Report: Austria</b>	
Figure 7.1: timeline of key events for civil society. . . . .	286
Figure 7.2: volunteers by field of activity in 26 and 2013 . . . . .	290

## List of Tables

### 1 Background and Method

#### 2 Patterns in Civil Societies in Central and Eastern Europe

Table 2.1: historical events and highlighted topics perceived to influence civil society development in CEE . . . . .	15
Table 2.2: membership, volunteering, and distrust in institutions in CEE . . . . .	22
Table 2.3: overview of economic data of civil society in CEE . . . . .	41

#### 3.1 Country Report: Czech Republic

Table 3.1.1: public funding for CSOs . . . . .	47
Table 3.1.2: Czech CSOs in figures (CZ-NACE). . . . .	50
Table 3.1.3: Czech CSOs in figures (CZ-COPNI) . . . . .	51
Table 3.1.4: basic economic data on Czech CSOs. . . . .	51
Table 3.1.5: examples of civil society actors in the field of culture . . . . .	52
Table 3.1.6: examples of civil society actors in the field of social services . . . . .	53
Table 3.1.7: examples of civil society actors in the field of advocacy. . . . .	53
Table 3.1.8: examples of social enterprises . . . . .	54
Table 3.1.9: frequently mentioned trends and sample quotes . . . . .	55

#### 3.2 Country Report: Hungary

Table 3.2.1: revenue structure of CSOs by field of activity in 2014 . . . . .	62
Table 3.2.2: influence of different actors on CSOs. . . . .	63
Table 3.2.3: CSOs' number, revenues, employees, and value added by field of activity in 2014 . . . . .	65
Table 3.2.4: development of CSOs since 1982. . . . .	66
Table 3.2.5: examples of civil society actors in the field of culture . . . . .	67
Table 3.2.6: examples of civil society actors in the field of social services . . . . .	67
Table 3.2.7: examples of civil society actors in the field of advocacy . . . . .	68
Table 3.2.8: examples of social enterprises . . . . .	69
Table 3.2.9: frequently mentioned trends and sample quotes. . . . .	70

#### 3.3 Country Report: Poland

Table 3.3.1: activism in Polish NGOs by field . . . . .	85
Table 3.3.2: examples of civil society actors in the field of culture . . . . .	87
Table 3.3.3: examples of civil society actors in the field of social services . . . . .	87
Table 3.3.4: examples of civil society actors in the field of advocacy . . . . .	88
Table 3.3.5: examples of social enterprises . . . . .	88
Table 3.3.6: frequently mentioned trends and sample quotes. . . . .	89

#### 3.4 Country Report: Slovakia

Table 3.4.1: influence of different actors on CSOs . . . . .	97
Table 3.4.2: average number of employees (FTEs) and volunteers per selected field of activity (data for 2011 and 2014). . . . .	101
Table 3.4.3: examples of civil society actors in the field of culture . . . . .	102
Table 3.4.4: examples of civil society actors in the field of social services . . . . .	102
Table 3.4.5: examples of civil society actors in the field of advocacy . . . . .	103
Table 3.4.6: examples of social enterprises . . . . .	104
Table 3.4.7: frequently mentioned trends and sample quotes. . . . .	105
Table 3.4.8: number of nonprofit organizations (1999-2014). . . . .	109

#### 4.1 Country Report: Croatia

Table 4.1.1: number of registered associations as of 31 December 2014. . . . .	118
Table 4.1.2: examples of civil society actors in the field of culture . . . . .	119

Table 4.1.3: examples of civil society actors in the field of social services . . . . .	120
Table 4.1.4: examples of civil society actors in the field of advocacy . . . . .	121
Table 4.1.5: examples of social enterprises . . . . .	121
Table 4.1.6: frequently mentioned trends and sample quotes . . . . .	123
<b>4.2 Country Report: Slovenia</b>	
Table 4.2.1: CSOs engaged in media activities in order to affect or influence public policies . . . . .	128
Table 4.2.2: influence and accessibility of political actors . . . . .	132
Table 4.2.3: fields of activity under the code “Creative, arts and entertainment activities and libraries, archives, museums and other cultural activities”. . . . .	134
Table 4.2.4: examples of civil society actors in the field of culture. . . . .	135
Table 4.2.5: fields of activity under the codes “Residential care activities” and “Social work activities without accommodation”. . . . .	135
Table 4.2.6: examples of civil society actors in the field of social services. . . . .	136
Table 4.2.7: fields of activity under the code “Activities of membership organizations”. . . . .	136
Table 4.2.8: examples of civil society actors in the field of advocacy . . . . .	136
Table 4.2.9: examples of social enterprises . . . . .	137
Table 4.2.10: frequently mentioned trends and sample quotes . . . . .	139
<b>5.1 Country Report: Bulgaria</b>	
Table 5.1.1: examples of civil society actors in the field of culture . . . . .	150
Table 5.1.2: examples of civil society actors in the field of social services . . . . .	151
Table 5.1.3: examples of civil society actors in the field of advocacy. . . . .	152
Table 5.1.4: examples of social enterprises . . . . .	152
Table 5.1.5: frequently mentioned trends and sample quotes . . . . .	154
Table 5.1.6: websites of mentioned organizations. . . . .	157
<b>5.2 Country Report: Romania</b>	
Table 5.2.1: growth of active NGOs in Romania (20-2010). . . . .	164
Table 5.2.2: examples of civil society actors in the field of culture. . . . .	165
Table 5.2.3: examples of civil society actors in the field of social services . . . . .	165
Table 5.2.4: examples of civil society actors in the field of advocacy . . . . .	166
Table 5.2.5: examples of social enterprises . . . . .	167
Table 5.2.6: frequently mentioned trends and sample quotes. . . . .	168
<b>6.1 Country Report: Albania</b>	
Table 6.1.1: economic data on the nonprofit sector . . . . .	180
Table 6.1.2: examples of civil society actors in the field of culture . . . . .	181
Table 6.1.3: examples of civil society actors in the field of social services . . . . .	182
Table 6.1.4: examples of civil society actors in the field of advocacy . . . . .	182
Table 6.1.5: examples of social enterprises . . . . .	183
Table 6.1.6: frequently mentioned trends and sample quotes . . . . .	184
<b>6.2 Country Report: Bosnia and Herzegovina</b>	
Table 6.2.1: percentage of CSOs based on their primary field of work . . . . .	195
Table 6.2.2: examples of civil society actors in the field of culture. . . . .	197
Table 6.2.3: examples of civil society actors in the field of social services. . . . .	197
Table 6.2.4: examples of civil society actors in the field of advocacy . . . . .	198
Table 6.2.5: examples of social enterprises . . . . .	198
Table 6.2.6: frequently mentioned trends and sample quotes. . . . .	200
<b>6.3 Country Report: Kosovo</b>	
Table 6.3.1: revenue structure of CSOs . . . . .	206
Table 6.3.2: top donors (2000–2020) . . . . .	207
Table 6.3.3: examples of civil society actors in the field of culture. . . . .	210
Table 6.3.4: examples of civil society actors in the field of advocacy . . . . .	211
Table 6.3.5: examples of social enterprises . . . . .	212
Table 6.3.6: frequently mentioned trends and sample quotes. . . . .	213
<b>6.4 Country Report: Macedonia</b>	
Table 6.4.1: trust and membership of citizens in organizations of civil society . . . . .	217
Table 6.4.2: general data on the size and role of CSOs in Macedonia . . . . .	224
Table 6.4.3: examples of civil society actors in the field of inter-ethnic relations. . . . .	226
Table 6.4.4: examples of civil society actors in the field of culture. . . . .	226
Table 6.4.5: examples of civil society actors in the field of social services. . . . .	227
Table 6.4.6: examples of civil society actors in the field of advocacy . . . . .	228
Table 6.4.7: examples of social enterprises . . . . .	228
Table 6.4.8: frequently mentioned trends and sample quotes . . . . .	229
<b>6.5 Country Report: Moldova</b>	
Table 6.5.1: influence of different actors on CSOs . . . . .	235

Table 6.5.2: main fields of activity of Moldovan CSOs . . . . .	238
Table 6.5.3: average salaries in 2011 . . . . .	238
Table 6.5.4: examples of civil society actors in the field of culture. . . . .	239
Table 6.5.5: examples of civil society actors in the field of social services. . . . .	239
Table 6.5.6: examples of civil society actors in the field of advocacy . . . . .	240
Table 6.5.7: examples of social enterprises . . . . .	241
Table 6.5.8: frequently mentioned trends and sample quotes. . . . .	241
Table 6.5.9: websites of mentioned organizations . . . . .	244
<b>6.6 Country Report: Montenegro</b>	
Table 6.6.1: sources of funding for CSOs . . . . .	253
Table 6.6.2: influence of different actors on CSOs . . . . .	253
Table 6.6.3: examples of civil society actors in the field of culture. . . . .	258
Table 6.6.4: examples of civil society actors in the field of social services. . . . .	259
Table 6.6.5: examples of civil society actors in the field of advocacy . . . . .	260
Table 6.6.6: examples of social enterprises . . . . .	261
Table 6.6.7: frequently mentioned trends and sample quotes. . . . .	263
<b>6.7 Country Report: Serbia</b>	
Table 6.7.1: influence of different actors on CSOs . . . . .	271
Table 6.7.2: structure of civil society . . . . .	273
Table 6.7.3: examples of civil society in the field of culture. . . . .	274
Table 6.7.4: examples of civil society in the field of social services. . . . .	275
Table 6.7.5: examples of civil society in the field of advocacy . . . . .	276
Table 6.7.6: examples of social enterprises . . . . .	276
Table 6.7.7: frequently mentioned trends and sample quotes . . . . .	277
<b>7 Country Report: Austria</b>	
Table 7.1: CSOs with paid employees by field of activity. . . . .	289
Table 7.2: development of CSOs since 1980 . . . . .	290
Table 7.3: examples of civil society actors in the field of culture . . . . .	291
Table 7.4: examples of civil society actors in the field of social services . . . . .	291
Table 7.5: examples of civil society actors in the field of advocacy. . . . .	292
Table 7.6: examples of social enterprises . . . . .	293
Table 7.7: frequently mentioned trends and sample quotes . . . . .	294







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