



STRENGTHENING

CIVIL  
SOCIETY  
IN SERBIA





# **Strengthening Civil Society in Serbia**

Assessing and improving the organizational  
sustainability of Serbian civil society organizations

Final report of the research project

“Sustainability of Civil Society Organizations in Serbia” by the  
OSCE Mission to Serbia.

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The author strongly encourages interested parties to work with  
the data gathered in the framework of this project.

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Disclaimer: The views herein expressed are solely those of the  
author and contributors and do not necessarily reflect the official  
position of the OSCE Mission to Serbia.

## Foreword

In the last decade, the environment for civic activism has been drastically changing in Serbia. We have witnessed a substantial improvement of the relationship between civil society organizations (CSOs) and state authorities, the phasing out of important grant-making programs of international donors and the emergence of the European Union as an important partner for Serbian civic activists. For the country's democratization process, its European integration, human development and the protection of its environment, great hopes are placed in the sustainable development of civic activism in Serbia.

The OSCE Mission to Serbia shares these hopes. Since the Mission's establishment, we have been closely cooperating with CSOs to implement our mandate. CSOs have made and continue to make a vital contribution to the work of the Mission's Democratization Department in particular. They are important implementing partners for the Department's activities in the fields of democratic governance, human rights, equal opportunities and sustainable development. Securing the organizational viability of CSOs on a long-term basis is therefore a cross-cutting issue of high relevance to the work of the Mission as well.

Achieving sustainable organizational development in the CSO sector is a formidable task. In supporting the research project on the organizational sustainability of Serbian CSOs we hope to contribute to the adaptation of state authorities, international donors and CSOs alike to the changing environment for civic activism.



Daiana Falloni  
Head of Democratisation Department  
OSCE Mission to Serbia



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# Introduction

For almost two decades now, the international community has been investing considerable amounts of money in the development of the Serbian civil society sector.<sup>1</sup> Some international donor organizations think that now their job is done. They will soon move on to other places. However, a considerable number of them seem to be in for the long haul.<sup>2</sup> The Serbian state authorities as well have pumped substantial resources into the development of Serbian civil society organizations (CSOs), at least since the regime change in October 2000.<sup>3</sup> And the current government is stepping up its cooperation efforts. In addition to that, the Instrument for Pre-Accession Assistance (IPA) of the European Commission is emerging as a new important source of funding for Serbian civic activists and their projects with a range of grant-making programs that are specifically aimed at CSOs or at least support them as implementation partners.

Nevertheless, it seems that many CSOs recently had to shut down and others fear that they will have to do so very soon.<sup>4</sup> Why? First of all, there are Serbian CSOs that have failed to develop a resource strategy that provides them with a sufficient and/or continuous influx of resources. However, the sector as a whole has certainly lived through harder times and adaptation to the new situation is

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- 1 The 22 international donor organizations alone that we have interviewed for our donor survey account for about 10 million Euros of annual funding to Serbian civil society organizations.
  - 2 Asked whether their organization has an exit strategy for Serbia, a little more than half of the international donors that participated in our survey said there is neither a specific date nor a specific objective to be reached for their operations in Serbia to close down.
  - 3 Through the budget line 481 alone, in 2007, the state contributed more than 60 Million Euros to the CSO sector. Excluding support to political parties, religious communities and other ‘institutions’, state funding still amounted to almost 40 Million Euros in that year. See [http://www.crnps.org.rs/forum\\_new/index.asp](http://www.crnps.org.rs/forum_new/index.asp) for more information.
  - 4 In his report on the sampling process for our CSO survey, our field associate for South-Eastern Serbia reported that “many of the NGOs I [have] known for years closed [down] in 2008 and 2009. Some of them were incredibly strong [...]”. He further mentions that about 60% of the CSOs he called to remind them of the questionnaire he previously sent, were actually out of business. Our field associates in Vojvodina and South-Western Serbia made similar statements. Considering the fact that all three are experts for their local CSO scenes and avoided calling those organizations that they expected to have closed down their operations in the first place, the share of Serbian CSOs that shut down after having been active for a substantial period of time is likely to be higher.

possible, as some older and many new CSOs that participated in our research demonstrate convincingly. On the other hand, the way funds have been granted – especially international ones – has been (and still is) not optimal regarding its impact on the organizational sustainability of CSOs. But nonetheless, CSO capacities were and still are continuing to be built up.<sup>5</sup>

Hence, this report does not start with an alarming note – and will not end with one. It is rather about smoothing the transition from a CSO sector that is to a large extent propped up by international donors to one that will have to increasingly rely on domestic resources – including the working time of volunteers – and access European funding where it can. It is about avoiding a breakdown of CSOs with sometimes large human and material resources and an ensuing build-up of these same capacities elsewhere. It is – in the end – about the legacy of donors and long-term activists.

We paid special attention to the CSOs' own experiences in achieving organizational sustainability. Through a CSO survey with a unique design that allowed us to include those types of organizations that are rarely interviewed, we gathered data on 216 Serbian CSOs. Based on that data, we invited a diverse field of activists to four focus group discussions (FGDs) on the organizational sustainability of Serbian civil society organizations. But we also made sure to hear the donors' and state authorities' side. With a donor survey, we reached 22 organizations. In addition to that, we carried out in-depth interviews. What we can thus provide is an exclusive insight into the diverse struggle for organizational sustainability in the sector – and concrete recommendations to the main stakeholders to alleviate the situation.

Given the still-high leverage of international donors – through their crucial but conditioned grant-making, there is ample scope for them to improve CSO sustainability in Serbia. Besides this, the state authorities have the potential to influence the current development in just the same way. Finally, CSOs can do a lot themselves to improve their organizational sustainability. With our recommendations, we will focus on these three groups of stakeholders.

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5 Although, according to the USAID NGO Sustainability Index, organizational capacities of Serbian CSOs reached a peak in 2003, the 2008 index sees a slight improvement over 2007. For more information see [http://www.usaid.gov/locations/europe\\_eurasia/dem\\_gov/ngoindex/](http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/).

## A reader's guide

Although with this report we are mainly targeting practitioners in the field of civil society development (i.e. CSO activists, state representatives and donor organizations), we nonetheless do not want to forgo the chance to thoroughly analyze our data with statistical methods. For all those unfamiliar with statistics, we formulated the findings in plain English in the main body of the text. For those that are interested in the exact results of our calculations, we provide them in the footnotes. Likewise, for readers not interested in the scientific background of the study, they are safe to ignore the chapter on the research itself. And if the CSO concept as it is typically used by the European Commission is already a familiar idea, the definition of the term in the first chapter can be skipped as well.

The chapters on the *Resources of Serbian CSOs and Problems and Recommendations* are the core of this study. In the latter chapter, we will give concrete recommendations on how to improve the organizational sustainability of Serbian CSOs highlighted in small boxes throughout the text– for CSOs, state authorities and donor organizations separately.

# The Subject

The subject of our research is the *organizational sustainability of civil society organizations in Serbia*. In order to understand what we will talk about in this report (and what not), two key terms are in need of further specification: (1) sustainability and (2) civil society organizations. Let us first focus on the second term: civil society organizations.

## Civil Society Organizations

Discussions about civil society issues are plagued by a plethora of terms and definitions that often lead to misunderstandings between researchers and practitioners in the field as well as amongst researchers or practitioners themselves.

With CSOs we are referring to all those organizations that are neither governmental, nor profit-oriented. The concept includes organizations such as religious associations, sport clubs, labour unions, professional organizations, think tanks, cultural clubs and those organizations that in Serbia are typically referred to as ‘NGOs’ – professionalized project-oriented organizations working on topics like human rights or rural development. As a whole, these organizations form the so called ‘CSO sector’ which we will use as a synonym for the CSO population throughout this report.

We consider organizations to be non-governmental as long as they are formally independent of state institutions and do not seek to control or conquest state power (i.e. are non-political in a narrow sense of the term). Due to the latter, political parties were excluded from the research.

Regarding the second characteristic – profit orientation – we refer to the (intended) extraction of profit from the activities of the respective organizations. As long as an organization is not set out to earn a surplus with its activities that is distributed to its members, we consider the organisation non-profit. This does not refer to monetary compensations for activists, as those are paid independently of profits earned by the organization. Therefore, CSOs can vary between being exclusively run by volunteers (such as some local citizens’ ini-

tatives) and being completely ‘professionalized’, i.e. almost all the work being done is paid for (as in the case of some think tanks). In any case, NGOs engaging in profit-making activities to cover part of their operational expenses or social enterprises that are reinvesting profit for non-monetary purposes are considered part of the CSO population.

Furthermore, the concept of CSOs presented here is value-neutral, i.e. we do not judge upon the belonging of organizations to the realm of civil society according to the (perceived) benefit of the organisations’ activities for the society as a whole. Therefore, both organisations whose activities exclusively benefit their members (such as some sport clubs) as well as those mainly aiming to improve the lives of non-members and non-activists (such as humanitarian organisations) are considered CSOs.<sup>6</sup> Excluded from our concept of CSOs, however, are entities in the realm of civil society without a clear formal status, i.e. informal groups of citizens or social movements.

## Organizational Sustainability

Simply put, the question of organizational sustainability asks what an organization needs in order to survive. ‘Survival’ here does not refer to the legal form alone. After all, a CSO that is registered stays registered – whether it is active or not. When we speak of ‘survival’, we mean the continuation of the CSO’s activities – at least at present levels. In order to perform its activities, a CSO needs a continuous influx of resources. To make our research question concrete and manageable for our participants, in our surveys and focus group discussions we referred to the next five years. Hence, the question we will try to answer is: “How can CSOs in Serbia secure the necessary means to at least sustain their activities at present levels in the next five years?”

We are aware of the fact that securing the necessary external resources is only one factor in achieving organizational sustainability. Besides this, internal factors like the quality of the organizational management or other external factors such as the political environment might qualify as important factors in their own right. We will not ignore these aspects. However, we will discuss them

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<sup>6</sup> We did not specifically aim at incorporating the ‘dark side’ of civic activism in our research, i.e. extremist-nationalist or fundamentalist-religious organizations. However, since we research sustainability from a resource perspective (as will become clear in the definition of sustainability in the following subsection), we believe that these CSOs will have similar sustainability issues to those faced by ‘good’ or ‘benign’ CSOs – except for the latter’s easier access to international and state funding.

from a resource perspective only, i.e. focus on their influence on the organization's ability to secure the necessary resources to continue with their work.

Moreover, the whole battery of questions related to the sustainability of the CSOs' work from the output perspective is left out of the research.<sup>7</sup> In other words: We did not ask *why* CSOs are doing the things they do (and whether they achieve what they set out to achieve), but only *how* they can continue doing these things.

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<sup>7</sup> For research into the promotion of values by the Serbian civil society and its impact on societal development and policy making, refer to the forthcoming report on the second round of the CIVICUS Civil Society Index analysis for Serbia, coordinated by Argument and due in June/July 2010.

# The Research

The fieldwork for this research was carried out between December 2009 and April 2010. We gathered data in the following ways: (1) In-depth interviews; (2) a survey among international donors; (3) a survey among Serbian CSOs and (4) focus group discussions with CSO representatives.

## In-depth Interviews

In order to structure our research, identify important aspects of the issue of organizational sustainability and develop questionnaires for CSOs as well as international donors, we carried out nine in-depth interviews with CSOs in Belgrade and Novi Sad in December 2009 and January 2010, including widely known professionalized CSOs and volunteer organizations. They spoke to us under the condition of anonymity. Four in-depth interviews with other stakeholders (state officials and a representative of the delegation of the European Commission to Serbia) were carried out to countercheck claims made by CSO representatives in our focus group discussions.

## Survey Among International Donors

From January to March 2010, we carried out a questionnaire-based survey among international donors that are active in Serbia. The selection of participants did not follow a specific methodology – we simply tried to account for as large an amount of international donations as possible. The questionnaire covered the donors' view on CSO sustainability in Serbia and their related strategies, their current level of grant-making to CSOs (in terms of grants made to Serbian CSOs in 2009) and the expected development of their grant-making programs to Serbian CSOs in the next five years. 22 international donors answered our questionnaire, representing approximately 10 million Euros in annual grant-making to Serbian CSOs.

## Survey Among Serbian CSOs

For our survey among Serbian CSOs, we divided Serbia in four regions: Vojvodina, Central Serbia, South-Eastern and South-Western Serbia. In each of the four regions, we hired a field associate – an expert on civil society issues through research and/or practical experiences with an intimate knowledge of the local CSO scene. This enabled us to firstly sample from a diverse field of organizations (including small voluntary grassroots organizations). Secondly, it allowed us to sample according to the composition of their workforce. The field associates' task was to gather questionnaires from 54 organizations in their region: 18 CSOs that rely almost exclusively on paid staff (professionalized), 18 that are almost entirely run by volunteers (volunteer) and 18 that carried out their activities with both significant volunteer involvement and paid staff (mixed). When we speak of professionalized organizations, we are therefore referring to the financial compensation of the vast majority of activists alone and not the quality of work.

The field work was carried out in February and March 2010. Of the CSOs contacted to take part in the survey, 46% responded to our request. In total, 216 CSOs participated. Table 1 shows the response rates for every region.

**Table 1 - Response rates**

<b>Region</b>	<b>Response rate</b>
Vojvodina	86%
Central Serbia	47%
South-Eastern Serbia	40%
South-Western Serbia	34%
<b>Total</b>	<b>46%</b>

There are large regional differences in the response rates. Why is that so? Two answers to this question can be found in the field reports of our associates: Firstly, the rate of inactive CSOs in general and especially among professionalized organizations varies substantially between regions – requiring our

field associates to increase the number of contacted CSOs to fulfil the sampling quotas. Secondly, and connected to this, some CSOs are – in their words – ‘fed up with filling in questionnaires.’ This in turn either hints at an indeed very small population of active CSOs especially in the South and/or a hidden bias in previous research projects in that they seem to have ‘randomly’ sampled time and again from a restricted population.

In South-Eastern Serbia, our field associate reported problems in fulfilling the sampling requirements for professionalized organizations. In his words: “18 organizations are not a sample – it is rather the entire professional NGO community.” He was surprised by the amount of professionalized organizations that had been known to him for years and have recently ceased to exist without his notice. In South-Western Serbia, the sampling quota for professionalized organizations could not be fulfilled. We therefore decided to over-sample mixed and volunteer organizations to reach a regional parity in the database.

Besides this, our field associates’ assessment of the nature of organizations was not always congruent with the data we got from the questionnaires. The frequencies of expert, mixed and volunteer organizations as sampled by our field associates were counterchecked with data on paid staff and volunteer activity given by the organizations in our survey. Out of that data, the total annual amount of working hours performed for the CSO and the percentage of volunteering of that time were calculated. Throughout the report, we will express the total annual amount of working hours in full-time employee equivalents (FTEE). We coded those organizations with less than 25% of their annual FTEE provided by volunteers as professionalized organizations. Organizations that in turn had a share of less than 25% of the annual FTEE provided by paid staff were coded as volunteer organizations. The rest was coded as mixed organizations.<sup>8</sup>

In 51,4% of the cases, our field associates’ assessments are congruent with the organizational types that we determined with the aid of our data set. For the other cases, they most often tended to overestimate the volunteer workforce of CSOs, i.e. organizations sampled as mixed organizations proved to be professionalized ones and organization sampled as volunteer organizations to

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8 A full-time employee equivalent (FTEE) is the annual labour time of a full-time employee (232 work-days for 2009). Short-term contractors were coded as 46/232 FTEEs, one-time volunteers as 1/232 FTEEs and volunteers who were active several times during 2009 as 10/232 FTEEs. Volunteers that were active monthly, weekly and daily were coded accordingly.

be mixed or professionalized ones. It should be mentioned that some of this might be caused by a tendency of organizations to inflate their numbers of volunteers.<sup>9</sup> Put differently, there seems to be awareness in the CSO sector of the benefits of volunteering for at least the image and legitimacy of CSOs.

The following cross-table shows the organizational types according to the estimates of our field associates compared to the organizational types based on the questionnaire data. The fit gives the percentage of organizations of the respective type for which assessments and coding are in agreement.

**Table 2 - Composition of the survey sample**

<b>Organizational type</b>	<b>Frequency based on assessments<sup>i</sup></b>	<b>Frequency based on data</b>	<b>Fit</b>
Professionalized	57	88	68,4%
Mixed	79	78	45,6%
Volunteer	80	50	45,0%
<b>Total</b>	<b>216</b>	<b>216</b>	<b>51,4%</b>

<sup>i</sup> In the South-West, additional mixed and volunteer CSOs were sampled as replacements for professionalized CSOs.

The frequencies should be kept in mind when reading our statements on the CSO sector as a whole. They are also important if the sample is split according to criteria other than workforce composition, such as field of activity. For those statements based on separate evaluations of professionalized, mixed and volunteer organizations, the different sample shares should have no influence on the statements' validity.

9 As our leading researcher expressed it: "Since it's known that volunteering is desirable ('It's a trend!'), they [some professionalized organizations] increased the number of volunteers and actually included them in their work 'virtually'."

## Focus Group Discussions

In the regional centres of each of the aforementioned regions, focus group discussions were held in March 2010. The focus group discussion for Vojvodina was held in Novi Sad, the ones for Central Serbia, South-Western and South-Eastern Serbia in Belgrade, Novi Pazar and Nis, respectively. For each focus group discussion, twelve CSO representatives were invited. Based on the survey data, they were selected in order to maximize the diversity in the source of the relative maximum of funding (international donors, state authorities etc.) and the organizational type (professionalized, mixed and volunteer). In Novi Sad, Novi Pazar and Nis eleven CSO representatives participated, whereas in Belgrade only seven showed up. The discussions lasted between two and three hours. We discussed the present financial situation of CSOs, expected external and internal developments that could influence their organizational sustainability and possible solutions for their most important problems. Special attention was given to volunteering. The discussions were audio-recorded and transcribed. To allow for an open discussion, we assured participants of their anonymity in publications of the findings. In this report, representatives are therefore only cited under specification of the type of their organization (professionalized, mixed or volunteer), its main field of activity and the region they come from.

## Strengths and Limitations

The sample for our research on the organizational sustainability of CSOs is not representative for the CSO sector as such. That is: We cannot say how many organizations are affected by which aspects of organizational sustainability that we identified in our research. However, it should be noted that it is currently impossible to achieve a representative sample of Serbian CSOs, as there is no complete list of active organizations in Serbia from which CSOs could be randomly sampled. Some previous surveys of CSOs claim representativity based on samples drawn from CSO lists such as the membership lists of the FENS network<sup>10</sup> or the database of CRNPS.<sup>11</sup> However, these lists have a serious self-selection bias.

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10 The list of FENS members can be accessed at [www.fens.org.rs/eng/clanice.htm](http://www.fens.org.rs/eng/clanice.htm).

11 The database can be accessed at [www.crnps.org.rs/direktorijum/en/pretraga.asp](http://www.crnps.org.rs/direktorijum/en/pretraga.asp).

Through a wide understanding of CSOs, the reliance on local CSO experts for the sampling process and the requirement to include a substantial number of volunteer organizations in the sample, we believe that we achieved not a representative sample of Serbian CSOs in the statistical sense, but a more diverse one than in any previous study on organizational sustainability of CSOs in Serbia that we are aware of. This diversity was also achieved in the participation in focus group discussions.

Thus, we are confident that there is no important aspect of our research topic that has escaped our notice. Furthermore, we believe that through our quota sampling approach (regarding the frequency of professionalized, mixed and volunteer organizations), we can use our data to separately make valid statements according to these types of organization. Hence, the figures in this report that are based on our CSO survey will mostly be split according to the type of workforce composition.

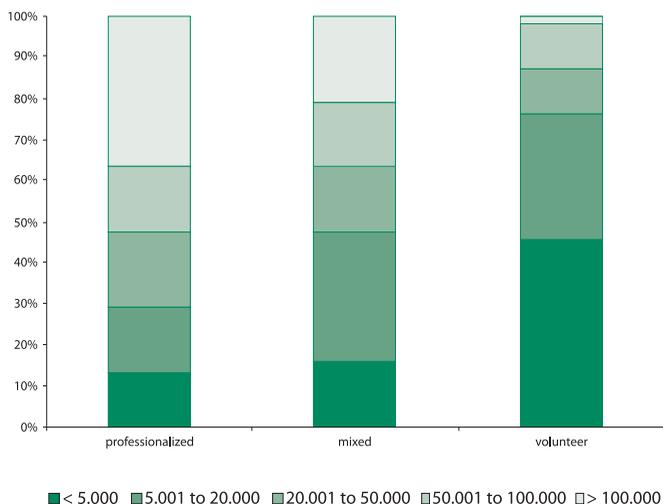
## Resources of Serbian CSOs

We will start the presentation of our findings with an overview of the distribution of resources for professionalized, mixed and volunteer organizations in Serbia. Resources for CSOs in Serbia come mainly in two forms: money and time.<sup>12</sup> In our CSO survey, we distinguished seven different sources of financial means for the CSO sector: domestic CSOs and foundations, the domestic business sector, the state budget (local or national), international donors (states or NGOs), individual donations, membership/participation fees and the selling of products and services (so-called ‘income generating activities’). In the focus group discussions, some remarks by CSO representatives gave the impression that CSOs were not aware of the difference in origin of foundations (e.g. the Balkan Community Initiative Fund was referred to in the same breath as international donors). In any case, domestic foundations were not discussed in particular by our invitees. Domestic CSOs appeared in the discussions mainly as contractors (i.e. receiving CSOs were subcontractors of other domestic CSOs). Concerning state funding, the focus group participants often distinguished carefully between local self-governments and the national state institutions such as ministries.

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12 Judging by the remarks of participants in the focus group discussions or respectively the lack thereof, occasional in-kind donations (the third possible form of resources) seem to play a negligible role for the work of CSOs in Serbia. For the survey, it seems that in their answers to the questions on the CSOs’ budget, respondents expressed in-kind donations in their monetary counter value.

## Chart 1 - Budget size



Before we turn to individual sources of funding, we will have a look at the overall amount of funding available to different CSOs. Chart 1 shows the distribution of budget sizes among professionalized, mixed and volunteer organizations. As it can be easily spotted, professionalized organizations tend to have larger budgets than both mixed and volunteer organizations. The budgets of mixed organizations, in turn, are on average larger than in the case of volunteer organizations. However, it is noteworthy, that there are volunteer organizations even in the highest category of budget size (>100.000 Euros). Table 3 gives the details of the distribution of budget sizes among each organizational type (professionalized, mixed, volunteer) for the four regions we distinguished in our sampling process. The table provides the cumulative percentages, i.e. for every category of budget size, the percentage reflects the share of organizations of the given type in the respective region with a budget of that category or lower.

**Table 3 - Annual budget 2009 (categories, in cumulative %)**

Org. type	Region	< 5.000	< 20.000	< 50.000	< 100.000	>> 100.000
profession- alized	Central	0,0%	11,1%	18,5%	33,3%	100,0%
	Vojvodina	18,8%	31,3%	50,0%	81,3%	100,0%
	South-East	11,5%	34,6%	61,5%	73,1%	100,0%
	South-West	38,5%	53,8%	76,9%	84,6%	100,0%
	<b>Total</b>	<b>13,4%</b>	<b>29,3%</b>	<b>47,6%</b>	<b>63,4%</b>	<b>100,0%</b>
mixed	Central	0,0%	26,7%	46,7%	53,3%	100,0%
	Vojvodina	0,0%	41,7%	58,3%	75,0%	100,0%
	South-East	14,3%	57,1%	71,4%	85,7%	100,0%
	South-West	43,5%	60,9%	73,9%	95,7%	100,0%
	<b>Total</b>	<b>15,8%</b>	<b>47,4%</b>	<b>63,2%</b>	<b>78,9%</b>	<b>100,0%</b>
volunteer	Central	28,6%	42,9%	57,1%	85,7%	100,0%
	Vojvodina	41,7%	75,0%	83,3%	100,0%	/
	South-East	54,5%	90,9%	100,0%	/	/
	South-West	50,0%	81,3%	93,8%	100,0%	/
	<b>Total</b>	<b>45,7%</b>	<b>76,1%</b>	<b>87,0%</b>	<b>97,8%</b>	<b>100,0%</b>

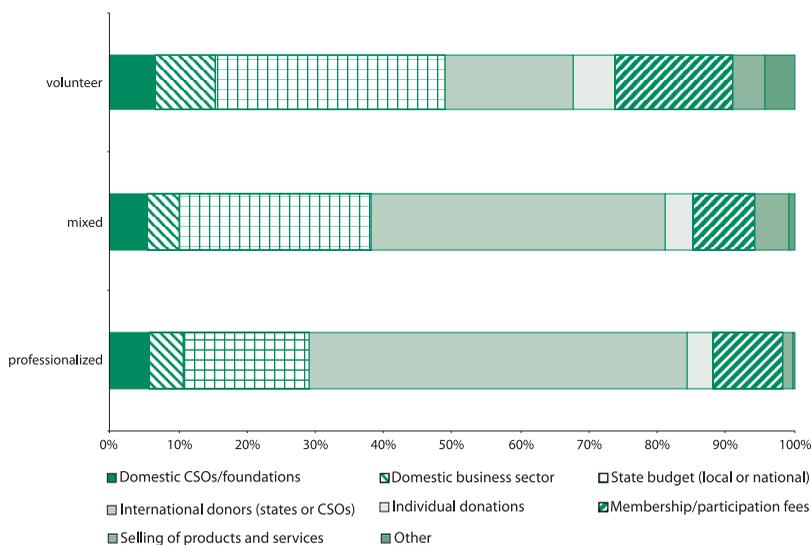
For Central Serbia, the percentages for each organizational type and budget size are the lowest among the four regions, meaning that organizations of every given type tend to be ‘richer’ than their counterparts in Vojvodina, South-East and South-West Serbia (since a higher percentage of organizations of the respective type in Central Serbia has a budget higher than the given category).<sup>13</sup> The same is true for organizations in Vojvodina in comparison to CSOs of the same type in South-East and South-West Serbia – except for professionalized organizations in South-East Serbia that are wealthier than their counterparts in Vojvodina. Organizations in South-East Serbia, in turn, are on average wealthier than organizations of the same type in the South-West – again with one exception, namely volunteer organizations. In other words, according to our data, profes-

13 Note that this is not the same as saying that the CSO sector in Belgrade is richer than the CSO sectors in the regions. This is very likely, but since we do not know the composition of the CSO sectors according to organizational type, with our data, we cannot make statements on the regional CSO sectors or the Serbian CSO sector as a whole.

sionalized CSOs from Central Serbia are the richest type of CSOs in the whole of Serbia, whereas volunteer CSOs from South-Eastern Serbia are the poorest.

We asked CSOs in our questionnaires to state the percentages of funding they receive from each of the seven aforementioned sources of funding. Chart 2 gives the details for professionalized, mixed and volunteer organizations.<sup>14</sup>

**Chart 2 - Sources of funding (in % of budget 2009)**



This chart shows that the share of international funding is visibly higher for professionalized organizations than for mixed ones. The latter, in turn, have an average share of international funding that is considerably larger than volunteer organizations. This finding turns out to be true on a general level as well: The lower the share of volunteer work of an organization's total FTEE, the higher the share of international donations in its budget. With state funding,

14 Those CSOs with incomplete data (total not amounting to 100%) and those without funding were excluded.

the relationship is reversed.<sup>15</sup> This is partially explainable by the fact that international donations and state funding are not evenly spread across the different fields of activity of CSOs. Depending on the field of activity, in turn, organizations are more or less likely to work with volunteers.<sup>16</sup>

However, even for specific fields of activity, we find evidence pointing in a similar direction. For professional organizations, both relationships can be confirmed: with increasing reliance on international donations, organizations are more professionalized. With increasing reliance on state funding, in turn, the share of volunteering in the overall time worked for a CSO increases. The former can be confirmed for cultural organizations as well, the latter not. The same is true for think tank or research organizations and environmental organizations. For humanitarian organizations, however, none of the two relationships is present. For other categories, the number of organizations was too small to carry out meaningful statistical calculations.<sup>17</sup> In the section on the *Reliability and Versatility of Funding* we will show how the specifics of grant-making strategies are reflected in these relationships.

In addition to stating their own sources of income, respondents of our survey were asked to evaluate the importance of sources of funding for the CSO sector as a whole. The following table shows the ranking of these sources derived from the average importance given to them by the participants of our survey in comparison with the average percentage of funding of their 2009 annual budget.<sup>18</sup>

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15 The correlation coefficient for the share of financial means from international donors in the overall budget and the percentage of volunteer work is -0.303 ( $p < 0.01$ ). For the share of state funding, it is 0.151 ( $p < 0.05$ ). If we control for the paid workforce and correlate the share of funding from international donors with volunteering (in FTEE; see footnote 8 for more details), the correlation coefficient is weaker (-0.123) and only significant at  $p < 0.10$ .

16 However, the interrelationship between fields of activity and volunteering is not as strong as it is commonly assumed – as we will show later in this section, volunteer organizations can be found across the spectrum of activities in substantial numbers.

17 For professional organizations, the correlation coefficient for the share of financial means from international donors in the overall budget and the percentage of volunteer work is -0.410 ( $p < 0.05$ ). For the share of state funding, it is 0.483 ( $p < 0.01$ ). For cultural organizations, the correlation coefficient for the share of financial means from international donors is -0.403 ( $p < 0.01$ ). For the share of state funding the correlation coefficient is not significant. For think tank and research organizations, again, the correlation coefficient for international donations is significant and strong (-0.435,  $p < 0.005$ ) and for state funding it is not significant. The same goes for environmental organizations. Here, for international donations, the correlation coefficient is -0.444 ( $p < 0.05$ ). For state funding, it is not significant. For humanitarian and charitable organizations, both correlation coefficients are not significant.

18 Respondents were asked to evaluate the importance of the sources of funding on a four-point scale from 'not at all important' to 'very important'.

**Table 4 - Overall importance of sources of funding**

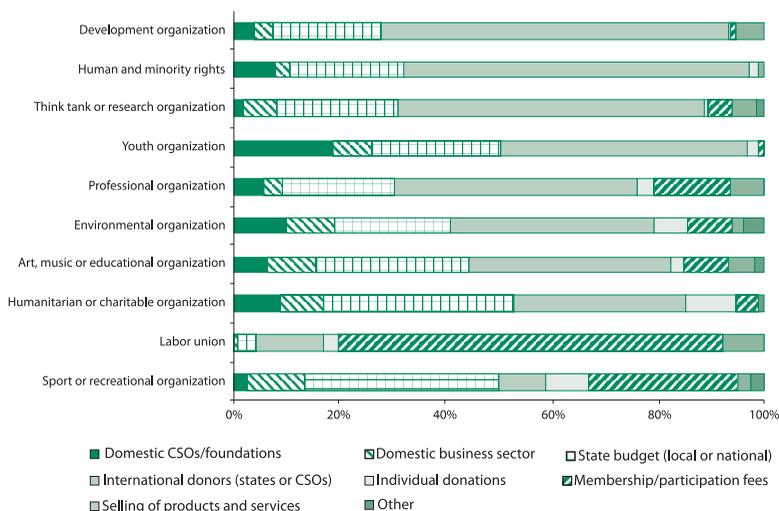
<b>Source of funding</b>	<b>Ranking</b>	<b>Percentage</b>
International donors (states and CSOs)	1	42,8%
State budget (local and national)	2	25,3%
Domestic CSOs/foundations	3	5,9%
Domestic business sector	4	5,6%
Individual donations	5	4,4%
Selling of products and services	6	3,4%
Membership/participation fees	7	11,3%

The table shows that the distribution of the sources of funding in our sample of CSOs is congruent with the ranking of their importance by our respondents, speaking to the representativity of our sample for the sector as a whole – in this respect. Note, however, that there is one important deviation: Membership and participation fees play a much more prominent role for the funding of the organizations in our sample than, according to their estimation, for the CSO sector as a whole. The following chart provides the average share of each source of funding for all those categories of organizations that at least ten CSOs identified with.<sup>19</sup>

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19 Respondents were allowed to choose as many fields of activity (categories of organizations) as they saw fit. Several categories were recoded from the specifications provided by respondents for the option 'other'. 62,5% of respondents were able to find a single category that covers their field of activity, 2,3% did not choose any. The remaining respondents chose more than one category to describe their organization's activities.

**Chart 3 - Sources of funding per category of organization  
(in % of budget 2009, >10 entries)**

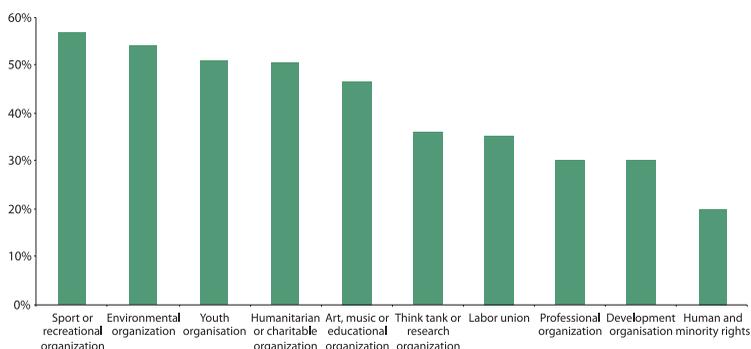


As it can be easily spotted, membership and participation fees as a source of income are highly concentrated in the sample – essentially, only for labor unions and sport and recreational organizations, they are an important source of funding. This could explain the deviation that we mentioned above: This source of funding is not important to many CSOs, but for those for which it plays a role, it plays a very important one. It becomes also clearly visible that for those typical ‘NGO’ topics, such as rural development, human and minority rights and policy development (the work of think tank or research organizations), the share of international funding is especially high.

Let us now turn to the time resources and discuss the distribution of volunteering and paid work in our sample. Money can buy time, i.e. staff can be hired from the financial means obtained through e.g. public tenders and service contracts with donors and public institutions. However, in addition to engaging paid staff, working time can be provided for free by volunteers. The composition of the organizational work force in terms of paid and unpaid work is already reflected in the distinction between professionalized, mixed and volunteer organizations (see footnote 8 for more details). However, who are these professionalized organizations? And who are the volunteer ones?

Even though the degree of volunteering varies for different fields of CSO activities, the relationship between the composition of the workforce and the fields of activity is not as straightforward as it is commonly assumed. We could not identify any field of activity without at least two types of organizations (i.e. for example professionalized and mixed organizations), meaning that for every kind of work, there are organizations that perform it with a substantial involvement of volunteers. This includes those ‘typical’ fields for professionalized NGOs in Serbia like rural development, human and minority rights and policy development. Again, in the following chart details are only given for those categories of organizations that more than ten organizations identified with.

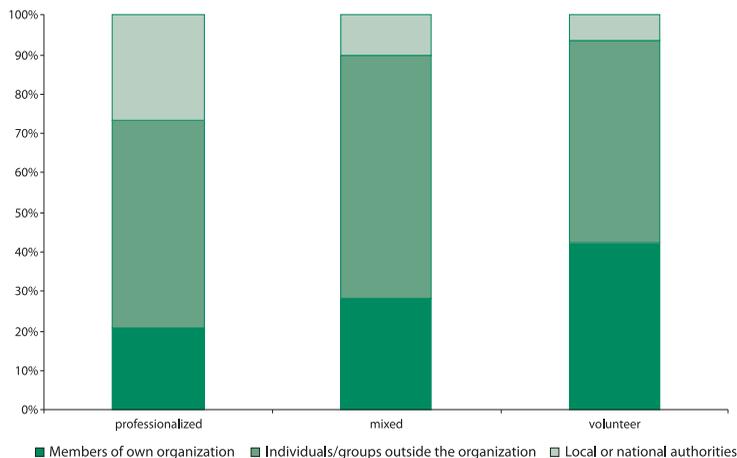
**Chart 4 - Percentage of volunteer work of total FTEE per field of activity (in %, >10 entries)**



The chart shows that on average for sport and recreational organizations volunteer engagement makes up a larger share of the organizational workforce than for organizations in any other field of activity. Organisations in three more fields of activity have an average share of volunteering of more than 50 percent: environmental, youth and humanitarian and charitable organizations. At the other end of the spectrum we find development organizations and organizations dealing with human and minority rights, i.e. those CSOs that – if professionalized – are frequently dubbed as ‘classical NGOs’.

On a more abstract level, the relationship between the activities of an organization and the involvement of volunteers in its work receives additional backing. Volunteer organizations are more likely to work primarily towards the benefit of their own members than mixed and professionalized organizations. Sports clubs and recreational organizations are a prime example for this. Professionalized organizations, in turn, are much more likely to target mainly local or national authorities with their activities than either mixed and volunteer organizations. Put differently, they are the most likely to engage in lobbying and advocacy work. The following chart clearly shows this interrelationship. Nonetheless, it also shows that working primarily for the direct benefit of individuals and groups outside the organization (like humanitarian organizations typically do) is almost equally common amongst professionalized, mixed and volunteer organizations. Moreover, among the primary target groups of volunteer organizations all given options are present.<sup>20</sup>

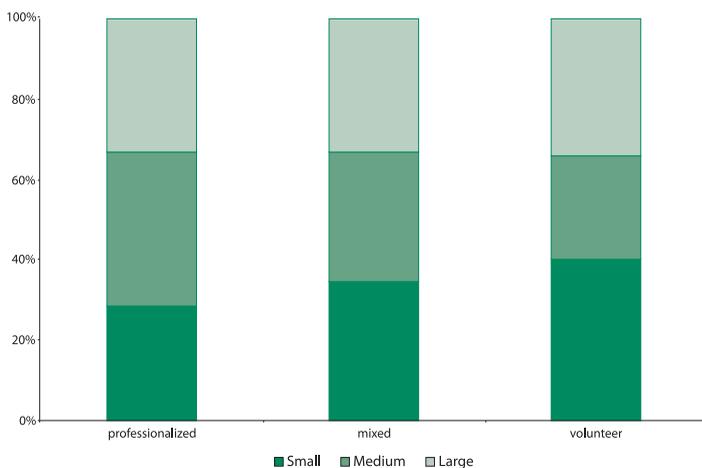
**Chart 5 - Main target group**



20 In fact, the relationship between organizational type (professionalized, mixed, volunteer) and main target group is significant, but weak (Kendall's tau-c; -0.139;  $p < 0.05$ ).

On the other hand, as Chart 1 already indicated, there is a strong relationship between the size of a budget managed by an organization and the composition of its workforce. More precisely, there is a clear tendency for large budgets to be managed rather by professionalized than by volunteer organizations.<sup>21</sup> However, considering the amount of work that is performed for an organization, volunteer organizations are just as likely as professionalized organizations to deal with a large workforce (in terms of FTEE).<sup>22</sup> For the following chart, based on FTEE, an organization's workforce is expressed as either small, medium or large.<sup>23</sup>

**Chart 6 - Size of workforce**



- 
- 21 Treated as ordinal variables, there is a strong and significant relationship between the organizational type (professionalized, mixed, volunteer) and the (categorized) budget size (Kendall's tau-c; -0.353;  $p < 0.001$ ).
- 22 The correlation coefficient for the organizational type (professionalized, mixed, volunteer) and the work performed for an organization (for the coding see footnote 8 for more details) is -0.046 and not significant ( $p = 0.386$ ).
- 23 The categories represent the lower, middle and higher third of the distribution of the workforce variable. The cut points are 4.065 FTEE and 10.474 FTEE, respectively (for more details on the coding see footnote 8).

Besides this, we could not find a significant relationship between the scope of activity of an organization (local to international) and the involvement of volunteers.<sup>24</sup> In other words: volunteer organizations work on every territorial level, just as professionalized ones do.

From this chapter, two findings are of major importance: Firstly, the larger the share of funding an organization receives from international donors, the higher the degree of the professionalization of its workforce – and the less the importance of volunteering for the organization. Evidence for a reversed relationship between state funds and volunteering is weaker, but present. Secondly, volunteering is not equally distributed among the different fields of activity, target groups and sizes of organizational budget, but it is pervasive. And it does not depend on the size of the workforce or the territorial scope of activities of CSOs.

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24 We could not find a significant relationship between organizational type (professionalized, mixed, volunteer) and the scope of activity (Kendall's tau-c;  $-0.116$ ;  $p = 0.068$ ).

## Problems and Recommendations

We will begin this chapter with an evaluation of the main issues for the organizational sustainability of CSOs as they have been identified by the participants of the four focus group discussions that we conducted in Vojvodina, Central, South-East and South-West Serbia. Towards the end of the focus group discussions, we asked the CSO representatives to rank the issues of organizational sustainability according to their importance for the CSO sector as a whole. To this aim, we tasked our participants to create a pyramid with the most important issue on top, the two second most important issues on the second level, the three next most important issues on the third and four additional issues on the fourth level. Surplus issues had to be sorted out. The Table 5 provides an overview over the issues and their rankings.

Even though we asked participants to discuss not only weaknesses, but also strengths of the Serbian CSO sector, the discussion tended to focus on the sector's shortcomings. Nonetheless, the issues enlisted in the table above were formulated neutrally in the ranking process, rather indicating a field of concern than solely the problems to be tackled. Unfortunately, there is no room to discuss every issue in particular. With the following analysis, however, we will try to highlight important aspects of the issues that were mentioned in the FGDs.

The issues our participants identified represent external and internal factors in the struggle to achieve organizational sustainability – some representing either of them, some a mixture of both. Of a clearly external character are the *state, legislation, international donors, the image of CSOs* in the society and the general economic situation. Besides this, *material and human resources* were mostly discussed in terms of the problems to obtain these resources from the sector's partners such as the state, the business sector and international donors, i.e. as an external factor. *Volunteering*, too, was mostly treated as an external factor: Participants mentioned the need for legal regulation, the lack of incentives such as the recognition of volunteering as work experience by employers, and the lack of motivation for civic activism in the society. For the latter, they gave reasons such as the widespread poverty in Serbia and the lack of a civic tradition. In Table 5, issues that represent external factors were shaded in grey. As it is clearly visible, they dominated the focus group discussions.

**Table 5 - Issues for the organizational sustainability of CSOs (external issues shaded in grey)**

Level	Vojvodina	Central Serbia	South-East	South-West
1	Material and human resources	CSOs as promoters of citizens' needs	State	Material and human resources
2	CSO image	State	Legislation	Enthusiasm of activists
	CSOs as promoters of citizens' needs	Social sustainability of projects	CSO management and networking	Internat. donors
3	Projects and donors	Material and human resources	Material and human resources	CSOs as promoters of citizens' needs
	State	Internat. donors	Internat. donors	CSO image
	Legislation	Trainings and education	CSO image	Networking of CSOs
4	Networking of CSOs	Volunteering	Volunteering	Volunteering
	Internat. donors	Legislation	Commercialization of CSO work	Legislation
	CSO management	CSO management	The role of CSOs in the local communities	State
	Expertise and scientific basis of CSO work	Coordinated promotion of CSO activities	Evaluation of CSO work	General economic situation

Across the four FGDs, *material and human resources* emerged as the top concern of CSOs. It was placed twice on the first level of the pyramid and twice on the third. As it has been already mentioned, here, CSOs mainly referred to the current lack of financial, material and human resources and/or the problems in obtaining them, which is the issue we are mainly focusing on in this report.<sup>25</sup> Next in terms of its importance across the FGDs comes the *state*. It was placed once on the top level of the pyramid, once on the second, once on the third and once on the fourth level. The role of the state for the organizational sustainability of Serbian CSOs was discussed in three major ways: as a donor for

<sup>25</sup> However, questions of availability, reliability and versatility of funding stretched across many issues that were mentioned in the focus group discussions. This includes e.g. the *state*, *international donors*, *projects and donors*, *training and education* and *commercialization of CSO work*.

projects, as a cooperation partner in the implementation of projects and as the legislator that regulates the work of CSOs. Overall, *international donors* were ranked much lower in the pyramids, which at first seems surprising given their paramount importance for the funding of CSOs. However, the discussions on international donors in the FGDs always involved the problems that are caused by their declining financial support for CSOs in Serbia – and the question to which source of funding to turn next. The underlying expectation that many international donors will cease their Serbian grant-making programs in the years to come might have led to their low ranking for CSO sustainability. *Volunteering*, too, played a minor role in the general discussion on organizational sustainability. Moreover, participants almost exclusively discussed external aspects that influence the availability of volunteers to CSOs. The role of the CSOs itself in mobilizing and involving volunteers in their work was largely ignored. This means that for this resource to become a major factor in the struggle for organizational sustainability, not only the actual volunteering would have to be developed, but it would also have to be promoted as an option for the resource strategies of CSO activists.

The issues of CSO sustainability that we have discussed so far are closely related to resources and the challenges to obtain them. Some other issues that have been identified by the participants in our focus group discussions, however, reach well beyond that. To stay focused on our definition of organizational sustainability and incorporate the findings from all our data sources, we regrouped the statements made in the focus group discussions, in-depth interviews and our two surveys according to the aspects of resources they concern: the availability, reliability and versatility of funding as well as volunteering. With the availability of funding, we are referring to firstly, the present problems in accessing funding from the different sources that we distinguished in our research and secondly, expected developments concerning the amounts of funding available from these sources in the years to come. In the section on the reliability and versatility of funding, we will discuss how much CSOs can typically rely on a source of funding for their long-term planning as well as which costs can be covered with funding from the respective source – and which not. We will then turn to the issue of volunteering – which we see as a major factor in the CSOs' struggle to achieve organizational sustainability.

## Availability of Funds

A successful partnership – including one between donors and recipients of funds – has at its basis the mutual appreciation for the other’s needs and goals. This mutual appreciation varies for the different partners of the Serbian CSO sector. Its relationships with local self-governments, state institutions on the national level, the business sector and different international donors are characterized sometimes by a lack of understanding from the donors’ side for the needs of CSOs, at other times by a lack of understanding from the CSOs themselves. And for some of those relationships to be mutually satisfying, it seems that both sides would have to make a step towards each other.

In the in-depth interviews and the focus group discussions, CSO representatives did not discuss in detail all relationships with external partners and access to their financial support. Some were discussed rather one-sidedly or even hardly mentioned. In the following sections, we will focus on those aspects of the sectors’ external relationships into which our research gave us sufficient insight. Besides that, we will present the CSOs’ expectations considering the development of the financial transfers from these external sources to the Serbian CSO sector. In the case of international donors, we will be able to countercheck these expectations with data from our donor survey.

### *International Donors*

In terms of funding, international donors are currently the most important partner for the CSOs that participated in our research. Judging by the statements of the participants in the focus group discussions, international donations are, at the same time, the source of funding which is the most challenging to access. Writing grant applications is in itself a demanding task: Most international donors require a long list of questions to be answered – and the answers to be provided in English. However, for many CSOs, the problem starts earlier: How to come up with an innovative project idea? How to define project phases and goals? How to fit it nicely into the organization’s mission and vision? Grassroots CSOs and old citizens’ associations, for whom the rationale of their mostly regular activities is all too obvious, have a hard time in defining projects with a precise timeframe and clearly defined goals. Regarding old citizens’ associations, a representative of a mixed development organization in Vojvodina stated: “We have a project directed toward old organizations in order to transform and modernize them [...]. These are cultural clubs, voluntary firemen as-

sociations, scouts and some ecological organizations. By working with them, we can see exactly how big of a challenge the strategic planning process is to them. Put simply, if there are no such [educational] projects to support that – not just in bigger places, but especially in the rural communities – I believe that those old organizations are going to disappear from the market.” CSOs which have been founded by activists who are new to the sector might experience similar problems. To be able to access international grants, these CSOs are in need of not only skills in grant application writing, but also in project management. In the focus group discussion in Vojvodina, a representative of a newly founded humanitarian volunteer organization described their problem as follows: “The only thing we are dissatisfied with are the projects. Whatever we start with: we have a problem because someone trained and experienced is needed. We were desperate because we didn’t have anyone in the association who would be able to do that [write a project], and on the other hand the ones who are able to ask for a lot of money. I’ve been contacting some non-governmental organizations that want to help but they can’t help in writing that project, the only thing they can do is to instruct us verbally, but nevertheless we can’t manage it.” Note that he speaks of projects and not of simply writing a grant application.

Trainings in project management and application writing have been offered since international donors started working in Serbia – and they are offered time and again. However, some CSO representatives stated that firstly, these trainings tend to be concentrated in larger cities, and secondly, that CSOs outside those cities rarely receive invitations to them. Moreover, a representative of a mixed humanitarian and peace organization in Vojvodina claimed that very often “the organizations that organize these trainings in fact invite organizations that are familiar to them, those that they already cooperated with”.

Not only is the availability of information on trainings restricted, but also the information on granting opportunities from international donors. CSO representatives from the South claim that due to the proximity of Belgrade-based CSOs to donor organizations in the capital, they have much better access to funding than those in the rest of the country. International donors themselves, on the other hand, seem to not reach out enough to offset this bias. According to Southern CSOs, this results in the subcontracting of CSOs outside the capital by Belgrade-based CSOs for projects that are carried out on the local level. Due to the subcontracting, they claim, regional CSOs do most of the work while receiving only a fraction of the grant. As one participant from a volunteer development organization in South-West Serbia put it: “If some guy from

Dorćol [a part of Belgrade] got a project in Sandžak that lasts for 10 or 12 months, see, the evaluation, reports, education, it's all laid on his table, and he visited Sandžak three times during all that time.”

As we have seen in the chapter on the distribution of resources in the CSO sector, CSOs in Central Serbia (with Belgrade as the dominant centre) tend to have larger budgets than CSOs in the regions. The availability of paid staff (in FTEE) is even more concentrated.<sup>26</sup> This might as well be a reason for international donors to turn to CSOs in Belgrade to coordinate or implement large-scale projects across regions. A solution for regional CSOs to be compatible could be to cooperate in joint applications, as a representative of a mixed development organization from South-West Serbia proposed.

Turning towards grant regulations, CSO representatives mentioned the requirement to co-fund projects with typically around 15 percent of the total grant as one of the main obstacles in obtaining international donations. This means that CSOs need to already have financial means at their disposal in order to apply for international grants. These financial means can only stem from sources of funding that are not project-based, i.e. typically only those obtained through individual donations, membership and participation fees or the selling of products and services. However, as we have seen in Table 4 and Chart 3, these sources of funding are scarce and in the case of membership and participation fees mostly concentrated on just two categories of organizations. The problem of insufficient funds to obtain additional project-based funding becomes even more acute if grants are paid out partially retroactively, i.e. only after certain activities have already been implemented.

International donors should be aware of the fact that these grant regulations lead to a further concentration of financial means amongst Serbian CSOs. They give an advantage to those large professionalized organizations who have already built up the necessary capacities and – taking into account their territorial distribution – to CSOs in Central Serbia, especially Belgrade. To enable a wider and more diverse field of CSOs to apply for international funding, CSO experts proposed that state institutions on the national level and/or local self-

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26 On average, professionalized CSOs in Central Serbia have a paid workforce of 12.6 FTEE compared to 9.5 FTEE in the other regions. For mixed CSOs the numbers are 55.0 FTEE and 5.1 FTEE, respectively. Volunteer organizations in Central Serbia have on average a paid workforce of 1.7 FTEE compared to 0.9 FTEE in the other regions.

governments set up funds to cover the co-funding for international grant applications.

Most CSO experts that we interviewed in the preliminary research phase stated that they expect the majority of international donors to cease their grant-making to Serbian CSOs in the years to come. However, a little more than half of the international donors that participated in our donor survey said there is neither a specific date nor a specific objective to be reached for their operations in Serbia to close down. In other words: They have not adopted an exit strategy yet. Two thirds of these donor organizations also stated that the annual amount of funding they will provide to Serbian CSOs over the next five years would most likely either stay the same or even increase.

#### **Recommendation to state authorities and international donors 1:**

Continue offering opportunities for CSOs to acquire the necessary skills in project management and application writing. Advertise these opportunities widely. Promotion of the establishment of a common database on CSO trainings might be a solution.

#### **Recommendation to state authorities and international donors 2:**

Due to the obligatory re-registration of CSOs under the new Law on Associations, a list of active CSOs will be available by early 2011. Promote the establishment of a public CSO database based on the information acquired in the registration process. Promote the database widely.

#### **Recommendation to state authorities and international donors 3:**

Give support to local CSOs in finding partners for joint projects.

#### **Recommendation to state authorities and international donors 4:**

Keep offering small grants programs with lowered requirements and additional trainings for project management and application writing to counter concentration tendencies and allow for new CSOs to enter the market. Allow for applications in local languages.

### **Recommendation to state authorities 1:**

Set up funds to cover co-funding for international grant applications to enable a wider and more diverse field of CSOs to obtain international funding.

### **Recommendation to CSOs 1:**

Form local CSO networks in the regions that can apply for larger grants by international donors.

## *The State on the Local and National Level*

Local self-governments and state institutions on the national level were the external partners that participants of the focus group discussions paid most attention to. The overwhelming majority agreed that CSOs should seek to improve their cooperation with state authorities. Only one participant in the focus group discussions claimed that the CSO sector “should be that third pillar opposing the state”<sup>27</sup>. For others, this represents a stance towards state authorities that stems from “Milošević’s time”<sup>28</sup>. Instead, as a representative from a professionalized development organization in South-West Serbia stated, “the third sector is a partner to the state, and whether we want to accept it or not, they [the state institutions] have to be our allies and partners – of course without interfering in our autonomy”.

Appreciated in particular was the cooperation with the Ministry of Youth and Sports, which grants a considerable share of its funds to youth and sport organizations through externally managed public tenders.<sup>29</sup> As a participant from a mixed development organization in Vojvodina claimed: “None [of the

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27 Statement by a representative of a professionalized political organization from South-East Serbia. The representative went on to claim that “day by day, the state should be losing its powers and dominance over the sectors it has normally been in charge of”.

28 Statement by a representative of a mixed development organization from South-West Serbia.

29 The praise for the collaboration with the Ministry of Youth and Sports came mostly from youth organizations. Ministerial tenders for youth organizations are managed by an external partner of the Ministry, the youth organization Mlada Srbija, which itself won a tender for the management of the grants. The organization set up a granting commission with representatives of the Ministry and international organizations. The commission selects grantees on the basis of evaluations by at least two experts. The monitoring of the projects is carried out by Mlada Srbija who reports to the Ministry.

national institutions] except the Ministry of Youth and Sport had the courage to open up [their grant-making programs] in that way.”

On the other hand, CSO representatives claimed that on the local level, relationships with state authorities vary from locality to locality and government to government. In other words: They are less regulated by common standards than personal relationships between activists and local politicians. As a participant from a professionalized educational organization in South-East Serbia put it: “Along with a shift of power on the local level, certain organizations may do better, while others do worse. This is because of the direct influence of individuals in power that decide over most things on the local level. The possibilities [for CSOs] to receive funding and material support are directly connected to this.” Accordingly, there were stories of successful collaboration with local institutions as well as incidents of non-transparent grant-making and seemingly arbitrary decisions on collaborations with the CSO sector. Consequently, what CSOs are asking for is a more transparent way of granting state funds to the CSO sector by local self-governments with clear regulations that free their collaboration from personal or political considerations.

Most CSO experts that we interviewed in the preliminary research phase expected that over the next years public funding will play an increasing role for the financing of CSO activities. Firstly, these hopes are based on an increased efficiency of the state’s grant-making to CSOs. Until now, most transfers of public funds to CSOs are not based on performance criteria, but received time and again by the same CSOs without any previous evaluation. As one of our interview partners put it: “These organizations once entered the budget and then stayed there.” According to the same experts, this includes CSOs that are largely inactive.<sup>30</sup>

Secondly, the Serbian state is expected to increasingly outsource the delivery of social services to Serbian CSOs – which, as well, will result in more public funds available to CSOs. The underlying expectation is that more CSOs will receive accreditation by the Ministry of Labor and Social Policy for the delivery of social services.

Regarding the state’s role in providing the legal framework for CSO activities, participants of the focus group discussions commented on a wide array

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30 See [http://www.crnps.org.rs/forum\\_new/index.asp](http://www.crnps.org.rs/forum_new/index.asp) for more information on public funding for CSOs.

of regulations or the lack thereof. Of major concern were the taxation laws. Currently, business companies and CSOs are subject to the same tax regulations. Obviously, tax benefits, as they are in place for CSOs in most countries in Europe, would ease the CSOs' task to finance their activities.

### **Recommendation to international donors 1:**

Promote the development of common guidelines for state funding.

### **Recommendation to state authorities 2:**

Base the public grant-making on common guidelines. Increase the transparency and accessibility of state funding for CSOs by offering an increased share of funding to the CSO sector through externally-managed public tenders.

### **Recommendation to state authorities 3:**

Grant tax benefits to CSOs. Base the granting of such benefits on additional, stricter regulations of CSO activities to prevent abuse.

## *Business Sector*

Corporate Social Responsibility is still in its infancy in Serbia.<sup>31</sup> According to CSO experts, currently, in most instances funding from the business sector comes from international companies. However, examples of sporadic support for CSOs by the domestic business sector do exist. A participant from a volunteer organization in Vojvodina, for example, mentioned the frequent material support by local businesses to work camps which are organized by the CSO with foreign and domestic volunteers in local communities in Serbia.

With the help of the example of international corporations, CSO experts hope that domestic companies will increasingly become aware of their social responsibility in the years to come. For the cooperation with the business sec-

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31 The SMART Kolektiv represents one of the first initiatives that promotes Corporate Social Responsibility in Serbia. See <http://www.smartkolektiv.org/> for more information.

tor to improve, however, they claim that tax incentives for donors are crucial. Currently, donations to CSOs are not tax-deductible.

In the focus group discussion in Nis, several participants mentioned the brain-drain of CSO employees to the business sector as a problem for the organizational sustainability of Serbian CSOs. However, regarding the relationship of CSOs with the business sector, this can be seen as an untapped potential for the improvement of the cooperation with domestic companies. Fund-raising activities could make use of these personal ties to local businesses. Besides former employees, volunteers could provide these contacts as well.

#### **Recommendation to state authorities 4:**

Give tax incentives to private donors.

#### **Recommendation to CSOs 2:**

Use contacts to former employees and volunteers for fund-raising campaigns among domestic business companies.

### *Citizens*

In the focus group discussions, the relationship between Serbia's CSO sector and citizens has been mostly discussed in terms of the bad image of CSOs. The image problems are seen as limiting the CSOs' access to individual donations and volunteering. Since we will discuss volunteering in a separate chapter, we will focus here on the availability of individual donations.

Among CSO activists, many believe that in the wider public "the meaning of the third sector is still not properly understood", CSOs are still seen first and foremost as "money laundering machines" and that CSO activities often "are watched with suspicion".<sup>32</sup> CSO experts that we interviewed in the preliminary research phase mostly agreed. One described the problem as follows: "Because of the large amounts of funding from international donors that kept pouring in towards the end of the 90s and the first years after the regime change, the image of NGOs changed. Since then many people are equating NGOs with big money

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32 Statements by representatives of a volunteer educational organization, a mixed sports organization and a volunteer educational, environmental and humanitarian organization.

and ask themselves why they should donate to NGOs or volunteer for them, if their staff is paid so well that they can drive around in big Cherokee Jeeps.”

The times of “big money” from international donors for the Serbian CSO sector are certainly over. Focus group participants stated two factors for why they think their image still hasn’t changed to a more favourable one: A lack of response to societal issues and a lack of media attention. As a reason for the former, activists mentioned the ‘projectization’ of CSO work. As one representative of a mixed development organization in South-West Serbia stated: “We are only responding to our own projects. We have gotten the money for a project and we are blindly following them through, while some very current issues are passing us by.” Unfortunately, apart from stating the lack of cooperation with the media, the latter issue was not further discussed in the focus groups.

Changes in the societal perception of CSOs seem to be possible rather on the local level, where citizens can closely follow what activists do – and what their activism can achieve for the local community. A representative of a volunteer organization in Vojvodina that engages in educational, environmental and humanitarian activities described this process on the local level as follows: “Especially older people were watching us with suspicion at first. They thought that we may be some sort of a cult; [they had] various speculations on the political party that’s supposedly supporting us, but now they understand who and what we are and the locals help us a lot - financially and in other ways.” Indeed, our data shows that the more locally oriented CSOs are, the higher the share of individual donations in their budget.<sup>33</sup>

Just as in the case of donations from the business sector, tax incentives were seen as an important means to increase the willingness of citizens to donate money to CSOs. As an additional measure to increase individual philanthropy, CSO experts cited the example of taxation laws in Hungary, Slovakia, Lithuania, Poland and Romania, where citizens have the possibility to dedicate a percentage of their income tax to CSOs of their choosing.<sup>34</sup>

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33 The correlation coefficient for the territorial scope of activities (local to international) and the share of individual donations in the overall budget is -0.160 ( $p < 0.01$ ).

34 For more information on the so called ‘percentage laws’ in Eastern and South-Eastern Europe see <http://www.onepercent.hu/study.htm>.

Since CSOs have to reach out to citizens to convince them to dedicate their share of the income tax to the respective CSOs, this measure is suitable to improve the relationship between citizens and the CSO sector.<sup>35</sup>

Individual donations are yet a scarce source of funding for Serbian CSOs. CSO experts advanced the opinion that a change in the perception of CSO activities is a gradual process that will not lead to a substantial increase in individual donations in the next five years. However, on the long term, since funding from abroad will decrease rather than increase, individual donations will become a source of funding of crucial importance. For individual philanthropy to develop, however, CSO experts agree that increasing visibility and achieving noticeable results are necessary preconditions. As a representative of a mixed development organization in South-West Serbia put it: “For now, [international] donors are here, but how we influence the public is very important for how sustainable we will be.”<sup>36</sup>

### **Recommendation to state authorities 5:**

Introduce a ‘percentage law’ that enables citizens to dedicate a share of their income tax to CSOs to further promote individual philanthropy.

### **Recommendations to CSOs 3:**

Organize activities that benefit citizens locally to gradually change their perception of CSOs and attract their financial support.

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35 A report on public financing mechanisms by USAID states that “from a sustainability perspective, designation schemes [i.e. percentage laws] have been most effective in fostering a closer relationship between NGOs and the public. In order to capture designations, NGOs have had to devote greater resources to serving the community, increase public awareness of their work, and build public support”. The report also mentions fears that individuals could regard their support for CSOs in the framework of percentage laws sufficient and might curtail other donations. However, “recent evidence suggests that fears of widespread reductions in government or private support have been unfounded”. See [http://www.usaid.gov/locations/europe\\_eurasia/dem\\_gov/ngoindex/2008/article2.pdf](http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2008/article2.pdf) for more information.

36 Furthermore, it is believed that CSOs need a clear profile with continuous activities to improve their relationships with society. See the section on the Reliability of Funds for more details.

## Reliability and Versatility of Funding

At the basis of the discussion on the reliability and versatility of funding lie the characteristics of project-based donations versus organizational donations. Project-based donations are financial support for a CSO project. Organizational donations represent financial contributions to the CSO directly, regardless of its activities.

We did not make this distinction in our CSO questionnaires. And in the focus group discussions, participants usually equated a source of funding with one mode of donating. However, we are aware that there are examples of both project-based donations and organizational donations from most sources of funding. When we discuss the reliability and versatility of funding, we can therefore only speak of the typical character of funding from a given source.

Funding from domestic CSOs and foundations, the domestic business sector and international donors is typically project-based, i.e. grants are offered for the projects CSOs carry out. By contrast, membership and participation fees as well as earnings through the selling of products and services represent funding that is not dedicated to specific activities. Instead, its usage is at the discretion of the organization. Individual donations are organizational in character as well, i.e. individuals donate money to organizations, usually trusting them to put their money to the best effect. This is regardless of whether organizations fund-raise among citizens for a project or the organization itself. However, in contrast to other sources of organizational funding, individual donations typically do not represent a steady influx of donations, as most individual financial support is sporadic and depending on the organizations fund-raising activities.

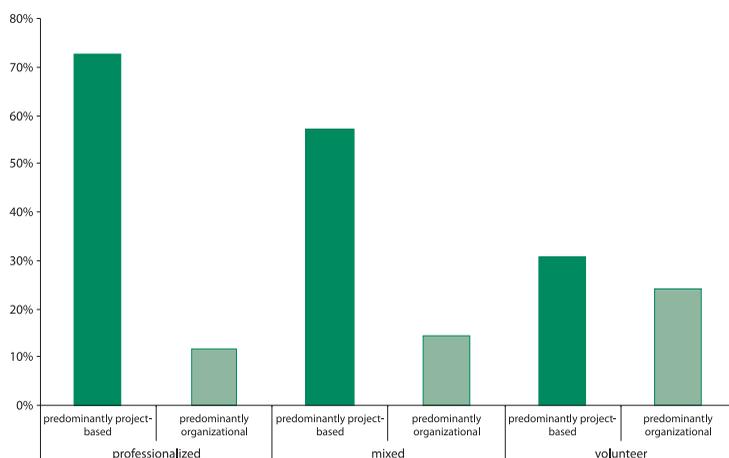
A clear case of undeterminable character seems to be state funds. In their comments on this source of funding, participants of the focus group discussions and CSO experts referred to both the advantages and disadvantages of project-based and organisational funding. Whereas state institutions such as the Ministry of Youth and Sports offer project-based grants through public tenders, many organizations that receive financial means from e.g. the budget line 481<sup>37</sup> receive this funding in the form of organizational grants.

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37 Again, see [http://www.crnps.org.rs/forum\\_new/index.asp](http://www.crnps.org.rs/forum_new/index.asp) for more information on that kind of state support.

Chart 7 shows the predominant mode of funding for professionalized, mixed and volunteer organizations in our sample, i.e. the percentages for CSOs of a given type that obtain more than half of their funding from domestic CSOs and foundations, the domestic business sector and international donors (predominantly project-based) and those that obtain more than half of their funding from individual donations, membership and participation fees and the selling of products and services (predominantly organizational).

**Chart 7 - Predominant modes of funding<sup>i</sup>**



<sup>i</sup> For project-based donations, the share of funding from domestic CSOs and foundations, the domestic business sector and international donors have been added up. Individual donations, membership and participation fees and the selling of products and services have been coded as sources for organizational donations. Due to its undeterminable character, state funds and 'other' funding have been excluded. For this analysis, those CSOs with incomplete data (budget specifications not amounting to 100%) and those without funding were excluded from the sample.

Project-based donations – e.g. in the form of grant-making through public tenders – are a way for donors to make sure that their money makes things happen. With often detailed regulations, they try to improve, among other things, the efficiency and effectiveness of supported projects to reach the specific goals of their programs. On the flipside, however, conditioned project-based grant-

making often has a negative impact on the organizational sustainability of grantees. The reasons for this will be discussed in the following sections.

As we will see, to a certain degree, this is due to the very nature of project-based donations. Therefore, we claim that achieving organizational sustainability necessitates a mixture of these and more reliable and versatile sources in the funding strategy of CSOs. In other words: Besides project-based funding, CSOs need some organizational funding in the form of individual donations, membership and participation fees or through the selling of products and services to be sustainable. Nonetheless, we also believe that some grant regulations can be changed and additional measures be introduced that would reduce the negative impact of project-based donations on the organizational sustainability of grantees. Table 6 provides an overview of our evaluation of the reliability and versatility of funds for the sources we distinguished in our research.

**Table 6 - Reliability and versatility of funding as evaluated by focus group participants**

Source	Reliability	Versatility
Project-based donations (domestic CSOs/foundations; domestic business sector; international donors)	-	-
Individual donations	-	+
State funds (local and national) <sup>i</sup>	-/+	-/+
Membership/participation fees	+	+
Selling of products and services	+	+

<sup>i</sup> Depending on whether CSO receives funding through public tenders (-) or from the budget line (+).

### *Reliability of Funds*

Project-based donations are a comparatively unreliable type of funding. Most project-grants last only for a couple of months. Therefore, CSOs who obtain their financial means predominantly from those sources of funding that resort to project-based donations need to be constantly on the lookout for new granting

opportunities. As a representative of a volunteer organization in Vojvodina said: “If I’m doing a twelve-month project, at some point in the ninth month of the realization, I have to move my focus on writing new projects, search for donors and alike.” In other words: For their long-term planning, CSOs cannot count on a steady income from these sources. Instead, substantial human resources are tied up for researching granting opportunities and writing grant applications.

Furthermore, in times of decreasing international granting opportunities, CSOs whose funding is predominantly project-based cannot be picky regarding the grant-making programs they apply for. A representative of a volunteer youth organization in Vojvodina noticed: “The struggle for financial means became a key motive of a part of the organizations. Through my work, I observed that a large number of organizations are, so to say, of general purpose, which means that as a tender shows up or a certain topic becomes highlighted – in the sense that donors support it – in an instant they become interested as if that exactly is their field of work.” Indeed, our data seems to back this observation: Those CSOs which are predominantly relying on project-based funding are less likely to identify with one field of activity.<sup>38</sup> Put differently, they are more likely to engage in multiple fields of activity – or were stating their activities in vague terms.

In addition to that, CSO representatives claimed that for new initiatives, international donors often restrict their financial support to the funding of the start-up phase. The stance international donors take after that initial period was described by a representative of a mixed humanitarian organization in Central Serbia: “Now it’s enough, and now you should be able to make it with domestic funds, now it’s sustainable. However, domestic funders [...] didn’t get strong enough so they don’t have the means to finance our activities.” Indeed, if international donors know that domestic resources are not sufficient to continue the activities they previously funded, it seems fair to ask the question, why they still follow their granting regulations and cease support. CSOs, in turn, often expect state authorities to take over financial matters. Because, in the end, “what we are working on are social problems and our state has to organize itself and to start

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38 Whereas 69.5% of those CSOs that are not predominantly relying on project-based donations characterized their organization’s work by choosing just one field of activity, only 57.0% of those CSOs whose funding is predominantly project-based were able to do so. Among CSOs that are predominantly relying on organizational donations, in turn, 78.1% of organizations were able to characterize their CSO’s activities with one field of action. The correlation coefficients for the relationship between the number of categorizations chosen by a CSO and its predominant mode of funding (project-based or not as well as organisational or not) were -0.121 and 0.138. The correlations were significant at  $p < 0.10$  and  $p < 0.05$ , respectively.

solving the social problems, and that's simply it", as a participant from a professionalized humanitarian organization in Belgrade opined.

The likely consequences of time-limited project-based support are described by a representative of a mixed humanitarian organization in Vojvodina: "The short-term projects that are being financed [by donors] very often encounter a disaster, because when they're completed – unless another source of financing turns up – the idea itself is wasted, regardless of whether there's a need for it on the market or not."

The imperative to constantly apply for grants, the necessity to engage in diverse fields of activity and the inability to continue working on worthwhile projects – these are typical issues that come along with project-based donations. The moment this kind of donation becomes the predominant source of income for an organization, the development of a mid-term strategy, not to speak of an organizational vision, is rendered futile. The lack of long-term planning and vision, in turn, was mentioned as an important obstacle in the struggle to achieve organizational sustainability. Among other things, this is because defined organizational profiles together with continuous activities are seen as a precondition to improve relationships with society – and thereby a CSO's access to its more reliable and versatile resources.<sup>39</sup> As a representative of a volunteer development organization in South-West Serbia put it: "Because for people who identify with some values that some organization is carrying – if the organization established and proved itself in some area – it will be someone's pride to be a part of it in any way, to be a part of an honourable work."

In contrast to project-based donations, organizational funding from membership and participation fees as well as the selling of products and services (the so-called income generating activities) are more reliable sources of funding. Typically, they represent a steady source of income with which CSOs can plan at least in the medium term.

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39 Besides this, achieving noticeable results in local communities is seen as an important factor in improving relationships with society. See the section on Citizens for more details.

## *Versatility of Funds*

Besides quantity, for CSOs, funds have a qualitative nature to them: their versatility. What costs funds can be used to cover is an important factor in the organizational sustainability of CSOs. Again, here, project-based donations from domestic CSOs and foundations, the domestic business sector and international donors differ from organizational donations of other sources of funding in important ways. “We have financial problems because we are an NGO without permanent donations. We are financed on project basis. [...] For regular costs of the organization we don’t have a donation or a prospect of getting one in the near future. Whenever I turned to someone regarding that subject, the answer was that there’s no money...”<sup>40</sup> A focus group participant in Vojvodina estimated that for its maintenance an organization needs at least between 12.000 and 15.000 RSD per month (ca. 120 to 150 Euros). Another participant in South-West Serbia mentioned the monthly sum of 300 Euros to pay running costs such as rent, electricity, internet and office materials. In all focus group discussions, finding donations to cover these costs was mentioned as a huge challenge. Most often, the share of project-based grants that can be used for regular expenses is a tiny one: The financial means that can be used for the administrative overhead of projects are typically limited to a single-digit percentage of the project grant.<sup>41</sup>

Some focus group participants told us that state authorities grant them office space for free. Since rents represent the lion’s share of running costs, these CSOs are in a much better position to achieve organizational sustainability than those that do have to pay rents. An additional solution to the pressing problem of covering running costs was mentioned by a representative of a mixed development organization in Vojvodina. He told us that in his municipality, local state authorities set up a fund that covered running costs retroactively for those organizations that successfully implemented their projects. Unfortunately, this initiative was stopped.

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40 Statement by a representative of a professionalized humanitarian organization in Central Serbia.

41 According to a report by the European Center for Not-for-profit Law (ECNL), the cap on ‘indirect expenses’ of seven percent by grants of the European Commission is not sufficient to recover the actual administrative costs CSOs typically incur during the implementation of projects. See the ECNL Response to the Public Consultation on the Review of the Financial Regulation in the Resource Materials section on the center’s homepage ([www.encl.org](http://www.encl.org)).

As we already mentioned, an important obstacle for CSOs to access project-based grants from many international donors is the requirement to provide co-funding. Among the eligible costs that CSOs can claim to arrive at their share of co-funding are staff costs. In turn, however, as a CSO expert claimed, only few international donors allow staff costs to be covered with their money – and if so only a fraction of the actual salaries (typically up to 30 percent). Therefore, many CSOs that do not have access to more versatile sources of funding are trying to basically piece together salaries from the funding that is reserved for the administrative overhead – again limiting the amount of money that can be used to cover running costs. Besides this, the practice of ‘piecing together’ salaries leads to the overburdening of paid CSO staff who often have to fill out more than a full-time position through their engagement in different projects.

In our donor survey, more than two thirds of the participating donor organizations claimed that with their grant-making programs, they specifically aim at promoting the involvement of citizens in Serbian NGOs. However, for grants in the framework of the Instrument for Pre-Accession (IPA) of the European Commission, as well as for grants of some other international donors, volunteer hours are not eligible as co-funding. Thus, a chance to give an additional incentive for CSOs to mobilize volunteers for their project work remains unused.

Furthermore, project-based donations cannot be used to finance regular activities with which citizens could be mobilized in a sustained manner: “Projects have an eye for the action; they only see those things that can be photographed and published in the media, the stuff that the media finds interesting. That’s why all the organizations which do that kind of work practically don’t have a support for their organizational development, only for what can be photographed.”<sup>42</sup>

From our focus group discussions, however, we learned that stories of successful work with volunteers always involve regular activities. As a representative of a volunteer cultural organization reports: “We have adapted a small space as a volunteers’ club, where they meet once a week. We are sending them to various events. [...] We are striving to offer them a joint visit of the EXIT festival [a large music festival in Novi Sad], or some side trips, or some public activities or performances that mean a lot to them.” Besides this, volunteering

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42 Statement by a representative of a mixed development organization in Vojvodina.

does not come entirely for free. “For someone to do voluntary work, the conditions should be provided. They should not incur any losses, not have to spend their own money.”<sup>43</sup> Moreover, “volunteers are not just some people wasting time until the end of their studies and figuring out the ways to spend their free time, they are also trying to improve their skills and in that way finish their studies faster and more efficiently”<sup>44</sup>. Therefore, CSOs should strive to offer trainings not only to their paid staff, but to their volunteers as well. In any case, extra funds for the work with volunteers are needed.

In contrast to most project-based funding, individual donations, membership and participation fees as well as earnings from the selling of products and services can be used to cover running costs, regular activities and the incidental expenses of volunteering. Thus, funding from these sources of income can be vital to the organizational sustainability of CSOs even when it comes in comparatively small amounts.

#### **Recommendation to state authorities 6:**

Look for additional possibilities to provide free office space to CSOs. Base the allocation of this aid on performance criteria.

#### **Recommendation to state authorities and international donors 5:**

Set up funds to cover the running costs of CSOs.

#### **Recommendation to state authorities and international donors 6:**

Promote the inclusion of volunteers by helping CSOs to cover the incidental expenses of volunteer work.

#### **Recommendation to state authorities and international donors 7:**

Make volunteer work eligible for the co-funding of projects to give an additional incentive for CSOs to mobilize and involve volunteers in their activities.

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43 Statement by a representative of a mixed art organization in South-West Serbia.

44 Statement by a representative of a mixed sport organization in South-East Serbia.

In the chapter on the distribution of resources among Serbian CSOs, we found a strong negative relationship between the share of funding from international sources and the share of volunteering in the overall workforce of the organization. The discussion on the reliability and versatility of funding has provided us with an explanation for this relationship: The conditioned project-based grant-making of international donors represents a disincentive to the involvement of volunteers in the work of CSOs. In addition to demands on the project management and language skills necessary for the application process (which in turn require professional training), we identified the following issues that make it all preferable for CSOs to work with professionals rather than investing in the mobilization and involvement of volunteers: The human resources tied up for researching granting opportunities and writing grant applications, the inherent tendencies to blur organizational profiles and ‘projectize’ CSO work, the lack of financial means to cover the incidental costs of volunteering and regulations for co-funding. In other words: Here, professionalization appears as a reaction of CSOs to the dependence on project-based donations. In order to not forgo the advantages of project-based grant-making, donors should therefore introduce measures to offset the inherent professionalization tendencies that are caused by their engagement with the CSO sector.

However, CSO experts discouraged us from recommending the introduction of specialized grant-making programs alone to promote volunteering in Serbian CSOs. They claim that currently, there are more potential volunteers in Serbia than volunteer places offered by Serbian CSOs. Therefore, they say, donors should not only aim at the promotion of volunteering among citizens, since the newly-gained potential for volunteering would fizzle out instead of being transformed in actual volunteer work. Instead, CSOs should be trained in volunteer management and encouraged to open their projects to the active involvement of citizens.

**Recommendation to state authorities and international donors 8:**

Include volunteer involvement as a criterion for the selection of grantees in existing grant-making programs.

**Recommendation to state authorities and international donors 9:**

Provide the financial means to carry out trainings in volunteer management and specialized projects to promote volunteering.

### **Recommendation to state authorities and international donors 10:**

Provide additional financial means in grant-making programs for the involvement of volunteers in supported projects, i.e. offer extra funds if volunteers take part in the activities that are carried out in the framework of a project grant.

## **Volunteering**

Most of the discussion so far was focused on how to obtain the necessary financial resources to cover the current costs of CSO activities. However, to become organizationally sustainable, costs can be cut as well – for example, through the mobilization of volunteers.

Volunteering is working time for free. Whether citizens join a CSO from time to time for certain activities or get involved intensively on a mid-term or even long-term basis<sup>45</sup>: Through their engagement, expenses for activities can be reduced.

Admittedly, some non-professionalized CSOs experienced limits in the involvement of volunteers. For some tasks it seems hard to find citizens that would carry them out voluntarily and for others (e.g. those that require daily availability or the meeting of strict deadlines), CSOs feel they are better left in the hands of professionals. As a representative of a mixed humanitarian organization in Central Serbia reported: “There were responses to our call for volunteers, but they were able to work only part-time. [...] In the end, we engaged some people because it turned out that if we wanted our work to be serious and responsible and to participate in various tenders, in order for the projects to be accepted, we realized that we needed people that have the skills and knowledge of technologies such as computers and the rest, and that they needed to be paid, or compensated.” Others stated that since volunteers come and go, paid staff is necessary to ensure continuity. “We need to create a certain team that will continue with the promotion of the organization, and that will have a vision of

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45 Such as volunteers of the European Voluntary Service. See [http://ec.europa.eu/youth/youth-in-action-programme/doc82\\_en.htm](http://ec.europa.eu/youth/youth-in-action-programme/doc82_en.htm) for more information.

the organization, how it should develop, and all the rest. So, we need finances to keep those persons as professionals.”<sup>46</sup>

When CSOs discuss their possibilities to achieve organizational sustainability, most look at their present financial needs as a given. When they discuss the involvement of volunteers, they tend to look at their activities as if they would be set in stone. However, in the focus group discussions, we encountered examples of CSOs that worked towards similar goals in similar fields of activities – but organized things quite differently. In consequence, some organizations were able to leave the implementation of activities in the hands of volunteers alone, whereas others needed professionals to run them.

Other examples show that, essentially, activities can be redesigned to increase the involvement of volunteers. Take the example of a mixed humanitarian and peace organization that was represented in one of our focus group discussions.<sup>47</sup> Ten years ago, in a period of comparatively easy access to international donations, the organization was composed of paid experts that worked with war-traumatized citizens. Today, its programs are mostly volunteer-based: Firstly, a psychological counselling service, where students of socio-psychological studies, supervised by experts, provide support to war veterans and their families. Secondly, a support group program that gives financial and organizational support to self-help groups. And finally, a program that tries to mobilize war veterans to contribute to peace and reconciliation in sharing their experiences with young people. Thus, we believe that volunteering can be a tremendous help for the majority of CSOs to become organizationally sustainable – including those that currently claim their activities could not be carried out by volunteers.

Most organizations have already come to appreciate the help of volunteers. Even among professionalized organizations, only 10,4% are working without any volunteers. Moreover, a large majority of them would like to mobilize additional volunteers.<sup>48</sup> So why doesn't that happen?

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46 Statement by a representative of a mixed humanitarian organization in South-West Serbia.

47 To preserve the organization's anonymity, the region is not given.

48 Asked how many volunteers they would like to additionally engage in their activities (if any), 87,5% of professionalized, 80,8% of mixed and 82,0% of volunteer organizations stated a number ranging from 1 to 200, averaging at 16.1. This average varies from 12.5 to 25.3 for professionalized and volunteer organizations.

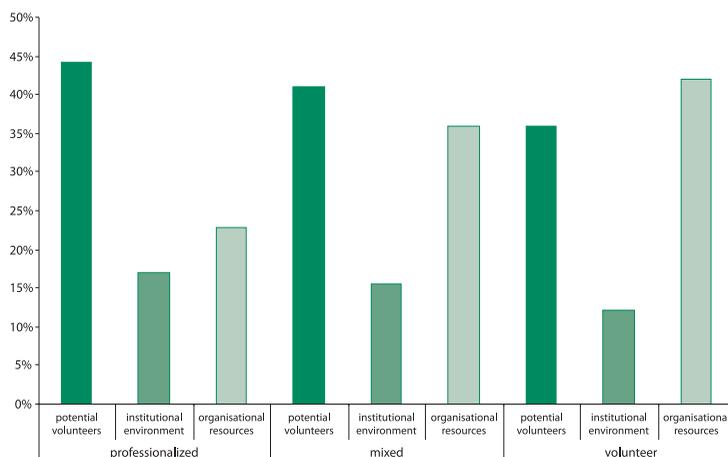
Besides the indirect evidence provided in the chapter on the resources of Serbian CSOs and the previous section on the reliability and versatility of funding, we asked CSOs directly what obstacles they encountered in mobilizing and involving volunteers in their work – and later, in the focus group discussions, what could be done to increase volunteering. In the survey, we also asked them to state what activities their CSO is performing in order to mobilize volunteers. And finally, we investigated the ownership of the CSO's activities by their volunteer workforce.

We identified three different clusters of obstacles for the mobilization and involvement of volunteers in the answers provided by CSOs in our survey: those related to the organization itself, those related to the institutional or regulative environment and those related to potential target groups of mobilization efforts and/or the society as a whole.<sup>49</sup> 41.2% of the CSOs mentioned obstacles that are predicated on characteristics of potential volunteers. With 31.9%, the next most frequent cluster consisted of organizational obstacles, whereas only 15.3% of CSOs mentioned obstacles related to the institutional or regulative environment. The following chart shows the frequencies of the aforementioned clusters of obstacles for professionalized, mixed and volunteer organizations.

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49 The answers to the open-ended question were recoded into thirteen categories. Three were grouped as obstacles related to the institutional/regulative environment: lack and/or quality of state regulations, grant regulations and lack of cooperation by other stakeholders like schools, universities or employers. Three others were grouped as obstacles related to the organizations and their activities: lack of human, material or financial resources, lack of information on the organisation and its activities in the public (lack of outreach) and the design and management of activities (lack of appeal to volunteers). Four more were grouped as obstacles related to characteristics of potential volunteers/the society: lack of necessary qualifications, lack of information on volunteering in general and its merits, lack of motivation and lack of resources (poverty and – sometimes stated as a consequence of that – lack of time). Other categories are 'no obstacles encountered', 'no obstacles encountered due to non-engagement in mobilizing activities' and 'other'.

## Chart 8 - Obstacles in mobilizing and involving volunteers in CSO activities



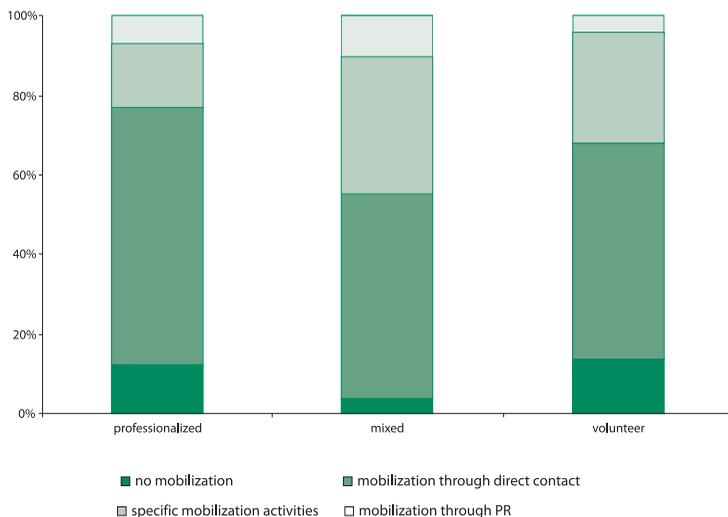
Interestingly, professionalized organizations are more likely to state that potential volunteers are not being adequately trained or willing to join their activities, whereas volunteer organizations are more likely to claim deficiencies on their behalf – a lack of human, material or financial resources, a lack of outreach and/or a lack of adequate management and design of activities to appeal to volunteers. The two strongest relationships between the organizational type (professionalized, mixed or volunteer) and the obstacles mentioned are to be found for the lack of organisational resources to manage and employ volunteers (which volunteer organizations are more likely to claim) and the lack of motivation of potential volunteers (which in turn professionalized organizations are more likely to claim).<sup>50</sup>

In addition to the obstacles they perceive, CSOs were asked to state what they do to mobilize volunteers. To answer, they could tick every appropriate option of the following five: by contacting volunteers directly, either for specific activities and/or the organization in general, by public announcements/PR (again for spe-

50 The strengths of the relationship are 0.167 and -0.137, respectively (Kendall's tau-c). The first is significant at  $p < 0.05$ , the latter at  $p < 0.10$ .

cific activities and/or the organization in general), and by carrying out projects and campaigns to promote volunteering as such. For the following chart, the different mobilization activities were summarized according to the method employed and ranked according to their assumed reach. For each organization, only the mobilization activity with the highest reach was taken into account. The chart shows that the percentages of both professionalized and volunteer organizations for those outreach activities that require resources (PR and specific mobilization activities) are lower than in the case of mixed organizations. Besides this, more volunteer and professionalized organizations than mixed ones do not engage at all in mobilization activities. Now, what does this mean?

**Chart 9 - Mobilization activities**



Concerning the perceived obstacles we discussed earlier, the results could be interpreted in such a way that many volunteer organizations indeed lack the necessary means to engage in mobilization activities, whereas professionalized organizations are less willing to commit resources to that aim. Admittedly, this is a far-fetched interpretation which needs more backing.

Further analysing our data, we find that for similar sizes of budget, volunteer organizations are more likely to engage in mobilization activities than both mixed and professionalized organizations.<sup>51</sup> That is: resources indeed seem to be an obstacle for volunteer organizations to engage in mobilization activities.

With our data, we can also further investigate the claim that the motivations and qualifications of volunteers are an obstacle to their mobilization and involvement in CSO activities. If this cluster of obstacles truly amounts to a cap to further mobilization, then differences between mobilization activities among organizations with similar fields of activities should not alter mobilization successes. After all: there wouldn't be any additional people that would do this kind of work voluntarily – no matter how much effort CSOs would invest in persuading them. If, however, there is a relationship between mobilization activities and mobilization successes, then motivational and qualification-related issues could still represent an obstacle – but it would mean that volunteers can be found, if one is only willing to reach out.

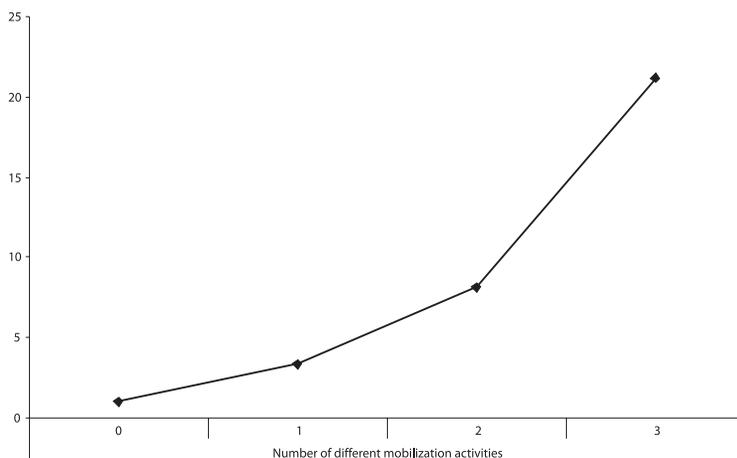
First of all, in general, our data strongly indicates that CSOs which engage in more mobilization activities have more volunteers. For the following chart, the number of different mobilization activities was plotted against the average volunteer workforce.<sup>52</sup>

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51 Controlling for the categorized budget size, the correlation coefficient of organizational type (professionalized, mixed, volunteer) and the number of different types of mobilization activities (direct contact, specific projects/campaigns and PR) is 0.22 ( $p < 0.005$ ).

52 The different mobilization activities are mobilization through direct contact, PR and specific projects/campaigns. The average volunteer workforce is expressed in full-time employee equivalents (see footnote 8 for more details).

**Chart 10 - Mobilization activities and size of volunteer workforce (in FTEE)**



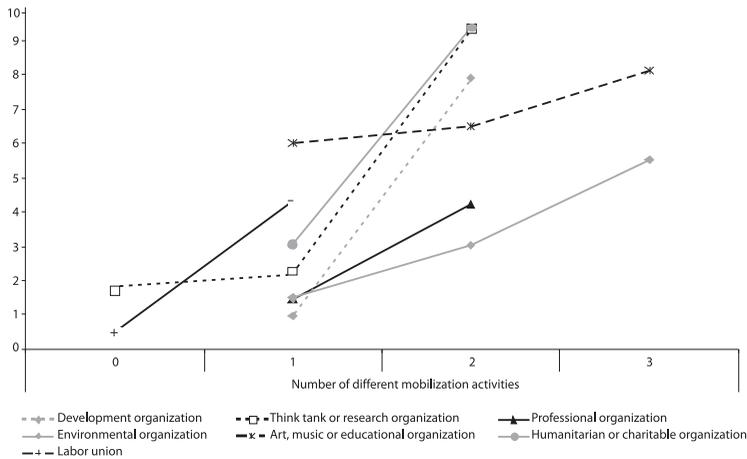
The relationship we found for the sample as a whole can be confirmed for professionalized and mixed organizations in separate analyses as well. For volunteer organizations, we found a positive relationship between an increase in mobilization activities and the volunteer workforce, as well – however, the results are statistically not reliable.<sup>53</sup>

For the different fields of activity, our data is sketchy. However, the graphic representation of the relationship between mobilization activities and the average volunteer workforce in Chart 11 points in the same direction: No matter which field an organization is active in, the more it does to mobilize volunteers, the more it gets.

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<sup>53</sup> For professionalized organizations, the correlation coefficient is 0.308 ( $p < 0.005$ ). For mixed organizations, it is at 0.227 ( $p < 0.05$ ). The correlation coefficient for volunteer organizations is 0.175. However, it is not significant.

**Chart 11 - Mobilization activities and size of volunteer workforce (in FTEE, per field of activity)<sup>i</sup>**



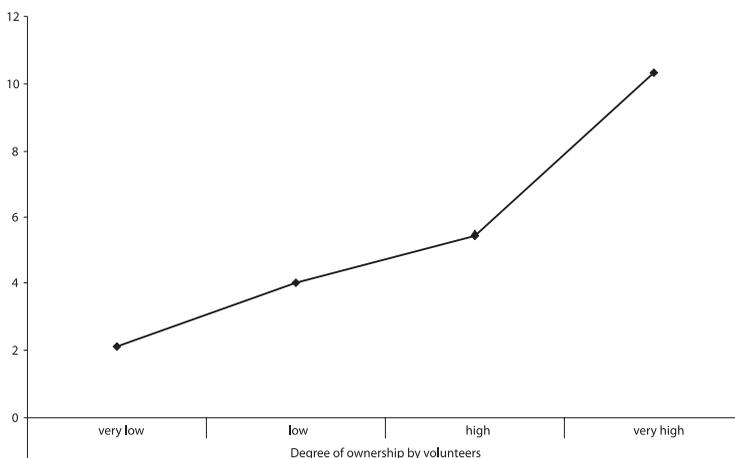
<sup>i</sup> Only for those categories of organizations with at least two valid data points. Valid data points are those with five or more entries for the calculation of the average volunteering. Volunteering expressed in average FTEE per organization (see footnote 8 for more details).

Finally, the degree of the volunteers’ ownership of CSO activities gives us another hint as to why some organizations are more successful in their efforts to mobilize volunteers than others.<sup>54</sup> We asked CSOs about what kinds of activities their volunteers are involved in. The options that respondents could choose from aimed at measuring the degree of responsibility that is given to volunteers in the design and implementation of the activities of the respective CSO.

54 With ‘ownership’ we refer to who is controlling the design of CSO activities and bearing responsibility for their implementation.

They reached from ‘carrying out pre-defined tasks’ to ‘being part of the operational leadership, taking strategic decisions.’<sup>55</sup> Chart 12 indicates a strong relationship between the degree of ownership of a CSO’s activities by its volunteers and the size of the volunteer workforce of the respective organization. This relationship persists regardless of budget size.<sup>56</sup>

**Chart 12 - Ownership of CSO activities and size of volunteer workforce (in FTEE)**



To sum up: Firstly, the lack of resources seems to be an obstacle to the engagement in mobilization activities – especially for volunteer organizations. Secondly, our data shows that irrespective of the field of activity the more an organization

55 Between the options ‘carrying out pre-defined tasks’ (indicating a very low degree of responsibility/ownership of the CSO’s activities) and ‘being part of the operational leadership, taking strategic decisions’ (representing a very high degree of responsibility/ownership of the CSO’s activities), we placed the option ‘planning and implementing specific activities in a pre-defined project’ (a low degree of responsibility/ownership) and ‘planning and implementing projects as part of a pre-defined program’ (a high degree of responsibility/ownership). Another option, ‘fulfilling advisory functions’ was left out of the scale, since we were unable to determine the degree of responsibility/ownership of a CSO’s activities going along with this kind of activity.

56 Controlling for budget size, the correlation coefficient for the responsibility given to volunteers and the FTEE performed by volunteers is 0.175 ( $p < 0.05$ ).

reaches out to citizens and the more it gives a say to volunteers in the design and implementation of its programs, the more it is able to mobilize volunteers.

#### **Recommendation to CSOs 4:**

Increase mobilization activities – they pay off.

#### **Recommendation to CSOs 5:**

Look for CSOs in your field of activity that organize their work with a larger share of volunteering. Redesign your activities accordingly. Give volunteers a say in this process.

#### **Recommendation to state authorities and international donors 11:**

Promote best practices in the work with volunteers. Promote the exchange of experiences in the involvement of volunteers among CSOs.

#### **See recommendations to state authorities and international donors 6 to 10.**

In two of the four focus group discussions, CSO representatives mentioned the need for a legal framework for volunteering in Serbia. However, they also expressed strong criticism towards the (then) draft law on volunteering. This draft law was recently adopted. CSO experts claim that it is too restrictive and overburdens CSOs with administrative requirements for the engagement of volunteers.<sup>57</sup> In its current form, they perceive it as a threat to volunteering.

#### **Recommendation to state authorities 7:**

Allow for revisions of the Law on Volunteering. Take into account the objections of CSOs.

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<sup>57</sup> See [http://www.nshc.org.rs/eng\\_nshc/eng\\_izvor.htm](http://www.nshc.org.rs/eng_nshc/eng_izvor.htm) for more details on alternative proposals for the regulation of volunteering in Serbia.

# Sustainable Resource Strategies

In all focus group discussions, CSO representatives expressed the belief that even under the current circumstances CSOs themselves can do a lot to become organizationally sustainable. The recommendations we gave so far already showed several starting points. In general, we believe that two strategies are crucial:

## **Recommendation for an organizationally sustainable resource strategy 1:**

Aim at a mixture of financial resources from project-based donations and more reliable and versatile sources of funding.

## **Recommendation for an organizationally sustainable resource strategy 2:**

Increase the share of volunteering in the workforce of CSOs.

At present, reliable and versatile sources of funding are scarce. However, we believe that through the implementation of activities that benefit citizens locally, CSOs could gradually change their image and attract more individual donations (see *recommendation to CSOs 3*). Income generating activities might be a solution for some CSOs as well. As long as they target other CSOs, though – as it is the case for some resource centres and CSO trainings – they beg the question where clients should take the money from to pay for them in the first place.

Nonetheless, the big money is in project-based donations from international donors, the state and – increasingly – the domestic business sector. By all predictions, this is likely to stay that way. Access to funding from domestic business companies could be improved by using contacts to former employees and volunteers for fund-raising campaigns (see *recommendation to CSOs 2*). To get access to international donations, we recommended that CSOs in the regions with comparatively smaller capacities form local CSO networks by

which means they could apply for larger grants by international donors (see *recommendation to CSOs 1*).

However, securing the necessary means for the continuation of activities at present levels is only one general option to achieve organizational sustainability. Cutting costs is another. Regarding volunteering, we could show that examples for CSOs that successfully employ volunteers can be found across all sizes of budget and workforce, target groups, territorial scopes and fields of activity. And we pointed out how a CSO could attract additional volunteers: through investing time and effort in mobilization activities (see *recommendation to CSOs 4*) and through redesigning their projects according to best practices from their field of activities – and giving volunteers a say in the process (see *recommendation to CSOs 5*).

## The Research Team

Wolfgang Stuppert (research design, in-depth interviews, donor survey, coordination of field research for CSO survey, data analysis, final report); Srecko Mihailovic (moderation and preliminary evaluation of focus group discussions, coordination of field research for CSO survey); Mladen Jovanovic (field associate for South-East Serbia); Melanija Kolosnjai-Nenin (field associate for Vojvodina); Zoran Gavrilovic (field associate for Central Serbia); Aida Corovic (field associate for South-West Serbia); Darija and Sonja Vukelic (translation of FGD transcripts, questionnaires and the preliminary research report); Emily Radosavljevic (proof-reading of final report).

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