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GOVERNMENT ALLOCATIONS FOR THE NGO SECTOR IN BOSNIA AND HERZEGOVINA IN 2007

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**Swiss Agency for Development
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Abbreviations

BD	Brčko District
GDP	Gross Domestic Product
BiH	Bosnia and Herzegovina
BSAL	Birks Sinclair & Associates Ltd.
FBiH	Federation of Bosnia and Herzegovina
OSF	Open Society Fund Bosnia and Herzegovina
IBHI	Independent Bureau for Humanitarian Issues
NGO	Non-governmental Organisation
RS	Republika Srpska
SDC	Swiss Development and Cooperation Agency
CA	Civil Associations

GOVERNMENT ALLOCATIONS FOR THE NGO SECTOR IN BOSNIA AND HERZEGOVINA IN 2007

Introduction

The Swiss Agency for Development and Cooperation (SDC) and the Open Society Fund (OSF) in Bosnia and Herzegovina have, since 2007, supported the initiative of the Independent Bureau for Humanitarian Issues (IBHI BiH) for the establishment of the Fund/Foundation for Social Inclusion in Bosnia and Herzegovina.

With the aim of providing additional financial parameters for the Fund/Foundation establishment process, during the period from 11 October 2007 to 20 May 2008, IBHI performed a survey of government allocations for civil associations/non-governmental organisations (CAs/NGOs).

Data was collected through a survey whose purpose was to provide additional information for the development and promotion of innovative models for improving social protection by quantifying the current state and trends in cooperation between government and non-governmental stakeholders.

Basic data on the NGO sector in BiH

In 2004, within the DFID project **Labour and Social Policy in Bosnia and Herzegovina**, IBHI and Birks Sinclair & Associates Ltd. (BSAL) supported the preparation of a qualitative study¹ on the status of the NGO sector as a stakeholder in employment and provision of social services. The study concluded that the NGO sector in BiH provided services to 29% of the total BiH population in 2004, where the main activity sectors were: culture and sports, provision of economic and social services, civil services and advocacy.

The total number of active NGOs in BiH in 2004 was estimated at 4,629 NGOs. Organisations on average spent 57% of their time on service provision, 27% on advocacy and 16% on other activities.²

Employment in the NGO sector in 2004 almost equalled that of the international average, while operational costs of NGOs in BiH were 50% lower than the international average. The total estimated number of full-time employees in the NGO sector for 2004 was 26,668 (2.3% of the economically active workforce). The total number of full-time volunteers in 2004 was estimated at 63,129 (5.36% of the economically active workforce), which is higher than the international average.

The annual income for the NGO sector in 2004 was estimated at 552,709,876 KM, which makes up 4.5% of the GDP, while the annual expenditure was estimated at 300,673,358 KM (2.4% of GDP). This data points to the fact that the NGO sector in BiH mobilizes significant resources and has an important impact on BiH economy.

The qualitative study indicated that the NGO sector receives almost all of its funds from donors (local and international) or its own members (grants or donations), and that the sale of goods and services makes up only 9% of its income. While 75% of organisations receive funds from one or two sources, organisations in the social or economic sector rely mostly on a single source of funding (NGOs working in these areas rarely reported financial difficulties).

¹Qualitative study 3: Employment, Social Service Provision and the Non-Governmental Organisation (NGO) Sector: Status and Prospects for Bosnia and Herzegovina Analysis and Policy Implications” prepared within the DFID project, Labour and Social Policy in BiH: The Development of Policies and Measures for Social Mitigation, IBHI/BSAL, Sarajevo/Banja Luka, May 2005

² *Ibid.*

In 2004, 55% of NGOs said that the level of government support had improved compared to 2003.³ Even though in 2004, as the main weakness and obstacle to their development, NGOs identified the lack of the government sector's ability to develop partnerships with the NGO sector, there are examples of good partnership practices across BiH, especially in service provision.

Survey on allocations for the NGO sector

In 2007 and 2008, IBHI conducted a survey on government allocations for the NGO sector. As the target population of the survey, 214 government institutions were selected (out of 280 institutions). The sample comprised of specific ministries at the BiH, FBiH and RS level, cantons in FBiH and municipalities in FBiH and RS. The criterion for the selection of ministries was their field of jurisdiction and the assumption that they allocate funds for the NGO sector.⁴ Representativeness of allocation estimates has been achieved at the state level, entity level, at the level of all cantons and municipalities in entities.

Response rate

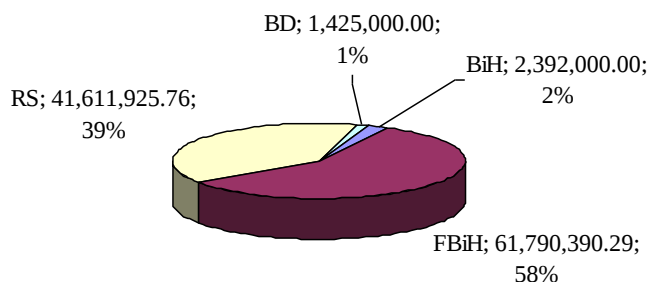
The final response rate is 91.1% which enabled the extrapolation of results to the population level.

Main survey findings

Economic indicators

- The total planned funds for the NGO sector in 2007 amounted to **107,219,316.05 KM** (0.56% of GDP for 2006⁵). The total planned allocations of surveyed institutions in the FBiH amounted to **61,790,390.29 KM⁶** and **41,611,925.76 KM** in the RS.

Diagram 1. Total planned allocation by surveyed governmental institutions for 2007 (in KM)



³ *Ibid.*

⁴ For further details on the sample design, see Annex II

⁵ Most recent estimate of GDP for 2006 is 19,121 in million KM - data of the BiH Agency for Statistics www.bhas.ba).

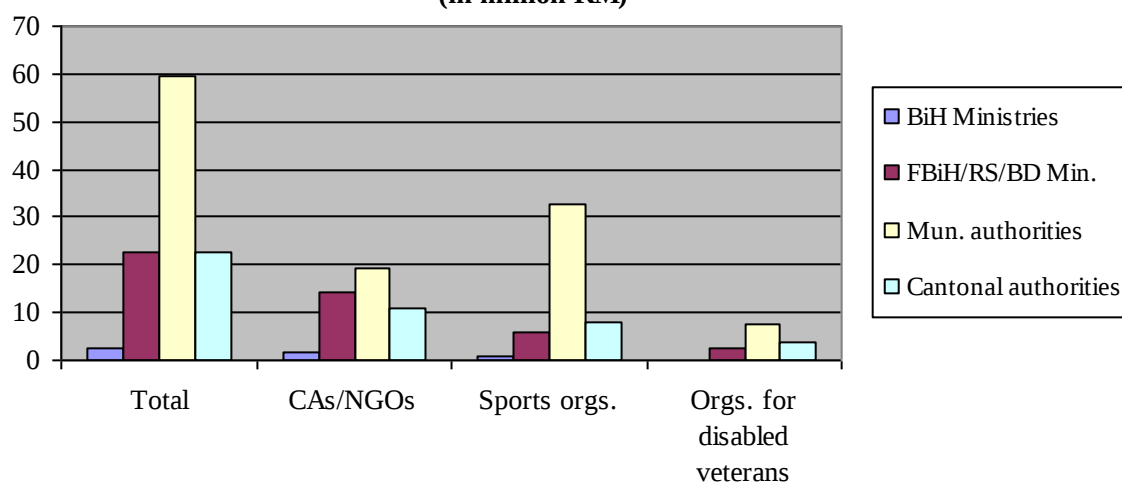
⁶ Entity estimates include data from the surveyed entity ministries, cantonal ministries in FBiH and municipalities. According to FBiH Government data, grant allocations for non-profit organisations in 2007 amount to **46,375,920.44 KM**. This amount relates to all institutions of the FBiH Government and is therefore higher than the amount registered within the survey of FBiH Government level (14,805,847.00 KM) which relates to Federal institutions directly responsible for support to the BiH social system. www.fmf.gov.ba/budzet-07/izvjestaj%20o%20izvrs%20budzet.htm

- The total number of active, non-profit organisations in BiH is estimated at 4,629⁷, which amounts to 23,163 KM per organisation⁸ from domestic budgets. The total annual income of NGOs in 2004 was estimated at 552,709,876 KM (on average 119,402 KM per organisation) from all sources (foreign donations, domestic budgets, memberships, etc.).
- The difference in the estimated annual income from 2004 and the estimated income from government institutions in 2007 totals 96,239 KM per organisation. This difference includes international and local donations, membership fees and trade in goods and services. The qualitative study states that government funds make up 21% of NGO income.⁹
- The total number of full-time employees in the non-profit sector is estimated at 26,668,¹⁰ which amounts to 4,021 KM per employee from domestic sources. If the number of full-time volunteers is included (63,129 in 2004), the amount from domestic sources is 1,194 KM per person.
- Operational costs for the NGO sector are estimated at 300,673,358 KM in 2004 while the income is estimated at 552,709,876 KM. Funds allocated by government institutions in the year 2007 total 35.7% of operational costs and 19.4% of the NGO sector income from the year 2004.

Allocations according to administrative levels and categories of NGOs

- In accordance with results of the Qualitative study from 2005, survey data indicate that the funds from municipal authorities make up the largest proportion of government funding for the NGO sector in BiH.

**Diagram 2. Total reported allocations by administrative level
(in million KM)**



- Of the total reported amount allocated to the NGO sector, 42.9% was allocated to civil associations/NGOs; 44.1% to sports organisations and 13.0% to organisations of disabled veterans and other related organisations.

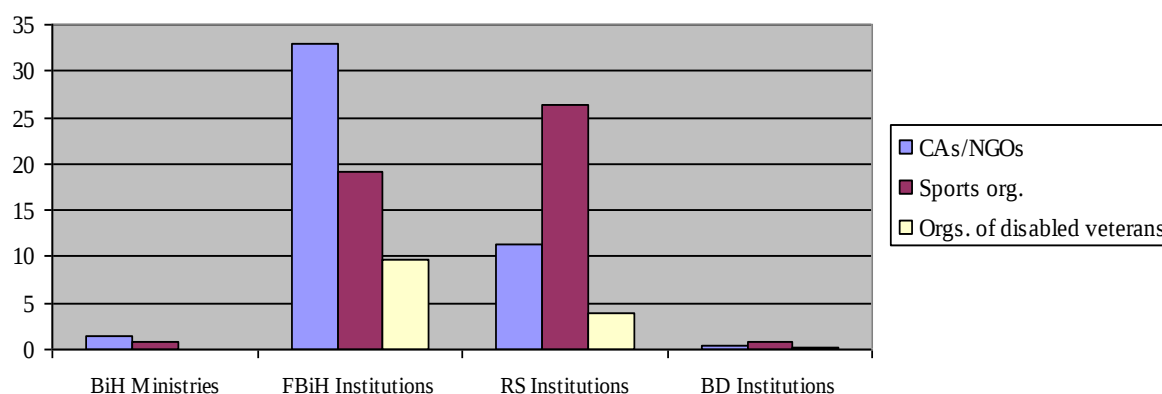
⁷ Estimate for 2004. Data from the Qualitative study 3.

⁸ Large differences in allocations of funds for organisations are evident, especially at the municipal level. Differences are the result of budgetary capacities of individual municipalities and up to a point, of the number of organisations that operate in a certain area. Most organisations are located in larger cities (Banja Luka, Sarajevo, Zenica and Tuzla) and 60% of them focus their activities on a specific geographic area.

⁹ *Ibid.*

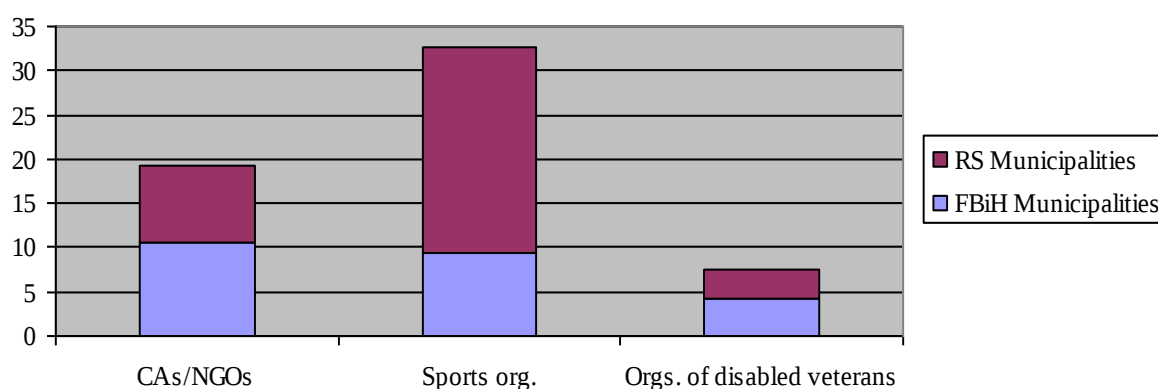
¹⁰ *Ibid.* Estimate for 2004 that relates to 1.45% of the active population in BiH in 2004.

Diagram 3. Allocations by NGO categories (u million KM)



- Of the total reported amount allocated by municipal authorities: in FBiH, 44% was allocated for CAs/NGOs, 39% for sports organisations and 17% for organisations of disabled veterans; in RS 25% was allocated for CAs/NGOs, 65% for sports organisations and 10% for organisations of disabled veterans.

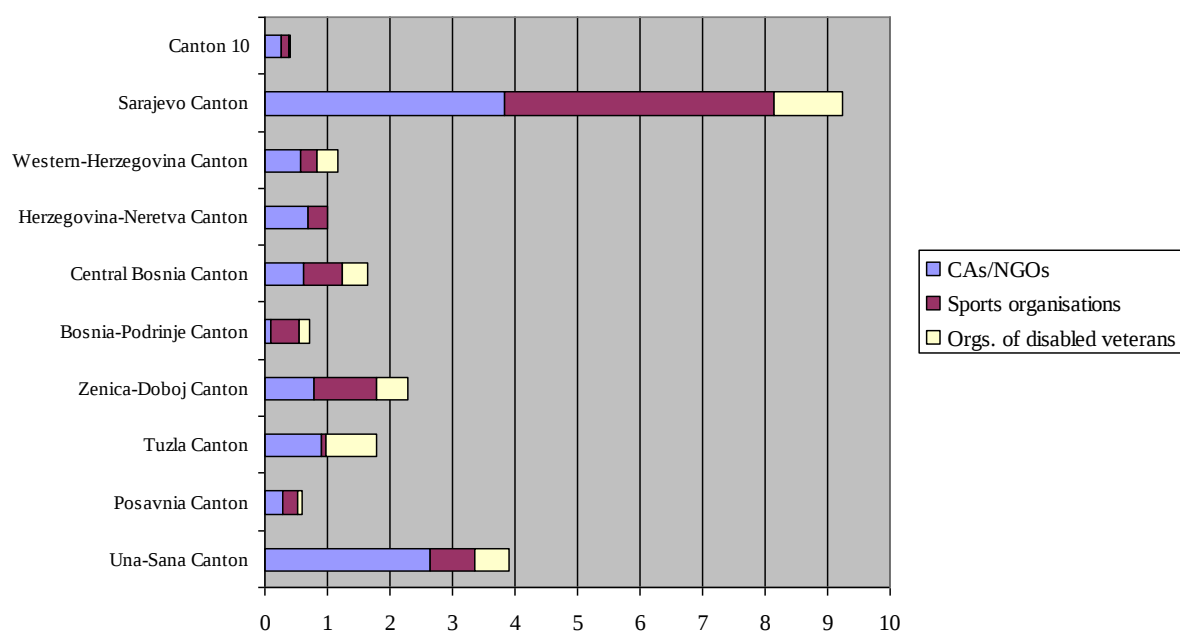
Diagram 4. Allocations by NGO categories - municipal level (in million KM)



- Even though the data for some cantons are not representative due to the small sample and non-response rate, it is possible to draw certain conclusions.¹¹ At the cantonal level, Sarajevo Canton allocates the largest amount of resources for NGOs (41% of the total amount allocated at the cantonal level), followed by the Una-Sana Canton (17%) and Zenica-Doboj Canton (10%). Canton 10 allocated the lowest amount for the NGO sector (2%).

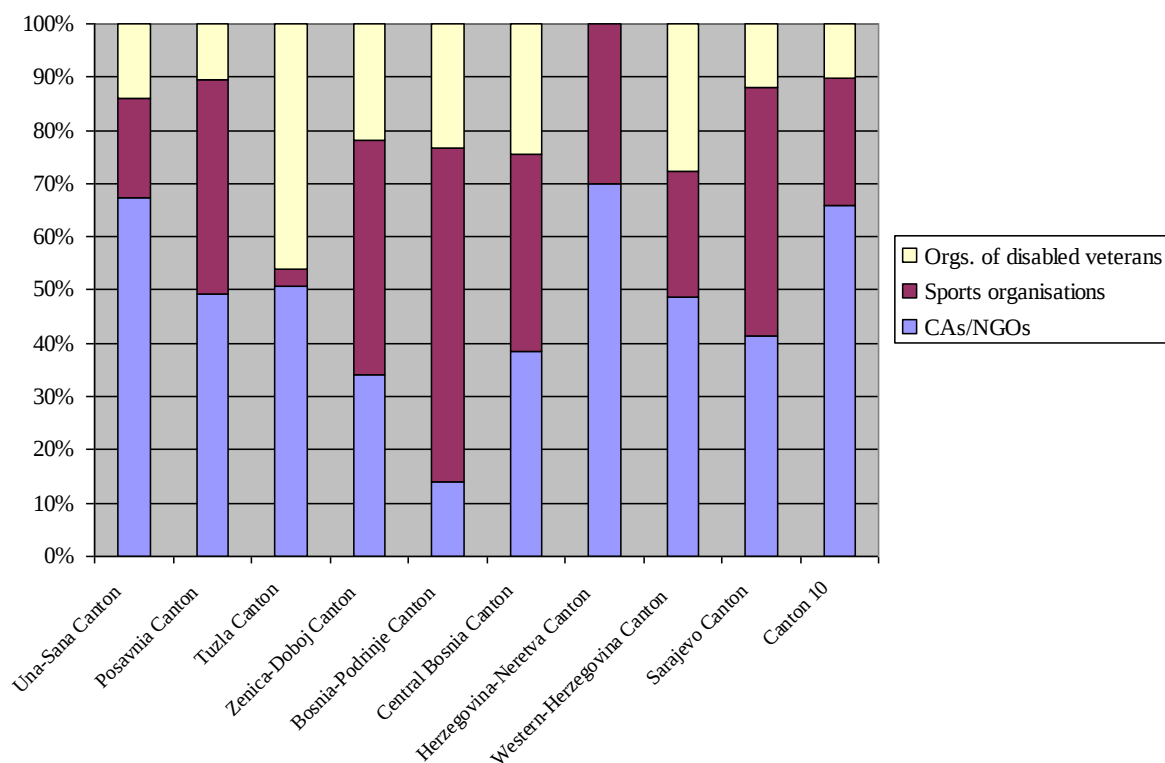
¹¹ For example, for the Herzegovina-Neretva Canton, information on allocations for organisations for disabled veterans is missing due to non-response of the relevant Ministry.

Diagram 5. Allocations by NGO categories - Cantons (in million KM)



- Una-Sana Canton allocates most of the funds to CAs/NGOs (compared to sports organisations and organisations of disabled veterans). Sarajevo Canton, which allocates the largest amount to the NGO sector, allocates approximately the same percentage to CAs/NGOs (41%) and sports organisations (47%).

Diagram 6. Allocations by NGO categories - Cantons (percent)



- Table 1 represents planned allocations for the non-profit sector by surveyed institutions compared to budgets of the BiH, FBiH and RS Governments for the year 2007:

Table 1: Funds allocated to the NGO sector in BiH

	Planned funds in 2007 (KM)	Budget for 2007 (KM)	Percentage of planned funds compared to the total budget
BiH Government	2,392,000.00	479,642,174.00 ¹²	0.50%
FBiH Government	14,805,847.00	1,548,311,236.00 ¹³	0.96%
RS Government	6,406,855.00	1,250,000,000.00 ¹⁴	0.51%

Public tender procedures and reporting

- 25.3% of institutions that participated in the survey allocate funds through public tenders; 41.0% do not publish tenders and, of that percentage, most allocate funds according to prepared annual budgets; 14.9% publish tenders for one segment of available funds for the NGO sector. Of the remaining institutions, 7.2% do not allocate funds to non-governmental organisations while 11.8% did not provide the data requested.
- A total of 24,318,866.11 KM (22.7%) was allocated without publishing tenders (e.g. through planned, annual work programmes).
- Of the institutions that do not publish tenders to allocate funds, 7.5% planned to introduce this procedure in 2008.
- Of the total number of institutions that participated in the survey, 78.5% require the submission of reports from CAs/NGOs, while an additional 3.1% of institutions plan to introduce a reporting procedure in 2008. In most cases, submission of a financial report is a prerequisite for the allocation of funds in the following year.
- A total of 2,358,186.00 KM was allocated without the obligation to submit a report (2.20% of the total amount).
- 48.7% of institutions that participated in the survey conduct an analysis of program and/or financial results (3.1% of institutions conduct a partial analysis of results). Indicators for analysis are not harmonised, however in numerous cases reporting criteria, according to which an analysis is conducted, do exist. The lack of staff is reported as the main reason for not conducting analyses, followed by the lack of a need for conducting a detailed analysis of activities implemented and funds spent due to the small amounts of funds allocated.

¹² Audit Office of the Institutions of BiH, Report on Operations of the Audit Office of the Institutions of Bosnia and Herzegovina for 2007, www.revizija.gov.ba/bs/audit-rep/arhiva07.asp

¹³ BiH Federation Budget, FBiH Government, www.fbihvlada.gov.ba/bosanski/budzet/2007.php

¹⁴ Republika Srpska Government, New Budget, 2007 Budget, www.vladars.net/sr-SP-Cyrl/Vlada/Aktivnosti/Documents/Budzet%202007.pdf

Annex I: Tables

Table 2: Funds allocated for the NGO sector in BiH

Administrative level	Total (KM)	CAs/NGOs (KM)	Sports org. (KM)	Org. for disabled veterans and similar org. (KM)
BiH Ministries	2,392,000.00	1.542.000,00	850,000.00	0.00
	2,392,000.00	1.542.000,00	850,000.00	0.00
FBiH Ministries	14,805,847.00	11.648.247,00	1,628,800.00	1,528,800.00
RS Ministries	6,406,855.00	2.459.323,00	3,339,000.00	608,532.00
Brčko Distrikt Institutions	1,425,000.00	325.000,00	800,000.00	300,000.00
	22,637,702.00	14.432.570,00	5,767,800.00	2,437,332.00
FBiH municipalities	24,230,911.29	10.584.595,49	9,490,777.8	4,155,538.00
RS municipalities	35,205,070.76	8.793.762,24	23,046,146.48	3,365,162.04
	59,435,982.05	19.378.357,73	32,536,924.28	7,520,700.04
Una Sana Canton	3,912,650.00	2,638,650.00	729,000.00	545,000.00
Posavina Canton	592,000.00	291,455.00	238,545.00	62,000.00
Tuzla Canton	1,793,800.00	907,800.00	60,000.00	826,000.00
Zenica-Doboj Canton	2,293,824.00	784,324.00	1,007,500.00	502,000.00
Bosna-Podrinje Canton	709,508.00	100,208.00	443,300.00	166,000.00
Central Bosnia Canton	1,641,000.00	630,000.00	611,000.00	400,000.00
Herzegovina-Neretva Canton	992,000.00	695,000.00	297,000.00	0.00
West-Herzegovina Canton	1,159,600.00	563,800.00	273,500.00	322,300.00
Sarajevo Canton	9,244,750.00	3,834,100.00	4,315,650.00	1,095,000.00
Canton 10	414,500.00	272,500.00	100,000.00	42,000.00
	22,753,632.00	10,717,837.00	8,075,495.00	3,960,300.00
TOTAL	107,219,316.05	46,070,764.73	47,230,219.28	13,918,332.04

Table 3: Funds allocated by surveyed institutions in the BiH, FBiH, RS and BD for the NGO sector in BiH (in KM)

Administrative level	Total	CAs/NGO	Sports org.	Org. for disabled veterans and similar org.
BiH Ministries	2,392,000.00	1,542,000.00	850,000.00	0.00
FBiH Institutions	61,790,390.29	32,950,679.49	19,195,072.80	9,644,638.00
RS Institutions	41,611,925.76	11,253,085.24	26,385,146.48	3,973,694.04
Brčko District Institutions	1,425,000.00	325,000.00	800,000.00	300,000.00

Annex II: Sample and methodology

Sample and response rate

The total population comprises of 280 government institutions: all municipalities in BiH, all cantonal, entity and state ministries. The target population included 214 government institutions at different administrative levels that are of relevance with regards to the allocation of funds to non-profit organisations (CAs/NGOs, sports organisations, organisations of disabled veterans and other similar organisations). The target population included ministries with the following jurisdiction:

- labour;
- social policy/protection;
- health;
- education;
- environment;
- civil affairs; and
- rural development/agriculture.

Stratification: the sample was divided into 16 strata in order to take into account the different bases for allocation of funds. The sixteen strata and response rates are presented in the following table:

Table 4: The number of government institutions included in the survey and response rates according to each stratum

Administrative level	No. of institutions included / (responses)	Response rate by stratum	Administrative level	No. of institutions included / (responses)	Response rate by stratum
BiH Ministries	2 (2)	100.0%	Tuzla Canton	7 (6)	85.7%
FBiH Ministries	7 (7)	100.0%	Zenica-Doboj Canton	6 (6)	100.0%
RS Ministries	9 (9)	100.0%	Bosna-Podrinje Canton	5 (5)	100.0%
FBiH Municipalities	79 (69)	87.3%	Central Bosnia Canton	5 (5)	100.0%
RS Municipalities	62 (55)	88.7%	Herzegovina-Neretva Canton	6 (5)	83.3%
Brčko District Institutions	2 (2)	100.0%	West-Herzegovina Canton	4 (4)	100.0%
Una-Sana Canton	5 (5)	100.0%	Sarajevo Canton	6 (6)	100.0%
Posavina Canton	4 (4)	100.0%	Canton 10	5 (5)	100.0%
			Total:	214 (195)	

Representativeness has been achieved for the following levels:

BiH: total of 195 institutions

FBiH: total of 127 (7 + 69 + 51)

RS: total of 64 (9 + 55)

FBiH municipalities: 69

RS municipalities: 55

Cantonal governments: only in total, not individually by cantons - 51

Methodology

A letter explaining the purpose of the research was submitted to the target institutions requesting a response to the following 5 questions:

1. What is the amount your institution allocated to civil associations/non-governmental organisations in 2007, including amounts that have not yet been realised but could in reasonable probability be realised by the end of the year?
2. What segment of the total amount is intended for sports associations, what segment is for organisations focusing on protection of disabled veterans and what segment is for other types of associations/non-governmental organisations?
3. Is the fund allocation conducted through the publication of a tender in order to select the most suitable projects/non-governmental organisations?
4. Are the organisations that receive funds obligated to submit official project financial and narrative reports at the end of the project period?
5. Is an analysis of results (program and financial) planned in this year to analyse the results of the work of supported organisations and has this analysis (if foreseen) been introduced as of 2007?

If a response was not received within 4 weeks, institutions were contacted by telephone and submitted a letter of urgency. This procedure was repeated until a representative sample was reached. Data was collected over the period 11 October 2007 - 20 May 2008.

Methodological notes

It must be kept in mind that the amounts provided in this document are estimates related to the amounts reported by surveyed institutions. It is possible that institutions that were not included in the survey also allocate funds for the NGO sector.

A certain number of institutions, along with the planned amount for 2007, reported the amount realised up to the survey period. Due to discrepancies in data on the realised amount, the calculations used the **planned amount** for 2007.