



NGO SECTOR REVIEW – DISCUSSION PAPER

VOLUNTARY WORK AND VOLUNTARY GIVING

Case Study: NGO Sector of Bosnia and Herzegovina

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INTRODUCTION

The following Discussion Paper is the result of a continued IBHI presence among the BiH NGO community since 1995 as well as the endeavours of its staff from before 1995. It is fourth in a series of IBHI NGO Sector Reviews: The Local NGO Sector within Bosnia and Herzegovina – Problems, Analyses and Recommendations, The Regulation of Non-Governmental Organisations within the Federation of Bosnia and Herzegovina and Proposals for the Future and Non-Governmental Organisations and the Development of civil Society.

The need to identify alternative sources of funding for the NGO community was present in the IBHI activities with local NGOs for over a year. Concrete steps were taken with the help of the Royal Netherlands Government and their Officials at the Royal Netherlands Embassy who funded the compilation of materials presented in this discussion paper. IBHI discussed and received support for its efforts from ICVA BiH, CIP BiH and many other BiH NGOs who attended the IBHI Workshops and Round Table on Local Sources of Funding for the Local NGO Sector.

This discussion paper is intended to act as a catalyst for both the national and international NGO sectors, as well as local and national authorities and the local and national private sector. Further research is required in order to measure the impact of the efforts made to date as well as to develop and apply sustainable methods for voluntary giving and voluntary work in BiH.

The IBHI guiding principle in preparing this discussion paper was based on the notion that each culture already knows how to “care and share” and that a simple importation of Western fund-raising may be the least effect way to develop the philanthropic ethos of that culture. Moreover, it would be much more effective to initiate an inquiry into the culture to learn what is the “life giving force” that animates the past and current giving practices.¹ Consequently the first steps IBHI took in this regard were to look back in the past ways of voluntarism, the effect the war and its consequences. It was of utmost importance to give space to the national and local NGO sector to brainstorm, search and identify definitions and methods of voluntary work and voluntary giving that suit them and are applicable in their community. The Western models of philanthropy were used at the end of discussions, workshops and meetings purely as examples and only once the strategy and definitions were drawn up and decided by the local and national participants.

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¹ James Gregory Lord, Philanthropic Quest International, 1998.

PART I

1. – BiH NGO Sector Voluntary work and giving before the war

The voluntary involvement of citizens in pre-1992 war in Bosnia and Herzegovina was similar to the rest of the socialist Yugoslav Republics. That is to say, given a relatively comfortable standard² and a steady employment rate, citizens were able to dedicate time to voluntary work. Research has not as yet been conducted in this field for this period, or it is marginally mentioned in texts on the civil society and its development.

This type of voluntary work mainly concentrated on the immediate vicinity, such as the neighbourhood, or local commune (Mjesna zajednica). Organised “voluntary” work was planned and proscribed by the local government and extended to post-Second World War reconstruction to Youth Summer Camps where various types of construction took place.

Financial voluntary giving in finances was evident through the Local Red Cross Societies whose staff sold stickers or stamps for a small charge. Other types of financial voluntary giving were seen more as a religious or traditional habit: alms giving to churches or mosques, giving money to beggars and of that kind. The religious institutions were often built by individual voluntary giving, the major donors being those of the diaspora.

Corporate giving was random and rare as the private business sector was limited to predetermine growth capacities and could therefore never develop to become major donors.

In-kind donations were typical for the socially needy. One would often see that the family of deceased asked that donations, in place of flowers, be paid into the account of Homes for Older Persons or for Disabled Children or other Associations dealing with the specific illness or impairment of the deceased. Citizens also took old clothes, toys and books to the Homes for Orphaned Children and some left small cash donations.

2. – BiH Voluntarism during the War

The 1992-95 war in BiH initially made everyone a potential volunteer. The NGO sector mainly united volunteers who were providing various types of assistance to all categories of the population. The innate response to help the needy was fed by everyday situations of wounded, injured people on the streets and neighbourhoods. For instance the Associations of Taxi Drivers in Sarajevo made a commitment to stopping at every incident of shelling, shooting and driving the injured to the nearest hospital. The Builders without Frontiers in

² An average of over 1,000 DM for former Yugoslavia.

Sarajevo went around the city and repair minor shelling damage with whatever materials they found at hand.

Given the political instability and thus biased local authority representatives the international agencies sought non-governmental partners for aid distribution and other assistance programmes. Local NGOs multiplied overnight in response to the international agencies' conditions for partnership. Some voluntary work became paid work, although it was called "compensation for humanitarian engagement" because of lack of legal framework for salaries.

However, the majority of local NGO members continued to work as volunteers.

3. - Immediate post-war NGO Transition from emergency to development aid

The advance of peace in BiH brought a new challenge to the local NGO sector. Assistance begun to change from simple aid delivery to income-generation, reconstruction, while the beneficiary selection expanded from those in immediate need to almost the whole population.

Some international agencies and NGOs recognised the need to involve the local NGO sector in the reconstruction and rehabilitation of the country.

The increased availability of funding for local NGOs stifled the need or feeling of obligation for voluntary work. NGOs were not only provided with funding for certain programme activities, but also for administrative, recurring costs. This seemed to be beneficial as local NGOs were acquiring the resources to be as operational and as professional as any other international NGO.³

The international capacity-building NGOs begun realising that the rush to "professionalise" local NGOs was failing.⁴

³ However, it was soon obvious that only a small number of NGOs were able to sustain a regular donor input that enabled them to keep the paid human resources as well as office rent and other recurring costs.

⁴ One reason was that the capacity-building efforts of 1995-97 had a blanket approach to all local non-governmental types of organising. Thus organisations that would fall into the category of community-based organisations (CBOs) were expected to perform as professionally as local NGOs that were growing into highly developed national organisations. Both groups were expected to have an office with all the office equipment (fax, computer, printer, etc.), to hire administrative and financial staff, to produce professional project proposals and develop expert monitoring tools regardless of the scope of their programmes, regardless whether they were assisting 20 or 200 beneficiaries or whether the project budget was 5,000 or 50,000 DM.

One of the reasons was that the availability of international donations to local NGOs was shutting out alternative ways of funding within the community and depreciating voluntary work. Local NGO staff recognised their engagement as a full-time paid job, just as it would have been in a local company or local authority institution.⁵ A lot of local NGO activities would have been otherwise implemented through voluntary work.⁶

Experiences of voluntary work and voluntary giving

Some NGOs did benefit from local sources or local support. It was common that some Municipalities offered space free of charge for limited periods of time. NGOs working with children often managed to get a reduction in the price or a free ride for the children's holidays on the seaside. Preparatory work for reconstruction was, if simple enough, a cause for a community-based voluntary action. However, all these examples were rare, *ad hoc* and the donations – financial or in-kind – were a one-time event.

4. – Second Transition – From International Donations to Local Resources

The new transition for the BiH local NGO sector was a challenge at identifying local sources of funding and motivating voluntary work. Most of the local NGOs were faced by lack of funding as of the end of 1998. It became obvious that the major international investors in the local NGO sector were downsizing their activities in BiH and thus their budgets for BiH.⁷ The NGOs whose activities were entirely covered by international donations were questioning their sustainability. They were faced with a lack of basic running cost funding as well as financial sources for their programme activities. Some NGOs had already in 1997 seen far ahead and changed their fund-raising strategies: funds were requested for purchase of office space rather than rent, staff salaries and allowances were decreased with a view to sustainability in the future, new staff were employed with a preference to those for whom this would be a second job (i.e. who depended on a salary and allowances from other sources), most of the funding was requested for equipment with a view to keeping it in the future, etc. Others, unfortunately, reducing their activities and numbers of beneficiaries or, in extreme cases, closing down entirely. Those that took steps and planned beyond the immediate needs

⁵ The hiring process in local NGOs also had a blanket approach and in times of financial hardship did not differentiate between professional NGO staff that were required to sustain the NGO and administrative and temporary programme staff.

⁶ The popularity of financing and “professionalising” local NGOs led to the temporary demise of communication between the local NGOs and local authorities. The starkest examples were projects within the social protection sector. Although the Centres did not have the resources to provide assistance required they still had the highly expert human resources and the information banks of their beneficiaries. Local and international NGOs took over the activities usually performed by Centres for Social Work with little or no co-ordination between them thus leading to massive overlapping and gaps in assisting the most needy in the country. Only recently some Centres began reclaiming their right to information sharing on assistance within the social protection sector, but are still facing stubborn international NGOs that feel that certain information is the “property” of the NGO sector.

⁷ An average of 30% of budget cuts per year was seen since 1996 (*Inter-Agency Appeals* 1996, 1997, 1998).

were quickest to tap the local resources and the first to revive the voluntary work and voluntary giving in the BiH NGO sector.

Indigenous models and emergence of Western models

Identifying the local sources of financial voluntary giving were complicated as the trust between the citizens and institutionalised community work was hampered by issues of malpractice, corruption, unfulfilled promises. Even if local donors did support the NGO activities at a certain stage, it was rarely repeated and never a continuous commitment. The local donors were also limited in voluntary financial giving by the legal framework that required them to pay taxes for a certain amount of donations.⁸ Individual financial voluntary giving was again restricted to religious or traditional donations.

Some good examples of company in-kind donations were to certain Associations that were associated with vulnerable categories (older persons, pensioners, orphaned children, etc.). The in-kind donations present before the war were resumed, but to a lesser degree given the lower living standard.⁹

Voluntary i.e. unpaid work is seen as black market work that is not taxed. Due to this unfounded suspicion organisations that involve voluntary workers are often visited more often by government inspections. The high number of the unemployed is also a cause to the decrease in interest or ability to engage in voluntary work. Some citizens work in two-shifts in order to earn enough to support their families. Voluntary work is seen as typical for the war period and that everyone contributed to it sufficiently then. Many feel that now the effort of every citizen needs to be compensated in payment.

Western methods of fund-raising are highly developed as their communities engaged in building the civil society in a continuous period of time. The living standards are higher and the unemployment percentages lower. There is also a gap in the mentality, not only of the socialist vs. the capitalist system, but also perhaps of the South-European-Mediterranean vs. the north-west-European- continental mentality. The Western methods of voluntary giving and motivating voluntary work should therefore not be imposed, as certain methods of voluntary giving that are common in the West would be difficult to accept in this region.

⁸ The private business sector is taxed at 30% of profit. The private business people could give 5% of that taxable profit without paying additional taxes, but everything over the 5% was taxable at a rate of approximately 60% of the donation. A simplifying example: if the business person earned 10,000 DM profit, he or she was liable for 3,000 DM tax fee to the government. The businessperson could give 500 DM of donation without paying any additional taxes. However, if he or she wished to give a 4,000 DM donation, 500 DM would not be taxed, but he or she would have to pay some 60% tax on the remaining 3,500 DM, i.e. 2,100 DM in taxes. Thus the amount donated by the private businessperson would be 4,000 DM to the NGO and 2,100 DM taxes to the government.

⁹ The 1998 data show that the average salary in the Federation of BiH was 352 KM and in Republika Srpska 139 KM.

Sample cases: Travnik and Mrkonjic Grad

However, testing the usefulness and applicability of some of the Western voluntary giving methods among the NGO communities of Travnik and Mrkonjic Grad did prove to be useful.

Workshops were organised for the NGO communities of Travnik and Mrkonjic Grad with an aim to discuss: the meaning of voluntary work and voluntary giving, the popularity of voluntary work in the local community, the applicability of voluntary work and voluntary giving as alternative local sources of funding for the NGO society and some Western models of voluntary giving and their applicability to the BiH NGO sector. It was noted that the tradition of voluntarism is present in BiH and that its current marginality is due to unstable employment and lack of free time.

Participants of both workshops expressed a great interest in the topics and found they were concrete given the demise of international donations. The need for a stable and fair legal framework was considered inevitable for the continuation of NGO activities.

The responses of both groups of NGOs resulted in similar definitions and arguments. The individual involvement of voluntary work was motivated by: a need to induce positive changes in the community, a deepening interest for issues people really like, a need to help the vulnerable, a moral cause, the feeling that helping others we help ourselves, improving one's career, etc. Voluntary experience was seen as equally valued as paid working experience. The popularity of voluntary work in the community was seen to be: dependent on the interest of citizens; unpopular as people need to be paid in order to support their families, the moral values are not respected any more and people are alienated from their communities; the philosophy of living; behaviour code of one part of the population. The ways of attracting local community in voluntary work and giving were through: media, posters, brochures; political structures; sport and cultural events; education; transparency in NGO activities; clear needs of NGOs for voluntary work and a space for feedback from the community; religious institutions.

The Western models of local fund-raising sources were seen to be good ideas (sponsoring activities, public concerts, media appeals, publication profits, second-hand shops, bazaars or home sales, testaments, collecting donations in cafes or shops, bingo and other types of lottery) and that could be adapted to local needs and mentality.

The NGOs of both towns made a commitment to pursuing voluntarism in their communities and planned to hold similar workshops or meetings with the local authorities and local businesspersons.

5. – Conclusions and recommendations

The following are the conclusions and recommendations made by participants of both the Travnik and Mrkonjic Grad Workshops as well as the NGO officials of the Round Table held in Sarajevo on the same topic:

1. Local authorities need to be involved in the process of development of voluntary work and voluntary giving.
2. Local businesspersons should look for alternative ways of supporting NGO activities (donating goods that they can spare; restaurants, bakeries could donate food at the end of the day; venues for public lectures, sports, cultural events should be made available at no charge; etc.)
3. Professional employees should be encouraged by their companies, or if private businessmen themselves, to donate their professional time to the needy (architects, doctors, engineers, lawyers, etc.).
4. The Post Office Company should be encouraged to offer free telephone services to the local NGOs, or at least free services to the SOS telephone activities.
5. The education sector is vital in disseminating information on voluntarism as well as encouraging and giving examples to the new generations (introduce topics on voluntarism in school curricula, hold charity sales in schools).
6. Local NGOs should be transparent in their work.
7. The national lottery (Lutrija BiH) should give a detailed account of its donations as well as the criteria for applying for them.
8. Volunteer programmes do not operate without financial resources.
9. The legal framework needs to be adjusted to fit the current activities of the NGOs. (Attached as Part II is the draft law on NGO activities)

PART II

FOREWORD

The blossoming of the NGO sector in BiH in the past decade was deterred by a lack of a legal framework that would, among other things, enable and motivate voluntary work and voluntary giving. Each and every NGO activity was affected by this lack, regardless of their goals and activities.

The existing legal framework – the Law on Humanitarian Activities and Humanitarian Organisations as well as the LEA/LINK Law on Associations and Foundations – are providing the first step towards adequate and stable NGO regulations. However, the former Law deals with the activities of NGOs only partially and is focusing on the registration procedures and relations between NGOs and local authorities. Thus, there is a need for a special Law that would thoroughly regulate the activities of NGOs, in particular, regarding fiscal regulations that are currently inadequate to the extent that they limit the development of the NGO sector.

Voluntary work and voluntary giving are a natural means of acting with the civil society and all its forms of organisation. The outset of the research for this discussion paper has shown that local sources of funding exist but that they need to be motivated. This draft Law is therefore dedicated to stimulating the local sources of funding for BiH NGO activities.

This draft Law is based on the existing Law on Humanitarian Activities and Humanitarian Organisations. It is a first working draft that is open to further suggestions, in particular as an addition to the endeavours of the LEA/LINK project.

The Law on the Activities of Non-Governmental Organisations (NGOs)

Part 1: General Provisions

Article 1

The law regulates the conditions for non-governmental organisations' (NGOs) activities that are, for the most part, based on volunteerism, as well as the conditions and the procedures for establishing and terminating the activities and other issues related to non-governmental organisation work.

Article 2

Individual and legal persons associate freely and voluntarily in order to express, enjoy, protect and develop economic, social, humanitarian, cultural, educational, scientific, health, sport, technical, professional, innovative, ecological and other activities, needs and interests in accordance with the Constitution and law. The aim of establishing a non-governmental organisation is to administer specific property for public interest or humanitarian cause.

Article 3

Organisations with a legal person status are established in order to perform activities mentioned in Article 2 of the law.

Article 4

The law defines what is considered to be the work, which for the most part based on volunteerism, performed by organisations registered as legal persons.

The work performed by the organisations addressed in this law is work through which humanitarian or other types of assistance is provided to legal and individual persons who are in dire need of help due to current conditions beyond their control (reduced health and working ability, state of war, natural disasters, social cases, etc.). This assistance is provided through money, goods and free services, which is not conditioned by territorial, national, religious, political or other affiliations.

Article 5

Legal persons established according to this law can engage in economic activities if the aim of such activities is non-profit.

Extra income beyond expenditures can be used:

- for covering future costs related to achieving aims and activities determined by the statute of the legal person;
- for investments which are essential for implementation of activities.

Article 6

The establishment, registration, and other issues related to the work of these organisation are regulated by the law on Associations of Citizens ("Official Gazette FBiH," No. 6/95), unless regulated otherwise by the law.

Part 2: Non-Governmental Organisations (NGOs)

Article 7

Non-Governmental Organisations (NGOs) perform their work on the principles of humanity, impartiality, independence, and volunteerism.

Article 8

Non-governmental organisations can be established by citizens, their families, a group of citizens and their families, associations of citizens, religious communities and their organisations, companies and their associations as well as other legal persons (henceforth referred to as the founder).

Foreigners who are permanent residents or are resident in FBiH, in accordance with the regulations on movement and residence of foreigners, can establish a non-governmental organisation on their own or together with citizens of FBiH in accordance with this law.

Non-governmental organisations in FBiH can perform the work of organisations whose headquarters are in other countries (referred to as foreign Non-governmental organisations) in accordance with this law.

Article 9

The work of a non-governmental organisation is public.

The means of achieving transparency work is regulated by the statute of the non-governmental organisation.

Article 10

The non-governmental organisation performs its work based on the principle of a non-profit organisation.

The non-governmental organisation uses the income generated from performing economic and other activities only for humanitarian purposes and to cover its expenses and investments.

Article 11

When performing its activities, the non-governmental organisation is obliged to display its name and sign.

Article 12

In accordance with the law, and the legal decision issued by the municipal authority, the non-governmental organisation can be entrusted within the scope of its work to perform public work and in particular to:

- participate in assisting victims of armed conflict and natural disasters;
- co-operate with health services and civil protection in caring for the injured and ill;
- take part in receiving and sheltering evacuated inhabitants;
- take part in organising the return of internally displaced person and refugees;
- build structures for the needs elaborated in this article;
- provide assistance to the ill, exhausted and socially vulnerable inhabitants.

Part 3: The Establishment and Registration of Non-Governmental Organisations

Article 13

The decision to establish a non-governmental organisation can be put forward in written form by:

- 1) Citizen-Individual, when he or she or his or her family is the founder;
- 2) A founding assembly of an Association of Citizens which is comprised of 30 citizens whom are obliged to sign the decision
- 3) An authorised body of an Association of Citizens if the Association is the founder;
- 4) An authorised body of a religious community and its organisations if the religious community or its organisations are the founders;
- 5) An authorised body of a company or its associations if the company or its associations are the founders.

Article 14

The Decision to establish a non-governmental organisation needs to include, in addition to the information required regulated by the Law on Associations of Citizens, the amount of the initial establishing investment and the means of funding its work

Article 15

The non-governmental organisation has a statute.

Article 16

The non-governmental organisation is registered in the Registry just like humanitarian organisations (referred to as Registry).

The non-governmental organisation becomes a legal person on the day it is registered in the Registry.

The Federal Ministry for Social Policy, Displaced Persons and Refugees manages the Registry if the statute of the non-governmental organisation determines that the work will take place in two or more cantons. The cantonal ministry concerned with these issues manages the Registry for all non-governmental organisations if the statute of the non-governmental organisation determines that the work will take place in only one canton.

The Federal Ministry for Social Policy, Displaced Persons and Refugees (referred to as Ministry) will issue the forms and rules for managing the Registry.

The work of the Registry is public.

Article 17

Non-governmental organisations that are not registered according to this law cannot work on the territory of the Federation.

Article 18

The Ministries mentioned in Article 16 paragraph 3 of this law are obliged to issue a Decision for the application for entry into the Registry 15 days after an appropriate request is submitted.

If the Ministries of paragraph 1 of this Article determine that the request is not accompanied by all documents required by law or if they determine that the statute of the non-governmental organisation is not in accordance with the provisions of the law, they will invite the applicant of the request to submit the missing elements within 20 days.

If the applicant for the registration does not submit the missing elements according to paragraph 2 of this Article, the Ministries referred to paragraph 1 of this Article will reject the application for registration into the Registry.

Article 19

Non-governmental organisations are obliged to inform the authorised Ministry of any changes to the Non-governmental organisations' name, headquarters and the names of persons authorised to represent the Non-governmental organisations 20 days after the change takes place.

A Decision is issued on any changes mentioned in paragraph 1 of this Article.

Part 4: Non-Governmental Organisation Funding

Article 20

The sources of non-governmental organisation funding are:

- initial establishing investments;
- membership contributions and gifts of its members;
- FBiH budget, cantonal and municipal budget, in accordance with budget plans;
- donations of national and international individuals and legal persons;
- other sources.

Article 21

The non-governmental organisation is obliged to manage all bookkeeping and to prepare financial reports according to regulations.

Part 5: Foreign Non-Governmental Organisations

Article 22

The foreign non-governmental organisation addressed in this law is a non-governmental organisation performing activities on BiH territory, but is located outside the State and is founded according to the regulations its own state of origin.

Organisations founded by the United Nations branches, such as UNESCO, UNICEF, UNHCR, etc. or by the state organs of the other countries with contracts regarding their activities with the government of the Federation are not considered foreign non-governmental organisations according to this law.

Article 23

The foreign non-governmental organisation intending to perform activities on Federation territory must submit an application to the Ministry of Internal Affairs no later than 30 days from the day of arrival and before any activities are performed.

The foreign non-governmental organisation performing activities in the territory of two or more cantons submits the application for registration and performing activities to the Ministry within the time limit mentioned in paragraph one of this Article. If it performs its activities on one canton's territory submits the application to that canton's Ministry authorised for non-governmental organisations' activities.

Within the application mentioned in paragraph one and two of this Article, the following must be enclosed:

1. The act or decision of the foundation and registration of foreign non-governmental organisations

2. The statute or other appropriate acts
3. The decision from the authorised body for the non-governmental organisation to commence activities and open branches on Federation territory
4. The program of activities
5. Information on the non-governmental organisation's branches (names, locations and addresses)
6. Names of all persons authorised to represent the organisation

Article 24

The authorised ministry will register a foreign non-governmental organisation in the register if the conditions mentioned in the law are fulfilled.

If humanitarian activities are related to health protection, education, economic or some other activity, the authorised ministry will ask for the opinion of the governmental authority in this field before registering the foreign non-governmental organisation.

The governmental authorities must submit the opinion mentioned in paragraph two of this Article to the Ministry or to the authorised canton's Ministry within 5 days after the receipt of the application.

Article 25

The final document on registration contains the date of registration and the number of the register, the name of the foreign non-governmental organisation, its location, and the addresses of all branches authorised to represent the foreign non-governmental organisations on Federation territory.

Article 26

After registration, authorised ministries will give permission to the foreign non-governmental organisation for realisation of the proposed project in the form prescribed by the authorised Ministry.

The Ministry will give permission mentioned in paragraph one of this Article within 15 days after the receipt of the application.

Article 27

The foreign non-governmental organisation can start with the work on Federation territory only if it has the permission mentioned in Article 26 of this law.

Article 28

Authorised staff and representatives of foreign non-governmental organisations are obliged to possess identity cards given by the authorised Ministry and to show them if authorised bodies in Federation of BiH request it.

Article 29.

The foreign non-governmental organisation is obliged to perform its activities according to the law and other regulations in the Federation, in particular those laws which relate to foreign legal and physical persons' activities, financial activities, employment, legal obligations, etc.

The foreign non-governmental organisation is obliged to send information about the plan and program content, or approved projects to the authorised Ministry at least once every three months.

Article 30.

Provisions of this law are related to the foreign, scientific, and specialised organisations as well as organisations performing activities in health, educational and other activities, in research and educational activities with humanitarian and other purposes according to the program of activities.

Foreign organisations mentioned in paragraph one of this Article are not registered in the non-governmental organisation's register, and start performing their activities after receiving the permission to perform its activity given by the authorised Ministry according to this law.

Part 6: Property of Non-Governmental Organisations

Article 31

The property of non-governmental organisations can include the following:

- Voluntary contributions, such as donations, gifts from public and private individuals and legal persons both local and foreign in cash, services, or any other kind of property;
- Financial contributions from budget donations;
- Income from rent, honorariums, or other similar passive sources of incomes;
- Income accrued by achieving aims and activities of Non-governmental organisations in accordance with their statute;
- Income accrued by activities that are not directly related to the aims and activities determined by the statute of the organisation providing that it is accrued by a legal use of property and funds of the organisation.

Part 7: The Treatment of Customs and Taxes of Non-governmental organisations

Article 32

Non-governmental organisations are exempt from customs for imported equipment and goods that are humanitarian aid or that are used for the program aims.

When property rights for equipment and goods mentioned in paragraph 1 of this Article are transferred to a third person, custom fees will be paid in accordance with general provisions from which the organisation was exempt when first receiving them.

Article 33

Sales tax for products will not be paid for goods that are imported as humanitarian aid by or through a non-governmental organisation as well as for goods that these organisations receive free humanitarian aid.

Sales tax for services will not be paid for services provided by the non-governmental organisation nor for services individual or legal persons provide to the non-governmental organisation.

Article 34

Sales tax for products and services will not be paid for donations received by Non-governmental organisations.

Article 35

Any transfer of private property for a humanitarian cause without compensation is not considered a sale transaction according to this law and is therefore exempt of any taxes.

Article 36

Non-governmental organisations that are in the process of gaining rights to own immovable property necessary for achieving program aims are exempt from paying turnover tax in sales transactions involving immovable property.

In case of a transfer of ownership rights to a third person, mentioned in paragraph one of this Article, the organisation will pay the turnover tax.

Legal activities between living people, as well as in case of death involving the transfer of immovable property for humanitarian purposes are exempt from paying taxes.

Article 37

All donations from legal persons for humanitarian, educational, scientific and sport purposes (except for professional sports) are exempt from turnover tax on goods and services and tax on profit. In other words, all of these donations are expenses in the tax balance of the donator.

Article 38

Received donations given by profitable organisations represent total income, according to accounting standards, and are exempt from taxation as a profit base.

Article 39

The employer does not pay contributions on the incomes received from regular work of employees of humanitarian organisations.

Article 40

Tax on additional incomes for engagement in non-governmental organisations in 15 percent.

Part 7: Supervision of Non-Governmental Organisations Work Legality

Article 41

Non-governmental organisations can engage individuals without obligation to employ them and give them salaries (voluntary work).

Article 42

The supervision of work legality and inspection of conducting this law and other regulations and acts in non-governmental organisations performing its activities on Federation of BiH territory is done by the Ministry of Social Policy and Work.

Part 8: The Termination and Prohibition of Activities for Non-Governmental Organisations

Article 43

Non-governmental organisations may be terminated:

- 1) if the founder of the organisation reaches the decision to terminate the non-governmental organisation;
- 2) if it is concluded that the non-governmental organisation should stop its activities.

Article 44

The work of the non-governmental organisation will be prohibited in following situations:

- 1) if the non-governmental organisation does not perform the activities for which it was founded;
- 2) if the non-governmental organisation does not act according to the provisions that were articulated in its statute and this law.

The organ authorised to supervise work legality of the organisation initiates the procedure for the terminating work.

The authorised ministry gives the final paper on the prohibition of a non-governmental organisation's work