

International Funding for Civil Society Development in Croatia: Overview of Main Sources 2004-07



Government of the Republic of Croatia
Office for Cooperation with NGOs

International Funding for Civil Society Development in Croatia: *Overview of Main Sources 2004-07*



**Government of the Republic of Croatia
Office for Cooperation with NGOs**

PUBLISHER

Government of the Republic of Croatia

Office for Cooperation with NGOs

Ulica grada Vukovara 78

10 000 Zagreb

Croatia

Phone: +385 1 610 65 00

Fax: +385 1 610 99 72

E-mail: info@uzuvrh.hr

Website: www.uzuvrh.hr

FOR THE PUBLISHER

Igor Vidačak

PREPARED BY

Marina Škrabalo

LAYOUT & PRINT

ErmeGo d.o.o.

COVER PAGE DESIGN

Revolucija d.o.o.

PRINT RUN

500

ISBN 978-953-95792-7-0

CIP data available in the computer catalogue
of the National and University Library
in Zagreb under No: 681761



The preparation of this publication was co-funded by Phare 2005 Capacity Building and Project Preparation Facility Project, which ended in June 2008

TABLE OF CONTENTS

I. CONTEXT OF THE CURRENT INTERNATIONAL FUNDING FOR CSOs IN CROATIA.	5
a. State Funding as a Major Source of Support to Croatian CSOs	6
b. Imbalances in State Funding to Different Sub-sectors	8
c. Importance of International Assistance to Croatian CSOs	11
d. Importance of International Funding to Social Welfare Mix	17
e. Concerns Related to Current Reconfiguration of International Funding	19
II. OVERVIEW OF MAIN INTERNATIONAL FUNDING SOURCES 2004–2007	23
III. REVIEW OF USAID’S CRONGO PROGRAM 2004–2007.	31
a. Impact on Advocacy	33
b. Impact on Organizational Capacity	34
c. Impact on Financial Sustainability.	36
d. Impact on Legislative Framework.	37
e. Impact on Support Services for NGOs	38
f. Issues of Concern for Future Support to Croatian CSOs	38
IV. REVIEW OF THE MAIN EU PROGRAMS FOR CSOs 2004–2007 . . .	42
a. Overview of CARDS 2003–2004 and PHARE 2006 Projects	42
b. Preliminary Evaluation Findings on CARDS Projects 2003–2004 . .	52
c. Preliminary Evaluation Findings on PHARE 2006 Program.	55
d. Lessons Learned For IPA Programming	58

V. REVIEW OF THE SWEDISH GOVERNMENT SUPPORT TO CROATIAN CSOs	60
a. Overview of Swedish Government Assistance to Croatian Civil Society	60
b. Lessons Learned for Responsible Phasing-out of International Assistance	64
VI. REVIEW OF THE BALKAN TRUST FOR DEMOCRACY	67
VII. REVIEW OF MOTT FOUNDATION'S SUPPORT TO CROATIAN CSOs, 2004–2007	73
VIII. REVIEW OF OPEN SOCIETY INSTITUTE'S SUPPORT TO CROATIA, 2004–2007	76
a. Overview of Funding Sources and Level of Investments 2004–2006 .	76
b. OSI Programs of Special Relevance to Croatian CSOs.	79
IX. CONCLUSION	82

I. Context of the Current International Funding for CSOs in Croatia

This report presents a review of available, recent reports and analysis on the international funding for civil society development in Croatia over the past three years, which coincides with the Croatia's negotiation process of the EU membership, started in 2004, when Croatia was granted the status of the candidate country. Croatia's accession process to the EU is the key factor of the changes in the structure of international funding supportive of civil society development in Croatia. The accession has served as a decisive indicator of the improvements in Croatia's democracy as well as socio-economic conditions, signaling that international and bilateral post-conflict and democratization aid may move to countries in greater need for support, especially in the light of the prospective pre-accession financial assistance.

At the same time, as will be shown in the following review of the key domestic and international funding trends, it seems that international donor community continues to play an important, stabilizing role in ensuring that reform and advocacy oriented, politically independent civil society organizations and initiatives survive and thrive well beyond the accession to the EU.

The report is a result of desk research of publicly available data on international funding programs, disseminated evaluation reports and a review of recent research publications on civil society development in Croatia and the region. It offers an initial and partial insight into the recent international funding trends of Croatian civil society, as a basis for follow-up inquiries and additions, which may prove useful for discussions on opportunities for complementary efforts on part of the Croatian government, the EU and the broader international

donor community, supportive of Croatia's further democratization and social development.

a. State Funding as a Major Source of Support to Croatian CSOs

Croatia's democratization over the past decade has also resulted in the establishment of an institutional structure for cooperation and support to non-government organizations, and a more diverse and strategic programming of financial support from the state budget. Hence, there has been a significant increase in the funding for CSOs available through the grant programs of the National Foundation for Civil Society Development operational since 2004, as well as different government agencies, which have gradually improved the transparency and efficiency of their grant programs. The Government Office for Cooperation with NGOs, established in 1998 and the intersectoral Council for Civil Society Development, established in 2002, have improved their cooperation over the past year and are now closely monitoring and promoting improvements in the government funding procedures.

The Government's *National Strategy for the Creation of an Enabling Environment for Civil Society Development* is based on a broad consensus among civil society and government representatives, about the strategic priorities in the period 2006–2011. The implementation of the measures, proposed by the Strategy, should ensure adequate legislative, administrative, financial and social conditions for the development and agency of civil society, as a fully independent and highly relevant social agent for social innovation, promotion of participatory democracy, protection of human rights and competent and efficient monitoring of public policies in the context of Croatia's final phase of accession to the EU and its immediate aftermath.

Generally speaking, sources of funding for NGOs in Croatia can be divided into state sources, local government sources, state or local government owned foundations or funds (National Foundation for Civil Society Development, lottery funds, local foundations), corporate foundations and corporate grants, international donor agencies and EU pre-accession funds. Results obtained by several larger surveys in Croatia show that the majority of funds come from the state (central and local budgets), then from membership fees, foreign donors, and individual donations¹.

The fact that the government support (both central and local) has become the major source of funding for CSOs in Croatia is an important indicator of the government's general recognition of citizens' self-organizing as value in itself, as well as beneficial to various spheres of social development. According to the annual government report², The level of support to CSOs in 2007 from the central budget has amounted to 470 million HRK or 64.2 million EUR, which is 31.59% higher than the support provided in 2006, representing 0.44% of the total state budget (54.08%), lottery revenue (45.735) and specialized revenues from environmental taxes (0.018%). As much as 44% of all government funding has been channeled to CSOs activities in the area of culture and education, with the Ministry of Science, Education and Sports acting as the most prominent state donor agency, having provided 35.5% of all funding.

Thanks to the improved monitoring of the public funding of CSOs, undertaken by the Government Office for Cooperation with NGOs and the Council for Civil Society development in 2007, the

¹ UNDP (2006), *The Development of Civil Society*, Zagreb: UNDP, www.undp.hr; Bežovan, G. (2002), "Socijalna odgovornost gospodarstva i iskustva u Hrvatskoj", <http://www.hsd.hr/revija/pdf/1-2-2002/Bezovan.pdf>

² Government Office for Cooperation with NGOs, Report on disbursed financial support for projects and programs of civil society organizations in the year 2007, adopted by Government of Croatia on May 8, 2008] available at www.uzuvrh.hr

data on local and regional funding for CSOs are finally available for the year 2007. They confirm the previous indications, based on surveys of CSOs that this source of funding is of key importance, especially to organizations at the local level and outside the capital – in total, funding provided to CSOs from county budgets in 2007 has amounted to 337.9 million HRK or 46 million EUR, while local budgets have made impressive contribution of 439.3 million HRK or 60 mil EUR.

It is encouraging that 87% of all state grants and 71% of all regional grants have been administered by means of public calls of proposals, reflecting the positive impact of the adoption of the Code on Good Practice, Standards and Benchmarks for the Allocation of Grants for Programmes and Projects of NGOs, in February 2007. Still, there are several ministries as well as counties where heads of administrative bodies make funding decisions on their own. Government Office for Cooperation with NGOs and the National Foundation for Civil Society Development are currently preparing a prospective education program for state and local officials on the evaluation procedures in grant making to CSOs. Future improvements should include adjustments of the actual size of the grants to the actual costs and scope of projects or programs, otherwise public funds, especially at the local level, tend to be dispersed without significant effect on the CSOs' capacities to deliver public goods.

b. Imbalances in State Funding to Different Sub-sectors

This analytical report on the structure of public funding for CSOs has confirmed the indications from previous surveys of CSOs that there is a significant imbalance in the level of support for different sub-sectors or thematic areas. Thus, NGOs involved in culture, sports or work with persons with special needs rely almost exclusively on domestic sources of finance (Bežovan, 2004 in UNDP, 2006:

41). On the contrary, NGOs involved in human rights protection are largely financed by international democratization funds, which are rapidly decreasing.

Table 1 and the accompanying graph present a simplified, comparative review of the structure of state and regional funding for CSOs in 2007³, where funding foci are grouped into major categories that may prove useful in understanding the importance of the matching function of international funding for advocacy, especially in the area of human rights, democratization and civil society development. These areas of civil society engagement have traditionally been among top priorities of international donors while support from domestic donors has mostly been limited to specialized government agencies and the National Foundation for Civil Society Development, with marginal inputs from regional and local authorities, corporations and private citizens.

The central government sources primarily target promotion and preservation of cultural and natural heritage (32.7%) and sports (24.8%) including the Croatian Olympics Committee, the recipient of 20% of all state funding for CSOs. The third best-ranked sub-sector is social protection of vulnerable groups to people with disabilities and socially vulnerable groups representing only 11.5% of the total amount.

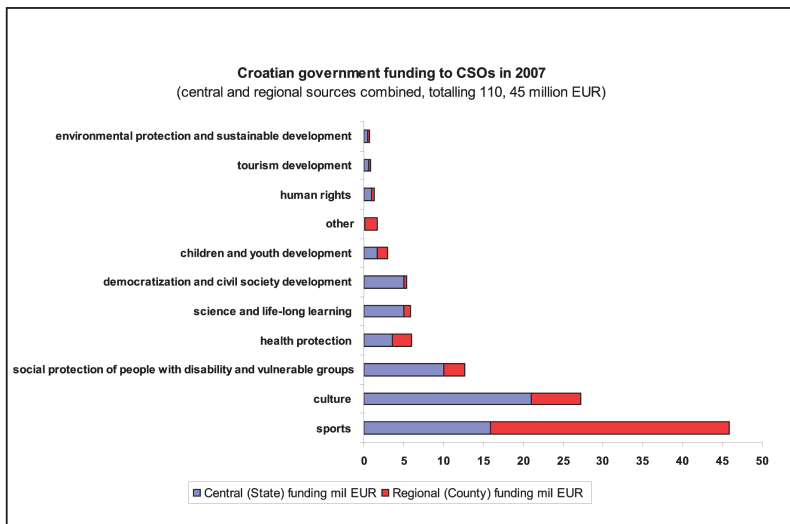
³ Ibid.

Table 1. Structure of Government Support to CSOs in 2007, by Theme/Sub-sector⁴

Theme/ sub-sector of civil society engagement	Central government funding		Regional government funding		Combined state and regional funding	
	mil EUR	%	mil EUR	%	<i>mil EUR</i>	%
Children and youth development	1.71	2.7%	1.29	2.8%	<i>3.00</i>	<i>2.7%</i>
Culture	21.01	32.7%	6.26	13.6%	<i>27.26</i>	<i>24.7%</i>
Democratization and civil society development	5.01	7.8%	0.30	0.7%	<i>5.31</i>	<i>4.8%</i>
Tourism/economic development	0.60	0.9%	0.20	0.4%	<i>0.80</i>	<i>0.7%</i>
Environmental protection and sustainable development	0.42	0.7%	0.26	0.6%	<i>0.68</i>	<i>0.6%</i>
Health protection	3.58	5.6%	2.43	5.3%	<i>6.01</i>	<i>5.4%</i>
Human rights	0.90	1.4%	0.43	0.9%	<i>1.33</i>	<i>1.2%</i>
Science and life- long learning	4.98	7.8%	0.87	1.9%	<i>5.85</i>	<i>5.3%</i>
Social protection of people with disability and vulnerable groups	9.98	15.5%	2.72	5.9%	<i>12.71</i>	<i>11.5%</i>
Sports	15.91	24.8%	29.94	64.8%	<i>45.85</i>	<i>41.5%</i>
Other	0.17	0.3%	1.49	3.2%	<i>1.65</i>	<i>1.5%</i>
Total	64.27	100.0%	46.19	100.0%	<i>110.45</i>	<i>100.0%</i>

⁴ Adapted from official Government report 2007 (ibid.)

Figure 1 Croatian Government Funding to CSOs in 2007⁵



c. Importance of International Assistance to Croatian CSOs

International funding is still an important source of funding, as evidenced by the most recent CSO survey, conducted in February 2007 for the National Foundation of Civil Society development, on the sample of 745 Croatian CSOs that were recipients of public funding in 2005⁶. 18.5% of all CSOs in the sample list international funding as one of the sources they use, while for 8.4% of them international donations represent the main source of funding in 2006 (*ibid.*, 54–55).

Still, it is evident that the importance of international funding declines over the past three years, while the role of state funding and

⁵ Adapted from official Government report 2007 (*ibid.*)

⁶ Hromatko, Ana. (2007). Izvještaj istraživanja: Procjena stanja razvoja organizacija civilnog društva u Republici Hrvatskoj [Research Report: Assessment of the Status of Development of the Civil Society Organizations in the Republic of Croatia]. Zagreb: Nacionalna zaklada za razvoj civilnog društva

other domestic donors rises, which may have a downside in respect to the overall organizational sustainability and political autonomy (ibid.). This is due to the lack of diversification of funding sources—namely, in the same sample, 10% of CSOs depend entirely on one funding source (mostly state or local government), while only 30% have four or more funding sources (ibid., 57). In that respect, it is also worrisome that membership fees, private or corporate donations represent the main sources of funding for no more than 6% of all CSOs in the sample (ibid., 55).

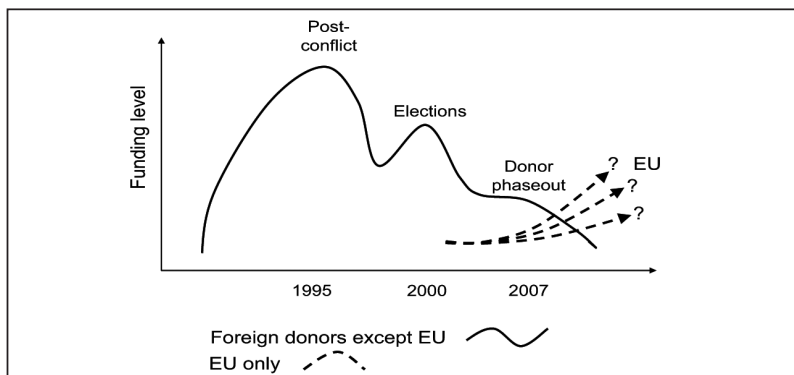
International funding remains to be instrumental for the sustainability of the important sub-sector of advocacy-oriented CSOs, focusing on issues of democratization, human rights, environmental protection, peacebuilding, youth and community development – exactly those sub sectors that are currently under-funded by the state, regional and local budgets. For illustration, over the past 15 years, the forerunners of the Croatian watchdog organizations have been strongly supported by international funding, as demonstrated in the pioneer research project of women's human rights group B.a.b.e⁷, where international funding accounted for 71% of all funding available to the sample of 90 leading Croatian human rights CSOs in the year 2006 (ibid., 100).

If we look back at the contributions of international donors to the development of the Croatian democracy, is evident that the financial support through bilateral, multilateral and private foreign aid has been significant and often instrumental for the Croatian civil society development and overall democratization, post-war reconstruction and socio-economic development. There seem to have been significant oscillations in the level of international funding over the

⁷ Kunac, Suzana. (2006). Vrijednost vrednota: civilno društvo i hrvatska demokratizacija [The Value of Values: Civil Society and Croatian Democratization]. Zagreb: Grupa za ženska ljudska prava B.a.B.e.

past two decades, reflecting the international donors' perception of the vital role of civil society in Croatia's transition.

Figure 2 Peaks and Declines in Donor Funding for Croatia⁸



The following periodization⁹ of the funding trends in Croatia since 1990, prepared in the scope of action research on community development and mobilization in Croatia, reflects the perceptions of Croatian community development and mobilization practitioners (*ibid.*, 272). It indicates the dynamism of multiple and very diverse donor agendas, in terms of ideologies, administrative practices, thematic preferences and expectations projected on the local activism. Many CSOs and even whole sectors were only nascent in the 1990s, and from the very start greatly dependent on international support, due to their focus on issues unpopular with the regime at the time, and/or due to the high influence of donor agendas.

⁸ Data source: Final evaluation of USAID project for Support to Croatia's Non-Governmental Organizations (CroNGO) 2001–2007, prepared by Harry Blair (team leader), Richard N. Blue, Andrea Feldman and Carmen Luca, final draft, August 9, 2007, page 39. (insight into the report provided by USAID Croatia).

⁹ Stubbs, Paul. (2006). "Vanjske intervencije u razvoj zajednice". In Škrabalo Marina, Nives Miošić-Lisjak i Jasmina Papa (ed). *Mobilizacija i razvoj zajednica: akcijsko istraživanje u Hrvatskoj*. Zagreb: MAP Savjetovanja. pp. 272. Translated and partially adjusted with the author's permission.

Table 2 Periodization of Donor Trends in Croatia, pre-1991–2005¹⁰

Period – political and social features				
Pre-1991 Socialist Self- management	1991–1995 War and Crisis	1996–1998 Between democracy and authoritarianism	1998–2000 Transitioning democratization	2000– Consolidating democratization Towards EU
Categories of donor assistance				
Participation in self- management	Trauma (psycho-social intervention)	Reconstruction & Reconciliation	Minority reintegration	Good governance
Financial crises (indebtedness)	Humanitarian relief and Aid	Human/ Minority Rights	Youth Democratization	Economic development/ SMEs
		Gender/ Domestic Violence	Elections	Community development
		Civil society		Inter-sectoral cooperation
				Philanthropy/ Corporate responsibility
Key international assistance agencies				
Non-aligned Movement	UNHCR., ECTF	OSCE	OSCE	EU
UN Agencies	Embassies	USAID	USAID	USAID
International financial institutions	Red Cross, Caritas INGOs	UNHCR	IOM	World Bank
		Embassies	DFID	UNDP
		European/US Feminist groups	Embassies	DFID
		INGOs	OSI	Embassies
		OSI	US Foundations (Mott)	US Foundations (Mott, OSI)
			World Bank	OSCE
			INGOs	INGOs/ICCs

¹⁰ Ibid.

Key regional and domestic counterparts				
National and Republic Governments	Psycho-social NGOs	Human Rights and Women's NGOs	Human Rights and Women's NGOs	National Foundation for Civil Society
Party	Office for Displaced Persons and Refugees		Intermediary NGOs	Intermediary CBOs
Women's and Youth Groups			Government Office for Cooperation with NGOs	
Caritas, Red Cross				

Stubbs, like many researchers of international aid dynamics in transition and post-conflict societies, presents a series of criticisms of the actual effects of international assistance, including a lack of coordination, high administrative demands generating technocracy as opposed to innovative grassroots organizing, donors' initial circumvention of state structures and latter insistence on intersectoral partnerships, imbalanced regional focus and the privileging of an elite group of intermediary NGOs without community ties and legitimacy¹¹.

Despite these well grounded criticisms relevant to various transition and post-conflict settings, it is evident that the severe deficit in domestic funding for democracy, peacebuilding and human-rights oriented NGOs in the 1990s could have only been filled by international assistance, which is at present, in a changed context, still instrumental for preventing the current risk of overdependence of domestic government sources, in the light of the deficit of private domestic funding.

The first focused research on the contribution of the CSOs to Croatia's democratization and promotion of human rights was conducted in 2006 by the Women's Human Rights Group B.a.B.e., on a

¹¹ Ibid.

carefully selected sample of 90 CSOs with the mission of promoting human rights, environmental protection and democracy. The impact of international funding, the main source of support for these organizations is best illustrated by the fact that in the period 2001–2006, 89% of these CSOs have organized 50 different public campaigns; 48% of them have been involved in legislation initiatives related to 53 different laws and 36% of them have had direct access to policy-makers through their representatives in the committees of the legislative and executive branches of the Croatian government¹². In addition, the cumulative number of direct beneficiaries of legal assistance, education and counseling activities of these 90 CSOs is over 3.5 million¹³.

While most of the CSOs in Croatia are not linked in formal networks, but rather in informal coalitions and information-sharing circles, there is an increased national and international cooperation among the advocacy-oriented CSOs, within specific sectors: anti-corruption, environment, women's rights, human rights, employment and youth¹⁴. For illustration, the aforementioned research of B.a.B.e. has indicated that 88% of CSOs in the sample of 90 take part in 52 different domestic networks, and 52% of them are members of 67 different international networks (*ibid.*, 68–79).

¹² Kunac, 2006:68–79

¹³ *Ibid.*, 62

¹⁴ Examples of formal and informal networks: the coalition of the largest war veterans' organization, women's rights groups and human rights organizations are gathered around an anti-corruption programme, Network for local development, Green Forum, Croatian Union of Physically Disabled Persons' Associations (HSUTI), Women's Network Croatia, Network of Unemployed, Human Rights Associations' Coalition, Croatian Youth Network, Croatian Humanitarian Network, etc.

d. Importance of International Funding to Social Welfare Mix

In addition, international funding has been an important source of support, and often, design, of innovative non-institutional social services, provided by civil society organizations to a broad range of beneficiary groups. Based on the recent research on the provision of social services by non-state actors in Croatia during 2007¹⁵, it is evident that specialized international funding accounts for 23.4% (or 6.9 million EUR) of the total funding available in 2007 and 20.6% of the funding targeted specifically to CSOs (3.5 million EUR) providing non-institutional social services (*ibid.*, 34–37). In total, CSOs have accounted for 57% non-institutional social service provided in 2007, while other providers include local authorities, religious communities, private institutions, trade unions, companies, religious communities INGOs and the national Red Cross, the financing of which is regulated under a separate law (*ibid.*, 29).

The international sources of funding for CSOs in social service provision in 2007 include the following programs: EC CARDS 2004 program (48%), World Bank loan channeled through the Social Innovation Fund managed by the Ministry of Health and Social Welfare (28%), World bank loan for the Social and Economic Recovery Project of post-war areas, managed by the Ministry of Sea, Tourism, Transport and Development (22%) and a donation of UNDP-UNV (2%)¹⁶.

According to the UNDP research findings, the comparative advantages of these internationally funded programs, in respect to the other government agencies' funding programs for non-institutional social services provision include the following:

¹⁵ UNDP Hrvatska. (2008). *Mapiranje alternativnih socijalnih usluga/ programa po županijama*. [Mapping Alternative Social Services/Programs by Counties]. Report prepared by Nataša Škrbić and Lidija Japac for UNDP Croatia.

¹⁶ *Ibid.*, 34–37

- Strong attention paid to the development of the social welfare mix model, within which CSOs emerge as important social service providers
- Substantially larger amounts disbursed to a smaller number of CSOs, with adequate budget allocations for personnel costs, hence ensuring that grants have an effect on the financial sustainability of social services and their providers
- Greater diversity of types of social services and beneficiary groups supported
- Stronger programmatic focus on bridging regional differences in the quality of life and social services, with special focus on post-war areas (ibid.).

As indicated in this research, as well as in the Ad-hoc Evaluation Report of the 2003/2004 Decentralized CARDS Programme in Croatia¹⁷, the long-term impact of the international funding for CSOs as social service providers is uncertain at present. It is highly contingent on the overall pace of the social policy reform and the development of a specific framework for the classification, standardization and sub-contracting of non-institutional social services, provided by non-state actors. The issue of NGOs as service providers to public services is also identified in the National Strategy for the Creation of an Enabling Environment for Civil Society Development, however this has not yet been translated into any concrete government programmes or ministerial strategies along the lines outlined in the Strategy's action plan. Therefore, CARDS 2003–2004 projects focusing on social service delivery by CSOs currently sit

¹⁷ Ad-hoc Evaluation Report of the 2003/2004 Decentralized CARDS Programme in Croatia, First Draft of October 31, 2007, independent evaluation report by the ECOTEC Research and Consulting Ltd. being contracted under the PHARE programme.

outside national priorities for the sector with no follow-up planned under Phare or IPA¹⁸.

e. Concerns Related to Current Reconfiguration of International Funding

The region-wide trend of the downsizing of bilateral assistance to post-communist countries successfully completing transition primarily affects advocacy-oriented CSOs focused on democratization issues. The research on international financial assistance for democratic development in post-communist Europe for 1990–2004, conducted by Andrew Green in 2007¹⁹ shows that over 80 percent of civil society funding came from the US government and US-based or US-networked organizations. In general, the role of bilateral and private donors in society-oriented interventions was predominant, while the EU approach to democratization has focused on enhancing institutional capacities of the government to carry out reforms, and in that broader context, it has supported social service provision through inter-sectoral cooperation and reformist advocacy initiatives by CSOs.

A closer look at the numbers discloses the critical role played by US-based private foundations, the presence of which continues through regional “legacy” foundations, such as Balkan Trust for Democracy, created with combinations of private foundation and official donor agency funding²⁰. “From the Ford Foundation’s support for public law to the Mott Foundation’s support for civil society, to the Open Society Institute’s support for both free flow of information

¹⁸ CARDS Ad Hoc Evaluation, 2007:9

¹⁹ Green, Andrew. (2007). *Democracy and Donor Funding: Patterns and Trends*, research report funded by grant from the Woodrow Wilson International Center for Scholars’ East European Studies program, full analysis and presentation available at www.dgmetrics.net, summary available at www.wilsoncenter.org/topics/pubs/MR336Green.doc.

²⁰ Ibid., 5

and civil society, it is hard to imagine what these post-communist societies would look like if not for the efforts of the private foundations. Indeed, in Central Europe, Mott and the Open Society Institute accounted for about 45 percent of total civil society funding”²¹. These foundations are particularly important for advocacy-oriented CSOs that need to prevent overdependence on government sources.

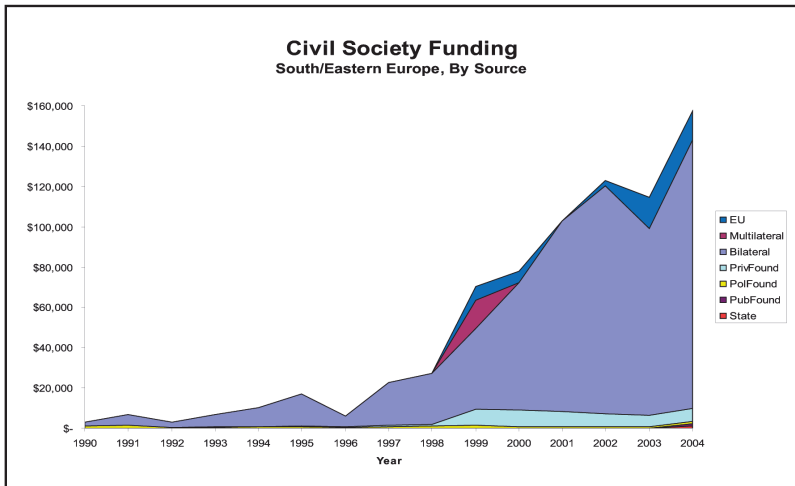
Table 3 Society-oriented Donors in all Post-communis Europe 1990–2004²²

Donor	Civil Society million USD	Elections million USD	Free Flow Info million USD	Human Rights million USD	Total million USD
United States	702	195	188	31	1.117
Open Society	111		165	35	310
Mott	90	2	2	3	97
Sweden	69	8	14	57	148
EU	68	6	10	63	147
Norway	45	3	8	102	158
NED	45	10	19	6	79
Canada	44	8	1	6	60
Ford	26		2	15	42
Netherlands	24	5	27	21	76

²¹ Ibid.

²² Ibid.,:2

Figure 3 Civil Society Funding in South/Eastern Europe 1990–2004, by Source²³



As in other CEE countries, Croatian advocacy-oriented CSOs are in special need for diversified funding sources ensuring financial independence from the government, vital for their autonomy and legitimacy of their watchdog function. Corporate philanthropy is only emerging as a systematic, business community-wide endeavor and in those cases where corporate donor programs are developed, almost none concentrate on human rights issues (e.g. out of 14 such programs in Croatia, only one focuses on social inclusion, while most focus on children and youth, humanitarian issues, culture, sports and environmental protection). With the withdrawal of bilateral donors, especially USAID, the main international source of funding civil society organizations in the entire region, advocacy-oriented CSOs become highly dependent on EU funding sources and, where available, government support.

²³ Source: Green, Andrew. (2007). *Funding for Civil Society in a Changing Europe*. ppt presentation, www.dgmetrics.net

The recent withdrawal of bilateral donors, including the field presence of intermediary NGOs is strongly felt in Croatia, especially since the 2007, when the major bilateral donor in Croatia, USAID is closed its 7 years-long CroNGO Support program implemented by AED and SIDA significantly reduced its funding for gender equality and human rights. Both donors ensured outreach to regional and community-based initiatives and supported advocacy NGOs, so their closure has not been matched by other international or non-governmental funding sources. While the prospects of targeted EU funding for advocacy oriented CSOs are good, it is important to note that EU funds are primarily available to highly professionalized NGOs with adequate organizational and human resources for the strict application process and project proposal formats.

The sectoral analysis on the capacities and strategic priorities of the Croatian CSOs in the context of the final phase of Croatia's accession to the EU was conducted by the Government Office for Cooperation with NGOs in partnership with the Council of Civil Society Development. It highlights insufficient capacities and degree of participation of Croatian CSOs in the overall accession process. In order to ensure access to the EU policy arena after the accession, the upcoming two-year period is instrumental for timely, focused and performance-oriented capacity building through additional pre-accession assistance and targeted complementary effort from other international donors, considering the fact that the funding for the capacity-building of advocacy-oriented CSOs is presently only to a smaller degree available from domestic sources.

II. Overview of Main International Funding Sources 2004–2007

Over the period 2004–2007, the dominant sources of international funding for the Croatian civil society development have included the EU, the US government and US private donors (primarily the Open Society Institute, the Mott Foundation and the Balkan Trust for Democracy). Another important source has been the funding of the Swedish government (SIDA), channeled through three Swedish NGOs, primarily focused on gender equality, human rights and youth development. In addition, World Bank has also been included among the major donors, even though the majority of this source of funding available to CSOs (in the form of grants) actually makes part of the two loan projects for social welfare development and socio-economic recovery of war-affected and disadvantaged areas.

According to the estimation of the international funding from these principal sources, based on the total size of support and grant programs that were implemented in Croatia throughout that period, the funding has amounted to 23.12 million euro. It must be noted that at least 30% of these main international sources of funding are no longer available, due to the closure of the US government program and the phasing-out of SIDA's funding.

Figure 4. Main sources of international funding to Croatian CSOs 2004–2007

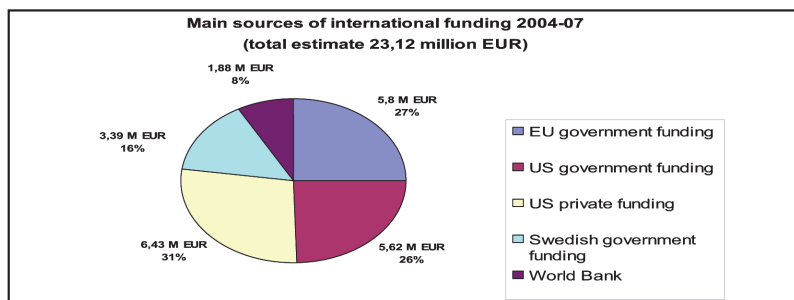


Table 4 Review of the main international funding programs 2004–2007

Project	Start Year	End Year	Million EUR	Target sub sector	Source Mode of disbursement
CARDS 2002 “Social Service Delivery by the Non-Profit Sector”, Grant scheme	2004	2006	0.70	social service delivery	EU decentralized
CARDS 2003 – Capacity Building and Grants to Civil Society Organizations in Social Services	2005	2007	0.50	social service delivery	EU decentralized
CARDS 2003 “Support of Civil Society Active in the Field of Environment”	2005	2007	0.20	environment	EU decentralized
CARDS 2003 and 2004 – Good Governance and the Rule of Law	2006	2008	1.20	democracy and human rights	EU decentralized
USAID »CroNGO I – Support for Croatia’s Non-Governmental Organizations« 2001–2004	2004	2004	1.08	comprehensive – advocacy, community development, philanthropy	USAID decentralized

Project	Start Year	End Year	Million EUR	Target sub sector	Source Mode of disbursement
USAID »CroNGO II – Support for Croatia's Non-Governmental Organizations« 2005–2007	2005	2007	4.55	comprehensive – advocacy, community development, philanthropy	USAID decentralized
CARDS 2003 »Social Service Delivery by the Non-Profit Sector”, TA	2007	2009	0.50	social service delivery	EU decentralized
CARDS 2004 “Social Service Delivery by the Non-Profit Sector”	2007	2008	2.00	social service delivery	EU decentralized
CARDS 2004 “Support to Civil Society Organisations active in the Field of Environmental Protection and Sustainable Development”	2007	2009	0.70	environment	EU decentralized
Mott Foundation	2004	2007	1.14	democracy and human rights, community development	US private centralized

Project	Start Year	End Year	Million EUR	Target sub sector	Source Mode of disbursement
Open Society Croatia	2004	2006	1.8	democracy and human rights, policy reform projects	US private decentralized
Open Society – global programs	2004	2006	3.3	Democracy and human rights, education, public health, policy reform	US private centralized
Balkan Trust for Democracy	2004	2007	0.43	Democracy, human rights, community development	US private centralized
SIDA (through Kvinna til Kvinna, Swedish Helsinki Committee and Olof Palme Institute)	2004	2006	3.39	Democracy and human rights	Swedish government decentralized
World Bank loan to GoC “Social and Economic Recovery Project”	2005	2007	0.78	Social service delivery, community development	World Bank loan decentralized
World Bank loan project to GoC “Social Welfare Development Project”	2005	2007	1.00	Social service delivery	World Bank Loan decentralized

Project	Start Year	End Year	Million EUR	Target sub sector	Source Mode of disbursement
World bank Small Grants Program	2004	2007	0.1	Democracy, human rights, community development	World Bank Grants decentralized
Total 2004–2007			23.10		

It is interesting to note that this review reiterates the regional trends of **predominance of the US-based state as well as private donor programs**, contributing more than a half of all main international sources in Croatia in the period 2004–2007, even in we take into account that the large share of OSI funds has also included grants to independent think tanks for large, multi-year reform projects. The government funding from the EU and the US on the other hand have equaled in size.

It is important to point out the **predominance of decentralized management of international funding, as illustrated by 79%** of funds from this sample of main sources that were channeled through Croatian government institutions, field offices, intermediary NGOs with standing presence or frequent local contacts. This indicates the accessibility of international funding to CSOs that are active at the regional and local levels or may not have capacity to bid against the international NGO competition.

EU has opted for decentralized grant making, in cooperation with the Croatian government structure for managing EU funds in the pre-accession period, including Project Implementation Units located at different state institutions, under the supervision of the Central Financing and Contracting Agency and the Central Office for Development Strategy and Coordination of EU Funds. This ap-

proach is considered instrumental for ensuring institutional capacities for managing post-accession structural and cohesion funds.

SIDA has opted for long-standing cooperation with Swedish NGOs with equivalent missions to SIDA's CSO funding priorities in Croatia, which has been highly appreciated by the Croatian grantees, as a more appropriate and responsive mode of grant-making, creating an additional value in terms of cross-country NGO collaboration.

USAID has subcontracted an intermediary US-based NGO with global development portfolio, Academy of Educational Development, which was in charge of delivering two subsequent USAID-funded civil society development programs, over a period of nine consecutive years (1998–2007). The CRONGO program 2001–2007 was designed as a comprehensive support program, targeting different sub-sectors both at the national and community levels and investing into support structures, such as re-granting and technical assistance capacities, improvements in the regulatory and institutional framework and promotion of voluntarism and corporate philanthropy.

The two current loans provided by the **World Bank** to the Government of Croatia, for socio-economic recovery of the war affected regions and innovations in the social welfare system include substantial program components directly targeting CSOs in the role of social service providers and community organizers. In both cases, government agencies manage the funds and special mechanisms for transparent grant making are being set up and continuously improved. The small grants program of the World Bank is managed from its field office in Zagreb and, despite small amounts amounting to 35.000 USD per year, represents one of the most flexible and undemanding sources of supplementary funding to CSOs, mostly engaged in community development and human rights protection (since 2004, 30 projects have been supported). So far, no Croatian

CSOs have applied to the Bank's global grant competition Development Marketplace, which focuses on a different development topic every year and provides grants up to 200 000 USD to innovative initiatives, with demonstrated community impact, in areas such as sustainable agriculture, water management, health and nutrition etc.

Open Society Institute combined decentralized and centralized grant making until 2006, when the Croatian foundation was closed, after five years of significant downsizing. At present, OSI's global programs, managed through its central office in NYC and regional office in Budapest, with highly impersonal, internet-based application procedures, seem to be primarily available to already mature, policy-oriented NGOs and few local think tanks.

Even though the **Mott Foundation** has never had local presence, the long-standing engagement of the same program officer in charge of Croatia and the wider region of CEE has ensured the Foundation's adequate level of familiarity with the Croatian political, social and institutional context. High degree of trust and openness to the grantees' needs are often highlighted features of Mott's approach, and in that way similar to SIDA's. Both donors pay close attention to the institutional growth and sustainability of the Croatian civil society organizations which they choose to support. In addition, Mott foundation has followed and supported the philanthropy development in Croatia, especially the set-up of the national foundation for civil society development and community foundation start-ups.

Despite the relatively moderate amount it has disbursed in Croatia since 2004, the **Balkan Trust for Democracy** has purposefully been included among the main sources of funding, due to its regional character and legacy function, in respect to the US-based state and private donor programs. It is expected that its relevance for the diversification of the funding sources of the Croatian democracy and

human rights will only grow upon the withdrawal of bilateral private and state donors.

Other funding, not included in this estimation, is of much smaller scope, both in financial terms and in respect to the continuity of support. These sources mostly refer to other **bilateral programs managed by local embassies** (Dutch, Norwegian, Canadian, Japanese etc.), **German political party foundations** and **UN agencies** (UNDP, in the scope of issue-specific programs, such as the Millennium Development Goals). While most of the mentioned sources of funding will probably decrease in the future, **the role of German party foundations may grow in importance over the upcoming years**. Despite relatively small amounts dispersed and primary focus on political parties, their local, long-standing local presence with prospects of continuation, as well as high responsiveness, may turn them into critical international funding sources of support for ad-hoc advocacy actions and networking events undertaken by Croatian CSOs.

Due to time limitation, this analysis has not encompassed an overview of **other EU funding programs, managed in a centralized manner**, in respect to their impact on Croatian CSOs over the period 2004–2007. It is presumed that only very few, highly professionalized CSOs with extensive project portfolios and substantial budgets have been successful in accessing these valuable resources. In the future, centrally managed EU programs for CSOs engaging in regional cooperation and contribution to specific reform areas, such as social inclusion policy, employment life-long learning, and environmental protection will probably turn into one of the key funding sources for Croatian CSOs with adequate organizational capacities and expertise.

III. Review of USAID's CroNGO Program 2004–2007

The USAID's Support for Croatia's Non-governmental Organizations Program (abbreviated as CroNGO) began in December 2001, as a follow-on to an earlier civil society program launched in 1998 and closed out on 30 September 2007. The total value of the program was 12.5 million USD. The program was organized in two phases (2001–2003 and 2004–2007).

The following is the overview of the key achievements and lessons learned, as identified and presented in the in-depth final evaluation of the project, carried out during the last months of the program (May–June of 2007), by a team of independent experts from the U.S. and Croatia²⁴. The evaluation focused on six primary questions regarding the program's impact in respect to the Croatian NGO sector – changes in advocacy and organizational capacity, the legal framework, support services, financial sustainability, and other donors.

CroNGO program was implemented by the US subcontractor Academy for Educational Development (AED) that had also implemented the previous program in the period 1998–2001. CroNGO II (2004–2007) included 10 types of grants, of which only 49 grants included in the follow-on component for CroNGO I to Small Grants, now called the Community Partnership Program. The other 65 grants in CroNGO's second phase fell into various types as showed in following table and text.

²⁴ Final evaluation of USAID project for Support to Croatia's Non-Governmental Organizations (CroNGO) 2001–2007, prepared by Harry Blair (team leader), Richard N. Blue, Andrea Feldman and Carmen Luca fro USAAID and AED, final draft 9 August 2007. We would like to thank USAID Croatia for the courtesy of sharing this valuable and timely evaluation report with Government Office for Cooperation with NGOs and approving of the presentation of the key findings, as presented in the executive summary.

Table 5. Structure of Grants Provided by CroNGO II 2004–2007²⁵

Type of grant	Average grant size (EUR)	Number of grantees	Total disbursed
1. Advocacy	60.000	6	360.000
2. Regional partners	110.000	3	330.000
3. Community partnership program	6.500	49	318.500
4. Capacity building	8.000	12	96.000
5. Volunteerism	35.000	7	245.000
6. Visibility	17.000	13	221.000
7. Financial viability	6.500	5	32.500
8. Infrastructure	32.000	5	160.000
9. Network capacity building	12.000	11	132.000
10. Special initiative	20.000	2	40.000
Estimated total			1.935.000

As highlighted in the evaluation report, the achievements of the CroNGO program should be understood in respect to the broader changes in the political and institutional context, which have contributed to greater recognition, support and agency of the civil society organizations. Among these, the key seem to be the changes in overall political atmosphere after the 2000 election, the European Union admission process with its requirements, previous experience with donor funding downsizing (which should cushion the shock during the presently unfolding decline), an independent media (active at least in the larger cities), and the economic growth of recent years.

²⁵ Adapted from “Table 1. CroNGO Final Evaluation – Grantee interview coverage”, Final evaluation of USAID project for Support to Croatia’s Non-Governmental Organizations (CroNGO) 2001–2007, p. 17. (insight into the report provided by USAID Croatia).

Due to the positive changes in political context, as well as due to enhanced organizational capacity and collaboration of NGOs with public authorities, the public image of NGOs has significantly improved in comparison to the 1990s. During the conflict years of the early 1990s, activist groups in the NGO sector were looked upon with disfavor, even considered traitorous by many. A decade later, this picture had largely changed. By 2002, an opinion poll showed 61% of respondents having mostly positive view of NGOs, and by 2005, another poll found 73% in that category. CroNGO has contributed to improvements in the NGO public image through supporting research, sponsoring round table discussions among NGOs on the issue, and providing training to help individual NGOs improve their public profile.

a. Impact on Advocacy

CroNGO II featured six major two-year grants aiming to improve Croatia's polity at the macro-level. Two of the six supported efforts at **legal reform**, specifically for improvements in electoral and NGO-related laws and regulations; the grantees, both experienced players in advocacy politics, were successful in pushing their proposed changes to enactment. Two further grantees focused on **minority rights for Serbs and Roma**, exposing discrimination, working through the national ombudsman, pressing for minority quota through parliamentarians and making representations to the Constitutional Court seemed to show promise. Finally, two grantees worked to promote **corporate philanthropy and entrepreneurship**. Among the three kinds of activity, legal reform was clearly the most successful, but the other two longer-term efforts were equally important, for USAID should promote long-term efforts at change, not just quickly realized targets.

In addition, **community-based advocacy** initiatives were financed through small grants, addressing matters like the accessibility of public transportation for the people with disabilities and municipal assistance to the homeless.

Lessons learned:

- Choosing tough goals – although it could have maximized success by focusing on relatively easy goals in its advocacy program, CroNGO chose the challenging areas of minority rights and business entrepreneurship/philanthropy. Both are long-term ventures, which did not see great improvement during project lifetime, but CroNGO's willingness to take them on is commendable.
- Ubiquitous advocacy – the local advocacy we found widespread among NGOs indicates that it could be made a more explicit programming component in future civil society initiatives. Advocacy is not the exclusive domain of “advocacy NGOs” as identified by USAID throughout the world.

b. Impact on Organizational Capacity

CroNGO has enhanced organizational capacity within the NGO community in two principal ways. First, it has strengthened three major regional support centers (MI, OGI and SMART), improving their ability to offer training, consulting, advice and counsel to individual NGOs and it has developed SOKNO a flexible NGO management tool that can be self-administered to provide a diagnosis of strengths and weaknesses along with remedies. Additionally, in an unanticipated spillover effect, CroNGO's grant application process has provided a model emulated by several municipalities and corporations in their own grant programs.

Lessons learned:

- Program continuity. Though it lies at variance with USAID tradition, AED's engagement with civil society has facilitated an extraordinarily high level of understanding and confidence between implementer and grantees, and this has likely been a key element in CroNGO's success.
- A flexible template. Contrary to the frequent admonitions heard within USAID against one-size-fits-all blueprints, a template can accommodate many sizes if it is sufficiently flexible, as been the case with CroNGO's SOKNO self-diagnosis/improvement tool for NGOs.
- Serious "partnership". The level of respect and enthusiasm shown by both CroNGO staff and grantees has led to a more genuine sense of partnership than the oft-used USAID term usually implies. It should serve as a model for future NGO initiatives elsewhere.
- Grantee training choices. In contrast with many USAID projects in which grantees are programmed into specific training modules, CroNGO grantees were encouraged to select the training they felt most suited their needs. This flexibility appears to have contributed significantly to the value of the training received and to an enhanced sense of empowerment for the grantees.
- Spillover effects. Participation in the regional CroNGO grant review process inspired several municipal governments to introduce similar practices in their own grant award procedures – a big improvement over the patronage-laden approaches in a widespread use.

c. Impact on Financial Sustainability

CroNGO has supported efforts toward financial sustainability in several ways. In its grants program it has offered workshops, consultation, specialized training in fundraising, helping NGOs to develop their own ideas of how to generate income or raise funds. CroNGO has also contributed to increasing levels of transparency in government NGO grant allocation. It has given frequent counsel and assistance to the three official bodies dealing with state funding for NGOs and has established a model of a transparent proposal review process in the way it has encouraged the regional partner NGOs to solicit and vet proposals – a model sufficiently impressive that the municipal council in Rijeka has adopted it, and its counterpart in Split has adopted many of its features.

Lessons learned

- Experience of donor downsizing reducing anxiety among grantees. The fact that Croatia has already experienced two downturns in foreign assistance funding appears to have had an effect in reducing anxiety as NGOs face the current donor drawdown.
- A model for state funding. Croatia's structure for allocating public funds to civil society through a state foundation serves as an impressive model for insuring competition and an objective review process.
- Corporate philanthropy as a long-term project. A sense of corporate social responsibility has grown much more slowly than the private sector economy in this post-socialist state, but CroNGO has created several initiatives to push the private philanthropy envelope.

d. Impact on Legislative Framework

CroNGO worked along two fronts here: supporting efforts to write and enact improvements to the laws and codes regulating NGO activity, and providing institutional support to key state institutions. On the legal side, CroNGO collaborated with the European Center for Non-profit Law on initiatives to press for the Act on Volunteerism (adopted in May 2007), the Act on Foundations and Funds, the law that would regulate the question of public benefit organizations, Code on Good Practice, Standards and Benchmarks for the Allocation of Grants for Programmes and Projects of NGOs (adopted in February 2007) and a code on positive practice on consultations with CSOs. As for institutional support, in addition to its support for the three government offices dealing with the NGO community, CroNGO provided guidance and counsel to participants building a National Strategy for the Creation of an Enabling Environment for Civil Society Development adopted by the national Government in June 2006.

Lessons learned

- **Election laws.** CroNGO has focused on reforming election laws through two of its advocacy grants, and its grantees have been instrumental in obtaining changes in the campaign finance reform, voters' lists and the election commission.
- **Civil society's operating space.** CroNGO has also supported efforts to enhance the environment within which civil society functions, by supporting NGO campaigns and government agencies focusing on laws regarding voluntarism, foundations and the status of public benefit organizations, as well code of good conduct on government grant making.

e. Impact on Support Services for NGOs

When CroNGO began work in 2001, a number of organizations offering NGO support services were already in place, so it was not necessary to build such institutions. Instead, CroNGO could concentrate on strengthening them as well as enhancing the capacity of individual NGOs. It did so by supporting the regional centers and encouraging NGO grantees to avail of the expertise the centers had to offer, both formally during the periods of funding for the grantees and informally afterwards. The result has been the full emergence of a core resource of support services for the NGO sector that is capable of offering its expertise on a fee-for-service basis to the NGO community and can ride out any downturn stemming from donors phasing out their Croatian operations.

Lessons learned

- **A capacity for building capacity.** Through its assistance to the three main regional support centers as well as other smaller ones, CroNGO has helped significantly to build a remarkable structure for strengthening organizational capacity in Croatia.
- **Reducing risk through redundancy.** The network of support centers is now sufficiently strong that whatever shakeout may ensue over the next several years from the donor phase-out now under way, a critical NGO support capability will remain.

f. Issues of Concern for Future Support to Croatian CSOs

Along with the many achievements of CroNGO also come some causes for concern about the NGO sector. They stem primarily from the nature of civil society and its relationship to the state rather than from what CroNGO it has done or not done, but are nonetheless important and should be seriously considered in a report of the pres-

ent kind. The following are direct quotes from the final report evaluation of the CroNGO program²⁶:

Ensuring donor support for watchdog activities. NGOs in most sectors will be able to devise sustainability strategies combining various sources of income sufficient to enable the sectors themselves to survive (if not all the individual NGOs within each of them) whatever declines in foreign funding are on the horizon. Some will contract with local governments to provide services, others will develop products and services that they can sell, and still others will continue to find direct funding from remaining donors or state agencies like the National Foundation for Civil Society Development. However, watchdog NGOs concerned with such matters as human rights, minority protection or corrupt practices generally face tougher sledding, for the state cannot be expected to feed hands that are likely to bite it,²⁷ and domestic constituencies eager to fund public interest watchdogs are hard to mobilize. Croatia may in time build a public support base for such enterprises, like Amnesty International has in the Western countries, but that will take a good deal of time, even longer than building support for corporate philanthropy as mentioned above. In the meantime the fate of these NGOs will be a matter of concern.

Potential dangers with government funding. Croatia's experience with state funding for NGOs at both national and local levels has been invaluable in maintaining civil society and will continue to be so as donor funding declines in the future. However, there is a potential downside to the security blanket of state funding that must also

²⁶ CroNGO Evaluation, 2007: 11

²⁷ Interestingly, the National Foundation for Civil Society Development has supported just such NGOs in the form of grants to TIC and B.a.B.e. amounting to about 25% of the total budget for each in 2006. This is a commendable record and one illustrating the National Foundation for Civil Society Development's independence nicely, but it cannot be anticipated that such an openness will last indefinitely.

be emphasized: what happens to civil society autonomy if NGOs become dependent on the state? After all, the very definition of civil society always includes some mention of it being “autonomous from the state”. To be sure, every NGO with any experience knows (often too well) how to tweak a proposal so that it accords with a potential donor’s priorities more than would have been the case had it been allowed to pursue what it really wanted to do. However, at what point does the verb “tweak” turn into “compromise” and even “betray” such that the NGO’s integrity gets sold out in the grant application process? To quote one USAID/Croatia officer pondering this dilemma, “When does the ‘N’ in ‘NGO’ disappear?” So far, this does not appear to have become a danger in the NGO sector that we looked at, but another way to put the question is to ask, what would it take to turn the NGOs that CroNGO has dealt with into the kinds of organizations that regularly receive state allocations in the sports and cultural sectors – essentially toothless patronage-driven entities operating on an entitlement basis? In the future, the National Foundation for Civil Society Development and civil society itself will bear a heavy responsibility to see that this does not happen.

Leadership succession issues. Founding and directing an NGO takes an unusually able person under the best of circumstances, but to have done so during the turbulent era of the early 1990s required extraordinary courage, determination, energy, charisma and survival skills, not to mention luck. This period was the incubator for what civil society has become in Croatia today, when the major leaders in the NGO sector²⁸ almost all trace their organizational beginnings to those years. Their presence today provides a good part of the explanation as to why the sector is as dynamic as it currently is.

²⁸ Aside from NGOs in the traditional sports/cultural sector, which CroNGO did not support and which we did not assess.

But their continued occupation of leadership positions accompanied by the strong personalistic style that many of them exhibit also presents something of a dilemma. As they stay on, there is a tendency to conflate the NGO's organizational interests with their own, and in any event potential successors become discouraged and seek other venues for leadership, and it becomes difficult to keep gifted people on board in the organization. The Croatian NGO sector does not appear to have reached this point yet (these organizations are generally not more than a dozen or 15 years old at most), but it is something to be watched for in the future. Certainly, this has proved a serious problem for civil society in many countries, and it would be surprising if Croatia were to prove an exception.

Preaching good management without enabling it. Across the globe, USAID like many other donors builds management skills among its grantees but does little to facilitate their use in a practical sense, because it insists that its grants be spent on programming as opposed to operational overhead costs (which are assumed to be covered somehow from other sources).²⁹ This idea of the donor as providing "value added" to a fully operating organization by enabling it to take on additional activities is hypocritical, to say the least, and tends to encourage NGO management subterfuge to make ends meet while implementing the programming sponsored by a grant. And the fact that USAID is generally better than other donors at building management capacity makes the pretense more stark"³⁰.

²⁹ Small exceptions are often allowed to fund operating costs incurred in connection with the donor-sponsored activity, but a line is customarily drawn against funding ordinary running expenses of an NGO.

³⁰ CroNGO Evaluation, 2007:11

IV. Review of the Main EU Programs for CSOs 2004–2007

In the period 2004–2007 and onwards, the pre-accession assistance of the European Union to the civil society sector has been provided within the scope of decentralized system of implementation, including the Project Implementation Unit (PIU) of the Government Office for Cooperation with NGOs. This review provides brief information on the main five programs and projects implemented since 2004, which have included substantial transfers of finances and technical assistance to CSOs³¹ and the presentation of the key findings and lessons learned of the two preliminary evaluation reports on these programs.

a. Overview of CARDS 2003–2004 and PHARE 2006 Projects

CARDS 2003 – Capacity Building and Grants to Civil Society Organizations in Social Services – Technical Assistance

Implementation period: 10 July 2006 – 10 December, 2007

Project duration: 18 months

Funds: 472.250.00 EUR

The general objective of the project was to improve the quality of social services in accordance with national good practice examples and relevant EU standards. Specifically, the project aimed to strengthen the capacities of NGOs in making partnerships with public institutions at the national/local level in providing social services where civil society brings benefit. PIU of the Government Office for

³¹ For that reason, the review does not include PHARE 2005 – Capacity building for Council for the Development of Civil Society and the Government Office for Cooperation with NGOs – Technical Assistance, (ppf), which has mostly included

Cooperation with NGOs was monitoring project activities through regular reporting and was approving the project reports based on agreement with the Ministry of Finance (CFCU). As a partner, the Government Office for Cooperation with NGOs provided premises and equipment, participated in campaigns for improved transparency, monitored all project activities and participated in education.

In the last three months of the project implementation, a significant progress was noted – thirty memorandums on the understanding with local authorities have been signed with the aim of creating partnerships with civil society organizations in providing social services and that is the result of numerous workshops, seminars, trainings, which were carried out by 15 experts on the territory of the Republic of Croatia, in which approximately four hundred representatives of local authorities, state institutions and civil society participated. Many educational and promotional materials were printed for that purpose, a study trip to Poland was organized and a media campaign started.

CARDS 2003/2004 – Good Governance and the Rule of Law – Grant Scheme

Date of public call for proposals: June 20, 2005

Project duration: from 18 to 24 months Funds: 1.200.000.00 EUR

Beneficiary co-financing: 10%

This grant scheme has combined the resources from two programs with similar objectives – CARDS 2003 „Promotion of democracy and human rights” and CARDS 2004 „Human Rights”. Co-financing contracts were signed with six CSOs, active both at the national and regional levels. In only one case, the beneficiary CSO is not based in Croatia, but its partners are. The projects are either completed or in the wrap-up stage of implementation, that has

been monitored by the PIU of the Government Office for Cooperation with NGOs. Both the PIU and the beneficiaries have been provided with PCM technical assistance funded by CARDS 2004.

All projects supported have strong advocacy and public education components, while their diverse thematic foci seem complementary, thus enhancing citizens' engagement in a range of issues of concern to the protection of human rights and promotion of the rule of law.

- enhancement of the gender equality legal framework
- good governance and citizens' engagement in policy making
- good governance and the rule of law in Croatian environmental policy
- civil society response to corruption – direct assistance to victims, information campaigns and policy advocacy
- promotion of human rights through direct assistance to victims and monitoring of state institutions
- promoting access to justice for people with mental disabilities in Croatia

CARDS 2004 – Grants to Civil Society Organizations Active in the Field of Environment and Sustainable Development – Grant Scheme

Date of public call for proposals: November 13, 2006

Project duration: from 12 to 18 months

Size of grants: 75.000–150.000 EUR Funds: 600.000.00 EUR

Beneficiary co-financing: 10%

The overall objective of the programme is to support civil society development by sustaining and reinforcing democratization process in compliance with the Copenhagen criteria and improve environmental protection in Croatia, according to EU principles and legis-

lation. The specific objective of the programme is to support NGOs active in the field of environment in their contribution to the harmonization of Croatian environmental legislation with the Acquis, strengthening of its implementation, by improved environmental monitoring, facilitating public participation process and increasing public awareness.

The program priorities include: (1) CSO engagement in solving environmental problems, improving environmental quality and/or contributing to environmental awareness and (2) development of partnerships between civil and public sector and enhancing public participation in environmental decision-making processes.

The selection process was completed in June 2007. The seven selected projects represent a mix of local, regional and national-level efforts, combining education, public awareness raising and setting-up of new services for citizens or specific target groups. The beneficiary organizations were provided with several TA workshops and opportunities to present their projects in the public, as well as in-depth consultations during field monitoring visits, including PIU staff of the Government Office for Cooperation with NGOs and TA experts

Covered issues include public participation in environmental policy-making, biodiversity, waste management, energy and EU standards of environmental protection:

- Protection or biodiversity and promotion of environmental awareness in the scope of an environmental cooperative, in the post-war area (local)
- Capacity-building of agricultural advisors, working with farmers, on EU environmental standards (national)
- Capacity building of CSOs and public awareness raising on electronic waste management (regional)

- Capacity building of CSOs for the protection of biodiversity of the Adriatic (regional)
- Implementation of the Airbus convention – information dissemination and awareness raising (national)
- Enhancing public participation in environmental impact assessments (national and multi-regional)
- Regional advisory center on energy consumption and efficiency (regional)

CARDS 2004 – Social Services Delivery by the Non-profit Sector – Grant Scheme

Date of public call for proposals: October 31, 2006

Project duration: from 18 to 24 months

Size of grants: 100.000–250.000 EUR Funds: 2.000.000.00 EUR

Obligatory partners: local or regional institutions providing social services

Beneficiary co-financing: 15% (10% partner social institutions/authorities, 5% applicants).

The program's objective is increased participation of civil society organizations (CSOs) in the delivery of unmet social welfare needs in partnership with and co-funded by Croatian regional or local institutions – social service providers. The program priorities include provision of concrete services in the spheres of Health protection, Social Welfare and Non-institutional upbringing and education, adding value in terms of improved quality to existing provisions, local availability, extended outreach to beneficiary groups, response to demonstrable local needs.

In June 2007, the contracting procedure was completed and 10 projects received funding, focusing on very diverse social services

and partnership approaches at the local or municipal level (6 projects), regional level (2) and nationally (1). The beneficiary organizations were provided with several TA workshops and opportunities to present their projects in the public, as well as in-depth consultations during field monitoring visits, including PIU staff of the Government Office for Cooperation with NGOs and TA experts

The grants provided through this programme have reached out to different Croatian regions (Slavonia, Central Croatia, Dalmatia, Istria) for the following social services, implemented in partnership of CSOs and local and regional institutions:

- Shelter for women victims of violence (regional)
- Home care for the elderly (local)
- Home care and social inclusion for the elderly (local)
- Education and support services for responsible parenting and conflict transformation (local)
- Therapeutic community for drug users (national relevance)
- Prevention of breast cancer – information and education outreach activities (local)
- Improvements in foster-care capacities and standards (regional)
- Enhancing institutional capacities for volunteering (national)
- Integrated social and health education and support program for youth (local)
- Social inclusion and employment services for people with intellectual disability (local)

CARDS 2004 – Technical Assistance in Grant Scheme Management – Croatia – Technical Assistance

Implementation period: March 2007 – March 2009

Project duration: 24 months

Funds: 199.999 EUR

This project provides technical assistance in management of the grant schemes, and assures sound financial management and quality implementation of projects funded through three grants schemes for CSOs (CARDS 2003/04 and CARDS 2004 grant schemes for social service delivery and good governance and the rule of law). The Team of Experts consists of the Team Leader, six assessment and budget-clearing experts and three monitoring and training experts.

The Contracting Authority (CFCU) and Project Implementing Unit (Government Office for Cooperation with NGOs) receive expert support in providing independent assessors to assist the evaluation committee in selection process, in supporting the pre-contracting phase as well as in monitoring the implementation of selected projects, and provide assistance to grantees.

Grant beneficiaries are directly provided with guidance on the project management in line with EU standards, through two training workshops on project management and monitoring, field monitoring visits, written guidelines and a manual. The outcome of the project will be the publication with lessons learned from the management of all three grant schemes.

PHARE 2006 – Enabling the Civil Society Sector for Active Contribution in the Pre-accession Process in the area Environmental Protection and Sustainable development – Grant Scheme

Date of public call for proposals: January 22, 2008

Project duration: 12 months

Size of grants: 50.000–100.000 EUR Funds: 967.500.00 EUR

Obligatory partners: local or regional institutions providing social services

Beneficiary co-financing: 10%

The overall objective of the Programme is encouraging and increasing participation and active contribution of CSOs in developing, implementing and monitoring public policies and Acquis related policies (at all levels) in Croatia and contributing in raising of awareness of the benefits and challenges of EU accession. Specifically, the funding aims to support CSO projects that contribute to successful accession related reform processes, meeting of political criteria for EU membership, implementation of the environmental Acquis in the sub-sector of Environmental Protection and Sustainable Development.

The projects should be compliant with one or more of the following priorities:

- Enhancing local development and citizens' participation;
- Setting up of cross-sectoral partnerships with the aim of dealing with environmental protection and sustainable development issues;
- Supporting intra-sectoral cooperation, partnership and networking of CSOs with the aim of strengthening CSO impact on respective public policy processes

PHARE 2006 – Enabling the Civil Society Sector for Active Contribution in the Pre-accession Process in the area of democratization and human rights – Grant Scheme

Date of public call for proposals: December 31, 2008

Project duration: 12 months

Size of grants: 50.000–100.000 EUR

Funds: 967.500.00 EUR

Obligatory partners: local or regional institutions providing social services

Beneficiary co-financing: 10%

The overall objective of the Programme is encouraging and increasing participation and active contribution of CSOs in developing, implementing and monitoring public policies and Acquis related policies (at all levels) in Croatia and contributing in raising of awareness of the benefits and challenges of EU accession. Specifically, the funding aims to support CSO projects that contribute to successful accession related reform processes and meeting of political criteria for EU membership in the field of democratization and human rights.

The project proposals should fall within one or more of the following priorities:

- Enhancing local development and citizens' participation;
- Setting up of cross-sectoral partnerships with the aim of enhancing democratization and human rights processes and practice;
- Supporting intra-sectoral cooperation, partnership and networking of CSOs with the aim of strengthening CSO impact on the respective policy processes

The project applications are currently being evaluated and it is expected that the contracting procedure will be completed by the end of 2008.

PHARE 2006 – Enabling the Civil Society Sector for Active Contribution in the Pre-accession Process in the area Youth Development – Grant Scheme

Date of public call for proposals: January 15, 2008

Project duration: 12 months

Size of grants: 30.000–75.000 EUR

Funds: 745.000 EUR

Obligatory partners: local or regional institutions providing social services

Beneficiary co-financing: 10%

The overall objective of the Programme is encouraging and increasing participation and active contribution of CSOs in developing, implementing and monitoring public policies and Acquis related policies (at all levels) in Croatia and contributing in raising of awareness of the benefits and challenges of EU accession. Specifically, the funding aims to support CSO projects that contribute to successful accession related reform processes, the meeting of political criteria for EU membership and promotion of active youth participation.

The project proposals should fall within one or more of the following priorities:

- Enhancing local development and citizens' participation;
- Setting up of cross-sectoral partnerships with the aim of supporting active participation of youth at the community and policy levels
- Supporting intra-sectoral cooperation, partnership and networking of CSOs
- Implementation and monitoring of public policies, particularly on the issues that affect them directly.

Upon the three-month application period, the submitted proposals are currently being evaluated and it is expected that the contracting procedure will be completed by the end of 2008.

This program includes three grant schemes, which are expected to bring about the following results:

- Increased public participation in developing, implementing and monitoring of public policies at all levels and improved capacity of CSOs to influence public policy, due to improved coopera-

tion among CSOs as well as with the public sector at the national, regional and local levels.

- Increased understanding among the wider public and knowledge of CSOs on the accession process and its impact on Croatia, Acquis related issues and EU values and the concept of European citizenship.
- Additionally, the result will be the enhanced absorption capacity of Croatian civil society organizations assisting Croatia in the implementation of the Acquis in relevant subsectors.

b. Preliminary Evaluation Findings on CARDS Projects 2003–2004

The Ad-Hoc Evaluation of the 2003/2004 Decentralized CARDS Programme in Croatia³², carried out in October 2007, has provided preliminary assessment of the relevance, effectiveness, efficiency, management capacities, impact and sustainability prospects of the CARDS 2003 and 2004 grants schemes. This programme has disbursed some 3.8 M€ and provided technical assistance to 23 civil society organizations in the social service delivery, environmental protection and democratization (good governance and rule of law) sub-sectors. It is evident that the evaluation could not take stock of all the immediate, final results of all the funded CSO projects, as many of them were still being carried out. Nevertheless, the evaluation findings are particularly useful for detecting certain areas of improvement related to project design and management, both on part of the implementing agencies and grant beneficiaries.

The major challenges, highlighted in the evaluation, relate to the actual impact of the EU assistance on the civil society development

³² The Ad-hoc Evaluation Report of the 2003/2004 Decentralized CARDS Programme in Croatia, First Draft of October 31, 2007, independent evaluation report by the ECOTEC Research and Consulting Ltd. being contracted under the PHARE programme.

as well as relevance of particular projects in social service delivery. The main problems with negative effects on project relevance are significant time lag between the project design and implementation, weaknesses in project design methodology and missed opportunity for complementarity of different CARDS 2003 and 2004 programs targeting social service providers through TA and grant provision. The main problems in terms of impact relate to the actual design of the grant schemes that have primarily been accessible to large national and regional NGOs with adequate capacities to manage large grants and a lack of specific TA provided to CSOs in the project design phase, including the availability of project documentation in native language.

The evaluation report highlights the ever-increasing importance of EU funds to Croatian CSOs due to the withdrawal of other international funding sources, which will contribute to their competencies to take part in post-accession development schemes. This needs to be taken into account, by designing future assistance schemes in a way that would ensure support for CSOs' institutional development, with particular attention paid to the bridging of the gap in the capacities and ability to apply for EU funding between already well-developed national and regional leaders and smaller grassroots organizations.

According to the Ad-Hoc Evaluation of the 2003/2004 Decentralized CARDS Programme in Croatia, the impact of grant programs has been rated as barely satisfactory, largely due to the disbursements of funds to a small number of strong national and regional NGOs, at the expense of generating wider development of civil society. Namely, the grant schemes were out of reach for the majority of Croatian CSOs, in terms of the size of grants and required managerial capacities. For the latter, the availability of project documentation in their native language is of particular importance.

According to the findings of Ad-hoc Evaluation Report, the relevance and impact of projects in the social service delivery sub-sector have suffered from the change of focus in the national social care policy and resistance to change in institutions. The absence of government funds and a policy framework to support the roll out of its results has, according to the evaluation report, had a negative impact on the prospects of sustainability and replicating innovative approaches to social service delivery. In terms of impact, it was assessed as local at best and limited to the establishment of a basis for future partnerships in 30 target locations.

The evaluation has identified several challenges related to the management capacities on the part of contracting authority, implementing agency and final beneficiaries, which need to be addressed in the upcoming pre-accession programs, in order to ensure their greater effectiveness. The delays in contracting have negatively affected the overall relevance, efficiency and effectiveness of approved projects, which had been designed as far back as three and a half years before the beginning of implementation, thus requiring significant and often improvised modifications of logframes, due to changes in local and organizational conditions. That has resulted in discrepancies between the original project fiche and the actual project proposals.

In general, the quality of applications and project design has, in many cases, been assessed as insufficient, due to a lack of systematic needs assessment and knowledge of project cycle management, in particular the development of meaningful logframes to be used as effective monitoring tools. In the scope of the CARDS 2003/2004 program, the insufficient competencies of final beneficiaries have not been addressed by timely provision of TA.

The following is the summary of key recommendations for future EU assistance programs for CSOs, identified in the Ad-Hoc evaluation report of CARDS 2003/04:

- systematic provision of TA to potential final beneficiaries in order to improve their project design skills;
- provision of TA and further professional development of the staff of CFCA to monitor the contracts;
- development of a set of interventions targeting CSOs' organizational capacities, in the scope of IPA, and the implementation of the National Strategy for the Creation of enabling Environment for Civil Society development, with special focus on grassroots organizations throughout the country, in order to offer them a chance to actively participate in future pre and post-accession EU funds;

c. Preliminary Evaluation Findings on PHARE 2006 Program

The independent interim evaluation report *Sectoral Interim Evaluation of the European Union Pre-Accession Assistance. Country: Croatia. Sector: Social. Sub sectors: Civil Society, Minority Rights and Education*³³ was completed in mid March 2008, so it is evident that the assessment of the PHARE 2006 program for CSOs could only encompass the project design and the initial phases of project implementation (prior to the actual contracting of grant beneficiaries).

The design of the grant schemes has been rated as sound, potentially encouraging CSOs to become active in developing, implementing and monitoring public policies and especially those related to the *Acquis*. In addition, the subsector development, in particular

³³ Sectoral Interim Evaluation of the European Union Pre-Accession Assistance. Country: Croatia. Sector: Social. Sub sectors: Civil Society, Minority Rights and Education, independent interim evaluation report prepared by the MWH Consortium being contracted under the Phare programme. Interim Evaluation Report No. R/HR/SOC/0802, 17 March 2008.

via the development of proposals for IPA funding, is also adequately being stimulated with Phare help under the relevant *2005 Civil Society Development* project, which presumes close collaboration between the Council of Civil Society development and the Government Office for Cooperation with NGOs in the sectoral analysis and the identification of the funding priorities.

The actual project preparation of the Phare 2006 grant schemes as well as IPA programming are also rated as efficient, making good progress, as they are firmly anchored by the now well-established and supportive administrative structure in which the key institutions of CfCSD and the Government Office for Cooperation with NGOs are being assisted efficiently with expert help by the *2005 Civil Society Development* framework contract. Insufficient administrative capacity in the PIU has been more than compensated for by committed personnel and recruitment will take place shortly to bring the unit up to full strength. The evaluation report predicts that, in view of past experience and the sound institutional framework, it is likely that planned results for the Civil Society subsector will be effectively achieved.

Nevertheless, according to this evaluation report, the interventions in the Civil Society subsector face challenges in effectively achieving all of their expected intermediate and global impacts. These include low levels of public involvement of Croatian civil society in comparison with some other countries and potentially problematic access to future pre-accession funds and structural funds. Although the performance of Croatian CSOs and supporting institutional frameworks are seen as sound, the experience of many smaller CSOs in new member states suggests that EU accession can result in adverse effects unless these CSOs are able to cope with a new funding situation.

The continued pre-accession funding support for civil society development, provided through IPA and a strong institutional frame-

work together with a clear political commitment that is expected to last at least for the next few years provide a sound basis for sustainability of the subsector. However, the sustainability of individual NGOs is still often fragile and not secured. The major threat to long-term sustainability lies in the effect of the withdrawal of foreign donors' funding with accession coming closer. Consequently, ways for building capacity and safeguarding CSO development in a post-accession environment need to be identified

The two major lessons learned for ensuring the impact of future assistance to CSOs, with focus on their policy advocacy capacities, are the following:

- At the strategic level, the major threat to the sustainability of the civil society sector, policy advocacy CSOs in particular, is the withdrawal of the foreign donors' funding, which should be addressed by continued support through IPA and an additional government grant fund. The priorities for targeted support are network building on regional, national or sectoral levels; and projects supporting the development of NGO networks or platforms for specific sectors, which currently face organizational challenges (i.e., Roma, environment, social, and consumer protection).
- At the operational level, the main challenges faced by the interventions in the civil society sector through PHARE 2006 and consequent IPA support related to a low level of public involvement in advocacy initiatives, and potential limited access to future pre-accession and structural funds, especially for smaller CSOs. In that respect, the interim evaluation recommends more proactive publicizing of the pre-accession grant schemes on part of the Government Office for Cooperation with NGOs and the National Foundation for Civil Society Development, clearer guidance to potential applicants, the launching of public

awareness raising campaigns on active citizenship and stronger involvement of the local government and the business sector.

d. Lessons Learned For IPA Programming

It is important to note that the key lessons learned and recommendations of the two evaluations of the most recent EU programs targeting Croatian CSOs have been taken into account in the design of the civil society project in the scope of the first component of IPA 2008. It is expected to provide additional funding for enhancing the policy monitoring capacities of Croatian CSOs, focusing on issues of anti-corruption, transparency and service orientation of the public administration, anti-discrimination and human rights and environmental protection and sustainable development.

The project design has been based on the sectoral analysis jointly prepared by the Council for Civil society development and the Government Office for Cooperation with NGOs, putting a strong emphasis on enhancing the capacities of Croatian CSOs to engage structured dialogue and monitoring and the implementation of the accession process and particular reforms. The sectoral analysis highlights the necessity of the provision of targeted financial and technical assistance to civil society organizations, networks and coalitions undertaking policy research and advocacy in the above-mentioned policy areas. Namely, despite their demonstrated commitment, policy advocacy-oriented CSOs have limited internal and external resources available for continuous, high-quality policy research, while their monitoring practices have mostly been organized ad-hoc, in relation to some particularly critical issues and legislative initiatives. Hence, the project design of IPA has addressed the following three capacity-building priorities:

- The capacity building of CSOs in policy research may involve the creation of partnerships between CSOs, domestic academic

institutions and the few policy institutes, and stronger transfer of expertise from respective organizations in the EU countries.

- Systematic, expertise-based independent oversight of the reform processes, backed up by effective communication with citizens, needs to be developed, both at the level of individual CSOs as well as, most importantly, at the level of issue-focused networks and coalitions.
- Strong focus would need to be put on expanding the scope and strengthening the governance structures of issue-focused networks and coalitions at the national, regional and EU level, which are crucial for the effectiveness of policy advocacy initiatives undertaken by Croatian CSOs in the pre-accession process.

In order to ensure more adequate outreach to a greater number of CSOs in different parts of Croatia, both at the regional and local levels, the proposed grant schemes will provide grants of different size, while partnerships and networks (ensuring spill-over of resources and know-how to a greater number of CSOs and other partner organizations) will be particularly encouraged.

The proposed project envisions responsive and intense TA provision to project applicants as well as beneficiaries, including the stage of project design, as well as thorough and structured monitoring of project results, both at the level of individual beneficiaries and the subsector of advocacy-oriented CSO, focusing on good governance, democratization, anti-discrimination, environmental protection and sustainable development. In that respect, the Government Office for Cooperation with NGOs is committed to ensure complementary resources for ensuring that IPA investment makes a real, positive and lasting difference for Croatian CSOs as long-term policy advocates – competent, effective and financially sustainable, both in the national and European policy arenas.

V. Review of the Swedish Government Support to Croatian CSOs

The following is the review of the bilateral assistance provided by the Swedish government to Croatian civil society organizations, with focus on the key lessons learned, identified in the final independent report from August 2007, prepared for Swedish International Development Agency (SIDA)³⁴, as a reflection on the last three years of support to CSOs, in the scope of the Country Strategy for co-operation with Croatia, running from September 2004 – December 2006. The Country Strategy document 2004–2006 and the country reports for the year 2006 and 2007 have also been used for the purpose of this review³⁵.

a. Overview of Swedish Government Assistance to Croatian Civil Society

The co-operation between Swedish and Croatian civil society organizations (CSO) was initiated at a time when Croatia was still plagued by armed conflict and the path towards democracy was far from certain. Between 1994 and 2006, 66 Croatian CSOs received a support of 100 million SEK (approx. 11 million EUR) through four Swedish organizations. SIDA considers the support to the state sector and to the civil society as complementary. Objectives, including peace, democracy, human rights and gender equality, have since 2001 been established in the two Swedish co-operation country strategies

³⁴ Final Report – SIDA Financed Co-operation with Civil Society in Croatia – Lessons and Experiences, prepared for SIDA by Lennart Peck, Boman&Peck, August 2007 (distributed to all participants in this assessment, available thanks to courtesy of Suzana Kunac, B.a.B.e.) The final report has been based on the Round Table discussions with 20 Croatian CSOs held in May 2007, a questionnaire that the participants answered prior to the meeting, interviews and a review of various reports.

³⁵ Strategy for Sweden's development cooperation with Croatia 2004–2006, SIDA Country Report Croatia 2007, SIDA Country Report Croatia 2007, available by country search at www.sida.se

(2001–2003 and 2004–2006). In connection with the first country strategy in 2001, Sweden also began to support institutional capacity building in various sectors to help the country comply with EU norms. In recent years, total support to institutional capacity building and civil society development in Croatia has amounted to approximately 6.5 million EUR).

In the scope of the last country strategy 2004–2006, the assistance to civil society was reduced and gradually phased-out, based on the assessment of the consolidation of Croatian democracy and the priority of enhancing national and local institutional capacities for carrying out necessary reforms for the accession to the EU and Croatia's integration into European cooperative structures.

Swedish development cooperation with Croatia for the period 2004–2006 was primarily focused on the following areas:

- Democracy and good governance
- Respect for human rights
- Gender equality
- Economic growth
- Sustainable use of natural resources and environmental concern
- Social development and security.

In that scope, Swedish government support to CSOs focused on those initiatives enhancing citizens' engagement in the reform processes in Croatia, initiatives that promote human rights and the building and deepening of a culture of democracy, while gender equality, sustainable use of natural resources and environmental consideration are being integrated into all parts of the Cooperation.

Overall cooperation with Croatia is currently being phased-out with an expected conclusion in 2009. In 2007, approximately 15 projects were implemented including Croatia's share of regional projects amounting to 4.7 million EUR. Complementary support to EU integration continues to be a key strategic priority for Swedish support to Croatia, within the framework of projects related to major reform areas such as public administration, land reform/agriculture and the social sector. From 2007 onwards, Croatian CSOs are primarily financed indirectly, in the scope of reform projects, i.e. through the Social Innovations Fund of the Social Welfare Reform Project (co-financed with the World Bank) and the "*Supervision of foster parents*". In addition, CSOs' cross-border cooperation was funded by the Swedish government through the East-West Institute project "*Border cooperation in South Adriatic*", involving cooperation between Croatia (Dubrovnik), Bosnia and Herzegovina (Trebinje) and Montenegro (Kotor Bay area), which has encountered difficulties in implementation, due to a lack of openness to cross-border cooperation on party of Croatian municipalities, due to legacies of war. The allocation in the 2008 Country Plan is 2.2 million EUR (for approximately nine projects, including Croatia's share of regional projects) 2009 will be the final year of cooperation with two remaining projects.

In the period 1994–2006, the co-operation with Croatian civil society organizations was financed by SIDA's department for Eastern and Central Europe/Division for South Eastern Europe, through four Swedish CSOs: Kvinna till Kvinna, Olof Palme International Center, Swedish Helsinki Committee and PRONI. These organizations established contact with Croatian CSOs at the same time as the Swedish government looked for ways of assisting Croatia. Recognizing the capacity of the Swedish organizations and the potential in their co-operation, SIDA decided to grant a financial support, ini-

tially by separate financing decision for each project and since 1998, by means of annual funding allocations for their co-operation with the Western Balkan. The Swedish organizations in their turn channeled funding and other support to local CSOs.

Within the broader limits established by SIDA, the Swedish organizations, referred to as “framework organizations”, have been largely free to develop their programmes. Although the co-operation has been financed by SIDA with a view to implement the co-operation strategy, the Swedish framework organizations and their local partners have seen it as *their* co-operation. The strategies of the Swedish organizations have been based on their own mandates and objectives as well as by their assessments of the situation in Croatia, including inputs from their Croatian counterparts.

The Croatian CSOs that have received support from SIDA over the past decade have pointed out at many advantages of channeling funds through a Swedish intermediary CSO. The Swedish organizations are said to have a good understanding of subjects and problems that facilitates dialogue and enables a better selection of beneficiary organizations. There is a better understanding between organizations working with similar ideologies and with similar issues. For example, some of the Kvinna till Kvinna supported organizations stress the value of working with an organization sharing the same feminist values. Apart from channeling money, the Swedish organizations may often contribute with a professional input, networks and contacts. Their local presence and accessibility is also appreciated. In SIDA's perspective, the arrangement is functional for supporting smaller organizations, as it does not have the capacity to distribute and follow-up a large number of small grants.

Kvinna till Kvinna initially offered humanitarian assistance, including psychosocial and material support to women affected by the

war. The Center for Women War Victims, from which other organizations later emerged, was central in Kvinna till Kvinna's work. Later, Kvinna till Kvinna has focused on women's empowerment and strengthening of the women's movement. To this end, it has supported a variety of women's organizations deemed strategic, both organizations offering services (training, legal aid, shelter etc.) and organizations working with research, advocacy and awareness raising. A central element in Kvinna till Kvinna's strategy has also been to link women's empowerment to peace building.

The Swedish Helsinki Committee initially started working with its sister organization, the Croatian Helsinki Committee and its field offices. Activities included documentation of war crimes, giving assistance to refugees and training in democracy. During the late 1990's, the Swedish Helsinki Committee also gave a substantial support to free media, including newspapers, magazines, radio and publishing companies. As the situation of the media improved, this support was phased-out. In recent years, the support was mainly directed to organizations working with returnees and reconciliation.

Olof Palme International Centre originally supported organizations of the so-called anti-war network. Eventually, the focus shifted to democratization of the post-war Croatia, free media, women and minority rights and reconciliation. The strategy of the Palme Center has been to strategically select organizations in a variety of areas to promote peace, democracy and human rights.

b. Lessons Learned for Responsible Phasing-out of International Assistance

The Swedish experience is relevant to devising sound and responsible phasing-out strategies, which take into account the risks related to sustainability of their local long-term partners.

The final report on SIDA's support to Croatian CSOs stresses the utmost importance of organizational capacity building that takes place *throughout* the entire co-operation, since investments made in human resources, organization, programme development, networks etc. is what ultimately determines how the organizations will manage without external support. The report also stresses the importance of further development of linkages between the Croatian civil society and the government, both in terms of the government assuming responsibilities that were previously provided by internationally funded CSOs and in terms of enhanced institutional framework for co-operation with CSOs in the provision of various public services, as well as inclusive policy-making.

The fundamental question faced by every international donor is how to assess the right moment to withdraw. As suggested in the final report, one aspect is the sustainability of the organizations and programmes. Another aspect is whether the support is still relevant and justified with consideration to the situation in the country. A third aspect is the needs in other countries where money could be used alternatively. The Swedish government has not had formal exit criteria but made an overall assessment of the situation in Croatia. It did not consider that some CSOs have reached a high degree of sustainability and others not. In addition, it did not make any difference between CSOs working in different areas, some possibly being more relevant for Swedish support. Finally, and as pointed out by several Croatian CSOs, recipients of Swedish aid, at the Round Table on May 30, 2007, civil society is different from the state sector and it is not necessarily so that the phase-out of one should be accompanied by the other. A message from the Croatian CSOs to SIDA and the Swedish government is therefore *to consider issues carefully, and to be selective, when taking a decision to phase-out co-operation.*

The following suggestions on how to carry out responsible phasing-out of international assistance have been formulated in the scope of the final report on the co-operation and support provided to Croatian CSOs and are quoted here as a resource to other international assistance programs still active in Croatia:

- Make a thorough analysis of the situation of the civil society and the effects of an exit. It is important to recall that civil society has its own dynamics and that CSOs working in different areas may require support for a different length of time.
- Consult with the local organizations. These can often give a different picture than official reports and may give valuable suggestions.
- Establish and apply clear exit criteria. These may be developed in consultation with the local CSOs.
- Announce the exit well in advance so that the organizations have a possibility to prepare themselves and seek other sources of financing, and so that rumors and uncertainties are avoided.
- Co-ordinate with other donors in order to reduce the risk of everyone leaving at the same time. The Swedish phase-out must be seen in a broader perspective and consider the financing situation of the civil society as a whole.
- Make a step-wise reduction rather than an abrupt exit from one year to another.
- Offer training in fundraising, including in how to write project proposals, apply for EU funding and develop fundraising strategies.
- Promote networking and contacts between national CSO as well as with organizations in other European countries.
- Facilitate contact with alternative financiers. This can be done, for example by introducing the CSOs to other donors and writing letters of recommendations.

- Use government dialogue to put pressure on the government to allocate financing to civil society. Sweden can also use its voice in the EU to lobby for funding of civil society.
- Explore ways of continuing co-operation in other forms. Using the Croatian organizations as resources in the co-operation with other countries may be one option. Another is to involve CSOs and draw on their experiences in the government-to-government co-operation. This would be to apply new strategies rather than to “phase-out” (Final Report – SIDA’s Cooperation with Croatian CSOs, 2007:21–22).

VI. Review of the Balkan Trust for Democracy³⁶

The Balkan Trust for Democracy (BTD) is a 10-year, 30-million USD grant making initiative that supports democracy, good governance, and Euro-Atlantic integration in Southeastern Europe. This award-winning public-private partnership was created in 2003 by the German Marshall Fund of the United States, USAID, and the Charles Stewart Mott Foundation.

Operating from the German Marshall Fund’s Belgrade office, BTD awards grants in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Montenegro, Romania, and Serbia, including Kosovo. BTD also gives regional grants to organizations promoting the benefits of a pan-Balkan network.

BTD awards funds to indigenous civic groups, NGOs, media, think tanks, governments, and educational institutions in order to strengthen democratic structures in Southeastern Europe. It does this through two principal program areas: Linking Citizens with Government and Regional Cooperation and Collaboration.

³⁶ Based on in-depth review of information and annual reports available at BTD official website www.gmfus.org/balkantrust.

Through its grant making, BTĐ supports a wide range of innovative and creative forms of public outreach, cross-border and regional exchanges, and inter-community dialogue. Preference is given to those proposals designed to increase citizen engagement with government; have an impact on public policy; strengthen leadership skills of individuals and organizations; facilitate cross-border and/or cross-sector cooperation; and allow for the transfer of experience and innovative ideas through a clear communication and dissemination plan.

More than 30 proposals are reviewed monthly, a small number of which receive BTĐ funding. Average grant awards are approximately 20.000 USD (12.700 EUR), while grants generally range from 5.000 USD and 75.000 USD with most grants falling between 15.000 USD and 25.000 USD. BTĐ can support multi-year projects, renewable on an annual basis contingent upon satisfactory interim reports and performance. There are no application deadlines – project proposals are accepted on a rolling basis and grant decisions are made monthly. Final approval is made by a grant making committee or, if over 25,000 USD by the German Marshall Fund's Board of Trustees.

Since 2003, BTĐ has invested more than 10 million USD (6.35 million EUR) into 423 projects across the region, including 2.81 million USD (1.9 million EUR) toward 108 projects in 2007.

Figure 5 BTD Grant making
Expenditure 2004–2006³⁷

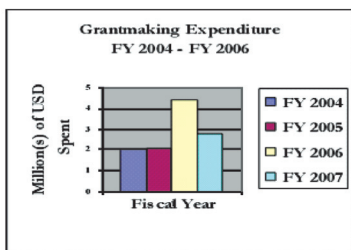
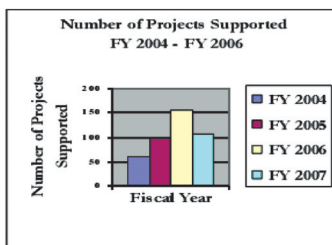


Figure 5 No. Projects Supported
2004–2006

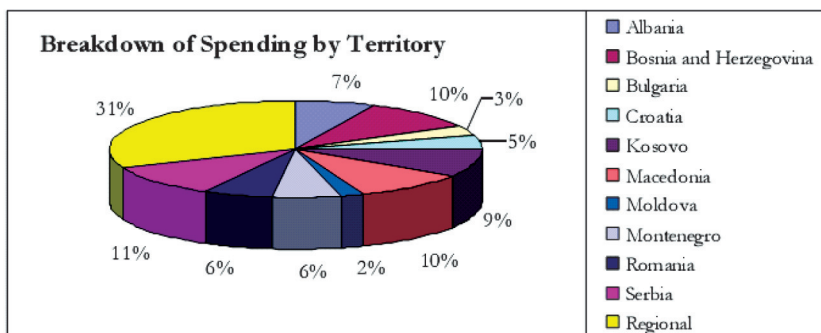


In the fiscal year 2007 BTD majority of 108 grantees were NGOs (63%) followed by think tank organizations (16%), educational organizations (11%), and media (7%) and in a small percentage (1.2%) by governmental and spin-off organizations.

Regarding the geographic breakdown of investment, in FY 2007 less than a third of grant making funds (31%) were reallocated to regional or cross border projects and 69% spread among the ten territories of which only 5% were Croatian grantees. Decision on in-country spending is based on factors such as quality of proposals, demography of the country, compliance with BTD's strategic priorities and donor preferences, particularly regarding supplementary donors. Therefore, as it is stated in BTD's annual report for FY 2007, due to fact that USAID is closing offices in Croatia and the next fiscal year BTD will be investing more in Croatia. In FY 2007, funding mechanisms were considered sufficient to cover grant making in Croatia, the Western Balkan country furthest along its EU accession process, and thus BTD grant making was smaller.

³⁷ Source: Annual Narrative and Fiscal Reports: Fiscal Year ending May 31, 2007, The Balkan Trust for Democracy: A Project of the German Marshall Fund of the United States, page 14.

Figure 7 BDT Spending in 2007 by Territory³⁸



BTD's two principal programs are:

- **Linking Citizens with Government**, which provides grants to local and national organizations that work to improve citizen engagement with government; that encourage participatory decision-making and problem-solving; and that promote active citizenship, political reform, civic education, monitoring of government performance, and other creative and effective projects related to democratic consolidation.
- **Cooperation and Collaboration**, which fits the criteria above, and aims to foster increased cooperation within countries, across borders, and regional-wide efforts to share best practices, address common problems of democratic development, and build networks among governments, NGOs, civic initiatives, and other institutions working to improve cooperation throughout the Balkans.

In 2007 BTD awarded 1.67 million USD (1.13 million EUR) to support a total of 74 projects seeking to link citizens with gov-

³⁸ Ibid, 20

ernment, and 1.13 million USD (0.76 million EUR) to 35 projects fostering cooperation and collaboration, maintaining the majority of projects falling in the former category.

The 2007 year was a pilot year of a BTDD's new monitoring and evaluation strategy and 54 supported projects that could be completed during the timeframe of the monitoring and evaluation were evaluated and included in the BTDD's impact analysis that was presented in BTDD's annual report for 2007. The following table summarizes indicators of BTDD's performance and impact made through funded projects included in the analysis presented in the 2007 annual report (ibid. 5–10).

Results	Indicators-activities
Bringing Government Closer to Citizens	78 percent of all projects included direct government participation. In one instance the presidents of Bosnia and Herzegovina, Croatia, and Serbia and Montenegro were part of the project. Particularly notable are projects that bring citizens together with local government representatives to solve problems jointly.
Creating Sustainable Links	8 mechanisms – sustainable bodies that link citizens with government and each other, including forums, community centers, and municipal boards were established. 3 citizens' bodies outside capital were created in Croatia. BTDD has funded an additional 2 projects with the same goals to engage citizens with their local governments through these mechanisms in Croatia in FY 2007. Case of Croatian GONG is an example of good practice.
Influencing Policy	55 percent of supported projects produced policy recommendations that were delivered to governments in every country/territory in which BTDD works.
Getting the Message to the Public	85 percent of projects included outreach components to inform the public about their activities and 89 percent of projects received media coverage

Results	Indicators-activities
Developing tomorrow's leaders	11 projects involving more than 1.100 participants were aimed at leadership development. 8 projects specifically targeted young people (aged 18–30) and trained 750 potential leaders. These youth leadership training programs resulted in a network and 4 of them were cross-border/ inter-ethnic projects, making the established networks especially important.
Overcoming Differences	The bulk of the projects (72 percent) included participants of different ethnicities, coinciding with one of BTD's major goals: reconciliation. Inter-ethnic cooperation, creating sustainable network
Increasing the Participation of Women in Social and Political Processes	5 projects directly targeted women, training women leaders, fostering network of women different ethnicities and organizing public and advocacy campaigns to increase political participation of women.
Integrating Roma	13 percent of projects included Roma participation, especially significant during the Decade of Roma Inclusion in Central and Southeastern Europe. 2 projects specifically targeted Roma populations
Working Together to Protect the Environment	3 projects, all outside capitals, gathered over 3.500 individuals from various groups. Realizing the immediacy of environmental problems within their communities, they collectively tackled these issues of shared concern.

Due to its high responsiveness to CSOs' immediate programming needs, reflected in a variety of grant sizes, simple application procedure and selections on a rolling basis, the Balkan Trust for Democracy has a potential of becoming an international funding source of choice for Croatian advocacy-oriented and community-based CSOs which are interested in ensuring relative independence from government funding. These CSOs need to ensure matching sources to EU funds and consider it their responsibility to remain flexible

and responsive to the burning social and political issues, which cannot be predicted when planning large multi-year projects.

VII. Review of Mott Foundation's Support to Croatian CSOs, 2004–2007³⁹

Charles Stewart Mott Foundation is a private, U.S. based foundation, active globally, with significant investments made in Central/Eastern Europe and Russia since 1990, where the focus is on fostering societies in which people and communities respect each other's rights and engage effectively in decision making to influence policies and processes that shape their lives at the local, national and/or international levels. Within the subprogram Central/Eastern Europe and Russia, a special fund for the Western Balkans countries has been set-up, with primary focus on Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, and Serbia. The fund is also exploring programming that addresses cross-cutting issues in this region. Within that fund, Croatian organizations are eligible for support within its Civil Society Program. This program is established with the mission of supporting efforts to assist in democratic institution building, strengthen communities, promote equitable access to resources, and ensure respect of rights and diversity. It should also be stressed that the Mott Foundation is one of the co-founders of the Balkan Trust for Democracy.

The program for the Western Balkan countries is based on the believing that it is critical to strengthen the democracies of the region from the grassroots, to build on the positive developments in recent years, and to support civic leadership locally and nationally.

³⁹ Based on information and a database of grantees available at the official website of the Mott Foundation www.mott.org as well as first-hand knowledge of the donor's grantmaking procedures.

This means helping people to reconnect to their communities and societies and to participate effectively and constructively in decisions and changes affecting their lives. Moreover, the Mott Foundation seeks to support constructive approaches to dealing with the recent past, particularly focusing on truth-telling, justice and accountability.

More specifically, within the Western Balkan program the Mott Foundation supports:

- Nonprofits that facilitate people's participation in self-help initiatives and local decision-making processes, disseminate good practices, influence local and national public policy development, and develop mechanisms to leverage funding for the benefit of local communities.
- Indigenous grant makers in developing their capacity to strengthen local community development and public participation.
- Networks and coalitions of non-governmental organizations (NGOs) that share common interests and are working to influence decision-making and policy development on important issues by involving people and drawing on local experiences.
- Nonprofits and institutions that encourage an inclusive and constructive process of coming to terms with the past in order to strengthen democratic participation and improve inter-ethnic community relations in the future.
- Informed dialogue among nonprofits, community groups and policymakers about good practices – from within the region and abroad – for confronting and dealing with the past.
- Nonprofits and networks that work to improve cross-border and inter-ethnic community cooperation in the region.

Based on public information on individual grants supported in Croatia, it can be estimated that in the period 2004–2007 the Mott

Foundation has donated around 1.14 million EURO to 16 different organizations active in Croatia, including 13 CSOs, National Foundation for Civil Society development, two international NGOs with long-standing presence in the region (directly supporting and re-granting to grassroots community development and dealing with the past initiatives), and a consultancy company undertaking two collaborative, non-profit action research projects on community development and corporate social responsibility.

Grants mostly range from 18 to 24 months, with possibility of at least one renewal cycle. Hence, the average amount donated per organization is around 71.000 EUR, over two to four year period. The great majority of grants are categorized as general purpose grants, based on the submitted strategic plans, while others are either grants for multi-year programs or, in exceptional cases, for specific projects considered of broader benefit to knowledge-sharing or resource mobilization at the level of subsectors (e.g. strengthening local foundations, action research, development of institutional partnerships).

The Mott Foundation is known for its long-term perspective and interest in supporting the institutional capacities and entire programs of its carefully selected grantees, as opposed to narrowly defined projects, in order to contribute to their sustained community mobilization and democratization efforts. In addition, the Mott Foundation is continuously monitoring the national and regional philanthropic trends and contributing to the locally driven opportunities to create new, politically independent and community-focused sources of funding.

Its interest in the sustainability of community-based organizing is reflected in multi-year support to resource organizations that have demonstrated commitment and expertise in supporting organizational development of grassroots initiatives. The Mott Foundation has also in several cases in Croatia shown readiness to „take risk“,

i.e. to provide initial institutional support to new organizations, in cases when there is demonstrated commitment and clear, convincing strategy in place to catalyze and foster important social change, i.e. catalyzing the process of dealing with the war past. For all of these reasons, the Foundation is often viewed as a true source of support and encouragement by its long-term grantees.

VIII. Review of Open Society Institute's Support to Croatia, 2004–2007⁴⁰

a. Overview of Funding Sources and Level of Investments 2004–2006

Open Society Institute has been one of the most important funders of pro-democratic and reform oriented CSOs since early 1990's in Croatia and the entire Central and Eastern Europe. In the period of 2004–2006 Croatian organizations and their activities were funded through the Croatian Open Society Institute. In addition, Croatian organizations were directly applying to OSI Funding programs that were administered by central offices in New York, Budapest and London.

Overall amount of grants that CSOs were receiving through Croatian OSI office were varying from around 1 million USD in 2004, 1.5 million USD in 2005 to 400.000 USD in 2006. In 2004 other Soros Network organizations made grants in Croatia totaling 1.035.658 USD. In 2005, with preparation for the closure of Croatian OSI, this amount was increased to 1.167.624 USD and in 2006 to 1.816.569 USD.

⁴⁰ Based on the review of information and annual reports available at the central official website of the Open Society Institute and the Soros Foundations Network, www.soros.org

In 2006 the OSI office in Croatia was closed without additional funding opportunities through that decentralized channel. In 2007 Croatian CSOs were receiving OSI support in significantly smaller amounts than in the periods before 2006 and it was only through direct application on Soros programs such as programs in Education, Public Health and Human Rights. Nevertheless, it is important to mention that there is significant amount of funds that Croatian organizations received directly applying to mentioned programs.

Table 6

Year 2004⁴¹

OSI Croatia	Direct OSI funds	Overall OSI Network programs
OPEN SOCIETY INSTITUTE-CROATIA	Other Soros-supported organizations made grants in Croatia totaling \$1.035.658, principally in Education, Law, and Economic Reform; these grants are not included above.	<p>NETWORK PROGRAMS</p> <p>Arts and Culture Network Program \$502.000</p> <p>Children and Youth Programs 8.741.000</p> <p>East East Program 3.219.000</p> <p>Economic and Business Development Program 4.774.000</p> <p>Education Support Program 3.490.000</p> <p>English Language Program 799.000</p> <p>EU Monitoring and Advocacy Program 1.106.000</p> <p>Information Program 11.427.000</p> <p>International Policy Fellowships 977.000</p> <p>International Higher Education Support Program 15.432.000</p> <p>Local Government and Public Service Reform Initiative 7.620.000</p> <p>Media Program 9.424.000</p> <p>Open Society Justice Initiative 13.162.000</p> <p>Public Health Program 16.323.000</p> <p>Roma Participation Program 2.125.000</p> <p>Scholarship Programs* 16.511.000</p> <p>Women's Program 5.252.000</p> <p>TOTAL NETWORK PROGRAMS \$120.885.000</p>
2004 Expenditures \$1.088.000		
Civil Society 91.000		
Culture 5.000		
East East 48.000		
Economic Reform 192.000		
Education 269.000		
Information 144.000		
Law 8.000		
Public Health 66.000		
Women's Programs 68.000		
Youth Programs 10.000		
Administration \$187.000		

⁴¹ Source: Soros Foundations Network 2004 Annual Report

Table 7

Year 2005⁴²

OSI Croatia		Direct OSI funds	Overall OSI Network programs	
OPEN SOCIETY INSTITUTE-CROATIA		Other Soros-supported organizations made grants in Croatia totaling \$1.167.624, principally in Education, Public Administration and Human Rights; these grants are not included in the table for Croatian OSI.	NETWORK PROGRAMS	
2005 Expenditures	\$1,504,000		Arts and Culture Network Praogram	\$882,000
Civil Society	519,000		Children and Youth Programs	9,418,000
East East	89,000		East East; Partnership Beyond Borders	3,593,000
Economic Reform	157,000		Economic and Business Development Program	3,854,000
Education	34,000		EU Monitoring and Advocacy Program	257,000
Law	146,000		Information Program	1,321,000
Public Health	98,000		Education Support Program	6,672,000
Roma	274,000		Institute for education policy	3,408,000
Women's Programs	1,000		International Policy Fellowships	1,403,000
Other Programs	2,000		International Higher Education Support Program	27,449,000
Administration	\$184,000		Local Government and Public Service Reform Initiative	8,087,000
			Media Program	8,610,000
			Open Society Justice Initiative	11,222,000
			Public Health Program	21,022,000
			Roma Participation Program	4,712,000
			Scholarship Programs	11,207,000
			Women's Program	5,059,000
			Total Network Programs	\$128,176,000

Table 8

Year 2006⁴³

OSI Croatia		Direct OSI funds	Overall OSI Network programs	
OPEN SOCIETY INSTITUTE-CROATIA		Other Soros-supported organizations made grants in Croatia totaling \$1.816.569, principally in Education, Public Health and Human Rights; these grants are not included above	NETWORK PROGRAMS	
2006 Expenditures	\$395.000		Arts and Culture Network Program	\$1.289.000
Civil Society	89.000		Children and Youth Programs	7.645.000
East East	19.000		East East; Partnership Beyond Borders	4.376.000
Roma	16.000		Economic and Business Development Program	1.311.000
Other Programs	50.000		EU Monitoring and Advocacy Program	1.262.000
Administration	221.000		Information Program	5.661.000
			Education Support Program	2.904.000
			International Policy Fellowships	1.506.000
			International Higher Education Support Program	17.075.000
			Local Government Initiative	8.279.000
			Media Program	10.979.000
			Open Society Justice Initiative	11.347.000
			Public Health Program	23.231.000
			Roma Participation Program	5.568.000
			Scholarship Programs	18.454.000
			Women's Program	4.640.000
			Total Network Program	\$125.527.000

⁴² Source: Soros Foundations Network 2005 Annual Report⁴³ Source: Soros Foundations Network 2006 Annual Report

b. OSI Programs of Special Relevance to Croatian CSOs

In light of the critical issues related to the need for enhancing the capacities of the Croatian CSOs for taking active role in the accession process and its aftermath, both as watchdogs and partners in the implementation of key reform processes, the following two SOROS Foundations Network Programs are presented in greater detail, as they present particular valuable opportunities to Croatian CSOs to enhance their intellectual and social capital, as well as diversify their funding base. The East-East: Partnership Without Borders Program is a highly responsive instrument for networking at the regional and Europe-wide levels, from which many Croatian CSOs have already benefited. The Think-tank Fund is a valuable, yet untapped resource for Croatian CSOs, aware of the need to enhance their policy research skills and policy advocacy partnerships, instrumental for sustained and effective monitoring of policy reforms.

The East-East: Partnership Beyond Borders Program

The program is implemented by the by the Open Society Foundation in London (a registered UK charity), in partnership with Soros foundations in countries included in the Program and it does not accept applications centrally. Hence, since 2007 Croatian organizations are participating in the Program as partners or as organizers. The program supports international exchanges that bring together civil society actors to share ideas, information, knowledge, experiences, and expertise and to support practical actions that result from that networking. It provides financial and human resources that enable civil society actors to build and/or strengthen resources and expertise; share best practices/lessons learned in social transformation; collaborate on innovative solutions to common challenges; create and/or strengthen international advocacy coalitions.

In 2005, when the program was administered by the Open Society Institute–Croatia, the Croatian organizations were the organizers of the project more frequently as was the case with Forum for Freedom in Education, Zagreb; FACTUM Documentary Film Project; Institute for International Relations, Zagreb; Department of Cultural Studies, Faculty of Philosophy, Rijeka; Croatian Association for HIV (CAHIV), Zagreb; Faculty of Political Science Students' Association Zoon politikoN and TOD-Association for Research of Transition to Democracy, Zagreb.

Since 2006, after closure of the Open Society Fund-Office in Croatia, Croatian organizations are participating in the Program primarily as partners while organizers are coming from Bosnia and Herzegovina, Macedonia or Serbia where OSI Foundations are still operating. Among around 200 projects that are implemented yearly Croatian organizations are participating in around 5% of them.

In 2005 the East-East Program launched a **Subprogram for European Integration**, also open to Croatian applicants. This subprogram is prioritizing cooperation among new EU member states, candidate and potential candidate countries, and the EU eastern neighbors. Specifically, it seeks to leverage and maximize EU accession experiences in Central Europe to future EU member countries and EU eastern neighbors. The subprogram seeks to discover and inspire the new vision and energy required to address civil society collaboration among new EU member states, future member states, and the EU eastern neighborhood.

The Think Tank Fund of the Open Society Institute

The Think Tank Fund aims to support independent policy centers that strengthen democratic processes in their countries by identifying and analyzing policy options, consulting with the government and advocating their recommendations, involving stakeholders out-

side government circles in policy debates, and making their findings widely available to the public. Originally an integral part of the Human Rights and Governance Grants Program, since 2005, the Fund has evolved into an independent grant-making program. Gradually expanding its geographical scope over the last two years, the Fund has reached a consolidated portfolio of more than 30 grantees in some 15 countries over the last two years. Although Croatia is a targeted country of the Fund, there was *no Croatian grantee in the Program* although other countries from the region (Bosnia and Herzegovina, Albania, Macedonia, Serbia) had their representatives within the program. As the Fund is potentially important funding resource for Croatian think tank following text contains description of its structure, granting procedures and state gig plans.

As stated in the *Strategy for the Think Tank Fund 2008–2010*, in the coming period, The Think Tank Fund will place greater emphasis on the development of institutions, capacity building for policy research and analysis, and the exchange of experiences good practices among the groups it supports. The Think Tank Fund is set on a steady growth path, expecting to reach 40-odd grantees by the end of 2008 in all target countries. Given the limits in financial and human resources, the Fund's portfolio is expected to stabilize around this number in the current region. Once this point is reached, the Fund will be a leader in providing core funding to think tanks in non-EU member states. The Fund's potential for expansion could be realized either through support to think tanks in new regions or by adding new types of support in the existing region. These ambitious goals will be matched with internal development of staff and their competencies. Finally, the Fund would need to secure sufficient human resources to keep the high quality working standards.

The granting procedure is functioning without deadlines for the submission of proposals, but interested organizations are invited to

contact the Fund for more information prior to submitting projects applications. Proposals and budgets should ideally cover a 2–3 year period. While the fund does not pre-set funding ceilings, it expects applicant organizations to demonstrate funding from other donors. It typically takes about three months to complete the application review process and deliver a decision.

The Think Tank Fund has developed a strong set of partner institutions over the last two years in the areas in which it is active. In their respective fields, these groups are leading policy debates within their own countries as well as throughout the region. With this network of strong institutional partners, the Think Tank Fund is well placed to complement and expand other policy collaboration initiatives, such as OSI's Local Governance and Public Reform Initiative (LGI), Policy Association for Open Society (PASOS), the Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPAcee) and the informal network of think tanks supported by the European Stability Initiative.

IX. Conclusion

Over the past two decades, international funding has had a significant impact on the configuration and consolidation of the Croatian civil society, especially the sub-sectors and initiatives that are oriented towards community development, environmental protection, democratization and human rights. In the meantime, a domestic institutional framework for cooperation with the non-profit, non-governmental sector has consolidated and taken up the role of the primary source of funding and technical assistance to a wide range of CSOs. Even though it is no longer central, international funding remains to be instrumental for the sustainability of the important sub-sector of advocacy-oriented CSOs, focusing on issues of de-

mocratization, human rights, environmental protection, peacebuilding, youth and community development – exactly those subsectors that are currently underfunded by the state, regional and local budgets. International funding has also remained an important source of support, and often, design, of innovative non-institutional social services, provided by civil society organizations to a broad range of beneficiary groups.

The changed configuration of the international funding in Croatia and the broader CEE region – as the US and other bilateral donors withdraw, while EU pre-accession programs proliferate – makes the sources less diversified and increasingly focused on larger CSOs with the potential to act as regional or national leaders. For this reason, the continued presence or even arrival of new private international donors is now more important than before, as it can compensate for the still underdeveloped domestic philanthropy, both corporate and individual. The following are some of the preliminary lessons learned stemming from the review of major international funding programs active in Croatia over the past four years, which may prove useful for further discussions about the creation of a sustainable, conducive environment for civil society development in Croatia, as a vital component of a mature democracy, competent to act as a member of the European Union.

Strive for complementarities, mutual reinforcement and coordination – In the current Croatian context, the effectiveness of international funding is primarily contingent on the recognition of a specific value that it can add in respect to the gaps, areas requiring innovation and further investment, which are not or cannot only be covered by the dominant domestic source, i.e. the government support structure (combining national and regional budgetary sources). The DECIM initiative, a joint European Union and World Bank program, launched in 2007, implemented by agencies active in the

development of civil society, opens a new space for donor coordination. The three pillars of DECIM are information, exchange and coordination, and it is founded on the principles of transparency, information sharing and the search for effective synergy between participating agencies. The Government Office for Cooperation with NGOs coordinates DECIM's consultations regarding Croatia and it is important that they remain open to all international donors interested in supporting Croatian civil society, as well as to domestic private donors, interested in enhancing their donor strategies and establishing co-operation with international counterparts.

Ensuring continued international donor support for watchdog activities – The central theme of this report is the vital role that the international funding continues to play in providing support to the Croatian advocacy-oriented CSOs, focusing on a wide range of issues of public and political concern, especially in the EU accession context (anti-corruption, human rights, consumer protection, environment etc.). By their nature, these CSOs should not depend on the funding of the government that they aim to monitor and, when necessary, challenge, by democratic means. The complexity of advocacy work makes these CSOs in the greatest need of professionalization and acquisition of advanced skills, such as policy analysis, coalition building, community mobilization, effective public relations and international networking. As it cannot be expected that the domestic philanthropy will grow at an adequate pace to become the primary source of funding for Croatian watchdog organizations over the next decade, this important sub-sector of civil society may only consolidate if significant funding is provided by international donors, including institutional and capacity-building support.

The challenge of non-institutional service provision – The long-term impact of the international funding for CSOs as social service providers is uncertain at present. Namely, it is highly contingent on

the overall pace of the social policy reform and the development of a specific institutional framework for the classification, standardization and sub-contracting of non-institutional social services, provided by non-state actors. The issue of NGOs as service providers to public services is also identified in the National Strategy for the Creation of an Enabling Environment for Civil Society Development – this has yet to be translated into concrete government measures along the lines outlined in the Strategy's action plan. Due to the current institutional implementation deficit, support to social service-oriented CSOs has been excluded from national priorities for the sector with no follow-up planned under Phare 2006 or IPA. Nevertheless, there is a need for continued focus on this important development challenge, in the context of DECIM and specialized donor networks, where the World Bank and UNDP probably need to play the key role of sharing the lessons learned from their social policy reform programs with the Croatian government and other donors, especially the EU.

Croatia as an international development agent – As Croatian socio-economic development and democracy mature, it is expected that Croatia takes up its share of responsibility for regional and international development efforts, as a donor country, both in terms of international funding programs and transfer of its own expertise. The latter is particularly valuable in respect to the post-conflict social reconstruction and state building. In that respect, the accumulated experience and already established networks of Croatian CSOs with their counterparts in the Balkans are a precious development resource. The international donor community can play an important role in supporting the Croatian government's efforts to establish a responsive, transparent and efficient institutional mechanism for international development, which would strongly rely on partnerships with the non-profit sector.

Furthering capacity building – The past international and Croatian government investments in the development of a decentralized support structure for organizational strengthening of Croatian CSOs has resulted in a network of regional support programs and a cluster of specialized CSOs and consultancies, which are financed both directly, by CSOs seeking their services, as well as by the public funding, especially the National Foundation for Civil Society Development. Budgetary provisions for organizational development and capacity building within the scope of project and program funding, as well as availability of institutional support funding are at this point key for ensuring continued investments made by CSOs themselves into their own organizational learning. In addition, there is a need for ensuring funding for strengthening the exchange of expertise and contacts with the EU counterpart resource organizations and leaders in specific fields of the CSO activity.

Reaching out to regional and community actions – The need for continued investments in CSO capacity-building should also manifest in the donors' efforts to adjust their eligibility and managerial requirements in a way that would enable broader support to regionally and locally active CSOs that possess a vision and social networks, yet may currently lack professional competencies to apply for large-scale or multi-year grants, especially those where English language is a prerequisite. As pointed out in several EU program evaluations, it is important to avoid the trap of adjusting the grant procedures primarily to the capacities of grant managers. The design of grant schemes that are focused on supporting clusters of smaller CSOs, hence stimulating their networking and sharing of managerial responsibilities, may represent a cost-effective approach from both the donor and beneficiaries' perspective. Continued and even increased presence of private international donors whose grant procedures are simpler, grant-making cycles shorter and grant sizes smaller, is also of special value in this respect.

Exit from the country does not equal exit from civil society – As highlighted in the lessons learned from SIDA's support to the Croatian civil society over the past 15 years, the development of civil society is different from that of the state sector and therefore the phasing-out of international donors from the country should not necessarily be accompanied by the phasing-out of their active support to the civil society development. Moreover, direct country-presence and availability of grants is not the only way in which international donors can continue to support the creation of an enabling environment for the Croatian civil society. Bilateral donors, especially governmental aid agencies, could establish direct linkages between NGOs, academic institutions and private donors in their respective countries and the Croatian CSOs and domestic donors. It would also be beneficial if government-to-government exchanges of expertise in managing multisectoral partnerships and development expand. Finally, steady endorsement of the EU member states for continued allocation of pre-accession funding for Croatian civil society development would be most welcome.

