

**Final evaluation of USAID project for Support to
Croatia's Non-Governmental Organizations
(CroNGO)
2001-2007**

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Preface and acknowledgements

The present report represents the effort of a four-person team conducting a final evaluation of the United States Agency for International Development's Support to Croatia Non-governmental Organizations Program (CroNGO), a six-year initiative lasting over the period 2001-2007 and implemented by the Academy for Educational Development (AED), of Washington, DC. The team spent three weeks together for the fieldwork portion of the evaluation, from 20 May to 8 June 2007, with two members later participating in a culminating conference held in Zagreb during 13-15 June.

In any assessment of this nature, the visiting team depends on the project implementer for logistical support, and we are most grateful to AED for allowing us the use of their office and facilities during our assessment. AED staff were unfailingly helpful and accommodating to our needs.

In particular we would like to thank Jennifer Stuart, the CroNGO project director, and Morana Smodlaka Krajnovic, the deputy director, for their support and help during our visit. And at the USAID mission office, Director Bill Jeffers and Democracy and Governance officer Slavica Radosevic were most supportive.

The usual disclaimers apply. Nothing in this report should be construed as representing official USAID policy or the corporate views of AED. And all responsibility for factual accuracy and interpretation belongs solely with the assessment team.

NOTE: The rate of exchange for at least a year running up to and including the time of this assessment was approximately US \$1.00 = 5.5 Croatian Kuna (HRK). We have used this figure where needed in the report.

Acronyms

AED	Academy for Educational Development
B.a.B.e.	Be Active, Be Emancipated
CCI	Center for Civic Initiatives
CEPOR	CEPOR - Small Business Development Policy Center (Centar za politiku razvoja malog i srednjeg poduzetnišva) (an NGO)
CLC	Croatian Law Center
COSA	Central Office for State Administration
CPP	Community Participation Program
CroNGO	Support for Croatia's Non-Governmental Organizations Program
CSR	Corporate social responsibility
DG	Democracy and Governance (sector at USAID)
DIM	DIM - Association for Civic Education and Social Development (Demokratska inicijativa mladih) (an NGO)
ECNL	European Center for Non-profit Law
EU	European Union
GEM	Global Entrepreneurship Monitoring
GoC	Government of Croatia
GONG	(not an acronym – used as NGO's name in capital letters)
HIV/AIDS	Human Immunodeficiency Virus/Auto-immune Deficiency Syndrome
HRK	Hrvatska kuna (basic Croatian currency unit)
MI	Udruga MI (Association MI – the word “mi” means “we” in Croatian)
MP	Member of Parliament
NCCSD	National Council for Civil Society Development
NFCSD	National Foundation for Civil Society Development
NGO	Non-governmental organization
OGI	Organization for Civil Initiatives (Organizacija za gradjanske Inicijative) (an NGO)
OSCE	Organization for Security and Co-operation in Europe
OSI	Open Society Institute (Soros Foundation)
PRONI	Center za socijalno podučavanje (Center for Social Education)
RODA	Parents in Action (Roditelji u akciji) (an NGO)
SDF	Serbian Democratic Forum
SIDA	Swedish International Development Agency
SMART	(not an acronym – used as NGO's name in capital letters)
SME	Small and Medium Enterprise(s)
SOKNO	Quality Assurance System (for NGOs)
SOW	Scope of Work
TIC	Transparency International Croatia
TREF	Trainers Forum
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USG	United States Government
UzU	Ured za Udruge (Office for NGO Cooperation)
ZaMirNET	ForPeaceNet (an NGO)

Executive summary

This report offers a final evaluation of USAID’s Support for Croatia’s Non-Governmental Organizations Program (CroNGO), over its six-year lifetime from inception in December 2001 to termination in September 2007, under the implementation of the Academy for Educational Development (AED). The evaluation has two basic purposes:

- To document changes in NGO sector capacity since 2002 and CroNGO’s contribution thereto; and
- To assess the NGO sector’s prospect for sustainability after CroNGO ends.

In addition, a third purpose is to deduce lessons from CroNGO that could have application elsewhere in other Democracy and Governance (DG) programs sponsored by USAID or other donors.

In retrospect, Croatia in 2001 constituted a “consolidated democracy” in that all serious actors in the system accepted a democratic system as the only acceptable way for doing political business, although the situation at the time surely looked more precarious. As things unfolded, however, the function of DG assistance was not so much to promote democratic innovation as democratic maturation – broadening and deepening the consolidation that had already occurred.

Methodology. Our four-person team spent three weeks during May-June 2007 gathering data, principally from key personnel interviews, project and grantee documents and a brief quantitative analysis. The program was a complex one, especially in its second phase, which featured ten types of grants. We interviewed all major grantees, as well as a sampling of grantees from all but one of the 10 grant categories.

A significant limitation in our evaluation was that – as is almost invariably the case in evaluations of this type – we were unable to obtain a quantifiable fix on changes in the NGO sector over the life of CroNGO, nor were we able to determine with precision CroNGO’s role in bringing about the sectoral changes that we did observe. The time series databases that would be required for such assessments do not exist for Croatia, and attempts at precise attribution become virtually impossible when exogenous factors like economic growth or political changes are taken into account. In other words, the present evaluation is very similar to others in the DG realm.

Our Scope of Work specified six primary questions regarding the NGO sector and several secondary ones. The primary queries dealt with change in advocacy and organizational capacity, the legal framework, support services, financial sustainability, and other donors. The secondary questions addressed partnerships, public image and exogenous factors. Our report follows this order and then moves on to a discussion of findings and lessons, ending with a short section on CroNGO’s legacy.

Primary findings

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 minority quota 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. A second kind of advocacy came in the form of smaller and more local grantees pushing for changes in matters like handicapped access to transportation and municipal assistance to the homeless.

Organizational capacity. CroNGO has enhanced organizational capacity within the NGO community in two principal ways. First, it has strengthened the three major support centers, improving their ability to offer training, consulting, advice and counsel to individual NGOs. Secondly, it has developed 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.

Financial sustainability. Donor phase-outs cause uncertainty and often crisis in the NGO sector, but Croatia has assembled a funding mechanism that can help significantly to avert collapse in the NGO community. Owing in large part to the efforts of a dynamic leader, over the past decade the country has developed a unique three-part governmental structure consisting of a foundation to allocate state funds to NGOs using a process similar to that employed by CroNGO, a council consisting of state and NGO members to monitor government funding to the sector and to advise the government on NGO-related matters, and an office serving as the secretariat to the first two bodies. Local governments also allocate funding to NGOs on the city and county level, though only a few have adopted transparent processes for doing so thus far.

Other state-sponsored sources of NGO funding have yet to gain any real traction. Charitable deductions for businesses are available but not used, and individual tax deductions were never even mentioned. Many NGOs have crafted ways to generate income themselves, ranging from offering training and consulting on a fee-for-service basis to making and selling reusable diapers, but so far such activities yield only a small portion of organizational income in all but a few cases. CroNGO's contribution has come in the form of counseling and advising the three government bodies and sponsoring efforts to promote income generation efforts within the NGO community.

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 a law on volunteerism (passed in May 2007), a law on foundations (expected to pass soon, although it hasn't yet), a law on public benefit organizations (still in process), a code of good practices on government grant-making (promulgated in February 2007) and a code on consultations (anticipated to get introduced to Parliament in fall/winter 2007-08). 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 enabling civil society development accepted by the national government in June 2006.

Support services. 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 and in the process 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 afterward. 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.

Other donors. Among the donors staying on in Croatia, the European Union (EU) is by far the largest, but it evinces little interest in civil society, holding that the sector is already doing well. Other continuing donors like UNDP and Norway profess interest in civil society, but it appears to be a low priority in competition with other concerns. Sweden, presently phasing out, has been supporting civil society but with a strategy different from USAID's in that it has funded fewer Croatian NGOs with longer grants, seeking to build long-term relationships with them. The Mott Foundation has a similar approach and will stay on, but at a lower level.

Secondary findings.

Partnerships. "Partners" and "partnerships" have been a prominent theme in USAID rhetoric since the early 1990s, but it has always been clear that funders are the dominant partner and implementers the junior partner in the relationship, whether the dyad involves USAID and a contractor/cooperator or a contractor/cooperator and a grantee. CroNGO appeared to us to be something of an exception to this rule, having established a level of trust and collaboration most unusual in USAID-sponsored "partnerships" with both grantees and governmental agencies.

Public image. 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 a mostly positive view of NGOs, and by 2005 another poll found 73% in that category. Not surprisingly, NGO visibility appears highly related to organizational capacity and collaboration with the public sector. 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.

Exogenous factors. As with all foreign assistance programs, here too USAID and CroNGO cannot claim complete credit for whatever successes emerge. Other factors are always at work. In Croatia the most important ones during CroNGO's project lifetime have been the changes in government and the political atmosphere after the 2000 election, the European Union admission process with its requirements, previous experience with donor funding drawdowns (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.

Conclusions and lessons

Advocacy.

- 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 should not be seen as the exclusive domain of “advocacy NGOs” to be identified by USAID – it goes on among NGOs of all sorts and should be recognized as such.

Capacity building

- Program continuity. Though it lies at variance with USAID tradition, AED’s nine-year engagement with civil society (CroNGO’s six years plus three more for its predecessor project) 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 widespread use..

Financial sustainability

- Experience reducing anxiety. 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. The first surge-and-decline cycle came in the post-conflict years of the 1990s, followed by a second one centering on the 2000 elections. Thus the NGO community appeared relatively unfazed by what now lies ahead.
- 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. And after recent reforms, monitoring by a national council on which NGOs are well represented appears on course to serve as a model for transparency.
- 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 crafted several initiatives to push the private philanthropy envelope.

Legal environment

- 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 gov-

ernment agencies focusing on laws regarding voluntarism, foundations and the status of public benefit organizations, as well code of good conduct on government grant-making.

Support services

- 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 phaseout now under way, a critical NGO support capability will remain.

Caveats

Along with CroNGO's many achievements come also some concerns about the NGO sector's future. They stem more from the nature of civil society itself and its role in the polity than from what CroNGO has done or not done, but they deserve serious consideration in viewing the road ahead for civil society and Croatia.

- Support for unpopular causes. While enough NGOs in most sectors will survive to ensure sectoral viability, watchdog organizations dealing with areas like human rights, minority practices, and corrupt practices generally face tougher sledding. State funds are hard to obtain for such groups and domestic constituencies are difficult to mobilize. The fate of the watchdogs will be a cause for concern here as in all consolidating democracies.
- Dangers with public funding. Government support for NGOs at national and local level in Croatia has been commendable, but what happens to their autonomy if NGOs become too dependent on the state? At what degree of dependency does an NGO become in effect an appendage of the state rather than an autonomous entity? So far, there are few signs of this happening, but in the future the NGO community will bear a heavy responsibility to see that it does not occur.
- Leadership succession. Founding a successful NGO takes an unusually strong personality, especially in turbulent times like those of the early 1990s in Croatia, when so many of today's leading NGOs began. Some of those early leaders have been replaced, but many continue to head their organizations. If this situation goes on too long, potential successors become discouraged, leave, and NGOs deteriorate. This has yet to happen in Croatia, but it has in many cases elsewhere.
- Preaching good management without enabling it. Like other donors, USAID generally insists that its grants be spent on programming activities rather than operating costs, though sometimes small costs are allowed to support the sponsored program. The effect is that grantees have little chance to implement the management skills they acquire from USAID's often excellent NGO training programs. CroNGO has done better than most donors, but more should be done to help NGOs meet the core costs they must cover to operate effectively.

A further legacy?

Following the Soros Foundation's period of heavy involvement in the 1990s, CroNGO became the principal donor supporting democratization in the present decade. Most of its immediate activity lay in what amounted to providing innovation seed money, and that topic has been the major focus in this evaluation. But there was a second function as well – acting as convener for the NGO sector in exploring issues of common concern and promoting efforts to improve the sec-

tor's operation. Thus CroNGO funded efforts in improving the NGO legal environment, spent a great deal of management time in informal consultation with NFCSD and NCCSD, and sponsored national conferences on such topics as NGO governance, fundraising, corporate social responsibility and volunteerism, all culminating in a closeout conference in June 2007, when all these initiatives and topics were reviewed.

As USAID and AED depart the Croatian scene, there is a baton to be handed off, but to whom? AED is winding up its field operations at the end of August 2007, but USAID will stay on a bit longer and along with the U.S. Embassy should explore this idea. An NGO association along the lines of the Association of Cities (supported by AED's sister implementer, the Urban Institute) might be a good model, but that is only one suggestion; there are others as well. The prospect is an exciting and worthwhile one, and there could not be a better legacy for CroNGO to leave.

1. Introduction

This report presents a final evaluation of USAID's Support for Croatia's Non-governmental Organizations Program (abbreviated as CroNGO). The project, which began in December 2001 as a follow-on to an earlier civil society program launched in 1998 and will close out on 30 September 2007, ran in two phases. CroNGO I went from 2001 through September 2004, and then CroNGO II continued from that point through 2007. Its termination brought to a formal end a nine-year American investment in Croatian democracy, all conducted under the management of a single implementing cooperator, the Academy for Educational Development (AED).¹ In fact CroNGO's end (along with that of Urban Institute's Local Government Reform Program) represents the closing out of USAID assistance to Croatia in the Democracy and Governance (DG) sector altogether, as part of the country's overall "graduation" to take place in Fiscal Year 2008.

The unusual combination of program duration and implementer² makes CroNGO an ideal enterprise for evaluation, particularly during an era when final evaluations have become less common at USAID.³ And the fact that Croatia has over the last decade or so become a stable democratic state poised to enter the European Union indicates a rich experience that hopefully can provide valuable lessons for both donors and host countries elsewhere in coming years.

Accordingly, the present evaluation has two basic purposes, as outlined in its Scope of Work:⁴

- To document the changes in the capacity of the NGO sector⁵ since 2002 and to assess how the interventions (activities) of USAID's assistance through the CroNGO Program contributed to these changes;⁶ and
- To assess the prospect for sustainability of the NGO sector after USAID support ends.

And as indicated in our first paragraph above, a third purpose is to provide lessons learned from the experience that could have application elsewhere as the international donor community con-

¹ Actual program activity came to an end with the final conference held in June 2007, with the remaining time being used to close out the administration of the project. CroNGO's predecessor program was the Croatia NGO Development Program, also implemented by AED. It ran from July 1998 through September 2001 (see Cronly et al., 2001).

² AED was not the only implementer for USAID civil society programming over the period since Croatian independence in 1991. Others have included America's Development Foundation, the International Rescue Committee, and Mercy Corps. But over the last nine years and especially since 2001, AED has been the principal organization promoting civil society on behalf of USAID.

³ In the mid-1990s, USAID final evaluations averaged 120-130 a year. In the present decade, they have run 40 to 60 (data from USAID database at <<http://dec.usaid.gov>>).

⁴ The Scope of Work for this evaluation is included in the present report as Annex A.

⁵ The "NGO sector" in the SOW and in our report refers to NGOs engaged as voluntary associations engaged in advocacy and public service provision; it does not include the large number of organizations (many if not most of them having originated in the Yugoslav era) focusing on sports, culture, veterans, etc.

⁶ CroNGO's service delivery component (the Small Grants and Community Partnership programs) were evaluated earlier (Cooper and Papa 2006) and so will not be assessed here in terms of service delivery, though we will look at these programs with respect to other CroNGO components.

tinues to support democratization efforts in countries located at various points along the democratic path, particularly what might appear to be its more advanced segments.

1.1. Croatia in democratic context

After the death of its president Franjo Tudjman in 1999 and national elections held the following year, Croatia in retrospect could be said to have definitively crossed the threshold of democratic transition and to have been steadily consolidating its position as a democratic state since that time. Certainly by early in the present decade, the country could be said to have become a “consolidated democracy” in the sense that all serious players/institutions/constituencies in the political system viewed democratic politics as the only acceptable way of carrying on political business.⁷

It follows then that the basic theme undertaken by USAID and other donors in supporting democracy and governance (DG) programs in Croatia was not one of promoting democratic innovation so much as democratic maturation – of broadening and deepening the consolidation that had been launched at the beginning of the decade. The year 2001 in other words was an auspicious moment to begin an initiative in democratic investment, an outlay that produced very good returns as will be evident in this report.

Under these circumstances, the question can be asked as to whether CroNGO should have been undertaken at all. Should Croatia have been pronounced a candidate for “graduation” from official American assistance after the 2000 election, and in consequence should American democracy support have been terminated, say upon the completion of CroNGO’s predecessor, the Croatia NGO Development Program, in 2001?

Our answer is “no” for two reasons. First, although it seems clear now in retrospect that by 2001 Croatia had permanently passed the democratic threshold, at the time, so soon after the end of the Tudjman era, it was not all that obvious. Nationalist sentiment continued to hold support in Croatia itself, nationalist politics still maintained a strong position in neighboring Serbia, and ethnic turmoil remained a serious threat next door in Bosnia, which included a significant Croatian population. So a US\$ 12.5 million program like CroNGO would have to be judged a reasonable investment in democratic risk reduction.

Second, in the years since 2002 when CroNGO began, other democratizing states that were reasonably considered well along on the consolidation highway have since retrogressed badly. The two senior team members have had considerable experience in assessing democratic progress in such states as Bolivia, the Philippines and Thailand, and both have recently found themselves dismayed at the setbacks to democracy that have taken place in all three of these countries that seemed so firmly in place not very long ago as exemplars of democratic progress. Perhaps these reversals should not be considered startling, considering that most of the countries now comprising the Western democracies had considerable setbacks on that path over many decades, but they

⁷ We follow here the well-known formulation of Linz and Stepan, who declared that a country becomes a “consolidated democracy” when all the principal actors accept democracy as “the only game in town,” such that not only winners but losers as well agree to it as the only mode for political action.

do show that democratization is scarcely a sure-fire one-way avenue and that a risk reduction strategy consisting of continued democracy support in apparently consolidating countries can be a very good idea.

In the event, USAID did continue to support a Croatian DG program in the form of CroNGO as a three-year effort, which was then carried over into CroNGO II. And, to anticipate our findings, the program did facilitate a significant broadening and deepening of civil society over its six-year lifetime.

1.2. Team composition and methodology

Our team consisted of four members:

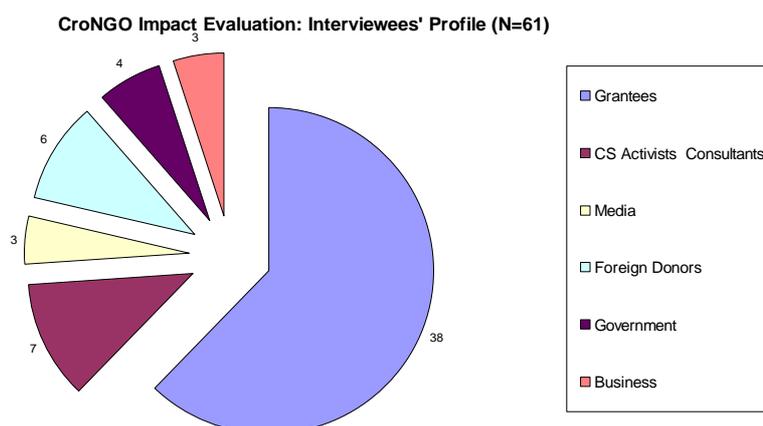
- Harry Blair, the team leader and principal co-author of the report, teaches political science at Yale University and serves as Associate Chair of the Political Science Department there. He has focused his principal research on the DG sector over the last 15 years, acting frequently also as a consultant for civil society assessments, including work in Serbia, Macedonia and Kosovo.
- Richard Blue is a retired USAID Senior Foreign Service officer, who also served as Regional Director for The Asia Foundation in Southeast Asia. Since retiring he has worked frequently as a consultant, concentrating extensively on civil society issues. In the Balkans, he has undertaken DG assessments in Macedonia and Bosnia and Herzegovina.
- Andrea Feldman, the report's co-author has served as Director of the Open Society Institute Croatia and has worked as an advisor to the Croatian Government in various capacities before becoming Executive Director of the iDEMO Institute for Democracy in Zagreb. She is also finishing a PhD in history at Yale University.
- Carmen Luca is Program Officer at AED's home office in Washington, where she works in the Center for Civil Society and Governance. She has recently completed a PhD in social work and will begin as Assistant Professor in the School of Social Work at Indiana University this coming fall.

As for methodology, we spent the three weeks between 21 May and 8 June engaged in our fieldwork, largely in Zagreb but with visits to the project's principal field operations in Rijeka (including Istria), Osijek and Split. We pursued several avenues in assembling our data:

- Interviews. Our principal source of information lay in key personnel interviews. Altogether we conducted over 60 interviews with AED personnel, regional support center staff, grantees, journalists and academics, government personnel and other donors, as indicated in Figure 1 (for a list of those we interviewed, see Annex C and for our interview protocol, see Annex F).
- Documents. We perused USAID reports, CroNGO documents, grantee publications and Internet websites. It is a testament to the relative sophistication of the Croatian NGO community that most organizations issued annual reports (not always in English, to be sure, but then English speakers were not necessarily the primary audience for such publications).

- Quantitative analysis. We gathered data for NGOs along the several dimensions employed by CroNGO itself (advocacy, organizational capacity, etc.) from several sources. At interviews, we asked NGOs to rank themselves along a 5-point scale, then had one of our own team members assign independent rankings along the same scale. In addition, we asked each of the regional support centers (and CroNGO staff regarding grantees in the Zagreb region as well as grantees outside of the Community Participation Program (CPP) and the Small Grants Programs) to do a similar ranking along each dimension for all their grantees (our grantee rating sheet is provided as Annex G). So we obtained two distinct samples:
 - a smaller sample of NGOs we personally interviewed (n = 61); and
 - a larger sample of grantees (n = 138) who were beneficiaries of the Small Grants Program in CroNGO I and the CPP as well as other grants in CroNGO II.⁸

Figure 1.



A word on interview coverage would be in order. CroNGO I included three kinds of grants, while CroNGO II changed its approach by featuring 10 types altogether. CroNGO I made 233 grants, most of them (221) in the Small Grants Program. The composition of CroNGO II was rather different, with only 49 grants included in the follow-on component to Small Grants, now called the Community Partnership Program. The other 65 grants in CroNGO's second phase fell into various types, as shown in Table 1. As can be seen in the Table, we included grantees in all but one category. Among our interviews we covered all the support center grants for both CroNGO phases (Partners for Local Initiatives in I and Regional Partners in II), and four of the nine Sustainability Partner grantees in phase I, while in phase II we covered all the Advocacy

⁸ Our samples were surely not scientific, and the data furnished us by the regional support centers were of course subject to bias from a grantor essaying the impact that its programs were having on their grantees. Even so, the patterns observed did seem to indicate distinct relationships to be covered further on in this report.

Program grantees, as well as all grantees in the Volunteerism, Infrastructure and Special Initiative categories. In short, we met with grantees from all but one of the CroNO II categories, and with most of those receiving major grants in both phases of CroNGO.

Table 1. CroNGO Final Evaluation – Grantee interview coverage

CroNGO phase	Type of grant	Avg grant size Ku '000	Number of grantees interviewed	Total grants awarded
CroNGO I	Partners for local initiatives	683	3	3
	Sustainability partners	689	4	9
	Small grants	120	10	221
CroNGO II	Regional partners	812	3	3
	Advocacy program	441	6	6
	Community partnership program	47	1	49
	Capacity building	58	6	12
	Volunteerism	258	7	7
	Visibility	124	6	13
	Financial viability	47	1	5
	Infrastructure	232	5	5
	Network capacity building	87	0	11
	Special initiative	140	2	2
CroNGO I total			17	233
CroNGO II total			37	114
Total I & II			54	347

Notes: (1) The table leaves out the ECNL infrastructure grant, which was allocated in Hungarian forints. (2) A number of grantees received more than one grant over the lifetime of CroNGO I and II, so our coverage is in fact higher than the table would indicate.

In addition, we wanted to include a number of grantees in CroNGO I's Small Grants program and CroNGO II's Community Partnership program. Although this "service delivery" aspect of CroNGO was evaluated earlier (cf. Cooper and Papa 2006), the NGOs involved were very much

engaged in strengthening advocacy skills, building organizational capacity, accessing CroNGO-assisted support centers and the like (i.e., those activities constituting the dimensions of our own evaluation), so it seemed wise to include a sampling of them to enable us to plumb the full range of CroNGO's overall impact.

In our assessment, we did not distinguish between the various types of grantees, aside from those in the Advocacy and Regional Partner programs.⁹ The degree of overlap between different grant programs and the fact that a good number of grantees had received support from more than one program would have made such distinctions very difficult, and our SOW tasked us with reviewing CroNGO's activity and impact as a whole, not divided by program subtypes. "Financial viability," for example, was the category of five CroNGO II grants, but the topic itself received a great deal of attention from the CroNGO program and concerned many grantees in other categories, including particularly the Regional Partner NGOs, so we considered it as applicable across the whole range of CroNGO's activities, not as confined to one small subcategory of grantees.

Our general approach in assessing CroNGO has been to focus on larger issues rather than such details as money spent, people trained, or beneficiaries included in a grantee's coverage. Accordingly, we will not be repeating quantitative information reported in the project's very informative quarterly and annual reports, work plans and the like, except to note here that CroNGO I and II combined constituted a US\$ 12.5 million initiative lasting from December 2001 to August 2007, during which time it awarded some 347 grants totaling US\$ 5.7 million. Instead, we will concern ourselves with broader patterns and lessons that we believe sum up CroNGO's achievements and provide guidance for civil society support initiatives elsewhere.

1.3. Civil society trend measurement and attribution issues

Among other requirements, our Scope of Work (SOW) charged us with ascertaining changes over the life of CroNGO in the advocacy capacity, organizational capacity, legal framework and public image of the NGO sector. Ideally such a requirement would be met by analyzing data sets including these dimensions that had been assembled at different points in time, preferably at (or just before) the beginning of the project and at its close. Unfortunately, however, the same SOW goes on to observe that "the project does not have sufficient data to serve as a baseline, nor does it have pre-treatment baseline data." The SOW offers a substitute in the form of "studies conducted by [other?] donor organizations, NGOs and the government, mass media reports, and, last but not least, the project administrative data, which can be used as a proxy baseline."

There are indeed a number of other studies, some of them quite impressive (e.g., Barnes and Skrbic 2004, Carter and Irvine 2002, Goldstein 2007, Hromatko 2007) but they are each based on a specific point in time, and the particular measures devised in each study are not comparable

⁹ CroNGO's several program subtypes are reported on in detail in the project's various quarterly and annual reports. Grants made within each program are laid out by program, grantee, grant purpose and dates in the AED project Excel spreadsheet, from which the data presented in Table 1 are extracted.

with those devised for the other studies.¹⁰ We did not uncover any domestic NGO or government analyses that were useful in making comparisons over time, nor did we come across any mass media reports of this nature. Finally, CroNGO project data such as quarterly or annual reports, while often useful, basically noted inputs and outputs, rather than impacts and outcomes, as is typical of these documents (that is after all what they are supposed to do – such reports cannot reasonably assess outcomes over the course of three months or a year).

This leaves the several series crafted by Freedom House, USAID's Europe & Eurasia Bureau, and the World Bank, all of which have been regularly reporting measures along dimensions relevant to civil society for some years now, using methodologies that have been quite consistent over time. And there is the CIVICUS study, which gathered data in 2001 and then again in 2005. Collectively, these indices did not prove very useful to the team, however, for they constituted a rather mixed bag, with some measures showing progress, others showing declines and still others showing no real change over the CroNGO project period. A brief discussion of these three datasets, the CIVICUS studies, and their shortcomings from our point of view is offered in Annex H.

Attribution proved to be another conundrum, though a less problematic one than the measurement issue. In addition to tasking the evaluation team with measuring change over time, the SOW also required us to determine how CroNGO contributed to the changes observed. We were able to obtain a picture of CroNGO's activities in promoting change, which we hope is reflected in this report, but to determine the exact degree of attribution that could reasonably be claimed by CroNGO was not possible amid all the exogenous factors in play producing change such as economic growth and the requirements of Croatia's candidacy for admission to the European Union.

The measurement and attribution issues are scarcely unique to Croatia, it should be emphasized. They bedevil every attempt to assess foreign assistance projects, notoriously so in the DG sector, as opposed to programs in, say, child mortality reduction, where it is relatively easy to gauge change that has occurred, and even attribution is not as difficult to pinpoint as with DG programs. So our evaluation is in good company in having to rely on more qualitative judgments concerning degree of change and implementer role in bringing about that change.

1.4. Structure of the report

Our report will focus principally on the six major questions broached in the Scope of Work. Five of the six in effect ask how have (1) NGO advocacy capacity, (2) organizational capacity, (3) prospects for financial sustainability, (4) legal environment, and (5) access to support services changed over the past six years, and also what has CroNGO contributed to changes observed in these five areas.¹¹ The sixth question asks how USAID's approach to strengthening civil society

¹⁰ Hromatko's (2007) study for the NFCSD does contain some time series data (e.g., Table 26 on principal sources of NGO funding), but these figures include all organizations – the cultural, social, etc., as well as those of interest to our query, so they could not be used in this report.

¹¹ These five questions parallel the Intermediate Results laid out for CroNGO, which are provided in brief form as Annex B to this report.

compares with what other donors have been doing. The next several subsections of the report will concentrate on these queries, subject to the qualifications discussed in the subsection just above on measurement and attribution issues.

In addition, the SOW poses several secondary questions. The first three deal with civil society's institutional relationships with the larger social system within which it is embedded. They ask to what extent have NGOs (1) become better recognized as partners by the public and private sectors, (2) developed social linkages, and (3) improved their public image, and what role has CroNGO played in promoting these changes. The final question asks what factors other than CroNGO and the donor community have played a role in changing the NGO sector over the past six years. We will address these issues¹² after dealing with the primary questions noted in the previous paragraph.

The report's final section will explore our major conclusions and lessons learned, focusing especially on those that might inform future initiatives on the part of USAID and other donors to support democratization in the Europe and Eurasia region or elsewhere.

¹² The second question here amounts to a combination of the first and third questions, and so it has been subsumed in our answers to those questions.

2. Primary findings

Our SOW set forth six primary questions for evaluation analysis (see Annex A). In this section of our report, we will take them up in order.

2.1. Advocacy: big and small

NGO advocacy supported by CroNGO can be thought of as moving along two tracks: a larger and more visible one assisted by a formal CroNGO program, involving more sophisticated grantees, and aiming to change the operation of Croatia's polity at the macro-level; and a second track followed mostly by service delivery grantee NGOs that were generally targeting more modest objectives, often with the help of training and counsel that had come to them through CroNGO. Both tracks deserve attention.

2.1.1. Advocacy at the upper end

Although Croatian NGOs had been pursuing various advocacy strategies with support from CroNGO during the project's phase I, advocacy became a formal category for grants only in CroNGO II. During the period February-May 2005, CroNGO developed and floated a request for proposals, and vetted applications in several advocacy areas: judicial reform, anti-corruption, legislative oversight, corporate governance and social responsibility, entrepreneurship, and ethnic minority rights. CroNGO's review process received 18 applications, in the end approving six for funding over a two-year period (in itself unusual within a USAID grant system that customarily awards grants to NGOs only for a year at a time).

The grants were relatively large, averaging around 440,000 HRK, and they can be grouped into three categories according to whether the grantees were focusing on legal reform, minority rights or the business sector. These three types also form a kind of success gradient, with grantees making the most headway influencing public policy in legal reform and the least in business sector, with minority rights somewhere in between.

The two grantees pursuing legal reform were GONG and the Croatian chapter of Transparency International, both well-established NGOs with a long record of activism. GONG is probably the most frequently mentioned NGO in Croatia, and certainly one of the largest, with 18 employees, several regional offices, and an annual budget of almost 4 million HRK, according to its 2006 annual report. Transparency International Croatia (TIC), in contrast, is relatively small, with only three full-time employees. But owing in significant part to its affiliation with the worldwide organization of the same name (though financially TIC is on its own footing), it carries significant weight in Croatian civil society circles and is often mentioned by observers in the same breath with GONG as a serious player in the world of NGOs. GONG and TIC have both advocated for change in electoral and other laws. GONG has seen its primary objectives realized in the form of new or amended laws passed in 2006-07 relating to the State Election Commission, Volunteerism, and Voters' Lists, and it has pressed to enhance citizen access to government data by improving freedom of information provisions. TIC has focused along with GONG on campaign finance reform, leading a drive that culminated in a new law passed in December 2006

stiffening campaign finance regulations. In addition TIC has continued to pursue its work in publicizing corruption through such initiatives as the annual Corruption Perceptions Index.

Both these organizations have much expertise at advocacy, and are old hands at generating publicity, embarrassing political leaders, holding press briefings that get into the media, putting on conferences that draw public attention, and so on. Their CroNGO grants in effect helped them do better what they had already learned to do.

In the second group of NGO advocacy grantees come the Serbian Democratic Forum (SDF) and the Croatian Law Center (CLC), whose CroNGO grants support their efforts to promote the interests of the country's Serbian and Roma minorities respectively. The SDF works primarily along three fronts: providing legal counsel to roughly 20,000 people a year among the 200,000 Serbs presently living in Croatia; researching and publicizing conditions faced by the country's Serbian population; and bringing documentable complaints to the national ombudsman. As an example of the latter, SDF recently gained newspaper coverage of a study finding that in several towns with 30% Serb minorities, only one percent of municipal employees were Serbs. The CLC (which also operates other programs in government decentralization and anti-corruption) advocates for the Roma minority, who officially numbered just under 10,000 at the last census in 2001, but are widely reckoned to be some multiple of that number (generally in the neighborhood of 30,000). CLC's main efforts center around legal aid to a relatively small clientele (54 in 2006 and 47 so far this year), representations to the ombudsman, and constitutional court initiatives.

Both SDF and CLC face a difficult challenge in promoting minority rights in a country where the dominant ethnic group includes 90% of the population. Mobilizing the constituency is hard to begin with, the media are scarcely seized with the importance of Serb or Roma rights, and Croatia's civil code legal system does not allow citizens to bring class action or public interest law suits against the state, in contrast with many common law countries. So minorities are left with several options:

- pricking the conscience of the majority by exposing misdeeds perpetrated against them (as with the municipal employment data example noted above);
- complaining to the ombudsman;
- depending on elected minority MPs to represent their interests; or
- making representations to the Constitutional Court.

Each of the first three options shows promise but also has drawbacks. First, even a pricked conscience is not often galvanized into action on behalf of minorities. Second, the ombudsman can only publicize wrongdoing to the media and report to Parliament. These are not inconsequential powers, but he cannot compel the state to act or desist from acting as a judge could.¹³ Third, while minority parliamentary representation is guaranteed in the form of a few assigned seats, it

¹³ In some systems, the ombudsman has considerably more power. In the Philippines, he can dismiss public officials for cause, including theoretically even the president of the republic.

is hard to translate this presence into tangible benefits for the constituency.¹⁴ In the fourth option, the Constitutional Court can require state action, so this avenue does offer some promise. The CLC, for instance, is presently bringing an initiative to the Constitutional Court on discrimination against poor homeowners. So while both SDF and CLC begin with a weak hand, there are some avenues to pursue. In addition, both groups try to help their constituencies on an individual basis by providing legal advice when its members run into problems.

The business sector comprises the third advocacy arena, where the last two advocacy grantees work. CEPOR (Centar za politiku razvoja malog i srednjeg poduzetništva, or Small Business Development Policy Center) promotes entrepreneurship, while the Center for Civil Initiatives (CCI) evangelizes for corporate social responsibility. In effect taking inspiration from Hernando de Soto¹⁵, CEPOR works to reduce state barriers to entrepreneurship by decreasing the paperwork needed to start a business, get a bank loan, sell a fixed asset, and so on, even as it tries to inspire and guide potential SME startups. It also runs a major research project as part of the Global Entrepreneurship Monitoring (GEM) survey, which assesses the state of entrepreneurship in some 40 countries. CCI has been trying to craft a corporate social responsibility model that would appeal to Croatian businesses, inducing them to think of themselves as having duties to the community that supports them.

In taking on such tasks, both NGOs face the legacy of the Yugoslav era with its socialist economy. Potential entrepreneurs have been discouraged rather than encouraged by a heavy-handed bureaucracy, and those businesses that have managed to start up tend to see themselves as struggling against the state to survive, not as engines of economic growth. Both efforts must be regarded as long-term enterprises, in which significant results may well be a long time in coming. These NGOs are still getting a foothold for traction, as against GONG and TIC who already had significant momentum when they received their CroNGO grants. CEPOR and CCI, on the other hand, will need some kind of support for some time before they can begin to have a serious impact on policy.

¹⁴ The electoral system provides some special benefits to minorities, though it is not clear whether the Croatian model is superior to the standard Westminster model in this regard. After the introduction of the favorable Constitutional Law on National Minorities in 2001, a total of eight MP seats (among the 152 total) are reserved for the minority lists; three of the eight are allotted to Serbs, while Roma share one seat with several other minorities. Citizens belonging to officially recognized minority groups may vote for a minority list (though they may instead vote as ordinary citizens for one of the regular party lists). The eight minority MPs do have some political weight in the Parliament, as intended in the National Minorities Law, and they can bargain their votes on behalf of their constituencies. But the downside of the arrangement is that the other 144 MPs and their parties need not feel any obligation to minorities at all in terms of votes, in contrast with the single-member district Westminster system, in which candidates must pay close attention to minorities within their electoral districts at election time, especially in closely contested races – a situation which could affect a large number of seats. The political impact of Croatia's minorities, in other words, is concentrated into eight out of 144 MPs, rather than spread out over 152. Which system gives more clout to minorities is difficult to say, but the point to be made here is that the Croatian system does put distinct limits on the influence minorities can bring to bear at election time. Where coalition governments are precariously balanced, such MPs may parlay their allegiance into minority posts in the government (as at present in Croatia), but how much benefit this brings to the constituency is less clear. Accordingly, minorities wishing to make their voices heard in the political arena must employ other avenues, as SDF and CLC are doing. Voting is not enough.

¹⁵ De Soto is the author of *The Other Path* (1989), an influential tract promoting economic growth by reducing barriers to entry for would-be entrepreneurs.

2.1.2. Smaller scale advocacy

It is not only the larger, experienced and sophisticated NGOs that can have an impact on public policy; smaller groups can advocate successfully as well at the local or even the national level, as the following examples will illustrate. All three could easily be considered strictly as service delivery NGOs, and indeed it was on that basis that they received grants under CroNGO I and II. But they were able to use the training and guidance they received to engage in advocacy activity as well.

Hepatos (Small grant recipient in CroNGO I and Capacity building grant in CroNGO II) began in 2000 as a service delivery NGO in Split, focusing on the needs of hepatitis victims. Their first major effort focused on disseminating knowledge about this increasingly prevalent disease that has been little noticed in Croatia, as in most other East European countries. But they soon became involved in advocating for more public support for treating the more difficult of Hepatitis C's two varieties, for which the preferred drug regimen costs more than €10,000. A second lobbying effort came amid the need to compete for public attention with HIV/AIDS, which in the past decade has been getting the lion's share of funding, though there are less than 400 known HIV-positive persons in Croatia, compared with 65-70,000 Hepatitis C patients. Hepatos used their CroNGO grants to strengthen their lobbying skills.

The Croatian Association for the Training of Guide Dogs and Mobility (Small grant recipient in CroNGO I) began in 1990, dedicated to training guide dogs for blind persons. But within a few years the group found itself representing the interests of guide dog owners in campaigning for rights for blind people, in particular for access to public facilities like restaurants and transportation. After several years campaigning, the association was able to get a law passed in 1998 requiring such access. The group used their CroNGO grant among other things to develop their monitoring and reporting skills (used successfully in Osijek and Zagreb recently, when a guide dog owner was refused access to a bus, and the association turned the incident into a newspaper story embarrassing the bus company).

Association MoST (Volunteerism grant in CroNGO II), is about as close to a "pure service delivery" organization as one could get, with its mission to operate two homeless shelters in the city of Split, one each for men and women. Along with physical shelter, MoST also provides extensive counseling, assistance with obtaining employment, legal aid and the like, with the goal of reintegrating their clients (who stay an average of 48 weeks) into the local society. In the course of their work, MoST staff found they had to represent the interests of their clients to local government, for instance to press for more public assistance to them. A modest form of advocacy, to be sure, but in undertaking these efforts, MoST's staff move beyond delivering services to their beneficiaries into arguing for their interests as such with local authorities.

2.1.3. CroNGO contribution

Several patterns emerge from CroNGO's support of advocacy. First, at the macro-level with the major grants, the major successes have come in enhancing the legal environment for elections and volunteerism (more on this will come when we move to discussing the legal environment itself in a later subsection). In the more constrained arena of minority rights, achievement has

come more from working within the system (using the ombudsman, getting coverage in the media, looking for representation from minority MPs) than from trying to change it (by seeking new laws).¹⁶ And not surprisingly in view of the strong Yugoslav heritage with its strong anti-capitalist bias, working to promote the private sector, either to facilitate entrepreneurship or enhance corporate philanthropy, has proved to be a long-term challenge at best. In the first two cases, CroNGO's role has been essentially to facilitate the capacities of NGOs that were already experienced in advocacy rather than to impart advocacy skills to them, while in the third, there was a greater need for building capacity.

This finding contradicts common sense in a way, concluding that it may be easier to change the system (legal reformers) than working within it (minority rights groups), but then the legal reforming NGOs had more experience and expertise available for the task, as well as having a less difficult challenge to work with. Actually, the minority rights advocates and the would-be private sector transformers had by far the tougher challenge, for in essence they were trying to change the basic social mindset toward more tolerance for minorities in the one instance and toward changing public attitudes toward business and its social role in the other. Supporting this kind of slow-gestation advocacy does not make for quick success in meeting Performance Management Plan targets, but in the longer term it is likely to have a greater impact. USAID and CroNGO are to be commended for backing these advocacy efforts. USAID assistance should promote needed changes that will require years and decades to realize, not just aim at quickly achieved goals.

In a second pattern, among the NGO small grant recipients we talked with, we found most of them engaged in advocacy of some sort or other, even though supporting advocacy per se was not in most cases the major purpose of the grant. These NGOs used the CroNGO training they received in other areas to pursue advocacy efforts, often to good effect, but in future USAID programming, it would be good to consider building in advocacy more explicitly throughout a project.

A third common feature was the widespread appreciation expressed for CroNGO's flexibility in providing training and support. Typically grant recipients went through a needs assessment, after which they decided what kind of training and/or consulting they needed. Unlike quite a few programs team members have looked at elsewhere, there was no straitjacketing grantees into a prescribed course of training, much of which was perceived as redundant or useless by the recipients. Instead, grantee organizations could pick and choose what they wanted, to good effect.

A last pattern was the nature of the relationship between CroNGO and the grantees, who felt they could ask for advice, guidance and counsel at any time after a grant had been made. CroNGO grantee organizations appreciated the open door maintained at CroNGO, as well as at the regional support centers.

¹⁶ In its representations to the Constitutional Court, the CLC is acting more like GONG and TIC in trying to change the system. But most of their efforts appeared to focus on ameliorating conditions within the system.

2.2. Organizational Capacity and Governance

Civil society in Croatia continues to expand in size, diversity and capability. But although the level of management knowledge and to a lesser extent comprehensive management practice have improved substantially since 2000, NGO leaders continue to face some serious constraints. Good NGO management is a relative concept, dependent on the purpose, constituency, function and size of the NGO concerned. Relative to these standards, Croatian NGOs are generally well managed, for their leaders understand the need for more professional management practices if they and their NGOs are to grow.

We find that the NGOs we visited are generally quite strong in proposal writing, project implementation and project reporting, utilizing skills learned from CroNGO and other donors' grant programs. The larger and more experienced NGOs perform well also at the strategic aspects of management like middle- and long-term planning, as well as at the more bureaucratic tasks such as record keeping, personnel management, budgeting and financial management. But smaller NGOs often experience problems in these latter dimensions of organizational capacity. These NGOs, generally having only 1 to 3 full-time employees, rely greatly on volunteer work to keep running, hiring in experts for professional tasks when they can by contracts paid for with grant funding. They can also face difficulty with financial sustainability. Such benefits as rent-free or subsidized office space from municipal authorities or municipally funded grants can help, but do not make up the gaps these smaller NGOs face.

A few NGOs have found themselves blessed with a rapid growth in funds, beyond the ability of their management systems to keep pace (Green Osijek is a good example), but this is rare. A much larger number of NGOs have sufficient management skills to handle more funds than they now command, and this number is sure to become larger as donors draw down their programs.

2.2.1. The CroNGO program

In many ways, the entire CroNGO effort in Croatia has had a strong capacity building component, either directly or indirectly. Direct efforts include the grants made to nine, well-established NGOs to enhance their visibility and sustainability. Another and in the longer run more important part of the CroNGO strategy was to strengthen three regional based NGOs in Rijeka, Osijek and Split so that they could, in turn, offer capacity building services to local NGOs. These organizations participated in the CroNGO small grants programs, providing assistance, counsel and training, as well as convening proposal review boards to make recommendations to CroNGO for funding. One CroNGO effort that has contributed perhaps more indirectly to organizational capacity has been the voluntarism initiative, which has resulted in the establishment of a separate volunteer center in Osijek as well as raising the profile of the role of voluntarism in civil society development.

Finally, CroNGO made training available to a select group of NGO leaders to introduce a Quality Assurance System, an approach to helping organizations improve the quality of their work, but which also contributes to capacity building. This methodology in Croatia became known as SOKNO, (Quality Assurance System for NGOs, based on a system PQASSO developed by a

British NGO called Charities Evaluation Service, which was contracted by CroNGO to provide support in the development of SOKNO). This methodology can be used by NGOs themselves or with assistance by CroNGO-trained mentors; presently over 50 NGOs are participating in a self assessment and improvement program using SOKNO with the support of mentors.¹⁷ In providing a flexible tool that enables NGOs to determine their strengths and weaknesses themselves and decide what they need to upgrade organizational capacity turns training into a demand-driven process and thus provides a welcome contrast with some past USAID practice in which NGO training tended much more to be determined by the supply of trainers and skills that a given contractor/cooperator had on hand.¹⁸

Along with the flexibility afforded by SOKNO, CroNGO also made available a wide array of choices for training and consulting. Rather than allocate training according to supply of implementer skills on hand, it has been a demand-driven affair, with grantees deciding what they needed. This approach, of course, assumed that a large range of trainers and consultants could be found, and happily this was the case, owing to the number of regional support centers and smaller organizations able to meet demands for expertise.

An unanticipated impact has been a "role model" function of the CroNGO programs, whereby government grant programs have learned from and tried to emulate the transparency and professionalism of the CroNGO approach. A good example here is the City of Rijeka Government, which introduced procedures similar to those of CroNGO for grant making program in their city after SMART review committee members spread the idea to the city council. The city government of Split has also adopted practices from the example set by MI. Similarly, the NFCSD has adopted more stringent and transparent standards for grant making to NGOs. In addition, testimony from Holcim and Zagrebačka banka indicates that the corporate sector has picked up grant making guidelines from cooperation with CroNGO.

2.2.2. Governance

The team found two governance issues where more attention will be needed after CroNGO comes to an end. The first concerns the leadership transition from founding member to a new generation. Although several NGOs have undergone that change, and others are sufficiently staffed and developed that it is likely they could make the transition, a good many of them continue to be dominated by a strong leadership who will be difficult to replace. Some are so strong that one has to wonder about the extent to which transparency, accountability and participation can become institutionalized.¹⁹

¹⁷ There were some other flexible CroNGO programs as well (like the Training and Development Program) that allowed grantees to undertake self-assessments and address organizational needs as they saw fit, but SOKNO was the principal thrust in this area.

¹⁸ A number of NGO interviewees went out of their way to tell us that they found the SOKNO approach most helpful in diagnosing their managerial deficiencies and in pointing to what they needed to do to overcome such shortcomings.

¹⁹ We hasten to point out here that the Croatian situation closely resembles that found in many (likely most) developing countries that have recently experienced growth in the NGO sector. The core NGO structure in most USAID-assisted countries is largely based on a few organizations founded by strong and often charismatic leaders who persevered against odds in building their groups. It is scarcely surprising that leadership succession is often a problem.

The second issue concerns boards of directors. Democratic governance is understood, but there is little evidence that independent boards play a role in setting policy or determining executive leadership. Annual reports are produced and financial transparency seems reasonably well established as a practice. However, some NGOs reported they distribute financial data only if asked. Without leadership transition to second generation, it is difficult to determine how deep democratic governance roots have gone.

Management Advisory Boards, or independent Boards of Directors are not as yet well established. NGO leaders who try, find it very difficult to assemble a Board that is independent, useful, and committed to actually meeting and helping. It has been relatively easy for NGOs to follow the Code of Good Practices in establishing independent boards, but this whole idea reflects Western (especially American) experience in the late 20th century, when it was possible to recruit knowledgeable, competent and dedicated outsiders to take on such responsibilities. Such practices don't transfer easily to other settings, where few people exhibit these qualities at this point in the post-authoritarian trajectory, and where is little legacy of charitable work. CroNGO's Good Governance Working Group has devoted significant energy to this issue, but this is not a matter to be resolved by the end of CroNGO II. The whole idea of NGO boards needs further study.

2.2.3. CroNGO contribution

CroNGO's two principal contributions to improving organizational capacity in the Croatian NGO community were to strengthen the three major regional support centers (MI, OGI and SMART) and launch the SOKNO project. The support centers in turn have had a significant impact on NGOs as individual organizations by helping them build their ability to carry out the strategic planning and regular management tasks they need to fulfill if they are to become sustainable organizations.²⁰ The SOKNO initiative has supplemented and reinforced the work of the support centers by providing a highly flexible management tool of enduring value that if properly used will enable NGOs to monitor their own progress in building organizational capacity and determine where they need to improve.

A third contribution came from the spillover effects engendered in the grant review process instituted by CroNGO for the regional support centers. Replication of this approach by the municipal governments of Rijeka and Split, as well as at least two large concerns in the corporate sector mean that these organizations have enhanced their organizational capacity as well.

²⁰ For NGOs in the central part of the country, CroNGO staff itself performed many of these counseling/coaching functions.

2.3. Financial sustainability

Civil society in every country heading toward a donor phase-out faces a period of uncertainty, and in many cases crisis. The pattern becomes exacerbated especially in post-conflict situations where typically just after the conflict ended there was a rapid influx of donor assistance bringing in more funding than could be easily absorbed and a concomitant mushrooming of marginal NGOs, followed by a period – often quite brief – in which a good number of NGOs have learned how to function effectively, and then an only somewhat less rapid withdrawal of donors and money, leaving even capable organizations to flounder amid diminishing resources.

In Croatia, the initial build-up of donor funding and rapid expansion of the NGO population followed this pattern, but the good period of adequate funding combined with competent NGOs lasted longer, and the shakeout ordinarily accompanying donor drawdown promises to be considerably less severe than has been the case elsewhere. The reasons for this unusual prospect deserve exploring.

2.3.1. The government role

Croatia is exceptional – perhaps even unique – in the close relationship obtaining between the state and the civil society sector. So far as the team members know from their own experience, there is nothing anywhere else quite as advanced as the National Foundation for Civil Society Development (NFCSD) and the National Council for Civil Society Development (NCCSD) along with the Government Office for NGO Cooperation (*Ured za udruge* or UzU in the acronym generally used) in their support of the NGO sector.

The story began in 1998 with the creation of UzU and the appointment of Cvjetana Plavša Matic as the first director, a position she held over a number of years. In many (perhaps most) countries receiving USAID assistance, such an office functions largely to monitor and control the NGO community, trying to ensure that anti-state sentiments are minimized or at the least diffused into directions harmless to the regime's continued existence. And given that the predecessor Yugoslav state did largely control the NGO sector through a combination of funding and regulation, it would not have been surprising if similar tendencies resurfaced in the Tudjman era. But the new director proved able over the course of several years to improve the legal framework, establish open and transparent grant-making procedures and use her office to push for creation of an NFCSD that would support an independent civil society, an effort certainly aided by the political climate emerging after the 2000 elections.

In 2003 a law set up the NFCSD for that purpose, funded by proceeds from the national lottery and other gambling enterprises (following a system used in the Yugoslav era). The NFCSD is allotted 16% of that fund, which in 2006 amounted to 28 million HRK (augmented by another 3 million HRK from other state sources or about US\$ 5.1 million altogether).²¹ Beginning in

²¹ The remaining 84% supports other non-governmental activities such as sports (52%), health and social welfare (16%), and culture (5%) – all of which were funded during the Yugoslav era, unlike civil society. As Croatian incomes have increased, so too has gambling, meaning that the NFCSD's income has also grown, at roughly 10-15%

2004, it has solicited proposals from the NGO community which it has subjected to a review process, and by 2006 was funding more than 300 projects selected from the proposals submitted to it on an annual basis. There are some restrictions on the grants process (NGOs must be at least one year old to apply for 50,000 HRK for a three-year period, (and five years old for the top institutional grant of 350,000 HRK per year), and while some grants run for a three-year period, the successful grantees cannot apply again for the same type of grant for a specified time period)

While the NFCSD has its own board that makes funding decisions, their distribution of funds is also monitored by another body, the NCCSD, which was set up in 2000, and charged with monitoring all government funding (i.e., gambling allocations as well as money from various ministries like health, education and the like)²² and advising the government on civil society issues. This body is made up partly of government officials and partly of civil society representatives, all of whom were appointed by the state initially, but in 2006 the NCCSD's structure was changed so that the 10 NGO members are elected from among their constituencies (NGOs dealing with health, environment, social welfare issues, etc.). They complement the 10 bureaucrats and 3 "outside expert" members, and they elect the body's president from among themselves. As the third body in this arrangement, the NGO Cooperation office serves in effect as the secretariat of the NCCSD. Collectively these three agencies provide a steady (and growing) source of funding for supporting civil society in an exceptionally transparent fashion.²³

In addition to the gambling funds, a number of ministries and other state bodies provide direct grants to NGOs, totaling some 145 million HRK in 2006, an amount not a great deal less than the gambling funds (175 HRK in the same year). As with the gambling proceeds, most of these state allocations went to groups traditionally supported in the Yugoslav era (sports 32%, family solidarity 18%, culture 17%, etc.); a bit less than 1% went to NFCSD.²⁴ Local government units also support civil society through grants at both city and county level. As noted elsewhere in this report, a few municipal governments have adopted a grant review process similar to that developed by CroNGO, but so far as we could ascertain, county governments tended to allocate their funds to NGOs traditionally supported, which amount to annually renewed entitlements to sports and cultural organizations, etc.

Other state-sponsored sources of NGO funding have not worked out as well, at least so far. The income tax code allows private businesses to deduct charitable donations (including those to NGOs) up to two percent of gross income, but the provision is not widely publicized or known, and those aware of it tend to say it's too mired in paperwork to be worth taking on. And while there may also be provisions for individual charitable donations in the tax code, the team heard no mention of them during our assessment. This latter issue may well not be a concern, given that Croatia's 22% VAT rate must mean that income tax is a relatively small source of govern-

annually. The total allocations stemming from gambling amounted to 175 million HRK (about US\$ 31.8 million). Data from interview with Ms. Plavša Matić and UzU (2007).

²² Gambling income amounted to about 54% of the grand total of 326 million HRK in 2006, with allocations from other government bodies contributing about 45%. Since almost all of NFCSD's income derives from the gambling spigot, its share of the grand total then is about 10% (data from UzU 2007).

²³ A CroNGO sample of NGOs showed NFCSD allocations amounting to more than 15% of their collective resources in 2006.

²⁴ Data from UzU (2007), which also monitors NGO funding along this track.

ment revenue, but the business tax provision would seem to cry out for efforts to exploit it, enlarge it, change it, etc. But so far this has not happened, with the lack of attention perhaps a testimonial to the business sector's slight interest to date in supporting civil society in Croatia.

2.3.2. Private sector support for civil society and corporate social responsibility

As suggested just above, Croatia's business sector has yet to support the NGO sector at anything like the levels found in North America, Western Europe or even countries like India, where many large corporations have had long-established foundations to support good works. Only now emerging after almost five decades of state socialism, the business community appears still in the first flush of capitalist expansion, wondering why – as we were told a number of times – it should contribute to anything that does not directly affect its bottom line.²⁵

CroNGO has sought to educate the business community concerning the virtues of supporting the NGO sector through its advocacy grant to CCI, its consulting arrangement with the Prince of Wales International Business Leaders Forum of England, which co-produced a report entitled "An Overview of CSR in Croatia" (Bagić et al., 2006), and its direct efforts to induce domestic corporations to commit themselves to continuing philanthropic programs. These various efforts are making progress, but slowly. Only nine large, national Croatian companies have systematic grants programs, although many others do *ad hoc* contributions, especially to visible sports and youth related events. But businesses by and large still do not see any advantage in charitable contributions of any sort. CCI has signed up 11 companies for its corporate social responsibility program using its model charter, but these are smaller outfits at the local and county level. Another approach has been taken by Donacije.info, an NGO trying to inspire corporate philanthropy on an experimental basis. Donacije used a CroNGO grant to sponsor a contest for a corporate donor-of-the-year award.

Not surprisingly, given the heritage of the Yugoslav era, there is still much to be done. The USG should continue efforts to instill a philanthropic attitude within the Croatian business sector, perhaps as a long-term effort extending beyond the lifetime of CroNGO.²⁶

2.3.3. The donor community

While in general, less than 20% of Croatian NGOs receive funding from foreign donors, and only about 10% of them count foreign donors as their main source of income, NGOs dealing with human rights and gender issues find themselves much more beholden to foreign sources.²⁷ According to research by B.a.B.e., the 270 NGOs in this sector receive some 70% of their fund-

²⁵ There was a sense of social responsibility embedded in the "worker self-management" ethos of the Yugoslav era, and its legacy may attenuate the profit motive (Bagić et al., 2006: 28), but its influence appears largely subdued at present in Croatia's business sector.

²⁶ Such a project might be ideal for the Senior Corps of Retired Executives, whose members serve *gratis* in various USG posts, providing expertise gained over their careers. The US Embassy in Zagreb might find recruiting retired American executives an excellent way to evangelize for business philanthropy at quite low cost.

²⁷ Figures from Hromatko (2007: 55).

ing from foreign donors.²⁸ These organizations – or at least a large proportion of them – would have to be regarded as being at risk when donors depart as they are now in the process of doing.

Usually when a donor closes down a country program, its advice to NGO grantees soon to be stranded is, “Look for other donors.” But when donors are collectively decamping, such advice becomes a bit difficult. In Croatia, the remaining major bilateral donors in the civil society sector – in particular Norway, Sweden, and the Netherlands – are still present but slowly winding out their operations, and others (like The Open Society Institute) have already left. The Mott Foundation avers it will continue, but it has been a relatively small player working in close relationships with a few grantees and can scarcely fill the gap that will be left.²⁹ The big donor will be the European Union, but it has established its priorities in other sectors (education, environment, and social services, at least for now), and has evinced little concern that civil society needs further support. In a word, the CSOs in general and those focusing on issues like human rights and gender in particular will not be able to count on any serious help from the donor community.

2.3.4. NGO income generation and fundraising

Croatian NGOs have launched a broad range of experiments in income generation, which include:

- Offering training and consultation services to other NGOs (CroNGO’s regional partners and similar broad-gauge NGOs like the Center for Peace in Osijek).
- Providing specialized services to niche markets (Green Osijek and ecotourism in the Slavonia region).
- Building memberships (Booksa’s literary coffee shop in Zagreb).
- Making and selling physical products (RODA’s reusable diapers and baby slings).
- Foodstuffs (SLAP developing a line of organic food in Osijek).
- Prepared food (Green Action starting up an eco-cafe in downtown Zagreb).
- Providing services to local governments (MoST with its homeless shelters in Split).

Several NGOs have begun fundraising drives aimed at individual charitable contributions:

- Croatian UNICEF³⁰ has started a direct mail campaign (apparently a tactic not yet used widely in Croatia).
- Donacije.info has set up a website soliciting charitable donations for the NGO community.

²⁸ See Kunac (n.d.), which is an extract from Suzana Kunac (2006: 94).

²⁹ The Balkan Trust for Democracy (BTD) was created in 2003 by the German Marshall Fund of the US, USAID and the Charles Stewart Mott Foundation to provide support to democratic initiatives and regional cooperation in Southeastern Europe. It is additionally supported by other EU governments and private foundations, but its impact in Croatia is rather limited.

³⁰ The name makes the organization sound like part of the multilateral organization, but like TIC, the Croatian chapter of UNICEF is largely on its own for funding.

All these efforts are thus far embryonic, and indeed the total proportion of self-generated revenue remains very small in the NGO community. A CroNGO sample of NGOs taken in 2006, for example, found that while 20-30% of all their collective funding came from self-generated income, most of that was accounted for by a few NGOs; when they are dropped out, only a few drew more than 5% of their funds from such income (4 out of 36 in 2005, 7 out of 37 in 2006). But by following fundraising paths charted earlier by NGOs in other countries it can be predicted that many will craft effective strategies as necessity inspires the NGO community.

2.3.5. CroNGO contribution

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 and raise funds.³¹ 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 (NFSCD, NCCSD, and UzU³²), 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.

A larger part of CroNGO's assistance has focused on income generation and fundraising, through training sessions, workshops, and advising individual NGOs to develop ways to augment their resource base. Among the activities undertaken were a conference on fundraising in December 2006 with some 150 participants and a social enterprise conference in March 2007 with 100.

Finally, the CSR effort, while only just beginning and facing a long uphill climb, is well launched to have a significant impact on business sector philanthropy over the years to come.

2.3.6. A caveat: NGO dependence and autonomy

The elaborate and transparent Croatian grantmaking structure set up with the NFSCD and NCCSD are commendable – a model that could fruitfully be imported in many other countries. But it also creates a potential danger in the form of excessive NGO dependence on this source of funds. UzU's data released for 2006 show that among the 330 grants awarded by NFSCD to the NGO sector were four given to GONG (for a total of 820,000 HRK), five to DIM (480,000 HRK), two to B.a.B.e. (350,000 HRK) and two to ZaMirNet (245,000 HRK).³³ While grants of this size are unlikely to compromise the autonomy or integrity of these organizations in the short

³¹ NGOs that we talked with found these efforts valuable, though there were a couple that did not, in effect an assertion that they already knew all they needed to know about such matters. What is worth remarking here is how rarely NGOs complained that USAID implementers provided useless advice and counsel (a grumble often heard though frequently unwarranted in civil society assessments undertaken by team members elsewhere).

³² NFSCD also received one formal grant to conduct research and create a web portal for the NGO community.

³³ Data from UzU (2007). These larger grants may be for more than one year.

run (GONG's annual budget is almost 4 million HRK), they could pose such a danger in the future, if money gets tighter.

Could a dependence on government funding lead to loss of autonomy for the civil society sector, or at least for some important NGOs? In contemplating this question, it is important to keep in mind that state support for NGOs does not come only at the national level; county and municipal governments also allocate funds to them. The recent survey conducted by NFCSD gives some cause for concern here. In answering a question about whether donor interests affected NGOs' choices of program priorities, more than 56% of responding organizations in eastern Croatia answered "generally yes" or "sometimes yes." In Dalmatia the corresponding answers came to 38% and in the Zagreb area (where more than a third of the responding NGOs were located) 28%.³⁴ It is of course scarcely a secret that grant applicants worldwide tend to pitch their proposals to fit in with the priorities they perceive their potential benefactors will favor, and there is no reason to think that Croatia should be an exception, so these figures need not necessarily be a cause for alarm. Even so, they illustrate the potential for future state bodies allocating civil society funds to exercise serious bias in what gets proposed and what gets funded. And the more funding that comes from the state relative to other sources, the greater the potential for mischief.

³⁴ The questionnaire asked respondents to what extent they choose program priorities independently of donor interests, on a 1-5 scale between "generally not independently" and "absolutely independently." See Hromatko (2007: 17, 29).

2.4. Legislative Framework

2.4.1. Background

The legal operating environment has to be regarded as the *sine qua non* for civil society development. Absent laws guaranteeing freedom of speech, the right to organize and petition the state, as well as human, minority and gender rights, anything more than a rudimentary and impotent civil society is not possible. At a second level, laws promoting philanthropic and charitable donations should be in place also, as well as laws encouraging non-profit income. Needless to say, the existence of such laws per se does not guarantee their implementation, but the fundamental step is to enact them in the first place.

After the 2000 elections the new post-Tudjman Croatian Government started to change the legislative framework to align it with the standards of the European Union, as well as to improve legislation passed by the previous governments, which served to centralize the political system. Major legislative changes before CroNGO began at the end of 2001 were:

- the introduction of the Constitutional Law on National Minorities,
- law on local administration and self-governance enabling locally specific development sensitive to citizens' needs;
- law on NGOs ensuring sectoral autonomy and sustainability through easy registration procedures and provisions for tax-exemption and self-financing;
- tax law intended to stimulate local philanthropy;
- law on foundations modifying the regressive 1995 formulation to give foreign foundations more latitude for their activities;
- law on public television, transforming national television into a public – as opposed to state-controlled – medium.³⁵

2.4.2. Improving the legal environment

The Legal Environment component of CroNGO II program grew in part out of the CroNGO I and partly out of previous USAID collaboration with UzU as well as other parts of the GoC. Particularly important in the view of a number of observers was the intellectual leadership and managerial savvy shown by Office's director, Cvjetana Plavša Matić, who shepherded along hopes and plans for improving the legal environment through the later years of the Tudjman government as well as its more liberal successor. During CroNGO II, the Legal Environment program was divided into components concentrating on the legal framework and on institutional support.

³⁵ Škrabalo and Karzen (2001).

2.4.2.1. The legal framework

This part of the program dealt with the support that ECNL in cooperation with CroNGO provided to the Government of Croatia and civil society organizations for the reform of several key laws and regulations. The task here was greatly facilitated by an increasing governmental openness after the 2000 and 2003 elections, in particular from UzU and the NCCSD. The principal laws taken up were:

- The Law on Volunteerism (Offl. Gazette, No.05/2007);
- The Code of Good Practices on Governmental Grantmaking (Offl. Gazette No.02/2007);
- The Law on Foundations (still in draft form); and
- Status of Public Benefit Organizations.

For the Law on Volunteerism a working group was formed with representatives of GONG, the Center for Peace Osijek, MI and SMART (all NGOs supported by CroNGO) as well as representatives of the relevant ministries. In particular, GONG was assisted by CroNGO to pursue advocacy efforts on behalf of the volunteerism law. The impetus for the new law stemmed from a realization within the NGO sector that a framework was necessary to explain and define volunteering for public purposes and to differentiate it from employment, as there had been many misconceptions, even among MPs debating this issue in the Parliament, about what constituted volunteering. The first draft of the law was presented to the NGO community and the public at large (more than 300 NGOs took part in this debate) between 2002 and 2004, and there were two readings in Parliament before the Law on Volunteerism was finally accepted in May 2007. The major innovations include the protection of children volunteers and other more vulnerable groups of beneficiaries, and special provisions that enable foreigners to volunteer for NGOs.

The Code of Good Practices on Governmental Grant-making was enacted in February 2007 and found widespread acceptance in the NGO community. This is understandable since it was a long time in the making, and many representatives of the NGO community participated in the process. AED through CroNGO provided support to ECNL for its preparation, and many members of the NGO community have praised it publicly. Round table discussions were held during the drafting process, with representatives of the larger cities and NGOs invited to debate the law.

The Law on Foundations has been in the draft phase for more than two years now. It is expected to be sent to the Parliament soon, but the decision on that action rests with the Head of the Central Office for Public Administration. It is very unlikely that without outside pressure, this law will be introduced in the current election year. Work on the draft was quite intensive, with a working group consisting of several national and international experts including academics as well as several officers from the Central Office for State Administration (COSA). Unfortunately, it seems that COSA's head did not consider this a priority, although there were several roundtables (and a conference) organized in 2005 and 2006 to explain and promote it. So far, there have not been enough advocates for this law, nor enough interest to push for the recommended changes.

Efforts to enact a Foundations Law continue, however. In 2007 a new promotion plan was introduced, and a conference on corporate foundations was organized to discuss and advocate for the

swifter introduction of the new law. Donacije.info (an CroNGO grantee) created an award to recognize the most prominent corporate philanthropy organization. At the occasion the Minister of Family, War Veterans and Intergenerational Solidarity (standing in for the Prime Minister) claimed that a new foundations law was indeed a high government priority. UzU is also supporting the initiative, and it is widely expected that such a law will come into reality soon.

Introduction of the concept of the Status of Public Benefit Organizations is another part of the Legal Environment program still outstanding. Work on it started with ECNL and the NFCSD commissioning a booklet on the public benefit organizations,³⁶ an effort supported by CroNGO. At the recommendation of USAID, World Learning organized a study tour to Germany for 10 members of the NCCSD to get introduced to the German practices in dealing with the Law on Public Benefit Organizations in June 2007. In the meantime, UzU is currently working to distinguish NGOs that work for the "public benefit" of citizens from those that work for the private interests and benefits of their members. There is a discussion ongoing in Croatia at the moment on how to incorporate the notion of public benefit organizations into the legal system here. One option would be the creation of a separate Law on the Status of Public Benefit Organizations (as is the case in Hungary); another would be just to modify the tax law to include this notion.

In an additional initiative, CroNGO helped UzU initiate discussion on a Code of Consultations, which would require the GoC when creating policy to consult with NGOs through a roundtable and analytical publication. The draft of the Code is crafted after the British example and two legal experts were hired to help with the draft. It is planned that this Code might be introduced to Parliament by fall or winter 2007-08.

2.4.2.2. Institutional Support

Aside from its support for the NGO sector through conferences, roundtables, and the like, CroNGO has also supported legal environment reform with direct assistance to the key state institutions motivated to improve that environment – the NFCSD, UzU and the NCCSD.

Working with the Office for NGO Cooperation proved problematic for some time, owing to difficulties with the controversial then-director, although CroNGO persisted in efforts to collaborate with the Office, for example with support for consultants. Finally in early 2007 a new office director was appointed, and things changed for the better. One of our interviewees labeled his appointment “an explosion of creativity.” After these changes at UzU, the NCCSD, which had also been mired in difficulty, was reconstituted and began to function much more effectively.

The National Strategy for Creating the Enabling Environment for Civil Society Development from 2006 to 2011 was accepted by the GoC in June 2006, as well as an Action Plan (February 2007) to implement it. This is a very important set of documents that took many years of work and activism to draft and push through the Government. The Strategy’s major aims are to ensure independence and pluralism of civil society, to acknowledge the NGO sector’s activities (especially the public benefit organizations), and to open state institutions and political processes to public scrutiny. USAID’s and AED’s role in the process of drafting and lobbying for the Strat-

³⁶ Ivanović (2005).

egy, although minor, was important because of the general support CroNGO has offered to the people that have worked on the Strategy, the priorities it has set, and the issues it has raised over the course of many years. In a relatively small society, and an interwoven community such as the Croatian civil society sector it is important to keep mentioning the issues and raising questions about different issues. Even if not officially involved in drafting and proposing the Strategy (a USAID representative participated in one of the working groups), CroNGO helped to create an overall favorable environment to raise the issues, argue for the introduction of different legal framework, and advocate and lobby for change.

2.4.3. CroNGO contribution

CroNGO served basically as a supporter and facilitator in enhancing the legal framework in which the NGO community operates. Measures like the Law on Volunteerism and the Law on Status of Public Benefit Organizations might get passed eventually without American support, especially given the pressure to bring Croatian practices into line with EU standards as part of the country's effort to gain admission. But CroNGO assistance has moved the process along faster than it would have otherwise proceeded, with the effect of not only pushing the admission process along a bit faster but also improving the operating environment for NGOs.

2.5. Support services

When CroNGO commenced operations at the end of 2001, a number of organizations offering NGO support services were already in place, among them MI in Split, OGI in Osijek, and SMART in Rijeka. Thus unlike the early 1990s in Eastern and Southeastern Europe, when the absence of such centers of expertise made for a real constraint on NGO development (and considerable effort on the part of USAID and other donors had to be devoted to building them in effect from scratch), there was no need to create such bodies.³⁷ Instead, CroNGO could concentrate on strengthening them.

Over the course of our field work, we found considerable evidence that this approach was successful. "SMART has become our friend, we can call them anytime" said an activist in a small Istrian NGO. And the office staff at SMART affirmed to us that their NGO grantees did indeed call them at any time, even after their grants had expired, but SMART saw it as an ongoing obligation to continue providing guidance. Similarly in Split, grantees mentioned the help they had received officially (in the form of guidance on submitting proposals and formal training provided) but perhaps of even more importance they noted the informal guidance that MI seemed always willing to give. Thus CroNGO strengthened the NGO sector in two ways: backing the centers to provide formal and informal support to their individual NGO grantees and encouraging the NGOs to avail of the support both during their grant period and afterward.

In both Rijeka and Split, municipal officials spoke of the help and the expertise they were getting from partnership and work with the CroNGO support centers. As observed elsewhere in this report, city officials in both places found the CroNGO process for reviewing grant proposals so impressive for the degree of transparency and objectivity displayed that they adopted similar practices for their own municipal grant-making procedures.

Other related support services have developed as well. For instance, an informal network resulting from various training-of-trainers programs led to the creation of the Trainers Forum (TREF), a core group of NGO activists who in addition to their field of expertise, now constitute an ongoing organization devoted to the ToT enterprise.

Along with their work as support service providers, the Centers have also continued to pursue an NGO agenda of their own. OGI, for instance, works on human rights and legal support, while MI deals with elderly care and refugees. By functioning as actors as well as teachers, the centers are well positioned to benefit from a cross-fertilization of practice and theory.

While the large regional centers like OGI received the bulk of CroNGO's attention, there were a number of smaller and more local efforts as well, in the form of 11 Network Capacity Building grants in the neighborhood of 80-90 thousand HRK going to such organizations as the Balkan Ecovillage Network and NGO Coordination of Lika Senj County.

³⁷ This need persisted in some places. As late as 2003 in Macedonia, for example, there was only one NGO support center of any real significance, and it offered services to NGOs as a sideline activity rather than as its main objective as in Croatia. See Blair et al. (2003).

2.5.1. CroNGO contribution

CroNGO's grants to MI, OGI and SMART over the project's first and second phases came to roughly 1.5 million HRK each, considerably more support than was given to other NGOs. These grants clearly helped significantly in building a core resource of support services for the Croatian NGO community. These three organizations have developed a market for their expertise that goes well beyond NGOs using CroNGO funds to purchase them. All of them now provide training, consulting, workshops and the like on a fee-for-service basis that produces substantial income. As a bottom line we can say confidently that the network of larger and smaller support service providers will be able to ride out any downturn stemming from donor phaseouts. Some among the network may falter, but a critical mass will remain in place. This is not a small achievement.

2.6. Other donors

As USAID prepares to wind down its activities in Croatia, so too are other donors beginning to depart. Some, like the Soros Foundation's Open Society Institute have already left, also Britain's Department for International Development. Others, like the Swedish International Development Agency (SIDA) are in the process of closing out operations. A few will stay on, such as the Mott Foundation (though it has no office in Croatia), the United Nations Development Programme (UNDP), a couple of European bilaterals (Dutch and Norwegians³⁸) in at least some form, and most importantly in terms of planned investment, the European Union (EU), which will be by far the largest donor in Croatia for the foreseeable future.

The EU will be devoting considerable interest to Croatia and contributing substantial support to its development in the anticipated run-up to EU accession, but not in the civil society sector. Its officials stationed in Croatia, as well as some in Brussels, consider civil society to be in excellent shape, with no further strengthening needed. Instead, the EU will put its priorities on social welfare services, environment and education. Some of these activities may well involve NGOs and even advocacy, but civil society apparently will not be supported as such.

To the extent that the EU might support civil society indirectly (e.g., in assisting environmental groups engaged in advocacy), one important issue that came up several times was the potential for EU to stifle NGO energy and enthusiasm with its inherent bureaucratization. Would NGOs seeking funding from the EU have to become so much like it that they would lose much of the spirit and has so far served as a large part of their *raison d'être*? Time will tell.

The UNDP has worked with civil society, providing some training for capacity building and lobbying (this latter in collaboration with the International Republican Institute in March 2007), but their main effort appears to have focused on support for the NFCSD which *inter alia* has provided training for cross-sectoral partnership through a new training center in Zadar. The program has had some difficulty in attracting interest from the private sector, however (an observation that accords with what we heard elsewhere about business enthusiasm for philanthropy). Similarly Norway (now the largest European bilateral donor in Croatia) sees itself as supporting civil society, but democracy seemed not their highest priority.

Swedish SIDA has had an active program for supporting civil society, but has taken quite a different approach from that employed by USAID and CroNGO. It has operated through three Swedish "framework organizations" (similar to what were once called "private voluntary organizations" in USAID), each of which has picked and supported particular Croatian NGOs with multiyear grants, building lasting relationships with each. They have specialized in human rights, media, gender issues and general democratization. GONG, ZaMirNet and B.a.B.e. have been among these long-term beneficiaries. The major contrasts with CroNGO is that SIDA picks the grantees rather than using a tender process, provides grants over a longer term, and seems to be more generous with core funding but provides less training and counseling to its grantees.

³⁸ We heard that the Japanese Embassy intended to continue a bilateral program focused on supporting new technologies, but were unable to confirm this.

The Charles Stewart Mott Foundation is somewhat similar to SIDA in concentrating on longer term grants to fewer NGOs, stressing continuity and capacity building over time. It currently emphasizes community level public participation, “transitional justice” (reconciliation), and non-profit social development.

In sum, our impression was that with the exception of Mott and the departing Swedes, other donors have essentially phased out of support for democracy in general and civil society in particular. To the extent that they continue to be engaged, it is at a low level of attention.

3. Secondary findings

In this section we take up the several secondary questions posed in the SOW. As noted in the introduction, the second question in this part of the SOW amounted to a combination of the first and third questions, and so has been subsumed under them.

3.1. Partnerships

For a decade and more, USAID has referred to its contractors, cooperators and grantees as “partners” and to its relationships with them as “partnerships,” with the same terminology carrying over to the interactions between these implementers and their own grantees. But it has always been clear that the partner dispensing the funding has been in effect the “senior partner” while the one receiving it has been the “junior partner.” In Croatia, the USAID-CroNGO-grantee set of associations has necessarily followed the senior-junior pattern (the organizations making grants have to account for them, after all), but in the team’s observation the relationships between the levels has been unusually close and has enabled both CroNGO and its grantees to work more effectively.

Perhaps the best indicator of this level of collaboration is that the grantees we met did really seem to regard CroNGO as a partner rather than as a foreign implementing agency.³⁹ This can be explained partly by AED’s long in-country presence and relatively small staff turnover, which has enabled it to learn a great deal about the context in which it operates. Added to that, the long-time service of Slavica Radošević as program officer at USAID/Croatia has facilitated an unusual degree of collaboration between donor and cooperator.

CroNGO has used this long-term presence to gain the trust of, and establish personal ties with, local communities and governments, which has helped with both their program implementation and their ability to foster sustainable relationships among local governments and NGOs. In Rijeka, for example, a charter of cooperation between the city government and the NGO sector was adopted in November 2004.⁴⁰ Since then, the charter has been emulated in a number of other towns. In addition, it seems that the Code of Good Practice (which was enacted in February of 2007) has been used in most of the major cities. The precise usage of the Code on the part of the

³⁹ To be sure, one has to discount assertions praising the benefactor in these situations, but compared with previous assessments the two senior team members have undertaken, the grantees did seem to have a more positive regard for AED than their counterparts in other countries. And the fact that CroNGO was coming to an end meant that there was even less incentive for currying favor with false praise than in a mid-term evaluation where the prospect of future funding might motivate a bit of sycophancy. There were some complaints, of course, but in general feelings were very warm indeed.

⁴⁰ See “Charter on Cooperation between the City of Rijeka and the Non-Governmental and Non-Profit Sector” (Rijeka, 2004). It should be noted that USAID’s other DG contractor, the Urban Institute, also had a significant hand in crafting this model charter.

counties and municipalities will have to be checked by the Office for NGO Cooperation on an annual basis.⁴¹

Of at least equal importance, CroNGO has become in many ways a de facto intermediary between the NGO sector and the state in two principal ways. First, it has supported cooperation from the government as well as the NGO community by funding a NFCSD study and supporting the work of UzU and the NCCSD. Second, CroNGO has initiated discussions on such topics of mutual interest as volunteerism, corporate social responsibility, quality assurance (the SOKNO exercise), and self-financing through grants programs, conferences, training series, and publications.⁴² It should be added that in addition to bringing together the NGO sector and the state, these conferences also facilitated the development of horizontal networks among NGOs in a way that would have been impossible otherwise. In doing these things, CroNGO has become what amounts to an “institutional player” in the civil society arena in a way that no other donor or contractor/cooperator has managed.

One last CroNGO contribution to partnership has been its work to promote ties between NGOs and the business sector through its support of corporate sector responsibility and entrepreneurship. As noted elsewhere in this report, progress here has been necessarily slower than in the other partnership dimensions, but it is nonetheless being made.

3.1.1. CroNGO contribution

CroNGO’s role in fostering partnerships appears exceptionally clear here. Unlike most development activities, where other donors can also claim credit for whatever successes have been attained and where exogenous factors can in any case be asserted to have been more important than the donor contribution, unmistakable lines of attribution can be discerned. No other donors were working this terrain more than marginally, nor can it be asserted that absent CroNGO the present levels of partnership at national and local level would have come about anyhow. CroNGO can rightly claim a real parental role in transforming the civil society landscape in Croatia for the better.

⁴¹ This issue was debated at the session on the Code of Good Practice, AED Conference, June 14, 2007. The debate confirmed that the cities of Zagreb, Pula, Dubrovnik, Split, Čakovec and the municipality of Vojnić used the Code, even if, unlike Rijeka, they had not signed a charter.

⁴² Aside from CroNGO, USAID also supported ICNL/ECNL directly until 2004 in promoting discussions on policy reforms in the legal environment for NGOs.

3.2. Public image

In the early 1990s, after Croatian independence had been declared and while the conflict with Serbia was in process, activist elements of the NGO sector did not hold a favorable reputation in many eyes. After the long Yugoslav period in which most ostensibly non-state institutions amounted to fronts for the regime, these NGOs first emerged in public perceptions as part of the anti-war movement or engaged in humanitarian relief efforts to assist war victims and displaced people. As such they were more likely than not to be regarded as operated by dissidents, anti-social elements and even traitors to Croatian nationalism – perhaps not surprisingly amid the public postures taken by the Tudjman regime.⁴³

A decade later, this picture had largely changed. By 2002, a national study conducted by GfK found that over 91% of respondents had heard of the term “NGO” (nevladina organizacija) and 82% said they knew the meaning of the term. Fully three-fifths (61%) reported a mostly positive opinion of NGOs in general, while only 3% said they were doing more harm than good (almost one-third took a neutral stance on the question).⁴⁴ Three years further on, another national study conducted by the Ivo Pilar Institute found that 73% of respondents viewed NGOs favorably, while negative attitudes had declined to just over one percent and neutrals to 21%.⁴⁵ Regional studies suggest similar positive attitudes toward NGOs. For example, the Center for Peace, Non-violence and Human Rights Osijek’s 2005 study, *Visibility of NGOs and Views of the Citizens toward Volunteer in the City of Osijek*⁴⁶ highlights that 80% of respondents thought that NGOs contribute to community well-being.⁴⁷

Another way to measure NGOs’ public credibility is through the number of cooperative linkages established between NGOs and the local governments, ministries, and other state institutions. In B.a.B.e.’s 2006 research report, the data indicate that of the 90 organizations surveyed, 32 reported themselves “actively cooperating” with various state bodies at the national level, and 42 with local governments to address community problems.⁴⁸ Furthermore, a good part of NGOs’ funding comes from local governments and ministries, which argues that NGOs have proven the

⁴³ The greater part of the total NGO sector in the 1990s, as before and since, and in terms of numbers of NGOs and budgets, has been those devoted to sports, culture, family solidarity and the like. Engaged almost totally in service delivery activities, the reputation of these organizations did not suffer during the conflict period. Rather it was those groups – most of them quite new at the time – involved in campaigning for peace and humanitarian issues that came under public displeasure.

⁴⁴ GfK (2002).

⁴⁵ Franc and Šakić (2006).

⁴⁶ Center for Peace Non-Violence and Human Rights (<http://www.centar-za-mir.hr/engpublikacije.php>)

⁴⁷ In another local study, PRONI’s 2006 research on NGOs’ visibility marked an increase in the visibility of NGOs’ work in the community. Their study surveyed about 1,000 citizens from four cities in Slavonia (Ilok, Vinkovici, Vukovar, and Zupanja), and the findings suggest that after only six months of public relations activities on NGOs’ contributions to the community, the visibility of the NGO sector increased from 77% to 79% in Ilok, to 65% to 68% in Vinkovici, to 75% to 82% in Vukovar, and 53% to 62% in Zupanja. See PRONI’s VONGO report at www.proni.hr/e/vongo_e.htm.

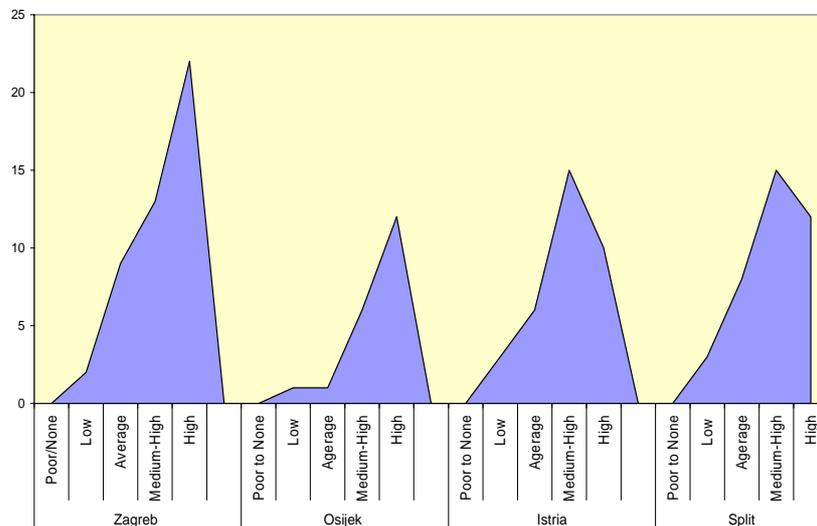
⁴⁸ See Kunac (2006: 78 &ff). A shorter summary of the study is available on the B.a.B.e. website at (www.babe.hr).

importance of their contributions to the community and their credibility in Croatia’s social structure.

3.2.1. Our quantitative findings

The quantitative analyses undertaken by the team⁴⁹ reveal that out of 138 NGOs surveyed, 105 (76.1%) reported medium-high to high visibility of their work at the community level, 24 (17.4%) reported average visibility, and only 9 (6.5%) reported low visibility. The data also suggest that NGOs are present in the public image in all four major regions – Zagreb, Split, Rijeka (Istria) and Osijek, as demonstrated in Figure 2.

Figure 2.
NGOs VISIBILITY BY REGION



Two aspects of NGO public image are worth noting. First, public image seems to be much more related to leadership focus on advocacy (and its capacity for grabbing the media spotlight) than size. Two of the most prominent NGOs in Croatia have miniscule paid staff in relation to their public prominence: B.a.B.e. has only five full-time employees, while TIC has but three. Other NGOs with much larger staffs get less attention, though what they do is at least as valuable to the democratization process.

Second, there appears to be a strong relationship between NGO visibility and organizational capacity as well as collaboration with the public sector. Our quantitative exercise found the correlation between visibility and capacity (as reported by CroNGO program officers and regional partners for 138 NGOs) to be quite high ($r = .477$), and that between visibility and collaboration equally impressive ($r = .475$).⁵⁰ These relationships make sense inasmuch as well-organized

⁴⁹ For a brief description of the data used, see the subsection on methodology in section 1 of this report.

⁵⁰ For a presentation of the quantitative analysis, see Annex D.

NGOs would be better able to project themselves publicly, and involvement with the public sector is a good way to gain visibility.

3.2.2. CroNGO contribution

CroNGO has contributed directly to improving the NGO sector's public image in three ways. First, it has funded 7 major visibility projects to support research on the public image of the Croatian NGO sector and to develop e-magazines, radio- and TV-shows, and web-portals. Second, CroNGO has held various round-table discussions to disseminate research findings or address issues of importance for the NGO sector. And third, the training provided by the regional partners and other CroNGO-supported organizations like TREF has helped individual NGOs to improve their public profile.

3.3. Exogenous factors affecting the Croatian NGO sector

As with any foreign assistance program, USAID and AED cannot claim complete credit for whatever successes have emerged in CroNGO. There are always other factors at work independent of anything US organizations are doing, and accordingly civil society development is heavily influenced by political, social and economic factors well beyond American (or any other) control.

The several peaceful changes of government starting with the 2000 election were arguably the most important factor, setting in train the impetus toward reform that opened the way toward EU candidacy as well as inviting domestic initiatives for reform to emerge.

Before 2000, the 1990s experience of war, refugees, human rights abuse, and economic depression created a crisis environment in which many Croatian NGOs were formed, with considerable international assistance. This generation of leaders dominates the NGO community today, though a new generation is beginning to emerge.

The EU admission process which for Croatia officially started in 2005 became a powerful incentive toward reform, spurring the state to update its laws and regulations regarding the NGO sector. This readiness to change proved a boon to CroNGO grantees GONG and TIC, who were pressing for changes along similar lines.

Although the donors are collectively decamping, (actually they have done so before, at first in the aftermath of the war, and then again after the influx of aid concomitant with the 2000 election), there is little sense of panic or betrayal on the part of the NGO community in Croatia; most NGOs aver that they will survive intact, albeit in some cases they will need to trim back a bit.⁵¹

Independent media in Zagreb in larger cities are surely an important agent of the change in the NGO sector. There is, however, little media oversight in most of Croatia outside the largest centers. Therefore there is a need for a constant monitoring and evaluation on different levels.

Economic growth in recent years has also had an impact, inducing a less anxious (and hopefully more generous) climate for supporting civil society. Certainly the willingness of municipalities like Zagreb, Rijeka and Split to support NGOs would be much less if the economy were depressed and municipal revenues suffering. And of course rising discretionary income has meant gambling has increased, with the result that the NFCSD finds its own income growing by 15-20% a year.

⁵¹ It should be pointed out that one major reason for this NGO confidence lies in the enhanced organizational capacity and financial sustainability that these groups have attained with foreign assistance, in particular from AED and earlier the Open Society Institute. So this “exogenous factor” does have a causal root in USAID’s efforts.

4. Conclusions & lessons

Our assessment has yielded a good number of significant findings, and many of them could well serve as lessons for future efforts on the part of USAID and other donors to support civil society initiatives in other settings. We present them here in the order of the report's sections, beginning with advocacy. At the end, we offer several caveats based on what we have observed during this evaluation. A second subsection explores some of the results of our statistical exercise.

4.1. CroNGO's major components

4.1.1. Advocacy

Levels of success. The most obvious pattern with the advocacy program has been the differing levels of success during CroNGO's existence: grantees were able to push along legal changes in campaign reform, volunteerism and corruption control quite quickly; serious systemic constraints precluded more than modest improvement in minority rights; and the business sector proved largely (though by no means completely) resistant to change in the short term. The results could be an argument for avoiding the latter two efforts, especially given the pressure USAID often feels to show rapid results. But to us, the experience shows the value of launching initiatives that are sure to be long in achieving lasting impact but are vital to sustaining a democratic polity over time. Enhancing minority rights and developing a corporate social conscience in a thriving entrepreneurial climate are surely two such initiatives. USAID cannot guarantee that these two efforts will carry on after the closeout, but it can take satisfaction at having seen them off to a good start.

Advocacy everywhere. A second pattern reveals the frequency – even ubiquity – of advocacy throughout the smaller grant programs, including those ostensibly focusing only on service delivery. Often grantees used CroNGO-supported training to engage in such advocacy, generally on the local level. But future efforts could be even more successful if advocacy were explicitly built in as a major program component.

4.1.2. Capacity building

Program continuity. CroNGO has been nominally a six-year enterprise running from December 2001 through September 2007, but in fact has been a nine-year program, beginning with USAID's Croatia NGO Development program, which started in 1998, all conducted in partnership with AED as the prime cooperator.⁵² This long-term engagement with a single implementer and what amounted to a single program – most unusual for USAID – allowed CroNGO to accumulate a most impressive experience and institutional memory. Grantees built up a high level of confidence in CroNGO, and at the same time CroNGO developed an understanding of its grant-

⁵² AED was chosen in a competitive process for the NGO Development Program (1998-2001) and then again was selected competitively for CroNGO beginning in 2001. CroNGO II was carried out as a cost extension of CroNGO I, and was thus not competed.

ees that helped greatly over the years.⁵³ Willingness on the part of CroNGO and its three regional support centers to provide counsel even past the end dates of their grants was noted by a good number of grantees. And CroNGO's eagerness to invite former grantees to its conferences has been exemplary. All these qualities argue strongly against what often seems a USAID proclivity for changing contractors or cooperators when a project moves into a second or third phase irrespective of earlier performance.

A flexible template. An oft-repeated truism within USAID and the donor community more generally is that "one size doesn't fit all, general blueprints don't work, every program must be painstakingly tailored to its context if it is to work, etc." A signal accomplishment for CroNGO is to show that one template can accommodate a large variety of sizes, if it has been devised with sufficient built-in flexibility. The Croatian Quality Assurance System abbreviated as SOKNO was crafted to encourage NGOs to assess their level of competence along different dimensions (strategic planning, monitoring, etc.) and decide which areas to improve, what efforts to take up in each area, and how to ascertain whether those efforts had been successful. Many of our interviewees mentioned that the SOKNO system had been of material use to them.

Taking "partnership" seriously. USAID/Croatia's long running relationship with CroNGO and the latter's care and concern in dealing with its grantees created a level of morale not often seen in donor projects. Grantees felt that AED/CroNGO treated their concerns and suggestions with real interest, and they evinced a genuine enthusiasm for working with AED as an organization. And on their part, CroNGO staff at AED showed an impressive sense of commitment to working with the grantees.⁵⁴ This CroNGO-grantee affinity can serve as a model for future NGO initiatives elsewhere.

Grantee training choices. Many USAID programs determine training priorities and then direct grantees into the programs they set up. Training in effect is determined by supply of trainers, not demand from the grantee side. Complaints about such straitjacketing have been numerous in the experience of team members who have conducted evaluations elsewhere (even when in our view the grantee could have benefited significantly from the training). In contrast, encouraging grantees to decide for themselves what training they needed was much appreciated in Croatia, and surely contributed to the value that the grantees placed on the training. This flexibility depends, of course, on the availability of a wide range of training and consulting skill sets, which in the present case could be offered by the support centers.

Utilizing foreign travel. Several grantees noted the benefit of CroNGO's practice of supporting occasions for exchanging insights and experience after CroNGO-sponsored foreign travel. All too often those returning from USAID trips plunge immediately back into their work without a chance to assimilate what they have learned. CroNGO's approach should be instructive to others.

⁵³ It should also be noted that FSN continuity in USAID's Zagreb office appears to have significantly broadened confidence and trust between all three sides: USAID; implementer; and grantees.

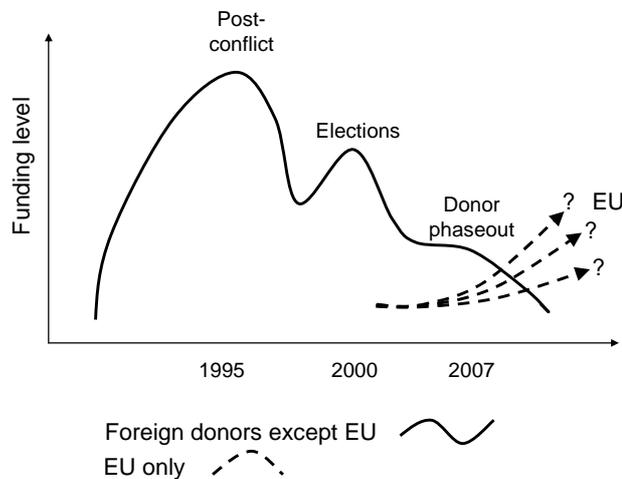
⁵⁴ As noted earlier, we feel our team collectively has sufficient experience to sort out actual enthusiasm from often all too understandable desire to avoid jeopardizing future funding (a distinction easier to make in the present case because all sides understood that the relationship and the funding were coming to an end).

Spillover effects. Through participation in the CroNGO grant review process used by the regional partners, municipal governments have introduced similar procedures to ensure fairness and transparency in their own NGO grant-making systems – a marked contrast to the secretive, patronage-laden machinery still in use by many local governmental units.

4.1.3. Financial sustainability

Experience reducing anxiety. The upcoming shrinkage in donor funding is not the first time this has happened. As indicated in Figure 3, support from the international community peaked during the conflict era of the 1990s and then declined rapidly – a typical post-conflict scenario. But then in the run-up to the critical 2000 election, donor funding again increased and dropped rapidly. Thus the reduction currently looming will actually become the third significant decrease faced by the NGO community. The EU will compensate for some of the diminution, but civil society will not be a high priority, so cannot be counted on to make up much of the anticipated loss. The prospect, in short, is a familiar one, but NGOs have been there before. And while the coming shortfall was sobering to a good many organizations, it did not appear to be inducing the levels of anxiety and panic that team members have seen in other situations, particularly in post-conflict contexts. In general, NGOs seemed to be preparing themselves for what lay ahead.

Figure 3. Peaks and declines in donor funding for Croatia



A model for state funding. Croatia’s structure for allocating public funds to civil society through the NFCSD serves as an impressive model for insuring competition and an objective review process. And after recent reforms, monitoring by the NCCSD appears on course to serve as a model for transparency. After its admission to the EU, when Croatia will be required to establish a foreign assistance program of its own, this system could well become an inspiration for application in other countries. Moreover, given USAID’s role in supporting the development of this mechanism, the Agency might well consider incorporating the model in its own future foreign aid initiatives.

Corporate philanthropy as a long-term project. Over the past decade or so Croatia's economy has expanded at a respectable rate, but building a sense of social responsibility within the business sector has proved a somewhat slower process. This should not be a cause for dismay, however. CroNGO has developed a good design for corporate social responsibility with its *Overview* publication,⁵⁵ and the Center for Civic Initiatives has been working to formulate several models along these lines. Donacije.info's concept for public recognition of corporate philanthropic exemplars augurs well here. And an obvious candidate for attention is the income tax provision for corporate charitable contributions, which needs to be enhanced, simplified and publicized. There is also a move towards establishing corporate foundations. The establishment of the Adris Foundation was announced in the beginning of May 2007 with an intention to invest around 2 million HRK in the educational, social services and humanitarian projects.⁵⁶ These are good initial steps on what is certain to be a long path.

4.1.4. Legal environment

With fundamental laws in place guaranteeing free speech, the right to organize for advocacy, and human, minority and gender rights, the more recent challenge in Croatia has been to enhance the operating environment for civil society with laws on volunteerism, foundations and the status of public benefit organizations, and a code of good practice on government grant-making. Two of these measures have been enacted with support from CroNGO, a third appears headed for parliamentary passage, and the fourth is well along in process. Much of the credit for success in this sphere must go to reform-minded leadership at the political helm. Certainly "Political Will" – that old development nemesis blamed for so many policy failures in other countries – proved ready and willing to stand up and be counted in Croatia. But the political leadership did not act in a vacuum. Civil society was ready to seize the opportunity offered by devising, debating, drafting and promoting new legislation. And significant credit for that performance belongs to CroNGO for supporting the NGOs involved in these processes as well as the state institutions with which the NGO community interacted to promote legal change – the NFCSD, NCCSD and UzU.

4.1.5. Support services

A capacity for capacity building. With the three regional support centers now well established (MI, OGI, SMART), plus others also providing NGO support services (e.g., Center for Peace Osijek, TREF), and with all of them now experienced at offering their expertise on a fee-for-service basis, Croatia enjoys a remarkable availability of expertise to the NGO community. USAID along with other donors like the Soros Foundation deserve much credit for building up this resource on both a national and a regional E&E basis from the DemNet days in the early and mid-1990s.

⁵⁵ Bagić et al. (2006).

⁵⁶ The Adris Group is the largest tobacco corporation not only in Croatia but in the whole region, so it may turn out to set an example for smaller businesses to start foundations. But if it takes the path followed by most corporations, it is unlikely to support advocacy and public policy issues that might be controversial.

Reducing risk through multiple support centers. The existence of several high-quality support centers should mean that whatever shakeouts might occur in the NGO sector, enough capacity to provide services will survive to enable the sector to continue being able to access expertise on an as-needed basis.

4.1.6. Caveats

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 itself has done or not done, but are nonetheless important and should be seriously considered in a report of the present kind.

Support for unpopular causes. 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 one) 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 NFCSD. But 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,⁵⁷ 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. But there is a potential downside to the security blanket of state funding that must also 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. But 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 NCCSD and civil society itself will bear a heavy responsibility to see that this does not happen.

⁵⁷ Interestingly, the NFCSD 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 NFCSD's independence nicely, but it cannot be anticipated that such an openness will last indefinitely.

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 sector⁵⁸ 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.

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).⁵⁹ 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.

In its advocacy program, CroNGO has done significantly better than the typical donor (including itself in its other grant programs) in providing for operating expenses averaging just over 19% among the six grantees.⁶⁰ This exception to USAID's general practice should be taken to show that it is possible to include some recurrent costs in the grant process. Basic salaries do have to be taken care of, electricity bills paid, and phones kept running.

⁵⁸ Aside from NGOs in the traditional sports/cultural sector, which CroNGO did not support and which we did not assess.

⁵⁹ 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.

⁶⁰ CroNGO also provided some operating costs with its other grants, but they were generally small. Time available in our assessment did not allow the fine data gathering and scrutiny that would have been needed to compare CroNGO practice with that of other donors in this regard. What did seem apparent was that CroNGO's support for overhead in the advocacy program considerably exceeded general norms, while in most other grants its overhead support – like that of other donors generally in Croatia as elsewhere – followed them.

4.2. Fitting the parts together

The CroNGO program's components fit together logically as parts of the USAID strategy for promoting civil society and on the ground also as activities being implemented by CroNGO, as should be clear in this report. But while we believe we have a good illustrative sample of CroNGO grantees (cf. Table 1), there was no way we could meet with more than a small fraction of the recipients of the 331 grants awarded during CroNGO I and II. So we thought it would be worthwhile to get a picture of how the parts fit together in a quantitative sense. Accordingly, we drafted a questionnaire aiming to obtain a reading on NGO grantee capabilities on six major dimensions, using a 1-to-5 scale. We described the dimensions as follows:

- Capacity: Does the NGO have sufficient organizational skills and procedures to manage its program effectively?
- Governance: Is the NGO operated in a democratic, transparent and accountable way?
- Advocacy: Has the NGO attempted to influence government decision making at local or national levels?
- Financial sustainability: Has the NGO been successful in receiving financial support from Croatian sources?
- Visibility: Is the NGO well known in its community?
- Collaboration: Has the NGO demonstrated an ability to network and work cooperatively with other organizations?⁶¹

We used the instrument in several ways:

- Asking respondents in our interviews to grade their own organizations;
- Assigning our own ratings to NGOs at the time of our interviews; and
- Asking CroNGO program officers to rate the NGOs who were beneficiaries of the Small Grants Program in CroNGO I and the CPP as well as other grants in CroNGO II, and asking the three Regional Partners to give us a similar rating for grantees in their respective areas.

It was the latter exercise that yielded the most interesting results, which appear in the correlations presented in Figure 4 (the whole correlation matrix appears in Annex D).⁶²

⁶¹ We could not figure out a way to incorporate CroNGO's Support Services component into the questionnaire, but included "Collaboration" as a sort of quasi-proxy. The Legislative Framework has no direct connection, since it presumably affects all NGOs equally, so we did not include it except as background context, as shown in Figure 4. Finally, although Governance is in a sense a measure of Organizational Capacity, it seemed worth exploring on its own, so we included a separate item for it. The strong similarity between these two variables is reflected in the high correlation between them ($r = .713$) in Figure 5.

⁶² Some cautionary notes must be offered for an enterprise of this nature, of course. First, the ratings are by design impressionistic, and one cannot assume that the raters necessarily used exactly the same criteria across all four reporting areas. Second, the raters would have been more familiar with some grantees than with others, so for any given rater, the ratings would vary in accuracy. Third, our exercise assumes that raters can estimate all these variables equally adeptly, which may well not be the case (visibility might be easier to discern than organizational capacity, for example). And fourth, we cannot assume that the unranked (i.e., missing) NGOs are similar to those for

Figure 4.
 NGO dimensions rated by AED program
 officers & regional partners
 (Pearson correlations; n = 138)

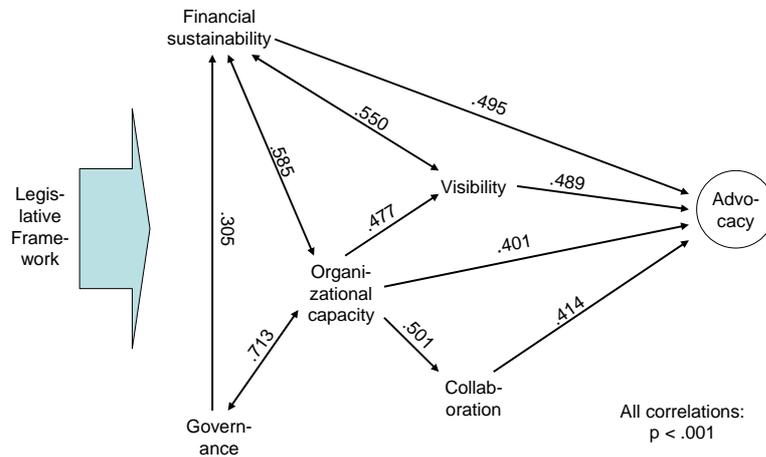


Figure 4 portrays advocacy as the end goal of CroNGO and shows how the other variables link to it in terms of correlation.^{63, 64} Logically, organizational capacity should have the most impact on advocacy, and indeed it does have a strong link ($r = .401$), but not as strong as that shown for financial sustainability ($r = .495$), visibility (.489), or even collaboration (.414, which is statistically not significantly different from the correlation shown for organizational capacity). Could it be, then, that financial resources and public image are more important than basic organizational capacity in enabling an NGO to get the advocacy job done?

We get some hint that this might be the case by doing partial correlations. The direct correlation between organizational capacity and advocacy is .401 as shown in Figure 4, but if we control for financial sustainability, it goes down to .157, indicating that a good part of the relationship between organizational capacity and advocacy can actually be accounted for by financial sustainability.

Performing the exercise the other way around also depresses the relationship but not by as much. Whereas the direct correlation between financial sustainability and advocacy is .495, when controlled for organizational capacity it declines to .351. Thus financial sustainability statistically carries considerably more freight than organizational capacity in accounting for advocacy, at least for those NGOs on which we obtained data.

which data were reported. Even so, and despite the obvious problems involved, the exercise proved interesting enough to report.

⁶³ Service delivery could have been selected as the end goal as well, but in addition to having a less clear connection to democratization, it would have also been much harder to establish an ordinal measure for it.

⁶⁴ The arrows in Figure 4 simply reflect our assessment of causal flow; they are not connected to any elaborate effort in path analysis.

To the extent that our exercise reflects some reality,⁶⁵ one implication is that improving an NGO's financial resource base will have a bigger impact on its ability to advocate than building its organizational capacity. Another is that more attention should be devoted in the future to building organizational capacity. Such speculation is only that, however, with the data presently at hand, but the exercise provokes enough questions that it might justify a research project for the post-CroNGO era, perhaps to be sponsored by NFCSD or the Office of NGO cooperation.

⁶⁵ See footnote 36 above in this regard. It might also be noted that statistical significance drops for the first partial correlation mentioned in the text. While for the correlation between organizational capacity $p < .001$, for the partial with financial sustainability, $p < .07$, or in other words significance is not even at the 5% level.

5. A further legacy?

In addition to the lessons and implications noted in the preceding section, we would make one additional observation on CroNGO's potential legacy for civil society and continuing progress along the democratization trajectory in Croatia. This concerns CroNGO's role as an institutional player in the democratization process and how that might be carried on in future.

Following the Soros Foundation's period of heavy involvement in the 1990s, CroNGO assumed the role of principal democratization innovator in Croatia during the present decade. This function comprised two parts: one in providing innovation seed money (which has been the major focus of this evaluation); and a second potentially more important one acting as convener for the NGO sector in exploring issues of common concern. On the funding side, CroNGO provided help to NFCSD with a grant for research and enhancing a website, for example, while as convener it organized various events focusing on such topics as NGO governance, fundraising, community foundations, corporate social responsibility and volunteerism. Finally in June 2007, CroNGO organized a civil society conference bringing together the major NGOs (as well as many less prominent ones), donors, GoC officials, and a number of outside experts. Over its three days, which included 24 smaller sessions as well as plenaries, the conference provided a full picture of the state of Croatian civil society in its achievements, problems and future.⁶⁶ As USAID and AED depart the Croatian scene, there is a baton to be handed off, but the obvious question is, to whom?

On the seed money side, the Mott Foundation might assume the role, or perhaps OSI from its office in Budapest. Another possibility might be an enhanced Balkan Trust for Democracy, or perhaps even a new Europe and Eurasia foundation if sufficient interest can be mobilized to start one up.⁶⁷ In any case, though, USAID and the American Embassy should devote some serious thought to such a prospect. The need is particularly pressing in that Croatia like a number of East European countries has followed a democratization path that in many ways more resembles the American model of democratic pluralism than the more orthodox Western European one of corporatist democracy where apex bodies represent important sectors and policy decisions tend to be made on the basis of consensus rather than debate and contention. The institutional momentum that CroNGO has built up in promoting democratic pluralism over the past nine years is an asset that it would be shameful to abandon abruptly.

As for a convener institution, the NCCSD might seem a possibility, given that its NGO members are elected by sectoral constituencies, thus making the council the closest thing there is in Croatia to a body representing the NGO community as a whole. But the NCCSD in the end is a government institution, not an autonomous civil society organization, and its main function is not to represent the NGO sector as a whole in public discourse but to serve as a monitoring body to assure that state funds are appropriately spent in funding NGOs and to advise the government on issues related to civil society. A different idea might be to constitute a new group along the lines

⁶⁶ The conference agenda can be found at <http://www.aed.hr/en/conf_civilno_drustvo.asp>.

⁶⁷ A plan has in fact been mooted for starting a new European Fund for the Balkans as a joint project of four major European foundations (Bosch, Erste & Staiermaerkische Bank, Compagnia de San Paulo, and King Baudouin Foundation), which is expected to begin operations in late 2007.

of the Association of Cities, which AED's sister program implementer the Urban Institute has been supporting for the last several years. Such a body could be organized totally outside the government and could represent the NGO sector in a fashion similar to that pursued by the Association of Cities in representing Croatia's municipalities in the public sphere.⁶⁸ But that is only one notion. Leading NGOs in the various sectors might take it upon themselves to organize such a body. There may well be other possibilities.

In any case, given that AED and CroNGO will have ceased operations by the end of the fiscal year (i.e., 30 September 2007), we cannot recommend such a task to them. Rather it would be most appropriate for USAID and the American Embassy to explore the prospect during USAID's remaining time in Croatia and perhaps even beyond. The prospect of setting things into motion to set up a body as the voice (and it should be hoped conscience) of the NGO sector is an exciting and worthwhile one. There could not be a better legacy for CroNGO to leave.

⁶⁸ Careful readers will note that this recommendation to some extent contradicts the observation made in the previous paragraph about a corporatist quality to Western European civil society. But democracy by its nature is a messy enterprise.

ANNEX A

**THE ACADEMY FOR EDUCATIONAL DEVELOPMENT/
CENTER FOR CIVIL SOCIETY AND GOVERNANCE:
SUPPORT FOR CROATIA'S NON-GOVERNMENTAL ORGANIZATIONS (CroNGO)
PROGRAM**

An Impact Evaluation

SCOPE OF WORK

BACKGROUND INFORMATION

Support for Croatia's Non-Governmental Organizations (CroNGO) is a 6-year NGO development program financed by the United States Agency for International Development (USAID), and implemented by the Academy for Educational Development (AED). Begun in December 2001, CroNGO was originally designed as a three-year program (CroNGO I), but on October 1, 2004 was awarded an extension for an additional three years of activities (CroNGO II).

CroNGO has been focused on building the capacity and sustainability of Croatia's NGO sector and has contributed to USAID's SO 2.1 – More effective Citizen Participation and Improved Governance. In particular, the overall goal of CroNGO has been to increase the ability of civil society to contribute to Croatia's democratic, economic, and community development, focusing on the following objectives:

- NGOs contribute to solving local and national problems in partnership with business and government;
- Increased financial and organizational sustainability of NGOs; and
- Improved enabling environment for the NGO sector.

Throughout the six years of the CroNGO Program, AED used a variety of approaches to reach the above-mentioned goals, mostly combining grants, training and technical assistance in the areas of advocacy, NGO visibility, organizational capacity building, networking, access to support services, legal environment, financial sustainability, and community development. For more information on CroNGO please see Attachment 1, and visit our web site at www.aed.hr

PURPOSE OF THE EVALUATION

The purpose of this impact evaluation is two-fold:

1. To document the changes in the capacity of the NGO sector since 2002 and to assess how the interventions (activities) of USAID's assistance through the CroNGO Program contributed to these changes; and
2. To assess the prospect for sustainability of the NGO sector after USAID support ends.

The primary audience for the results of this evaluation includes USAID/Croatia, USAID/Bureau for Europe and Eurasia, USAID/Bureau for Democracy, Conflict and Humanitarian Assistance/Office for Democracy and Governance, other USAID missions with civil society programs, the Croatian civil society sector, other donors operating in Croatia, the Academy for Educational Development's Center for Civil Society and Governance, and other organizations implementing civil society development programs. AED hopes that the findings of the evaluation can be used by these actors to learn from the experiences of the CroNGO Program and to develop more effective civil society programs as a result.

We recognize that measuring the sustainability of an NGO sector is always challenging and it is difficult at the end of any development assistance project to confidently predict future sustainability. However, it is essential to assess the sustainability of the Croatian NGO Sector as USAID is closing its mission in Croatia based in part on the assumption that the NGO sector is well-developed and has access to alternative sources of financial support, and is therefore able to continue monitoring the democratic process and pushing for necessary reforms.

For a basic definition of NGO sector sustainability, the evaluation team should refer to USAID's NGO Sustainability Index for Central and Eastern Europe and Eurasia⁶⁹, an instrument developed to gauge the strength and continued viability of the region's NGO sectors. The Index analyzes seven different dimensions of the NGO sector: legal environment, organizational capacity, financial viability, advocacy, public image, service provision, and NGO infrastructure which together provide a basic description of what a sustainable NGO sector should look like. Additionally, the literature in social development identifies some prospects for sustainability, which the evaluation team should consider assessing: organizational autonomy, learning capacity, donors' interest in their work, and leadership which, in turn, helps ensure self-reliance in the future⁷⁰.

For the program **impact dimension**, the evaluation seeks to identify the changes and the extent to which CroNGO Program contributed to improving the NGO sector's capacity in the following six dimensions:

- *Advocacy* - specifically looking at the increased capacity of the NGO sector efforts to successfully advocate for policy changes
- *Organizational capacity* – with particular focus on the transparency and accountability of the NGO sector
- *Financial viability* –focusing on the capacity to seek and diversify NGO funding sources, primarily from local donors
- *Legal environment* – examining the involvement of CroNGO in creating changes in the legislative framework of the NGO sector
- *Public recognition* – increased recognition and support of the NGO sector
- *NGO Infrastructure* – assessing the institutional infrastructure that provides services for the NGO sector

To evaluate the **sustainability** of the existing NGO sector, the evaluation team will look to the future and focus on identifying trends and issues that will likely support and/or challenge NGO operations and functionality in the years to come. The team should address issues of legacy, highlighting strengths and weaknesses of the CroNGO approach in strengthening civil society in Croatia.

EVALUATION FOCUS

⁶⁹ For more detailed information on the NGO Sustainability Index, visit http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/

⁷⁰ VanSant, Jerry. Challenges of Local NGO Sustainability. www.usaid.gov/our_work/cross-cutting_programs/private_voluntary_cooperation/pvo_conf_vansant03.pdf

The overarching questions of this evaluation are: *How has CroNGO impacted the state of the NGO sector in Croatia? What are the prospects for sustainability of the NGO sector after USAID support ends?* More specifically, the evaluation team will answer the following two sets of questions:

Primary Questions

1. Since the beginning of CroNGO, how has the advocacy capacity of the NGO sector changed and how did CroNGO support contribute to that change?
2. How has the organizational capacity, and particularly the general level of accountability and transparency, of Croatian NGOs changed over the past six years, and how did CroNGO contribute to that change?
3. How has the legal framework governing the NGO sector in Croatia changed? To what extent did USAID-financed interventions contribute to changing that framework? What remains to be done, and in the interest of sustainability, who/what entities are likely to continue working on improving the legal/fiscal framework for the NGO sector?
4. Do Croatian NGOs have access to adequate support services such as: technical assistance, legal advice, informational services, networks, and publications? What is the technical, organizational, and financial capacity of the key institutions providing those services? To what extent did CroNGO contribute to building the capacity of these institutions?
5. How prepared are Croatian NGOs to deal with the completion of USAID funding? More specifically, what have NGOs done to shore up financial resources to ensure that they can continue pursuing their mandates, and what forms of financing (public, private, income generation) have NGOs worked to secure? To what extent are NGOs prepared to access funds from the EU and from corporate and private donors? To what extent have they started enterprises or services to augment their budgets?
6. In what ways has USAID's approach to strengthening civil society been different from that of other donors in Croatia?

Secondary Questions

1. To what extent are NGOs recognized as partners by the public and private sector and how did CroNGO support contribute to this recognition?
2. To what extent has CroNGO developed social linkages and a level of trust and reciprocity that enabled NGOs to work with citizens as partners for change?
3. How has the general public image of the NGO sector changed over the past six years and to what extent has CroNGO influenced that image?
4. What other factors played a role in changing the Croatian NGO sector over the past 6 years?

The evaluation team should also seek to identify and document at least one success story in each of the six dimensions under examination. Each success story will identify particularly successful examples of change enabled by CroNGO support. A similar format will be used for each of these stories, as agreed upon by the evaluation team and AED.

It is important to note that as part of the CroNGO Program, over the past 6 years, AED implemented the Small Grants Program and Community Partnership Program, both of which funded community improvement projects at a grassroots level. While these two programs represented a significant portion of the CroNGO Program's efforts, they will not be covered in this evaluation, as they were already assessed during a separate evaluation of these two program components in May 2006.

METHODOLOGY

Challenges

While the evaluation team will be charged with the responsibility of designing a detailed methodology, they should be aware of two major challenges that this evaluation faces:

- *Attribution* - the whole issue of project attribution to changing a system is not a new topic in any social development program. The investment in the Croatian NGO sector has involved many layers of interventions, actors, and foreign assistance and therefore it is difficult to separate one from another when it comes to attribution.
- *Lack of baseline* – the project does not have sufficient data to serve as a baseline, nor does it have a pre-treatment baseline data. The types of secondary data suggested for use in this evaluation are: studies conducted by donor organizations, NGOs and the government; mass media reports, and, last but not least, the project administrative data, which can be used as a proxy baseline.

Taking into consideration these limitations, the evaluation team will proceed with a combined methodology, using both quantitative and qualitative research design.

The sample of this study will be designed to capture the four major regional centers in which CroNGO worked: Zagreb, Rijeka, Split, and Osijek.

Approach to Data Collection

The primary source of data collection will be structured and semi-structured interviews targeting the following stakeholders: grant recipients, individuals with knowledge of the CSO sector in Croatia, mission personnel, and government representatives. To prevent bias and ensure data accuracy, the evaluation team will employ a triangulated design, collecting similar data from different sources.

Some of the specific sources for information and data for this evaluation will be derived from:

- *Existing records, reports, and publications, for example CroNGO I and II Monitoring Plans, CroNGO I Final Report, CroNGO Quarterly and Annual Reports, CroNGO and grantee publications, etc.*
- *Interviews and focus groups with CroNGO beneficiaries and other relevant stakeholders including representatives from local authorities, media, and businesses.*
- *Interviews with AED and USAID representatives, representatives from other donor and development agencies, government representatives*

- *Civil society assessments*, including USAID’s NGO Sustainability index, Freedom House’s Nations in Transit, Civicus Index managed by Ceraneo, and USAID’s Croatia NGO Sector Assessment from 2004.
- *Any other sources that evaluators and AED might find appropriate*

EVALUATORS’ BACKGROUND AND QUALIFICATIONS

AED seeks two external evaluators, one international and one regional/local evaluator, to participate in this evaluation. Based on their qualifications, one of them will serve as the evaluation team leader. In addition, it is likely that the external evaluation team members will be joined by one USAID and one AED staff members from Washington, DC.

Key qualifications:

- Solid experience in conceptualizing and conducting civil society evaluations, especially evaluating USAID civil society programs;
- Experience with civil society and community development assistance programs in the CEE, preferably Croatia;
- Possess an understanding of the issues confronting civil society in transition countries in general, and familiarity with the Croatian civil society sector;
- Speaks Croatian fluently (requirement only for regional/local expert);
- Have strong written English skills.

Evaluators can apply as evaluation teams (combining international and local evaluators) or individually in which case AED will propose the team composition after selecting qualified candidates.

LEVEL OF EFFORT AND TIMING

The assessment will take in total 30 working days per consultant, to complete, including the initial preparations and final report. The evaluators will be in country for a minimum of 3 weeks conducting the field research, tentatively scheduled from May 14 to June 1, 2007. The assessment should be completed by July 15, 2007.

DELIVERABLES

<ul style="list-style-type: none"> ▪ Detailed work plan including an outline of areas the evaluators will address (keeping the program objectives in mind), timeline, interview questions, and preliminary interview list* 	<ul style="list-style-type: none"> ▪ May 10, 2007
<ul style="list-style-type: none"> ▪ Debriefing with USAID Mission and AED Staff 	<ul style="list-style-type: none"> ▪ June 1, 2007

on findings and recommendations before departing country	
<ul style="list-style-type: none"> ▪ Draft report* 	<ul style="list-style-type: none"> ▪ June 20, 2007
<ul style="list-style-type: none"> ▪ Final report (in hard copy and electronically) between 25 and 40 pages long, including executive summary (1-2 pages). The body of the report will include background, objectives, and methodology of the assessment; findings; and recommendations for future similar programs. The report will include annexes (not counted within the 40 page limit). Annexes may include a list of relevant individuals and organizations consulted and documents reviewed, interview questions, success stories, copies of existing records as approved by participant organizations, etc. 	<ul style="list-style-type: none"> ▪ July 15, 2007

** Deliverables to be followed by 5 days for AED/USAID review and feedback.*

LOGISTICS

AED CroNGO will provide logistical support to the evaluators, including use of office space and equipment while the evaluators are in Zagreb. AED will also provide assistance in setting up interviews and translation, if needed.

BUDGET AND PAYMENTS

AED CroNGO will cover accommodation and travel costs for the evaluators. Full payment of evaluators' fee will be made upon receiving the final report.

Interested and qualified candidates should submit their CV accompanied with a letter of interest explaining their qualifications and a proposed general approach to this evaluation, as well as a proposed budget (without travel and accommodation costs), to Jennifer.Stuart@aed.hr no later than March 26, 2007.

ANNEX B

CroNGO Program Overview

OVERALL GOAL:	
Increased ability of civil society to contribute to Croatia's democratic, economic and community development	
INTERMEDIATE RESULT	ACTIVITIES
OBJECTIVE 1: NGOs contribute to solving local and national problems in partnership with business and government	
NGOs influence political and economic decision-making through advocacy on key issues	<ul style="list-style-type: none"> • Advocacy Grants (CroNGO II)
NGOs help improve the quality of life in their communities in cooperation with local governments, businesses and citizens	<ul style="list-style-type: none"> • Community Partnership Program (CroNGO II)* • Small Grants Program (CroNGO I)*
OBJECTIVE 2: Increased financial and organizational sustainability of NGOs	
Institutional capacity within the NGO sector increased	<ul style="list-style-type: none"> • SOKNO - Quality Assurance System for NGOs (CroNGO I & II) • Good Governance Working Group (CroNGO II) • Capacity Building & Network Capacity Building Programs (CroNGO II) • Sustainability Partners (CroNGO I)
NGOs revenue sources diversified and domestic support increased	<ul style="list-style-type: none"> • Fundraising, Income Generation & Social Enterprise Development (CroNGO II) <ul style="list-style-type: none"> • Self-financing and Social Enterprise Development in cooperation with NESsT • Financial Viability Grants and Conferences • Philanthropy Development (CroNGO II) <ul style="list-style-type: none"> • Corporate Social Responsibility • Donacije.Info
OBJECTIVE 3: Improved enabling environment for the NGO sector	
Increased visibility of the NGO sector	<ul style="list-style-type: none"> • NGO Sector Visibility Program (CroNGO II) • Research, publications and events on public perception of NGOs (CroNGO I & II)
Legal framework improved	<ul style="list-style-type: none"> • European Center for Not-for-Profit Law (CroNGO II)
NGO support services strengthened	<ul style="list-style-type: none"> • Regional Partners/Partners for Local Initiatives (CroNGO I & II) • Trainers Forum (CroNGO II) • National Foundation for Civil Society Development (CroNGO II) • Government Office for NGO Cooperation (CroNGO II) • Network Capacity Building Grants (CroNGO II) • Volunteerism Program (CroNGO II) • Sustainability Partners (CroNGO I) • Training of Trainers (CroNGO I)

*Activities not to be covered by this evaluation, as they were already assessed during a separate evaluation of these two components in May 2006.

ANNEX C

CroNGO final evaluation – Team schedule

Date	Time	Cro NGO	Type of meeting	Interviewee or activity	Place	Team present
21 May	0800			Initial team meeting in hotel	Zagreb	All
	1100			Team meets with AED staff	Zagreb	All
22 May	0900		Observer	Marina Skrabalo, MAP	Zagreb	All
	1100		Sust partner	Srdjan Dvornik, HHO	Zagreb	All
	1400		Natl govt	Cvejtana Plavska Matic, Natl Foundation for Civ Soc Devel	Zagreb	All
	1600		USAID	Bill Jeffers et al., USAID/Croatia	Zagreb	All
23 May	0900		Natl govt	Igor Vidacak, GoC Coop NGOs	Zagreb	C H R
	1100	<i>I II</i>	<i>Reg partner, PLL, Volunteer</i>	<i>Gordana Forcic, Sladjana Novota, SMART</i>	Zagreb	All
	1400	II	Major advoc	Ljubo Manojlovic, SDF	Zagreb	A H
	1600	II	Major advocacy	Zorislav Antun Petrovic, TI	Zagreb	A H
	1400	I	Sust partner	Gordana Obradovic Dragisic, CESI	Zagreb	C R
	1600	II	Capy bldg	Martina Staznik, DIM	Zagreb	C R
24 May	1000	<i>I II</i>	<i>PLL, Reg partner, volunteer</i>	<i>Zvijezdana Schulz Vugrin et al. SMART</i>	Rijeka	All
	1200		SMART rev com, observer	Neven Santic, <i>Novi List</i> journalist	Rijeka	A H
	1330		SMART rev com, observer	Jasminka Ledic, Prof of Education	Rijeka	A H
	1500		Non-grantee	Davor Miskovic, Drugo More	Rijeka	A H
	1200		Local govt	Maja Tatalovic, Rijeka City Hall	Rijeka	C R
	1330	I	Sm grants	Milan Jokic, Assn of Tenants	Rijeka	C R
	1500	I	Sm grants	Djuro Budisavljevic, Serbian Cult Soc	Rijeka	C R
25 May	1000	I	Sm grants	Ozren Cateza, Amateur Sports Assn (UPAS)	Pula	C R
	0800		SMART rev com, observer	Marlena Pavsic, SUNCORET	Pula	C R
	0900	I II	Sm grants Capy bldg	Rina Lumezi, ZUM	Pula	C R
	1200		Non-grantee	Sanja Apostolovski, Merlina Assn	Pula	C R
1 st				Intermediate observations	Zagreb	R

Date	Time	Cro NGO	Type of meeting	Interviewee or activity	Place	Team present
Week-end				First impressions	DC	H
28 May	0900		Volunteerism	Lejla Sehic Relic, Volunteer Center (ex Ctr for Peace)	Pula	C R
	0900	II	Volunteerism, Sustainability Partner	Branka Kaselj, Center for Peace	Osijek	C R
	1100	II	Visibility Volunteerism	Goran Jelenić, PRONI	Osijek	C R
	1500	<i>I</i> <i>II</i>	<i>PLI</i> <i>Reg partner</i>	<i>Branislav Vorkapić, Bojan Lalić, formerly OGI</i>	Osijek	C R
	1700	I	Sm grants	Sonja Vuković, SLAP	Osijek	C R
29 May	1000	II	Major advocacy	Mirela Despotović, Drago Vruinić, Center for Civil Initiatives	Zagreb	A H
	1200		Donor	Nenad Kocmur, Goran Pucar, UNDP	Zagreb	A H
	1400	<i>I</i> <i>II</i>	Sm grants, Fin sust, Copy bldg	Renata Jelušić, Udruga Roda	Zagreb	A H
	1600		Observer	Mladen Majetić, indep consultant	Zagreb	A H
	0900	II	Major advocacy	Slavica Singer, CEPOR chair	Osijek	C R
	1200	<i>I</i> <i>II</i>	Sm grants, CPP, volunteers	Jasmin Sadiković, Green Osijek	Osijek	C R
30 May	0900	II	Major advocacy	Sanja Crnoković Pozaić, CEPOR	Zagreb	A H
	1100		Observer	Davor Gjenero, journalist	Zagreb	A H
	1000	I	Sust partner	Blanka Segović, Sanja Orešković, Children First	Zagreb	C R
	1200	II	3 infrastructure grants	Martina Belić, TREF	Zagreb	C R
	1400			Team meetings w AED staff	Zagreb	All
	1600			Team stocktaking meeting	Zagreb	All
31 May	1000		Non-grantee NGO	Tin Gazivoda, Ctr for Human Rights	Zagreb	C R
	1200		Donor	Jelena Rapo, Aleksa Dokić, OSCE	Zagreb	C R
	1400	I	Sm grants	Mira Katalenic, Guide Dog Assn	Zagreb	C R
	1600		Donor	Walter Veirs, CSMott (call to London)	Zagreb	C R
	0930	II	Volunteerism	Drago Lelas et al., Assn MoSt	Split	A H
	1130	<i>I</i> <i>II</i>	<i>PLI, Reg partner, volunteer</i>	<i>Nives Iveja, Slobodan Škopelja, Duška, MI</i>	Split	A H
	1400	I	Sm grants	Sunce NGO	Split	A H
1 Jun	1200		Observer	Tihomir Ponoš, journalist	Zagreb	C R

Date	Time	Cro NGO	Type of meeting	Interviewee or activity	Place	Team present
	1400	II	Capy bldg	Milenka Buljevic, Booksa (Kul-turtrega)	Zagreb	C R
	1600	II	Major advocacy	Vesna Grubić & Dubravka Mišković, Croatian Legal Center	Zagreb	C R
	0830	I II	Sm grants Capy bldg	Tatjana Reić, Hepatos	Split	A H
	1000		Local govt	Vesna Zec, Split Soc Welfare Dept	Split	A H
	1200	II	Visibility	Blagica Kojundzic & Eugen Jakovic, Cenzura	Split	A H
	1330	II	Capy bldg	Silvana Nikolić & Esmeralda Sunko, County League Against Addiction	Split	A H
2 Jun				Writing up notes, reports		
3 Jun				Writing up notes, report		
	1700			Team meet at Regent Esplanade hotel		All
4 Jun	1630	II	Visibility	Danijela Babić, ZaMirNET	Zagreb	C H
	1300	II	Visibility	Gordan Bosanac, CMS (Ctr for Peace Studies)	Zagreb	C R
	1500	I II	Sust partner, Visibility	Suzana Kunac, B.A.B.E.	Zagreb	C R
	1000		Natl govt	Marijana Svajcer, Central State Office for Admin	Zagreb	A H
	1400	I	Sust partner	Nives Marcic, MiRTA [phone call]	Split	
	1600	II	Visibility	Zeljana Buntic PejkoVIC, Domine [phone call]	Split	
5 Jun	0900		Private sector	Zarko Horvat, Holcim Croatia Corp	Zagreb	R
	1330		Private sector	Sandra Cvetko, Zagrebacka Bank	Zagreb	R
	1000		Non-grantee major advoc	Tony Vidan, Chair, Council CivSocDev & Green Action NGO	Zagreb	A H
	1300		Donor	Alfons Peeters, EU rep	Zagreb	A H
	1500	II	Major advoc, volunteerism, sp initiative	Suzana Jasic, Vanja Skoric, Dragan Zelic, GONG	Zagreb	A H
	1730		Donor	Jonas Bergstrom, SIDA	Zagreb	H
6 Jun	1000	II	Infrastructure	Rujana Cimbur Bakic, Ivana Ferk, Donacije.info NGO	Zagreb	A H
	1300		USAID contractor	Maris Mikelsons, Urban Institute	Zagreb	All
7 Jun				Croatian holiday – team prepare for debrief w AED, USAID	Zagreb	All
8 Jun	1000		Debrief I	AED staff	Zagreb	All

Date	Time	Cro NGO	Type of meeting	Interviewee or activity	Place	Team present
	1500		Debrief II	USAID team visit to AED	Zagreb	All
13 Jun	All day			AED Final Conference	Zagreb	A C H
14 Jun	All day			AED Final Conference	Zagreb	A C H
15 Jun	All day			AED Final Conference	Zagreb	A C H
27 Jun				Draft report due		A H
30 Jul			Donor	Vanja Hrzić, Norwegian Embassy	Zagreb	A
2 Aug			Donor	Nienke Trooster, Dutch Ambassa- dor	Zagreb	A

Bold face = CroNGO major advocacy grants

Italics = Regional partner grants

Team members: A = Andrea Feldman; C = Carmen Luca; H = Harry Blair; R = Richard Blue

ANNEX D

Grantees rated by program officers and Regional Partners

Correlations

		Organizational Capacity	Governance	Advocacy	Financial Sustainability	Visibility	Partnership
Organizational Capacity	Pearson Correlation	1.000	.713(**)	.401(**)	.585(**)	.477(**)	.501(**)
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000
	N	138	138	138	138	138	138
Governance	Pearson Correlation	.713(**)	1.000	.304(**)	.305(**)	.343(**)	.404(**)
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000
	N	138	138	138	138	138	138
Advocacy	Pearson Correlation	.401(**)	.304(**)	1.000	.495(**)	.489(**)	.414(**)
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000
	N	138	138	138	138	138	138
Financial Sustainability	Pearson Correlation	.585(**)	.305(**)	.495(**)	1.000	.550(**)	.516(**)
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000
	N	138	138	138	138	138	138
Visibility	Pearson Correlation	.477(**)	.343(**)	.489(**)	.550(**)	1.000	.475(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
	N	138	138	138	138	138	138
Partnership	Pearson Correlation	.501(**)	.404(**)	.414(**)	.516(**)	.475(**)	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.
	N	138	138	138	138	138	138

** Correlation is significant at the 0.001 level (2-tailed).

Regional Location

Region	Frequency	Percent
Zagreb	46	33.3
Osijek	20	14.5
Istria	34	24.6
Split	38	27.5
Total	138	100.0

ANNEX E

References

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ANNEX F

Interview protocol

For our interviews with grantees, we developed an informal protocol that included the items listed below. After the first three items, the topics were not necessarily taken in order, but we tried to include all of them at some point in the interview. Most of the questions were essentially open-ended in nature.

As a look at Annex C will show, however, about one-third of our interviews did not involve grantees but rather other donors, government officials (national and local), outside experts (journalists, academics, consultants, etc.). For each of these interviews, we used an *ad hoc* approach, fashioning our questions to the situation at hand.

- Introductions of team and grantee staff (tried to get some brief biographical information about grantee leadership).
- Explanation of our purpose (to evaluate CroNGO but also to find lessons and insights of wider applicability to future USAID initiatives supporting civil society in the Balkans and elsewhere).
- Origins and initial mission of the grantee NGO; its present sense of mission and purpose.
- Present budget and sources, size of staff (paid and voluntary).
- Main achievements of the NGO (in general).
- CroNGO grant and its uses.
- Grantee relations with CroNGO staff.
- Grantee relations (where applicable) with support centers (SMART, MI, OGI).
- Grantee relations with other donors.
- NGO's governance structure.
- NGO's public profile (in form of publications, reports, website, relations with media, etc.)
- Prospects for financial sustainability (including income generation).
- What aspects of CroNGO program grantee found most useful or helpful (made special effort to ask about formal training and informal counsel/guidance if not volunteered by grantee).
- What aspects of CroNGO program could be improved upon if a similar program were to be initiated elsewhere (discussion generally did not need much prodding, once we had gotten this far into the interview).
- NGO's future plans.

ANNEX G

CroNGO Grantee Rating Sheet

This rating sheet is to be used by the Evaluation team conducting interviews with individuals representing CroNGO grantees. Interviewer should discuss each of the six components with the respondent and keep notes on this rating sheet. Before closing the interview, ask respondent to rate their organization on each element as indicated below. Use this language: "On a scale of one to five, with five being highest possible level, how would you rate your organization's status on this dimension?" Then go back and ask whether AED's grant contributed to their position on that dimension. If they say yes, then ask: "On a scale of one to five, considering all other factors, how important was the AED grant in contributing to your current status?"

1. **NGO Name**

Grant \$

County

Purpose

Respondent

2. **CAPACITY:** it has sufficient organizational skills and procedures to manage program effectively

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

2.a Has CroNGO contributed to building this capacity?

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

3. **ADVOCACY:** it has attempted to influence government decision-making at local and national levels

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

3.a. Has CroNGO contributed to building this capacity?

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

4. **FINANCIAL SUSTAINABILITY:** it has been successful in receiving financial support from Croatian resources

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

4.a. Has CroNGO contributed to building this capacity?

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

5. **VISIBILITY:** it is well known in its community

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

5.a. Has CroNGO contributed to building this capacity?

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

6. **COLLABORATION:** it has demonstrated the ability to network and work cooperatively in other organizations

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

6.a. Has CroNGO contributed to building this capacity?

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

7. **GOVERNANCE:** it is operated in democratic, transparent, and accountable way

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

7.a. Has CroNGO contributed to building this capacity?

1-----2-----3-----4-----5
Low Hi

Interviewer rating _____

8. **SUPPORT SERVICES:** Grantee's perception of the accessibility and utility of support services provided by regional support organization supported by CroNGO. (SMART, MI,

a. Accessibility 1-----2-----3-----4-----5
Low Hi

b. Utility

1-----2-----3-----4-----5
Low Hi

THANK YOU!

ANNEX H

Quantitative measures for civil society trends

Over the last decade or so, several efforts have been initiated to measure civil society along various dimensions. Whereas for several decades there was only Freedom House (and for more academic pursuits the Polity series developed at the University of Maryland), now there are a number to choose from. Unfortunately, none of them appeared to be suitable for our use. A brief explanation is offered here as to why this is the case.

Freedom House. The basic Freedom House scoring system, featuring a 1-to-7 (best-to-worst) index for Political Rights and Civil Liberties (each a composite measure) began in 1973 and has continued on an annual basis with minor refinements since that time, along with the summary threefold freedom ranking (free-partly free-not free). At the end of the 1990s, as a special exercise for the Eastern Europe and Eurasia region, Freedom House began publishing its *Nations in Transit* series, disaggregating its two principal indices into six components, measuring electoral process, civil society, independent media, governance, rule of law, and corruption, so there are now available datasets covering the 1998-2006 period.

On the Political Rights/Civil Liberties measures, Freedom House shows Croatia steady at a 4/4 (exactly middling between 1 and 7) score through the 1990s, then moving through a 2/3 rating in 2000 (presumably the result of that year's election, to a 2/2 rank in 2001, which it maintained without change through 2006. The disaggregated Nations in Transit scores evince essentially the same pattern for the current decade. The 1998 score for civil society was 3.50, dropping (i.e., improving) to 2.75 for 2001, then deteriorating a bit to 3.00 for the 2002-2004 period before recovering to 2.75 for 2005 and 2006.⁷¹ In short, very little change.

NGO Sustainability Index. In an effort to provide a more nuanced approach to gauging progress in the civil society area per se, USAID's Europe and Eurasia Bureau devised a seven-dimensional "NGO Sustainability Index" in the late 1990s, which it has continued on an annual basis ever since. With the addition of the 2006 data, there are now measures on all seven dimensions for an eight year period.⁷² In addition to the subcategories portrayed in the Index, it should be noted that the measures within each dimension became more finely grained than those provided in the Nations in Transit series. Instead of just seven possible scores (1-7), the Index offered 61 (i.e., all the decimal points between 1.0 and 7.0).

The Index has had a number of uses, including, it appears, playing a significant role in informing the gestation of CroNGO itself, for the seven dimensions of the Index are virtually the same as the seven intermediate results established for CroNGO (cf. Annex B to this report), as can be seen in Table 1. This tailoring of project to concept would seem to facilitate measuring change along the dimensions, and indeed there has been some movement in the scores over the period of CroNGO II, as can be seen in Table 2. During the Tadjman period, some scores (organizational

⁷¹ Freedom House scores often cause confusion between the publication year and the reporting year. Scores reported here reflect the latter. Data from <www.freedomhouse.org>.

⁷² The latest report is available at <http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2006/>.

capacity, financial viability) were getting worse, but others were improving, especially advocacy (perhaps the Index was focusing on the peace and human rights NGOs that were causing problems for the government). After the 2000 election, things generally improved, with the exception of advocacy, but after 2003, the measures basically stagnated. Organizational capacity and infrastructure each improved by 0.7 points, but the others improved or (in the case of the legal environment and advocacy) deteriorated by 0.1-0.4 points. Again, not much change during the CroNGO period.

Governance Matters. Beginning in the mid-1990s, the World Bank launched an ambitious effort to measure governance in what has now become an annual report called *Governance Matters*, which provided at first a set of biannual indicators on various dimensions of governance and then after 2003 an annual set. Rather than do its own original research, the Bank has taken estimates provided by other agencies, which it has rendered into composite measures. For our purposes, the measure denoted as “Voice and Accountability” is the obvious choice. This index roughly parallels the NGO Sustainability Index’s advocacy gauge, improving toward the end of the Tudjman period and on into the early years of the present decade, and then deteriorating slightly in the last several years.⁷³

Civicus. Over the last decade the international think tank CIVICUS has developed a complex tool to measure the strength of civil society across countries and time. Croatia was assessed as a pilot study in 2001 and then again in 2005, which might allow for some comparisons, but unfortunately the measures used for the earlier study were greatly modified for the 2005 analysis, precluding such a possibility.⁷⁴

Conclusion. What emerges from this brief survey is a collection of studies analyzing somewhat different aspects of Croatian civil society over the last decade that offer mildly contradictory results. Some metrics appear to be rising a bit over the lifetime of CroNGO, while others purport to show evidence of a slight decline. The overall theme is one of remaining in place.

Has a baseline study been undertaken at the outset of CroNGO, theoretically it would have been possible to assess what has happened since that time and then decompose the changes between what could be attributed to CroNGO and what to exogenous factors. But of course as Subsection 3.3 indicates, it would be difficult at best to untangle such other causes as a growing economy or the influence of prospective membership in the EU as inducing behavioral change. Given the absence of any baseline study, however, such speculation can be no more than that.⁷⁵

We are left then, to our own devices in discerning what changes have come about in the structure and dynamic of Croatian civil society, and what influence CroNGO might have had in inducing those changes. That there were a number of significant changes due to CroNGO, we have no doubt, as we hope we have shown in the report itself. But the evidence is largely qualitative.

⁷³ The Bank’s reports go back to 1996 and come up to 2006. The latest edition is Mastruzzi et al. (2007).

⁷⁴ The earlier study appeared as Bežovan (2001), and the later, more ambitious effort as Bežovan et al. (2005). The chapter on Croatia in Heinrich (2007: 65-75) attempts a comparison between the two studies, but does not uncover any information that could inform our report.

⁷⁵ CroNGO is scarcely along in lacking a baseline study. None of the team members has ever run across a good baseline study with the exception of one done by USAID in Armenia.

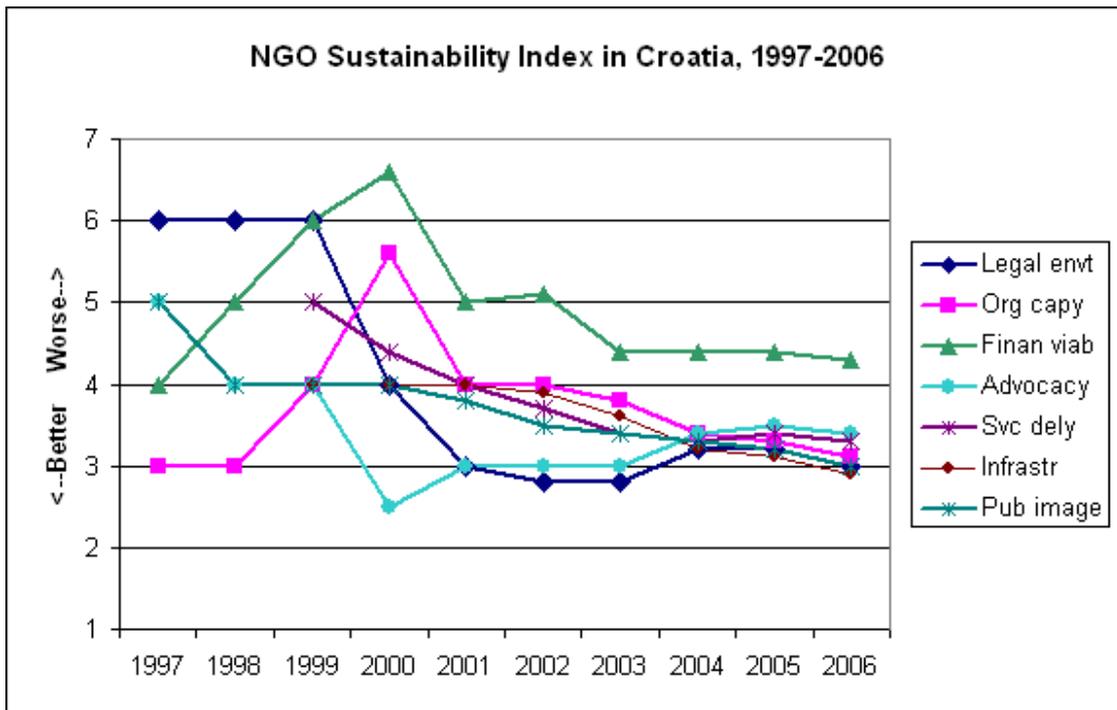
Annex H. Table 1. NGO Sustainability Index and CroNGO IR's

NGO Sustainability Index dimension	CroNGO Intermediate Result
Advocacy	Advocacy
Service provision	Improving quality of life in communities
Organizational capacity	Institutional capacity
Financial viability	Revenue sources diversified
Public image	Visibility of NGO sector
Legal environment	Legal framework
Infrastructure	Support services

Annex H. Table 2.

NGO Sustainability Index for Croatia, 1997-2006

	Croatia avg score	Legal envt	Org capy	Finan viab	Advocacy	Svc dely	Infrastr	Pub image
1997	4.6	6	3	4	5			5
1998	4.4	6	3	5	4			4
1999	4.7	6	4	6	4	5	4	4
2000	4.3	4	5.6	6.6	2.5	4.4	4	4
2001	3.8	3	4	5	3	4	4	3.8
2002	3.7	2.8	4	5.1	3	3.7	3.9	3.5
2003	3.5	2.8	3.8	4.4	3	3.4	3.6	3.4
2004	3.5	3.2	3.4	4.4	3.4	3.3	3.2	3.3
2005	3.4	3.2	3.3	4.4	3.5	3.4	3.1	3.2
2006	3.3	3	3.1	4.3	3.4	3.3	2.9	3



ANNEX I

Success stories

Success at the unit level – NGO achievements

- From service delivery to advocacy – guide dog training
- Enhancing NGO productivity – CENZURA's TV documentaries
- Generating an income stream – RODA and the diaper market

Success on a wider scale – program achievements

- Indigenizing a model – Rijeka City Council & CroNGO's grant review process
- Self-sustaining momentum for capacity building – multiple NGO support services
- Cooperator as institutional player – AED as civil society convener

Success story 1

From service delivery to advocacy – guide dog training in Croatia

Blind citizens have always had trouble gaining access to public facilities, and Croatia in the waning days of the Yugoslav state was no exception. And having a guide dog in some ways make access even more problematic, for back in 1990, a person using such a dog was routinely denied admission to public places, restaurants, and even buses.

Frustrated by this kind of discrimination, Mira Katalenic, who is blind, founded the Association for the Training of Guide Dogs and Mobility in 1990, to provide trained guide dogs and “long cane” training to blind people in Croatia after several unsuccessful attempts during the 1980s. In the years since then, the association has organized its own breeding and training program, and it has grown to where it has more than 150 members, 70 dogs trained and working, and a 70-person waiting list for new dogs. The group has 13 employees and an annual budget of more than €300,000, with fully two-thirds of its financial support coming from local sources, including government and the private sector.

In seeking to help its constituency, the association has become an advocate for the blind. After more than three years of lobbying, it managed in 1998 to get a law passed guaranteeing blind people’s right to enter public places and conveyances with a guide dog. Asked if the law’s implementation were being monitored, Ms Katalenic told of an instance in Osijek, when a blind person and the association’s trainer with a guide dog were rebuffed from boarding a bus, even after they showed him a document specifying their right to do so. They immediately notified the police and the bus company, and soon were permitted on the bus with apologies. The story made the local news and helped educate the general public.

Ms. Katalenic said the association’s CroNGO 160,000 HRK grant was “exceptionally valuable” in upgrading fundraising and reporting skills. The grant also provided for 10 new guide dogs and a program educating medical personnel on dealing with the blind. The CroNGO grant helped an NGO that was already enjoying some success to improve critical skills.

Success story 2

Enhancing an NGO's productivity – CENZURA and TV documentaries

Cenzura had been a highly professional producer of Croatian television documentaries since 1996, when it started filming interviews on sensitive topics with people holding views different from the dominant party line in Split. As members of the Association for Fostering Media Freedom CENZURA, journalists Eugen Jakovčić and Blagica Kujundžić depicted their experience as a cross between the classic TV talk show and activism for causes unpopular with the local government.

It was difficult to get airtime on local stations, but with help from international donors, they were able to film the shows and buy airtime for them on independent TV outlets. Sometimes they had to move from one station to another as local officials would pressure broadcasters not to give CENZURA airtime. At one point they had to move their whole operation up the Dalmatian coast to Zadar, where they could broadcast freely. After the 2000 elections, CENZURA shifted back to Split, but still they encountered official resentment, as when they criticized the new government for not honoring pledges to prosecute war criminals. Local businesses also pressured stations not to air critical programs. But in the improved political atmosphere after 2000, the association found it had little trouble finding outlets that would air their material.

By the time CENZURA received a CroNGO II grant for 136,000 HRK, it had become a sophisticated producer of television documentaries, for which it found widespread donor support. CENZURA used a portion of their grant to explore better ways to publicize their products and gain media access, but put most of it into producing a baker's dozen of 13 shows focusing on various topics including community volunteerism, media and civil society, hepatitis patients, gay and lesbian rights, green activism, violence against women, and coming to terms with the past. It's a good example of how civil society support can enhance the productivity of an NGO that has already become good at its core purpose.

Generating an income stream – RODA and the diaper market

RODA is an acronym for Roditelji u akciji (Parents in Action), which began in 2001 as an internet forum for working mothers with children. Today its inner nucleus remains a small operation, with only two employees. The remaining 400 members, including Renata Jelušić, the president, serve as volunteers.

RODA has had three CroNGO grants. The first set up a hotline for breastfeeding mothers. A second centered on capacity building, in which RODA selected training modules and consultations on strategic planning, financial planning, fundraising and other areas. The third grant involved income-generating activities, which in RODA's case inspired the beginning of a production and marketing plan for reusable cloth diapers and baby slings. Mothers make the products at home on a piece-work basis, and RODA sells the diapers for about US\$ 15, which means that they pay for themselves after a certain number of washings, making them cheaper than the disposables and ecologically more sound as well. So far RODA has sold 700 diapers and has 300 mothers on a waiting list as new ones are produced. Through its diaper and baby sling marketing, plus t-shirt sales, fairs, rummage sales and the like, RODA managed to generate about a quarter of its budget in 2004 and almost 45% in 2005.

The organization has engaged in several advocacy campaigns. One has sought to place some restrictions on the infant formula industry such as preventing the distribution of new-infant kits in hospitals. Another campaign has focused on making hospitals more baby-friendly, for example by allowing infants to be with their mothers while in hospital, which would mean relocating baby wards or increasing nursing staff – both expensive propositions for an understaffed and underbudgeted medical system. Neither effort has succeeded as yet, but RODA continues to support them actively, hoping to emulate the success attained in other countries.

CroNGO grants have enabled RODA to expand its service delivery (with the hotline), to build capacity (with the training) and to generate a significant portion of its income (with the diaper/sling project). One problem RODA continues to face is the fact that infants turn into toddlers and their mothers move their interests away from diapers and breastfeeding, so they drop out of the group. But new mothers keep replacing them.

Indigenizing a model – Rijeka City Council & CroNGO's grant review process

CroNGO's grant application and review process is pretty standard in the field, with a call for proposals, a review committee including outside evaluators, a scrutiny of budget figures, and then monitoring after the awards. Not surprisingly, when CroNGO decided to allocate grants in the three regions outside Zagreb through the regional support centers, it required them to replicate these features of its grant review procedures. As Rijeka's support center, SMART then issued its own call for proposals, recruited a group of locally accomplished persons to review the proposals that emerged, and awarded the grants.

What was not so usual was that several of the review team's outside members were so impressed with the process that they urged the Rijeka city government to adopt a similar approach to their own grant-making to NGOs. Croatia's local governments at city and county governments have since far back into the Yugoslav era awarded grants of public money to NGOs, traditionally on a patronage basis to community sports clubs, cultural associations, veterans groups and the like, as part of the state's overall role in sponsoring (and in the process exercising a degree of control over) civil society. The state machinery distributed largesse, and the beneficiary NGOs returned loyalty and allegiance in what became basically an entitlement arrangements. In many places, this system carried over into independence after 1991.

Local journalist Neven Šantić, Deputy Editor in Chief of the daily *Novy List*, and Professor Jasminka Ledić, who teaches at the University of Rijeka, both served on SMART's review team, as did Maja Tatalović, an official with the city government. All three had high praise for the transparency of the process and the quality of the proposals it elicited from applicants. Šantić, who served two rounds with the SMART review group, found the feedback given to applicants yielded proposals that had "improved drastically" by the following year. Some city departments like Community Development have adopted the SMART approach, though others like Sports and Culture continue in the old mode. But a beachhead has been established, and hopefully other municipal departments will follow the SMART (and CroNGO) model in awarding NGO grants.

In another case of emulation, a number of departments in the city of Split have adopted a similar grant review process, in this instance from Association MI, the CroNGO support center there. And the evaluation team heard of the CroNGO approach being adopted in Zadar city as well as other places.

The CroNGO grant review process is probably not going to displace local patronage politics in all sectors – it's hard to imagine the sports clubs actually competing for state support – but its transparency has led a number of city officials to see it as superior to the old patronage-based style of politics.

Self-sustaining momentum for capacity building – multiple NGO support services

An ongoing problem in the NGO world concerns how new entrants can get into the act. How does a startup NGO find out what it needs to know about constructing a strategy, mobilizing a constituency, applying for grants, launching a fundraising effort, generating income, dealing with tax laws, monitoring its own activities, and so on and on? During the Communist era in Eastern Europe and the Soviet Union, such NGOs as existed depended on the state and the party to take care of all these needs, and of course in return forfeited all independence and autonomy. At the beginning of the post-Communist period, citizens could launch NGOs in complete freedom but had no experience or knowledge of how to go about it. The need for NGO expertise was acute.

In most countries of the Eastern Europe and Eurasia region, donors, often led by USAID, established support centers to develop and provide expertise to the NGO community, and if things went well, at least one such center survived the inevitable donor drawdown by developing ways to sell its expertise in the form of conducting training modules, consulting on a fee-for-service basis, finding contracts for training abroad, and the like. But survival for these organizations has often been somewhat precarious.

Croatia was unusually fortunate in having three well-established regional support centers at the time of CroNGO's beginning in 2001. SMART in Rijeka, Association MI in Split, and Organizacija za građanske inicijative (OGI or Organization for Citizen Initiatives) in Osijek all had built good track records during the 1990s as providing skills NGOs needed to operate.

Over the course of its phases I and II, CroNGO has invested around US\$ 275,000 directly in each of the three regional support centers for them to strengthen their teaching/mentoring capacities, and further funding indirectly in the form of grants to individual NGOs which then could use part of the money to purchase training and consulting services from the regional centers or other consultants or NGOs. Smaller grants averaging around US\$ 15,000 went to the local centers.

Along with their work as support service providers, the three centers have also continued to pursue an NGO agenda of their own. OGI, for instance, works on human rights and legal support, while MI deals with elderly care and refugees. By functioning as actors as well as teachers, the centers are well positioned to benefit from a cross-fertilization of practice and theory.

CroNGO support has helped build not just organizational capacity, but a capacity for building organizational capacity that should be able to weather the looming phaseout of foreign donors from Croatia. All three regional centers expressed confidence to our evaluation team that they would survive the coming downturn in foreign assistance, though they anticipated some belt-tightening might be necessary. But even if a center should falter, Croatia's overall ability to provide operational expertise to present and future NGOs will endure.

Cooperator as institutional player – AED as civil society convener

Following the Soros Foundation's period of heavy involvement in the 1990s, CroNGO assumed the role of principal democratization innovator in Croatia during the present decade, alongside its efforts to strengthen the civil society sector overall. This innovation function comprised two parts: one in providing innovation seed money; and a second potentially more important one acting as convener for the NGO sector in exploring issues of common concern. On the funding side, CroNGO provided help to the National Foundation for Civil Society Development (NFCSD) with a grant for research and enhancing a website, for example, while as convener it organized various events focusing on such topics as NGO governance, fundraising, community foundations, corporate social responsibility and volunteerism.

Finally in June 2007, CroNGO organized a civil society conference bringing together the major NGOs (as well as many less prominent ones), donors, government officials, and a number of outside experts. Over its three days, which included 24 smaller sessions as well as plenaries, the conference provided a full picture of the state of Croatian civil society in its achievements, problems and future.

In the course of this activity over six years, CroNGO has become the main non-state generator of ideas in Croatian civil society. The state has been active on this front also, to be sure. By creating a funding mechanism for civil society (the NFCSD), a monitoring body to track all state support for civil society (the National Council for Civil Society Development or NCCSD) and a secretariat to support the council as well as conduct its own research (the Office for NGO Cooperation or UzU), the state has put into place an impressive and potentially powerful support structure for civil society, but state leadership and backing is not enough to nurture and maintain a vibrant civil society. For the state cannot be solely responsible for a set of institutions that has as a basic function to question and challenge it. There must be a source of innovation, inspiration and introspection outside the state. And for the last several years there has been one in the form of CroNGO.

As CroNGO winds up its operations in Croatia, however, a successor will be needed to play this role. NGO members of the NCCSD have been thinking along these lines, but any such organization would have to be erected independently of the NCCSD itself. One possibility might be an umbrella NGO association, composed of representatives from the various NGO sectors chosen similarly to how NCCSD members are now selected but for a different purpose. Another might be a group along the lines of the Association of Cities, which AED's sister program implementer the Urban Institute has been supporting for several years, and which provides a network linking the nation's municipalities as well as representing them vis-à-vis the state. Other configurations could be crafted as well. CroNGO has done well at playing the convener role; it has been a success that demands a follow-on act.