

PC 11111 199
104170

THE REBIRTH OF CIVIL SOCIETY

The Development of the
Nonprofit Sector in
East Central Europe
and the Role of
Western Assistance

Daniel Siegel & Jenny Yancey

The Rebirth of Civil Society

The Development of the Nonprofit Sector
in East Central Europe and the
Role of Western Assistance

By Daniel Siegel & Jenny Yancey

RBF

The Rockefeller Brothers Fund

*This report is also available in Czech
Hungarian Polish and Slovak editions*

Library of Congress Catalog Card Number 92 63021

© 1992 by the Rockefeller Brothers Fund Inc
1290 Avenue of the Americas
New York New York 10104-0233
212 373 4200

Design H Plus Incorporated
Printing Schneidereith & Sons

PRINTED ON RECYCLED PAPER

Contents

Acknowledgements	5
Foreword	7
Authors Note	9
<hr/>	
The Nonprofit Sector in East Central Europe	
The Role of the Nonprofit Sector and Civil Society	15
Historical Background to the Nonprofit Sector in East Central Europe	19
Key Segments of the Nonprofit Sector	21
Social Welfare	21
Human and Civil Rights	22
Environment	23
Education	24
Research and Public Policy	26
Regional Issues	26
Major Challenges Facing the Nonprofit Sector	29
Legal and Fiscal Framework	29
Public Perception	32
Sources of Funding	33
The Role of the State	35
Local and Rural Development	37
Women, Ethnic Minorities, and Youth	38
Politicization	39
Development of Nonprofit Federations	39
Major Challenges Facing Individual NGOs	43
Organizational Development and Management	43
Information-Sharing and Networking	44
Lack of Money	44
Democratic Workstyle	44
Blurred Lines Between Nonprofit and For-Profit Work	45
Unclear Status of Staff	45

Staff Recruitment	45
Appropriate Technology	46
Accountability, Disclosure, and Self-Regulation	46

External Assistance to the Nonprofit Sector in East Central Europe

The Current Context	49
Forms of External Assistance	51
Direct Forms of External Assistance	51
Indirect Forms of External Assistance	53
Additional Considerations for Western Foundations and NGOs	61
Areas of Concentrated Assistance	61
Importance of Social Policy and Welfare	61
The Case of Slovakia	62
Eastward Expansion and the Need for Evaluation	63

Recommendations

Major Recommendations	67
Other Recommendations	68

Notes and Appendices

Endnotes	73
Appendix I Sources of External Assistance and Cooperation	75
Appendix II Information Networks	78
Appendix III Lessons Learned on Training and Technical Assistance Programs	81
Background of Authors	85

Acknowledgements

The authors would like to thank the Rockefeller Brothers Fund for commissioning this study. We owe particular gratitude to Lynn Anderson, Colin Campbell, Hugh Lawson, William Moody, Nancy Muirhead, Russell Phillips, Ben Shute, and Anne Suessbrick, whose support and guidance made this project an enriching endeavor.

We extend our tremendous appreciation for the hundreds of individuals whose ideas and insights expressed during extended interviews form the basis of this report. Special thanks go to the many Central Europeans who took valuable time out of their important work to inform this study. We are particularly grateful to Eva Kutı for providing insightful comments and suggestions and to Eva Bertram for thoughtful copyediting assistance.

Finally, we want to thank the following people for their logistical assistance: Judit Acsady, Bebe Anderson, Anita Balaton, Ed and Miriam Becker, Hogan Bell, Adam Blaszcak, Joyce Brody, Katalin Ertsey, Misa Filipova, Noemi Hernandez, Eleanor Hill, Mary Hill, Steve Keihner, Arlene Kline, Zlata, Kate, and Lucy Kvizova, Kasia Lerch, Nubia Ortega, Ann Philbin, Bryant Reed, Jana Ryslinkova, Anna Samborska, Peter Scherer, Zuzana Szatmary, Mayra Valenzuela, Karen Waller, Jacek Woynarowski, and Weezy Yancey-Siegel.



Foreword

Since 1989, the grantmaking of the Rockefeller Brothers Fund relating to East Central Europe has had as a central focus support for the development of non-profit sectors in the region. This development process, which had been underway over much of the preceding decade, saw dissidents, dissatisfied students and other citizens' groups organizing themselves, often quite informally and seldom with the benefit of financial resources, to address particular societal needs perceived as calling for urgent attention.

Given the extraordinary political, economic and social change that has taken place in East Central Europe over the last three years, the trustees of the Rockefeller Brothers Fund believe it is important and timely to make a current assessment of the role nonprofit organizations are now playing, and of the challenges they face, in the countries in the region where the Fund has been most active: Poland, Hungary and the Czech and Slovak Federal Republic. We invited Jenny Yancey and Daniel Siegel to conduct this study because of their familiarity with the region and, in particular, their earlier work identifying young men and women who are emerging as leaders in this historic time. We were confident that they had the experience, the sensitivity and the credibility to carry out this assignment successfully. We believe they have done so.

In the United States and Western Europe, Ms. Yancey and Mr. Siegel have relied principally on more than 200 interviews with foundation officials, leaders of non-governmental organizations and representatives of government agencies actively involved with issues relating to East Central Europe. In addition, they made a six-week study trip to Poland, Hungary and the Czech and Slovak Federal Republic to meet with leaders of non-governmental organizations, government officials, journalists and academics—approximately 250 in all. They also reviewed the relatively limited amount of written material on the subject.

This report contains the authors' sober assessment of the challenges and opportunities facing the nonprofit sectors in these emerging democracies and suggests areas where Western assistance has been constructive as well as those in which it has been less helpful and perhaps even counter-productive. The authors then make twelve specific, and, in some cases, provocative recommendations for concrete action by foundations and others who want to be usefully involved in what has become a vital component of the democratization effort.

We believe that Jenny Yancey and Dan Siegel have been insightful and highly effective in describing and analyzing the emergence of voluntary sectors in Poland, Hungary and the Czech and Slovak Federal Republic since the revo-

lutions of 1989. These developments have occurred in rapidly changing conditions marked at first by a determined effort to replace an all-powerful state which had long been the sole arbiter of social, economic and political change, and then by the challenging search for the proper balance between an effective but limited state and autonomous groups in civil society. When considered in this context, the prospects for, and limits to, constructive Western engagement become all the more complex.

It is our hope at the Rockefeller Brothers Fund that this study will provide useful guidance for our grant programs and will inform the work of other Western foundations and non-governmental organizations as they consider their activities in the region. We also hope that it represents a means not only for citizens from the region to express their views but also to reflect on how they might participate with maximum effectiveness in enhancing the role of nonprofit organizations in their countries.

As a final note, to ensure the intellectual freedom of Ms. Yancey and Mr. Siegel, it was agreed at the commencement of this study that its contents and conclusions would be understood as solely those of the authors and not necessarily those of the Rockefeller Brothers Fund.

Colin G. Campbell
President, Rockefeller Brothers Fund
December 1992

Authors' Note

For the purposes of this study, the use of the terms 'East Central Europe' (ECE) and "Central Europeans" refers to the countries and citizens of the Czech and Slovak Federal Republic (ČSFR), Hungary, and Poland. At the time of this writing (November 1992), the ČSFR was preparing to divide into two countries at the start of 1993. The nations under review are often referred to as the northern tier states of Eastern and Central Europe, as distinct from the Balkan countries of Albania, Bulgaria, Romania, and Yugoslavia (Serbia and Montenegro) and its former republics. The scope of this study was necessarily limited by time and resources, thus prohibiting a comprehensive analysis of nonprofit, organizational development throughout the seven nations that broadly constitute Eastern and Central Europe.

We recognize that the preponderance of Western aid and attention—aside from the worldwide focus on the tragic conflict in Yugoslavia—is now concentrated on the northern tier. Although the Balkans are outside the purview of this report, we hope that readers bear in mind the critical importance of the development of nonprofit, civic initiatives in the southern tier nations. We also hope that this report—and our recommendations—will shed some light on concerns and dynamics that may be common to the emerging nonprofit sectors in those countries as well as the emerging nation-states of the former Soviet Union.

While using the term East Central Europe, we recognize that the ČSFR, Hungary, and Poland are quite distinct countries with critically different historical paths and political cultures. Where possible, we attempt to make necessary distinctions. However, given the common history of the past 45 years under communism, the recent growth of the nonprofit sectors, and the largely similar role played by the West regarding nonprofit development in each country, our study is not organized by country. While in some sections each nation is dealt with individually, much of our analytical writing refers to development trends common to the ČSFR, Hungary, and Poland, with appropriate caveats where necessary.

Although this study uses the term Western assistance to ECE, our reference point is largely the United States, with lesser attention to Western Europe. Much of our analysis, however, regarding Western assistance can often be applied to both U.S. and West European initiatives, where necessary, we attempt to be clear about where they differ. We should note that Central Europeans interviewed for this report were asked to comment on assistance provided by both West European and U.S. initiatives. This effort anticipates other studies

to provide an in-depth assessment of Western Europe's role vis-à-vis Central Europe's third sector

The terms nonprofit, charitable, third sector, voluntary sector, and non-governmental organizations (NGOs) are often used interchangeably by individuals and institutions worldwide. This creates confusion during exchanges between North Americans, Western and Central Europeans. This study most often uses the phrases "nonprofits" or "nonprofit sector" to describe the wide range of non-governmental foundations, associations, and organizations which are independent of the State and which are not principally involved in business or commercial activity. Such organizations are involved in areas ranging from education and social welfare to human rights and the environment.



118

The Nonprofit Sector in East Central Europe

Previous Page Blank

The Role of the Nonprofit Sector and Civil Society

The promise of the post communist era rests largely on the potential for creating a more vibrant and deeply rooted network of organizations and institutions that mediate between the citizen and the State

Within East Central Europe (ECE), the nonprofit sector is often understood as part of an emerging civil society. The term ‘civil society’ was popularized by the democratic opposition movements in the Czech and Slovak Federal Republic (ČSFR), Hungary, and Poland in the late 1970s and early 1980s.¹ Through a strategy of “social self-organization” emphasizing change from below, these movements sought to emancipate civic values and grassroots activities long suppressed by the pervasive party-state system. The revival of civil society saw the blossoming of independent organizations, initiatives, and movements which repopulated the almost barren political and social landscape, and helped to spark the dramatic citizen revolutions of 1989.

These democratic breakthroughs underscored the importance of creating, in the words of Hungarian philosopher Istvan Bibo, “small circles of freedom” capable of overcoming the region’s feudal past and communist systems. The promise of the post-communist era rests largely on the potential for creating a more vibrant and deeply rooted network of organizations and institutions that mediate between the citizen and the State—the connective tissue of a democratic political culture.² Such organizations serve several essential functions:

- Providing a means for expressing and actively addressing the varied and complex needs of society
- Motivating individuals to act as citizens in all aspects of society rather than bowing to or depending on state power and beneficence
- Promoting pluralism and diversity in society, such as protecting and strengthening cultural, ethnic, religious, linguistic (and other) identities
- Creating an alternative to centralized state agencies for providing services with greater independence and flexibility
- Establishing the mechanisms by which government and the market can be held accountable by the public

The events of 1989 provided the public space to build and expand civic structures throughout ECE. Over the past three years, Central Europeans have utilized the insight, courage, and imagination that prompted their liberation to create new forms of associations and foundations. The advance of nonprofit initiatives, however, has been hindered by several parallel developments.

First, much of the energy, resources, and hopes of these societies—and of Western donors—has been focused on creating market economies and formal

systems of democratic governance. The major emphasis of the political transition has been at the national or macro-level in establishing or revitalizing the rule of law, political parties, and parliamentary practices. Less attention has been devoted to building and supporting grassroots, citizen-based initiatives.

Second, many of the most talented activists and intellectuals of the democratic opposition movements left independent and organizational activity for state politics. The influx of these leaders into the new political parties, governments, and parliaments is helping to build democratic states in the region—a critical basis for free and open civil societies. However, the leadership and direction of many non-governmental organizations and initiatives has been weakened as a result. It should be noted that setbacks and frustrations with national-level politics (for instance, the inability of former Civic Forum activists in the CSFR to gain parliamentary seats through the Civic Movement party during the June 1992 elections) are leading many intellectuals and former activists back to their “roots” in civil society.

Third, the former civil society opposition was united by a common enemy—communism. The fall of oppressive regimes led to the search for new forms of group identity. This fact, combined with post-communist political splintering and economic insecurity, has given rise to virulent forms of nationalism which has tended to divide people and divert energies.

Fourth, after 1989, many citizens found themselves with less time for being engaged in political or social issues. The transition to market-type economies triggered economic austerity and crises, which imposed new challenges on citizens accustomed to stable jobs and subsidized prices. Moreover, many citizens who had grown dependent on central authorities under communism remained passive after its demise, believing that a new benefactor would take care of them—whether it was the “free-market,” Western aid, or a new democratic government.

Many in both the East and the West are beginning to discover that free markets and free elections are not enough to build and sustain healthy, democratic societies. While a market economy may be effective at producing consumer goods and services, it is inherently limited as a mechanism for addressing a range of social needs. Likewise, citizens cannot depend upon government to insure that vital collective interests—such as a clean environment, civil rights, and social welfare—are fully realized and protected. Thus, the business sector and the governmental sector need to be complemented by a vibrant third sector of nonprofit organizations in order to help realize a triangular vision of balanced societal development.

In the context of East Central Europe, nonprofit organizations are an important alternative to—or partner with—the State in insuring that the common good is not neglected. Current economic hardships throughout the region call for the rapid emergence of new social actors able to help cushion the double effect of government austerity measures and declining state services.

The feudal and communist past created highly centralized state bureaucracies that were inflexible and unresponsive to the needs of communities and citizens. Even today, three years after the collapse of communism, many citi-

zens in ECE are losing hopes—perhaps unrealistic ones—that political parties the State or parliament can better meet their everyday needs. Many of those we interviewed commented on how the new political leadership and parties tend to be comprised of small urban-based groupings that lack concrete, broad-based linkages to constituent groups and their interests. They pointed to the enormous gap emerging between the political elite and the public, which is coming to view politics as an incomprehensible game of parliamentary bickering and machinations.

Now that the region is facing dashed hopes and broken promises, the urgent need for autonomous and effective nonprofit initiatives becomes more obvious. As Juraj Zamkovsky, a Slovak environmental activist, told us: "Political involvement means more than acting as a party member, but as a citizen."

In this stage of societal transformation, the public has an historic opportunity to create democratic and grassroots institutions and values. Many Central European and Western observers have commented that it will take anywhere from ten to twenty years for countries in the region to become "stable democracies." However, as events in the former Yugoslavia, Slovakia, and the former East Germany demonstrate, civil societies must take root as soon as possible in order to prevent or cushion the impact of rising nationalism and economic hardship during the transition period.

The next few years represent a critical window of opportunity. Several Central Europeans noted that entrenched laws, processes, and institutions may soon be developed that do not encourage or nurture civic initiatives. The citizenry, in short, needs to build up the sinews of a democratic society by creating and using the tools which can facilitate the development of a new political culture and insure that the rulers serve the ruled.

Historical Background to the Nonprofit Sector in East Central Europe

The emerging nonprofit sectors in East Central Europe are rooted in the communist epoch and the pre-World War II era. In Hungary, for instance, foundations and voluntary associations have a long tradition extending from the nineteenth century, when partnerships between private foundations and public institutions were established to meet various social needs.³ Over 14,000 voluntary associations existed in Hungary in 1932, comprising approximately 3 million members (out of a total national population of 8.6 million).⁴ World War II and the subsequent communist takeover in the late 1940s halted the development of truly independent NGO sectors in the region.

The newly imposed communist regimes tolerated little space for individuals to participate in private and autonomous groups, viewing such self-organization as suspect and beyond permissible ideological boundaries. Thus most foundations, associations, and spontaneous citizen initiatives were banned in the 1950s. Those that remained were nationalized and administered by members of the *nomenklatura*. This officially sanctioned 'civil society' was dominated by larger so-called social organizations—such as youth organizations, peace councils, and adult education societies—financed by the State and closely tied to party organizations.

Many citizens in East Central Europe resisted these imposed structures. Passive opponents or outright dissidents either worked through officially sanctioned groups—such as nature conservation clubs, boy scouts, and literary organizations—or set up illegal or underground organizations to maintain some form of cultural, intellectual, or political autonomy and integrity. The Solidarity movement in Poland inspired the creation of an entire independent sector of autonomous institutions—“flying schools,” publishing houses, newspapers, study circles—which evolved in the 1980s into what some have called a parallel *polis*, or society. In the ČSFR, on the other hand, harsh communist rule persisted until 1989, denying opportunities for widespread dissent or self-organization. As a result, structures of civil society have evolved more slowly in the ČSFR.

The success of the revolutionary changes of 1989 sparked a rapid rise in nonprofit foundations and associations throughout the region.⁵ Hungary, for instance, had an estimated 800 NGOs in early 1989. Today that number is over 8,000.⁶ Behind such numbers is the liberated and growing sense that people can take matters into their own hands to help themselves, their community, and their nation.

Key Segments of the Nonprofit Sector

The nonprofit sector in East Central Europe encompasses a broad array of organizations which address issues ranging from hobbies and sports to scientific research and youth development. This study does not attempt to comprehensively review the entire spectrum of NGOs in the region. The report is focused on particular fields such as the environment and social welfare. We believe, though, that many of the dynamics and recommendations outlined here are directly relevant to other areas of the sector.

Social Welfare

Social welfare is an increasingly vital concern across the region. Policymakers in ECE and the West generally underestimated the deep social costs of economic reform programs, which have triggered escalating unemployment and poverty and a scaling back of state-provided social services. Problems of poverty were for decades hidden and neglected under the communist regimes, which refused to recognize the existence of poverty for ideological reasons. Yet the former party-state system did insure basic social services—such as cheap food, rents and utilities—which provided forms of social security that are now largely being phased-out by new governments.

The social dislocation caused by the rapid economic transition poses extremely serious threats to the democratization process. Social frustrations are feeding into deep historical currents of political populism and rising nationalism. People do not accept the notion of civil society without the minimum conditions for their survival, said Hungarian sociologist Janos David, who works on “social crisis management” issues involving local government, state firms, and unemployed workers. People get very rude or aggressive if they get no support to solve their basic problems. Pal Forgacs, who heads the “Help the Helper” fund at the Soros Foundation-Hungary, concurred:

I think that social problems are the most urgent need today. Market economies don't solve these problems; there is the danger of a social explosion. The so-called “Wild East capitalism” we have here has no controls like in the last century. A growing part of the country is impoverished and there is a small group of rising entrepreneurs. This situation opens itself up to social demagoguery on the left and the right.

Socio-economic dislocation is most obvious in Poland and Slovakia where unemployment by mid-1992 stood at 13 percent, and is expected to climb even sharper with the further decline and collapse of state industries.

Social problems are the most urgent need today. Market economies don't solve these problems; there is the danger of a social explosion. The so-called “Wild East capitalism” we have here has no controls.

— Pal Forgacs

The State would like to transfer all social tasks to the voluntary sector, the market, and local government

—Vera Gathy

According to Danuta Zagrodzka, an economics reporter for *Gazeta Wyborzca* who is involved in the Polish nonprofit sector, recent government statistics showed that 40-45 percent of families are living at or below the poverty line.

Social issues such as poverty, homelessness, unemployment, health care, the status of Romanies (or gypsies), refugees, and the elderly are now being addressed by three main sources in ECE: the State (both the central and local governments), non-governmental organizations (including religious institutions), and for-profit service providers. The nonprofit sector's role is rapidly increasing. As Hungarian sociologist Vera Gathy said, "The State would like to transfer all social tasks to the voluntary sector, the market, and local government."

Human and Civil Rights

The restoration of complete human and civil rights for citizens in East Central Europe was one of the major causes and claims of the revolutions of 1989. While much progress has been made over the past three years in providing the legal basis for such rights, there are several key areas of concern that affect the development of healthy civil societies in the region, including

Nationalism and Ethnic Conflict

While this issue dominates discussion about the Balkan states, there are also several active or brewing ethnic conflicts in the northern tier of the region. These flashpoints include the current nationalist-inspired break-up of Czechoslovakia, the Hungarian minority population living in Slovakia, and the Hungarians living in Transylvania.

Ethnic conflicts are now being addressed by several NGOs such as the Helsinki Committee in Poland, which wants to create a Central European standard for the rights of minorities, **Partners for Democratic Change**, which has offices in Bratislava, Budapest, Prague, and Warsaw, and the newly created **Foundation for Tolerant Societies in Eastern Europe** based in Budapest. This Foundation has recently stated:

Historical prejudices and nationalism hidden under decades of authoritarian rule have emerged in many forms, ranging from anti-semitism, intolerance of minority culture and language, to the rejection of national sovereignty. Such enmities threaten basic human dignity and rights that political democracy hopes to build. In its most tragic form, ethnic hatred has destroyed thousands of lives in Yugoslavia.

Ethnic violence and hatred throughout the region underscore the urgent need to support activities that lead to the peaceful resolution of conflict, the assurance of minority rights, and the development of community-based dialogue and cross-cultural understanding. These are essential preconditions for the creation of civil and pluralistic societies.

Ethnic violence and hatred throughout the region underscore the urgent need to support activities that lead to the peaceful resolution of conflict the assurance of minority rights and the development of community based dialogue and cross cultural understanding

Racism

The Romany populations face a particularly virulent form of racism in East Central Europe. Romanies constitute 5 percent of Hungary's population, and 3 to 5 percent in the ČSFR (accounting for almost 10 percent of the total population in Slovakia). Sociologist Jiřina Siklova of Charles University in Prague said that by 2010, Romanies will reflect the largest youth population in Slovakia. Racism will be the key issue in the future—not the economy or nationalism. "We are not prepared for it."⁷

De-Bolshevisation Dealing with the Past

Perhaps the most hotly contested civil rights issue in ECE involves how governments, the law, media and the public deal with the past abuses of the communist regimes. Efforts to right past wrongs are raising fundamental and difficult questions about the need to protect the rights of the accused, the right to a fair hearing or public trial, and other complex legal and moral issues. The very nature of the democratic transition, warn some observers in the region, is being tested by a process that threatens in some cases to turn the search for justice into a virtual witchhunt.

Environment

The communist regimes not only suffocated civil society, but devastated the region's natural environment. East Central Europe is now stricken by almost every conceivable ecological malady, some areas are among the most damaged in the world. The environmental movements of ECE—some of which were officially tolerated by the previous regimes—preceded and in many ways precipitated the political sea changes of 1989. Many of these NGOs survived the political transition and have been joined in the past few years by new ecological movements and institutions. These efforts have been supported by numerous international organizations and initiatives seeking to help the region achieve greater environmental protection and move toward a process of sustainable development. Several key issues have emerged.

Trade-off Between the Market and the Environment

A region-wide clash has surfaced between environmentalists and orthodox free-market advocates. The conflict is apparent in the Czech Republic, where Prime Minister Vaclav Klaus reportedly believes that the economic reform process must succeed before serious resources toward environmental clean-up and renewal can be committed. Environmentalists challenge this trade-off, arguing that a healthy economy cannot be sustained by a deteriorating environment.

Maturation of the Green Movement

The ecological movements exhibit a particularly strong anti-organizational tendency and anti-hierarchical consciousness. While this has prevented bureaucratization and permitted a high degree of flexibility and dynamism, some feel that resistance to building more structured organizations limits the degree to which environmentalists can expand their constituencies and become effective advocates on matters of public policy.

Eco-colonization from the West

There is growing concern that ECE is becoming a dumping ground for environmentally damaging investments and disposable wastes from the West. Central European ecologists cite Western joint ventures to produce non-recyclable plastics, the influx of consumer advertising which promotes a “throw-away” lifestyle, and the import of public or hazardous waste. For these reasons, environmentalists in ECE are eager for better access to information about incoming investments from abroad.

Access to Research and Monitoring Technology

Information about environmental damage was formerly monopolized and closely guarded by the State. Central European environmentalists seek access to accurate, independent, and up-to-date scientific information and analysis about the problems plaguing their environment. Andras Biró of the Foundation for Self-Reliance in Hungary mentioned that his foundation provided mercury monitors to an ecological group in Miskolc, noting, “This is the first time that civil society has the ability to rely on its own facts, which is essential.”

Education

The entire field of education throughout ECE, from primary school through institutions of higher learning, is in the midst of slow but radical changes. The former centrally controlled, state-financed system is being transformed simultaneously by the introduction of political pluralism and by cutbacks in government funding. The key issues affecting educational reform in ECE include

Budgetary Crises

Education in the region—like other social services—is facing the immediate challenge of central budget cutbacks and a shortage of resources. This squeeze was highlighted by Erno Zalai, a former Vice Rector at the Budapest University of Economic Sciences, who said “The government is slowly destroying the future of the country with higher education cutbacks. The government is not investing in the long run because they cannot meet current expenses.”

An entire new generation of teachers is needed to overhaul an educational system that has been heavily ideological based on rote memorization and filled with alienated students teachers and parents

Opponents to Educational Reform

Efforts since 1989 to overhaul the region's educational system, according to many in the field, have been stymied by entrenched opponents to reform—including teachers, professors, school administrators, and ministry-level bureaucrats. This appears to be particularly true in higher education. Universities are saddled with cumbersome administrative procedures and outdated pedagogical methods, and constrained by ineffective professors with life tenure, many of whom were hired by communist party commissions. One social science professor at Charles University in Prague complained that the university faced a united front against reforms, especially in the social sciences.⁷ A leading Polish educator noted that the higher education system has 'progressive leadership at the top, but gets worse the lower you go in the system.

Teacher Training and Curriculum Reform

Interviewees emphasized that the training of an entire new generation of teachers is needed to overhaul an educational system that has been heavily ideological based on rote memorization, and filled with alienated students, teachers, and parents. A central challenge is to adapt existing curricula and develop new ones for all levels of education, to reflect a critical approach to history and the social sciences, and meet the needs of a modern economy.

Brain Drain

Due to low-paying jobs in education, some of the best academics in ECE are being lured away to teach abroad or to enter into business. A well-respected Rector at one of Poland's major universities noted that a new Polish professor earns \$85 a month before taxes—three to four times less than an unskilled worker. He commented, "All bright and good people with foreign languages and skills do not go to the university—it's a very expensive hobby that only a few people can afford. With such negative selection, we should probably close the university in a few years." In Hungary, some 12 percent of the nation's 25,000 academics leave the country each year, one-fourth of whom remain abroad for more than five years, some permanently.⁸

The Crisis of Vocational Schools

The region's current economic crisis has made vocational education a particularly urgent challenge in educational reform. Vocational schools are attended by many students between 15 and 17 years of age, including, for example, approximately 40-50 percent of Polish students. Some are known as 'factory schools,' because they have been financed by large state firms to train future workers for the needs of a particular factory. Amid the downsizing and collapse of the state economy in the region—and the phasing out of certain industrial and agricultural enterprises—vocational school graduates largely find themselves unemployed upon graduation. Many of these schools are located in stagnating regions of heavy industry with increasingly jobless, frustrated, and potentially explosive populations. There is a great need to reform the curricu-

lum of vocational schools, organize retraining courses for the unemployed, and upgrade courses for those currently employed

Research and Public Policy

The current national budget squeeze across the region is also affecting the state of research related to public policy on social, political, economic, and scientific issues. Such research provides important intellectual resources for citizens, students, scholars, NGOs, and policymakers seeking to construct new ideas and institutions. Traditionally, social science research was funded by the State, and much of it was conducted through central government research institutes or national academies of science which were independent of teaching and university life.

These academies now face severe budget cuts, for instance, the Polish Academy of Sciences has seen its research staff cut by nearly one-half over the past two years. To make ends meet, many intellectuals are leaving teaching or research posts for business or academic opportunities abroad. Young researchers coming out of the universities face a particularly difficult time finding employment.

Public policy-oriented research is adopting new institutional forms. There is an attempt now to reunite research with higher education, for instance, the Polish Academy of Sciences is beginning a post-graduate school of social sciences. University departments are establishing foundations to receive support (largely foreign) to finance research. Political parties are also forming "think tanks" or research institutes on a range of political and socio-economic issues.

Regional Issues

There is a range of common issues confronting Central European countries, that offer opportunities for regional cooperation among NGOs. For instance, ECE nations face similar challenges in creating multiparty systems, civil societies, and market economies, and in resolving ethnic conflicts. There is thus an urgent need for Central Europeans to meet one another, share experiences, and where appropriate, to develop collaborative relationships and projects.

For a range of historical and political reasons, however, citizens and NGOs in these states remain largely isolated from one another. Before 1989, Central Europeans often knew more about events in the West (in part through radio broadcasts) than about those in neighboring countries. Even today, many NGO leaders in ECE say that they stand a better chance of meeting other Central Europeans at conferences in Berlin, London, or Washington than in their own region. One obstacle is airfare within the former Eastern bloc, which has increased to Western prices and is therefore too expensive for most citizens.

Funding for intra-regional initiatives has been extremely limited. The Soros Foundation's 'East-East' program, which supports regional conferences, joint research studies, and other projects, is one of the few financial sources funding area-wide initiatives. Creative new efforts at regional cooperation are emerging—for example, the Slovak Association of Towns and Municipalities—with assistance from the Charter 77 Foundation in Bratislava—is supporting cross-border meetings between mayors of towns in southern Poland and northern Slovakia. Similar initiatives are badly needed. Links between southern Slovakia and Hungary, for instance, could help diffuse border tensions surrounding the status of Hungarians living in southern Slovakia. Such programs if effective, could be used as models to prevent new walls from growing between the northern tier countries, and the poorer and more conflictive southern tier Balkan states and the emerging nation-states of the former Soviet Union.

Major Challenges Facing the Nonprofit Sector

Conversations with Central European nonprofit leaders—and many of those they serve—have clarified several critical challenges facing the nonprofit sector as a whole in the region. These include the following issues, which are discussed in greater detail below: the state of legal and fiscal frameworks, public perception of nonprofit activity, existing sources of funding, the role of state governments, the importance of local and rural development, the inclusion of women, ethnic minorities, and youth, the impact of politics on the sector, and the development of nonprofit federations. The urgency of these individual challenges is underscored by three strategic concerns raised with us by Central Europeans:

- Do those within the region's NGOs recognize the important role of the nonprofit sector within their emerging societies? How can such self-identity and self-awareness be nurtured to build self-confidence and a long-term perspective?
- Will the sector be strong enough to serve its critical functions in the transformation process?
- Will enough self-sustaining organizational capacity remain when Western aid is inevitably curtailed?

Legal and Fiscal Framework

A major challenge facing nonprofits across East Central Europe is the need to create legal and fiscal structures to regulate and support the third sector.

A major challenge facing nonprofits across East Central Europe is the need to create legal and fiscal structures to regulate and support the third sector. In the CSFR, Hungary, and Poland, efforts are underway by governmental regulators, tax authorities, legislators, and NGO personnel to draft laws that define a clear legal and fiscal foundation for the development of nonprofit organizations. Many are receiving additional assistance from various international legal experts. A brief review of the region's evolving legal and fiscal frameworks follows.

Hungary

The massive rise in Hungarian nonprofits can be traced in part to the legal and tax framework that has evolved over the past few years. Foundations were forbidden until 1987, when a foundation law was enacted in the Civil Code.

A 1989 government decree declared that neither foundations nor voluntary associations needed any government approval to be established. All nonprofit organizations have to be registered by the county courts in order to be granted legal personality, but registration cannot be refused if they meet the requirements of the Civil Code.⁹

The foundation law was quite liberal in its original form, permitting foundations registered in court to automatically receive tax-deductible donations and exempting the business income of foundations from taxes, provided all profits were spent on the charitable purposes of the foundation. As a result, foundations have received greater tax benefits than other nonprofit associations and organizations under Hungarian law.

The explosion of Hungarian foundations included a significant number of for-profit entities, including corporate foundations seeking to evade high Hungarian tax rates. While some of these “quasi-foundations” may serve social purposes, all have sought to shelter the incomes of their employees and managers.¹⁰ Such abuse led the government to tighten up the regulation of foundations through new tax laws introduced in early 1992.¹¹ The impact of this change is not yet clear, however, the so-called “foundation boom” in Hungary is likely to slow as foundations cease to offer a tax shelter.

The current regulations are contained in tax laws, which must be approved by parliament every December for effect in the following year. Several NGO leaders, legislators, and government ministries—under the facilitation of the **Research Project on Hungarian Nonprofit Organizations**—are attempting to draft a more consistent and comprehensive nonprofit law which would not be subject to yearly legislative redrafting and approval. The Hungarian government, meanwhile, is proposing to introduce new laws and fiscal regulations affecting nonprofit organizations.

Poland

The rise of the Solidarity movement and church-led initiatives in the 1980s prompted a 1984 foundation law—the first in the region since World War II permitting the legal existence of nonprofit institutions. Poland’s initial foundation law was in some ways quite liberal: all that was required to create a foundation were two people able to write a statute. However, foundations were required to seek the supervision of an appropriate government ministry, which gave each ministry considerable discretion as to which foundations would be permitted to register in court.

Despite the approval requirement, many nonprofit institutions elected the foundation form over operating as an association because only foundations were legally entitled to collect money, hold a bank account, rent an office, and perform other economic activities. In 1991, the Polish law on foundations was amended to remove the requirement of prior ministry approval. The 1990 law on associations permits them to have legal identity, and the 1992 tax law allows them to carry out economic activities through subsidiaries.

As in Hungary, the 1984 law led many for-profit ventures to create foundations in order to avoid paying taxes. The scandals and suspicion created by such activity led to a February 1992 change in the tax laws which now mandate that foundations be taxed at 40 percent of their income if they do not spend that income on their stated statutory purposes in the year of receipt or the succeeding year. This rule applies to all revenues, including gifts and grants.

Under Polish law, a private company or business may make a deductible donation of up to 10 percent of its income to a charitable or social cause. The definition of a charitable or social purpose is very vague, however, making it difficult for individuals, companies, or foundations to make donations. All too often, potential donors are uncertain as to whether a particular organization qualifies as a tax-deductible recipient.

One obstacle to creating a foundation is contained in the 1984 law which requires all foundations to register at a court in Warsaw. Conversely, a group can register as an association in one of the 49 *voivodships* (districts) in Poland, thus avoiding the additional time and potential bureaucratic confusion of registering in the capital.

The uncertain legal atmosphere is compounded by the fact that it is very difficult and expensive to obtain solid legal advice about nonprofit issues. There are few lawyers equipped to interpret the current laws—largely because these laws grant considerable discretion to administrative agencies to make rules that have not been written or publicized. A group of Polish foundations and association leaders, organized by the **Polish Forum of Foundations**, is now analyzing the nonprofit legal framework and exploring the need for statutory reforms. A study of the legal and regulatory aspects of the nonprofit sector is also being conducted by researchers at the University of Warsaw and the Catholic University of America under the auspices of the **International Center for Not-for-profit Law (ICNL)**.

CSFR

The CSFR currently suffers from an extremely weak nonprofit legal and fiscal framework. Since the “Velvet Revolution,” the government has passed a number of laws regulating aspects of the nonprofit sector. For example, the revised Civil Code contains four broad provisions regulating foundations. However, the law refers to various supporting regulations which do not exist, thus creating confusion and difficulties for new organizations seeking to register with local authorities.

According to CSFR nonprofit expert Gabriela Vendlova and Doug Rutzen, a U.S. lawyer who helped prepare a draft nonprofit law for the CSFR as a member of the **American Bar Association’s Central and Eastern European Law Initiative (CEELI)**, the current law “does not sufficiently (1) define the scope of ‘nonprofit’ organizations, (2) grant tax exemptions and deductions, (3) regulate sources of income, particularly participation in commercial enterprises, (4) address the privileges and obligations of foreign organizations, or (5) institute adequate monitoring mechanisms.” The limited tax deductions and exemptions available limit tax-effective giving and fundraising possibilities.

Two major efforts are underway to draft new nonprofit regulations to replace the existing law. In March 1992, the Federal Government set up a commission to work on nonprofit issues, headed by Jozef Miklosko, Vice Premier of the Federal Government. The drafting group consisted of lawyers, members of the Federal Government, and representatives of foundations. This group recently produced a draft nonprofit law, but due to the current political situation in the ČSFR, it is unclear when or if it will be presented to the Czech or Slovak governments.

Through the CEELI program, the American Bar Association—with the assistance of ČSFR governmental and organizational representatives and experts from ECE, the U.S., and Western Europe—has prepared a draft law that seeks to create a comprehensive, nonprofit regulation. The draft provides tax deductions and exemptions for certain types of organizations, imposes an annual reporting requirement, limits the commercial activities of nonprofits, and attempts to create a registration procedure for both domestic and foreign organizations.

It is unlikely that any law on the nonprofit sector will be passed before the breakup of the ČSFR is clearly resolved.

Public Perception

Corrupt practices by some foundations that have exploited the elastic statutory frameworks in the region have spawned negative perceptions of the nonprofit sector among the general public. It is clear that a comprehensive, clear, and enforceable set of legal and fiscal regulations is needed to overcome public suspicions and doubts about the value and practices of nonprofits. “There are no organized rules, so society has no reason to trust foundations,” said Dáša Havel of the Civic Forum Foundation in the ČSFR. The need to improve the public image of the nonprofit sector was underscored to us during several interviews.

Miklós Marshall, a Vice Mayor of Budapest and former nonprofit sector leader, spoke of difficulties he encountered in convincing city council members to support private foundations because they operate under such unclear laws and are not fully open to public scrutiny and accountability. “If you say the word ‘foundation’ in Hungary now, it’s like a dirty word. There is a feeling that there are many wheeler-dealers and fake foundations [attempting to shield business profits from taxation].”

Public suspicion of foundations was also generated when several former communist organizations changed their names and transferred their assets (which many citizens viewed as ‘public’ funds) into new private foundations.

Most Central Europeans believe that public perceptions will improve with the introduction of stricter laws and regulations—such as those recently passed in Poland and Hungary denying companies the ability to use foundations as tax shelters. Moreover, as the sector expands and provides concrete and visible services to the wider public, nonprofits will earn a more respected place in soci-

There is a need to project the positive missions and initiatives now undertaken in the nonprofit sector throughout the region

ety Nevertheless, there is a need to project the positive missions and initiatives now undertaken in the nonprofit sector throughout the region

A small but increasing number of media programs in the region now cover the activities of foundations and associations One example of such public education was the development of an hour-long documentary shown on Hungarian television called *The Role of Nonprofit Social Service Organizations* The film was produced by the Black Box, a Hungarian production company, and focused on Dr Katalin Peto, a psychiatrist who works in a clinic in Budapest's impoverished 8th district The documentary followed Dr Peto to the United States where she observed American methods for dealing with homelessness, alcohol and substance abuse, job retraining, and family services This project received support from the Soros Foundation, the Mott Foundation, and the U S Information Agency

A few nonprofits are attempting to educate and develop relationships with journalists in order to garner more media coverage for voluntary sector initiatives To ensure greater public accountability—and visibility—foundations in the region are also beginning to publish in major newspapers a listing of grants disbursed

Sources of Funding

An obvious and urgent challenge for nonprofits throughout ECE is the lack of financial resources Below is a brief summary of the nature of funding available to the independent sector

Individuals

Charitable giving traditions were undermined under communism “compulsory volunteerism” introduced by the party-state forced the deduction of dues from the salaries of workers Despite antagonism toward such policies, there are many indications that ECE citizens are now willing to support nonprofit causes One study in Hungary showed that the amount of private donations to NGOs grew over 700 percent between 1988 and 1990¹²

While individual donations may not constitute a significant proportion of overall funding for the nonprofit sector, some groups have been highly creative in their domestic fundraising efforts For instance, the **United Way of Hungary** conducted a campaign that raised some \$343,000 in cash and pledges The Szeged branch (in southeastern Hungary) of United Way has been particularly effective, organizing sporting events, charity galas, concerts, and door-to-door appeals to raise funds In Poland, local chapters of **Amnesty International** have employed several resourceful means for obtaining funds and in-kind support Members have written appeal letters to all Polish banks (one bank in lower Silesia responded with a \$3,000 donation), sent appeals to all Polish MPs, held a lottery offering donated books and compact disks as awards, and solicited in-kind donations of labor and paper from a firm in

Poznan to produce their newsletter. In the ČSFR, the **Civic Forum Foundation**, drawing on the cultural appeal of Prague, organized an “Evening with [British actor] Peter Ustinov” which raised considerable funds, the foundation has also established an annual membership “Club of Friends,” which solicits foreigners living in Prague to join (at a higher fee than CSFR citizens)

Companies

As described above, state-run enterprises formerly collected dues from workers to help cover the cost of social services provided by large firms such as day care centers, cultural facilities, and summer camps. The contribution of state-run enterprises to nonprofit activities has steadily declined since 1989, as their financial positions have weakened. Without clear tax advantages for nonprofit giving by private firms, companies in ECE are not likely to become charitable donors. Moreover, the emerging private sector has not yet developed a philanthropic ethos. As one Polish NGO leader said, “We have a very new upper class with an underdeveloped sense of duty to society.”

Foundations

There are very few private foundations in ECE which actually function as grantmaking institutions. For instance, of the approximately 200 foundations in the ČSFR, only about ten disburse grants. The largest donor foundations in the region have received their support or endowments from foreign sources. The wealthiest grant-giving private foundations in Hungary and Poland—the **Soros Foundation-Hungary** and the **Stefan Batory Foundation** in Warsaw—receive most of their funding from a single foreign source. George Soros, a Hungarian-born and New York-based philanthropist.¹³

Government

The nonprofit sector is heavily dependent on state sources for support. Funding for nonprofits may be provided by central ministries, national parliaments, or local governments. There are a few governmental funds specifically designated to support nonprofit activity.¹⁴ It is very difficult to get up-to-date and accurate statistics about public funding for the NGO sector, most government ministries have not compiled figures tracking government aid to nonprofits as an independent category.

Foreign Funding

The nonprofit sector has received substantial levels of funding from foreign sources—private, governmental, and multilateral—over the past three years. Public and private funding from the United States and Western Europe is either provided directly to ECE nonprofits, or granted indirectly through Western NGOs conducting projects in the region. For a detailed assessment of such support, see the latter section on “External Assistance to the Nonprofit Sector in East Central Europe,” and Appendix I on sources of Western aid.

The Role of the State

Governments in East Central Europe are fundamentally shaping the development of the nonprofit sector. Surveys indicate that in 1990, for example, 60 percent of all donations to Hungarian foundations came from central government bodies, and 2 percent came from local government.¹⁵ Voluntary associations are less dependent on government support than foundations.

ECE governments are divided over the importance of supporting the nonprofit sector. The sharpest differences emerge between policymakers within the ministries of finance and economic reform, and those ministries involved in social welfare, health, education, and the environment. The former prefer to restrict nonprofit tax advantages, fearing this could fuel government deficits, while the latter regard the nonprofit sector as an important partner for institution-building. Joanna Starega, a former Vice Minister of Social Welfare in Poland, told us: "The government budget doesn't want to give up one penny to nonprofits. It will take time for decision-makers to see that the sector pays off." Daša Havel echoed this opinion, observing that the government "does not understand that the voluntary sector is the cheapest way to keep the society healthy."

Yet current conditions in the region point to at least two principal reasons that ECE governments may begin to embrace the third sector as a vital partner. First, to overcome the centralized, bureaucratic state system inherited from the past, central authorities are looking to the independent sector as a vehicle for decentralizing services and de-nationalizing state property. Second, burdened by massive debt, budget squeezes, and economic crises, ECE governments are open and at times eager either to contract out state-financed public services through NGOs, or to shift wholly the burden of certain social service responsibilities to private agencies. "It's a good thing to minimize state activities in these areas. The government sees the nonprofit sector as a good tool to get rid of a few responsibilities and act in a civil way," said one Hungarian government official.

It is unclear how far ECE governments will go in withdrawing state-supported social services to the public. It remains to be seen whether these states opt for a more traditional West European model, in which government assumes great responsibility for social services and the nonprofit sector is more narrowly defined, or the United States model which relies more heavily on privately funded social service agencies. Many in Central Europe believe that while the State may increasingly rely on NGOs to be service providers, it must continue financing such services due to the lack of alternative sources of funding for nonprofits.

There are encouraging signs, however, of mutually supportive partnerships between ECE governments and nonprofits. In Hungary, the parliament decided that NGOs providing basic social, health, and cultural services have the right to receive exactly the same per capita subsidies given to state-run institutions. Recognizing that some local NGOs can provide basic services cheaper and with more flexibility, the Hungarian government has provided

The government does not understand that the voluntary sector is the cheapest way to keep the society healthy

—Daša Havel

several social service organizations with operating funds, while local governments have provided buildings and other infrastructural support

One example of public/private cooperation is the creation of foundations to distribute government funds, these foundations “are financially more or less dependent on the state budget, but legally they belong to the private sector”¹⁶ Such foundations raise an important question for the nonprofit sector in each country, and for Western donors and organizations, because they do not fit the traditional model of truly independent, private, and non-governmental institutions

The Hungarian Foundation for the Development of Local Social Networks is one such institution. The foundation describes itself as “an independent organization of national scope founded by the Ministry of Public Welfare.” It receives government and international funding, which it disburses to social service NGOs (mainly serving the handicapped and unemployed). The fund received a three-year, three-million ECU grant from the European Community’s PHARE program, and in 1992 received over \$1.2 million from the central government budget. The president of the board is a Vice Minister for Public Welfare, although approximately one-half of the board members are non-governmental representatives. The foundation is seeking funding from other international sources. Gabor Hegyesi, an official of the foundation and a respected social policy academic, believes that this joint public/private initiative differs from U.S. nonprofit models, resembling more closely West European agencies which often include government representatives on their board and receive substantial public funding. “It would not be true to say that we are absolutely independent. We are trying to be as independent as we can be. But the private sector is so weak and has little money. The State is the richest part of the society. If you are really interested in social programs, you can’t say we won’t deal with the State.”

There is concern that state governments are attempting to transfer various social tasks to the voluntary sector and local governments without creating the necessary preconditions, such as nonprofit laws and grassroots funding mechanisms. Several people noted that amid shifting responsibilities, policymakers are operating without the clear frameworks and lines of responsibility necessary to ensure continuity of services and to avoid chaos and confusion. “NGOs presuppose a rationalistic state,” confided one Hungarian Welfare Ministry official. “We are missing a reliable partner for NGOs to bargain, negotiate, and work with. They don’t know how to access state agencies on a local or national level.”

The potential for effective public/private partnerships is limited not only by immature state systems, but also by nonprofit sectors in their infancy. Newly formed NGOs often lack the absorption capacity—such as trained staff, organizational management, and accounting systems—to effectively conduct formerly state-run programs. Local governments, according to Polish NGO expert Kuba Wygnanski, usually contract services to large, established organizations like the Red Cross, because it is difficult for them to develop professional standards for evaluating the quality of services of small and newer nonprofits.

Despite such obstacles, it is clear that as NGOs emerge from this early stage of development, they will be better able to conduct and administer various programs

The development of local and participatory community life is one of the greatest needs facing ECE

Local and Rural Development

One of the major themes repeated during our interviews was that far too much of the emerging nonprofit sector is based in and focused on the regions major cities. Many emphasized as a top priority the need to develop, support, and incorporate smaller-scale local, rural, and grassroots initiatives within the nonprofit sector. There are several important reasons for a focused concentration on building civic institutions outside of the capital cities. These include

- Societies in East Central Europe are heavily over-centralized and there is great animosity toward development schemes that are imposed from the top within the capital cities.¹ This centralized control is still reflected in much of the development of NGOs since 1989.
- The development of local and participatory community life is one of the greatest needs facing ECE, according to many in the nonprofit sector. Under the previous regimes, they explain, citizens often became atomized individuals who were denied the ability to form natural bonds of community solidarity, interaction, and support. This is particularly true in small, isolated rural villages that lack resources for community development.
- There are promising signs of community activity emerging in the countryside. In some rural areas, there are growing efforts to discover older cultural traditions and daily practices such as the revival of the folk school system of the pre-World War II era. There are also expanding local environmental campaigns, and the creation of informal clubs and community centers. Such efforts are particularly important in areas where large state industries and agricultural economies are stagnating or collapsing. Efforts to rebuild local government administrations—which may in turn cooperate with local NGOs—are also developing.
- Most foreign aid and assistance is being funneled through central government ministries or national-level NGOs. The trickle-down effect is hindered by central bureaucratic channels and a monopolistic mentality among some capital-based recipients. Foreign funds may be more effectively absorbed when granted directly to efforts in smaller cities and villages. “We hear about intentions from the West to help but nothing gets down to us,” said one NGO activist in Szeged (a large city in southeastern Hungary), who sent 50 letters to foundations and organizations in the U.S. and Germany appealing for information and funding, but received only a few responses. If aid goes from Western Europe to Budapest, it disappears. Unfortunately, a large majority of representatives of Western

We hear about intentions from the West to help but nothing gets down to us

foundations and NGOs limit their visits to the region to the capital cities of ECE, where they can more easily find government officials, national NGO leaders who may be potential program partners, and bilingual speakers

Women, Ethnic Minorities, and Youth

Under communism, the State created national organizations on behalf of women, ethnic minorities, youth, and other groups. This legacy has created somewhat of a backlash against any “preferential treatment” or “quotas” for select groups in society, despite the fact that institutional life under the previous regimes was primarily dominated by older men. Central European countries remain rather traditional, male-dominated societies which face the challenge of overcoming racism, particularly toward the Romany population.

Some NGO leaders in ECE acknowledge the need to be open and supportive of efforts to insure that a diverse and representative cross section of society is involved at the outset in building a healthy and diverse nonprofit sector. Ideally this recognition would be encouraged by Western-based institutions providing funding and guidance. Unfortunately, many Western initiatives in the region have themselves been less than successful in including such groups in their own staffing and programming.

In our interviews and previous work in the region, we have come to recognize the particular importance of emerging youth leadership in ECE. We found many exciting, bright young people who participated in the major civil movements of the 1980s. Many such people told us that they do not see the nonprofit sector as a field in which they can develop their vocational interests and careers. No such sector has existed until now, and where voluntary efforts managed to function ‘underground,’ or develop freely over the past few years, full-time paid jobs have been scarce, and young people are only able to volunteer for various initiatives. Such talented young people thus tend to pursue careers in business, law, journalism, or government.

We believe that many of these individuals would be major assets for the region’s emerging NGO community. With adequate support and training, they are capable of confronting many of the urgent tasks facing the nonprofit sector. We often hear the same names of seasoned leaders—usually key dissidents and activists from the pre-1989 social movements—over-stretching themselves to take on new additional tasks. “Burn-out” is a serious problem among the region’s activists, and many have indicated that they do not even know quite how to reach out, recruit and train the next generation of activists. Several of these leaders note that the younger generation is often better able to work in a healthier, cooperative, and perhaps more democratic way. New mechanisms should thus be established to recruit and incorporate skilled and energetic young people, and to enable them to sustain a commitment to the growing nonprofit movement.

Politicization

Any analysis of the nonprofit sector in ECE must recognize that the nonprofit community throughout the region was born into a highly charged and politicized atmosphere. Organizational autonomy is a relative term—and an elusive objective—in nations lacking both a secure wealth base and a historical tradition of independent NGO development. As Hungarian writer and NGO activist Robert Braun told us, ‘There is no space empty for independence—life is politically influenced and determined.’”

Hungary faces the problems of politicization perhaps most acutely. It is difficult to say who is independent,’ said Hungarian political scientist Attila Agh. ‘The average Hungarian citizen cannot understand a non-partisan organization. Non-partisan is seen as oppositional. It’s either you’re with me or you’re against me.’” The emerging character of Hungarian politics unfortunately fuels this perspective. Several people interviewed spoke of how the current government is replicating the style of the old regime by attempting to control various private and public institutions in society. They accuse the government of a bias toward pro-government foundations and organizations resulting in limited resources for groups outspoken against present government policies.

In fact, the government and each of the leading Hungarian parties are creating their own foundations for policy research, training, and other initiatives. Some independent NGO activists are concerned that Hungary will replicate the German system of party-funded and controlled foundations and that, as a consequence, foundations in the overly politicized environment of ECE may be used as a means for campaigning and politicking, as there are currently no laws regulating the political influence of foundations.

Conflicts arising from politicization are even more immediate for NGOs dependent on state and party resources. One adviser to the Hungarian Parliament fund for NGOs spoke of how his expert advice was neglected by legislators, who “distributed this money based on personal and political opinions.” According to an official of a major NGO in Hungary, local NGOs seeking support from mayors, district councils, or local ministry offices must make careful political statements and alliances to maintain public funding and support. “There is great pressure coming from parties who want to find a circle of civil groups they can control,” said a Hungarian nonprofit researcher.

Foreign foundations and NGOs seeking to operate in ECE must be sensitive to the issues of politicization, recognizing how certain alliances and aid decisions can have a serious political impact in these nations.

Foreign foundations and NGOs seeking to operate in ECE must be sensitive to the issues of politicization recognizing how certain alliances and aid decisions can have a serious political impact in these nations

The Development of Nonprofit Federations

The growth of the nonprofit sector in East Central Europe is being accompanied by the emergence of federations of organizations. Some share a focus on a

particular field such as health care, other federations have formed to further the work of the nonprofit sector in general. These networks of organizations serve several purposes, including identifying needs, information-sharing, creating representative bodies to further promote or represent an issue or sector (for example, lobbying the state for better nonprofit laws), and establishing links with international organizations and foundations. Below is a brief country-by-country summary of such activities, with a particular focus on initiatives affecting the entire nonprofit sector.

Hungary

Since 1990, Hungary has seen several efforts to serve and represent the interests of its growing nonprofit sector. Two such examples are the **Federation of Hungarian Foundations (FHF)** and the **Hungarian Foundation Centre (HFC)**. The former was founded by 31 member foundations in May of 1990, while the latter was established the same year as a for-profit service organization connected to the Hungarian Credit Bank. While each body claims to represent or service several hundred foundations, neither has attained the visibility or credibility to represent effectively the over 6,000 foundations in Hungary. (The FHF, in fact, was nearly defunct by mid-1992.) Perhaps more promising are the recent grassroots initiatives creating numerous networks for individual sectors such as private schools, health care providers, community development, and cultural foundations.

Poland

Two umbrella structures are now being formed to serve and represent the needs and interests of the Polish nonprofit sector: the **Forum of Polish Foundations** and the **National Council of Non-Governmental Organizations**. The Forum was founded in late 1991, and has about 80 member foundations; the Council claims a similar number of service-providing NGOs as members. Regional umbrellas or service organizations are also emerging around different fields, such as the **Service Office for the Movement of Self-Help Initiatives (BORIS)**, founded in May 1992. BORIS hopes to support the over 900 NGOs working on social welfare issues in the Warsaw district, and serve as a model for similar efforts in the country.

CSFR

Efforts to organize the nonprofit sector nationally in the ČSFR have been hindered by the underdeveloped state of the sector in comparison with Hungary and Poland, and by the division between the Czech and Slovak republics. No organization currently exists that broadly represents or serves the nonprofit sector in either republic or throughout the ČSFR. Two information centers to assist nonprofits are currently being developed, in Prague and in Nitra, in central Slovakia.

Several Western foundations have been involved in helping to strengthen the overall infrastructure of the nonprofit sector in ECE by assisting the devel-

opment of national umbrella federations or associations. These attempts have yielded some strong reactions—both positive and negative—which should serve to inform future efforts. These include:

- A deep distrust of centralized agencies seeking to represent or speak for other organizations. Well-intentioned efforts to serve and empower nonprofits often trigger suspicions that such groups will ultimately monopolize or dominate the sector for narrow, self-interested reasons. This attitude accounts, in part, for the slow, difficult, and at times conflictive development of such national umbrella organizations. A related problem arises from the failure of capital city-based, national agencies to reach out more effectively to smaller cities and rural areas, this too has bred distrust of national umbrella efforts.
- Many Central Europeans we spoke to believe that it is important to first organize individual and homogenous parts of the nonprofit sector gradually forging strong alliances and democratic leadership from below, that can then lead to the creation of larger national umbrella organizations that serve and represent nonprofits. Others observed that any such national agencies should focus on providing concrete services such as information-networking, lobbying the state for better nonprofit laws and providing technical assistance in organizational development.
- Most Western foundations and NGOs have focused their attention and cooperative efforts on national umbrella-building efforts among ECE *foundations* rather than *associations*. There is a general concern among regional nonprofits that larger grantmaking foundations based in the capital cities will try to control the sector and monopolize contacts and aid from the West.

Major Challenges Facing Individual NGOs

There are a number of critical challenges facing individual nonprofits in ECE as they seek more effective programming and operations. The following nine areas were underscored to us in interviews as the most pressing and significant issues facing groups across the nonprofit sector in the CSFR, Hungary, and Poland: organizational development and management, information-sharing and networking, lack of money, democratic workstyle, blurred lines between nonprofit and for-profit work, unclear status of staff, staff recruitment, appropriate technology, and accountability, disclosure, and self-regulation.

Organizational Development and Management

Non-governmental organizations in East Central Europe are largely at an initial stage of development. Many NGOs—aside from those which existed under the old regimes—have transformed themselves from informal movements or ad hoc groupings into organizations within the past three years. One of the most crippling legacies of the past is a pervasive anti-organizational ethos among individuals and organizations in the region. This sensibility grows out of an earlier opposition to stifling bureaucratic control, yet often translates today into weak management, planning, and accountability.

One of the most crippling legacies of the past is a pervasive anti-organizational ethos among individuals and organizations in the region. This sensibility grows out of an earlier opposition to stifling bureaucratic control.

NGO leaders repeatedly mentioned that while there are many hard-working, dedicated, and intelligent people working in the nonprofit sector, most lack experience and training in basic management skills such as goal-setting, program development, facilitation of meetings, fundraising, board development, budgeting, bookkeeping, long-range planning, outreach, and evaluation. Some nonprofits have been reluctant to invest time and resources into organizational management—viewing it as a road to bureaucratic hierarchy and a diversion from immediate programmatic needs. The notion of improving organizational effectiveness is negatively linked to notions of central planning and top-down control under the communist system. “We’ve been coordinated for so many years that people don’t want to be organized,” said Kata Farkasova, a Slovak foundation official.

This visceral reaction is somewhat understandable, particularly when scarce resources limit funds for organizational management. However, it is becoming increasingly apparent to Central European NGO leaders that neglecting basic management and accountability leads to crisis management, ad hoc and undemocratic decision-making, and uncertain program development.

Many recently established NGOs that have received start-up funds for various programs are now seeking assistance in developing organizational management skills

Information-Sharing and Networking

Many Central Europeans we interviewed stressed the need for greater information-sharing among nonprofits in ECE as well as with the West. NGOs lack national or regional information centers, data banks, and sector-oriented publications, the dearth of information is compounded by weak national infrastructures and communication systems such as telephones, computer networks, and faxes.

As a result, groups are often unaware of like-minded organizations, unable to identify common needs and avoid overlapping efforts, and ill-positioned to take advantage of the potential for joint actions and collaboration. Most ECE nonprofits are also cut off from information in the West regarding opportunities for financial support and inclusion in various exchange and training programs.

Over the past three years, various efforts in the region and the West have been launched to meet these challenges. Please refer to Appendix II for a detailed description of existing information-gathering and dissemination efforts.

Lack of Money

One of the greatest and most immediate problems facing nonprofits in ECE is the lack of money. There are limited sources of private and public funds available in the region, and even fewer sources of independent funds provided with few strings attached. See Appendix I for a detailed discussion about existing sources of funding for ECE nonprofits.

Democratic Workstyle

A repeated refrain among Central Europeans is “Communism is inside of us”—meaning that authoritarian approaches to work and politics are often replicated even by “democratic” opponents to the former regimes. This factor often influences, among other things, how an organization is governed, how staff and volunteers are identified and empowered, how meetings are facilitated, how people network and collaborate with other groups, and how decisions are made and disputes resolved. These processes thus reflect more than the level of organizational development and management skills among NGOs, they are often rooted in the nature of interpersonal relations and workstyles in the region.

Interviewees in the region specifically noted the critical need for more internal democracy within NGOs. “Our objectives must contribute to the democratization of these groups,” said Andras Biro of the Hungarian Foundation for Self-Reliance. “Democratic forms and mechanisms are lacking. Hungary has professional knowledge but lacks democratic experience. Others pointed to the lack of a culture of conflict resolution, noting how professional disagreements between individuals often quickly descend into sharp personal attacks and mistrust. “We did not learn to work with people in a group,” explained Polish journalist Ryszard Holzer. “There is a tendency to be alone and not know how to manage or collaborate with others.”

Blurred Lines Between Nonprofit and For-Profit Work

Given the lack of a private wealth base for philanthropy in East Central Europe, it is not surprising that many NGOs are conducting for-profit activities to support their charitable work. However, we have observed groups conducting commercial or quasi-commercial activities alongside nonprofit efforts—without any clear oversight or financial accounting. Some NGOs, we were told, begin commercial ventures and allow them to become a major or even an overriding organizational activity. Of course, with the nonprofit sector in its infancy—and legal and tax regulations in flux—it is hardly surprising that these issues are clouded by uncertainty.

Unclear Status of Staff

Nonprofit sector staff often wear two, three, or four hats. It can be a real challenge to sit down with an NGO leader to find out exactly what his/her commitments and priorities are, and for whom his/her work is being conducted. Many NGO activists either prefer—or more often are forced by financial circumstances—to hold three or four jobs. This factor further contributes to problems of organizational effectiveness and the gray line between for-profit and nonprofit work. Where it is financially possible, we believe that healthy NGO development is supported by maintaining staff able to commit full-time to a single organization or effort.

Staff Recruitment

We were often told that there is a dearth of qualified people who can be hired as nonprofit staff. While this may be generally true, we found that organizations are often unable to break out of their narrow circle of contacts to locate other highly motivated and skilled recruits. This tendency stems from the lack of trust among individuals—particularly those who were politically engaged—

during the communist period, when opposition activists relied on their own networks of confidants. The strategy of aggressively seeking and advertising for staff is usually not considered or pursued, although some groups are now beginning to advertise staff positions in newspapers.

Appropriate Technology

Many NGOs tend to overemphasize the importance of technology when planning their organizational development. This tendency can be traced to the general deprivation the region has experienced vis-à-vis modern technology. While equipment such as computers and fax machines makes work more efficient, it is important to ensure that the technology obtained is appropriate to specific organizational needs and supplemented with adequate training. State-of-the-art equipment may not be necessary or suitable for a small NGO. We have often found computers and other advanced equipment used in a very rudimentary way, if at all, due to a lack of technical training among staff.

Accountability, Disclosure, and Self-Regulation

A critical issue facing NGOs is the degree to which they are able to conduct their work in an open, transparent, and accountable manner. Hungarian non-profit expert Éva Kuti offers a context for this problem:

One of the most appreciated merits [under the former regime] was to act openly against the State—to cheat the authorities—to evade the law was considered a bravery. This attitude helped us to survive, to preserve the autonomy of thinking, opinion, and judgement, and to become the front-line soldiers of the political changes. But the same attitude is a source of several problems in the transition process.

One ECE foundation official explained that for forty years there were no real accounting requirements—the only requirement for getting money from the State was to spend it. For those involved in underground opposition activity, the principle of trust and solidarity outweighed the need for formal reporting procedures. That has changed with the introduction of funds granted by public and private, national and international sources—many of which require stricter standards and conditions for public transparency and accountability.

Several interviewees told us that many NGOs are surprised and even angered when informed that they must provide written and detailed reports to account for how they spend granted funds. It is important for Western foundations and NGOs to realize that they cannot expect full accounting and reporting from ECE nonprofits that lack training or experience in accounting and reporting procedures. Such basic information and advice should be routinely provided by Western institutions to ECE grant recipients and program counterparts.

A critical issue facing NGOs is the degree to which they are able to conduct their work in an open, transparent and accountable manner.

External Assistance to the Nonprofit Sector in East Central Europe

The Current Context

Since the revolutions of 1989, citizens and governments in the international community have sought various ways to assist the exciting and challenging transformation process underway in East Central Europe. Most of the financial support has come from multilateral agencies, governments, and private foundations based in Western Europe and the United States. Although the majority of Western assistance consists of credits, loans, and technical support to facilitate macroeconomic changes in the region, there has also been a substantial increase of initiatives to support the emerging nonprofit sectors in the CSFR, Hungary, and Poland.

There exists an important distinction between the role of *public* and *private* Western assistance, which varies from the United States to Western Europe. For instance, the bulk of U.S. funding to NGOs in ECE is granted by private foundations rather than through the U.S. government. The majority of West European aid to the nonprofit sector—although no firm statistics are available—is disbursed by national government offices (such as the British Foreign Office) or by European multilateral agencies (such as the European Community). Private foundations play a larger role in the United States than in Western Europe, which relies more heavily on state and community-wide public initiatives.

Without question, the events of 1989 ushered in a new era of possibilities for nonprofit initiatives. However, the current mood in the region is marked by a general and growing frustration over the unmet promises of Western aid and by dissatisfaction over the degree to which conditions have not improved—and have even worsened—for the average citizen. External efforts to provide assistance must reflect an awareness of these important contextual issues.

There is a kind of disappointment and disillusionment with Western help generally,” said Hungarian journalist Matyas Vince. “This shows everywhere: Western help is less than expected and inadequate. This stems in part from expectations that were too high. The intention was genuine but the hurdles are bigger than expected. There is a realization in the West that huge amounts of money would be needed to help in the short run. In my view the West made a historic mistake [by not extending greater assistance] bowing to financial and political problems.”

Most Central Europeans have a long historical memory, they recall the betrayals and broken promises of Western leaders at Yalta, during the 1956 revolution in Hungary and during the Prague Spring of 1968. One Polish NGO leader pointed out that many Poles believe that since their country “was

**There is the view that
democracy is here
but I will be poor**

—Jiri Musil

Western efforts are seen as vital by Central Europeans seeking the resources skills and experiences necessary to build an independent sector

on the frontline of fighting communism,” the West should be more generous. Others have soberly adjusted to accept the post-revolutionary reality. As one NGO volunteer in Prague remarked, “It’s over. The enthusiasm of the new society is not enough. People don’t want to give money to us just because we’re from Czechoslovakia.”

This view of Western aid is compounded by the economic hardships which daily face the average Central European. Jiří Musil, Academic Head of the Central European University in Prague, captured much of the prevailing public mood. “Life is simply difficult here. There is growing disillusionment. The notion that life was better under communism is a majority view in Slovakia. There is the view that ‘democracy is here, but I will be poor.’ People are struggling to live in a private economy and progress in a moral and intellectual direction. How can you have a liberal society that does not drift into chaos and anomie? That is Havel’s problem. In a liberal society, people have to fight for their own direction. There is a general feeling that we are drifting.”

Even against this backdrop, Western efforts are seen as vital by Central Europeans seeking the resources, skills, and experiences necessary to build an independent sector. The following analysis makes clear that as ECE is at the start of developing nonprofit institutions, the West too is just beginning to learn how best to assist civil initiatives in the region. Many well-intentioned attempts to help have been hindered by miscommunication, cultural misunderstandings, and misuse of resources. Hopefully the lessons learned from such efforts will help guide individuals and institutions seeking to better understand and support the growth and vitality of ECE’s emerging third sector.

Forms of External Assistance

External assistance to the Central European nonprofit sector takes two major forms: direct contributions to indigenous non-governmental organizations, or indirect grants which are disbursed to Western NGOs in order to undertake ECE-related projects. The majority of Western assistance falls into the latter category. Appendix I provides a review of the major sources of Western assistance to the region's third sector.

Direct Forms of External Assistance

The maturation of NGOs in East Central Europe, combined with the growing familiarity of outside grantmakers with the region, is slowly increasing the percentage of grants provided directly to indigenous nonprofits. United States laws permit foundations to make a direct contribution to an NGO in the region. However, to receive such support, NGOs may be required to amend their charters in order to insure that their structures and purposes are equivalent to those necessary to qualify as a nonprofit 501 (c)(3) organization under U.S. law.

The majority of funding dollars are not provided through direct assistance, however, but are distributed to organizations and institutions based outside of ECE which often work in concert with indigenous nonprofit efforts. Although precise figures are not available, perhaps as much as three-quarters of external aid earmarked for the development of the nonprofit sector in ECE is actually granted to Western institutions involved in the region. The reasons for this are varied, but include the following:

- Some grantmaking agencies are constituted to provide most or all of their resources to institutions based in their own country. For instance, most U.S. government aid is channeled primarily through U.S.-based organizations with ties to counterpart institutions or groups in the region.
- The issues of pre-grant assessment, project implementation, and post-grant monitoring and evaluation often favor established outside institutions as grant recipients. Most NGOs in the region lack the institutional track record, reputation, and administrative experience of their Western counterparts. In some areas, nonprofits are not adequately developed to effectively absorb outside assistance. For instance, a 1991 study showed that the percentage of governmental and multilateral aid promised by the

West that had actually been disbursed in the region was very low in the CSFR (less than 2 percent) as compared to Poland (approximately 27 percent)¹⁸ Such figures suggest both that bureaucratic and political barriers have been created by external donors, and that Central European nations—including the nonprofit sectors—have low absorptive capacity

- Many grantmakers, particularly in the United States, feel too far away from the region to effectively monitor fast-changing organizational and political dynamics. Aside from the Soros Foundation offices in ECE, no U.S. foundation at this time has a branch office based in the region (unlike several West European foundations)
- Western organizations have better familiarity with and access to external sources of funding
- Some activities such as research, conferences, exchanges, and internships are often completely designed and conducted by Western institutions in their own countries

This predominant mode of giving has drawn sharp criticism from a wide range of Central Europeans involved in the nonprofit sector. At the heart of their concerns is the view that the net effect of such foreign assistance is to promote or develop organizations and institutions based in donor countries, rather than building the capacity of NGOs in the region. An official at the Soros Foundation in New York spoke of the intense competition between U.S.-based institutions to secure U.S. government grants to conduct work in ECE, commenting that Central Europeans have “a lot of reservations about U.S. NGOs coming with millions of dollars and spending two cents in Central Europe. Basically, U.S. aid is being shuffled back to the United States.”

This view is echoed by Minister Jacek Saryusz-Wolski, Poland’s chief coordinator of foreign aid. “Those who are eligible for aid are on both sides. However, only U.S. institutions can ask for aid and pick Polish partners. There is no competitive market, there’s a monopoly of access to these funds where the donor-side partner often decides and dictates. There is too much ‘autoconsumption of assistance’—a tendency for Western programs to pay Western firms and consultants for implementing projects. This is a neo-Keynesian approach which generates demand in the donor nation’s own economy. It’s like the third world, where 75 percent of an [aid] dollar is consumed by the donor.” One leading Hungarian university official concurred: “We have heard that 80 percent of aid for developing countries goes to the donor country. Now we are learning this from experience.”

These critiques are aimed primarily at multilateral and government programs, rather than at private foundations, which often work through indigenous ECE organizations. However, given such criticism and the pressing need to empower and develop local NGO capacities, several private grantmakers are beginning to shift more of their programs toward indigenous funding.

There is a tendency for Western programs to pay Western firms and consultants for implementing projects. It's like the third world where 75 percent of an [aid] dollar is consumed by the donor.

—Jacek Saryusz Wolski

Small Grants

The need for Western donors to provide more small grants to emerging NGOs was raised repeatedly in our interviews. Such grants have been provided by, among others, the various Soros Foundation-affiliated offices in the region, the **SOS Foundation** in Poland, and the **Environmental Partnership for Central Europe (EPCE)**. Many promising small-scale programs have withered and died over the past three years due to the shortage of start-up capital. Small grants can help bolster fledgling but promising projects, launch new initiatives, or replicate and multiply effective existing programs.

Moreover, small grants may offer organizations the means to gain basic training and technical assistance. Susan Cleveland, Director of the EPCE project in the CSFR, said that small and underfunded environmental groups are largely unwilling to become engaged in training and technical assistance programs until they secure basic start-up or program funding, which often leads organizations to recognize the need for such training.

The EPCE project is one creative and effective solution to the difficulty of funding indigenous institutions, particularly smaller NGOs outside of the major cities. The Partnership was founded in 1991 by a U.S., European, and Japanese funding consortium, including, among others, the **Charles Stewart Mott Foundation**, the **Rockefeller Brothers Fund**, the **Sasakawa Peace Foundation of Japan**, and the **German Marshall Fund of the United States**, which administers the project.

The EPCE operates in Poland, Hungary, and the CSFR, providing small grants (up to US \$8,000) and technical assistance to environmental NGOs. Partnership offices are located in each country (one in each of the Czech and Slovak Republics), and grants are decided upon by a small volunteer Board of Advisers composed largely of local activists and experts. The program offers an important model for how grantmakers can provide funding in a fast, flexible, and non-bureaucratic manner, reach out to smaller, rural NGOs, and allow Central Europeans to be instrumental in grantmaking decisions.

Indirect Forms of External Assistance

Aside from directly supporting indigenous institutions in ECE, Western foundations and NGOs are providing other forms of assistance. These may be grouped under two main categories: information-gathering and exchange (information networks and clearinghouses, needs assessment studies, conferences and seminars, as well as exchanges, visitations, fellowships and internships), and technical assistance and training. These indirect forms of assistance usually involve a Western institution as a grant recipient and/or program partner for various nonprofit initiatives.

Information Gathering and Exchange

Information Networks and Clearinghouses The need for information networks to facilitate dialogue and to match resources with the needs of various NGOs is pervasive. Serious information gaps exist within particular nonprofit issue areas, across entire national nonprofit sectors, among ECE states, and between Western donors and ECE nonprofit groups. Appendix II provides a review of existing information networks involving the ECE nonprofit sector.

One reason for the shortage of sector-wide information networks and resources is the general lack of trust and cooperation between organizations. Sándor Koles, a program officer at the Hungarian Foundation for Self-Reliance who participated in an internship program in the United States, was struck by “the high level of information-sharing and networking among nonprofit organizations” in the U.S. He pointed out that new Hungarian NGOs “are jealous of each other and do not share information.” Despite such obstacles, Central Europeans appear intent on creating a variety of mechanisms to address this issue.

On the donor side, it is clear that private foundations—especially in the U.S.—lack appropriate mechanisms to share experiences, consider joint initiatives, and evaluate the overall role that philanthropy is playing in ECE. A New York conference held in January 1991, entitled “The Role of U.S. Foundations in East Central Europe,” addressed such needs by bringing together leading private and corporate grantmakers active in ECE, along with U.S. government and European Community representatives. However, aside from annual philanthropic meetings and informal discussions between foundations, there are no specific and regular opportunities for U.S. donors to communicate and collaborate on ECE initiatives. Several foundations officials have mentioned the need for such meetings, and, in particular, for problem-oriented sessions with clearly defined outcomes that address specific issues such as management training for NGOs.

Needs Assessments Countless needs assessment trips and fact-finding missions have been conducted by Western foundations and NGOs seeking to initiate or expand their programming in the region. No doubt many of these trips are essential for launching well-prepared, culturally sensitive, and needed projects. However, the sheer number and redundancy of such visitations has created a burden on Central Europeans, many of whom have grown tired of meeting with visitors and answering the same questions about their needs—without ever seeing (except for very few exceptions) the concrete results of such surveys and studies.

“We can activate and vitalize ten NGOs with the cost of having one consultant here for a week,” said Jacek Saryusz-Wolski, Poland’s government coordinator of Western aid. “So many experts have come to Hungary to discuss issues,” said Miklós Marshall. “If one-tenth of the money to fund these trips had been spent on one project, it would have been much more useful.” An NGO health care leader in Prague complained that he had had about ten first-

So many experts have come to Hungary to discuss issues. If one-tenth of the money to fund these trips had been spent on one project, it would have been much more useful.

—Miklos Marshall

time visits with Westerners in the past two years, and no follow-up contacts “People would tell me, ‘we’ll send you a report,’ but nothing happened There is big frustration and almost everybody is pessimistic about visitors from abroad There have been thousands of visits but only a few concrete results ”

One way to avoid or reduce the length of such costly and burdensome needs assessment trips is to rely more heavily on the experience, insights, and advice already gained by those Westerners active in the region So many of the general questions being asked of NGO leaders in ECE can be adequately answered by those who have already gone through the process of assessing needs and setting up programs in the region Such pre-trip research should limit the numbers of preliminary surveys and allow on-the-ground investigations to be more fine-tuned, focusing on concrete and immediate ways to provide specific assistance and cooperation The results of assessment studies should be written up and—together with previous trip reports—made publicly available in the West and in ECE

Conferences and Seminars Since 1989, innumerable conferences and seminars have been held addressing themes of concern to nonprofit institutions in East Central Europe The results of these information-sharing and exchange sessions have been mixed Many Central Europeans we spoke to noted the endless string of Western-sponsored conferences, observing that they are very costly, general in content, involve a “talking heads” format with a passive audience, are conducted exclusively in Western languages (as are resulting publications), are often unconnected to any larger mission, and rarely have any concrete follow-up component

The conclusion of many astute observers is that conferences are effective to the degree that they are sharply focused to address very specific issues, and are one ingredient of a larger, long-term project incorporating activities such as intensive workshops, local organizational development, and “train-the-trainer” skills

Several Central Europeans noted the need for NGO activists and researchers to become members of international organizations and participate in conferences abroad, which would allow them to become part of the international nonprofit community At present, there are very few conference participation grants available in the region, except to a few prominent nonprofit leaders

Visitations, Fellowships, Internships and Exchanges Numerous visitation and exchange programs have sprung up in recent years Generally, such programs bring Central Europeans to Western countries to expose them to the culture, experiences, and practices of the nonprofit sector there, many such programs also allow Westerners to experience these processes in ECE Such programs can be categorized as follows

- **Visitations** These efforts usually involve short “look and see” programs which bring Central Europeans to the West An example is the U S

Information Agency's International Visitor Program, which has brought several nonprofit leaders to the U S for stays of up to two months, during which time they travel around the country to meet with relevant counterpart organizations and foundations

- **Fellowships** Many fellowship programs are geared toward providing extended (one month to one year) academic and professional experiences for Central Europeans. Examples include the **Eisenhower Exchange Fellowship**, the **German Marshall Fund's Fellowship Programs** for journalists, political leaders, and environmentalists, the **Institute for Policy Studies (IPS) at Johns Hopkins University** which offers a four-to-nine-month **International Fellowship in Philanthropy** for nonprofit leaders, and the **Woodrow Wilson Center's East European Studies Fellowships**
- **Internships** Internships generally differ from fellowships by offering a training or mentoring component. Many NGOs in the U S have expanded existing internship programs to include Central Europeans. The **Third Sector Project** of the IPS program at Johns Hopkins offers nonprofit leaders a six-week internship program with U S voluntary organizations
- **Exchanges** These programs usually involve mutual two-way exchanges between Central European and Western nations. There are several exchange programs between ECE and neighboring West European countries such as Germany, Austria, and Scandinavia. In addition, there are growing numbers of high school and university exchanges with the United States. The **Samantha Smith Memorial Exchange Program** of USIA, for example, has funded 32 academic exchange programs with ECE since 1989. Several environmental exchange programs have emerged, such as those sponsored by the **Atlantic Center for the Environment** with the CSFR, Hungary, and Poland

Those involved in such efforts—both as participants and as organizers—have offered valuable insights. NGO leaders, volunteers, and interns from ECE observe that on trips to the West they are generally scheduled to visit large, well-funded Western institutions based in large cities such as Washington or New York, these are presented as model organizations from which to learn and to observe. Some ECE leaders stress that more appropriate counterpart groups should also be identified, such as small NGOs with limited staffs and budgets facing organizational and local issues similar to those existing in East Central Europe.

ECE participants on fellowship programs or other visitations have mentioned that they often lack adequate information about counterpart organizations and programs in the United States, and, as a result, are unable to make informed requests for visits to key groups. Moreover, Western exchange organizers often do not know enough about a Central European's cultural circumstances and specific needs to design the most appropriate visitation program.

Western NGOs often do not have much (if any) advance information on the ECE visitors they are to host. Visitation programs would be significantly enhanced by better advance information for both visitors and host staff.

Strengthening Local Capacity Training and Technical Assistance Initiatives

Western donors and NGOs assisting East Central Europe often speak of the importance of building the local capacity of nonprofit efforts—acknowledging that only if Central Europeans are empowered to create their own organizations and institutions will they be able to build civil societies free of dependence on Western aid or national governments.

Past experience has shown that Western governments and foundations generally remain interested in a given issue or region of the world for a limited period of time. “funding fatigue” will set in and new priorities will inevitably emerge as the glow of the revolutions of 1989 fades. Some believe that Western assistance to the region may have already peaked. A few U.S. foundations have made a “long-term” commitment to ECE, ranging from five to ten years. There is clearly a limited window of opportunity for using available external resources to help build the on-the-ground capacity needed for a successful process of societal transformation.

One means for building local capacity is to provide direct funding to indigenous institutions rather than supporting external agencies. However, the main challenge facing NGOs in ECE—in the view of many we interviewed—is not simply the lack of money or modern technology, but the development of human skills and potential. As Joanna Jurek, director of the American Committee for Aid to Poland (ACAP) office in Warsaw told us, “Money without training will be wasted and will not help.”

The passing on of needed skills, knowledge, and experience largely takes place through various “training and technical assistance” (TTA) initiatives. TTA is a broad rubric largely undefined in everyday usage; those assisting ECE often use the term to encompass everything from internships and study tours in the West to direct training schemes conducted in the region.

The term “train-the-trainer,” for instance, is one of the most overused phrases by Western assistance providers to ECE. Despite widespread discussion of the need to train Central Europeans to train others, we found very few initiatives that are actually attempting to train NGO leaders and activists and virtually none that equip individuals with the skills to become trainers themselves. If building local capacity is the goal, then two clear distinctions must be drawn: first, between programs that merely expose Central Europeans to Western reality and practices and those that carefully integrate Western experiences with Central European realities, and second, between programs that provide one-time or short-term training experiences and those that create long-term, ongoing, and indigenous training capacities in the region.

Exchanges and visitation programs conducted thus far with the West have been primarily focused on “exposure” experiences. Central Europeans have ac-

knowledge that these types of programs have helped them greatly to gather ideas, information, and contacts. While such programs offer useful experiences, there is a clear need for programs more closely oriented to addressing and solving the specific and immediate needs of NGOs in ECE. After almost three years of traditional exchange experiences, increasing numbers of Central Europeans are requesting more concrete and tailored programs that allow them to return home better-equipped to strategically address existing NGO challenges in the region.

Central Europeans have become particularly critical of “parachute trainings” in which a Western “expert” comes to the capital city for a one-to-three-day seminar. Often, such trainers come with little knowledge of or experience in the region, and do not seriously incorporate Central Europeans in the development or implementation of the training program. Participants generally receive little or no follow-up assistance from the Western organization or trainer.

Central Europeans have become understandably frustrated that such Western training efforts are expensive, time-consuming events that rarely reach beneath the surface to address the specific, pressing, and ongoing needs of nonprofits. In considering how Western TTA efforts can be improved, therefore, at least three issues deserve careful attention.

Need for Adaptation One concern voiced repeatedly is that Western TTA efforts too often assume that it is enough to demonstrate how things work in the West, without carefully adapting such information and experience to Central European reality. “Many efforts try to impose what is American or Western without input from the local conditions,” said one senior program officer at the Soros Foundation in New York. A Czech NGO leader observed that too often “what is presented to us from the West is only how you do it—not to help us learn how to change things from where we find ourselves.”

In general, Western TTA efforts would benefit from identifying the strengths that Central Europeans already have which, when combined with additional skills and insights from abroad, can be used indigenously to aid the long-term development of these societies. The most effective TTA initiatives are not ready-made, off-the-shelf packages for export, but are well-grounded in the local context. They offer concrete ways for Central Europeans to make such training programs their own, for lasting and effective implementation and expansion locally. As long as Westerners are presented—or present themselves—as the source of the “right” ideas, the correct methodology, or the best strategies, then the paths to local development by Central Europeans will not be identified.

Quality versus Quantity Western NGOs and foundations are faced with the overwhelming task of extending assistance not only to East Central Europe, but the Balkan states and the former republics of the Soviet Union. Huge numbers of people are now seeking TTA opportunities in the emerging nonprofit sectors. The combination of massive need and limited funding often en-

courages a quantitative approach for TTA initiatives, in which the bottom-line benchmark for success is how many people have participated in a training program or seminar? This criteria often determines whether a proposed training initiative will receive funding. Yet the actual quality or long-term impact of a training effort is far more difficult to assess than merely counting the number of program participants. A general, one-time training program for a large group of people can prove ephemeral. Little ongoing, in-country training capacity remains when such programs end. Moreover, organizations are often too eager to expand their programs from one country to another before they have modified or deepened the quality and impact of their initial TTA efforts.

TTA programs designed to reach large numbers must be balanced by the creation of smaller, more focused training initiatives that aim to create a core of people fully qualified to serve as indigenous nonprofit trainers. The long-term ripple effect of training local NGO trainers could lead to the conclusion that quality is quantity, at a minimum, there is an immediate need for such intensive, small-scale train-the-trainer initiatives in many areas.

Indigenous TTA Mechanisms There are currently no mechanisms or centers offering ongoing TTA programs to nonprofits in ECE. The high demand for occasional, one-time NGO training workshops offered in the region has underscored the greater need for locally based, nonprofit management training mechanisms. Some of the existing or proposed information centers and nonprofit federations in the region have discussed plans to offer some form of NGO training programs. The civil society funds of the European Community's PHARE program in Poland and the CSFR have also mentioned NGO training initiatives as a priority for future grant activities.

There are a number of Western programs cited by Central Europeans that offer important models for capacity-building initiatives introduced from abroad. Those programs most often highlighted reflect several if not all of the following characteristics. They (1) involve a long-term commitment, (2) employ approaches that develop concrete local capacity, (3) create, with indigenous input, a methodology appropriate for ECE, (4) integrate critical needs as expressed by those in the region, (5) provide a sense of ownership and empowerment to Central Europeans, and (6) promote a "can do" philosophy for program development. Appendix III provides a review of lessons learned on TTA programs in ECE.

Several of those we interviewed mentioned the benefits of locally based, long-term international advisers working closely with ECE nonprofits on management and program development issues. Indeed, we found that several foreigners were playing important supportive roles with NGOs as volunteers and staff. In Prague, for instance, three of the largest national foundations—the Civic Forum Foundation, the Charter 77 Foundation, and the Olga Havel Foundation—had long-term advisers from abroad assisting their efforts. Central Europeans spoke of the usefulness of having skilled Western professionals

working alongside them on a long-term (six months or more), day-to-day basis

Various public and private Western programs are providing long-term advisers to ECE, but most of these are focused on the government or business sector. Moreover, Western advisers tend to remain in the region a short period of time (several days to a few months), which generally prohibits them from becoming acclimated to the complex needs of a given situation. “It takes time before people can help us and not be a burden,” said one official at the Czech Ministry of the Environment, who works closely with environmental NGOs. “A lot of people who come as advisers for a short period of time sometimes need us to advise them more than the other way around.”

One area of concern that has arisen with the influx of Western advisers is the degree to which some advisers are using information gained from their voluntary efforts for questionable commercial gain. For instance, Western lawyers or business representatives have come to the region to assist and advise environmental ministries or NGOs, and later used such access to contacts and information for commercial activity. While such activity can be considered legitimate, there are instances where *pro bono* foreign advisers have represented firms and industries with dubious environmental records.¹⁹

Many of those interviewed also emphasized that sponsors must take care to locate the most appropriate type of advisers and trainers for their ECE counterparts. David Daniel, an American working on educational issues in Bratislava who has helped many Western assistance efforts, points out that small technical or liberal arts colleges may be more suitable partners for exchanges and training programs than elite institutions and expensive experts. Rather than bringing a prominent and busy high-level official or academic through the region for a few days or a week, he suggests, funds may be better spent arranging longer stays by energetic mid-career people who perhaps know more about the region and are personally committed to its long-term development.

Finally, Western TTA providers must not be recruited based solely on their narrow technical, academic, or organizational knowledge and skills. Individuals should also be sought for their energy, hope, and vision which allows them to serve as “encouragers” and “enablers,”—and to act as “sounding boards”—in order to help fully realize the human potential of those in the region.

Western training and technical assistance providers must not be recruited based solely on their narrow technical academic or organizational knowledge and skills. Individuals should also be sought for their energy hope and vision

Additional Considerations for Western Foundations and NGOs

Areas of Concentrated Assistance

There are no comprehensive, precise, or up-to-date statistics on how Western assistance (public and private) is divided among program activities in East Central Europe. However, our interviews and experience in the region suggest that funding has been concentrated in several areas. The fields receiving most attention from Western funding agencies and NGOs include assistance in for-profit management training and free market privatization, business education, political training and development, and the environment.

Some of those interviewed felt that certain funding areas were reaching the point of saturation or overlap. One example is the field of for-profit management training. A recent study found that the majority of professional and technical training programs administered by U.S. universities in ECE specifically promote entrepreneurial activities, executive training, and other market economy skills.²⁰ We are not aware, on the other hand, of any such management training programs that have included nonprofit management courses. Some U.S. foundations are now curtailing funding of for-profit management training programs, largely due to the rapid growth of such programs in the region.

Within the broad nonprofit sector, those in the region point to the environment as a field that is receiving a significant portion of aid and attention. Opinions vary as to whether Western support has been too heavily focused on the environment, or is appropriate or even inadequate to meet the enormous ecological challenges facing the region.

Importance of Social Policy and Welfare

In contrast to issues such as the environment, less attention and assistance has been focused on alleviating the growing poverty and social dislocation that threaten the transformation process in the region. Significantly, while many Western grantmakers and NGOs recognize the critical importance of social policy, they are often unsure of how to provide effective support in an area of great need once dominated by the State.

U.S. funding agencies in particular have overlooked this area of need, West European efforts such as the PHARE Program of the EC, the Charity

Know-How fund (UK), and the **Fondation de France** have given significant grants to social service NGOs in the region

To help overcome this funding gap, the **Ford Foundation** has recently made social policy and welfare issues a top priority for grantmaking in ECE. The foundation is currently supporting the development of independent working groups consisting of policymakers and academics with practical experience in the ČSFR, Hungary, and Poland. The program is designed to support various research projects, conferences, and grassroots efforts that are developing concrete solutions to social policy issues.

In addition, Western donors are funding several of the major social service-oriented foundations in the region, such as the **SOS Foundation** in Poland (which supports a range of social service organizations), the **Foundation for Self-Reliance** in Hungary (which addresses gypsy and poverty issues), and the **Olga Havel Foundation** in the ČSFR (which supports health service organizations). These foundations, in turn, provide small grants to grassroots NGOs working on social welfare.

The Case of Slovakia

We visited the ČSFR days before the June 1992 national elections that led to the break-up of the Czech and Slovak Federal Republic. Slovak NGO activists had two major concerns about the state of the nonprofit sector in the current political context. First, the majority of Western aid to the sector has been funneled through Prague-based institutions. Many exchange, scholarship, training, and funding opportunities, we were told, have not been equitably shared with groups and individuals in Slovakia. Such neglect only fanned the rising frustration of Slovaks, who often speak of a “paternalistic and arrogant attitude” of the Czechs toward Slovakia. The tilt of Western assistance toward Prague, in addition, neglects the many pressing needs in Slovakia, which is poorer and less developed than the Czech lands.

Secondly, there is great concern about the nationalist victory in Slovakia, and the break-up of the federation. Virtually every nonprofit leader we spoke with was deeply troubled and worried about the prospects of a Slovakia under the leadership of the separatist Prime Minister Vladimír Mečiar. “If there is a split,” warned one foundation official, “there will be a totalitarian state. The hand of Mečiar will be everywhere now.” Such an outcome could be catastrophic for Slovakia’s emerging third sector. “Talented people could drop out and leave the country if [there is a] crackdown,” said one NGO activist. “There could be a brain drain in the sector.”

The break-up of the ČSFR and the possibility of autocratic rule in Slovakia forces Western donors and NGOs to rethink their role in both republics. It is clear that the West must begin treating Slovakia as an independent country that can no longer simply be incorporated into programs based in

Prague If warnings of harsh rule in Slovakia prove true Western agencies need to consider appropriate responses

Eastward Expansion and the Need for Evaluation

Many key Western institutions in East Central Europe have begun to expand or shift their attention to the Baltic states and the former Soviet Union. The U.S. government is scaling back its support of NGOs in ECE, and expanding its program into the Commonwealth of Independent States (CIS). Programs based in ECE that are to be expanded or adapted further eastward have yet—with few exceptions—been evaluated as to their effectiveness in ECE. In many ways, Central Europe offers the former Soviet Union a window into the future, since the nonprofit sectors in ECE have had several more years to develop, and offer valuable insights about the role of Western assistance.

For the benefit of all efforts—East and West—that are trying to assist the creation of civil societies through healthy nonprofit sectors, there is a need to pause and take stock of the lessons learned in ECE over the past three years. Reports such as this one are designed to spur critical discussions and deeper evaluations of the issues addressed here.

Recommendations

Previous Page Blank

Recommendations

The growth and effectiveness of East Central Europe's nonprofit sector calls for a long-term and self-sustainable development strategy. Western donors and NGOs—in partnership with Central European nonprofit leaders—must begin to develop specific, step-by-step processes that build local capacity within the context of at least the next ten years. Within this framework there are four overriding priorities—repeatedly highlighted to us during our interviews—for assisting ECE's overall nonprofit sector:

Major Recommendations

1 Strengthen the capacity of indigenous NGO development and training mechanisms

Concentrated attention and resources should be directed toward training a select group of Central Europeans to become full-time NGO trainers for the nonprofit sector in each country. Ideally, this core group would participate in a well-planned and intensive six-to-nine month 'train-the-trainer' program in the West, after which they would serve as full-time resources for NGO development and management needs in their home countries. Other initiatives to build the indigenous capacity of Central Europeans to offer nonprofit management training programs should also be strengthened and supported, particularly those designed for individual sectors of the nonprofit community (such as health care or education).

2 Expand information-sharing and networking activities

Better communication and information exchange systems are critical if Central European NGOs are to effectively assess needs, share experiences and ideas, gain new knowledge, avoid duplication, and create collaborative efforts. Clearinghouse initiatives should directly service ECE nonprofits. These would include the development of in-country, nonprofit information centers, magazines, newsletters, and data banks. Such efforts should be careful to avoid overemphasizing data collection (information for information's sake) over the demand for widely disseminated, readily accessible and empowering information. Information networks must extend beyond serving a small circle of Western NGOs or capital city-based nonprofits in the region, in order to reach out to and address the basic needs of small-scale grassroots organizations. There is also a great need for improving regional communication among NGOs in ECE.

3 Increase the availability of small grants for wide disbursement to selected NGOs through a local advisory structure

An effective mechanism is needed for providing start-up and operational funds to small NGOs in a fast and flexible manner, reaching outside of capital cities and including Central Europeans in the grantmaking process. Organizational and management training components must be built into any program grant awarded to such small-scale NGOs, to assist their long-term viability. The Environmental Partnership for Central Europe is a model that should be replicated to address other needs at the grassroots level, particularly social welfare and ethnic conflict issues.

4 Assist the development of favorable nonprofit legal and fiscal frameworks that support vibrant independent sectors

Despite the recognition that sound legal and fiscal frameworks for nonprofits are needed in ECE, there has been slow progress in this area. More attention and resources should be provided to strengthen existing efforts of Central Europeans addressing this issue, strong local advocacy organizations are needed to relate to and lobby government bodies responsible for nonprofit regulation.

Other Recommendations

5 Encourage more creative and collaborative efforts among Western donors

Western donors could beneficially pool their collective wisdom and resources to support unique and creative projects—in partnership with Central Europeans—that may have a deeper and more sustained impact. This is especially true in a region where all Western grantmakers are undergoing a gradual learning process. The sharing of common lessons learned and a joint exploration of current opportunities will only strengthen the quality and results of external assistance. Both Western donors and ECE recipients should have a particular interest in collaborating on the first four recommendations outlined above, which focus on strengthening the overall capacities of the third sector in each country.

There is also a need for donors to be regularly informed about various developments on the ground in ECE. The majority of Western funders currently rely on sporadic or indirect means for assessing needs and making grants to nonprofits in the region. These include short-term, occasional trips to the region by foundation officers or Western consultants, and/or reliance on Central European experts, NGO leaders, or ad hoc advisory committees focused on a single issue (such as the environment). The view of many Central Europeans was voiced by an official at the Soros Foundation in New York, who said, “I think that all foundations need roots in the region.” No other U.S. foundation has specific plans to open up in-country or regional offices. Given that several U.S. foundations have made a long-term commitment to ECE, it

is necessary to develop or strengthen locally based mechanisms that allow donors to be more responsive to fast-changing and urgent needs, and permit recipients to have greater access to the grantmaking process

6 Gradually shift more resources toward building indigenous, ECE-based nonprofit institutions

The phenomenon of “autoconsumption” of aid by agencies based in donor countries is a serious concern in East Central Europe, not only because the majority of external funding is channeled through Western NGO programs, but because this mode of assistance limits the development of nonprofits in the region. Among donors, there are concerns that too few Central European NGOs have reached a stable and professional level of operations to effectively absorb foreign assistance. However, with the careful and timely provision of training and technical assistance, a significant number of emerging nonprofits in ECE could become effective recipients of direct funding from the West.

7 Increase the placement of long-term, Western interns or advisers who can work closely with nonprofits on program development and organizational management issues

Central Europeans often spoke of the need for, and value of, carefully selected and well-prepared foreign advisers who can effectively share various skills and experiences, preferably over a period of one to two years. The process of developing a skilled team of indigenous NGO trainers would be greatly assisted by the presence of such a select group of Western advisers. (See Appendix III on Lessons Learned of Training and Technical Assistance Programs.)

8 Focus more resources and attention on the critical issue areas of social welfare, the rise of nationalism and the importance of developing conflict resolution skills

Social welfare and the rise of nationalism are two of the most crucial issues in the development of civil society in ECE. The twin dangers of intensified nationalism and socio-economic conflict threaten the very process of democratization throughout the region. Both areas have been relatively underfunded by Western donors, in part because they are complex issues which require committed local interlocutors to assist in addressing them. This factor raises the need for Western groups to share information and expertise, and to consider possible collaborative approaches in ECE.

One means that is just developing in ECE for settling ethnic conflicts (and social disputes such as labor strikes) is the teaching, training, and application of conflict resolution theories and practices. Such skills are not only needed to help resolve these pressing issues, but are useful for addressing a range of organizational and other conflicts within the nonprofit sector. Projects involving several ethnic groups are an important way to ease nationalist tensions.

9 Commit More Resources to Funding NGO Staff

Most NGOs in the region lack the resources to hire full-time staff, and largely depend upon extremely limited volunteer efforts. Many talented people—particularly younger people—are either forced to leave the sector or do not pursue it as a career due to the absence of stable organizations and secure funding.

Western donors and NGOs can play a critical role by providing initial funding for some essential nonprofit staff positions. A one-year salary for a nonprofit staff person ranges (depending on the country, position, level of experience, etc.) between roughly \$3,000 to \$7,000. Salaries could be built into existing Western programs: for instance, a Central European who comes to the West on a fellowship or exchange program could apply to receive a fully guaranteed, one-year salary upon his/her return home in order to better utilize what was learned abroad.

10 Assist East-East and East-South dialogue and networking opportunities

There is an urgent need for Central Europeans to meet one another, share experiences, and, where appropriate, develop collaborative relationships and projects. For historical and political reasons, such regional dialogue and networking has been extremely difficult. Cooperative regional projects of nonprofit organizations could support the pressing need for greater tolerance and help diffuse national and ethnic conflicts.

Several Central Europeans also highlighted their interest in forging closer links and learning experiences with the so-called developing world. While most people in the region look to Western Europe and the United States as the primary source for exchange and learning opportunities, there is a growing recognition among some Central Europeans of the importance of being exposed to life and issues in the Third World. Recent experiences of political transition from dictatorship to democracy and economic reform in the Third World—including issues of debt and sustainable development—are extremely relevant to the current challenges facing ECE. There are experienced NGO networks in the South whose accumulated areas of expertise have direct relevance for the North.

For instance, several individuals in ECE mentioned their interest in having the opportunity to meet their counterparts in countries such as South Africa and Brazil to discuss specific issues and development ideas. Western donors and NGOs with experience in ECE and the Third World are uniquely able to support and facilitate such meetings and dialogue in the future.

11 Encourage national governments and multilateral agencies in the West to channel more public aid to the nonprofit sector

Such efforts include the PHARE civil society program of the EC, the British government-supported Charity Know How fund, and the Citizen Network Initiative of the USIA (which only received congressional funding in 1991).

These programs are vital for resource-starved nonprofit sectors which, apart from traditional macroeconomic aid programs to ECE governments, are critical for keeping these societies stable and healthy. As the overall role of foreign aid is reviewed in the United States under a new administration, policymakers should seriously consider the importance of strengthening nonprofit, non-governmental organizations as a vital cornerstone of development and democratization in East Central Europe.

12 Support the development of ECE nonprofit sector research

This report is one means of evaluating the development of nonprofits in Central Europe and the appropriateness of Western responses thus far. Similar efforts are needed to provide ECE and Western foundations and NGOs with better knowledge with which to assess needs and opportunities in the region. One approach would be to form a Nonprofit Research Committee in each country or region-wide, composed of ECE and Western nonprofit experts. Topics for sponsored research studies could include:

- A comparative analysis of the development of legal and fiscal frameworks in ECE, and how to effectively assist those crafting and advocating more favorable laws
- Identifying, developing, and evaluating mechanisms to further assist the needs of rural NGOs in ECE
- The relationship between ECE governments and nonprofits
- A comparative analysis of changes in the size, structure, and role of the ECE nonprofit sectors

Critical to such evaluative processes is the need to support the capacity and development of Central European researchers and analysts. The pairing of Western and Central European researchers should also be encouraged, and could yield particularly useful and insightful studies.

Endnotes

1 The concept of civil society dates back to Aristotle and Cicero but is most prominently associated with the thought of Enlightenment philosophers such as John Locke and Jean Jacques Rousseau who developed the revolutionary notion that human beings have natural rights to form communities of free and equal citizens. The idea of civil society was further developed by other Western thinkers such as John Stuart Mill, George Friedrich Hegel, Alexis de Toqueville and Antonio Gramsci. Current usage of civil society is open to widespread interpretation throughout the world. As Peking University scholar Zhang Zhilian said, "Civil society is a phrase with much resonance but little content; we have to put the meaning in." See remarks at November 1991 conference, "The Idea of Civil Society," National Humanities Center (1992 pamphlet). For usage of civil society in the context of East Central Europe, refer to the writings of Vaclav Havel, Gyorgy Konrad, and Adam Michnik, among others.

2 As nonprofit leaders from the CSFR declared in a resolution from the Stupava Conference held in November 1991, "The re-establishment of the Czechoslovak independent or so-called third sector is a part of the recreation of a civil society and therefore presents a valuable means of progressing towards European standards of pluralism and democracy. We are convinced that the third sector is one of the necessary cornerstones of a balanced society which is in turn a condition of a stable government."

3 Éva Kuti, "The Nonprofit Sector and the Restructuring of Economy and Society in Hungary," Paper prepared for presentation at the XV World Congress of the International Political Science Association, July 21-25, 1991, Buenos Aires.

4 Ibid.

5 Nonprofit organizations in East Central Europe incorporate themselves as either foundations or associations. It should be noted that foundations in ECE are largely service providing groups that do not give grants. The legal and tax advantages of the foundation form is generally more favorable than registering as an association. This has created confusion in and outside of the region, as the title "foundation" may span a range of organization types. Most of the small-scale grassroots-oriented nonprofits are registered as associations. Foundations, on the other hand, tend to encompass larger and more stable NGOs and the few actual grantmaking bodies that exist in the region.

6 By mid 1992, there were about 200 foundations in the CSFR, only about 10 are grant-giving as opposed to grant-seeking organizations. In addition, the CSFR government estimates that there are over 9,000 associations. Because "association" is broadly defined in the region—often to include for-profit enterprises—an undetermined number of these are not fully functioning or may be actual businesses using the form of an association. It is estimated that there are 5,000 to 6,000 "real" NGOs in Poland.

7 A poll conducted by the Times Mirror Company found that 91 percent of Czechoslovaks questioned are contemptuous of Romanies. Cited in "Struggling for Ethnic Identity: Czechoslovakias Endangered Gypsies," *Human Rights Watch*, August 1992, 2.

8 Barbara B. Burn, "Raising the Curtain: A Report with Recommendations on Academic Exchanges with East Central Europe and the USSR," Institute for International Education, 1991, 25.

9 In the case of foundations these requirements are a durable public purpose a founding statute and an endowment which is large enough for reaching the foundations goal The conditions for the establishment of associations are at least ten members, a set of written articles and elected administrative and representative bodies

10 Éva Kuti 1991 paper op cit

11 As of 1992 the registration of a foundation in a court no longer guarantees tax deductibility the foundation must meet a listed criteria of various social purposes The tax exemption of business income was scaled back income is tax-exempt only if it does not exceed 10 percent of all foundation income and in no case more than ten million Forints The tax treatment of associations also changed The terms for tax exemption of business income for associations is now the same as foundations donations remain non-deductible except in special cases

12 Research Project on Hungarian Non Profit Organizations *Voluntas* 3/1 May 1992 94

13 The Batory Foundation receives 70 percent of its funding from George Soros The Soros Foundation was a key contributor to the birth of NGO development in Hungary in the mid to late 1980s The foundation currently disburses about \$6 million a year in Hungary

14 The Hungarian Parliament manages an NGO fund that disbursed 420 million Forints (about \$525 000) in 1992 approximately the same amount was distributed in 1991 The number of applicants to the fund doubled in 1992 The ČSFR Federal Parliament is considering a proposal to establish a special fund from privatization proceeds to support the nonprofit sector The Federal Committee for the Environment in the ČSFR distributed roughly \$200 000 in 1991 to NGOs in the Czech and Slovak republics This support will cease as the committee was abolished with the break up of the federal system The Czech Ministry for the Environment provides about \$150,000 in grants to NGOs, the Slovak Commission for the Environment—which is less amenable to ecological nonprofits—does not provide any such funding

15 Éva Kuti Social Political and Economic Roles of the Non-Profit Sector in Hungary in the Period of Transition prepared for presentation at the Third International Conference of Research on Voluntary and Non-Profit Organizations, Indianapolis, March 11 13 1992 Municipal and local governments are also heavily dependent on state budgets Jiri Exner a Vice Mayor of Prague, told us that 92 percent of the city's budget comes from parliament He noted that hospitals are directly funded by the State with no links or connections to municipal decision-making

16 Éva Kuti, 1991 paper, op cit

17 Most people basically distrust all ideas from above even if the ideas are well meaning That is why reform worked out by experts can only partly be addressed to the leaders The micro-level communities of citizens should be equally important Any reform will only have the chance to succeed if these communities accept it László Kéri, *Between Two Systems Seven Studies on the Hungarian Political Change* Institute for Political Science Hungarian Academy of Sciences, 1992 107

18 Cited in Beyond Assistance Report of the IEWSS Task Force on Western Assistance to Transition in the Czech and Slovak Federal Republic Hungary and Poland, Institute for East-West Security Studies 1992

19 Shiela Kaplan Scrambling to Reshape Eastern Europe *Legal Times* Special Issue February 1991 and "The Super Lawyers Roll East" *Washington Post* July 21 1992

20 Mary E Kirk Where Walls Once Stood U S Responses to New Opportunities for Academic Cooperation with East Central Europe Institute for International Education New York 1992 8

Appendix I Sources of External Assistance and Cooperation

The following is a brief overview of the major sources of external assistance and cooperation with the nonprofit sectors in ECE. It is difficult to provide a detailed or comprehensive accounting of such wide-ranging activities, since much of this aid is not well documented. For instance, Western government aid to ECE is often not broken down or tracked according to assistance to the NGO sector. Nevertheless, it is possible to outline the major sources of external support.

Multilateral

Most of the large multilateral institutions in the West—such as the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development—are focusing a majority of their resources on macroeconomic stabilization policies in the region. Only a very small percentage of such multilateral aid assists the NGO sectors in ECE. The major multilateral assistance project for civil societies in ECE is being conducted by the **PHARE program of the European Community (EC)**. The two most important PHARE projects for civil society are being launched in Poland and the CSFR (discussions of such a program for Hungary are underway).

In Poland, the **Civic Dialogue Fund** of PHARE is a three-year program (1992-94) which is providing 3 million Ecu (about 5 million USD) that will contribute to three main stated activities: “information and legal services to NGOs, education and training programs for NGOs, and grant-aid activities to support NGO projects and non-formal initiatives.” The Fund is overseen by the Polish government-sponsored Cooperation Fund, which has appointed a seven-member board consisting of three NGO representatives, two parliamentarians, and a representative from both the Polish government and the EC. The Fund is seeking to create a fully independent body to take over and continue the program by 1994.

In the CSFR, the **Civil Society Development Fund** is in the process of being developed with a similar three-year PHARE grant of 3 million Ecu. Final negotiations are underway between the EC and the Czech and Slovak governments to create the Fund, which will consist of two board structures (one Czech and one Slovak). It is expected that the Fund will become operational in early 1993.

PHARE is also providing support to NGOs in the field of social welfare in grants being administered through the labor and social welfare ministries in Poland and Hungary PHARE also provides substantial assistance (\$125 million in 1991) through its **TEMPUS program** which promotes cooperation and exchange between higher education institutions in the European Community and Poland, Hungary, and the ĆSFR (as well as Bulgaria, Romania, and Yugoslavia)

Governmental

The U S government has granted support to NGOs in ECE through several different programs The U S **Agency for International Development (USAID)** provides funding to nonprofits in ECE, largely through a U S partner or parent organization—such as the **YMCA** and **Project Hope** USAID was tasked by Congress to disburse funding under the **Support for East European Democracy (SEED) legislation** to other U S government agencies This includes the U S **Information Agency (USIA)**, which through its **Citizens Network Initiative** has provided funding to U S nonprofit organizations that include Central European NGO leaders in various exchange and training programs The CNI only received funding for its grants program in 1991

The SEED act also provides funding to the **Citizen's Democracy Corps (CDC)** and the **National Endowment for Democracy (NED)** The CDC primarily assists the U S corporate community to become more active in the region, but also functions as a data bank for monitoring U S nonprofit initiatives in ECE, and as a resource for individuals wanting to volunteer their services in the region The NED provides grants mostly to political parties, trade unions, and media organizations, but has provided some support to NGOs in ECE

The **Peace Corps** is sending volunteers to each of the three ECE countries to work with environmental NGOs as advisers on environmental education, protection, and organizational management issues

Various West European governments are sponsoring initiatives which support the development of NGOs in ECE It is beyond the scope of this study to detail these programs

Private

The role of private U S foundation giving toward ECE has grown dramatically grantmaking increased from \$5-8 million in the years prior to 1989 to over \$50 million by 1990 The leading grantmakers in the region (measured in terms of grants made to the ĆSFR, Hungary, and Poland in 1990, 1991, and 1992) include the **Ford Foundation** (approximately \$13 million), the **Soros Foundation-Hungary** (approximately \$20 million), the **Andrew W**

Mellon Foundation (approximately \$15.5 million), the **Pew Charitable Trusts** (approximately \$17 million), the **Rockefeller Brothers Fund** (over \$6 million), the **German Marshall Fund** (over \$4 million), the **Open Society Fund-Soros Foundation** (approximately \$4 million contribution to the Stefan Batory Foundation in Poland) and the **Charles Stewart Mott Foundation** (approximately \$5 million)

European foundations have also expanded their activities into ECE since 1989. German political foundations, such as the **Friedrich Ebert Stiftung** and the **Friedrich Naumann Stiftung**—have opened branch offices throughout ECE and provide funding to civil organizations. The leading British foundations include **Charity Know How**, the **Charities Aid Foundation (CAF)**, the **Nuffield Foundation**, and the **Prince's Trust**. A small grants fund of up to 710,000 pounds (approximately one million USD) for 1993 for nonprofit efforts in Hungary, Poland, the CSFR, Romania, and Bulgaria was launched in 1992 by Charity Know How—and administered by CAF—as a joint initiative of 16 British foundations and trusts, and the British Foreign Office. The **Fondation de France** has also been active, particularly in Poland, where it created the **Fondation de Pologne** in 1990. The **Polish Children and Youth Foundation** was created in 1991 by the **International Youth Foundation**.

West European foundations operate differently in ECE than U.S. grant-makers. European philanthropy tends to concentrate its resources on social welfare, education, cultural, and humanitarian issues, U.S. foundations focus more attention on economics, management training, and political reform. Foundations in Europe also work in closer cooperation with one another, often times pooling together funding and information to have a greater multiplier effect in ECE. The **European Foundation Center (EFC)** in Brussels has organized a group of European funders interested in ECE. The **European Cultural Foundation** works with national committees in the three ECE countries to undertake various cultural and intellectual initiatives.

Appendix II: Information Networks

Below is a review of some of the existing information networks, most of which are supported by Western aid sources

United States

The **Citizen's Democracy Corps (CDC)** maintains a data bank on U S organizations assisting ECE, organizes a volunteer registry which lists individuals wishing to volunteer their time in ECE and publishes the *Compendium of U S Nonprofit Organizations Providing Voluntary Assistance to Central and Eastern Europe and the Soviet Union*. The newly released third edition of the compendium contains information on the activities of nearly 600 nonprofit organizations. CDC is based in Washington, DC, and has branch offices in Warsaw, Hungary, and Prague. The **American Committee for Aid to Poland (ACAP)**—based in Washington and Warsaw—is a service center for U S private voluntary organizations (PVO) working to provide assistance to Poland. Every three or four months ACAP coordinates information-sharing and collaboration meetings in Washington of public and private initiatives involving Poland. There are no similar U S -based organizations for the CSFR or Hungary. The **Soros Foundation** in New York produces a monthly newsletter, *Open Society Notes*, which highlights many nonprofit initiatives between the West and ECE. The Soros-affiliated offices in Prague, Bratislava, Budapest, and Warsaw serve as important resource centers for the nonprofit sector in each country, and for international institutions.

Western Europe

The **European Foundation Centre (EFC)**, Brussels, was launched in November 1989 to support the development of the European foundation and nonprofit community. The EFC serves as the primary West European agency for linking the West European independent sector with counterpart nonprofits in ECE through its various programs and regular publications. At the request of Charity Know How (UK), the EFC plans to publish an *International Guide to Public and Private Funding for Independent Sector Activities in Central and Eastern Europe*, to be released in early 1993.

There is an informal information exchange group in England, convened by **HelpAge International**, of nine UK charities involved in ECE, including **Save the Children Fund**, **Mobility International**, and **Oxfam**. The **Eastern European Human Rights Group** is a network of eleven UK-based NGOs which are setting up local groups and conducting human rights education in ECE. More recently established is **East/West Link**, based out of **Charity Know How**, which plans to act as a clearinghouse to match up programs in the UK with voluntary efforts in ECE.

East Central Europe

In Hungary, the **KURAZSI** (“Courage”) magazine (10,000 circulation), which is produced by a group of young Hungarians, focuses on issues related to the nonprofit sector. **KURAZSI** plans to publish a guide to Hungarian foundations, similar to a foundation almanac published by the **Federation of Hungarian Foundations** in late 1990. The **Hungarian Foundation Centre** has an occasional newsletter on nonprofit activities and is planning to publish a foundation almanac in both English and Hungarian. The **Research Group on the Nonprofit Sector**, which recently created the **Third Sector Foundation**, conducts in-depth studies on nonprofit development in Hungary. The group has produced a directory of nonprofit associations (not including foundations).

In Poland, the **Forum of Polish Foundations**, a membership organization of some 80 foundations, facilitates a working group examining the need for better nonprofit laws, and aims to act as a clearinghouse for foundation activity nationally. The best data bank on nonprofit activity, probably in the region, is the **KLON data base**, which provides over 1,500 profiles of ‘self-help’ groups across Poland. A broader data base profiling 6,000 NGOs — **JAWOR** — was expected to be completed by the end of 1992. Both **KLON** and **JAWOR** received funding through the EC’s Civic Dialogue Program and through **USIA**.

In the **ČSFR**, the development of national information centers and networks has developed more slowly. The **4-F International Office**, created in February 1991, was founded in part to assist communication and coordination between **ČSFR** foundations, but primarily served as an international information, consulting, and liaison center for foreign funders and NGOs. Upon its closing in August 1992, the 4-F’s data base and resources were folded into a new nonprofit information center which is being organized in Prague. The independent center is being established by a committee of **ČSFR** nonprofit leaders which originally formed at an October 1991 conference at Stupava, outside of Bratislava. A Slovak information center has been formed in Nitra and contributes to a newsletter, *Nonprofit*, which is produced in Bratislava (1,000 copies) and circulated throughout the **ČSFR**.

There also exist information networks in ECE and the West which focus on specific issues or individual sectors. Several environmental centers have been organized in the region, which include the Hungarian **Independent Ecological Center** in Budapest, the Polish **Service Office for Environmental Movements (BORE)** in Warsaw, the **Brontosaurus Movement** office in Prague, the **Ecological Center** in Brno, and the **Slovak Union of Landscape and Nature Protectors (SZOPK)** and the **Tree of Life** in Bratislava. Several U S -backed environmental initiatives also serve as information centers in the region, such as the **Regional Environmental Center (REC)** based in Budapest (with single staff outreach offices in the ČSFR and Warsaw), and the branch offices in all three countries of the **Environmental Partnership for Central Europe**. The **World Wildlife Fund-US** publishes a helpful *Central and Eastern European Environmental Newsletter*.

U S educational institutions have been particularly active in setting up information centers in the region. These offices primarily deal with educational exchanges and include the U S government-funded **Office for U S -Polish Educational Exchanges** in Warsaw, the **Institute of International Exchange (IIE)** in Budapest, and the **International Research and Exchanges Board (IREX)** office in Prague. One of the most effective indigenous educational information centers for students is the **Slovak Academic Information Agency** in Bratislava.

Social welfare is the other area which has witnessed the development of several independent information networks, such as the **KLON data base**, the **SOS Foundation**, and a homeless network in Poland, a new association of social service groups in Hungary formed in mid-1992, and the **Czechoslovak Council of Humanitarian Cooperation (CCHC)** in Prague, the largest umbrella organization of health and social welfare associations in the ČSFR (about 200 groups).

Appendix III: Lessons Learned on Training and Technical Assistance Programs

Given the critical importance that Central Europeans place on training and technical assistance (TTA) initiatives, and the wide-ranging comments we have heard regarding their effectiveness, we have distilled and synthesized some of the most important lessons learned about such programs

Preparation & Logistics of TTA

- TTA efforts must include substantive input by Central Europeans, from the design to the implementation and evaluation of programs
- Trainers from the West must have a proven ability to be good listeners, culturally sensitive, and know how to adapt training materials to vastly different realities
- Some Central Europeans should be involved as trainers in Western programs in certain areas such as fundraising, Central Europeans are well qualified to be workshop facilitators
- One of the central issues raised in critiques of Western trainings (as well as internships, fellowships, visitations, etc) is the selection process for participants Many individuals interviewed both East and West, mentioned that more time and energy needs to be spent recruiting those who can best identify Central European participants for specific training programs Currently, those who play this role are a handful of Central European experts and Western embassy officials who are already overloaded by various commitments These individuals, or organizations, often have little quality time available to devote to advertising, promoting and selecting the most appropriate TTA participants Western TTA efforts must break out of these narrow circles—especially in the capital cities—and reach out to new people who can assist in this important identification process
- Many Central Europeans feel that the selection of participants for Western trainings, fellowships, and internships has been too narrowly defined in scope Often such candidates must have full-time paid jobs with NGOs or have academic degrees One Western director of a fellowship program said that if her organization had limited their program to accept such a narrow category of candidates, they would not be reflecting the actual reality of NGOs in ECE, where few staff positions exist ‘ We would have missed some of the most

exciting participants—the real movers and shakers” of NGO activity. TTA efforts must therefore reach out to those who may only be part-time paid staff or volunteers, yet exhibit a high degree of commitment to and potential for assisting NGO development.

- Many Western efforts are offering training and travel opportunities to the same small group of individuals. This “overtraining” of a select few contributes to resentment in ECE (one Hungarian environmentalist referred to such people as the “green jet set”).
- It is especially helpful, where possible, to train at least two people from the same organization, to avoid the situation where one trained person returns to his or her organization but has no “allies” to overcome various resistances with new approaches to organizational or program development.
- Many participants in Western trainings told us that it was also difficult to implement what they learned since they lacked the tools to adapt such experiences back home. The psychological effect on these individuals needs to be seriously addressed to decrease the level of frustration. Helping participants to discuss and develop some clear and simple workplans that they can immediately begin to implement is vital to the individual’s feeling of effectiveness.
- Western TTA programs still give overwhelming priority to male participants. TTA efforts need to be much more inclusive of women and ethnic minorities (such as Romanians). This may require different means of advertising, promoting and selecting candidates. Western TTA programs should assist local efforts at creating appropriate mechanisms to attract such candidates. Western TTA programs should also seek out potential leaders from the younger generation in order to help build the long-term capacity of the sector.
- Very few Western trainers are receiving adequate orientation to Central Europe before conducting trainings in the region. Most “orientations” that have been provided have been very informal and extremely general. Orientation sessions should include, among other things, the following relevant historical, cultural, and political background to the country/region, and differences between nations of the region, a discussion of cultural and ethnic differences—including language usage—between the U.S. and ECE, the current effects of the feudal and communist past upon the NGO sector, political parties, government, and citizens, current challenges which are common to all NGOs in the country/region, and the common shortcomings of TTA efforts, and how best to avoid them. ECE experts should be concretely involved in the design and conduct of orientation sessions. It would be extremely helpful to have a written resource on some of these common issues available to all TTA initiatives.
- Expectations of what will be provided and expected of TTA efforts—both for trainers and participants—must be clearly communicated from the outset, well before a training begins.

- More training materials need to be translated into local languages. It is important to recognize the huge multiplier effect that translated materials have in reaching others who do not speak a Western language and are therefore locked out of many Western training efforts, these materials are usually well-distributed in a region where people have been accustomed to passing on scarce publications from the West through various networks
- To keep costs down, trainings should be conducted within the region
- It is often useful to locate a training in ECE outside of the capital cities. This is one way to show concern for avoiding capital city-intensive development, and to be based in a more neutral and less distracting setting
- Translators for Western trainers in a workshop must be carefully chosen. They should not just be selected on how well they can generally translate, but also on their familiarity with the issue at hand or with nonprofit terminology. It may be necessary to review such terms and concepts with translators before a training

Methodology of TTA

- Where possible TTA efforts should try to build into programs the actual skills needed for Central Europeans to become facilitators of group dynamics themselves. Some of these “human process” skills include how to conduct brainstorming sessions, participate in active listening, draw people out, inspire self-confidence, and empower others
- Too many so-called training seminars or workshops rely primarily on a “talking heads” approach, resulting in non-interactive lectures. TTA programs must utilize participatory and empowering methods and skills—such as role-playing, small group discussion, problem solving, etc.—that will create an engaging and effective learning dynamic. Interactive processes bring participants and trainers closer together. They also enhance the possibility for later follow-up and networking
- It is important for trainers to constantly “check-in” with participants to make sure that ideas or concepts are understood and not lost through translation. Participants are often hesitant to stop a group training to say they do not understand something

Evaluation & Follow-up

- Thus far most TTA seminars have lasted between one and five days. Central Europeans and several Western practitioners acknowledge that this approach is limited in its overall effectiveness. It is important that a select group of Central

Europeans receive longer term “train-the-trainer” opportunities for assisting third sectors in the region

- Central Europeans stress the critical importance of follow-up to TTA efforts. Very few trainings incorporate specific initiatives for later contact between trainers and trainees to work through new problems or obstacles that may have arisen. Due to the lack of funding or human resources, many Western-based TTA providers have said that they are simply unable to provide effective follow-up. This situation could be addressed in part through the creation of indigenous TTA mechanisms based in the region that are able to serve as an ongoing resource for NGOs.

- Western TTA initiatives—and funders—need to collaborate on discovering who is doing what on TTA, what is “working” and what isn’t, what are the gaps, and how can training resources be shared in a way that will contribute to furthering the indigenous TTA capacity in ECE.

Background of Authors

For over twelve years, Daniel Siegel and Jenny Yancey have worked as researchers, writers, and grassroots organizers on international issues in Asia, East Central Europe (ECE), and Latin America. Since 1988, they have worked together as Co-Directors of New Visions, a project that seeks to understand and promote the initiatives of younger Central Europeans working on social, political, and environmental issues. They have conducted hundreds of oral history interviews with young people (ages 14-35) in the CSFR, Hungary, and Poland, where they have lived for extended periods. These interviews serve as the basis for articles and networking with U.S. organizations seeking to build linkages in the region.

Siegel and Yancey have assisted several U.S. foundations and organizations develop and evaluate their programs in ECE, including the International Youth Foundation and the Rockefeller Brothers Fund.

They are current recipients of a Research and Writing Fellowship sponsored by the Program on Peace and International Cooperation of the John D. and Catherine T. MacArthur Foundation. Their research is focused on the development of civil society, social policy, and self-identity in East Central Europe.

The authors can be contacted through the Rockefeller Brothers Fund.