

Economic Civil Society Organizations in Democracy-Building

Experiences from Three Transition Countries



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Economic Civil Society Organizations in Democracy-Building: *Experiences from Three Transition Countries*

FINAL REPORT

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Table of Contents

EXECUTIVE SUMMARY AND RECOMMENDATIONS	5
Key Findings	6
Recommendations	7
THE RESEARCH CONTEXT	9
Hypothesis	9
Methodology	10
Country Selection	10
Selection of CSOs	10
COUNTRIES AND CSOS STUDIED	12
Montenegro	12
Georgia	13
Lebanon	14
COMPARATIVE ANALYSIS	16
Enabling and Disabling Environments for CSOs	16
Checks, Balances, and Democratic Space	18
Working Within the Available “Space”	20
International Comparisons	21
Implications	22
The Importance of Economic Motivations	22
A More Important Role for Business Associations	25
Filling the Agricultural Gap	27
Humanitarian/Religious Motivation and Gender	29
CSO Leadership and Internal Capacity	30
Financial Sustainability	34
Building Alliances for Democratic Engagement	35
CONCLUSIONS	40
APPENDICES	42
Bibliography	42
About the consultant	43
About CHF International	43

Executive Summary and Recommendations

This study analyzes the role of Civil Society Organizations (CSOs) in the still-unfolding process of democratic transition in Montenegro, Georgia and Lebanon. The recent experience of these and other transition economies shows that the task of building genuine democratic institutions is protracted, and often accompanied by setbacks. The lack of instant or short-term results can contribute to a sense of disillusion with particular leaders and, in the worst case, may lead to disillusion with democracy itself.

CSOs cannot solve all the problems of democratic transition on their own, particularly when – as in the case of Lebanon – the country is overtaken by external conflict. However, they can be part of the answer. In particular, they can play an important “balancing” role, helping address and draw government attention to geographic areas, economic sectors and aspects of governance that might otherwise be neglected.

Economic development is one of the key factors determining the success or failure of democratic reform. The study therefore focuses on economic CSOs such as business associations and community economic councils. It discusses the factors that make them more or less successful, and compares them with other representatives of civil society such as humanitarian and democratic advocacy groups.

The study argues that economic, humanitarian and democratic advocacy CSOs play distinct, complementary roles in democratic transition. Rather than favoring one type of CSO over another, donors should assess each organization on its own merits, taking account of the particular priorities of the country concerned.



Key Findings

Enabling and Disabling Environments

None of the countries under review provide ideal environments for CSOs, and this points to the important continuing role of advocacy groups working in the area of governance, particularly in Georgia but also in Montenegro and—once the country reaches a degree of stability—in Lebanon. There is a clear link between good governance within the institutions of government and the improvement of the economic environment. In the worst case, transition countries tend to be captured by narrow elites, feeding off close personal links to government leaders and distorting the economy to suit their own interests. The roles of good governance advocacy groups and economic CSOs are therefore often complementary.

Working within the Available “Space”

Successful CSOs working in unstable political environments will develop the ability to judge how far they can make a positive social contribution without being either co-opted or undermined by powerful social or political interests. Such concerns are particularly acute in countries such as Lebanon that are recovering from conflict and in cases where “war economies” have helped sustain alternative power structures. In such cases, CSOs that wish to remain independent need to identify neutral ‘spaces’ without being co-opted by or clashing with powerful political interests.

In practice, CSOs may choose to concentrate on humanitarian or cultural activities that are not considered politically partisan. Such choices should be respected. Humanitarian CSOs play an important social role and should be supported on their own merits, regardless of wider democratic agendas.

The Importance of Economic Motivations

Economic CSOs are important for democracy-building in two respects. First, ordinary citizens will regard economic development as one of the key indicators of the success or failure of democratic reform. To the extent that CSOs can contribute to economic success, they will reinforce the legitimacy of democratic institutions. Secondly, economic aspirations provide a powerful motivation for individuals to join CSOs, and hence to adopt a more participative approach to development.

Business Associations

Business associations and chambers of commerce may come to play a more powerful role in democratic transition than they do at present. One of the challenges will be to ensure that they are genuinely representative, particularly of SMEs, rather than serving as the personal vehicles of powerful individuals or narrow social groups.

Agricultural Gap

The agricultural sector is all too often neglected by urban elites: it is an important area for future intervention, both in the interests of democracy-building and of economic development.

Cso Leadership Styles and Internal Capacity

Charismatic individuals typically play a particularly important role in the early stages of CSO development. As their organizations become more established, they face the challenge of creating secure institutional foundations which are less dependent on individuals. Professional assistance from external donors in two areas may be particularly valuable at this stage in CSO development: 1) assisting leaders to develop strategies for success on the key issues for their constituencies (and thus maintaining the relevance of the organization), and 2) assisting the new generation of leaders that will build solid management systems to allow the organization to grow and meet additional needs.

Building Alliances for Democratic Engagement

CSOs may be able to increase their democratic impact by forming alliances with like-minded individuals and groups. However, the study also points to a multiplicity of local complexities. Donors need to take a realistic view of what is actually achievable.

Recommendations

In the light of these findings, international donors and their local CSO partners should:

- *Continue to look for opportunities to enhance CSO leadership skills.* Effective leadership, including investment in the validation of transparency and accountability, is critical to the success of all CSOs, whether they are economic, or non-economic. To the extent that organizations are well-managed and maximize the contributions of members and volunteers, they will themselves serve as models of democracy.
- *Place a particular focus on sections of society that risk being 'left out' of contemporary economic and political transition.* Examples from this study included the agricultural sector in Georgia and the northern region of Montenegro. If people in these areas feel excluded, rightly or wrongly, they are more likely to favor non-democratic alternatives.
- *Emphasize links between democracy and practical initiatives to meet tangible needs,* for example by raising incomes and improving living conditions. As the Natura environmental group has discovered in northern Montenegro, many people see ecological concerns as a luxury—albeit a laudable one—during the difficult transition from socialism to a market economy.

They are most likely to support ecological initiatives if they can at the same time see a financial return, for example from sustainable tourism.

- *Look for ways of widening the democratic 'space' in which CSOs operate.* Potential strategies include: giving advocacy training to both economic and non-economic CSOs; supporting CSOs who are primarily concerned with governance and administrative capacity-building; and, in some cases, working directly with government institutions to improve their skills and ability to cooperate with civil society.

The final point is a note of caution. The developmental and democratic impact of all varieties of CSO—whether economic, environmental or humanitarian—is likely to be incremental but slow. As discussed, many of them work in constrained political and social environments where, as in contemporary Lebanon, years of hard work may be threatened by external pressures outside anyone's control. Quick results to build up momentum are of course highly desirable, but democracy-building typically requires sustained application over months, years and decades. Donors need to be prepared to offer support over the long term.

The Research Context

It is widely accepted that non-violent change is more likely to occur when groups of people and organizations possess a set of skills or institutional structures that help them manage that change. Such skills encompass: inclusive decision-making, transparent management of resources, accountability to stakeholders, open communication, and leadership. Helping civil society organizations develop such skills is critical to consolidating gains in societies that have recently undergone a democratic transition. It is especially important to USAID goals in nations whose democratic political evolution is at a relatively early stage. If this evolution is non-violent and controlled, fewer people will suffer and development will accelerate.

Accordingly, development practitioners have supported the role of local civil society organizations in countries moving from authoritarian to more democratic styles of governance. Such efforts have largely focused on entities such as local non-governmental organizations (as witnessed in the former Soviet Union in the early 1990s), community-based organizations or village councils (similar to the USAID ICAP program in Iraq and other community improvement councils around the world), youth groups, or other social, cultural, and environmental interest groups. As a result, over the years the development community has gained a deep understanding of the dynamics of cultural, social, and community organizations and how they drive change in a relatively effective and peaceful manner.

Economic actors play an especially important role in democratic change. We also believe that, due to their underlying economic motivations, the composition and interests of these groups is likely to be different from other civil society organizations, and their role may have special—but possibly more important—effects during periods of democratic transition. Despite this influence, relatively little research has been done on the unique functions and features of economic groups in democratic transitions.

Hypothesis

While both community-based economic and non-economic organizations play vital roles in effective and peaceful democratic transitions, CHF argues that where there is

a clear short-term economic goal, the organization and members' engagement can be more focused, sustained, and effective, and the acceptance of democratic mechanisms more durable. Our assumptions suggest that USAID, other donors and development practitioners can support the peaceful democratic transition of vulnerable and fragile states by focusing more resources on organizations that support the goals of small and medium enterprises, producers, and other economic actors.

Methodology

The study was designed to address the following research question:

Are local, membership-based, non-government economic organizations or other (non-economic) organizations more effective in fostering long-term sustainable democratic change? What are the factors that seem to be most important in the democratic impact of these organizations?

For the purposes of this study, the term "economic organizations" refers to CSOs, such as business associations and community economic councils, rather than individual companies or joint ventures. The study defined "other organization" as "any other local, membership-based, non-government entities that provide or encourage social services or other services within the community that are not centered on economic, business, or employment activities."

The study focused on a total of 17 case studies: six each for Montenegro and Georgia, and five for Lebanon. In addition, the consultant also interviewed a number of independent observers and representatives of other CSOs in order to gain a wider perspective of local conditions in each country.

Country Selection

CHF selected Montenegro, Georgia and Lebanon both for what they have in common: a still-incomplete experience of democratic transition, as well as the individual characteristics that distinguish them. It was thought that these similarities and differences would together create the basis for comparisons which would shed light on the conditions which either favor or threaten economic CSOs and their contributions to democratic change.

Selection of CSOs

The greatest methodological challenge was to identify CSOs that met the original research criteria. In some cases it was necessary to adopt a slightly different approach in order to explore the role of economic motivation in democracy building.

- In Montenegro, it was difficult to find organizations that met the basic definitions and had at least 40 members: all the case studies do in fact meet these requirements, but two entrepreneurs' associations had only been founded in the previous year, and were therefore still at a very early stage in their development.
- In Georgia it was hard to find locally-based economic organizations that met the membership criteria: the gap in part reflects the limitations of Georgia's still-incomplete political and economic transition.
- In Lebanon, the prime mandate of the four main organizations studied is humanitarian/social welfare, but three out of the four included programs that involve aspects of economic development. A fifth organization, the Professional Computer Association and its program to establish local internet centers, was also added in order to learn from the contrasts presented by an "outlier" group.

These difficulties underline the obvious but important point that the civil society sector is highly diverse, and individual organizations rarely conform to ideal "models." Many of the CSOs studied had dual or even triple mandates, for example combining ecological concerns with economic development and an element of political lobbying. The small sample size and the wide range of variables mean that the study is qualitative rather than quantitative in its approach.

Countries and CSOs Studied



Montenegro

Montenegro passed a major political turning point following the referendum on 21 May 2006 in which a 55.5% majority voted for independence from Serbia. However, the referendum campaign was highly divisive with large portions of the less-developed north of the country voting for a continuing political relationship with Serbia. Meanwhile, the country still faces the classic problems of a post-socialist inheritance. Large numbers of former state-owned installations now function well below capacity, or not at all. Government institutions at every level are still in the process of building the technical and administrative skills to cope with the challenges of the transition to a new political and economic order. If Montenegro is to function effectively, it requires genuine citizens' participation, not just top-down leadership.

In the last five to ten years there has been a proliferation of NGOs, but the majority have been small, poorly managed, and often short-lived. Nevertheless, it would be wrong to be too pessimistic. As will be seen from the case studies, there are a number of positive examples of well-run organizations.

Montenegrin CSOs

Association of Greenhouse Growers in Montenegro	Founded in 2001. Currently has 120 members. Mission is to promote the use of greenhouses in Montenegrin horticulture, and to provide practical support to its members in the form of training, seeds and seedlings at reduced prices, and readier access to markets.
Development Center for Pljevlja (CZRPV)	Founded in August 2005 in Pljevlja, north-west Montenegro. Led by a management board of 12 leading intellectuals and business people. Objective is to promote new economic development with a particular focus on SMEs.
The Uzor Center for Agriculture and Entrepreneurship	Set up in March 2005. 80 members. Mission is to promote agriculture and entrepreneurial development in and around the town of Berane in north-eastern Montenegro, close to the border with Serbia. Its members include both farmers and business people.
NGO Natura	Established in 2002 by a small group of enthusiasts in Kolašin, northern Montenegro. In the last three years they have held more than 30 ecological events, and organized some 2,000 person-days worth of voluntary work
Citizens' Information and Educational Center (GIEC)	Took its present form in 2004; leaders have been active in the human rights and humanitarian fields since the 1990s. Provides information to the general public in the northern town of Pljevlja on local governance issues, as well as working on a number of specific grant-funded projects in the area of democracy and human rights.
Serbian Sisters Charity	Founded in 1903, suppressed during the communist period from 1945 onwards, and revived in 1993. Closely linked to the Serbian Orthodox church: voluntary organization for lay women. Provides humanitarian assistance to vulnerable people—particularly refugees and the elderly—in northern Montenegro.

Georgia

Georgia gained international acclaim for the non-violent manner in which the 2003 'Rose Revolution' ended the authoritarian yet chaotic rule of President Eduard Shevardadze. However, President Mikheil Saakashvili, who came to power in 2004, himself acknowledges that the revolution was just the beginning of a long-term process of reform. Having toppled the previous regime, his reformist government faces the greater challenge of building "the institutional foundations that preserve individual and economic freedom, sustain the rule of law and protect all elements of society."

Georgia differs from both Montenegro and Lebanon in that CSOs have played a key role in national political events, including the Rose Revolution, not just as spectators and advisors but arguably as players in their own right. However, the task of achieving a balanced relationship between government and civil society remains a challenge for both sides.

Georgian CSOs

Civitas Georgica	Formally established in 1996. Objectives are to “assist democratic reforms, support the establishment of effective local government, and to advance citizen participation in local decision-making.” Provides technical assistance and capacity building activities to local government bodies, and supports grassroots initiatives by providing training and other services.
Association of Young Economists of Georgia (AYEG)	Formally registered in 1994. Highly influential. Provides regular training courses on economics. At the same time it works on policy analysis and advocacy, and it provides free advice to small businesses. 300 members. HQ in Tbilisi; 4 regional branches.
Elkana	Formally established in 1994. Mission is to promote and support organic farming. Membership includes some 450 organic farmers across the different regions of Georgia. Current projects combine general programs linked to broad-ranging development goals together with activities designed to assist individual farmers.
Farezi Farmers’ Union	Founded in 2003 and works with farmers in the Samtskhe-Javakheti. 120 members. Objectives are to strengthen the rural economy by promoting farmers’ education and introducing new agricultural techniques. In addition to enhancing farmers’ expertise, it hopes to help farmers gain better access to markets.
Georgian Textile Group	Founded in 1993 to promote the study, preservation and continued development of Georgian textiles. Led by an energetic group of women from a variety of professions. Activities range from organizing exhibitions and staging international symposia to training and working with craftspeople in rural areas. 80 members.
Gori Disabled Persons’ Club	Founded in 2001 in the provincial town of Gori (Stalin’s birthplace). 300 adult members, 60 child members. Objective is to promote the idea that disabled people are capable of adopting an “independent way of living.”

Lebanon

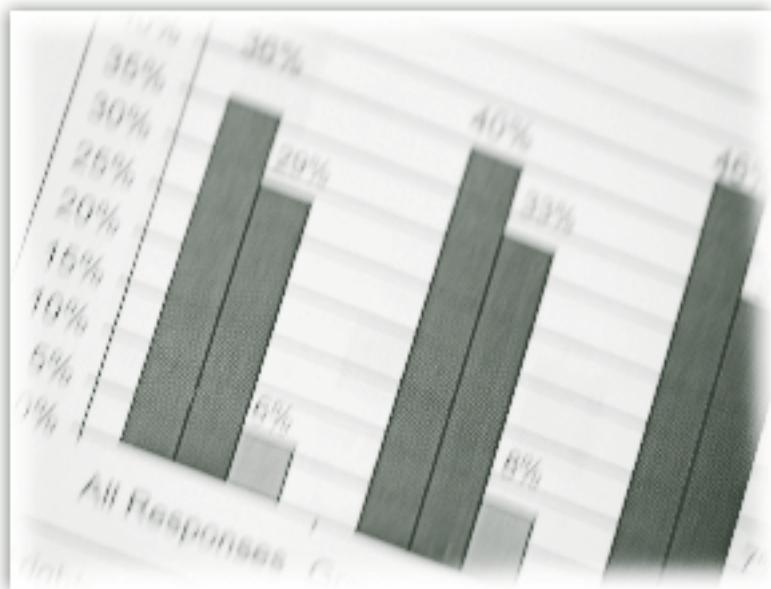
At first sight, Lebanon appears to offer a more favorable environment for civil society than either Montenegro or Georgia. The weakness of the Lebanese state means that—in contrast with more authoritarian Arab societies—it has rarely been in a position to crack down on civil society groups. Many of its leading CSOs have been in existence for several decades, far longer than their counterparts in the post-socialist countries. They face few legal restrictions; average standards of education are high; and the press is relatively free.

However, Lebanon faces its own challenges of democratic transition, and these have been compounded by the conflict with Israel in July and August 2006. The overriding domestic political issue now—as throughout the 20th century—is the relationship between the country’s different communities as defined by their religious identities. When there are effective power-sharing arrangements between community leaders, the country enjoys a degree of stability. When they break down, there is a high risk of violent conflict.

Against this background, the first challenge of Lebanese CSOs has been to find a social ‘space’ in which to operate without compromising their core agendas. To the extent that they succeed—and depending on their precise strategies—they may be able to make a contribution to a wider process of social and democratic change.

Lebanese CSOs	
Child & Mother Welfare Society (CMWS)	Humanitarian operation founded in 1944, and now based in central Beirut. As one of its Executive Committee members said, it is “not so much an NGO as an institution”. The Society has a hospital with both in-patients and out-patients. It also runs a nursery; provides vocational training, notably to nurses; and runs an old people’s home.
Ahlouna	Humanitarian organization based in Saida (Sidon), some 50m south of Beirut. Mandate is to work with disadvantaged women as well as to provide social, educational, financial support and healthcare to families in need.
Mouvement Social	Started in the late 1950s and formally registered in 1961. HQ in Beirut, and has a network of 12 centers spread all over Lebanon. Activities cover both urban and rural areas. The organization has 60 full-time employees, 25 short-term contractual employees and 235 volunteers. Mission is to promote social justice and alleviate poverty, with a particular focus on youth.
René Moawad Foundation (RMF)	Set up in November 1990 to commemorate former President René Moawad. Mission is 1) to promote the social, economic and rural development of Lebanon; and 2) to contribute to building a responsible civil society that will strengthen national unity and promote democratic values and social justice. Initial regional base was in northern Lebanon, primarily among the Maronite community. Still particularly strong in northern Lebanon and Beirut, but in principle its activities cover the entire country.
Professional Computer Association (PCA)	Beirut-based business association. Runs the PCA Internet Point of Presence (PiPOP— www.pipop.org) program. PiPOP’s aim is to establish Internet access centers in rural villages and small towns that might not otherwise have access to information technology.

Comparative Analysis



The experience of the three countries studied and of other transitional countries shows that the task of building genuine democratic institutions is protracted and requires sustained, long-term engagement on a variety of different political, economic and social levels. Sudden political change – such as Georgia’s Rose Revolution – may prepare the way for this kind of engagement, but does not instantly accomplish it. The lack of instant or short-term results often leads to a sense of disillusion with particular leaders. In the worst case, it may lead to disillusion with democracy itself.

CSOs cannot solve these problems on their own, but they can be part of the answer. This analysis assesses the factors that determine CSOs’ effectiveness in promoting reform and discusses the particular contributions of the different kinds of CSO. It argues that democratic advocacy groups and economic organizations play distinct, complementary roles in promoting democratic change. Their ability to fulfill these roles depends both on their own organizational skills and on governments’ capacity and willingness to respond.

Enabling and Disabling Environments for CSOs

It is important to take a realistic view of the extent to which governments provide an enabling environment for CSOs and are prepared to engage with them. The chart below is adapted from a typology of different types of government designed by James Manor (n.d:14).

Types of Governments: Capacities and Postures		
1. Low Capacity/Centralized	2. Medium-to-High Capacity/ Accommodative	3. High Capacity/Centralized
Low or very low state capacity. Often a high degree of centraliza- tion. Limited control. Suspicion of independent power centers. Oblivious or hostile to civil society.	Medium-high state capacity. Less centralization. Yields some control in order to gain legitimacy. Accepts independent power cen- ters. Legitimacy based on openness plus economic and developmental per- formance.	High state capacity, high degree of centralization. Aspires to control all levels and power centers. Legitimacy based on economic and development performance. Suspicious of civil society; attempts to co-opt, control, and/or intimi- date it.
Examples		
Bangladesh, Indonesia, Zambia, Laos, Nepal	India, South Korea, Philippines, Brazil, Botswana	South Africa, China, Vietnam

None of the three governments reviewed in this study yet qualifies as Type 2, the type that provides the most hospitable environment for CSOs, although they could come to do so in the future.

Montenegro

During the socialist period, there was limited scope for an independent civil society in Yugoslavia, and despite its federal model, it would have fallen into the High Capacity/Centralized category at both the national and the republic levels. Montenegro now comes closest to Type 1 with limited state capacity, a high degree of centralization, and a tendency towards suspicion of independent CSOs. If all goes well, Montenegro will move to Type 2 as the government matures and consolidates economic reform, but this process is still incomplete.

Georgia

Georgia definitely has low state capacity, and under Schevardnadze clearly qualified as a repressive but ineffective Type 1. Like Montenegro, it may be moving towards the more accommodative Type 2, but again the process is incomplete. President Saakashvili's public statements and the CSO background of many of Georgia's leaders might suggest openness to civil society. On the positive side of the ledger, organizations such as the Georgian Young Economists and Elkana have been able to assist in the drafting of legislative reform. However, government leaders retain a suspicion—and often outright hostility—towards external criticism, even when this is intended to be constructive. Moreover, contrary to the official rhetoric, current proposals for local government reform suggest a tendency towards centralization, under the guise of efficiency, rather than the reverse. Georgia's democratic revolution is clearly incomplete.

Lebanon

Lebanon defies simple characterization. Manor (nd:15) suggests that a fourth type of “Low Capacity/Accommodative” government might exist in theory in his model, but does not exist in the real world. However, Lebanon comes close. The weakness of the Lebanese state means that it has been unable to control CSOs to the extent that is common elsewhere in the Arab world. At the same time, several commentators suggested that it was more centralized than was truly desirable (even given the country’s small size). Moreover, although the state does not aspire to control CSOs, it does not always find it easy or natural to engage with them. The confessional nature of the Lebanese state means that political negotiation tends to revolve primarily around negotiations between leaders identified with particular religious or ethnic groups rather than those representing particular economic sectors or a more broad-based cross-section of civil society.

Checks, Balances, and Democratic Space

It is important to maintain the momentum of political reform and governmental capacity-building in order to avoid popular disillusion after democratic revolutions. CSOs can make a significant contribution to this process. Among the organizations studied in this report, Civitas Georgica, the Association of Young Economists of Georgia (AYEG) and the Citizens’ Information and Educational Center (GIEC) in Pljevlja (Montenegro) are specifically concerned with governance and administrative capacity-building.

Interviewees for the study rarely made the point independently, but there is a clear link between good governance within the institutions of government and the improvement of the economic environment. In the worst case, transition countries tend to be “captured” by narrow elite interests feeding off close personal links to government leaders, and distorting the economy to suit their own interests (Serbia under President Milosevi was an example). To the extent that governmental institutions become more transparent, they help at the same time to create an enabling environment for entrepreneurs. The role of good governance advocacy groups and economic CSOs is therefore often complementary.

Georgia

CSOs played a significant role in preparing the ground for the 2003 Rose Revolution in Georgia. However, in the immediate aftermath of the revolution, there was a tendency for donors to focus on assistance to the government rather than on continuing cooperation with civil society. Nevertheless, CSOs have a continuing role in democracy-building in several respects:

- A continuing need for watchdog organizations to reinforce government accountability.

- A role to play in capacity-building. For example, both Civitas and the newly formed National Association for Local Authorities in Georgia (NALA) have advised on local government reform.
- Influencing specific pieces of legislation. For example, the AYEG lists its contribution to recent legal reforms on business licensing requirements as among its main achievements.
- Extensive international connections. One of their most important functions is to serve as two-way channels of communication connecting Georgia to the wider international arena and to new sources of ideas.

AYEG's overall assessment of the government response is mixed: it has made some steps forward, and some steps back. The reasons for this slow progress are complex, and include lack of capacity and different agendas within government, as well as a reluctance to listen.

On the plus side, the fact that the government has accepted AYEG's proposals for business licensing reforms means that it can claim demonstrable results. However, in practice, the organization's relationship with the administration tends to be quite difficult. In relation to the Extractive Industries Transparency Project (see above), AYEG Chairman David Narmania comments that it is easier to engage with BP than with the administration "because there are no mechanisms" for engagement with the Georgian state. Opposition from special interest groups with government links might be another factor explaining the administration's slow response to reform, for example in relation to official opposition to AYEG proposals for a new taxation law. At the same time, development tends to be "chaotic." For example, in 2004 the government agreed to proposals to set up an independent Institute of Tax Arbitrators to assist with a new tax code, but then abandoned the idea. Despite these difficulties, and indeed because of them, there is a clear need for continuing civil society pressure to ensure that the government adheres to its own democratic standards.

Montenegro

Among the other organizations interviewed for this study, the Citizens' Information and Educational Center (GIEC) in Pljevlja (Montenegro) is the main example of an organization specifically concerned with governance and advocacy. Sabina Talovic, who leads the center, believes that it has been able to make a significant contribution by working with the Pljevlja municipality to help draft local government regulations, and by publishing booklets on citizens' rights.

By promoting greater governmental transparency, primarily at a local level, the Center helps promote greater confidence in the democratic process. However, both business and CSO interviewees in Montenegro expressed concern about gaps in governmental transparency, for example in the privatization of major state-owned industries. In other cases they claimed that commercial interests with close political

connections received preferential treatment, for example in planning applications. Such concerns point to the links between national governance and corporate governance, and the need for further progress.

Working Within the Available “Space”

It is important to be realistic about the limitations as well as the strengths of CSOs in countries where democratic institutions remain weak. How far is it possible to make a positive social contribution without being either co-opted or undermined by powerful social or political interests?

Among the three countries under review, this challenge is most acute in Lebanon. However, it applies to a greater or lesser extent in many transition states, particularly in cases where real power is fragmented and decentralized. Such conditions are particularly common in countries recovering from conflict and in cases where “war economies” have helped sustain alternative power structures. In such cases, CSOs that wish to remain independent need to identify neutral spaces without being co-opted by or clashing with powerful political interests. In practice CSOs may choose to concentrate on humanitarian or cultural activities that are not considered politically partisan. Such choices should be respected. Humanitarian CSOs play an important social role and should be supported on their own merits, regardless of wider democratic agendas.

Lebanon

As discussed, Lebanon is a particularly complex society in which to operate because of the extent to which the 1989 Taif Accord that followed the civil war of the 1980s has served to “freeze,” or at least to reinforce, confessional boundaries, thus reinforcing the position of elite leaders drawing on regional or communal power bases. The organizations studied appeared to have adopted a variety of approaches to this problem.

The Child and Mother Welfare Society (CMWS) benefits from the philanthropy of an elite local and international network, and its leaders make the most of their social connections to ensure a continuing stream of support. Prestige flows in two directions: the society gains status from, for example, inviting then Prime Minister Rafiq Hariri to inaugurate a new building in the 1990s. At the same time the society provides donors with the opportunity to make philanthropic contributions in a manner which both reflects and contributes to a high social standing. This approach benefits people in need without challenging the status quo. Consciously or unconsciously, the society has found a social space in which to concentrate on its core objectives without feeling the need to involve itself in wider issues of democratic engagement.

Mouvement Social is certainly critical of Lebanon’s current political and social situation but at the same time adopts a degree of pragmatism in defining where and how it works. Olav Aanestad (2005:128), a Norwegian researcher who worked with the organization as a volunteer, argues that it “had to recognize the dominance of

sectarian forces in society, and although trying to constitute an alternative (non-sectarian) social base, the members had to work in such a way that they did not directly confront the confessional hegemony.” An important part of working in a non-confrontational way has been to identify projects that are both socially beneficial and non-controversial. MS’s projects with school drop-outs and young offenders meet these criteria.

Ahlouna is a young organization, still finding its way in many respects. Its leaders explicitly refer to Mouvement Social as an example of how to operate successfully, constructively and non-confrontationally in a divided society. In Ahlouna’s view this means concentrating strictly on humanitarian projects, taking great care not to be diverted in any other direction. In an interview, Ahlouna staff said that they would be very wary about the possibility of joining an alliance of organizations to address a shared problem, for example: a polluted water supply. They would not wish to be caught up in other people’s political agendas for fear that this would compromise their own “neutrality.”

The René Moawad Foundation (RMF) is specifically identified with a particular politician whose widow, the organization’s president, is a sitting MP. To that extent it appears to fit in with a traditional Lebanese model of organizations associated with particular individuals and, commonly enough, particular regions. However, it is broadening both its regional base and the range of its activities. The organization starts from a Maronite base but has always taken a broad view of the range of its activities: it is in the process of breaking out of a narrow “space” defined by local confessional attitudes.

The Professional Computers Association (PCA) has the advantage that it represents a new industry which is not currently identified with any specific community, geographical area or politician. To that extent it is easier for it to claim that its activities are not politically partisan, either when it is campaigning on ICT sectoral issues or when setting up the PiPOP centers. It has identified a “space” which is new, and not occupied by any existing political or social interest at the national level.

International Comparisons

Similar issues came up in Georgia and Montenegro, though in much “softer” form. For example, many of the leaders of the Development Center for Pljevlja (CZRP) were politically engaged on behalf of different parties. They had worked hard to make it clear that their involvement in the center was not linked to their political objectives. In so doing they were establishing that the Center occupied a “space” outside partisan politics.

A more acute example of the perils of cooption by unsavory political interests comes from Devine’s (2005:84) account of post-war Bosnia:

NGOs that had received funding to rebuild houses in a municipality for returning

minorities needed support and even legal permission from local leaders. These leaders might insist that in return for their support, the NGO would undertake a “balancing” project which they would select. Thus, as well as repairing returnee houses, NGOs could be coerced into, for example, improving local roads or even assisting local businesses. This had two negative effects: it diverted international funding from the real priorities, and strengthened the power of these corrupt local leaders because the majority population believed that they could deliver.

Devine’s example comes from a discussion that focuses primarily on corruption but at the same time has implications for democracy-building. The Bosnia NGOs made a pragmatic decision in order to make it possible to operate within local political fiefdoms, but in doing so reinforced the power of those fiefdoms and delayed the emergence of a more open form of democracy. These kinds of problems have implications both for development policy-makers and for the agencies that implement policy on the ground.

Implications

The first requirement is awareness. Both international and local development agencies need to ask questions in advance about local political structures and how leaders view their projects. At a minimum, they should seek to “do no harm” which, to the extent possible, means avoiding reinforcing undemocratic power structures.

Secondly, the managers of projects need a high degree of local diplomatic skills in order to survive and to fulfill their core mandates. In practice this means securing at least the acquiescence of local power-holders, if not their overt support. Overt support carries its own hazards: it may bring a certain local security. However, to the extent that one is identified with a particular leader or community, it may be harder to operate in the territory of other leaders or communities. If an organization wishes to be “neutral” in an environment such as Lebanon it therefore needs to secure the benign approval of local people of influence, without being co-opted by them.

The third requirement in the context of this report is a sense of realism. In a complex political environment, it may be as much as one should expect that CSOs should concentrate on their core mandates, whether these are humanitarian or economic, without necessarily expecting them to embrace an additional democracy-building agenda. If they are seen to threaten existing power structures, they risk provoking a reaction from powerful local figures which may prevent them from operating at all.

The Importance of Economic Motivations

Economic CSOs are important for democracy-building in two respects. First, ordinary citizens will regard economic development as one of the key indicators of the success

or failure of democratic reform. To the extent that CSOs can contribute to economic success, they will reinforce the legitimacy of democratic institutions. Secondly, economic aspirations provide a powerful motivation for individuals to join CSOs, and hence to adopt a more participative approach to development.

Economic self-interest played a major part in attracting members and building up support for several of the organizations studied in Montenegro and to a lesser extent in Georgia, albeit often in combination with other concerns. These organizations are particularly important in that they serve to draw the government's attention to regions (such as northern Montenegro and almost the whole of rural Georgia) and sectors that might otherwise be neglected. However, many of these organizations are relatively young, and have still to achieve concrete results.

For the purposes of this study, it is important to note that there is often no absolute divide between economic and "other" organizations. In the Lebanese cases, it was notable that organizations founded on humanitarian principles are nevertheless increasingly engaged in economic activities inasmuch as they are involved in training and development. The organizations' own motivation is humanitarian; their beneficiaries' motivation is likely to be economic. Similarly, in Montenegro NGO Natura is focusing on economic issues such as sustainable tourism as a means of building support for its environmental agenda.

Montenegro

Economic self-interest was clearest in the case of the Association of Greenhouse Growers. The association provides access to expertise and to building materials, equipment and seeds at subsidized prices. It has identified new markets for organic produce. If its current plans are successful, it will provide members with direct assistance to market their produce. This is no doubt beneficial for the consumers, for the national economy and for the environment. The fact that the association focuses on a set of narrowly defined and readily understandable economic objectives is likely to be an important part of its appeal.

The appeal of Uzor and the CZRP works at both the personal and the collective levels. Some members joined for public service reasons, and those in leadership positions may gain a certain amount of personal prestige. At the same time many individuals have a personal self-interest in supporting the organizations. For example, Vesko Labovi, a retired policeman from Berane who now manages his own small-holding says that he joined Uzor for "purely materialistic reasons." He is disappointed with the low price he receives for the milk he sells to a local factory, and hopes that Uzor will be able to develop new means of developing and marketing its members' produce which will add greater value. Cheese-making technology might be a future possibility.

In practice, individual members of Uzor and CZRP will not benefit equally from their organizations' activities, particularly in the early stages. One of the CZRP board

members perhaps takes a realistic view in acknowledging a combination of public and personal reasons for supporting the Center. He says that the CZRP exists first to promote Pljevlja as a whole, secondly to promote particular sectors, for example the wood industry, and only thirdly to promote specific companies. He himself has interests in two or three local companies. At the moment they are not doing particularly well because of the general economic downturn. However, if the Center's activities lead to a general improvement in regional conditions, his own companies will prosper and then he will benefit personally.

Natura's approach to economic motivation was particularly revealing. Natura Executive Director Mikan Medenica's original personal motivation in setting up the organization was a concern for the environment. However, he emphasized that, in Montenegro's current state of development, it was difficult to build up popular support by concentrating solely on ecological issues. For most people, ecological concerns were something of a luxury: the first priority was to earn a living. Natura has responded by developing a strategy that combines ecological concerns with economic self-interest, for example by promoting sustainable tourism. In line with this strategy it has established links with Podgorica University's Economics Faculty. The overall objective is to demonstrate that "ecology pays."

Georgia

In the Georgian case studies, the primary motivation of the founders of Elkana was a concern for ecological issues. However, Elkana's strategy indicates a clear recognition that the most effective means of advancing this agenda is to work with producers, whose interests are clearly economic. In this respect, its strategy echoes and goes a stage further than the policies of Natura in Montenegro. Farezi, an Akhaltsikhe-based organic farming association that works closely with Elkana, is part of the same theme. Its members have joined the association because they depend on the agricultural sector, and hope to improve their livelihoods.

The Association of Young Economists of Georgia (AYEG) is by definition concerned with economic issues. However, its leaders come from an academic background rather than a commercial one. AYEG believes that its primary role is in the educational and policy-making arena. As noted above, it does provide advice to business members but this is not its main role. However, as will be seen in the next section, AYEG did believe that business associations could play an important part in Georgia's economic and social development.

Lebanon

The Personal Computers Association (PCA) is the only one of the five Lebanese organizations under review that was organized around the economic interests of its members (in this case companies rather than individuals) primarily at the national level. Its PCA Internet Point of Presence (PiPOP) program to establish Internet access centers

in rural villages and small towns that might not otherwise have access to information technology is a natural and enlightened extension of its commercial focus in that it promotes a positive image of the ICT industry and of individual company sponsors.

The primary objective of the other four Lebanese organizations in the study is social and humanitarian engagement rather than the advancement of the economic interests of their members. However, at least to a degree, social engagement leads to economic engagement. For example, all place an emphasis on the value of education and training in vocational skills, and to that extent are engaged with an important aspect of economic development.

In addition, RMF and Mouvement Social (through Artisans du Liban) are involved with commercial issues such as helping olive oil producers and craftspeople to market their goods. Economic motivations therefore play an important role at a “secondary” level. The desire for economic advancement is not the main factor for the founders and leaders of the organizations, but it does motivate their partners at a local level.

A More Important Role for Business Associations

Lebanon’s PCA was the only “mainstream” business association interviewed for this report, but the potential significance of business associations and chambers of commerce came up in several interviews with external observers. The general view was that business associations could play an important role, but in practice rarely did so.

In Georgia, there is a gap in the market, especially for SMEs which are not represented in any formal grouping at the national level. In Lebanon, business associations and chambers of commerce were generally regarded as too partisan and too narrowly identified with particular sectional or communal interests to play a wider social role. In Montenegro, the Montenegro Business Alliance (MBA) is respected as a professional organization which makes a useful contribution, though even so there were concerns that it was too closely identified with narrow sectional interests.

Despite such concerns, business associations and chambers of commerce may play a valuable role in democratic transition. One of the challenges will be to ensure that they are genuinely representative, particularly of SMEs, rather than serving as the personal vehicle of powerful individuals or narrow social groups.

Georgia

The potential but largely unfulfilled role of business associations came up in discussions with the Association of Young Economists of Georgia (AYEG). As noted above, there is a dearth of CSOs representing local entrepreneurs and in the civil society arena businesspeople working for SMEs are “orphans.”

When asked about business associations, the response of Tamar Edisherashvili, the Deputy Governor of Gori District, was similar to that of Rachid Jamali, the mayor of Tripoli. She believes it would be good to have a constructive dialogue with a business association, but she had no experience. Her tone suggested that she was dis-

curring a mythical creature such as a unicorn: she could envisage the possibility but did not expect a real-life encounter.

The Georgian ecological group Elkana would not normally be classified as a “business association,” but it does have some of the characteristics in that it works closely to serve the interests of producers in a particular sector, in this case organic agriculture. The many positive aspects of the group include a well-managed, democratic organizational structure, a clear vision for the future, and the ability to bring practical benefits to its members. In this respect it may serve as a model for other Georgian organizations, whether classified as “business associations” or “civil society.”

Montenegro

The Montenegro Business Alliance (MBA) is based in Podgorica and is associated with one of the international programs of the US-based Center for International Private Enterprise (CIPE). It also collaborates with the University of Podgorica. Some commentators raised the question of whether the MBA was too closely identified with the particular political/commercial agendas of specific individuals. This is the kind of question that almost inevitably tends to arise in a small society with a narrow social elite. The general view was that the association plays a constructive role in researching and articulating the need for an “enabling environment” for business.

Lebanon

In Lebanon the view expressed by outside observers was that business associations were too narrowly identified with specific personal and communal interests to play a wider social role, and tended to be too preoccupied with internal infighting. Rachid Jamali, the mayor of Tripoli, said that he welcomed engagement with CSOs such as Mouvement Social. In principle it would be good to work constructively with business associations on wider social issues, but he had low expectations. Individual business people and their companies often make philanthropic contributions, but they almost always do so in a personal rather than a collective capacity.

These comments reflect the fragmented, multi-polarized nature of Lebanese society. However, as discussed previously, the Professional Computers Association (PCA) makes a significant contribution to social and economic development through its PIPoP Internet centers, while also playing an advocacy role on behalf of the ICT sector. The PIPoP program makes particular sense because it is so clearly linked to PCA members’ primary expertise. It suggests that with appropriate imagination and leadership other professional associations might be able to make similar social contributions linked to their own core expertise.

In Lebanon, constructive change is perhaps most likely to come from smaller associations working in specific regions or industries where highly motivated individuals can play a more influential role and established political or communal interests are less entrenched. The most realistic approach may be to help set up new organizations

that are not captured by existing interests. The PCA may be an example in that it is by definition working in a new sector.

Filling the Agricultural Gap

As previously noted, CSOs can play an important role in pressing governments to address sectors that might otherwise be neglected. Agriculture is a prime example. In the research for this study, the “agricultural gap” appeared most starkly in Georgia. The agricultural sector is in crisis, and there is a clear need for collective initiatives both as a basis for mutual assistance and in order to promote the agricultural sector in government circles. To some extent, Elkana and Farezi are beginning to fill the gap, but there is a clear need for more such organizations.

Georgia’s problems may be particularly striking, but they are not unique. The agricultural sector is an important area for future intervention, both in the interests of democracy-building and of economic development. However, mobilizing farmers poses special challenges. Particularly in former socialist countries, farmers tend to distrust collective initiatives, and they tend to lack the organizational and communicative skills to mobilize effectively and to engage with political leaders either locally or in the international arena.

Georgia

One of the long-term reasons for Georgia’s agricultural crisis is the winding up of the old Soviet-style collective farms without replacing them with a viable alternative. The dividing up of the collective farms meant that individual farmers received small plots of land, but no support services. Since then, Georgia has lost access to many of



its former markets in Russia. Within Georgia, local produce competes with fruit and vegetables from Armenia and Turkey, which are reportedly often cheaper. The result has been widespread migration from rural areas to the cities, and from the cities to other countries. Estimates vary according to the regions and the crops involved, but anecdotal evidence suggests that in some areas 30 to 50 percent of fields are left uncultivated.

While interviewees complained about the lack of government support, few expected any improvement in the near future; the administration's priorities were elsewhere, and in any case they did not understand what was needed. These observations point to the need for some kind of collaborative initiative – not collective farms, but collective action to share resources and seize opportunities with or without government assistance.

Organic farming is one area with significant economic potential, and the activities of Elkana and Farezi fill an obvious need. Moreover, they apparently have found it relatively easy to secure local and international funding. This raises the question why there are not more such associations all over Georgia. Discussions around this question produced a variety of speculative answers, but no single overriding explanation. Part of the answer may lie in the continuing legacy of the Soviet period. Collectivization did not necessarily reward initiative; the collapse of the old economy left people without the qualities required of a successful entrepreneur. A related consideration may be the lack of social trust. And, of course, the dire economic climate overrides everything else. Many of the younger people who might have the right entrepreneurial qualities have already left the countryside to pursue more favorable opportunities elsewhere.

Montenegro

Georgia's problems are echoed in Montenegro. For example, Ratko Vujošević the leader of the Association of Greenhouse Growers comments that the present generation of government leaders is at most one generation away from the land, but shows no interest or understanding of the problems of agriculture. In Berane, Uzor is going out of its way to include farmers in its "Center for Agriculture and Entrepreneurship." Uzor member Vesko Labovic hopes that the association will help make his farm's milk production more profitable. Uzor has had some initial success in involving farmers, but it offers them free membership partly because farmers apparently are less inclined than entrepreneurs to see the benefits of collective approaches. In Montenegro as a whole there seems to be a similar combination of rural inertia and metropolitan indifference about the fate of the countryside.

Part of the reason for agricultural neglect by governments in Montenegro as well as other countries may be that farmers are, by the nature of their activities, more dispersed, further away from the national capital, and therefore less likely to be effective political advocates. It is easier to respond to more vocal and possibly more

lucrative metropolitan business and political interests. Precisely for these reasons, it is all the more important for development agencies to implement “compensating” programs in rural areas.

For a variety of reasons it may be more difficult to stimulate collective activities in rural areas. Farmers even more than most people will be primarily concerned with concrete results. In that respect the very specific, commercially-oriented objectives of organizations such as Montenegro’s Association of Greenhouse Growers are a particular advantage. It is easier to identify a commercial self-interest with concrete results.

Humanitarian/Religious Motivation and Gender

Humanitarian concern was the original motivating factor in all of the Lebanese organizations cited above (with the partial exception of the Professional Computer Association). Even in a report on “economic actors,” it is important to acknowledge humanitarian motivation, both because of its mobilizing power and because it may be more readily accepted in difficult political and social environments. A second, possibly related factor is the role of gender, in that the Lebanese organizations tended to be led by women rather than men. This links to the arguments about finding a “space” in which to operate in that the women concerned have found a social niche in which they are able to make a creative contribution.

Lebanon

In three of the five Lebanese humanitarian organizations an overwhelming majority of the leaders and volunteers were women. These were the Child and Mother Welfare Society, Ahlouna and Mouvement Social. A majority of RMF’s employees also are women, as is its president, although some 60 percent of the official members of the organization are men.

This gender breakdown may reflect wider trends in Lebanese society. Our CMWS and Ahlouna informants expressed the view that men, partly by the nature of their family roles, placed a higher priority on earning larger incomes than were available in the social/voluntary sector. Men nonetheless played an important supportive role behind the scenes, and by providing donations. It was not stated explicitly, but there may have been a view that social work was really “women’s work” anyway. Aanestad (2005) noticed a similar pattern in Mouvement Social and received similar feedback when he commented on it. The PCA of course does not fit into this model because it is primarily a business association, not an NGO, and men continue to occupy more of the leading roles in business. Only one member of the PCA Board is a woman.

As noted above, this gender breakdown fits into the arguments about democratic “space” in Lebanon. The women, like the organizations for whom they work, have found a niche in which they can operate and make creative contributions. At the same time the breakdown may also reflect the limitations (or “boundaries”) of

the organizations. They are respected, but in the Lebanese political context, which is still male dominated, they are marginal. Women-led CSOs are therefore less likely to play a significant role in political democratization. However, from their point of view that is neither surprising nor a particular source of regret – they have chosen a different role.

Montenegro

Among the organizations studied for this report, the closest international parallel to the Lebanese humanitarian groups was the Serbian Sisters in Montenegro. The Sisters themselves believe that religious motivation combines with social concern to form the main basis of their organization. Supporting evidence for the importance of religious motivation comes from the fact that they appear to be significantly more effective than the secular Red Cross organization which likewise depends on volunteers and has a similar mandate. Active volunteers receive an honorarium of 15 euros a month but, while this is no doubt welcome, it would not be the primary incentive for involvement with the organization.

Georgia

In Georgia, the Gori Disabled Persons Club is mainly led by women, but by no means exclusively so, and the extensive involvement of women leaders is likely to derive from the personal motivation of individuals as much as any other factor. Similarly, all or almost all of the Georgian Textile Group's active members are women. In their case, there seems to be no decisive reason why men should not be more actively involved. One reason may be that women are in any case more involved with textile production than men. Half-seriously (or perhaps only a quarter-seriously), the GTG leaders suggest that they need "at least one man" to help with the group's business activities.

CSO Leadership and Internal Capacity

CSOs' contribution to democracy begins with their internal management. To the extent that they are organized in a manner that encourages participation, they may be able to serve as democratic models, while increasing their own chances of survival. In both transition and developed economies, it is common to observe that energetic, charismatic individuals play a particularly important role in the early stages of the development of CSOs, and indeed of commercial enterprises.

A broadly similar pattern was apparent in all three countries under review. The most successful leaders combined a high degree of personal authority and credibility together with the ingenuity and skills to motivate others. At the same time, as their organizations become more established, they face the challenge of creating secure institutional foundations which are less dependent on individuals. Professional assistance from external donors may be particularly valuable at this stage in the CSOs' development.

Montenegro

The importance of leadership was all the more important in Montenegro because so many of the organizations were recently founded. Ratko Vujošević of the Association of Greenhouse Growers combines energy, imagination and a high degree of expertise drawn from personal experience. He is generous in sharing that expertise – someone with more narrow views might be reluctant to give commercially valuable information to possible competitors. He says that he is constantly in contact with board members by mobile phone, and the advantages of mobile phones came up several times in different conversations. At the same time, he is conscious of the need for constant effort to reinforce the engagement of the association's members. For example, when calling meetings to discuss association business he tries also to include a training component so that people have a double reason to attend.



Sonja Kivecević has 13 years of experience as the President of the Serbian Sisters, which ranks as the oldest of the Montenegrin organizations in this study, and her own energy appears to play an important part in the success of the organization. Her style of leadership is participative in that she says she calls meetings of the organization relatively frequently because she wants members to share in the task of decision-making rather than bearing the entire burden on her own. One of her colleagues comments that Kivecević always works alongside her colleagues; if there is a truck to be unloaded, she will be there helping to unload it along with everyone else. The central location of the Sisters' office means that it is easy for people to drop in and ask for assistance, including on matters which are not directly related to the charity's core activities. Kivecević evidently has a reputation as a respected mediator and problem-solver.

Sabina Talović, the coordinator of the GIEC in Pljevlja emphasizes that the organization is in practice even more democratic than its formal structure implies. The managing board is made up of active members of the center, and they are responsible for developing new ideas. She herself is particularly interested in initiatives to promote democratization and campaign against militarism. However, she does not feel it appropriate to push these at the expense of other initiatives that have greater appeal to her colleagues. She emphasizes that “no one can work alone,” and it is essential to have a good team. The emphasis is therefore very much on participation and partnership, and each project has a different coordinator.

When discussing the challenges of leadership, Mikan Medenica of Natura says that he is developing a “democratic” style. For example, he commented that opposition only came from 1-2 percent of the community. This could create problems, but he was gradually winning people over. He cited the example of someone throwing rubbish into the river. If you approach him as an individual and ask him to refrain, he’ll probably protest that it’s none of your business. However, if you get 100 volunteers to clean up the river and then ask him not to throw rubbish in the water in future, you may be able to carry greater credibility.

Georgia

Among the Georgian organizations interviewed, Muradi Gogoladze of Farezi plays a similar role as “founding entrepreneur” to Vujošević in Montenegro’s Association of Greenhouse Growers. Like Vujošević, Gogoladze apparently adopts a participative style, keeping in frequent contact with Farezi members and colleagues on the organization’s board.

Tina Bragadze in the Gori Disabled Persons Club is another “founding entrepreneur” whose authority comes from a combination of personal charm, energy and determination. However, the club has a clear constitutional structure, and holds regular general meetings.

The comments of Georgian Textile Group’s board members and the general atmosphere at their headquarters suggest that it is democratically run, combining a formal governance structure with a friendly, informal style. Its 30 core members meet once a month or more frequently if they have something specific to discuss, such as a forthcoming symposium. They have busy discussions and at first claimed to have no major disagreements, before correcting themselves to acknowledge that they had had one disagreement—the reference to this episode provoked laughter, which suggested that whatever tensions might have arisen had long since been resolved.

The constitutional structures of Civitas Georgica, AYEG and Elkana, which hold regular general meetings and internal elections reflect the fact that they have been in existence for more than ten years, and possibly also the requirements of international donors. The structures appear to work, as all three organizations have been through several stages of evolution and changes of leadership. They are well beyond the “founding entrepreneur” stage of development.

Lebanon

The Lebanese organizations represent a similar diversity reflecting their different stages of evolution.

Mgr Grégoire Haddad is universally acknowledged as the founder of Mouvement Social, but he played a somewhat self-effacing role from the beginning in that he did not serve on the original six-member founding committee. The committee's members represented a cross-section of Lebanon's largest communities, and at the same time bridged a linguistic divide in that three had received a francophone education while three were English-speakers. Haddad chose not to join the committee because he wanted to make clear that the organization was genuinely inter-communal, and not associated solely with his own Greek Catholic community. Mouvement Social has been through several changes since then, while sticking to its founding principles. Many of its volunteers are first recruited at university and then continue to associate themselves with the organization long afterwards, thus making for a high degree of continuity.

The Child and Mother Welfare Society (CMWS) is notable for the fact that it combines a clear institutional structure with a high degree of personal continuity deriving from leadership by the same president for the last 36 years. Similarly, many of the other senior members have been involved with the society for a decade or more.

However, the fact that CMWS apparently finds it difficult to recruit younger volunteers is a potential source of concern. The reasons for this are not entirely clear but may have to do with the changing priorities of younger women in the particular social milieu in which the CMWS leadership operates. The society may at some point face a difficult transition when the leadership baton passes to a new generation.

Ahlouna's decision to work with an outside consultant to review its management structure points to an impressive commitment to professionalism. The decision to request his advice reflects the current stage in Ahlouna's evolution. Originally a relatively small organization run by a group of friends, it is now growing in size and taking on new responsibilities. This means that the old informal style of management is no longer so appropriate. The consultant's task has been to draft job descriptions and to clarify the organizational structure so that it is clear what each person's responsibilities are. Staff members comment that the President has taken the lessons to heart. She has a participative approach in that she respects other people's opinions according to their particular areas of expertise, and does not interfere unnecessarily in their allocated areas of responsibility.

The René Moawad Foundation is not a membership organization and the members of its Boards of Directors and Trustees are appointed rather than elected but, as noted above, they operate in a transparent manner, publishing regular reports and audited accounts.

Coming from a different direction Nizar Zakka, the director of the Professional Computer Association (PCA) also praises the spirit of his volunteer colleagues. He

comments that the 12 members of the PCA board are “really good people” who like to be involved, and give their time and expertise free of charge: “it would cost \$500,000 to hire them but they work for me.” Discussions at board meetings are quite vigorous: “they complain a lot, and we fight a lot, but it’s all positive.”

Financial Sustainability

Lebanon

The Lebanese organizations under review contrasted with their counterparts in both Montenegro and Georgia in that a significant proportion of their funds came from Lebanese philanthropists and corporate sources either within the country or abroad. The CMWS was notable in that almost all its funds come from this source. MS and RMF derive a portion of their funds from their own income-generating activity, although MS has long had to abandon its pre-war aspiration to be self-dependent. Apart from the CMWS, all the organizations under review derive a significant proportion of their funds from international donors.

Georgia

Almost all the Georgian organizations depended heavily on financial contributions from international donors. For example, Elkana has a favorable reputation in an area where there is an obvious need. Elkana Program Manager Tamaz Dundua says that his organization has decided to turn down offers of funding in order to concentrate on what it regards as its core objectives, and in order to avoid overstressing the organization’s management. He volunteers the observation that in the long run Elkana will need to be self-funding and self-sustainable, but it is far from reaching that stage and—in view of the donors’ interest—there is no urgent need to make rapid progress towards self-sustainability.

Montenegro

In Montenegro the situation is more mixed. Again, international organizations have been a major source of funds, but their priorities are beginning to change. For example, Caritas Luxembourg is due to wind down its grants to the Serbian Sisters in 2007 and at the time of our visit, it was not clear how the grants would be replaced. One theoretical possibility was that the Sisters might seek to institute their own income-generating activities, but this idea was still in a very tentative embryo stage. Other organizations such as the GIEC and Natura depend heavily on project-specific grants. The Association of Greenhouse Growers is seeking a grant to cover its plans for expansion although income from the sales of its members’ produce should in future cover its running costs.

Building Alliances for Democratic Engagement

To the extent that members of CSOs are able to build alliances with other like-minded individuals and groups both locally and internationally, they may be able to increase their impact and contribute to a higher degree of democratic engagement with the government. The experiences of the organizations in this study supported this view, but also pointed to a multiplicity of local complexities. Alliances may be desirable in the interests of democratic engagement, but donors need to take a realistic view of what is actually achievable.

Montenegro

Uzor and CZRP members independently point out that it is hard for individuals to “make a difference” on their own. It is much more effective for them to work collectively, and this applies particularly to relationships with the authorities. Both organizations say that they enjoy a generally favorable relationship with their local municipalities, although there is a general sense that they do not understand the problems of the private sector. One example is the bureaucratic procedure for registering and setting up a new business. It is easier to register a business than before, but there is still a lengthy procedure to go through once this initial step has been completed.

Uzor has asked the Berane municipality to reduce local taxes for commercial use of public space, for example when cafés place tables and chairs on the sidewalk. Municipal officials have indicated that they may respond favorably, but have not actually done so. The finance secretary at the municipality said that he sympathized with the problems of the café owners, especially at a time when they were in any case receiving less customers. However, he pointed out that the municipality had problems of its own because it needed to generate sufficient income to pay for its staff. He indicated that the tax issue will be reconsidered after the May 21 referendum on Montenegro's independence from Serbia.

The Berane finance secretary's reference to the municipality's own problems points to a wider issue. Many government departments are overstaffed—the state is still one of Montenegro's largest employers—while at the same time lacking the commercial awareness and technical expertise to respond to business's problems. There may also be a question of motivation. As mentioned before, Ratko Vujošević of the Association of Greenhouse Growers points out that the people in government leadership positions are at most one or two generations away from the land. However, they do not seem to understand or care about the problems of agriculturalists and the rural areas generally. A further issue in the run-up to the May 21 referendum was the extent to which even economic issues were politicized. The Berane finance secretary touched on this issue when commenting that the prime minister had recently visited his region and made various promises concerning financial development, without contacting the municipal administration at all. He understood this to be because the municipality was controlled by an opposition party.

Coming from a different angle, Bosko Ivković, a board member of the Association of Greenhouse Growers, observed that his organization had had difficulty when dealing with officials in even raising the question of possible changes to the law on cooperatives. In the run-up to the referendum any pressure on the government was seen as part of the opposition campaign. Moreover, there was a degree of immaturity on the part of officials – they tended to see any kind of complaint as a “personal attack.”

In this polarized environment, it has been important for organizations to be able to demonstrate that they do not in fact represent partisan political interests. The CZRP emphasized that its 12 board members came from a variety of different parties; it had had some difficulty in persuading people that it did not have a party political agenda, but believed that it had succeeded. Natura was able to make a similar claim – members of the organization came from a variety of different parties, and this enhanced its credibility in its dealings both with the government and with ordinary citizens.

Georgia

Civitas Georgica and AYEG are an established part of a wider civil society network of organizations that are based in Tbilisi, although their outreach activities extend across the country. Other “peer” organizations include the United Nations Association of Georgia, the Caucasus Institute for Peace, Democracy and Development, the Georgian Young Lawyers’ Association (GYLA), Civil Society Institute, the International Center for Conflict Negotiation, Open Society Georgia Foundation and Foundation for the Development of Human Resources. There are a number of examples of collaboration between such groups. For example, as noted above, AYEG is working with the Open Society Georgia Foundation on the Extractive Industries Transparency Initiative (EITI).

Elkana similarly works with other Georgian organizations both at the national level on policy issues and at a more local level on community engagement. All these organizations have close links with international organizations both as a source of ideas and of financial support. In the agricultural sector, Farezi has joined in with Elkana’s campaign to persuade the government to adopt a more ecological approach to farming. However, in the short term, the international NGO sector looks altogether more promising as a source of support and expertise. Gogoladze expresses deep skepticism about the policies of the national government and its future prospects; the state has “other priorities” and is “stronger on words rather than actions.” As for the national agriculture minister, he “knows about everything except agriculture.” When asked what help they expected from the administration, villagers from Tsnisi (near Akhaltsikhe) who work with Farezi were emphatic in declaring that they expected nothing at all.

Nevertheless, Gogoladze mentions that, while he has no big hopes, he does have ideas for potential collaboration with the government. At a local level, Farezi has established relations with the governor of Samtskhe-Javakheti, the mayor of



Akhaltshikhe and the environmental protection department. The mayor appears to share an interest in this kind of engagement. He is unusual in that he actively participates in Council of Europe-sponsored initiatives to learn from Western European local government expertise. Perhaps influenced by that experience, he emphasizes the need for consultation when drafting local economic strategies and mentions Farezi as the kind of organization with whom he would hope to exchange views if re-elected in forthcoming local polls. So far, it would appear that this kind of engagement has yet to lead to concrete results, but at least the ground is being prepared.

Lebanon

The Lebanese organizations differed in their policies both on cooperation with other groups and on deeper engagement with the government. The CMWS is largely self-sufficient. It has in the past worked with other NGOs to advocate for reform on issues related to child welfare, but this is not a major part of its activities. It has limited expectations of the government. For the most part it is content to operate in a parallel realm.

Ahlouna wishes to maintain contact with other like-minded organizations, not least in order to avoid duplication of program activities. However, at least at this stage in its development, it finds it hard to envisage working with other organizations in a common front to address shared problems. In their view, this approach might actually be dangerous because by working with other organizations with different agendas they might damage their own reputation for being concerned solely with the social welfare of the poor and thus weaken their ability to fulfill their primary objective.

MS has a considered ethos, and considerable practical experience, of working with other organizations in the NGO sector, with government and now with business. However, MS's cooperative approach seems to have been most natural and most successful at the local level, not so much "scaling up" to play a role in national politics as "scaling sideways" to build alliances and thus increase its effectiveness at a local level. For example, it has worked closely with municipalities on its school drop-out and educational programs. Aanestad (2005:50-55), a social scientist who as noted above worked with MS as a volunteer, cites the example of MS's vocational training center in Ghobeiri, a suburb in southern Beirut. MS had been running several projects in the area since 1978, and identified education as a priority because of the large numbers of school children who dropped out of the official education system. The Ghobeiri center offers nursing training. Its local network included the head of a Ministry of Social Affairs health clinic in the area that had limited resources and regarded the MS project as "a constructive and important addition to the work of her institution." Similarly, MS maintained close contacts with the municipality with whom it collaborated on parts of its education program. This kind of local engagement reflects a considered policy on MS's part, and all parties involved believe it to be beneficial.

At the national level, MS and like-minded NGOs have engaged in advocacy on legal reform in connection with child welfare issues but this has not to date been conspicuously successful. MS has also been the prime mover behind the Collectif des ONG du Liban (Collective of Lebanese NGOs). The Collectif is an association of NGOs that are based on secular principles. It has been in existence since the early 1990s, but does not appear to play a prominent role in national policy-making.

RMF's main current project with rural women is an example of "scaling up" from a local level. This is the "Networking and Training Rural Women's Cooperatives to Build Marketing Capacities (NETCOOP)" program. This follows an earlier project in which RMF worked with cooperatives of rural women producing traditional foods.

RMF noted that there was no mechanism for rural women's cooperatives to exchange ideas, experience and information; the COOPNET project is designed to fill that gap. Perhaps more than the other organizations, RMF programs have the potential to change existing social structures, for example by encouraging cooperative organizations at the local level, and helping channel their views to national policy-makers.

RMF's various programs bring it into contact with the Ministries of Agriculture, the Environment, Public Health and Social Affairs, as well as with local municipalities. RMF Executive Director Fady Yarak distinguishes between "lobbying" and "advocacy." The RMF does not lobby in the sense of engaging in partisan campaigns for narrow interest groups. However, it is involved in advocacy, for example on children's rights. Similarly, it is working with community leaders, elected officials and municipalities to address the problem of child labor; and it is working with the olive oil sector—both producers and government officials—to evolve criteria for olive oil quality control.

At the local level the PCA/PiPOP program makes a point of working with both municipalities and local CSOs in deciding where to place its centers. At the same time, at a national level, the main PiPOP website offers links to all the local PiPOP sites and the information they contain. The project's democratic impact is potentially enormous in that it provides both ordinary people and local businesses with access to information and communications that would scarcely be available by other means.

Conclusions

The wording of the original research question in this study contrasted economic and non-economic organizations, suggesting that the former are more effective in promoting democracy. The experience of the 17 CSOs analyzed in the study suggests that reality is more complex. Both economic and non-economic activities may contribute to democracy-building, often in complementary ways. Rather than favoring one type of organization over another, the task of development planners is therefore to find ways of maximizing the particular contributions of both economic organizations and their counterparts in other sectors in a common, holistic strategy.

The first part of the strategy, which will be common to all kinds of CSOs, is to promote internal accountability and transparency. To the extent that organizations are well-managed and maximize the contributions of members and volunteers, they will in themselves serve as models of democracy, albeit on a local scale.

Secondly, there needs to be a particular focus on sections of society who risk being left out of contemporary economic and political transition. To the extent that they feel excluded, rightly or wrongly, they are more likely to favor non-democratic alternatives. Examples from this study include the agricultural sector in Georgia and the northern region of Montenegro – both have enormous potential, both need to believe that progress is actually possible. Economic motivations are particularly important in these areas. As Natura has discovered in Montenegro, ecological objectives are laudable, but people are most likely to be motivated to support them if they can see a financial return during what is still a difficult period for a country that is in transition from socialism to a market economy.

Thirdly, however, an emphasis on economic initiatives should not be seen as diminishing the importance of CSOs who are primarily concerned with governance and administrative capacity-building. Their role is in all respects complementary. Economic development benefits from government transparency and accountability.

That leads to a fourth point: The ability of government institutions to respond depends not just on goodwill, but also on technical capacity. CSOs who enhance government technical expertise may contribute both to democracy-building and to

economic development, particularly when, as in the case of the Association of Young Economists of Georgia (AYEG), they are working on areas such as business licensing. Donors may be able to contribute to this process of capacity building both by working with governance CSOs and in some cases by working with government institutions directly. The two approaches are complementary.

The final point is a note of caution. The developmental and democratic impact of all these kinds of organizations—economic, environmental, humanitarian—is likely to be incremental but slow. Many of them work in constrained political and social spaces where, as in contemporary Lebanon, years of hard work may be threatened by external pressures outside anyone’s control. Democracy-building is hard work, and it requires sustained application by a variety of different actors, and the expectation and patience for long-term results.



Appendices

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About the consultant

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About CHF International

Assisting people to improve their communities and build their own capacity is the very "heart and soul" of CHF International's mission and core capabilities. For more than three decades we have honed our ability to assist people suffering the consequences of civil conflict, complex emergencies and poor natural resource management. CHF International implements livelihood recovery, vocational training, infrastructure development, food security, community development and peace building programs in a wide range of countries. Incorporated in 1952 as a 501 c (3), CHF International has worked in more than 100 countries worldwide as a catalyst for sustainable, positive, democratic change. CHF International currently works in 35 countries throughout Africa, Latin America, the Middle East, Europe and Asia, managing programs valued at over \$243 million. CHF International's development record over the last ten years includes:

- Direct assistance to over 10,400 cooperatives and NGOs;
- Over 32.5 million direct and 76.8 million indirect beneficiaries;
- 812,000 person months of employment created;
- Over 238,000 people trained for jobs and community building operations, and more than 800,000 paid jobs created;
- Construction or improvement of more than 113,500 homes;
- Lending of more than \$92.7 million with a 97% repayment rate; and
- Leveraging of over \$210 million in matching contributions.

Addressing Root Causes of Conflict

Conflict prevention has become a major goal of all CHF International programs. For decades CHF International has rapidly responded to provide relief and reconstruction to societies decimated by natural disasters and conflict. In communities worldwide, our long-term reconstruction efforts have laid the foundation for recovery and eco-

conomic development. CHF International's mission is to create positive, lasting change in impoverished and transitioning societies. Working to prevent the occurrence of future conflicts—by addressing the root causes of complex emergencies—has become increasingly important to sustaining positive change. Our grassroots community development work reflects our belief that poverty alleviation and a safe, secure habitat lead to more peaceful, stable societies. Our conflict prevention activities take place in the larger context of these grassroots programs. The basis of CHF International's approach is a private sector cooperative model that provides a forum for discussion among groups with conflicting interests.

Mission Statement

CHF International's mission is to be a catalyst for long-lasting positive change in low- and moderate-income communities around the world, helping them to improve their social, economic and environmental conditions.



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