FINAL REPORT

CIVIL SOCIETY ASSESSMENT IN BOSNIA AND HERZEGOVINA

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Introduction

The Mission of the United States Agency for International Development in Bosnia-Herzegovina (USAID/BiH) assembled a team comprised of two independent experts and two staff members to undertake an assessment of civil society in BiH prior to the development of the Mission's next strategic plan in the summer of 2004. The assessment team was provided with three objectives.

- Assess current USAID/BiH civil society programs and report on the strengths and weaknesses of each individual program (ICNL, ADF-DemNet, and CCI).
- Assess civil society in general, determine the level of development, and identify major impediments and areas of crucial improvements.
- Provide recommendations for the future direction of possible USAID/BiH civil society assistance, highlighting appropriate approaches in line with current USAID/BiH strategy.

Between 2 and 20 May, the assessment team conducted in-depth interviews and focus group discussions with more than 107 individuals representing 73 organizations in the cities of Sarajevo, Banja Luka, Mostar, Tuzla and surrounding areas. These stakeholders included the Office of the High Representative (OHR), representatives of government at the entity and municipal levels, donors, international implementing organizations, journalists, and various domestic NGOs (DNGOs) from professional associations to foundations. In addition, a review of relevant research, program documentation, various reports, and press supplemented findings and analysis derived from interviews and focus groups.

The assessment yielded extensive data that comprise the 'Key Findings' section of this report. These serve as the basis for the conclusions and recommendations summarized herein. While this summary is useful in acquainting readers with the contents of the report, we would advise a thorough review of the conclusions and recommendations sections beginning on page 56 of the report to ensure more accurate and complete comprehension.

Conclusions

The international community continues to drive the development and agenda of civil society, although there is indigenous movement toward ownership of the sector.

The intensive involvement of the international community (IC) in BiH has had positive and negative consequences. With respect to civil society, the IC has sought to strengthen the sector while often setting its agenda, driving its development, and – at times – usurping its role. High levels of international funding have, in part, contributed to a situation whereby NGOs may be serving more as proxies of the IC than civil society in BiH. Historically, limited initiative and capacity within BiH have also been a significant factor. Since 2001, however, a methodical, participatory, and coordinated process to assume ownership of the sector has been underway. The IC should recognize this as an opportunity to transfer leadership to domestic actors and provide them with the appropriate degree of trust, space, and support. The Mission's decision to assist this process by directly funding CSPC is a positive and necessary step in transferring leadership.

The legal framework for civil society is greatly improved, but gaps and deficiencies remain that impact both the development of the sector and the prospects for the success of related interventions.

Relative to 2000, the legal framework for civil society, comprised of new legislation on associations and foundations at the entity and state levels, is harmonized and largely complies with international standards and regional best practices and is the product of constructive public-private partnership. This basic framework is incomplete, however, and additional laws, regulations, and policies are badly needed. Until these are in place, NGOs' ability to successfully engage in a number of activities, for example, fundraising, volunteer recruitment, and income generation will be hampered. The relationship between the legal framework and prospects for sustainability should be fully considered by the Mission as it sequences assistance and sets results targets. To ensure that improved legislation is not treated as an end result, increased emphasis needs to be placed on implementation, particularly at the state level.

The relationship between government and civil society has yet to be defined and operationalized particularly at higher levels.

In general, the relationship between government and the third sector in BiH is neither well defined nor structured. Particularly at higher levels of government, there is an evident lack of policies that outline the respective roles and responsibilities of government and civil society, define mechanisms and processes for interaction, and provide for greater transparency and accountability. Formal policies combined with government coordination/liaison mechanisms can serve to facilitate, professionalize, and regulate cooperation between sectors. They are consistent with European and regional practices and should not be discounted. This process will, however, require domestic initiative, continued international engagement and expertise, and time. Domestic NGOs will have to be actively engaged in the process to ensure that the resulting policies and mechanisms do not have the effect of restricting or co-opting the third sector.

A critical mass of professional NGOs does exist, although the domestic infrastructure to support civil society remains underdeveloped.

A critical mass of professional NGOs has been created. In the past four years, these NGOs have grown in terms of capacity, viability, and confidence as well as intra- and cross-sectoral cooperation. And, they share a mutual appreciation of the development needs of civil society. At the same time, capacities beyond this core group and urban/sub-urban centers remain limited. The performance of ISOs is mixed and gaps exist within the infrastructure. Most resource centers and coordinating bodies have failed. A handful of organizations are routinely recognized in such areas as training, legal and technical advising, and information resources. There appear to be no effective mechanisms for accessing existing capacities in country. The development of grants-management capacity and utilization of local foundations has been largely overlooked. In general, donor emphasis needs to shift toward the local infrastructure supporting civil society.

Public awareness and the image of the sector are gradually on the rise, but need to be improved and deepened.

Public awareness and positive impressions of NGOs appear to be improving although there are lingering misconceptions and negative perceptions of NGOs' motivations. Periodic coverage of individual NGOs and their activities, especially by independent media, is having an informational and promotional impact within local communities and regional media markets. The ability to clearly articulate mission and message as well as demonstrate tangible results is key to obtaining prominent and favorable media coverage, which plays an important role in mobilizing local resources. The extent to which ad hoc coverage is contributing to a common understanding and

appreciation throughout BiH of what civil society is and what role it plays, however, is less clear. The antagonistic stance of official media has been particularly counterproductive. A strategically oriented effort is needed to present the sector and boost its image.

Domestic funding sources, while in evidence, are extremely limited.

Compared to 2000, an elite group of NGOs has managed to greatly diversify its funding base to include multiple foreign donors, public financing, private contributions, and/or income generating activities. Even this elite, however, remains highly dependent on the IC for its financial sustainability. Domestic sources are funding some CSOs, but are not yet a factor in sustaining the sector. The success of interventions aimed at domestic fundraising will be contingent upon further legal, fiscal, and tax reforms and economic growth. Recent efforts by UMCOR to promote individual philanthropy are important to cultivate domestic funding and in-kind contributions and have the value added of requiring NGOs to reach out to citizens, interest groups, and communities. Ultimately, however, NGOs will likely need support from a diversity of domestic sources including government and private business to sustain their activities.

Issue advocacy campaigns and community initiatives have produced notable successes, although the engagement of civil society is limited and uneven.

NGO advocacy has contributed to discrete successes in legal and policy reform at various levels of government, while community initiatives have brought about participatory decision-making in select municipalities. These initiatives have also contributed to processes, partnerships, and mechanisms upon which future initiatives will be built. While there are a relatively small number of NGOs routinely engaged in advocacy, the number is growing. Yet, the sector's role in advocacy is not yet sufficiently recognized by the public or decision-makers. Advocacy is most evident at local levels, declining as government becomes more removed from the people. National level advocacy is lacking. Initiatives continue to be disproportionately directed at health, social welfare, and ecology, while some major issues of a 'national interest' remain largely unaddressed by purely domestic initiative. Continued emphasis is needed with respect to instituting policy dialogue mechanisms; building pertinent capacities in sub-sectors not yet fulfilling their potential; linking policy analysis and public advocacy capabilities; promoting issue-based coalitions/networks, and; encouraging greater NGO watchdog activities.

Co-operation between NGOs and political parties to advance policy reform, while extremely rare, does exist.

Despite continued distaste for "politics" by the NGO community, there are instances of effective cooperation between individual NGOs or types of NGOs and political parties to achieve policy change. CCI may have the most advanced methodology for approaching and working with political parties, one evidenced in the successful advocacy campaign for direct election of mayors. Youth and women's oriented NGOs have also been effective. The role of political party support in achieving results needs to be more vigorously promoted within the NGO community as does the potential of such engagement to facilitate political party reform. Methods for building and managing such relationships should be widely shared and replicated. At this stage, focus on the supply side, i.e. building the organizational capacity of political parties – as opposed to their campaign skills – will be important to facilitating effective partnerships with NGOs.

Reductions in foreign funding for NGOs in BiH will lead to a consolidation of the sector, which should be viewed as an opportunity rather than a negative outcome.

The formation and development of NGOs is a dynamic process in any country. NGOs will come and go. In BiH, as elsewhere, this process will be impacted by declines in international funding

for civil society and the withdrawal of various agencies and INGOs. If this occurs in a gradual and coordinated manner, donors can expect consolidation of the sector – not its collapse. Many organizations that no longer have a reason for being and NGOs motivated by money rather than mission will cease to exist. More likely to survive are those with strong ties to communities, interest groups, or the public, that are deeply committed to their cause, and are capable of producing results. Less serious and opportunistic NGOs have placed a drain on existing resources and have been a drag on the image of the sector. As such, their departure should be welcomed. Increasingly, NGOs will be forced to compete in the marketplace.

Progress is being made in the development of civil society in BiH and USAID/BiH and its implementing partners have contributed to it.

Civil society has continued to mature since the last assessment in 2000, reorienting itself to meet the changing needs of society, while attending to its own development. The Mission has contributed to significant improvements with respect to the legal/policy framework for civil society and the existence of a critical mass of professional NGOs, as well as to tangible successes in NGO advocacy at various levels and citizens' initiatives at the grassroots. Its interventions have helped to lay the groundwork for continued progress in the future. The Mission's greater strategic orientation to civil society programming and efforts to build synergies between civil society and substantive outcomes, such as legal reform and more effective local government, have helped to maximize results.

ICNL has provided significant benefit at a relatively low cost. Its leading contribution to achieving reform of the basic legal and policy framework for civil society through public-private partnerships has greatly improved the enabling environment for NGOs and informal groups in BiH. These reforms are critical to the sustainability of the sector and set the stage for other necessary program interventions. The processes by which reforms were achieved helped to formalize and professionalize NGO access to government institutions, elevate the status the sector vis-à-vis government, promote more informed decision-making by government officials, and empower participating NGOs to contribute to legal and policy reforms affecting the sector. Continued engagement will be required to address gaps, inconsistencies, and other deficiencies in the broader legal/policy framework and to improve implementation and compliance.

The DemNet project has played a significant role in building a critical mass of professional NGOs throughout the country and representing an array of sub-sectors. Its focus on internal capacity building has had a direct effect on external performance and impact of beneficiaries as well as their prospects for sustainability, which has increased their confidence levels. Support of NGO advocacy and civic initiatives has led to public-private partnerships and tangible outcomes, largely at lower levels of government and in the areas of health and social welfare. Through a variety of program components, it has also been able to build capacities and opportunities in rural and remote communities. While ADF DemNet has built the capacity of a number of intermediary support organizations (ISOs), more work is needed to ensure that the domestic infrastructure has been evenly developed or adequately integrated.

Since the 2000 civil society assessment, CCI has matured professionally, building its organizational capacity, image, and funding base while maintaining a high level of external activity both at the grassroots and at higher levels. Organizational strength and confidence combined with a sound program methodology have produced significant results in the area of advocacy, although it needs to be acknowledged that relatively high levels of financial support by USAID/BiH and other donors have also played a role. CCI demonstrates leadership in approaches to advocacy aimed at strengthening other institutions and building public

constituencies for reform. Its cooperation with other NGO networks/coalitions on a number of initiatives has value added, making it a better investment than independent actions. In the short term (next 5 years), the financial viability of the organization appears sound, although there is continued cause for concern in the long term.

Recommendations

This section contains a synopsis of recommendations for future interventions in support of civil society development along with a series of program options for consideration by the Mission. In general, the Mission should:

- Continue to employ a broad definition of civil society that ensures diversity and dynamism of the sector.
- Increasingly utilize and leverage existing resources within BiH and in the region.
- Further cultivate local ownership of the sector's development and align Mission priorities with those stemming from domestic initiative.
- Use periodic field visits by CTOs to solicit stakeholder input, test assumptions underlying program design, gauge progress, and identify tangible results.
- Contribute to the sustainability – and active engagement - of the sector, rather than focusing on the longevity of individual organizations.
- Continue to provide for strategically oriented, responsive programming with a focus on results via flexible funding mechanisms, long-term funding, and periodic benchmarks.
- If possible, maintain a rapid response fund to better position the Mission to address important developments or seize upon opportunities.
- Identify the civil society element of programs falling under different IRs or SOs and, beginning at the conceptual phase, integrate various programming pillars or activities.
- Coordinate with other donors to leverage resources, facilitate a strategic approach to civil society development, and achieve mutually reinforcing results.

All programming recommendations outlined below reflect the consensus of local stakeholders on priority needs in the coming five years and are offered with the intent of fostering increased domestic ownership of civil society development and improved conditions for the sustainability – and active engagement – of the sector.

Recommendation 1: Further develop and strengthen the legal and policy framework for civil society development through public-private partnerships.

Programming might: (a) assist efforts to prepare new legislation on volunteers and donations, (b) improve the legal definition of public benefit organizations (PBOs), (c) press for reform of tax and fiscal policies that would provide for greater financial sustainability of the sector, (d) support indigenous movement toward the adoption of a state government policy on cooperation with NGOs, (e) build the capacity of institutional mechanisms for government cooperation with NGOs, or (f) provide for timely, proper, and consistent implementation of new laws and policies through training for civil servants, education of NGOs, and watchdog activities.

Recommendation 2: Encourage domestic NGOs to assume ownership of – and provide for – the development of civil society in the future.

Specifically: (a) support indigenous efforts to give a voice to the sector, (b) provide for improved self-regulation of the sector; (c) further develop and strengthen the domestic infrastructure for civil society development through assistance directed at capable, inclusive, and well-respected

intermediary support organizations (ISOs), and (d) utilize domestic ISOs to continue to develop capacity of weaker groups at the grassroots level.

Recommendation 3: Support efforts to further expand and diversify the domestic funding base for NGOs.

For example: (a) continue efforts to encourage individual philanthropy in support of NGO activities, (b) foster links between NGOs and businesses and encourage corporate philanthropy in tandem with improved economic conditions and tax incentives, (c) work with government bodies to institute policies, procedures, and mechanisms to facilitate transparent and accountable public financing of NGOs via grants and/or social service contracts, (d) link philanthropy activities to efforts to raise the visibility, improve public understanding, and promote a positive image of the sector as a whole. In addition, a more in-depth assessment of the prospects for foundation development in BiH should be undertaken to better determine the feasibility of programming in this area.

Recommendation 4: Pursue a more comprehensive strategy to develop the public image of civil society.

Programming in this area might: (a) sponsor special programming on state and independent television to explain the role of civil society within democracy, acquaint viewers with different types of groups that make up civil society, and showcase success stories from around the country, (b) foster increased links and cooperation between NGOs and associations of journalists and build awareness and understanding of the sector among journalists, and (c) continue to develop the capacity of civil society actors to clearly articulate their message, forge and maintain relations with the media, and better appreciate media's needs.

Recommendation 5: Further build the capacity of civil society to engage in policy dialogue.

There is a need to: (a) foster more informed participation by civil society by supporting efforts to increase access to information, developing skills in policy analysis and formulation, and linking policy research organizations and action-oriented networks, (b) strengthen NGO networks defined by common issues and interest groups, particularly in sub-sectors where engagement has been lacking, (c) facilitate the consolidation and movement of issue-based initiatives or coalitions working at lower levels to a national forum, (d) link capacity building measures to systems and processes that allow for immediate application of skills and experience based learning, (e) ensure that support of issue-based advocacy by coalitions adequately provides for knowledge and skills transfer from stronger to weaker organizations, (f) encourage NGO approaches to advocacy that support institutional development, e.g. government bodies and political parties, and that seek to create mechanisms for public-private partnership, and (g) assist watchdog activities by NGO networks as a means of improving implementation of reform oriented policies and laws.

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KEY TO ACRONYMS

ACILS	American Center for International Labor Solidarity
ADF	America's Development Foundation
ADV	Advocacy Package (DemNet Project)
AEOBIH	Association of Election Officials in Bosnia and Herzegovina
APS	Annual Program Strategy
ATG	Advanced Training Grant (DemNet Project)
BiH	Bosnia and Herzegovina
CAP	Civil Action Partnership Grant
CARDS	Community Assistance for Reconstruction, Development and Stabilization
CBO	Community Based Organization
CCI	Centers for Civil Initiatives
CEE	Central East Europe
CIM	Civic Initiatives Microgrant
CIPE	Center for International Private Enterprise
COP	Chief of Party
CRS	Catholic Relief Services
CSO	Civil Society Organization
CSPC	Civil Society Promotion Center
CSR	Corporate Social Responsibility
D&G	Democracy and Governance
DEMNET	Democracy Network Program (funded by USAID/BiH)
DfID	U.K. Department for International Development
EC	European Commission
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
FCO	Foreign Commonwealth Office
FDP	Financial Development Package (DemNet)
GAP	Government Accountability Project (USAID/BiH and SIDA)
IAP	Integrated Assistance Package (DemNet)

ICNL	International Center for Not-for-Profit Law
ICT	Information and Communication Technology
ICVA	International Council of Volunteer Agencies
IDP	Internally Displaced Person
IFI	International Finance Institution
IGP	Internal Governance Package (DemNet)
INGO	International Non-Governmental Organization
IOCC	International Orthodox Christian Charities
ISO	Intermediary Support Organization
IR	Intermediate Result (USAID)
KM	Convertible Mark
M&E	Monitoring and Evaluation
NDI	National Democratic Institute
NGO	Non-Governmental Organization
NP	New Practices Grant (DemNet)
OHR	Office of the High Representative
OSAP	Orphan Support and Advocacy Program Grant (DemNet)
OSCE	Organization for Security and Cooperation in Europe
OSF	Open Society Fund
OTI	Office of Transition Initiatives (USAID)
PBO	Public Benefit Organization
PRO	Policy Research Organization
PRSP	Poverty Reduction Strategy Paper
PTP	Participant Training Program (funded by USAID/BiH)
RMAP	Rights-Based Municipal Assessment and Planning Project (UNDP)
ROL	Rule of Law
RS	Republic of Srpska
SAP	Stabilization and Association Process (EU)
SEE	South East Europe
SIDA	Swedish International Development Cooperation Agency
SIG	Support Institution Grant (DemNet)
SME	Small and Medium Enterprise
SO	Strategic Objective
SOW	Statement of Work
SUTRA	Sustainable Transfer to Return-Related Authorities (UNDP)
TA	Technical Assistance
UI	Urban Institute
UMCOR	United Methodist Committee on Relief
UNDP	United Nations Development Programme
UNOHCHR	United Nations Office of the High Commissioner for Human Rights
USAID	United States Agency for International Development
USG	United States Government
VAT	Value Added Tax
WL	World Learning
WV	World Vision

BiH Civil Society Assessment
June 2004

1 Introduction

1.1 Objectives and Scope of Assessment

The Mission of the United States Agency for International Development in Bosnia-Herzegovina (USAID/BiH) presented the assessment team with three objectives.

- Assess current USAID/BiH civil society programs and report on the strengths and weaknesses of each individual program.

- Assess civil society in general, determine the level of development, and identify major impediments and areas of crucial improvements.

- Provide recommendations for the future direction of possible USAID/BiH civil society assistance, highlighting appropriate approaches in line with current USAID/BiH strategy.

With respect to the first objective and consistent with the Scope of Work (SOW), the assessment team primarily focused on three main civil society programs supported by the Mission since the last civil society assessment in 2000, in particular:

- The Civil Society Strengthening Project implemented by the Centers for Civic Initiatives (CCI);

- The Democracy Network (DemNet) project, phase II, implemented by America's Development Foundation (ADF),[1] and;

- The NGO Legal Reform Project implemented by the International Center for Not-for-Profit Law (ICNL).

Some consideration was given to three recently instituted programs within the civil society portfolio, although the impact of these interventions cannot yet be determined:

- The Policy Analysis and Dialogue Organizations Project, managed by the Urban Institute;

- The Domestic Fundraising and Philanthropy Project, managed by the United Methodist Committee on Relief (UMCOR), and;

- The project for Sustainable Development of the Non-Profit Sector in BiH, managed by the Civil Society Promotion Center (CSPC).[2]

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[1] This was a follow-on to the DemNet I project, which was implemented by American ORT.
[2] This project was not mentioned in the SOW as it was funded only during the course of the assessment. The report does make reference to the project, however, in terms of the extent to which it addresses priority issues, identified by the team, for civil society development in the next three to five years.

Given the nature of civil society, its activities intersect with many initiatives, organizations, and intermediate results (IRs) supported by the Democracy and Governance Office (D&G) and other offices and strategic objectives within the Mission. These include projects involving the Independent Union of Professional Journalists, the Association of Election Officials in BiH, NGO input to the Poverty Reduction Strategy Paper (PRSP) in cooperation with Catholic Relief Services (CRS), business associations supported by the Center for International Private Enterprise (CIPE), and labor unions supported by the Solidarity Center (ACILS).[3] While these projects were not mentioned in the Scope of Work for the current assessment, the team met with many of these groups for the purposes of exploring synergies between various program areas.[4]

1.2 ASSESSMENT TEAM AND METHODOLOGY

Four persons comprised the assessment team. The team included three citizens of BiH, civil society expert Milan Mrdja and USAID/Bosnia-Herzegovina (BiH) staff members Selma Sijercic and Mirjana Popovic, and an American consultant, Catherine Barnes, who worked on the Mission's previous civil society assessment in 2000.[5] Biographies of the team members can be found under Annex I to this report.

Between 2 and 20 May, the assessment team conducted in-depth interviews and focus group discussions with more than 107 individuals representing 73 organizations in the cities of Sarajevo, Banja Luka, Mostar, Tuzla and surrounding areas. These stakeholders included the Office of the High Representative (OHR), representatives of government at the entity and municipal levels, donors, international implementing organizations, journalists, and various domestic NGOs (DNGOs) from professional associations to foundations. For a complete listing of persons interviewed for this assessment, please refer to Annex II to this report.

Interviews and focus group discussions were semi-structured to solicit different perspectives and opinions. The team prepared standardized menus of questions for different categories of stakeholders to best address the macro-level issues of interest to the Mission and to facilitate some degree of consistency and comparability of information collected. Among the subjects examined during interviews and focus group discussions were:

- Opportunities for and impediments to the development of civil society in BiH, including priority needs in the next three to five years;

- The degree of domestic ownership of civil society development and the responsiveness of donors, international implementers, and the sector, itself, to citizens, interest groups as well as priority issues facing the country;

- Relative strengths and weaknesses of various approaches to civil society programming and the extent to which these were well integrated and coordinated as well as the impact of related interventions.

Interviewees were also asked to reflect on lessons learned.

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[3] USAID/BiH funding for the CIPE project was initiated in 2003. The USAID/BiH funded Solidarity Center project began only in 2004.
[4] Many USAID funded reconstruction and revitalization projects, such as those implemented by Catholic Relief Services (CRS), World Vision (WV), and the International Orthodox Christian Charities (IOCC) have integrated civil society components.
[5] The two independent experts were directly and individually contracted by the Mission through purchase orders.

The assessment team developed a written survey for domestic NGOs in order to supplement qualitative information with quantitative data. This questionnaire addressed the:

- Quality and perceived relevance of relations between NGOs and various stakeholders including citizens, different levels of government, political parties, trade unions, businesses, the media, and ordinary citizens;

- Degree of NGO cooperation via networks and coalitions and attitudes toward such cooperation;

- Diversification of NGOs' funding and the extent of their dependence on the international community (IC), and:

- Perceived strengths and weaknesses of the respondents' NGOs and areas where further capacity needs to be built.

In addition a review of relevant research, program documentation, reports, and press supplemented findings and analysis derived from interviews and focus groups. A complete listing of materials reviewed as part of this assessment can be found under Annex III to this report.

Readers should appreciate a number of factors that have a direct bearing on views expressed herein:

- The majority of domestic NGOs with which the team met were beneficiaries of the Democracy Network (DemNet) project and/or other USAID funded programs.[6] In terms of their organizational capacity and professionalism, they constitute an NGO elite within civil society.[7]

- The assessment was based on access to a limited sample of interviewees. The team was not able to meet with all identified stakeholders, to travel beyond major population centers, or to conduct focus groups with ordinary citizens.[8]

It is also important to emphasize that the breadth of this assessment has allowed for the collection of varying opinions from an array of stakeholders on USAID/BiH assistance to civil society development and on the current potential and needs of the sector. It is not a comprehensive study of civil society. Rather, this report provides a snapshot of the state of civil society development in BiH and focuses on next steps that address priority needs, while building upon successes achieved to date.

1.3 DEFINITION OF CIVIL SOCIETY

As the focus of this report is civil society and its development in BiH, it is useful to establish an operational definition. For the purposes of this assessment, the team adopted a broad definition of civil society that allows for diverse interests and activities and that is accepted by political scientists and the international development community:

> *That space between individual and the state where citizens associate according to their own wishes, values, and interests[9].*

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[6] In addition, many of these same NGOs have received funding from other foreign donors.
[7] Meetings with smaller, newer, or weaker NGOs would clearly have impacted the impressions presented herein and might have given the team a sense of the extent to which knowledge and skills are being transferred by stronger and more experienced NGOs, including DemNet graduates.
[8] To assess the opinions of ordinary citizens, the team relied on polling data prepared for USAID/BiH and OSCE.
[9] See, for example, "Civil Society, Democratization, and Development: Clearing the Analytical Ground," in *Democratization*, 1:3, (autumn 1994).

This associational realm can be either *formal*, as in the case of non-governmental organizations, <u>or</u> *informal*, for example citizens' groups. As Thomas Carothers notes, " . . . it is a mistake to equate civil society [only] with NGOs. Properly understood, civil society is a broader concept, encompassing all the organizations and associations that exist outside of the state and the market.[10]"

According to this broader concept, groups within civil society might be categorized according to their function(s), some of which are overlapping,[11] in particular:

- Service oriented organizations, such as those addressing the needs of persons with disabilities or debilitating illnesses, battered women, persons suffering from substance abuse, orphans, and the poor.

- Institutions that analyze development and policy issues, such as think tanks and policy research organizations (PROs), and that educate decision-makers and the public on those issues.

- Groups that advocate for development objectives, policy reforms, or budget priorities, for example human rights, environmental, and consumers' and citizens' groups as well as those that monitor policy implementation, e.g. watchdog groups.

- Interest based organizations, for example labor unions and associations representing businesses, municipalities, journalists, parent-teacher groups, and tenants.

- Groups formed for the purposes of direct production, processing, and marketing such as agricultural cooperatives or community credit associations.

- Intermediary organizations serving as the infrastructure supporting development of the sector, such as grant making, training, and sub-sector anchor organizations, NGO incubators, and centers providing information resources and expert advising, e.g. on pertinent legal, registration, or accounting issues.

The team recognizes that, throughout the world, civil society is not limited to noble causes and well-intentioned actors, but often includes, if one accepts the operational definition provided above, people working together to advance nefarious ends. Current literature on the subject tends to refer to this as 'uncivil society.[12]' While this component of society clearly exists within BiH, it is not the focus of the current examination.

As for the distinction between political parties and other parts of civil society, the team worked from the premise that while some civil society organizations aim to influence public policy, they do not seek to win and exercise government power. While this boundary is not always so straightforward, the above distinction is adequate for the purposes of this assessment.[13]

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[10] See "Think Again: Civil Society" in *Foreign Policy Magazine*, Winter 1999-2000 edition.
[11] For USAID policy positions, refer to New Partnerships Initiative: NPI Core Report, which can be found at www.usaid.gov/pubs/npi/corerept/npi-ngo.htm.
[12] See, for example, "The End of the Transition Paradigm," by Thomas Carothers in the *Journal of Democracy* 13:1 (2002), "Think Again: Civil Society" by Thomas Carothers in *Foreign Policy*, Winter 1999-2000 edition and "The Rise of Illiberal Democracy" by Fareed Zakaria in *Foreign Affairs*, November/December 1997.
[13] For an interesting overview of the relationship between CSOs and political parties in theory and practice, see *Civil Society Groups and Political Parties: Supporting Constructive Relationships*, an Occasional Paper prepared for USAID's Office of Democracy and Governance by Gwendolyn Bevis, dated March 2004.

1.4 ACKNOWLEDGEMENTS

The assessment team would like to acknowledge the many USAID/BiH staff members, representing various offices and strategic objectives (SOs), who contributed their time and insights to this assessment as well as those who provided administrative and logistical support. Appreciation is also due to all of the stakeholders interviewed for their patient consideration and forthright responses to an extensive and often challenging set of questions.

2 CONTEXT

2.1 BOSNIA AND HERZEGOVINA

Bosnia's current political system derives from the Dayton Peace Accords, which ended three and a half years of war. It is a complex and asymmetrical federation, comprised of a weak state, two entities, one of which is divided into 10 cantons, [14] and the international district of Brcko. Each of these 14 units has its own constitution and government. Today, nearly nine years after the signing of Dayton, BiH remains – in effect – an international protectorate. The Office of High Representative (OHR) continues to fulfill the role of international administrator[15] and foreign troops remain, although at significantly reduced levels.[16]

Efforts to strengthen the state are underway, however, and 2003 witnessed some important developments, specifically:[17]

- The establishment of a State Court and state prosecutors capable of handing complex, high-profile cases;

- The launch of fundamental reforms to BiH's indirect tax system;

- The empowerment of the Council of Ministers, creating new ministries and strengthening the position of Prime Minister;

- The introduction of a new defense structure based on civilian and state-level command and control via a common Defense Ministry, and;

- The near complete implementation of the Property Law and transfer of responsibility for refugee return to domestic governments.

The *Nations in Transit Report* issued by Freedom House in 2003 registered continued improvements in democratization and rule of law (ROL) in BiH, with both scores increasing more than .25 points over the previous year.

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[14] The Federation is the product of US-brokered negotiations between Bosniak and Croat leaders in 1994.
[15] While OHR has reduced its core tasks, it has also extended its powers, e.g. in 2002, the High Representative expanded his authority to appoint ministers. According to the Freedom House NIT Report for BiH (2003), this 'constitutes a further extension and consolidation of international intervention."
[16] Down from 60,000 in 1995 to 12,500 in 2003, according to a SIDA report.
[17] Taken from the *OHR Mission Implementation Plan for 2004*, February 2004 and *From Dayton to Brussels*, an article by High Representative Paddy Ashdown, dated 12 May 2004.

Yet serious problems persist. Bosnia remains one of the poorest countries in Europe. The economy is still failing to deliver jobs, prosperity, and the revenues necessary to improve public services.[18] Economic growth slowed slightly in 2003 and there are real concerns that GDP will decline considerably as the international community scales back its presence and authorities.[19] Economic recovery is hindered by the slow pace of privatization, obstacles to the free flow of capital, a bloated public sector, a lack of direct foreign investment, and regressive and inconsistent tax policies.[20] Unemployment remains high as does the share of the 'gray economy.[21]' Corruption is rampant. Much of the population lives below the poverty line. The economic situation for returnees, IDPs, and Roma is most precarious.[22]

According to the US Department of State's *Country Report on Human Rights Practices* for 2003, despite improvements in a few areas, Bosnia's human rights record remains poor.[23] Nationalist parties continue to dominate the political scene, winning elections in 2002. In most cases, the education system is still segregated and politicized. Implementation of reform oriented legislation and policies is lagging and sporadic. In some cases, ethnic considerations influence compliance. And, polling by various international organizations in late 2003 found that a significant number of respondents believe that the political situation is heading toward disintegration, that problems facing the country are so significant that no leader can solve them, that politicians do not listen to ordinary citizens, and that their votes do not make a difference.[24] Such an environment presents considerable challenges to USAID/BiH as it carries out its various pillars of assistance, including the development of a vibrant civil society.[25]

2.2 CIVIL SOCIETY TRENDS IN CENTRAL AND EASTERN EUROPE

This section seeks to identify some, although certainly not all, trends in civil society in CEE. The aim is to place developments in BiH into a broader regional context and to identify some proximate models and/or mentors. Some additional comparative experiences are referenced throughout the report.

2.2.1 Legal Framework

With the exception of Serbia, most countries in CEE have passed new fundamental legislation on associations and foundations.[26] An analysis of these laws, prepared by ICNL, reveals a number of trends.[27] Some of these include the following:

- Most countries recognize both associations and foundations. Usually, two – 10 founders are required for an association and one or more founders for a foundation. Legal entities are also

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[18] Ibid.

[19] Sida *Country Strategy for Development Cooperation*, 2003 – 2005, pp. 1-3.

[20] Ibid.

[21] See the Freedom House *Nations in Transit Report* for BiH, 2003, p. 147.

[22] Sida *Country Strategy*, p. 3.

[23] Ibid, p. 1

[24] See Poll conducted for OSCE by Prism Research in October/November 2003 and for USAID/BIH by PARTNER Marketing and Consulting Agency, also in November 2003.

[25] Scholars have noted that particularly in countries hard hit by economic depression and/or war, even strong civil society projects are likely to produce only modest results. *See Funding Virtue: Civil society Aid and Democracy Promotion*, Marina Ottoway and Thomas Carothers (eds.), 2000.

[26] In 2002, the Government of Yugoslavia approved a new draft Law on Associations in cooperation with NGOs, although this has yet to be adopted.

[27] Trends presented herein were taken from *Overview of NGO Framework Legislation in CEE,* prepared for ICNL in 2002 by Douglas Rutzen and Michael Durham.

permitted to serve as founders. Capitalization is not required for associations, although nominal capital is needed to set up a foundation.

- Registration processes have been streamlined and registration authority transferred either to the courts or other 'ostensibly nonpartisan bodies.' Greater time is allowed for registration and opportunities for redress provided if registration is denied. Grounds for termination of NGOs have been more precisely and narrowly defined. Public registries have been introduced, some of which are accessible through the Internet.

- Laws identify required governance structures for associations and foundations, but government interference in NGO governance and management has been removed. NGO governing structures have the discretion to dissolve the NGO.

- NGOs are permitted to engage in a broad range of income generation activities.

- Routine tax reporting is required.

- Partisan activities are prohibited, although the role of NGOs in advocating public policies is recognized.

Progress on completing the broader legal framework for NGOs, however, remains mixed. Advancements have been made in northern tier countries as well as in Croatia and Romania.   Specifically, legislation has been passed on:

- Public benefit organizations and activities, e.g. the Czech Republic, Hungary, Poland;

- Public financing, philanthropy, and/or tax benefits, e.g. the Czech Republic, Hungary, Croatia, Poland, the Slovak Republic, Croatia, and Romania, and;

- Voluntarism, e.g. Poland, the Czech Republic, Romania, Hungary.

Even in more developed countries, progress can be slow. The Law on Public Benefit Activities and Volunteerism adopted by Poland in 2003 is the result of seven years worth of work.   At this point, many less developed countries are struggling to adequately define and distinguish public benefit organizations (PBOs) and pass legislation or improve legal provisions that would provide for greater sustainability of NGOs, e.g. those addressing public financing, tax incentives, donations, and voluntarism. One of the first tests of the newly established Council on Public Activities in Poland (more below), for example, will be whether or not it can successfully advocate for more equitable tax policies toward NGOs before a new tax law goes into effect in 2005.[28]   Recent efforts to eliminate regressive tax policies in Bulgaria have been rejected by the State Government.

2.2.2   Mechanisms for NGO – Government Cooperation

Throughout Central and Eastern Europe (CEE), legal and policy frameworks have produced a variety of mechanisms for NGO-Government cooperation. In general, and as might be expected, southern tier countries are less advanced than their neighbors to the north, although some of these countries have only recently instituted or refined such mechanisms. In countries formerly comprising Yugoslavia, Croatia has the most developed policies and mechanisms at the state level. Serbia and FYROM, like BiH, remain under developed, if not undeveloped.   Progress on a compact for NGO-Government cooperation in

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[28] See "Poland's Council on Public Benefit Activities: A New Era of Government-Civil Society Partnership," by Ewa Kulik-Bielinska, in *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 15 –16.

Bulgaria has also stalled due to a lack of official engagement. Existing models for cooperation within the region include the following:

- In the Czech Republic, the Government Council for NGOs is responsible for negotiating with line ministries on rules for distribution of state subsidies to NGOs, for maintaining the central registry of NGOs receiving state subsidies (CEDR), and for preparing reports on the status of civil society development and attendant needs of the sector.[29]

- The Department for Civil Relations within the Office of Prime Minister in Hungary is responsible for the development and coordination of policies affecting the non-profit sector. It prepared a comprehensive strategy for the support and development of the sector, which was adopted by the Government in June 2003. Within Parliament, the Committee for Support of Civil Organizations has assumed responsibility for legislative policy concerning the sector.[30]

- Poland's Council on Public Activities is responsible for issuing opinions on the implementation of the Law on Public Benefit Activities and Volunteerism (2003), on pertinent draft laws, on public procurement of social services by NGOs as well as resolving disputes and communicating public benefit standards. It is comprised of five representatives each from national and local governments and 10 NGO members appointed by the Minister of Economy, Labor, and Social Policy.[31]

- In the Slovak Republic, the Council for NGOs serves as an advisory body for government and civil society on issues of mutual interest. Since April 2003, its priorities have included EU integration and public financing of NGOs.[32]

- Croatia's Government Office for Cooperation with NGOs (established in 1998) provides technical and administrative support to the Council for Civil Society Development, comprised of representatives of line ministries (10) and NGOs (14), maintains a database on NGO programs, monitors implementation of the Government's Program for NGO Cooperation, and coordinates efforts to further reform the legal framework for civil society.[33]

- In Romania, the Department for Institutional and Social Analysis promotes government strategy and cooperation vis-à-vis NGOs, facilitates dialogue between the Office of the Prime Minister and civil society, and provides for greater government transparency.[34]

- Slovenia is in the process of defining NGO – Government relations. The Government adopted a strategy for cooperation with NGOs in October 2003. A national conference was held in December 2003, attended by 250 NGOs that resulted in the adoption of a memorandum on cooperation. Working groups began work in February 2004 to operationalize the agreement.[35]

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[29] See "Forms of Partnership Between NGOs and Public Authorities," by Petr Pajas in *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 12-13.

[30] See "Mechanisms of Government-NGO Cooperation in Hungary, by Nilda Bullain, *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 13-14.

[31] See "Poland's Council on Public Benefit Activities: A New Era of Government-Civil Society Partnership," by Ewa Kulik-Bielinska, in *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 15 –16.

[32] See "Slovak Develop Aid: A Case Study of NGO-Government Cooperation," by Lenka Surotchak in *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 17-18.

[33] See *From Vision to Change* by Cvjetana Plavsa-Matic, head of the Government NGO Office of the Republic of Croatia.

[34] See "Strengthening the Basis for NGO-Government Cooperation in Romania," by Anca Giurgiu in *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 45-47.

[35] See interview with Edvard Kobal, "Slovenian Foundations Building Stronger Ties with Government and NGOs," in *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 52-54.

Many of these countries also have other formal mechanisms to facilitate cooperation between official bodies and NGOs. These include working groups within parliamentary bodies and advisory councils attached to line ministries and/or other government offices and departments.

2.2.3 Public and Private Financing

A number of countries in the region have introduced systems for public financing and philanthropy to support civil society development. Of particular interest to scholars, practitioners, and policy-makers has been the 'percentage laws' adopted in Hungary, Slovakia, Poland, Romania, and Lithuania. Hungary was the first country in the region to adopt such legislation in 1996. According to the Hungarian percentage scheme, taxpayers are with an opportunity to donate one percent of their personal income tax to NGOs. Slovakia adopted similar legislation. In both countries, approximately one-third of taxpayers exercise this option and programs have been expanded.[36] Slovakia is raising the percentage level of transferable paid tax to two percent.[37] Hungary has begun matching taxpayer contributions, a move that is expected to funnel 23 million Euros to NGOs each year.[38] Poland and Romania have both introduced one percent options, while Lithuania set a two percent threshold.[39] Beyond being a welcome source of income, such systems have multiple benefits. In poor countries, percentage systems provide people with a means of giving to charitable causes at no extra cost to themselves. They also serve to raise public interest in NGOs and provide them with a routine measurement of public acceptance and support.[40] Among other schema used to supplement or kick-start financing for the third sector include the following:

- Through Croatia's Law on Income from Games of Chance (2002), 50% of lottery funds will be allocated to civil society.

- In the Czech Republic, a percentage of the income generated from the privatization of state-owned enterprises was used to endow Czech foundations.

In countries where public financing is relatively well developed, funds have been administered via a number of mechanisms including line ministries, government offices, parliamentary committees, and/or public foundations:

- In Hungary, grant making functions were transferred from a parliamentary committee to the National Civil Society Fund in 2003. The Fund structure includes a national council (policy-making body) and regional colleges (administrative bodies). Both are comprised of government and NGO representatives, with the latter representing a majority and selected through an open electoral system. Hungary estimates that public financing constitutes one third of the NGO sector's income. This is one of the highest in the region, but falls short of West European averages (40% - 60%).[41]

- After 24 months of planning and preparation, the National Foundation for Civil Society in Croatia was established in 2003. It assumes responsibility for administration of public funds from the Government Office for Cooperation with NGOs, which was set up in 1998. The Foundation

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[36] See "Percentage Laws: Transition to Philanthropy," by Marianna Torok in *Social Economy and Law*, Winter 2003 – Spring 2004, p. 56.
[37] Ibid.
[38] Ibid.
[39] Ibid.
[40] Ibid, p. 56.
[41] See "Mechanisms of Government-NGO Cooperation in Hungary, by Nilda Bullain, *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 13-14.

distributes public (and other) funds to NGOs and informal citizens' and community initiatives that are not supported by various line ministries.[42]

- Interestingly, the Slovak Republic has moved beyond supporting civil society in its own country to providing development assistance beyond its borders. In 2002, the Ministry of Foreign Affairs earmarked a special line item for development assistance (approximately five million USD) aimed at transferring transition-related know-how and experience to develop democracy and market oriented institutions. Its priority country for 2003 – 2004 is Serbia and Montenegro, although Bosnia and Herzegovina is also a target.[43]

Without question, these represent the more advanced end of the scale, as less developed countries continue to struggle to provide meaningful levels of public financing. And, even once public financing is instituted and the requisite policies and mechanisms put into place, challenges persist. In Hungary, for example, a lack of transparency in government grant-making, poor accountability on the part of NGOs, and politicization of public financing continue to be a problem.[44]

There are also instances of public financing and other forms of government and NGO cooperation at the municipal level, e.g. staff persons or departments responsible for liaison with civil society, advisory bodies, etc. As in BiH, however, these practices vary widely from municipality to municipality.

Data collected by the Johns Hopkins Comparative Non-Profit Sector Project found varying trends in NGO financing in the CEE countries surveyed.[45] Among these countries, Romanian NGOs had the highest percentages of public financing and philanthropy, while Polish NGOs had the highest percentage of fees and dues. For comparative purposes, information is also provided for several countries in Western Europe and the U.S.

TABLE I: PERCENTAGE OF OVERALL NGO SECTOR INCOME BY COUNTRY

	Public Financing	**Philanthropy Corporate & Individual**	**Fees and/or Dues**
Czech Republic	39%	14%	47%
Hungary	27%	18%	55%
Poland	24%	16%	60%
Romania	45%	27%	29%
Slovakia	22%	23%	55%
France	58%	8%	35%
Germany	64%	3%	32%
United Kingdom	47%	9%	45%
United States	30%	12%	56%

These statistics demonstrate differing civil society experiences between the United States and Western Europe in particular. As scholars have noted, there are far fewer NGOs in Western Europe and they tend to have a much closer relationship with the government.[46]

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[42] See *From Vision to Change* by Cvjetana Plavsa-Matic, head of the Government NGO Office of the Republic of Croatia.
[43] See "Slovak Develop Aid: A Case Study of NGO-Government Cooperation," by Lenka Surotchak in *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 17-18.
[44] See "Mechanisms of Government-NGO Cooperation in Hungary, by Nilda Bullain, *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 13-14.
[45] For more information, see www.jhu.edu/~cnp/compdata.html, Table 3.
[46] For more on this subject and the ramifications for European and American donor approaches to civil society development in CEE, see "Lofty Goals, Modest Results: Assisting Civil Society in Eastern Europe," by Kevin F. F. Quigley in *Funding Virtue: Civil Society Aid and Democracy Promotion*, Marina Ottoway and Thomas Carothers (eds.), 2000.

The Johns Hopkins study also found that the majority of volunteers in the same CEE countries donated their time to NGOs working in the cultural and social service spheres.[47] This is not inconsistent with practices in non-CEE countries.

With the exception of FYROM, tax laws in nearly every CEE country provide some degree of incentive for corporate giving.[48] Bosnia, Croatia, the Czech Republic, Serbia and Montenegro, limit benefits to a percentage of gross income, while most of the remaining CEE countries tie them to pre-tax profits. The level of deduction is typically set between .05% and 10% of taxable income, although Hungary and Lithuania provide for deductions between 20% and 40%.[49] Given the centrality of public benefit organization (PBO) status to philanthropy frameworks, coming up with and operationalizing a legal definition of PBOs has been a challenge (or continues to be a challenge) in many CEE countries.[50]

Corporate philanthropy in the CEE is not so widely practiced, although it is a growing trend particularly in EU accession states. For example:

- There are currently more than 400 national and international companies in the region engaged in corporate citizenship programs with International Business Leaders Forum (IBLF) affiliates in Bulgaria, the Czech Republic, Hungary, and Poland.[51]

- A comprehensive study of corporate social responsibility in Croatia found that larger companies are more likely to have visible and widespread CSR practices, particularly in the service sector, although SMEs are regularly investing in their local communities.[52] CSR in Croatia is being promoted through business associations and chambers of commerce, government ministries, NGOs, media outlets, expert organizations, and cross sector initiatives.[53]

- In 2001, 39% of companies in Romania made charitable donations (as did 50% of the population).[54]

- In Hungary, corporate philanthropy amounted to 111 million USD in absolute terms in 2000 (five percent of the sector's total income). It's overall share of NGO income has decreased since 1993, however, as a result of significant increases in state support.[55]

3 USAID APPROACH TO CIVIL SOCIETY DEVELOPMENT

3.1 STRATEGIC FRAMEWORK FOR CIVIL SOCIETY PROGRAMS

The goal of the Mission's strategic plan for the period 2001 – 2005 is a stable, unified, multi-ethnic society and an open political process, market-oriented economy, and equitable social system. The main

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[47] For more information, see www.jhu.edu/~cnp/compdata.html, Table 2.
[48] See "The Fiscal Framework for Corporate Responsibility in CEE and NIS," by David More in *Social Economy and Law* [online edition], Autumn 2003.
[49] Ibid.
[50] Ibid.
[51] See *An Overview of Corporate Social Responsibility in Croatia*, prepared by the Academy for International Development (AED), the Prince of Wales International Business Leaders Forum (IBLF), and MAP Consulting Inc., p. 23.
[52] Ibid, pp. 26-27.
[53] Ibid, p. 28.
[54] See "Between Re-Emerging Traditions and New Models: Corporate Philanthropy in Romania," by Gabriela Ivascu in *Social Economy and Law* [online edition], Autumn 2003.
[55] See "A Glass Half Full Or Half Empty? Corporate Philanthropy in Hungary," by Nilda Bullain in *Social Economy and Law* [online edition], Autumn 2003.

thrust of programming since 2001, has been continuing minority returns, deepening economic reform, and strengthening democracy via local development and institution building at the state level. Local initiatives include SME business development, strengthening civil society, improving the legal system, and making local government more effective and responsive. The main strategic objective for the Mission's Democracy and Governance (D&G) Office is SO 2.1 "A more participatory, inclusive democratic society." The IR related to civil society activities is IR 2.1.1 "Increased Citizen Participation in Political and Social Decision Making," which has three lower level IRs. Specific objectives are also included in the Mission's Annual Program Statement (APS), which influences funding decisions in the coming year.[56]

3.2 OVERVIEW OF USAID CIVIL SOCIETY PROGRAMS IN BiH

This section presents a list of implementers and brief description of the Mission's active civil society programs. The first three projects were subject to direct review as part of this assessment. The design of these projects was informed, in part, by recommendations stemming from the Mission's previous civil society assessment (January 2000). The last three projects were initiated only recently but are referenced because they address many of the priority needs identified in this report. The presence of the Centers for Civil Initiatives (CCI) and the Civil Society Promotion Center (CSPC) on this list represents an increasing trend by the Mission to directly fund domestic NGOs, when feasible, rather than using international intermediaries. The descriptions presented herein are exclusive of comments or conclusions, which are presented elsewhere in this report. The six active civil society projects listed below represent a total investment of $ 9,636,617.[57] For more information on implementation cycles and funding levels, please refer to tables 2 and 3 on pages 14 and 15.

3.2.1   NGO Legal Reform Project [1998 - 2005]

The **International Center for Not-for-Profit Law** (ICNL) works with domestic partners representing both the public and private sectors to create enabling legal/regulatory frameworks and tax/fiscal systems for development of the NGO sector in BiH. The project, which provides technical assistance and information on comparative models and practices, continued work first initiated as part of the Soros-funded LEA Project. The ICNL program in BiH is part of a regional Cooperative Agreement that the Mission can buy into on an annual basis. A Bosnian lawyer manages ICNL's work in BiH from the ICNL Regional Office in Budapest.

3.2.2   Democracy Network Program II (Dem Net II) [2001 – 2004][58]

USAID/BiH signed a cooperative agreement with **America's Development Foundation** (ADF) to implement the second phase of the DemNet program, which began in June 2001. This phase of Dem Net sought to strengthen, enhance the sustainability of, and expand a core group of highly trained and professionally managed NGOs that could serve as leaders within BiH civil society. As originally envisioned, the project sought to build the capacity of a new set of NGOs through four program components: (1) Training and technical assistance (TA) focusing on organizational development, networking, and public advocacy; (2) small grants; (3) coalition building, and; (4) sustainability

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[56] For more information see USAID/Bosnia *Annual Program Statement: Civil Society Strengthening*, 23 March 2003.
[57] Since 1996, USAID/Bosnia has devoted approximately $20,000,000 in support of civil society development activities.
[58] The DemNet program began in 1999 and was originally implemented by American ORT. The project was designed to strengthen a core group of the strongest NGOs in BiH to ensure that they and those they represent participated more actively and effectively in political and economic life. The project sought to consolidate and build upon gains achieved through other USAID/BiH funded programs. DemNet I is not a primary focus of the current assessment.

strategies.[59] The project also provided training and partnership grants to Dem Net I graduates to provide for their continued development. Micro-grants were also available to support community initiatives resulting from grassroots organizing work. USAID/BiH modified the project several times to introduce new components including assistance to a local foundation serving orphans and needy children and coordinating the activities of pertinent NGOs, the establishment of a network of "teledoms" to introduce access to the internet and other technologies in rural and semi rural areas, and a new grants category designed to support participatory decision making at the municipal level. The project is managed by an expatriate Country Director and Deputy Director based in Sarajevo.

3.2.3   Civil Society Strengthening Project [2003 – 2006]

In 2003, the **Centers for Civic Initiatives** (CCI), was awarded a grant to provide assistance to local communities and increase citizen participation in the planning, adoption, and implementation of local budgets. The project also supported a number of advocacy campaigns by issue coalitions dedicated to: (1) De-politicization of the primary school system in Tuzla Canton, (2) improved life conditions for persons with disabilities, and (3) environmental protection of the Prokosko Lake and Vranica mountain area. It also included an independent initiative by CCI to introduce direct election of mayors. This constituted the second direct grant from USAID/BiH to CCI. The first, awarded in 2000, focused on civic organization and voter education in anticipation of the 2002 elections.[60] CCI is a domestic organization working throughout BiH. It has offices in Banja Luka, Mostar, Tuzla, Bihac, Brcko, Sarajevo, Livno, Doboj, Zenica, and Visegrad. The Executive Director, a citizen of BiH, is based in the Tuzla office.

3.2.4   Domestic Fundraising and Philanthropy Project [2003 – 2005]

An initial effort to exclusively address the cultivation of domestic funding sources in BiH, this project will work closely with local NGO partners, businesses, and media to re-establish a culture of philanthropy.[61] **The United Methodist Committee on Relief** (UMCOR) is implementing the project. The program strategy for year one includes a number of components: (1) Establishing a baseline survey to benchmark and analyze quantitative and anecdotal information in BiH and the region; (2) providing training in public relations and fundraising to a core group of 12 NGOs representing different sub-sectors; (3) developing fundraising strategies and campaign plans; (4) implementing the best public awareness and fundraising campaigns,[62] and; (5) knowledge transfer and impact assessment activities. Based upon the results of the first phase of the project, a program strategy will be developed for year two. At this stage, the project is focused largely although not solely on individual philanthropy. UMCOR has an expatriate Head of Country Office and a Bosnian Civil Society Director based in Sarajevo.

3.2.5   Policy Analysis and Dialogue Organizations Project [2003 – 2005][63]

This project, which aims to build domestic capacity to undertake policy analysis and formulation will be implemented by **Urban Institute**. The central objective of the project is to increase the volume and quality of policy research produced by domestic research organizations (PROs) and to ensure that such

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[59] Democracy Network II Project Description.
[60] CCI's first grant is not a subject of the current assessment.
[61] As a newly instituted program activity, this project is not a primary focus of the current assessment in terms of impact but rather in terms of the extent to which it addresses priority needs identified herein.
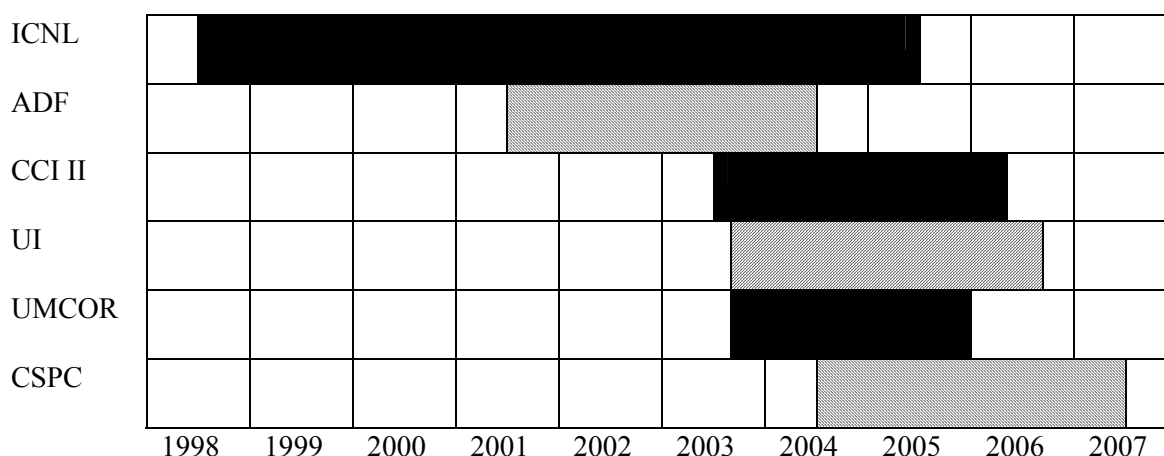[62] Based on the quality of their proposed strategies and campaign plans.
[63] As with the UMCOR project, this newly instituted project activity is not a primary focus of the current assessment.

analysis is provided to policymakers at the time when important issues are being deliberated.[64] In 2004, work was initiated with two existing PROs, PRISMA and the Economics Institute, both of which are based in Sarajevo. Technical advising and grants will be provided to both groups. UI also offers professional training courses for representatives of PROs, NGOs, and the media. The project is managed by an expatriate chief of party (COP) based in Sarajevo.

3.2.6   Sustainable Development of the Non-Profit Sector in BiH [2004 – 2007]

During the course of the current assessment, USAID/BiH signed a cooperative agreement with the **Civil Society Promotion Center** (CSPC) to develop preconditions necessary for modernizing and developing civil society in BiH. The project seeks to build upon a three-year indigenous effort by graduates of the DemNet program to assume domestic ownership of the agenda for civil society development in BiH.[65] Specifically, it seeks to consensually craft strategies and programs to develop and regulate the sector and introduce institutions/mechanisms to provide for public-private partnerships and serve as intermediary support organizations. CSPC is pursuing the project in partnership with 16 other domestic NGOs/NGO networks representing 220 domestic organizations from the territory of both entities of BiH.[66] The project is managed by CSPC's Executive Director, a citizen of BiH, who is based in Sarajevo.[67]

TABLE 2
Duration of USAID/BiH Civil Society Programs (Active)

Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
ICNL	█	█	█	█	█	█	█	█		
ADF				▓	▓	▓	▓			
CCI II						█	█	█	█	
UI							▓	▓	▓	
UMCOR							█	█		
CSPC							▓	▓	▓	▓

KEY:

ICNL	International Center for Non-Profit Law – NGO Legal Reform Project
ADF	America's Development Foundation – Democracy Network Program, Phase II
CCI	Centers for Civic Initiatives - Civil Society Strengthening Program
UMCOR	United Methodist Committee on Relief – Domestic Fundraising and Philanthropy Project
UI	Urban Institute – Policy Analysis and Dialogue Organizations Project
CSPC	Civil Society Promotion Center – Sustainable Development of the Non-Profit Sector in BiH Project

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[64] For more information, please see the UI fact sheet *Policy Research Organizations in Bosnia and Herzegovina*.

[65] See *Sustainable Development of the Non-Profit Sector in BiH Through Partnership with Government and Business Sectors*.

[66] As of October 2003.

[67] Given the timing of the approval of this project, the current assessment considers it only in terms of its capacity to address priority needs identified for the next three to five years.

TABLE 3

TABLE 3
USAID/BiH Funding Committed to Active Civil Society Programs[68]

ICNL NGO Legal Reform Project	$ 241,166.00	1 May 1998 – 30 April 2005
ADF DemNet II Project	$ 5,643,841.00	1 June 2001 – 30 June 2004
CCI Civil Society Strengthening Project	$ 1,167,391.00	15 June 2003 – 31 January 2006
UI Policy Research Project	$ 1,845,294.00	15 September 2003 – 15 September 2006
UMCOR Philanthropy Project	$ 399,762.00	15 September 2003 – 1 December 2005
CSPC Sustainable Development Project	$ 339,163.00	28 May 2004 - 27 May 2007
Total **$ 9,636,617.00**		
Completed Projects:		
ORT DemNet 1 Project	$ 2,152,194	15 February 1999 – 14 June 2001
CCI Voter Ed and Civic Organizing Project	$ 760,000	1 February 2002 – 15 June 2003

3.3 APPROACHES TO CIVIL SOCIETY DEVELOPMENT

A review of the program designs outlined above reveals six principal approaches to civil society development that have been employed by the Mission's implementing partners since 2001. These approaches are described briefly herein with references to corresponding programs or program components. Given the complexity of civil society programming, these are not neat categorizations and a degree of overlap is evident.

Approach One: Community Initiatives that Do Not Actively Engage or Support an Indigenous NGO (for example, a limited number of CIM grantees under ADF DemNet)
Description: This approach involves support to informal groups working to identify, prioritize, and address issues of importance to the local community and to foster participatory decision-making by local government. Such groups are formed on an ad hoc basis or exist as loose associations with no formal organizational structures. Very often, this approach is used in rural and remote areas where formal NGOs may not exist.

Approach Two: Community Initiatives that Actively Engage or Support an Indigenous NGO (as illustrated by CCI's initiative to promote citizen participation in municipal budgeting processes and most CIM grants under ADF DemNet).
Description: In this case, a formal NGO engages and mobilizes citizens to identify, prioritize, and address issues of importance to the local community and foster participatory decision-making by local government as well as to serve as an on-going resource to the community.

Approach Three: Support and Strengthen Indigenous NGO Sector (As largely illustrated by ADF DemNet)
Description: This approach focuses on developing the NGO sector rather than focusing on one organization or community. This may be achieved by multi-faceted or targeted interventions involving the provision of training, technical assistance, and small grants to build the capacities of a core group of NGOs; creation of an indigenous infrastructure to support the sector, for example resource centers or

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[68] This does not include other projects in the Democracy and Governance or other portfolios that may have a civil society component, such as support to labor unions and professional associations (independent journalists, businesses, election officials, and municipalities) or governance programs (at the state and municipal levels).

training organizations; networking activities within the sector or among sub-sectors, and/or; the development of sustainability strategies.

Approach Four: Issue Advocacy Carried Out By One NGO (for example, the direct election of mayors campaign carried out by CCI)
Description: Support for issue advocacy at the state, entity, or municipal level carried out by one NGO.

Approach Five: Issue Advocacy Carried Out By a Coalition (as illustrated, in part, by ADF DemNet and CCI)
Description: Support for issue advocacy at the state, entity, or municipal level carried out by a coalition of NGOs. Beyond the direct aim of influencing public policy, value is added through knowledge transfer from more to less experienced NGOs.

Approach Six: Policy Dialogue Through Public/Private Collaboration (primarily illustrated by ICNL, but also aspects of ADF Dem-Net and CCI)[69]
Description: This approach seeks to establish mechanisms for routine dialogue between non-governmental actors and policy makers and facilitate NGO participation in policy dialogue at various levels of government. Inherent in this approach are efforts to formalize and professionalize NGO access to government institutions, elevate the status the sector as opposed to individual NGOs, to promote informed decision-making through the solicitation of independent, expert opinion, and to forge greater transparency and accountability of elected officials.

Interface Between Civil Society and Other Programs

Beyond programs that fall squarely within the civil society "box," the Mission has pursued a number of integrated initiatives that seek to advance multiple programming objectives and maximize impact. Recent examples include the Government Accountability Project (GAP), which combines municipal governance programming and citizens' participation within the parameters of one project and the interface between efforts to build policy research capacity and promote economic reform as provided for under the Urban Institute project.

4 KEY FINDINGS

4.1 THE STATE OF CIVIL SOCIETY IN BiH

4.1.1 Role of the High Representative

Established to ensure implementation of the civilian aspects of the Dayton Peace Agreement, the Office of the High Representative (OHR) is the most powerful political actor in BiH. Nearly nine years on, OHR's overriding objective is to ensure that Bosnia and Herzegovina is a peaceful, viable state on course to European integration. Given progress to date, OHR is reducing its core tasks from six to four in 2004. These include:

- Entrenching the rule of law (ROL);

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[69] The main distinction between approach six and approaches four and five is the intent at the outset to create a formal mechanism for public-private collaboration, which may or may not occur in the other two instances.

- Reforming the economy;

- Strengthening the capacity of governing institutions, especially at the state level, and;

- Embedding defense and intelligence sector reforms to facilitate BiH integration into Euro-Atlantic structures.[70]

According to OHR, which is closer to the end of its mission in BiH than the beginning, the international community will not reconfigure is presence or relinquish its powers until BiH has made sufficient progress toward transition.[71] This progress will be assessed in terms of whether or not compromise and reform have replaced stalemate and obstruction, peace is enduring, ROL is secure, the state is functional and viable, and BiH is on the track to European integration.[72] OHR reminds its BiH partners that the more energetically they implement reform, the more quickly OHR will be able to assume a more traditional international support structure.[73]

From the perspective of civil society development, OHR acknowledged that its role and approach in BiH have had several negative ramifications:

- OHR and the international community, more generally, have played the major role in holding government to account, which has probably had the effect of "squeezing out" civil society.[74]

- OHR has not adequately consulted or involved civil society. NGOs feel intimidated and question whether they can make a difference.

Other stakeholders pointed to OHR's power to enact laws and provisions by decree and its tendency to press the state parliament to pass measures by urgent procedure as adversely impacting NGO advocacy and lobbying at the state level. OHR confirmed that its reforms are top down and that this situation will not change. Nonetheless, OHR is looking to improve its relationship with civil society and wants the sector to assume a greater role vis-à-vis the international community.[75]

When asked what they thought should be the priorities for development of a sustainable civil society, OHR representatives recommended the following:

- Policy analysis and formation capacity needs to be built and utilized both within civil society and in government.[76]

- There needs to be an effective body for NGO coordination and information sharing. Otherwise, there will be "no sustainable solution."

- Civil society needs to assume a greater advocacy and watchdog role with respect to the implementation of new policies and legislation advancing reform.[77]

- NGOs need to move away from their general approach and move toward greater issue orientation and interest representation if they hope to effectively pressure government.

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[70] *OHR Mission Implementation Plan 2004.*
[71] Ibid.
[72] Ibid.
[73] Ibid.
[74] Domestic stakeholders spoke of feeling "displaced" by OHR.
[75] OHR points to the Bulldozer and Mostar committees as recent examples of improved coordination.
[76] According to OHR, there are government ministers in FBiH who have never spoken to their own civil servants responsible for policy development.
[77] According to OHR, much of the legislation has developed is not implemented.

4.1.2   International Leadership versus Domestic Ownership of Civil Society

International stakeholders acknowledged that they have been a driving force behind civil society development in BiH. They identified the lack of a vision and agenda for civil society on the part of domestic actors as a significant challenge to sustainability of the sector. Many attributed this to fragmentation of the sector and insufficient initiative and leadership by domestic actors. Local stakeholders concurred that the lack of domestic ownership of civil society development is problematic, but they tended to think that the role played by the international community in BiH has, in part, displaced domestic actors, whether civil society or government. Among the leaders of domestic NGOs interviewed, all agreed it was time for them to assert greater leadership. They also believed that the capacity built through such programs as DemNet would serve them well in this respect.

In fact, the team is aware that a methodical and inclusive movement has been underway since 2001 to assume domestic ownership of civil society development. The process was initiated by 15 NGOs, graduates of the DemNet program sponsored by USAID/BiH, and has since grown into a coalition of more than 230 organizations united under the motto 'work and succeed together." Their aim is to develop the first comprehensive and long-term strategy for sustainable development of the sector. A management board has been elected, 15 reference groups launched throughout the country to network NGOs in their regions,[78] and five task forces constituted to advance the immediate priorities of the coalition.[79] These task forces are working on the preparation of: (1) A concept for civil society development, (2) a program for – and agreements on – NGO-Government cooperation, (3) a Code of Conduct, (4) quality assurance standards, and (5) a development strategy. Ultimately, the coalition hopes to establish a resource center to serve the sector and lobby for a government office for NGO cooperation. Among the aims of the coalition are to:

- Provide for the development and professionalism of the sector;
- Expand and intensify activities by civil society;
- Promote citizenship;
- Encourage more accountable, transparent, and representative government, and;
- Strengthen NGO roots within society and local communities.

While some international stakeholders might like to see more rapid results, the assessment team was impressed with the participatory and consensual approach being employed and sensed that this may well produce more successful and sustainable outcomes than imposed or exclusive interventions.[80]

4.1.3   Legal, Fiscal, and Tax Framework

Stakeholders concurred that the basic legal framework for civil society in BiH, FBiH, and RS has greatly improved since 2001. This framework is comprised of three laws

- The State 'Law on Associations and Foundations' enacted by the Parliamentary Assembly of Bosnia and Herzegovina in December 2001;

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[78] This replicates the successful model used by the Tuzla Reference Group.
[79] For more information, see *Sustainable Development of [the] Non-Profit Sector in BiH Through Partnership with Government and Business Sector[s]* prepared by the Civil Society Promotion Center.
[80] The Civil Society Promotion Center, which is facilitating the coalition's efforts, has recently received direct funding from USAID/BiH in support of this project.

- The Entity 'Law on Associations and Foundations' passed by the Popular Assembly of the Republic of Srpska in October 2001, and;

- The Entity 'Law on Associations and Foundations' adopted by the Parliamentary Assembly of the Federation of BiH in 2002.

These basic laws govern the establishment, operation, conduct, and dissolution of NGOs. The laws are, by and large, harmonized with each other and meet international standards and regional best practices. Stakeholders agree that the new laws represent an important step forward in providing an improved enabling environment for civil society in BiH.

Among the principle benefits of the legal framework are:

- The basic rights of a democratic society and fundamental principles underpining NGOs – freedom of expression and the right to associate, organize, and advocate one's interests – are generally guranteed and enforced;

- The process for establishing, registering, and dissolving an NGO is easier and more straightforward, for example, voluntary association is recognized and fewer natural or legal persons are required to serve as founders.[81]

- NGOs can now register at the state level and hence operate throughout the country. Equally important, an NGO registered in one entity can now freely operate in the other entity;

- Government's unwarranted discretionary power in the registration process and interference in NGO management have been removed.[82]

- Specific standards of diligence for members of management boards are clearly prescribed.

- NGOs are allowed to engage directly in economic activities related to their statutory goals.

In addition to the specific improvements to the legal framework, stakeholders emphasized the importance of the process by which it was drafted and ultimately adopted. Mechanisms for public-private partnership paved the way for a participatory process and domestic NGOs were actively engaged in various activities including drafting, lobbying, negotiation, and promotion. Stakeholders involved in the process noted that a core group of individuals and organizations had emerged from the experience with the capability to exert greater leadership of legal reform initiatives in the future. They agreed that, from this point forward, domestic NGOs must assume ownership of legal reforms affecting the sector and that this must be an inclusive process to expand the base of stakeholders.[83]

Unfortunately, the impact of this legislation has not been fully realized due to some major shortcomings in implementation. Specifically:

- Contrary to the law, Government officials, particularly at state level, continue to exercise discretionary power, deciding whether to permit registration of NGO applicants;[84]

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[81] Previously, legal entities could not serve as founders.
[82] Under the prior legal framework, the government could decide whether the establishment of a foundation was necessary.
[83] The role of the international community in achieving changes to the legal framework and in involving domestic partners, particularly that of ICNL, was also acknowledged and is discussed in greater detail in Section 4.2.1 on page 41.
[84] Despite technical advising by ICNL, serious registration problems persist, primarily at the state level, with respect to the registration (or re-registration) of associations and trade unions. The assessment team heard from various associations that the registration process at the state level was taking nine months or more if associations could even get registered. It also heard reports that some NGOs were simply giving up on registration at the state level because it was proving too difficult. The registration of trade unions has proven even more difficult at the state level as the registration official does not view them to be associations.

- Jurisdictional disputes have been exacerbated by issues not adequately addressed by the laws or implementing regulations[85];

- Delays in publishing implementing regulations[86] have created confusion among - and resultant complience problems for - NGOs applying for registration, thereby slowing and complicating the process;

- Registration authorities are not adequately staffed with competent and trained professionals who are able to fulfill their role;[87]

- NGO stakeholders involved in drafting and enacting new laws have failed to serve as watchdogs to ensure implementation, this includes the establishment of related monitoring and evaluation procedures and mechanisms;

- Domestic NGOs, particularly small NGOs in remote and rural areas, lack information on or a clear understanding of the new legislation and are therefore not able to exercise the rights afforded to them;[88]

- The absence of a cadre of domestic lawyers specializing in NGO law, whether in the non-profit sector or government, means that NGOs have few if any options in terms of legal advice and services pertaining to their rights and obligations under the law.

- Registration fees are perceived to be expensive in some cases as well as unequal. Registration in FBiH costs 50 KM, while it RS it costs 300 KM.

In response to these shortcomings, stakeholders recommended a number of solutions. First, increase the availability of training, legal advising, and information resources directed at NGOs, especially those in rural and remote areas, to help them better understand, exercise, and comply with existing legal and fiscal provisions. Some also suggested that joint training involving both pertinent government officials and NGO representatives would be useful. Second, increase NGOs' appreciation of the inter-relationship between accountability and transparency on one side and public credibility on the other. Third, undertake a detailed and expert review of all key tax laws and provisions that require modification and identify new ones that need to be enacted.[89] Fourth, develop standard tools and establish mechanisms for monitoring implementation of the legal framework for civil society.

Stakeholders also identified a number of gaps or inadequacies within the legal/policy framework that must be addressed to provide for greater sustainability of the sector:

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[85] As when the BiH Customs Authority continued to require a certificate of registry from the Ministry of Labor and Refugees before approving applications from humanitarian organizations for exemption of customs duties despite the fact that responsibility for registration of NGOs is now consolidated under the Ministry of Justice. The Ministry of Labor and Refugees tried to use this situation to lobby for changes to the new law that would re-designate its registration authority. The Ministry of Finance ultimately adopted a new implementing regulation that recognized the registration authority of the Ministry of Justice.

[86] Regulations and forms that explain the registration and establishment process as provided for under the law.

[87] This problem is being addressed by ICNL in partnership with some indigenous NGOs through the provision of technical assistance and professional training programs for judges and ministry officials vested with responsibility for NGO registration. Participation in these programs, however, is not mandatory, so consistent application of the law remains problematic.

[88] ICNL, along with Lex International in Banja Luka and the Civil Society Promotion Center is Sarajevo, has attempted to address this problem by developing user-friendly information materials and sample forms.

[89] Some stakeholders noted the importance of involving business representatives or business associations in this process, from the review through to preparation and negotiation of new tax policies. This was viewed as an opportunity for establishing partnership between the three sectors. Beyond tax policy, an analysis of all pertinent laws requiring modification or identification of gaps is legislation was recommended.

- A more precise and consistent definition of public benefit organizations (PBOs) is required to include all organizations falling into this category and to distinguish them from private benefit organizations and businesses.[90]

- A new law on voluntarism needs to be drafted and enacted.

- Progressive tax and fiscal policies need to be adopted in order to better cultivate domestic sources of funding, whether individual and corporate philanthropy, income generation, or public financing, and to reduce the tax burden on NGOs.

- Related to the issue of philanthropy, legislation on donations is also required.

- Rules and regulations will need to be adopted to provide for accountability and transparency with respect to tax exemptions and benefits, contributions, and public funding (whether in the form of grants or service contracts).

- Labor issues affecting employees of NGOs, e.g. as these pertain to eligibility for benefits, need to be resolved.

- Policies need to be put into place that define and regulate the relationship between government and NGOs.

The reforms noted above are generally viewed as crucial to promoting financial sustainability of the sector by allowing NGOs to raise more resources – both financial and in-kind - and use them for a broader scope of activities. For more information on this issue, see 'Financial Viability of the Sector' on page 29.

4.1.4   NGO- Government Cooperation

State

Stakeholders with whom this assessment team met identified a deficient relationship between the state government and NGOs as a major problem. Nearly a quarter of all NGOs interviewed for this assessment, among the strongest in the country, indicated that they had either a "poor" or "very poor" relationship with the state government, while another 33% had no relationship whatsoever. And, 45% rated state government as having little relevance or the least relevance of any level of government. As such, the state received the lowest rankings of any level of government in BiH both in terms of its relevance or the quality of existing relationships. Only one NGO interviewed has received funding from the state. And, relatively few of the advocacy initiatives with which the team was acquainted were directed at state government. When they were, international donors or implementing organizations tended to facilitate the process. When asked why the level of interaction was so limited, stakeholders offered a number of ideas:

- The state government established under the terms of the Dayton Agreement is a highly decentralized body with limited and specific competence.

- The role of the state government in BiH has been largely displaced as a result of OHR's mandate.

- And, most legislation is passed by urgent procedure precluding opportunities for effective lobbying, advocacy, and public scrutiny.

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[90] At present, PBOs are very narrowly defined at the entity level.

- There is no formal policy or framework that provides for NGO-Government cooperation at the state level.

- Effective mechanisms for public-private partnership are limited. With respect to civil society, in particular, there is no office, department, or staff member responsible for liaison with NGOs.

- There is a lack of political will within state government to pursue improved relations with the third sector.

- The state government has limited revenues by which it could provide public financing to NGOs.

- People do not see themselves – or are not proud to be – citizens of BiH, which adversely affects citizen engagement of state government via NGOs.[91]

A number of prominent scholars, among them Thomas Carothers and Marina Ottoway of the Carnegie Endowment, have focused on the ramifications of weak states, specifically on uneven development between the state and other actors in society. They contend that while civil society is assumed to be a means of holding government accountable and the basis upon which democratic society can be built, weak state frameworks suggest a different experience.[92] In particular, weak states:

- Contribute to increased ethnic fragmentation and potential for political violence, and;
- Fail to sustain flourishing and vibrant civil societies.[93]

They posit that international donor programs focused disproportionately on civil society and political parties in weak states are destined to fail unless accompanied by a strategy for effective state reconstruction.[94] From this perspective, efforts by the international community to build capacity at the state level, important for many reasons, will have a bearing on the sustainability of the third sector.

Entity

Twenty-one percent of NGOs interviewed considered their relationship with the entity government to be either good or very good. Thirty-six percent, however, described their relationship as either poor or very poor, while another 18% reported that they had no relationship whatsoever with entity level government.[95] Nine percent of NGOs interviewed indicated that they had received some financial support from entity government.

Republic of Srpska

According to a representative of the RS Government, it supports the activity of NGOs, although there are no formal channels for communication, e.g. a person or department responsible for liaison. Both official and NGO stakeholders tended to agree that the relationship between the RS Government and NGOs representing youth interests was particularly good. The Law on Youth Organizing, Government Coordination Office for Youth, and the Government Working Group on Youth Policy were cited as positive outcomes of this relationship. While the RS Government has directly funded some NGOs, it admits that there are no transparent grant-making processes in place and that, to date, funding levels have

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[91] The lack of patriotism – as opposed to nationalism, was seen as having negative ramifications in many areas, e.g. public interest and engagement at the state level, voluntarism, philanthropy, etc.

[92] See *Funding Virtue: Civil Society Aid and Democracy Promotion*, Marina Ottoway and Thomas Carothers (eds.), Carnegie Endowment for International Peace, 2000. Also, *Democratization and Armed Conflicts in Weak States* by Mimmi Soderberg and Thomas Ohlson, March 2003, pp. 18-25.

[93] Ibid.

[94] Ibid.

[95] In terms of domestic governing structures, only the state had a worse rating.

been 'miserably low.' Donations have been used primarily for organizing special events. No contracts have yet been awarded for social service provision.

Criticisms of the RS Government by NGO stakeholders tended to focus on two issues. The first is the fee levied by the government for NGO registration. This fee, which currently stands at 300 KM, is 6 times that of the registration fee in FBiH (50 KM). The second related to the politicization of a government sponsored NGO Fair recently held in Banja Luka. Youth clubs of the ruling political parties dominated the event. Reportedly, municipalities controlled by the opposition were not officially informed about the fair. Some of these municipalities learned about the event from the NGO community, which suggests open lines of communication between the two. NGO representatives who attended the event expressed disappointment that NGOs based in FBiH were poorly represented. At the same time, they indicated that the fair did provide a good opportunity to network. A few also questioned whether the participation of partisan clubs suggested that there is an increased appreciation on the part of political parties of the need to undertake outreach to the NGO community.

Despite the limitations of the RS Government relationship with the NGO sector, there is some indication that there are initiatives within the government to more seriously address the issue. The RS Government has agreed to finance a trip by a representative of the Ministry of Economic Relations and Coordination[96] to Zagreb for consultations with Croatia's Government Office for NGO Cooperation and National Foundation[97] to learn more about the institutional mechanisms, procedures, and standards for government cooperation with NGOs and about strategic approaches to the development of the NGO sector. This appears to represent the first step in establishing an NGO liaison office, or at least position, within the RS Government in order to formalize cooperation with the third sector.

<u>Federation of BiH</u>

The team did not meet with a representative of the FBiH government, as there was no obvious point of contact on issues pertaining to NGO development. Stakeholders familiar with both entities tended to believe that the RS Law on Associations and Foundations was relatively better than its counterpart in FBiH and that the relationship with NGOs was more streamlined in the RS, as FBIH is burdened with another layer of government at the cantonal level.

Canton

In FBiH, 36% of respondents to the assessment team's written questionnaire rated their relationship with canton governments as either "good" or "very good" while 39% ranked canton government as being highly or most relevant (the second highest next to municipalities). Thirty six percent of respondents said they received some funding from their canton. Interestingly, however, there was very little discussion of canton governments during focus group discussions with domestic NGOs in FBiH. Most comments revolved around the relationship with municipal and state governments.

Municipality

Nearly 50% of NGOs surveyed by the assessment team rated the quality of their relationship with municipal government as being either "good" or "very good," while 55% considered municipalities to be

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[96] While the correlation between the Ministry for Economic Relations and Coordination and support of the NGO sector may not be entirely clear cut, the representative being sent to Zagreb has roots in the NGO community and a strong command of the subject matter.
[97] This public foundation was recently established and receives government funding and a percentage of lottery funds.

either highly relevant or the <u>most relevant</u> level of government, considerably higher than any other.[98] And, 42% indicated that they had received at least some funding from municipalities, also higher than any other level of government. In addition, the greatest number of NGO advocacy campaigns and citizens' initiatives with which the team was acquainted occurred at the municipal, city, or community level. Many stakeholders identified NGO-government relations as most dynamic at the municipal level, but acknowledged considerable disparities between municipalities on a number of variables, such as:

- Formal policies or frameworks for NGO-government cooperation;
- Offices, departments, or staff persons charged with responsibility for NGO liaison;
- Capacity of responsible staff person(s) to work effectively with NGO representatives;
- Public financing and in-kind contributions;
- Use of grants and service contracts for discrete purposes;
- Transparent grant-making and procurement procedures;
- Monitoring and evaluation systems and reporting requirements;
- Mechanisms for public-private partnership, and;
- Promotion of NGO-government cooperation through the mass media.[99]

They also noted the absence of an effective mechanism for transferring knowledge from more to less experienced municipalities and encouraging the replication of successful models for NGO-government cooperation.

Among the municipalities visited by the assessment team, experiences and capacities also varied, although all had some form of cooperation with the NGO community.

- In Gradacac, the municipal budget has allocated 300,000 KMs to partially fund 67 NGOs. The municipality has also provided office space to 21 NGOs and offers free bookkeeping services to all NGOs.

- In Gracanica, where there are more than 60 associations and NGOs, the municipality provides most of them with office space and covers some operating expenses. It also has a public tender process for cultural projects. Support to NGOs is included as a line item in the municipal budget. NGOs receiving financial support are required to submit reports to the municipality each quarter.

- In Lukavac, the municipality is partially funding associations representing persons with special needs and is just initiating cooperation with those dedicated to economic and agricultural development.

- In Tuzla, the Social Affairs Department has assigned a staff person to liaise with NGOs and brief the municipal council about their activities. The municipality also has an official policy aimed at improving cooperation between government, NGOs, and the business sector. It is pursuing some projects with NGOs active in entrepreneurship and social welfare.

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[98] The next highest level was the cantons, which were considered to be highly or most relevant by 39% of respondents. Entity and state governments were each deemed to be highly or most relevant by 18% of respondents. By far, the state was considered to be the least relevant of all levels of government.

[99] These same disparities were identified by the municipality assessments funded by the UNDP, Soros Foundation, and Government of Norway in 25 municipalities as part of the Rights-Based Municipal Assessment and Planning Project (RMAP). For more information, see *Consolidated Report of the Municipality Assessments in Bosnia and Herzegovina*, April 2004, pp. 27-32.

- In Sarajevo-Centar, the municipality has funded 294 NGOs to carry out projects, mostly service provision, worth more than 2 million KM. It gives preference to NGOs within the municipality, but if there is a need they can't fill, the municipality looks to NGOs in neighboring areas. The mayor has a special assistant for cooperation with NGOs, there is a formal policy on cooperation, and systems for transparent grant-making and M&E. The municipality promotes its cooperation with NGOs through its information department, which generated over 400 stories on this subject.

All reported having mechanisms for input by citizens or special interests groups, e.g. open council sessions, public hearings, working groups, or advisory councils. Some municipalities are also in the process of designing development strategies in cooperation with NGOs. Nonetheless, the assessment team got the sense that municipal officials tended to see NGOs more in terms of social service providers than partners in policy dialogue.

Based on their experiences with NGOs, mayors and municipal members identified a number of shortcomings:

- NGOs do not coordinate or cooperate sufficiently with each other, even when they have common interests, and instead approach the municipality on an individual basis.

- NGOs need to focus more on concrete projects that will produce tangible results benefiting the community rather than generic or theoretical ones.

- NGOs often initiate and implement projects in the community without any coordination with local authorities.[100]

- NGOs need to play a greater role in developing creative solutions not just identifying problems.

- NGOs – not just municipalities - need to be more transparent and accountable.

4.1.5 Capacity and Professionalism of the Sector

At present, there are nearly 8,000 organizations registered in BiH.[101] Estimates of active NGOs, however, range anywhere from 500 to 1500. Of these, a significantly smaller number could be described as professional organizations. Stakeholders routinely reminded the assessment team that civil society in BiH is quite diverse in terms of the level of organizational capacity. Nonetheless, a critical mass of professional NGOs is perceived to exist. Many of these have been operational for some time, tend to be based in urban centers, and have benefited from investments in capacity building. Various stakeholders perceive these organizations as having reached a higher stage of development relative to newer organizations, those based in rural and remote communities, and/or informal groups. The urban-rural divide was frequently mentioned as a development challenge, whether in terms of the sector or grassroots democracy. Stakeholders also emphasized their conviction that 'locally-grown' NGOs that emerged spontaneously to address real needs, as distinct from those created by foreign organizations or in response to foreign money or priorities, have greater prospects for sustainability

Among the areas where representatives of this critical mass of NGOs believe that they have built their skills include strategic planning, proposal writing and budgeting, organizational management and governance, financial management, project management, human resources and volunteer management,

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[100] The Rights-Based Municipal Assessment and Planning Project (RMAP) also identified this problem particularly in the areas of social protection and health care. For more information, refer to page 28 of the *Consolidated Report of the Municipality Assessments in Bosnia and Herzegovina*, April 2004.
[101] Most stakeholders viewed the high number of inactive NGOs and those 'more interested in money than mission' as adversely affecting the image of the sector and, in the case of the later, diluting precious resources.

service provision, advocacy, coalition-building, media relations, fundraising, and monitoring and evaluation. Relative to the Mission's last civil society assessment in 2000, NGO stakeholders demonstrated higher levels of confidence and a greater degree of sophistication in assessing their own strengths and weaknesses. In general, the dialogue on the future development of the sector has also matured. This assessment team was surprised by the near universal consensus among NGOs interviewed on priority needs of the sector in the coming years, even if there are some differing opinions on how best to move forward.

These core NGOs identified a number of areas were continued professional development or advanced training was viewed as critical to the further development of their organizations. These include organizational and financial management, volunteer mobilization, issues of fundraising and philanthropy, public relations, policy analysis and formulation,[102] and monitoring and evaluation.[103] In anticipation of reduced levels of support by the international community in the coming years, NGO leaders will need skills to manage change effectively including the development of strategies and partnerships to ensure sustained activity. As NGOs begin to diversify their funding base, financial management is becoming increasingly complicated and requires a greater degree of sophistication. And, as a handful of these NGOs begin to receive direct funding from major foreign donors, issues of contractual and regulatory compliance are coming into focus in a way that was not the case when an international intermediary organization was involved.[104] As for the NGOs and informal groups beyond this elite, and particularly those working in small towns and rural communities, their capacity building needs are greater and much more basic.

One category of civil society organization that appeared to be largely overlooked by institutional capacity building efforts was foundations. To date, DemNet II has supported only one foundation as a result of a modification to its original agreement with USAID/BiH. Among the foundation representatives with which the team met, there was agreement that many issues specific to foundations, whether in terms of transparent grant-making methodologies and procedures, trustee education, individual and corporate giving programs, investment strategies, or endowment management, are not addressed by existing training programs in BiH. These representatives indicated that, to the extent possible, they sought training and technical advising, mostly by foreign experts outside BiH. Among the training topics available in country, further education in strategic planning, financial management, particularly managing funds from multiple donors, monitoring and evaluation systems, and fundraising and public relations strategies may be needed in some cases.

Within civil society, there was also a sense that some key issue-based organizations still exhibited limited organizational capacity, i.e. labor unions and business associations, and that this was adversely affecting their ability to act as change agents.[105] Similar sentiments were expressed about political parties. Stakeholders also believed that with respect to building institutional capacities, foreign donors had made a considerably greater investment in the NGO community – or at least an elite group therein – than other sectors. NGOs frequently cited this imbalance in development, noting limited capacities in government at

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[102] Policy analysis was identified – as well as some other skills vital to successful advocacy - as a critical area where capacity among NGOs is lacking. This issue is discussed in greater detail in section 4.1.11 on page 34.

[103] For an interesting analysis of NGO priorities for training relative to the donor community – based on a somewhat larger and different set of NGOs than those interviewed as part of the current assessment - see ICVA's *NGO Capacity Building in BiH,* November 2003.

[104] Even at the application phase, some NGOs are having difficulty dealing with more complicated processes. The EC has confirmed low levels of capacity to successfully apply for projects involving larger sums of money. During a recent call for proposals for EIDHR Micro Grants with funds up to 50,000 Euros, 80% of the applications were ineligible due to missing documentation or failure of proposed activities to comply with the grant criteria. See, *NGO Capacity Building in BiH*, November 2003, pp. 21-22.

[105] USAID/BiH has recently funded projects by CIPE and ACILS toward this end.

various levels. This was perceived as interfering with the creation of more effective public-private partnerships.

4.1.6 Infrastructure Supporting Development of the Sector

As noted at the beginning of this report, the domestic infrastructure in support of sector development may be comprised of a variety of intermediary organizations including grant making, training, and sub-sector anchor organizations, NGO incubators, resource centers, and/or coordinating bodies. Stakeholder impressions of the adequacy of this infrastructure in BiH and external recognition of domestic intermediary support organizations was mixed.

At the national level, the international community was heavily involved in the creation of a coordinating body for NGOs in 1996. Today, a majority of the members and executive council representatives are domestic NGOs, although the rotating chairmanship of the body is still held by international NGOs. Some stakeholders contend that the body is improving. But, it has also been described as a "donors" and "Sarajevo" forum rather than a "policy" and "BiH" forum. And, questions have been raised about its sustainability in terms of inadequate domestic ownership from the outset, differing opinions about the future aims and orientation of the body, an unstable financial base,[106] and limited external recognition of - and confidence in - the organization.

There are a few resource centers throughout the country, many of them formed with significant assistance from international organizations and to support specific projects.[107] Very often, these resource centers serve a limited set of NGOs. There are multiple reasons for this including limited outreach and marketing, geographic dispersion, or the project specific orientation of the centers and their clientele.[108] Access to existing resources by rural communities is particularly limited. Information and communication technologies, such as databases and the Internet that might help overcome distance and isolation have not been thoroughly utilized. Exceptions include several Dem Net grantees, e.g. the National Coalition and Prevention and Treatment of Alcohol and Drug Abuse "Zajedno" and the Association of Teledoms, that use Internet chat sessions to exchange information on a regular basis.

Only a few organizations are in a position to provide expert advising on legal and regulatory issues, accounting requirements, tax issues, and registration procedures or research on issues of relevance to the sector. Many stakeholders mentioned a lack of information on issues affecting them, about who is doing what (on the NGO side) and who is responsible for what (on the government side). In some sub-sectors, anchor organizations have emerged, serving a broader network of NGOs and helping to transfer knowledge from stronger to weaker organizations. The Reference Group in Tuzla has developed an effective model, which supports NGO development in the region, while organizing members according to sub-sectors reflecting their interest groups.

With respect to training, most stakeholders concurred that there is considerable training and consulting capacity in the country and that this should be fully utilized. According to ICVA, 30% of international NGOs that responded to a November 2003 survey hired local trainers.[1] Many of the international NGOs with which this assessment team met used some BiH trainers, either within their own project team(s) or from domestic NGOs. There is also some evidence of trainers from different domestic NGOs teaming up

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[106] At present the body is funded through membership fees. International NGOs pay higher fees which constitute a substantial portion of funding. If INGOs withdraw from the body too rapidly, the financial ramifications will be significant.
[107] This includes support from USAID, other US agencies and foundations, and those of multiple other donors.
[108] For example, IOCC supports three resource centers that assist 38 NGOs. These resource centers provide a forum for dialogue, information sharing, and access to technology.

to bid on or carry out activities. About half a dozen NGOs were <u>routinely</u> recognized by their peers for their training capacity. Generally, there seemed to be a sense that it would be more accurate to refer to qualified trainers as opposed to qualified training organizations.

The assessment team was struck by the lack of an effective means of accessing and assessing existing expertise throughout BiH. At present, there appears to be no inclusive, externally recognized association of trainers that could provide continuing professional development for its members, ensure quality service provision, market training and consulting services, or otherwise function as an access point for those seeking to procure such services. There also appears to be no active database of trainers and consultants that could facilitate a search of skill sets, geographic areas of operation, or other variables. Certification processes, codes of conduct, and monitoring and evaluation systems that would provide for self-regulation are also absent.

The existence of domestic training resources aside, some stakeholders, trainers among them, noted that as the needs of civil society organizations in BiH change, the existing skill sets of trainers may be inadequate to respond. Further infusions of training for trainers on new issues or at higher levels was seen as necessary in the future. Some external expertise, some of which exists in the region, was considered to be necessary. Absent an association or effective network of trainers, it was not clear where to direct follow-on training of trainers to ensure that newfound knowledge would be transferred among a broad range of practitioners.

In terms of grant-making institutions, there are approximately 55 foundations operating throughout BiH, of which 12 are registered at the state level, many are not active.[109] These include foundations supporting the NGO sector, special interests such as women and orphans, and community development.[110] The capacities of these appear to vary widely, including but not limited to: strategic planning organizational and financial management, funding diversification, transparency and accountability, and ability to provide TA and perform M&E. Those that the team interviewed, or about which it heard, appear to be re-granting funds provided by the international community. There are differing practices concerning cost sharing by grantees. The NGO Foundation, which requires cost-sharing, reports that 34% of the value of projects it funded in 2003 came from domestic sources including individuals, businesses, and public institutions, not including the value of significant volunteer labor that was also mobilized.[111]

4.1.7   NGO Coordination and Networking

While stakeholders recognized the emergence of a critical mass of professional NGOs, some of which are connected through various structures, both vertical and horizontal networking was seen as deficient in the sector at large. The assessment team often heard stories of isolated activity and duplication of effort. According to one international stakeholder, poor networking among NGOs in BiH has lead to a situation where too many organizations are recreating the wheel. As a result, "there are lots of wheels, but no cars." This situation is also preventing NGOs from effectively accessing information, transferring knowledge, leveraging resources, maximizing results, and elevating the status and clout of the sector. At the same time, there are a number of networks representing key sub-sectors, e.g. women, youth, and various health concerns. While some of these are relatively new, others have existed for quite some time.

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[109] Many organizations referring to themselves as foundations are not actually providing grants.
[110] At least one international NGO, IOCC, indicated that it was looking at turning its local resource centers into community foundations at some point in the future. There appeared to be little donor coordination with respect to development of foundations in BiH, either as an exit strategy or otherwise.
[111] See NGO Foundation annual report for 2003.

Research conducted by ICVA in 2002, found that of 70 NGO respondents, 67% were members of a network and 90% of them found this experience useful. Of the respondents who found networking useful and could identify multiple benefits, most participated in more than one network. According to respondents, 50% of the networks to which they belonged held monthly meetings, 30% held yearly meetings, and two percent held weekly meetings, while 19% never met. The research confirmed impressions of nearly all stakeholders with whom this assessment team met that the most effective networking is taking place in the Tuzla area.

Of the 33 domestic NGOs surveyed by the assessment team, only six indicated that they were not members of any network, whether formal or informal. Of these, only one said that it had no intention to become part of a network in the future. During focus group discussions, participants appeared in agreement that networking was extremely important to the success and sustainability of the sector.

Stakeholders identified several reasons for inadequate networking:

- Lack of capacity, causing an organization to be internally focused rather than externally oriented;

- Significant challenges requiring that an NGO devote all its attention to overcoming relatively localized problems;[112]

- Geographic isolation of and/or distance between NGOs combined with limited use of ICTs;[113]

- Limited awareness within the NGO community about who is doing what and where opportunities for cooperation may exist;

- Counter-productive competition and distrust between NGOs, and;

- Insufficient opportunities for NGOs from around the country to interact on an informal basis as a means of facilitating more routine or formal networks in the future.

Domestic stakeholders recognized the emphasis that international donors and implementers have placed on networking but warned that this may have some unintended consequences. They indicated that some networks have been formed just for the sake of 'having a network' and that these are artificial and ineffectual. NGOs that get caught up in such networks can't see the benefit to their own organizations, eventually drop out, and avoid such associations in the future. Some also suggested that domestic NGOs see this as the latest trend in international funding and are tired of hearing about it. Several international donors and implementers concurred that it is dangerous to either impose or rush networking, noting that it takes time to build effective partnerships, however they are structured.

4.1.8   Financial Viability of the Sector

When the last USAID/BiH civil society assessment was conducted in 2000, NGO stakeholders insisted that it was impossible to talk about the financial sustainability of NGOs given economic conditions in BiH. Today, while this issue is still raised, other factors are seen as presenting greater challenges to financial sustainability.

First and foremost are issues pertaining to tax policy. The lack of incentives for philanthropic giving, especially by businesses, was routinely cited by NGOs as problematic. While there is little information

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[112] The team heard, for example, about the numerous parent-teacher associations cropping up around the country and the fact that it was sufficiently challenging for these groups to make inroads with their own school administrations, that there is no time to join together to address educational reforms at higher levels.
[113] As noted elsewhere in this report, the team was made aware of only a few networks that are effectively using ICTs to overcome distance and isolation or economic constraints that might limit travel.

on business attitudes in BiH, a limited study by ICVA of several leading businesses found that they would be more inclined to support NGOs if tax incentives were introduced.[114] The failure to distinguish between the status of private businesses and public benefit organizations was also highlighted as placing an undue tax burden on NGOs. With respect to income generation, the assessment team routinely heard stories of enterprising NGOs that engaged in such activities only to end up 'in the red' as a result of their tax obligations. As noted elsewhere in this report, income generation by NGOs is allowed under new legislation at the state and entity levels. The issue of related tax liabilities at the state level is unclear. At the entity level, it is perceived to be sufficiently burdensome to act as a disincentive.[115] As for public opinion on the matter, polling recently conducted by the OSCE suggests that support does exist for tax benefits for NGOs.[116]

The second major point of discussion was limited public awareness about - and positive image of - the NGO sector and the impact this has on the ability of NGOs to raise money or in-kind contributions and to mobilize volunteers. While the issue of the public image of NGOs will be discussed in greater detail in the section 4.1.13 (see page 39), the dilemma for NGOs is that until citizens, the business community, and public institutions clearly understand the role of NGOs and can see the tangible results of their work, it will be extremely difficult to cultivate domestic resources. Some stakeholders pointed to the success of faith-based NGOs in raising money, attributing this to the impact of their work in local communities and the trust this engenders.[117] In terms of investment by businesses, the ability of NGOs to demonstrate public relations value was also acknowledged. Some stakeholders noted that businesses were more likely to sponsor a person or family 'in need' or a sports club than an NGO because the level of recognition they received was considerably higher.

While the state of the economy appeared to be viewed as a lesser impediment to individual and corporate giving than in 2000, concerns tended to focus on engagement of businesses working in the 'gray economy.' Several NGO stakeholders speculated that companies working outside the official economy and evading taxes might be better positioned to engage in philanthropic giving than legitimate ones, presenting NGOs with a moral dilemma. Worries were also expressed that NGOs might be used by such businesses for purposes of 'money laundering.'[118]

NGO links with the business community appeared limited. Some NGOs noted that they were not sure how to approach companies, present themselves, and solicit a contribution. In some cases, a professional and constructive approach appeared to be lacking. For example, the team heard stories of businesses that had given contributions but subsequently ceased doing so because they were more or less 'harassed' by NGOs in search of funding.

In March 2003, the Office of the High representative took action to halt inappropriate use of public funds by state owned or controlled enterprises. Specifically, a law was passed restricting donations by state owned or controlled enterprises in both entities. Gifts by such enterprises can be made only for sports, cultural, social welfare, and humanitarian purposes and are subject to a number of procedural restrictions. Some stakeholders whom the team interviewed suggested that the law may have some unintended

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[114] See *Perspectives on the NGO Sector in BiH*, November 2002, p. 37.

[115] Inconsistent implementation by tax officials and inadequate understanding of what constitutes legitimate income generation by NGOs were also cited as problematic.

[116] According to the poll, which was conducted in October and November 2003 by PRISM Research, 26% of respondents indicated that NGOS should receive tax benefits 'in any case,' while another 35% answered yes 'under the condition that their work is controlled.'

[117] Caritas was identified as one such group with particularly sophisticated fundraising methods.

[118] On occasion, this discussion also turned to war profiteers and the complete unacceptability of receiving funds from such sources.

consequences, specifically that many of the enterprises subject to the law may suspend donations altogether.

Despite on-going challenges, the team was able to identify progress with regard to some aspects of financial sustainability, specifically in the area of funding diversification and financial support, however limited, from domestic sources. According to the NGO Foundation, 34% of the total value of projects that it supported in 2003 came from domestic sources at the community level. Specifically, 15% from businesses, 12 % from public institutions, and seven percent from citizens. These calculations do not include the value of volunteer labor.[119] Research conducted by ICVA also found positive indicators of financial support from various levels of government and private business.[120] Especially encouraging was data suggesting that a number of NGOs were receiving government support on an annual basis.[121] Admittedly, the amount of public money is limited.[122] Some stakeholders described it as 'miserably low' or 'discouraging.' Other NGO representatives with which the team met, however, viewed the prospect of public funding as an important opening by which they could develop relationships with and prove their capabilities to government. In some cases, NGOs confirmed that they were invited to apply for follow on funding and received higher levels of support in subsequent years once they were 'known' to the government.

Of the 33 domestic NGOs responding to the assessment team's written survey, funding from at least one domestic source was evident. Respondents were asked from which domestic sources they received funding. The percentage of respondents receiving various types of domestic funding is represented in the table on the next page.

There was also greater diversification of funding from international sources. More than half of the 33 respondents had at least two foreign donors and a majority of these had anywhere from four to six. One NGO touted 14 foreign donors. Frequently cited international funding sources included USAID, European Commission, OSCE Mission in BiH, UNICEF, Foreign Commonwealth Office (FCO), Department for International Development (DFID), Westminster Foundation, Open Society Fund, Charles Stewart Mott Foundation, German Marshall Fund, King Boudouin Foundation, Olaf Palme, Malteser Hilfdienst (MHD) America's Development Foundation (ADF), the International Center for Not-for-Profit Law (ICNL), Catholic Relief Services (CRS), United Methodist Committee on Relief (UMCOR), and Dutch, Scandinavian, German, Swiss, and French sources.[123] Three of the respondents reported that they had only one foreign donor.

The more diversified the funding, the more confident NGOs appeared to be in terms of their financial viability. Despite the diversification of international and domestic funding, scholars and practitioners agree, however, that NGOs in BiH are still heavily dependent upon foreign donors. According to research conducted by the Civil Society Promotion Center, domestic NGOs have generated nearly 77% of their funding from foreign sources in recent years. Findings from the assessment team's written questionnaire found that a majority of NGOs interviewed received anywhere from 70% to 100% of their funds from foreign sources. A few indicated that the overall percentage of their expenses covered by

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[119] For more information see the NGO Development Foundation's annual report for 2003. As of June 2004, the foundation will be known by its new name, Mozaik – Community Development Foundation.
[120] *Perspectives on the NGO Sector in BiH*, November 2002, pp. 27 – 30 and 37-38.
[121] Of the 77 NGOs responding to ICVA's survey, nearly 20% indicated that they received government funding on an annual basis.
[122] The bloated public sector in BiH was viewed as consuming an inordinate amount of money that might be better allocated to meet a long list of needs including increased support for NGOs whether in terms of grants or service contracts.
[123] It is important to note, that some of the INGOs identified as donors, e.g. ADF, CRS, ICNL and UMCOR receive a majority of their funding from the USG. To a lesser extent, OSCE also relies on USG contributions.

foreign sources was below 30%. Only four claimed that they were operating with no funding from the international community.

Table 4: Percentage of NGO Respondents Receiving Funds from Various Domestic Sources
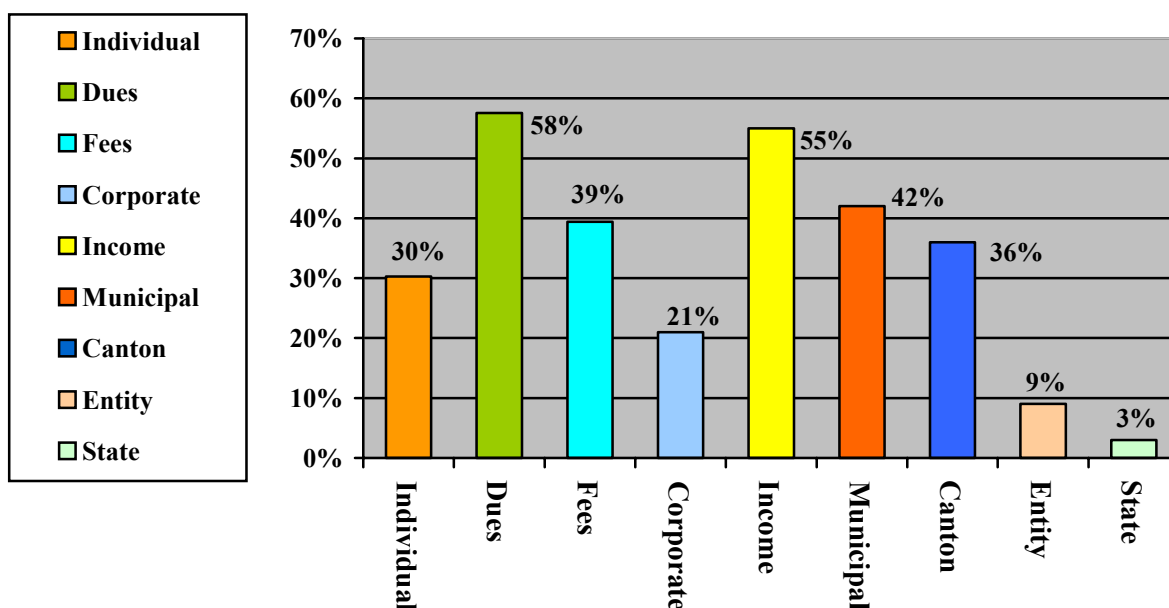
Results based on responses (33) to a written questionnaire prepared by the assessment team.

All NGOs interviewed seemed aware of - if not entirely prepared for - the prospect of significant declines in the level of financial support from the international community in the years to come. Most agreed that this trend would have some positive effect as it would lead to consolidation within the sector with the most dedicated, capable, and publicly accountable NGOs remaining.[124] They expressed one caveat, however, that the international community must withdraw in a gradual and coordinated manner. Concerns exist that complete disengagement by multiple donors at the same time could undermine stability of the sector.

4.1.9   Voluntarism

At present, BiH lacks legislation governing the rights and obligations of volunteers and the legal entities hosting them. There is also no clear legal definition of 'volunteer.' As such, volunteers in BiH are

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[124] Stakeholders frequently noted that domestic NGO dependency on foreign funding, when combined with the leading role played by the international community in the development of civil society, had the perverting effect of making domestic NGOs more accountable to donors than to the beneficiaries, i.e. that they became proxies of the international community rather than of civil society.

operating in a legal vacuum.[125] According to ICNL, "NGOs may not conclude contracts with volunteers without the fear that the state inspectorate might treat the volunteer as an employee and find the NGO in violation of the labor law."[126] Among other challenges, stakeholders noted a lack of voluntary culture in BiH, poor economic and living conditions among many citizens that make it difficult for them to focus beyond their most immediate needs, limited public awareness and positive impressions of NGOs, and insufficient NGO 'roots' within communities. Of the NGO representatives with which the team met, 42% ranked volunteer mobilization as the most critical area for the further development and sustainability of their organizations. Only one other area, i.e. organizational management, was ranked as highly.

While it may be difficult to mobilize volunteers in BiH, it is not impossible. For example:

- Organizations do exist at the grassroots level that are entirely dependent on volunteers. The Women's Association 'Maya' in Bratunac, relies on 70 volunteers to advance economic empowerment of women and youth through education, agricultural and livestock activities, and networking.[127]

- Eighteen community projects funded in 2003 by the NGO Development Foundation of BiH mobilized 723 volunteers who contributed 15,883 hours of labor.

- The Centers for Civic Initiatives report that they have mobilized more than 15,000 people to serve as election monitors since 1998.[128]

- Research on voluntarism, carried out by ICVA in 2002 found that 55% of the 70 NGOs it interviewed had volunteers. Of these 61% had 10 or fewer volunteers, while 16% boasted more than 30.[129]

- Nearly one-fifth of the NGOs surveyed by the assessment team identified volunteer mobilization as one of their top organizational strengths.

Increases in voluntarism in BiH are credited, in part, to training and awareness raising efforts by NGO networks.[130]

Polling data on public attitudes toward voluntarism and their proclivity to volunteer has produced mixed results. According to a survey undertaken by OSCE/BiH, 61% of respondents indicated that they would be likely to volunteer a few hours a month to the benefit of their communities.[131] Despite this stated inclination, actually volunteering may be a different matter. When asked whether they have been involved in any way – in any activities, initiatives, or citizens movements – the aim of which was to improve living conditions, 81% of respondents to a USAID/BiH commissioned poll said 'no'.[132]

4.1.10 Provision of Social Services

At present, the public and government correlate NGOs with the provision of services.

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[125] See ICNL *Semi-Annual Report: Bosnia and Herzegovina* dated 15 December 2003, p. 4.
[126] Ibid.
[127] This NGO is a DemNet beneficiary. For more information, see ADF's NGO List, dated 25 February 2004.
[128] See the CCI project description for its current USAID/BiH funded civil society development project.
[129] See *Perspectives on the NGO Sector in BiH*, November 2002, p. 24.
[130] See *Nations in Transit Report*, 2003, prepared by Freedom House, p. 157.
[131] Presentation of the OSCE Democratization Department's Public Opinion Research to the NGO Council, 25 May 2004.
Fieldwork of this survey was carried out in October and November 2003.
[132] Public Opinion Poll in Bosnia Herzegovina. Prepared for USAID/BiH by PARNTER Marketing Consulting Agency, November 2003.

- According to a survey conducted by the OSCE in October/November 2003, citizens surveyed primarily view NGOs in terms of the social services and support they provide to persons in need. Anywhere from 30% to 40% of respondents recognize NGOs' role in providing assistance "to those that the state/government care for too little or not at all" and in dealing with social programs "that the state is not able to deal with adequately."[133]

- It also became evident to the assessment team that most of the government officials it interviewed thought of NGOs primary in terms of their service function rather than their advocacy role.

Some governments have outsourced services to NGOs, although, in most cases, grants appear to be the funding mechanism of choice rather than service contracts. Capacities for transparent and professional grant-making/service procurement appeared to vary widely. At least one of the municipalities visited, Sarajevo – Centar, does have systems in place both for transparent grant-making and monitoring and evaluation of social service provision. The municipality uses a quantitative scale. Service providers that do not achieve a certain numerical rating are dropped by the municipality. According to the mayor, NGOs have performed very well thus far, with only two NGOs failing to meet the requisite standards.

Among NGO stakeholders, the lack of quality assurance standards and tools within the sector was deemed to be problematic on a number of fronts. First, inconsistent service provision by the sector and incompetence by individual NGOs undermine the image of the sector. Second, at this nascent stage of cooperation, it is difficult for NGOs to authoritatively present their performance capabilities and professional standards to governments and others seeking to procure services.

NGOs active in service provision appear to be achieving the most significant results in developing welfare systems for – and providing support to – orphans and children, persons with disabilities, and those with special needs.[134]

4.1.11 Issue Advocacy

The assessment team heard mixed views of the advocacy role of NGOs in BiH. Among donors, in particular, frustration was evident on a number of fronts:

- The limited number of domestic NGOs active in lobbying and advocacy;

- The lack of coordinated and strategic approaches by broad-based, issue-oriented coalitions;

- The failure of some state level initiatives to build upon local level activism in related policy areas;

- The relatively peripheral nature of the issues addressed;

- A lack of engagement at the state level;

- A failure by NGOs and political parties to work together to advance policy reform;[135]

- The continued weakness of traditionally important change agents, e.g. business interests and trade unions, and;

- A lack of watchdog activity to ensure implementation of new laws and policies and thereby contribute to sustainable results and not just short-term victories.

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[133] OSCE Poll, 25 May 2004.
[134] USAID *NGO Sustainability Index* for BiH, 2003 (draft).
[135] This issue is discussed in greater detail in the next section.

Donors also tended to highlight the continued role of the IC, whether high profile or behind the scenes, in many domestic advocacy efforts. Of the advocacy successes presented to the assessment team, it appeared that nearly all had some form of foreign involvement, whether in terms of funding, facilitated dialogues, assistance with policy analysis, or other technical assistance. As such, it is difficult for the assessment team to measure capacity for independent and sustained action. Despite the level of donor support to domestic NGOs working in the field of advocacy, there has been relatively little systematic assessment of its overall impact.

Yet, advocacy remains a new concept BiH. Understanding and applying it is complicated by a range of factors, whether the power of OHR to enact legislation and provisions by decree, lingering communist mentalities within government and beyond, or NGOs aversion to politics. Awareness and positive associations are lacking among a variety of stakeholders. As recent polling data prepared by the OSCE illustrates, barely 13% of respondents recognized domestic NGOs as providing an opportunity for citizens to influence the state. If anything, NGOs were more often seen as enabling foreign entities to impact decision-making processes.[136] Among the government officials with whom this assessment team met, most acknowledged NGOs primarily as social service providers rather than advocates or watchdogs.[137] Within civil society, many NGOs have yet to fully appreciate or embrace this role. Or, even if they do, some fail to understand advocacy as a *process* that involves education and mobilization of the public, not just a dialogue between elites in civil society and government.[138]

While conceding many of these shortcomings and challenges, domestic NGOs and some international implementers are quite adamant that progress is being made by and potential built within the sector. They argue that citizen initiatives, NGO advocacy campaigns, and public-private partnerships are occurring and are producing results at various levels of government and on a diverse set of issues. A few recent examples they cite include:

- Legislation on election funding and on direct election of mayors in BiH;

- De-politicization of the school system in Tuzla Canton;

- Adoption of UN Standard Rules for Equalization of Opportunities for Persons with Disabilities;

- The Poverty Reduction Strategy Paper (PRSP);[139]

- The 'Bulldozer' Amendments;

- Law on Gender Equality;

- Law on National Minorities;

- Identification of community needs, prioritization of budget allocations, and preparation of development strategies in various municipalities.

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These stakeholders also contend that issue-based coalitions are in existence and have proven effective in addressing the interests of women, youth, and persons with disabilities, debilitating illnesses, special needs, and suffering from addiction. They suggest that the engagement of different NGOs on similar issues at a regional level provides a foundation upon which to build coordinated initiatives at higher levels of government in the future. They also note that NGO capacity in this area has only recently been

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[136] See OSCE Democratization Department Public Opinion Research, presented to the NGO Council on 25 May 2004.
[137] More broadly, the team is aware that some in government question the legitimacy and accountability of NGOs, i.e. do they really represent the interests of a broad-based constituency, whether the general public or special interest groups.
[138] Maintaining NGO accountability to the grassroots, while simultaneously building competencies and credibility with decision-makers is among the overriding challenges facing NGOs that seek to influence public policies.
[139] There are quite differing views on the role of domestic NGOs with respect to PRSP and the Bulldozer Committee. Donors tend to believe that domestic NGOs were involved only as a result of IC facilitation.

developed and that as experience is accumulated and confidence built, bigger initiatives are likely to follow.[140] Finally, these stakeholders believe that the prominence and success of some initiatives, e.g. the direct election of mayors campaign, is helping not only to build public awareness but also to open the doors for greater dialogue between NGOs and government on policy issues. For more information on DemNet funded initiatives, please refer to page 46.

With respect to IC assistance aimed at increasing issue advocacy by domestic NGOs and subsequent knowledge transfer within the sector, stakeholders had a number of observations:

- Programs that tie advocacy training and TA to experienced-based learning, as was done with DemNet, and that connect people via systems and processes, e.g. elections, PRSP, EU Feasibility Study, are most valuable.

- Greater emphasis needs to be placed on building policy analysis capabilities within civil society and links need to be created between policy research organizations and action-oriented groups working at the grass roots.

- Domestic capacity to provide training and TA needs to be expanded with respect to a number of pertinent skills: stakeholder analysis, issue identification, priority setting, information collection, research and analysis, message articulation, public outreach and media relations, building and managing coalitions, legislative drafting, negotiation skills, and effective lobbying and advocacy techniques.

- Opportunities need to be provided to reflect on best practices and lessons learned, share experiences, transfer knowledge, and informally network, both in BiH and regionally.

Domestic stakeholders also emphasized that it is extremely important for donors to support advocacy efforts by a range of inclusive NGOs rather than a limited number of exclusive NGOs.

Regarding regional experience, i.e. CEE, there is relatively little comparative data and analysis of advocacy capacity, pertinent trends, or the extent to which foreign donor priorities and funding may be driving these processes (where applicable). New questions are also beginning to arise in some new EU member and accession states as to whether the process of qualifying for and gaining membership has served as a catalyst for domestic advocacy or an impediment.[141] In general, it appears that public advocacy by NGOs and NGO networks is on the rise in most CEE countries. [142] The overall percentage of policy-oriented NGOs relative to service-oriented NGOs, however, is small. And, as Kevin Quigley notes, very few CEE NGOs – as is the case with their counterparts is Western Europe and the U.S. – can prove that they have had a positive effect on public policy.[143]

A review of USAID's own documentation on NGO advocacy activities in CEE[144] suggests that there is some consistency throughout the region and in BiH with respect to the types of networks and sub-sectors engaged:

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[140] The experience of CCI provides a case in point.
[141] In some countries advocacy on issues pertaining to EU and NATO membership has emerged (Slovakia and Bulgaria for example), while in others it is noticeably absent (Croatia). Poland has become the first country to establish representation in Brussels for the express purpose of lobbying the EU. In some cases, complaints have also begun to surface that the tendency to adopt legislation by urgent procedure (and thereby meet accession deadlines) is undermining opportunities for advocacy, policy dialogue, and public scrutiny.
[142] See USAID NGO Sustainability Index (2002) for Bulgaria, the Czech Republic, Hungary, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and (2003 drafts) Croatia and BiH.
[143] See "Lofty Goals, Modest Results: Assisting Civil Society in Eastern Europe" in *Funding Virtue: Civil Society Aid and Democracy Promotion*, Marina Ottoway and Thomas Carothers (eds.), 2000, p. 208.
[144] See USAID NGO Sustainability Indices for the region (2002).

- Associations of journalists or broadcasters on media law

- Human and minority rights groups

- Women's organizations on violence again women (VAW), trafficking, and children's issues

- Youth groups

- Environmental groups

- Associations representing persons with disabilities/special needs

- Health oriented groups, e.g. breast cancer, HIV/AIDS, drug addition

- Domestic monitoring groups working on various aspects of campaigns and elections

In a few countries, NGOs have become increasingly involved in decentralization and regional development (Slovakia), anti-corruption (Bulgaria, Montenegro), consumer protection (Croatia). Beyond the national level, there appears to be considerably more activity at the grassroots, e.g. municipalities.

As for some of the reasons contributing to limited advocacy by NGOs, again there are parallels between the experience of BiH and other CEE countries.[145] Several examples include:

- NGOs are focused on their economic survival rather than on policy reform.

- The general public does not believe that it can influence government decision-making processes.

- The role of NGOs in advocacy is not adequately appreciated (relative to its service provision function) by a variety of stakeholders.

- Distrust and counter-productive competition exists between NGOs.

- Connections to the grassroots, internal democracy, and/or interest representation by NGOs is lacking.

- Political opposition within governments has left NGOs with little room to maneuver. Or, politicization of NGO – government relations has led to inconsistent engagement.

- Greater emphasis is placed on individual contacts rather than institutionalized mechanisms for public-private collaboration.

While most countries have at least one if not a number of NGOs working 'on behalf' of the third sector to revise laws and policies affecting them, very few countries in the region have effective NGO federations. As noted earlier in this section, some mixed bodies, comprised of government and NGO representatives have assumed responsibility for pushing the necessary reforms.

4.1.12 NGOs and Political Parties

International stakeholders expressed a certain level of concern over the lack of cooperation between political parties and other actors in civil society for the purposes of advancing an issue agenda and specific policy reforms. For their part, most domestic stakeholders viewed political parties as 'dirty' and 'corrupt.' NGO leaders were opposed to 'compromising their morals' or 'tarnishing the image' of their organization or the sector through association with political parties. Even discussions of policy dialogue became a challenge, as NGOs were quick to focus on and denounce political parties. This problem

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[145] Again, refer to Quigley and to USAID Sustainability Indices for the region.

stemmed, in part, from the fact that the word for 'politics' and 'policy' in the Bosnian language is exactly the same. Clearly, an aversion to politics among NGOs is hindering their meaningful entrance into the policy arena.

Stakeholders also expressed considerable concern about the possibility that cooperation might lead to cooption of NGOs by political parties. Stronger NGOs appeared less worried about such an outcome and more willing to engage political parties to advance their causes. CCI's successful lobbying of - and cooperation with - political parties, for example, contributed to the passage of constitutional amendments and new legislation providing for the direct election of mayors in FBiH. In addition, a 'youth to youth' and 'women to women' approach to cooperation between NGO networks and clubs within political party structures (as well as factions within elected bodies) was highlighted as producing tangible, positive results.

Table 5: NGO Respondents' Perceived Relationship with Political Parties
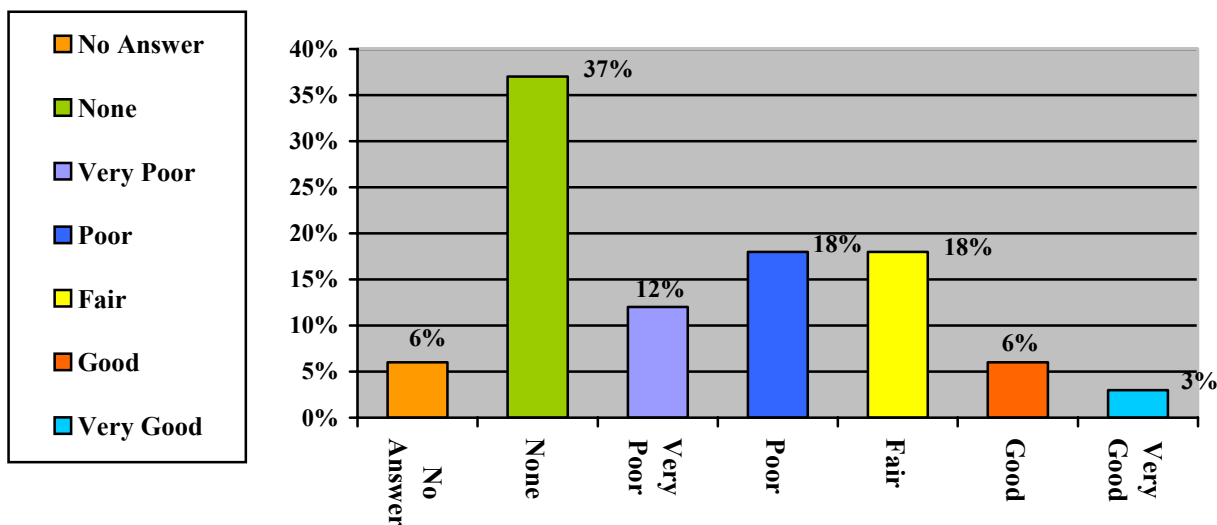
Results are based on NGO responses (33) to the written questionnaire prepared by the assessment team.

From the political party perspective, the aim is to win political power. If NGOs are not sufficiently rooted in society, i.e. if they are internally focused, if their constituency or membership base is small, if they do not genuinely speak for the interest group they claim to represent, or if they are not recognized by the general public, they will not have the capacity to function effectively as a platform for political mobilization. Until they can 'deliver votes' in significant numbers, political parties will continue to disregard NGOs and, instead, focus their efforts on building and maintaining constituencies on the basis

of ethnic or religious groups. [146]   This suggests a need for continued efforts aimed at building effective networks, associations, and coalitions.

A few stakeholders also posited that uneven development, in terms of the organizational capacities of professional NGOs (the core elite) and the major political parties, might also factor into the lack of real partnerships.   According to this theory, political parties have been so focused on the frequency of elections in BiH that all their efforts have gone into campaigning rather than into organizational capacity building that would better enable them to undertake outreach to civil society and to form issue-based alliances.   In her paper, *Civil Society Groups and Political Parties*, Gwendolyn Bevis highlights the negative consequences of uneven development and cautions against interventions that have the affect of mitigating macro impacts by strengthening one sector at the expense of another.[147]   While NGOs are clearly not threatening to supplant political parties in BiH, they do appear to be circumventing them.   This suggests a need to further work with NGOs to help them appreciate the implication of politician versus party based cooperation and encouraging advocacy that supports and even improves the party system.[148] The experiences and methods of CCI, and possibly youth and women's groups, as noted above, provide a model that could be shared with and replicated by other civil society organizations.

4.1.13   Public Image of the Sector

Generally, NGOs believed that they had made great strides in the past four years in improving their media skills and cultivating relationships with independent media.   Many could point to coverage of specific activities or projects of their NGO in a variety of media.   At least one municipality also pointed to a considerable degree of coverage of joint activities with NGOs in the print media.[149]   There was a strong sense among NGOs, however, that ad hoc coverage of individual NGOs is not translating into greater public awareness of the sector or contributing to its positive image.   Television is viewed as being central to efforts to raise the visibility and build the image of the sector.   According to a poll commissioned by USAID in late 2003, 73.5% of citizens get their information from TV.[150]

There appeared to be a healthy degree of self-assessment among NGOs interviewed as to why there was not more and better coverage of the sector in the mass media.   The need for better articulation of mission, issues, and results; greater responsiveness to the needs of journalists, e.g. in terms of newsworthiness and deadlines, and; a more proactive approach to – and sustained engagement of - the media were cited as areas for improvement.   On the latter point, some noted that while there were NGOs that had proved very successful in establishing relationships with the media, many had not done such a good job of maintaining these relationships.   There was also a sense that there were opportunities for greater cooperation between NGOs and associations of independent journalists.

International stakeholders and some domestic NGOs understood that lingering image problems stemmed, in part, from inadequate transparency and accountability of NGOs.   The huge imbalance in foreign and domestic funding in BiH was also seen as contributing to domestic NGOs serving as proxies of the

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[146] See *Democratization and Armed Conflicts in Weak States* by Mimmi Soderberg and Thomas Ohlson, March 2003, pp. 24-25.

[147] Bevis, Gwendolyn. *Civil Society Groups and Political Parties: Supporting Constructive Relationships*, an Occasional Paper of the Office of Democracy and Governance, Bureau for Democracy, Conflict, and Humanitarian Assistance, USAID. March 2004.

[148] Ibid.

[149] In the municipality of Sarajevo Centar, the Mayor noted that there had been 2010 news stories on the municipality of which 412 dealt with NGO cooperation. The municipality does have an information department which helps to generate and monitor news coverage.

[150] See *Public Opinion Poll in Bosnia and Herzegovina*, November 2003, prepared by PARTNER Marketing Consulting Agency.

international community rather than civil society. These are significant problems, in and of themselves, and contribute the lingering negative perceptions of the sector.

Table 6: NGO Respondents' Perceived Relationship with the Mass Media
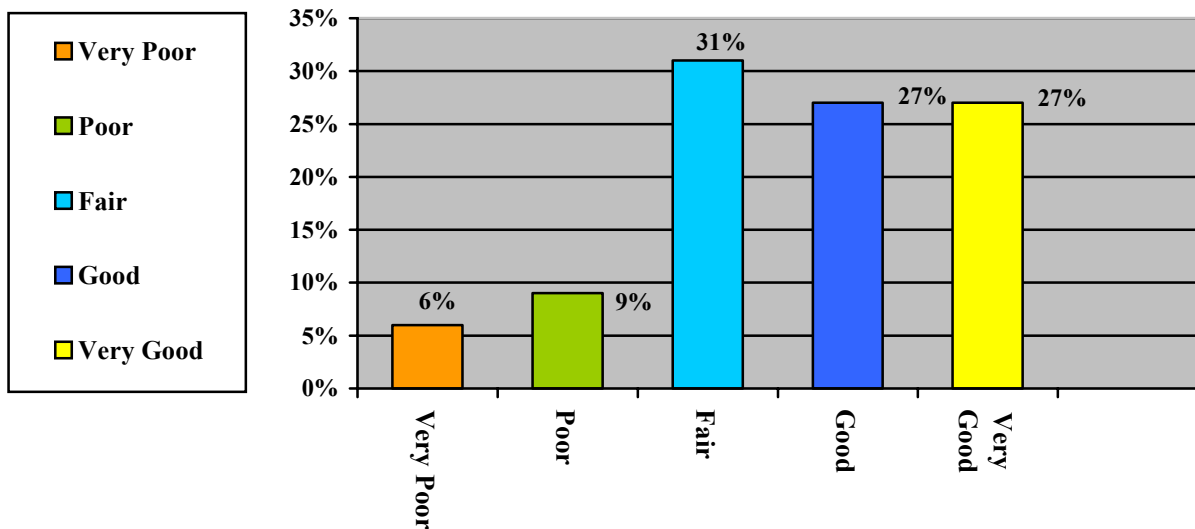
Results are based on NGO responses (33) to the written questionnaire prepared by the assessment team.

As for the media, there was a sense that there was some familiarity with certain organizations and activities, but a general lack of understanding of and interest in civil society. The propensity of news organizations to favor negative aspects of a story such as scandal or controversy rather than positive ones was also seen as a challenge, if one not unique to Bosnia. The team heard of many newsworthy and inspiring stories that should have been the subject of media attention but for the fact that journalists who were invited to attend press conferences or other special events don't bother to show up.

Antagonism by state-owned media was identified as a major problem, especially due to the greater viewership and geographic reach of state-owned media. The extremely negative media coverage received by the Center for Civic Initiatives (CCI) on the television show, *Forum* on Federation and RS TV was a near universally cited example of the degree of hostility within official media toward NGOs. CCI spearheaded a significant advocacy and lobbying campaign for the direct election of mayors. On the day the legislation was passed, CCI was 'crucified' on *Forum* on the issue of foreign funding. The program paid virtually no attention to the success of the advocacy initiative or the impact that the new legislation would have on ordinary voters.

In terms of actual public awareness, polling data suggests that this is on the rise, but also raises many questions. A poll sponsored by USAID/BiH in November 2003 found an awareness rate of nearly 49% of

respondents.[151] This represents a 16% increase in the year and a half since the Mission conducted its last poll in January 2002. [152] Research sponsored by OSCE (October/November 2003) found positive impressions of NGOS at a rate of 64%.[153] This positive sentiment is 15 points higher than the level of awareness identified by the USAID/BiH poll during the same period. According to OSCE's research, NGOs' are recognized for their role in helping the needy or dealing with social problems that the state/government is not adequately handling.[154] At the same time, there are lingering perceptions that NGOs are interested only in themselves, in making good salaries, or enabling foreign organizations to control decision-making.[155] The role of NGOs in providing an opportunity for citizens to influence the state was least recognized by the respondents.[156] The team also heard from a representative of the NGO "BUKA" about the findings of a survey that it published in 2003, which reportedly found upwards of 60% of respondents thought NGOs were corrupt.

Whatever the polling data may suggest, virtually all stakeholders interviewed by the team felt that public affirmation of civil society's role and value in BiH is still lacking.[157] Scholarly research on the subject suggests that a greater investment in civic education through the mass media may contribute to the growth of values conducive to the development of civil society and to broader engagement by the public.[158]

4.2   STRENGTHS, WEAKNESSES, AND ACCOMPLISHMENTS OF CIVIL SOCIETY PROGRAMS

Although this was not a formal or in-depth evaluation of the Mission's civil society programs, the assessment team was asked to review three implementers and their projects in order to identify strengths and weaknesses. The following discussion, and the table appearing in Annex IV, addresses these points. Before proceeding, however, it is important to emphasize that the process of drawing direct correlations between USAID/BiH funded interventions and discrete results can be difficult given the parallel engagement of other international donors and implementing organizations vis-à-vis some activities and organizations.

4.2.1   ICNL

Stakeholders agreed that the ICNL program has provided mechanisms for real public-private partnership by which NGOs can participate in legislative and policy reform affecting the third sector. They assert that ICNL, with its domestic partners, has contributed to significant improvements in the basic legislative framework governing NGOs in BiH, FBiH, and RS through a sustained, coordinated, and truly participatory approach.[159] All stakeholders with which the team met recognized ICNL's leading role in facilitating and catalyzing the reform process, advising drafting teams, and ensuring that newly adopted legislation complied with international standards, regional best practices, and was harmonized with

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[151] *Public Opinion Poll in Bosnia and Herzegovina*, November 2003, 38.

[152] See *Public Opinion Poll Research Findings*, 31 January 2002, PRISM Market, Media, and Social Research.

[153] See *OSCE Democratization Department Public Opinion Research*, Presentation to the NGO Council, 25 May 2004.

[154] Ibid. Respondents were asked to select from a list of responses which opinion best reflected their view, i.e. they were not asked through an open ended question to identify what role NGOs play in BiH society.

[155] Ibid.

[156] Ibid.

[157] USAID's *Sustainability Index for BiH*, 2003 (draft) found the same.

[158] See, for example, Lofty Goals, Modest Results: Assisting Civil Society in Eastern Europe," by Kevin F. F. Quigley in *Funding Virtue*, Marina Ottoway and Thomas Carothers (eds.). 2000.

[159] Specifically, the Law on Associations and Foundations of the Republic of Srpska, (2001) the Law on Associations and Foundations of the Federation Bosnia and Herzegovina (2002), and the Law on Associations and Foundations of Bosnia and Herzegovina (2002).

companion laws at state and entity levels.[160] Provisions that reflect ICNL input include those that ease founding and registration requirements, allow NGOs to operate throughout BiH, reduce government discretion and interference, prescribe standards of diligence, and provide for economic activity. These are described in greater detail under *Legal, Fiscal, and Tax Framework* on page 18.

As noted earlier, while the basic legal framework is in place, there is still considerable work for ICNL and its domestic partners to do. Laws on voluntarism and donations are still required as is a tax system that properly takes account of NGOs, especially PBOs, and stimulates philanthropy, adjustments to labor laws they affect NGO employees, and a more comprehensive framework for government – NGO cooperation. In addition, implementation of new legislation has been hampered by limited political will, a lack of implementing regulations, narrow legal interpretations, and jurisdictional battles. ICNL has attempted to address these challenges through a variety of activities including TA and training aimed at capacity building within government agencies and institutions and support to regulatory working groups. To date, progress has been made on some fronts, while on others problems persist. The team recognizes that these are very real political obstacles that cannot be easily or quickly overcome.

As for information and analysis on the new legal framework as well as comparative practices, many stakeholders with whom the team met praised ICNL and two of its local partners, Lex International and the Civil Society Promotion Center, for preparing and disseminating these materials. According to CSPC, they received a huge number of phone calls and requests in response to their practical manual for NGOs, which offered information on the legal framework. ICNL efforts to build the capacity of the Center to carry out research on the sector, advise other NGOs on legal and policy change affecting them, and transfer knowledge were acknowledged both by CSPC and other stakeholders. The assessment team heard from many NGOs that they desperately needed this type of information and legal advice.   Further assistance will be necessary to develop capacity within the NGO community to sufficiently meet existing needs for legal and technical advisory services, either through a cadre of experts on NGO law or intermediary support organizations.

4.2.2   ADF – DemNet II[161]

Critical Mass

Since its inception in 1999, DemNet has helped to build the organizational capacity of 130 + existing NGOs in 56 communities throughout BiH.[162]   Thus far, only two organizations assisted through DemNet have ceased operations.[163] Graduates of the DemNet program praised the value of this assistance, noting its unique focus on organizational development and the impact this has had on their performance, both internally and externally, their confidence level, the status of the NGO sector, networking and coalition-building. They sensed that the program had succeeded in creating a critical mass of professional NGOs representing a diversity of interests.   According to one beneficiary, "there are not words to express the impact of DemNet's assistance." While there are many more success stories than can be represented in the confines of this report, a sampling of these organizations and their activities is illustrative:

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[160] In the case of the FBiH Law, a number of provisions contained in the draft introduced to Parliament were subsequently amended. Nevertheless, ICNL concluded that the new Law "includes many progressive provisions, largely complies with international standards and regional best practices, and represents a significant step forward . . . "
[161] While the team was specifically asked to look at DemNet II, the cumulative impact of the DemNet Project cannot be overlooked nor can some NGOs be neatly categorized into one phase of the project or the other.
[162] The number of NGOs is calculated in terms of the number direct beneficiaries of training, TA, and sub-grants. It does not factor in NGOs that are members of umbrella organizations such as networks, associations, or coalitions. As such, the total number of beneficiaries, direct and indirect, is considerably higher.
[163] These were both graduates of DemNet I. A third organization has merged with the Civil Society Promotion Center.

- The environmental NGO EKO Neretva in Jablanica conducts advocacy and watchdog activities relating to environmental issues and education on ecology and sustainable development. It has implemented over 30 projects and boasts 700 members. As a result of its advocacy efforts, the Jablanica Municipal Council adopted a Local Environmental Action Plan.

- The Bureau for Human Rights in Bijeljina focuses on human rights protection, engaging in education, advocacy, watchdog activities, and the provision of free legal aid. In the past year, it has provided consultations to more than 7,000 clients.

- The NGO, "Education Builds BiH" in Sarajevo, is a membership organization with nearly 600 members. Its mission is to help educate orphans. To date, it has offered a total of 550 scholarships, organized holidays, and offered material help – food, clothing, and school and sporting equipment – valued at 3,000,000 KM.

- NGO "BiH Women," in Mostar, has 78 employees, 50 volunteers, and over 300 members. It focuses on protection of women's rights and economic empowerment. It organized the first SOS hotline for victims of domestic violence and has offered free legal assistance to more than 5,000 women. It has also founded a beauty company that provides jobs for 58 women in the area. As a result of its advocacy efforts, the Assembly of Herzegovina-Neretva Canton adopted a new Law on Primary Education that provides for curricula addressing children's rights and democracy issues.

- The Association of Paraplegics in Doboj seeks to systematically solve problems confronted by persons with disabilities, improve their living conditions, and integrate them into the broader community. In cooperation with seven other NGOs, it formed a Supervisory Committee to create an annex to the Law on Urban Planning and Civil Engineering to ensure implementation of international standards regarding disabled access to public buildings. The Annex was adopted by the RS Ministry of Planning in January 2003.

- The Employers' Association, based in Sarajevo has 500 individual and five association members. It promotes an improved environment for entrepreneurs through tripartite dialogue. The Association played a pivotal role in the establishment of a Social-Economic Council in cooperation with the FBiH Government and labor unions. All of its legislative proposals (23) were placed on the list of economic reforms. It also organized a debate on the economic programs of political parties competing in the November 2002 elections.

- In Zenica, "Our Children," develops its programming based on the UN Convention on Children's Rights. To date, it has provided language, music, art, drama, and chess classes and organized sporting activities, playrooms, and a photography club that have benefited over 6,000 children. It provides support to the Orphanage Center, Zenica Hospital, and refugee camps in the area. Its youth have prepared 200 hours of radio programming for Zenica Radio. "Our Children" has received support from more than 50 domestic and international donors.

- The Union of Professional Journalists, based in Sarajevo, provides support services to its 330 members including legal aid and fringe benefits for freelance journalists. It is striving to form a formal network of the four existing journalists' associations in BiH to better represent and advance members' interests. It recently entered into a partnership with the Helsinki Committee to jointly monitor implementation of the Defamation Act/Libel Law and court procedures against journalists.

Stakeholders complimented the approach of the DemNet program, i.e. specially tailored training and TA combined with sub-grants, as being particularly effective both in terms of building their organizational capacity and the application of new knowledge and skills.

Intermediary Support Organizations

Among the grant categories of DemNet II is the "Support Institution Grant (SIG)," the aim of which is to build the capacity of indigenous support structures that can provide information, research, training, coordination, advocacy, and related services to other NGOs. Such support may be directed either at organizations whose services are directed at the NGO sector at large, or at particular sub-sectors. Four NGOs received SIGs under DemNet II.

Among other ADF initiatives to facilitate the development of an NGO infrastructure, or at least some sub-sectors, include:

- The creation of Izbor +, a professional training and consulting organization comprised of local ADF staff that provides services to NGOs;

- Assistance to a local foundation that supports NGOs and initiatives directed at orphaned children.

- Establishment of a network of teledoms (22), i.e. multi-purpose information-communication and service centers, for use by citizens and civil society in rural and remote locations (this is discussed in greater detail below).

The first of these initiatives was originally envisioned as part of the DemNet II project, while the latter two were subsequently added to the project at the initiative of USAID/BiH.

The assessment team is aware that some DemNet NGOs are functioning as support structures regardless of the fact that they did not apply for SIGs. Moreover, NGOs participating in issue-based coalitions, NGO networks, associations, and membership organizations, which were the primary target of assistance under DemNet II, received value added in terms of horizontal information sharing and knowledge transfer.[164] Thirty-eight such groups received integrated assistance packages (IAP) for such purposes. And, irrespective of whether of not DemNet graduates see themselves - or whether others currently view them - as intermediary support organizations, they do acknowledge that they now have the skills to serve as a resource to other NGOs. The question is what percentage of them will do so – or continue to do so – once the DemNet project concludes?

Stakeholders interviewed by the team overwhelmingly agreed that that the domestic infrastructure to support NGOs was quite underdeveloped. They also expressed mixed views about some "support" organizations touted as such by the international community. When stakeholders were asked to name organizations they perceived as performing this function, only half a dozen organizations were *routinely* cited. Most of these, although not all, did receive some form of DemNet assistance. Many interviewees indicated that they really didn't have a good idea of who was doing what. They sensed that better marketing and outreach is needed to increase external recognition and use of support organizations. As noted elsewhere in this report, the lack of a database or information clearinghouse through which potential users could access trainers, consultants, or various support services was highlighted. Others indicated that the problem is that some support organizations have poorly defined missions or are not sufficiently inclusive. DemNet II has clearly contributed to the development of some NGOs and networks that are functioning in an intermediary capacity, although more needs to be done.

Teledoms

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[164] According to the third year, third quarter report of ADF, during the first two years of its project, 126 NGOs increased their levels of dialogue and consultation with government officials and formed ad-hoc issue-based NGO coalitions or partnerships.

As part of the DemNet project, ADF established a network of 22 "teledoms" throughout BiH to serve as multi-purpose internet-communication and service centers in small and rural communities.[165] Existing NGOs host the teledoms, which offer a variety of services in response to local needs. ADF provided start-up grants to purchase equipment and office furniture and to provide for operational expenses for a twelve-month period. It also provided training and technical assistance. World Learning organized participant training in Hungary and Yugoslavia for 12 teledom managers. In 2003, the State registered the Association of Teledoms. The association provides a mechanism through which the more established and experienced teledoms can transfer knowledge to and mentor their newer counterparts and by which to represent and advance their interests. Teledoms generate income on a fee-for-services basis, by providing a range of training and business support services and by charging for Internet and equipment use. According to documentation provided by ADF, 27,706 citizens visited the 22 teledoms and generated 36,277 KM in revenue as of 1 March 2004.[166]

Many stakeholders praised the creative approach of the Teledom project and its effective use of modern technologies. Several interviewees were quite excited about the discussions held by the teledoms each Friday through an Internet "chat room." Others observed that teledoms create a space where people from different backgrounds and groups can come together. Interviewees also highlighted the potential of the teledoms not only to "connect" and "activate" small communities but also to serve as conduits for rural and economic development. Some donors viewed the teledoms as providing an opportunity for integrated programming in support of multiple goals. For example, the World Bank, RS Employment Office, and Social Welfare Office will work with the teledoms to provide job training for orphans. The EU is also considering funding the teledoms to promote tourism. The assessment team was only able to visit two of the 22 teledoms, but was impressed in each case with their level of activity and quality of cooperation with government and business partners:

- The Kotor Varos Teledom has 10 regular business clients/sponsors, provides business services and training, rents space to a local micro-credit association, and is planning to set up a business incubator. It is the only place in the community where citizens can subscribe for Internet service.[167] The Teledom also hosts a website and publishes a monthly news magazine, both of which are favorites among local advertisers. The municipality publishes its report in the magazine. The teledom's premises are provided by the municipality for free.

- The Laktasi Teledom, in consultation with the local community, has identified three priorities for its work through 2006. These include IT education, agricultural and SME development, and the promotion of tourism. The teledom will provide IT education to teachers, civil servants, businessmen, medical staff, and unemployed persons in the community. The last initiative will be carried out in cooperation with the local Unemployment Bureau. It is also working with a local tourism company to promote Laktasi within the community and beyond and is also trying to develop cooperation with a local producers' association to better link them with consumers. The teledom has received 80,000 KM to date from the municipality and is expecting follow-on funding for multiple projects. It also has a contract with the RS ISP, Teol, to sell their services. The teledom can open personal and business accounts and charge for hourly subscriptions to the Internet. It gets a 5% commission and a quantity of free Internet hours based on 10% of the hourly subscriptions purchased.

Some stakeholders did raise one concern about the teledoms, that being an uneven level of development. Benefiting from greater experience, many of the older teledoms were perceived as having a higher level of professional capability than the newer ones. This imbalance in capabilities appears to be hindering

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[165] This component of the program was initiated in January 2002.
[166] See ADF DemNet third year, third quarter report for the period ending 29 February 2004.
[167] The teledom has a contract with the national Internet provider.

consistent quality in service provision across the network. As such, further training and knowledge transfer were deemed to be necessary. Based upon what it heard, the assessment team believes that the Association of Teledoms provides an appropriate mechanism for continued professional development.

Advocacy

Through the DemNet II program, ADF has two grant categories that support advocacy: (1) The Civic Action Partnership Grant (CAP) which provides for intra-sector and cross-sectoral cooperation to increase public discussion on policy issues, pursue mechanisms for policy dialogue, and advocate for change, and; (2) The Civic Initiatives Micro-grant (CIM) that supports local initiatives that encourage and facilitate civic involvement particularly in rural communities.

Since 2002, DemNet II grantees have carried out approximately 44 advocacy campaigns. Of these, six are on-going and results cannot be determined.[168] Virtually all of the remaining 38 initiatives have had some impact in terms of increased public awareness, tangible action by public authorities or communities, creation of mechanisms for public-private partnerships, and/or changes to laws or policies at some level.[169] As the chart below indicates, most advocacy activities have been carried out at the municipal, cantonal, and entity levels, with few initiatives at the state level.

LEVEL OF GOVERNMENT	NUMBER OF INITIATIVES
State	2
Entity	9
Canton	10
Municipality	13
City	2
Local Community	2

The greatest number of initiatives was directed at health, public safety, and related social services (15) and the environment (8). Five focused on human, women's, or children's rights, four on economic development, and four on some aspect of government administration. Twenty-two of the initiatives seek to impact the general population, while the remainder will benefit special interest groups. A sampling of outcomes is presented below[170]:

- Modrica Municipality supported the establishment of an Economic Forum and Business Incubator and developed an Economic Development Strategy.

- The City of Sarajevo Canton adopted a new model for the prevention, early detection, and treatment of children with special needs as part of the 2004 Program of the Ministry of Health.

- Tuzla Canton developed an Action Plan for Development of Entrepreneurship and SMEs.

- The Municipal Council of Bugojno established a Counseling and Prevention Center for Addiction.

- The Municipality of Prijedor reactivated a decision to protect the Sana River and allocated some funding to build a flood protection wall, which is now under construction.

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[168] This includes several initiatives by issues-based coalitions at the national level. One of these coalitions, devoted to environmental issues, appears to be non-active at present. See ADFs year three, third quarter report for the period ending 29 February 2004, p. 24.

[169] According to the Advocacy Results Table provided by ADF, action is still pending on five initiatives.

[170] For a complete listing of results with more detailed descriptions, please see ADF's Advocacy Results Chart.

- The Republic of Srpska introduced a business advice phone line and a new regional Chamber of Commerce.

- The City of Tuzla removed eight illegal waste dumps and instituted a new payment system to provide for routine trash collection.

- Breza Municipality established a Women's Coordination Board to advise on the protection of women's rights and the role of women in economic development.

- Court procedures in the Republic of Srpska were changed to better comply with the European Convention on Human Rights.

- The State Parliament adopted changes and annexes to the Election Law to better define and regulate the functioning of election bodies and funding of elections.

While the assessment team is not in a position to comment on the status of implementation of legal and policy reforms highlighted above, it is clear that nearly all of the NGOs involved have been able to establish partnerships with government to better advance the interests of their constituents, whether citizens or special interest groups.

The assessment team would liked to have seen a more even distribution of initiatives at the state level relative to the other levels of government and with respect to the policy areas addressed by advocacy campaigns. At the same time, it recognizes the challenges to state-level advocacy, as identified at various points throughout this report. It also understands ADF's preference to respond to the initiative of its grantees rather than dictate their agenda. While the latter approach may have provided for a more equitable distribution of activities, the prospects for domestic ownership and sustainability would have been lower. It seems likely that the DemNet project has laid the groundwork for bigger initiatives at higher levels of government in the future, although this will have to be measured by future assessments.

4.2.3 CCI

Organizational Capacity

As a result of its own experience, participation in the DemNet program, and with support from other INGOs, CCI has been able to build its organizational capacity and professionalize its operations. Today, it is viewed as a leader by the international community and domestic NGOs. Within its peer group, CCI is respected for its capacity to mobilize volunteers (according to its own literature, CCI has mobilized more than 15,000 people to serve as election monitors since 1998),[171] the extent to which is has been able to create its own "brand," its ability to fundraise (on this point see more below), its sound advocacy methodology, and its increasing access to decision-makers.

Financial Viability

In the past four years, CCI has gone from sole source funding to a funding base representing 16 international organizations, the municipality of Laktasi, and its own staff who contribute 1% of their monthly salary, as well as the provision of training and consulting services for a fee. The organization is in negotiations with two additional municipalities to secure some form of support, plans to seek donations from private companies, and hopes to expand its client base for training and consulting services.[172] CCI representatives confirm that they are less worried about financial viability than in the past, as the loss of

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[171] See the CCI project description for its current USAID funded civil society development project.
[172] Ibid.

one donor does not adversely affect their survival. In the near term, i.e. next five years, the organization appears to be quite financially viable.

In the longer term and as international funding sources decline, CCI will face the same challenges as its cohorts in the region.[173] Specifically, organizations devoted almost exclusively to advocacy or watchdog functions are more likely to be funded by – or receive a significant portion of their funding from - foreign donors than domestic sources.   In his article, "Lofty Goals, Modest Results: Assisting Civil Society in Eastern Europe," Kevin Quigley notes:

> *"Policy-oriented NGOs in particular face an uncertain future since few alternative sources of support beckon. And the NGOs that have received the most money from the international community appear to be at greatest risk. Few of these are likely to survive once external donors withdraw funding, unless they establish cooperative links with the government, business, or both."[174]*

To the extent that in-country government bodies or businesses view such organizations as a threat rather than a partner, efforts to raise money and remain independent will be complicated. And, unlike professional or interest based associations that may also undertake advocacy, CCI's capacity to build a broad, consistent, and sustainable membership base (from which dues could be collected) may be limited.

As international donors continue to support CCI, an approach must be sought that balances the need to cultivate sufficient domestic funding with safeguarding CCI's leadership role in advocacy and civic initiatives. While there is no adequate study of the quest for domestic funding in CEE and its impact on the mission and activities of NGOs, anecdotal evidence is beginning to emerge that the former has had some unintended consequences for the latter. In Hungary, for example, NGOs have become increasingly good at generating income through service provision, including the provision of social services to government bodies. This trend has been accompanied, however, by weakening advocacy functions.[175] In neighboring Croatia, there is also a perception that certain NGOs have lost their core competency in advocacy as a result of an increased focus on the provision of training and the money it brings.[176] For its part, CCI is aware that it may need to further downsize its operation and is looking at strategies to "spin off" some of its centers, i.e. in a sense creating independent franchises. The existence of multiple centers does provide some flexibility in terms of cultivating specializations and funding sources.   For example, one center could take the lead in training, while another remained focused on advocacy, protecting against a complete reorientation of the organization's Mission.

Advocacy

CCI has led a number of high profile advocacy campaigns at various levels of government in the past year. These campaigns, which have resulted in the acceptance of the UN's "Standard Rules for Equalization of Opportunities for Persons with Disabilities" by the BiH Council of Ministers, the adoption of constitutional amendments and legislation by the FBiH Assembly that provide for direct election of mayors, and the passage of a new Law on Primary Education in Tuzla Canton that de-politicizes the selection of school principles. These are heralded as significant achievements by domestic NGOs and the international community alike. In addition to advocacy at higher levels of government,

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[173] For example organizations like GONG in Croatia, MOST in Macedonia, and CESID in Serbia as well as non-affiliated but similarly oriented organizations, e.g. human rights or democracy promotion groups.
[174] In, *Funding Virtue*, Marina Ottoway and Thomas Carothers (eds.), 2000, p. 209.
[175] See "Mechanisms of Government-NGO Cooperation in Hungary," by Nilda Bullain in *Social Economy and Law*, Winter 2003 – Spring 2004, pp. 13-14.
[176] See *Croatia NGO Sector Assessment: Building Upon Strengths, Performance, and Partnership* by Catherine Barnes and Natasa Skrbic for USAID/Croatia, March 2004.

CCI remains active at the grassroots level by working with citizens and local governments to introduce participatory decision-making vis-à-vis budgeting processes.

Stakeholders attributed CCI's success to a number of factors:

Responsiveness to real problems: CCI has effectively used polling data to identify citizen concerns and pressure policy-makers. Research conducted by CCI in 2003, which found that 85% of respondents believed political parties adversely influenced the election of primary school principles, informed CCI's advocacy campaign in Tuzla Canton to change the method by which school principles are selected. CCI also uses surveys to identify priorities in local communities to help guide local government officials and citizens reach consensus about budgetary allocations.

Strategically oriented media campaigns: To supplement news coverage generated by its advocacy efforts, CCI has pursued a media strategy that involves public service announcements (PSAs), interviews, and the production of special programming, e.g. the television show on RT RS, *We Are All Equal*, in support of the advocacy initiative by the same name.[177] Such an integrated approach has helped CCI to raise its own profile, increase public awareness and understanding of key issues, as well as build pressure for reforms. By controlling its own message, CCI can – in some measure - counter negative reporting by official media.[178]

Direct involvement of citizens in the process: CCI has used creative methods to involve citizens in advocacy efforts and ensure their "buy-in" to a successful outcome. As part of its campaign for direct election of mayors, CCI held petition drives in Sarajevo, Tuzla, Srebrenik, Lukavac, Zivinice, Senica, and Capljina. More than 5,000 citizens signed petitions and a survey by *Dnevni Avaz* found that 77% of respondents supported CCI's campaign. At the grassroots level, hundreds of citizens have participated in public meetings facilitated by CCI to identify community needs and corresponding budget priorities.

Willingness to engage with political parties to achieve policy reform: During the direct election of mayors campaign, CCI engaged in consultations with all ruling and opposition parties in the FBiH Parliament as a means of ensuring their backing of the initiative. All 18 parties ultimately confirmed their support in writing. This process and its successful outcome provide a model for replication by the broader NGO community, which has been reluctant to form partnerships with political parties.

Focus on a broad community of decision-makers not just individual contacts: In the case of the direct election of mayors campaign, CCI wrote letters and placed phone calls to every MP to ask for their vote. This approach paid off. On 24 March 2004, in the House of Representatives, 69 MPs passed the constitutional amendments (1 against, 2 refrained) and 58 of them voted for the Law on Direct Election of Mayors (2 against, 10 refrained). On 14 April 2004, in the House of Peoples, 39 MPs voted for the constitutional amendments (2 against, 4 refrained) and 33 of them voted for the law (1 against, 8 refrained). For the "We Are All Equal" campaign, CCI sent letters to legislative assemblies, government offices, and line ministries in both entities.

Constructive public – private partnerships: During its campaign for direct election of mayors, CCI advanced its policy proposals by working with Tuzla Canton's Ministry of Education Working Group on reform of primary school legislation and committees within the Canton's municipal councils providing input on the law. As part of the "We Are All Equal" campaign, a committee of NGO and government

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[177] The "We Are All Equal Campaign" involved a coalition of hundreds of NGOs, networks, and associations dedicated to persons with disabilities. It also represented a cooperative effort between CCI and ADF DemNet, which provided capacity building support to participating groups.
[178] For more in this see page 39 of this report.

representatives and independent experts has been established in each entity. These committees will work on harmonizing pertinent legislation and regulations with the UN's "Standard Rules for Equalization of Opportunities for Persons with Disabilities"

4.3 PERCEPTIONS OF USAID/BiH APPROACH TO CIVIL SOCIETY PROGRAMMING

4.3.1 Inclusive Approach to Civil Society

Numerous stakeholders commented on the Mission's broad definition of civil society and the impact this has had on the growth of a more diverse sector. Such comments focused on the array of organizations, interests, and constituencies supported and the willingness of USAID/BiH to assist both formal organizations and informal groups. This represents an important shift in the Mission's orientation relative to 2000, when the last civil society assessment was conducted. At that time, informal citizens'/community groups and NGOs engaged primarily in service provision rather than advocacy were not factored into the Mission's definition of civil society.[179] At one focus group of USAID/BiH beneficiaries, the team was struck by the broad array of interests represented, with leaders of associations representing drivers and mechanics, women suffering from breast cancer, persons with disabilities, election officials, employers, journalists, persons struggling with drug addition, and many others discussing the impact of capacity building assistance on their performance and moving smoothly toward a consensus on many of the needs and challenges facing the sector as a whole.

4.3.2 Strategic and Needs Based Approach

The Mission's strategic approach to civil society programming, one based on needs assessments, was also highlighted. Domestic stakeholders expressed appreciation at being consulted for the first civil society assessment in 2000 and as part of the current undertaking. Participants in the four NGO focus groups conducted in Sarajevo, Banja Luka, Tuzla, and Mostar were enthusiastic about the opportunity to provide their input and expressed an interest in engaging in such a dialogue more often. The extent to which such assessments inform Mission decision-making, moves toward formal strategic planning, and results reporting based on strategic objectives and intermediate results is perceived to have had a clear impact on the strategic orientation and cohesive design of civil society programs as well as efforts to move toward greater integration between program areas.[180] Donors and implementers also noted the value of research prepared or sponsored by the Mission for their own planning, implementation, and monitoring purposes including the Mission's democratization poll and the annual *NGO Sustainability Index* for BiH.

4.3.3 Flexible and Longer Term Funding

Stakeholders also acknowledged the value of – and continued need for – flexible funding mechanisms, such as cooperative agreements rather than contracts, that provide organizations implementing civil

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[179]   See *Civic Participation and Organizing Assessment*, 30 March 2000 prepared for USAID/BiH by MSI, pp. 6, 15. Such groups were receiving assistance from USAID/BiH in the aftermath of Dayton, although they were primarily used for service provision or as civic educators and were not factored into a civil society strategy.
[180] Due to the rapid response orientation of programming during the early stages of reconstruction and the unique circumstances in BiH, the Mission was not bound by standard requirements to submit strategic plans and Results Review and Resource Requests (R4s). As such, there was no strategic objective to encompass all the anticipated results of civil society programs being funded at that time.

society programs with the necessary leeway to respond rapidly to changing circumstances and priorities. Such mechanisms also make it easier for the Mission to expand existing programs to meet emerging needs. The various modifications to the DemNet II program provide a case in point. At the same time, the team wonders whether too many modifications, ones that increased activities and resources but not the duration of the project, diluted the original focus of the project, rendering it more difficult to fully meet initial aims. Many implementing organizations also credited the Mission for lengthening its funding cycles relative to past practices.[181] They viewed longer funding cycles, typically three years, combined with periodic benchmarks as allowing for a greater strategic orientation while still holding grantees accountable for results.[182]

4.3.4   Direct Funding to Domestic NGOs

Domestic stakeholders, in particular, noted the Mission's willingness to directly fund domestic NGOs and interpreted this as an indicator of confidence in their abilities. All domestic stakeholders expressed an interest in receiving direct funding from USAID/BiH, not only because this was likely to mean higher levels of funding, but also because it was perceived to elevate their status in the eyes of other stakeholders, particularly other donors. At the same time, it was clear that many domestic NGOs did not anticipate all that direct funding might entail in terms of contractual and regulatory compliance, reporting requirements, and the loss of training and technical assistance that has typically been provided by international intermediary organizations such as ADF. At least one domestic NGO receiving direct funding from USAID/BiH expressed regret at not receiving more feedback from the Mission during the course of its project.   Direct funding also has a variety of ramifications for the Mission from a management and oversight perspective to considerations of how quickly results can be achieved absent international interventions, incentives, or pressures. As for application procedures and obligations placed on those receiving grants, the USAID/BiH process was considered to be relatively less complicated than that of the EC.[183]

4.3.5   Programming Strengths and Niches

Given the engagement by a large number of international donors, either directly or indirectly, in civil society development in BiH, measuring discrete USAID/BiH-driven impact can be challenging. At the same time, among its peers, the Mission's leading role in this area is widely acknowledged. USAID/BiH leadership, via ICNL and its domestic partners, in creating a more enabling legal and policy environment for the development in civil society is clearly recognized.   Among those interviewed, the focus on organizational capacity building via the DemNet is also viewed as having made a unique contribution to the development of a core group of professional NGOs throughout the country and across sub-sectors.[184] Both of these areas are considered to be niches of USAID/BiH.   USAID/BiH also appears better positioned through its implementing partners, to assist smaller NGOs and informal groups, particularly those operating in rural and remote areas, than are other major donors. With respect to other initiatives, representatives of the international community also praised the teledom project under DemNet and the

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[181] According to the March 2000 *Civil Participation and Organizing Assessment*, "Many implementing partners voiced frustration and the relatively short duration of their contracts or grants relative to high expectations of performance. Evidence also existed of truncated funding cycles that necessitate frequent engagement and disengagement . . ." p. 17.
[182] On a related point, most DemNet grantees and domestic NGOs being directly funded by USAID noted that while they may have initially resisted efforts ensure a results orientation to programming, they now understand the impact that this has had on the professionalism of their organizations, the only caveat being the need for realistic expectations.
[183] A leading domestic NGO reported that it took 16 days for them to complete one application for EC funding.
[184] The combination of training, TA, and grants was also deemed to be particularly valuable to those who received assistance.

recently approved UI project to build the capacity of policy research organizations as particularly 'creative' and 'innovative.'

4.3.6 Limitations and Areas for Further Improvement

Among the perceived limitations confronting the Mission or weaknesses in its approach, stakeholders identified:

- A limited capacity for rapid response relative to OTI,[185] for example, or at least the absence of a rapid response fund.

- Insufficient routine field coverage by Mission personnel that would provide more opportunities for stakeholder input and program monitoring.

- An inability to provide technical assistance/mentoring to directly funded domestic NGOs.

- Limitations on the number of implementers/projects that the Mission can effectively manage.

- Ambitious expectations that may contribute to some degree of frustration that processes are not moving – or results are not being achieved – quickly enough.[186]

The Mission has made considerable progress relative to 2000 in attempting to identify synergies and integrate program areas. Stakeholders expressed their desire for expanded integration in the future, particularly during the conceptualization of projects.[187] Initiatives such as GAP and the UI project suggest that the Mission is already doing so.

4.4 IC SUPPORT TO CIVIL SOCIETY

4.4.1 Program Development

Multiple international donors and implementing organizations informed the assessment team that they base program priorities, strategies, and designs on a variety of information sources. To differing degrees, these include needs assessments, stakeholder analyses, polling data, evaluative tools such as the *NGO Sustainability Index* prepared by USAID/BiH, and feedback from their domestic staff and beneficiaries.[188] Some of these tools, such as polls and indices are prepared on an annual basis, while assessments tend to be carried out proximate to new strategic planning and implementation cycles, e.g. every four to five years. Stakeholders also indicated that their programming is increasingly influenced by such instruments as the Poverty Reduction Strategy Paper (PSRP), European Commission Feasibility Study,[189] and regional

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[185] The Office of Transition Initiatives (OTI) within the USAID Mission exited the country in May 2000. OTI implemented the United States Government's (USG) first citizen organizing initiatives in BiH.

[186] Both international and domestic implementing organizations believed this to be the case.

[187] There was a sense, at least in some cases, that projects were being coordinated after the fact rather than integrated from the beginning. Given the longer term nature of many grants, however, this may be partially dependent upon the timing of approval of various projects.

[188] See, for example, polls prepared by USAID/BiH and OSCE/BiH or the *Consolidated Report of the Municipality Assessment in Bosnia and Herzegovina* (April 2004) prepared by the UNDP's Rights-Based Municipal Assessment and Planning Project (RMAP), specifically the section on civil society, pp. 27-32.

[189] This study identifies 16 areas in which BiH must make significant and swift progress in early 2004 for the EC to positively recommend the opening of negotiations for a Stabilization and Association Agreement (SAA). For more see http://www.delbih.cec.eu.int/en/index.htm.

development policies/plans, i.e. within BiH. A few confirmed their programs are representative of broader regional, i.e. Balkan/SEE, or European interests or development agendas, e.g. the EC and UN. Some information and analysis prepared by donors is widely distributed within the IC, while others is for internal consumption only. USAID/BiH has made its documents widely available and the team was surprised, for example, how many stakeholders were in possession of the report from the Mission's last civil society assessment in 2000.[190]

Despite perceptions within the IC that its programs are progressively more responsive to – and representative of – domestic priorities, this view was not fully shared by civil society actors interviewed by the team. According to one, "we are still carrying out projects that we would never undertake but for the priorities of the international community." To a certain extent, this sentiment may reflect an inability of bureaucracies to respond quickly to changing circumstances, i.e. a lag between the identification of new needs as articulated by domestic stakeholders and the operationalization of attendant programs. USAID/BiH was perceived as exhibiting a greater capacity for flexibility and responsiveness than the EC, for example, although not as much as the Mission's Office for Transition Initiatives (OTI).[191] All domestic stakeholders interviewed appeared eager to join in participatory planning and expressed an interest in engaging in dialogue, through such mechanisms as the focus groups carried out as part of the current assessment, on a more routine basis.

4.4.2 Donor Coordination

Most donors and international implementers concurred that there is not sufficient coordination on civil society programming. They sensed that coordination on civil society was better in the past, although it never occurred to the same degree as with other interventions, e.g. reconstruction and refugee return. Some attributed this to the lack of a civil society agenda, either by the international community or domestic stakeholders, while others pointed to the fact that very few agencies have distinct civil society programs, as does USAID/BiH, but that this component is built into other activities, e.g. refugee return, community revitalization, governance, human rights, etc. Domestic stakeholders appeared well aware of the lack of coordination, citing what they believed to be redundant investments or parallel activities, gaps in programming, interventions that were not strategically oriented, or a limited appreciation of program approaches or individual organizations that had failed to deliver results in the past. While everyone agreed that their should be greater coordination in the future, especially as foreign funds for civil society development begin to decline and some international players prepare to withdraw, no agency seemed prepared to take the initiative. Given its strategically oriented focus on civil society, USAID/BiH was identified as the likely candidate to lead such a process. Its recently instituted, monthly meetings on the Government Accountability Project (GAP) were held up as a model for coordination. Participating stakeholders appreciated the informality of the forum and the frankness of exchange.

4.4.3 Future Plans of the Donor Community

The assessment team was not able to fully discern the future plans of other international donors in the area of civil society as, concurrent to USAID/BiH, many were undertaking the same process, i.e. needs assessment and strategy development to determine future programming priorities and directions.[192] The EC, DFID, and OSF were all engaged in such an exercise during the course of the current assessment. As

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[190] And were thoroughly familiar with its findings.
[191] The OTI Office within USAID/BiH ceased operations in May 2000.
[192] In addition, some of the individual donor representatives with whom the team hoped to meet were not available during the course of field-based work.

such, a general overview is provided herein. Details will have to follow once various assessment reports, country strategies, or indicative plans are made public.

European Commission

In 2001 the European Commission adopted a Country Strategy for BiH that covers the period 2002-2006 and provides a framework for EU assistance. Since then, more than €240 million has been committed under the Community Assistance for Reconstruction, Development and Stabilization Program (CARDS). According the EC, draft assistance priorities for its multi-annual indicative program (MIP) for 2005 and 2006 include democratic stabilization, administrative capacity building, economic and social development, environmental and natural resources, justice and home affairs, community programs, and cooperation with international finance institutions (IFIs).[193] Its planned engagement of NGOs and civil society groups appears to fall primarily under the first program area, specifically support to NGOs promoting the social integration of returnees and grant funding to reinforce awareness and involvement in the Stabilization and Association Process (SAP) at the level of the citizen in areas such as civil society, sport, culture, youth, and education. The BiH Directorate for EC integration will be responsible for administering the CARDS program with significant assistance and oversight anticipated on the part of the EC. The Directorate is being encouraged to involve civic society stakeholders. An EC representative in Sarajevo noted two important trends affecting its work: (1) A de-concentration of responsibility from Brussels to the EC Office in Sarajevo and (2) A joint decision by the European Council –European Commission to involve non-state actors in programming. In general, the strengthening of public-private partnerships involving government, civil society, and the business community was seen as extremely important in the upcoming period.

United Nations Development Programme (UNDP)

UNDP programming in BiH is structured around five major areas including governance, human security, information and communication technology (ICT), area based development, and the environment. The United Nations does not have discrete civil society activities, although civil society development does factor into its programming.[194] The UNDP's Sustainable Transfer to Return-related Authorities (SUTRA) Initiative, for example, brings municipalities, civil society, and business together to work on reintegration within the context of development frameworks.[195] This represents a shift from post-emergency recovery under international supervision toward development-oriented, locally owned programming.[196] Along similar lines, UNDP is working in coordination with UNOHCHR and Ministry for Human Rights and Refugees on the pilot project Rights-based Municipal Assessment and Planning Project (RMAP), the aim of which is to build the capacity of municipalities and civil society to formulate human rights based municipal development strategies.

Organization for Security and Cooperation (OSCE)

While not technically a donor, OSCE/BiH is included in this list because it is active in civil society and it contracts domestic NGOs as implementers. One of its major initiatives, started in 2003, involves the use of public opinion research to acquaint citizens and decision-makers about how such research is used in making and influencing public policy. Research findings are also being used to help define a public

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[193] Based on the Draft Assistance Priorities – MIP 2005/6 BIH.
[194] In addition, civil society, democracy, and human rights are included in the UN's Millennium Development Goals.
[195] The SUTRA project is supported by a consortium that also includes the EC.
[196] See UNDP BiH: *It's Not Just What We Do, But Also How We Do It*!

information campaign to encourage citizens to work together to bring about positive change.[197] Through its resource centers, the OSCE engages in projects designed to meet local needs and increase citizen participation and oversight in the conduct of government and politics. These projects rely heavily on civil society actors. The Mission is also active in informing citizens of their rights under the new Freedom of Information Act. According to the OSCE, its activities directed at the state level are the result of requests from international and domestic stakeholders to help accelerate legal and regulatory reforms needed to stimulate the development of civil society.[198] In January 2003, OSCE/BiH adopted a well articulated policy on civil society, the aim of which is to ensure a common understanding within the Mission of what constitutes civil society in BiH, clarify the purpose of the Mission's work in this area, and provide for a consistent approach. The Mission's approach is comprised of five key features, specifically, it is action based, promotes understanding, targets interventions, encourages partnership, and seeks to create virtue out of scarcity.[199]

Swedish International Development Cooperation Agency (Sida)

With €30 million, Sida is the largest bi-lateral donor in BiH. It expects to maintain this level of funding at least through 2006.[200] Its civil society programming focuses on women, youth, and human rights. It provides capacity building, rather than direct funding, to domestic NGOs through three implementing organizations: (1) Olaf Palme, (2) the Swedish Helsinki Commission, and (3) Women to Women. Sida is also partnering with USAID/BiH in funding the Government Accountability Project, which includes a citizen participation component. Sida will be responsible for financing the entirety of 'reform-enabling material assistance' that includes a small-scale community grants program. The grants program will support projects that have been developed with the input of the whole community and which reflect transparent and participatory processes for identifying development priorities at the grassroots. The emphasis of this initiative is not only short-term results, which may be important to the community, but also the process by which priorities are identified and citizen input utilized.[201]

Department for International Development (DfID)

Traditionally, DfID has not treated civil society as a discrete program area but has integrated this component into other programming. Through its efforts to implement effective social policies, for example, DfID has sought to develop partnerships between municipalities and civil society in social service provision. Assistance directed at CSOs is primarily handled through a small grants scheme that will expire on 1 April 2005. DFID's current country strategy has ended and a new regional assistance plan/country annex is being prepared that will outline future areas of activity. DfID is undergoing considerable restructuring due to a realignment of priorities and resultant decreases in funding for the region. As such, most of DfID's programs in BiH will be ending. In the coming years, it will focus on PSRP implementation and EU integration issues and will seek effective coordination with other donors and the host government. According to representatives in Sarajevo, funding in support of civil society may still come from other sources including the Civil Society Challenge Fund[202] administered by DfID

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[197] According to a representative of OSCE – BiH, public information campaigns via television are extremely important to raising public awareness and visibility of NGOs and to activate the public. The engagement of multiple donors in this area was deemed to be useful and opportunities for joint programming or cost-sharing may exist.
[198] Taken from an overview of the OSCE's Citizen's Participation Programme at www.oscebih.org/denicratuzatuib/citizenpp.asp?d=3.
[199] For more information, see *OSCE Mission to Bosnia and Herzegovina Civil Society Policy* dated 18 January 2003.
[200] Sida does not anticipate a significant drop in funding levels in the near future.
[201] See *Local Government Assistance IQC, Statement of Work, USAID-Sida, Governance Accountability Project (GAP) in Bosnia and Herzegovina*, p. 9.
[202] The DfID Office in Sarajevo is given an opportunity to review proposals under consideration.

headquarters in London as well as the Global Opportunities Fund[203] and the Global Conflict Prevention Fund both of which are managed by the Foreign Commonwealth Office.

Open Society Fund (OSF)

The Open Society Fund is shifting its priorities and will place increasing emphasis on research and policy analysis. Specifically, it will seek to address the significant and continued dependence of BiH on the international community and the resultant artificiality of Bosnian society, by initiating a dialogue on alternatives to Dayton.

5 CONCLUSIONS

The international community continues to drive the development and agenda of civil society, although there is indigenous movement toward ownership of the sector.

The unique role and intensive involvement of the international community in BiH has had both positive and negative consequences. With respect to civil society, the IC has sought to strengthen the sector while often setting its agenda, driving its development, and – at times – usurping its role. High levels of international funding have, in part, contributed to a situation whereby NGOs may be serving more as proxies of the IC than civil society in BiH. Historically, limited initiative and capacity within BiH have also been a significant factor. Since 2001, however, a methodical, participatory, and coordinated process to assume ownership of the sector has been underway. Begun by a group of domestic NGOs, many of them beneficiaries of the Democracy Network program, this incremental process now involves in excess of 220 NGOs throughout the country and an increasingly defined set of priorities and activities. The international community should recognize this as an opportunity to transfer leadership to domestic actors and provide them with the appropriate degree of trust, space, and support. The Mission's decision to assist this process by directly funding CSPC is a positive and necessary step in transferring leadership.

The legal framework for civil society is greatly improved, but gaps and deficiencies remain that impact both the development of the sector and the prospects for the success of related interventions.

Relative to 2000, the legal framework for civil society, comprised of new legislation on associations and foundations at the entity and state levels, is harmonized and largely complies with international standards and regional best practices. It is the product of constructive public-private partnership and reflects the value of participatory decision-making. This basic framework is incomplete, however, and additional laws, regulations, and policies are badly needed. Until these are in place, NGOs' ability to successfully engage in a number of activities, for example, fundraising, volunteer recruitment, and income generation, as well as international efforts to foster NGO viability through related projects, will be hampered. The relationship between the legal framework and prospects for sustainability should be fully considered by the Mission as it sequences assistance and sets results targets. To ensure that improved legislation is not treated as an end result, a continued emphasis needs to be placed on ensuring implementation, particularly at the state level.

The relationship between government and civil society has yet to be defined and operationalized particularly at higher levels.

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[203] This fund is directed at countries on the path to EU membership and their neighbors. While BiH is eligible to access these funds, it is not a priority. Civil society programming does fall within the parameters of the fund.

In general, the relationship between government and the third sector in BiH is neither well defined nor structured. The higher the level of government, the less transparent and institutionalized the relationship appears to be. At state and entity levels, in particular, there is an evident lack of policies that outline the respective roles and responsibilities of government and civil society and that define mechanisms and processes for interaction. Formal policies combined with government coordination/liaison mechanisms can serve to facilitate, professionalize, and regulate cooperation. While contrary to American experience, policies on Government - NGO cooperation and government coordination offices are consistent with European and regional practice and their potential value in BiH should not be discounted. The introduction of such policies and mechanisms in BiH, however, will require domestic initiative, continued international engagement and expertise, and time (five years). Domestic NGOs will have to be actively engaged in the process to ensure that the resulting policies and mechanisms do not have the effect of restricting or co-opting the third sector. At the municipal level, models for government-NGO cooperation do exist but are not being adequately replicated.[204] An effective conduit for transferring such knowledge and experience among municipalities remains to be found.

A critical mass of professional NGOs does exist, although the domestic infrastructure to support civil society remains underdeveloped.

A critical mass of professional NGOs that are geographically and sectorally diverse has been created. In the past four years, these NGOs have grown in terms of capacity, viability, and confidence as well as intra- and cross-sectoral cooperation. And, they share a mutual appreciation of the development needs of civil society. Considerable human capacity exists within the sector. At the same time, capacities beyond this core group and urban/sub-urban centers remain limited. Moreover, the performance of intermediary support organizations is mixed and gaps exist within the infrastructure. Most resource centers and coordinating bodies have failed. A handful of organizations are routinely recognized in such areas as training, legal and technical advising, and information resources. There appear to be no effective mechanisms for accessing and assessing existing capacities and services in country. The development of grants-management capacity and utilization of local foundations has been largely overlooked. In general, donor emphasis needs to shift from individual NGOs to the local infrastructure supporting civil society development in BiH. Increasingly, assistance should be directed at: (1) Domestically owned and inclusive organizations that are fully committed to serving as intermediary support organizations and are recognized and respected as such by the broader community and (2) Networks through which information can be shared and knowledge transferred.

Public awareness and the image of the sector are gradually on the rise, but need to be improved and deepened.

Public awareness and positive impressions of NGOs appear to be improving although there are lingering misconceptions about the role of civil society and negative perceptions of NGOs' motivations. Periodic coverage of individual NGOs and their activities, especially by independent media, is having an informational and promotional impact within local communities and regional media markets. The ability to clearly articulate mission and message as well as demonstrate tangible results is key to obtaining prominent and favorable media coverage, which, in turn, plays an important role in mobilizing local resources. The extent to which ad hoc coverage is contributing to a common understanding and appreciation throughout BiH of what civil society is and what role it plays, however, is less clear. The antagonistic stance of official media has been particularly counterproductive. A strategically oriented effort is needed to present the sector and boost its image. Such an effort should focus on the most used

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[204] These include written policies, liaison officers or coordination offices, working groups and advisory councils, transparent grant making procedures, public financing, etc.

source of information in BiH, which is television. As the media outlets with the greatest geographic reach and viewing audiences, Federation and RS TV cannot be factored out of the equation.

Domestic funding sources, while in evidence, are extremely limited.

In comparison to 2000, an elite group of NGOs has managed to greatly diversify its funding base to include multiple foreign donors, public financing, private contributions, and/or income generating activities. Even this elite, however, remains highly dependent on the international community for its financial sustainability. Domestic sources are funding some civil society organizations, but are not yet a factor in sustaining the sector. The success of interventions aimed at domestic fundraising will be contingent upon further legal, fiscal, and tax reforms and economic growth. Recent efforts by USAID/BiH via UMCOR to promote individual philanthropy and voluntarism are important to cultivate domestic funding and in-kind contributions and have the value added of requiring NGOs to reach out to the citizens, interest groups, and communities they purport to serve. Ultimately, however, NGOs will likely need support from a diversity of domestic sources including government and private business to sustain their organizations and activities. In the longer term and as the enabling environment improves, the Mission should remain open to encouraging and supporting public financing and corporate philanthropy.

Issue advocacy campaigns and community initiatives have produced notable successes, although the engagement of civil society is limited and uneven.

NGO advocacy has contributed to discrete successes in legal and policy reform at various levels of government, while community initiatives have brought about participatory decision-making in select municipalities. Beyond the specific policy impact of NGO advocacy successes, achievements need also to be understood in terms of their contribution to processes, partnerships, and mechanisms upon which future initiatives will be built. While there are a relatively small number of NGOs routinely engaged in advocacy at this point in time, the number is growing. Yet, it must be concluded that the role of the sector in influencing public policy remains nascent. It is not yet sufficiently recognized by the public nor appreciated by decision-makers. Advocacy is most evident at local levels, declining as government becomes more removed from the people. National level advocacy is lacking, complicated by a range of factors, from the weakness and perceived irrelevance of the state to OHR's top down and fast-track decision-making processes. Initiatives continue to be disproportionately directed at health, social welfare, and ecology, while major issues of a 'national interest,' e.g. privatization, corruption, war crimes, or the future of BiH remain largely unaddressed by purely domestic initiative. Continued emphasis is needed with respect to instituting policy dialogue mechanisms, especially at the state level; building pertinent capacities in sub-sectors not yet fulfilling their potential, e.g. trade unions and business associations; linking policy analysis and public advocacy capabilities, encouraging advocacy by issue-based coalitions and networks, and promoting greater NGO watchdog activities.

Co-operation between NGOs and political parties to advance policy reform, while extremely rare, does exist.

Despite continued distaste for "politics" and distrust of political parties by the NGO community, there are instances of effective cooperation between individual NGOs or types of NGOs and political parties to achieve policy change. CCI may have the most advanced methodology for approaching and working with political parties, one evidenced in the successful advocacy campaign for direct election of mayors. Youth and women's oriented NGOs have also been effective at engaging youth groups and women's organizations within political party structures as well as MPs representing their respective demographic to access policy dialogue, achieve policy change, and secure budget allocations for their causes. The role of political party support in achieving such results needs to be more vigorously promoted within the NGO

community as does the potential of such engagement to facilitate political party reform. Methods for building and managing such relationships should be widely shared and replicated. At this stage, focus on the supply side, i.e. building the organizational capacity of political parties – as opposed to their campaign skills – will be important to facilitating effective partnerships with NGOs.

Reductions in foreign funding for NGOs in BiH will lead to a consolidation of the sector, which should be viewed as an opportunity rather than a negative outcome.

The formation and development of NGOs is a dynamic process in any country. NGOs will come and go. In BiH, as elsewhere, this process will be impacted by declines in international funding for civil society and the withdrawal of various agencies and INGOs. If this occurs in a gradual and coordinated manner, donors can expect consolidation of the sector – not its collapse. Many organizations that have fulfilled their purpose and no longer have a reason for being and NGOs motivated by money rather than mission, will cease to exist. More likely to survive are those with strong ties to communities, interest groups, or the public, that are deeply committed to their cause, and are capable of producing results. Less serious and opportunistic NGOs have placed a drain on existing resources and have been a drag on the image of the sector. As such, their departure should be welcomed. Increasingly, NGOs will be forced to compete in the marketplace. Donors should facilitate this process by gradually adjusting the ratio of their contributions to resources brought to the table by beneficiary organizations.

Progress is being made in the development of civil society in BiH and USAID/BiH and its implementing partners have contributed to it.

Civil society has continued to mature since the last assessment in 2000, reorienting itself to meet the changing needs of society, while attending to its own development. The Mission has contributed to significant improvements with respect to the legal/policy framework for civil society and the existence of a critical mass of professional NGOs, as well as to tangible successes in NGO advocacy at various levels and citizens' initiatives at the grass roots. Its interventions have helped to lay the groundwork for continued progress in the future. The Mission's greater strategic orientation to civil society programming and efforts to build synergies between civil society and substantive outcomes, such as legal reform and more effective local government, has helped to maximize results.

ICNL

ICNL has provided significant benefit at a relatively low cost. Its leading contribution to achieving reform of the basic legal and policy framework for civil society through public-private partnerships has greatly improved the enabling environment for NGOs and informal groups in BiH. These reforms are critical to the sustainability of the sector and set the stage for other necessary program interventions. The processes by which reforms were achieved helped to formalize and professionalize NGO access to government institutions, elevate the status the sector vis-à-vis government, promote more informed decision-making by government officials, and empower participating NGOs to contribute to legal and policy reforms affecting the sector. Moreover, its close coordination with other donors and implementing organizations has ensured strategic orientation and outcomes. Continued engagement will be required to address gaps, inconsistencies, and other deficiencies in the broader legal and policy framework for civil society and to improve implementation and compliance through capacity building directed at government and domestic ISOs. INCL, in cooperation with other implementers, should also place a greater emphasis on watchdog activities by NGO networks to ensure that reforms are applied.

ADF DemNet

The DemNet project has played a significant role in building a critical mass of professional NGOs throughout the country and representing an array of sub-sectors. Its focus on internal capacity building has had a direct effect on external performance and impact of beneficiaries as well as their prospects for sustainability, which has increased their confidence levels. Its emphasis on networking and coalition building has had multiple positive effects, among them greater coordination and cooperation, improved opportunities for information-sharing and knowledge transfer, better leveraging of resources, and increased clout of the sector. Its support of NGO advocacy and civic initiatives has led to public-private partnerships and tangible outcomes, largely at lower levels of government and in the areas of health and social welfare. Through a variety of program components, it has also been able to build capacities and opportunities in rural and remote communities. While the ADF DemNet has built the capacity of a number of ISOs, more work is needed to evenly develop or adequately integrate the domestic infrastructure. Further work will also be needed to build the capacity of foundations; develop an inclusive association of training professionals and organizations; expand the number of organizations in a position to provide legal and technical advising and information and analysis pertinent to the sector, and; establish an effective coordination body at the national level.

CCI

Since the 2000 civil society assessment, CCI has matured professionally, building its organizational capacity, image, and funding base while maintaining a high level of external activity both at the grassroots and at higher levels. Organizational strength and confidence combined with a sound program methodology have produced significant results in the area of advocacy, although it needs to be acknowledged that relatively high levels of financial support by USAID/BiH and other donors have contributed to these achievements. CCI demonstrates leadership in approaches to advocacy and lobbying aimed at strengthening other institutions, whether government bodies or political parties, rather than just relying on individual contacts. It has also proven successful at building public constituencies for reform. Its cooperation with other NGO networks and ad hoc coalitions on a number of initiatives has helped to expand opportunities for participation, raise the profile of the sector, facilitate knowledge transfer, and provide for greater leveraging of resources. Given the value added, USAID/BiH should favor such cooperation over independent actions in the future. In the short term, the financial viability of the organization appears sound (in the next 5 years), although there is continued cause for concern in the long term. CCI will need to reduce its overall budget while increasing domestic resources to ensure its sustainability once the number of foreign donors and the scope of their support decline.

6   LESSONS LEARNED

This section presents a number of lessons learned. Given the complexity of the task at hand, however, it should not be considered fully inclusive of all the lessons that could be gleaned from the current assessment.

- A broad and flexible approach to civil society that incorporates groups of various types and across a range of sub-sectors contributes to a more diverse and vibrant civil society with a greater capacity to address a broad range of issues and interests.

- Program planning and design based on needs appraisals and participatory processes involving local stakeholders ensure realistic assessments of NGO capabilities, local conditions, and project applicability, which taken together ultimately produce better results.

- Integrated program designs that focus both on supply and demand contribute to more balanced development, thereby creating conditions for the establishment of real partnerships.

- Assistance aimed at improving the legal framework is key to the sustainability of the sector and to the success of other civil society interventions.

- Development of a domestic infrastructure to support civil society is necessary to move away from a dependency relationship with the international community, but this requires sequential and longer-term assistance.

- The provision of specially tailored training and technical assistance combined with sub-grants has a greater impact on organizational capacity than does the provision of grants or training alone particularly for less advanced NGOs.

- Investments in internal capacity building positively affect external performance and impact.

- Linking civil society assistance to bigger processes and systems allows NGOs and informal groups to more readily apply knowledge and skills and to understand their role within society.

- Time is a resource and should be factored into program planning and expectations.

- Efforts aimed at helping NGOs and government(s) to define and structure their relationship are central to achieving effective and sustained interaction.

7   RECOMMENDATIONS

This section contains recommendations for future interventions in support of civil society development along with a series of program options intended to inform and stimulate the Mission's upcoming strategic planning exercise. We offer these with several caveats. First, several programs recently approved by the Mission directly address many of the priority needs identified as part of the current assessment. This suggests that the Mission is on the right track. Second, there are more needs than can be met by any one donor, including USAID/BiH, especially as donor resources decline. This will necessitate greater coordination and integration of programming in the future. Third, the team is not aware of the precise level of funding available for civil society programming in the next five years. Finally, many of the recommendations and options are inter-related and mutually reinforcing, meaning that multiple activities can be accommodated under the umbrella of a specific organization's program, thereby easing the management burden on the Mission.

In general, the Mission should:

- Continue to employ a broad definition of civil society that ensures diversity and dynamism of the sector.

- Increasingly utilize and leverage existing resources within BiH and in the region by using local experts, supporting regional and in-country networks, providing for participant training programs (PTP) in the Balkans and CEE, and directly funding domestic NGOs when possible.

- Further cultivate local ownership of the sector's development and align Mission priorities with those stemming from domestic initiative.

- Use periodic field visits by CTOs to solicit stakeholder input, test the continued applicability of assumptions underlying program design, gauge progress, and identify tangible results.

- Contribute to the sustainability – and active engagement - of the sector, rather than focusing on the longevity of individual organizations.

- Continue to provide for strategically oriented and responsive programming with a focus on results orientation through flexible funding mechanisms and long-term funding cycles (three years) combined with periodic benchmarks.

- If possible, maintain a rapid response fund to better position the Mission to address important developments or seize upon opportunities.

- Identify the civil society element of programs falling under different IRs or SOs and, beginning at the conceptual phase, integrate various programming pillars or activities to provide for balanced development, effective public-private partnerships, and greater synergy.

- Coordinate with other donors and INGOs in the interests of leveraging resources, facilitating a strategic approach to civil society development, and achieving mutually-reinforcing results as IC funding levels decline and various actors withdraw.

All recommendations outlined below reflect the consensus of local stakeholders on priority needs in the coming five years and are offered with the intent of fostering increased domestic ownership of civil society development and improved conditions for the sustainability – and active engagement – of the sector.

Recommendation 1: Further develop and strengthen the legal and policy framework for civil society development through public-private partnerships.

Program Options:

- Continue to assist efforts to prepare new legislation on volunteers and donations and improve the legal definition of public benefit organizations (PBOs).

- Continue to reinforce efforts to press for reform of tax and fiscal policies that would provide for greater sustainability of the sector by reducing tax burdens on PBOs, stimulating philanthropy, encouraging income-generation, and providing for public financing.

- Support indigenous movement toward the adoption of a government policy on cooperation with NGOs, particularly at the state level, to define the relationship between - and respective roles and responsibilities of -government and the NGO sector.

- Should the above mentioned policy result in the creation of institutional mechanisms for government cooperation with NGOs, preferably at the state level, build capacity through the provision of training (including regional PTP), TA, and other necessary support.

- Provide for timely, proper, and consistent implementation of new laws and policies through training for civil servants, education of NGOs, and watchdog activities.

Recommendation 2: Encourage domestic NGOs to assume ownership of – and provide for – the development of civil society in the future.

Program Options:

- Support indigenous efforts that are inclusive, participatory, and strategically oriented to give a voice to the sector, i.e. to identify priorities, set the agenda, develop programming, articulate issues, and represent interests.

- Encourage indigenous movement toward self-regulation of the sector through the adoption and widespread application of such instruments as a code of conduct, quality assurance standards, certification programs, and monitoring and evaluation systems.

- Target assistance at capable, inclusive, and well-respected intermediary support organizations that constitute the domestic infrastructure, e.g. coordinating bodies, training organizations, resource centers, sub-sector networks, and/or foundations.

- Utilize domestic ISOs to continue to develop the capacity of weaker groups at the grassroots level.

Recommendation 3: Support efforts to expand and diversify the domestic funding base for NGOs.

Program Options:

- Based on lessons learned from year one of the philanthropy project, continue efforts to encourage individual philanthropy in support of NGO activities, build the fundraising capacity of lead NGOs across various sub-sectors, and ensure knowledge transfer benefiting the sector as a whole.

- In tandem with improving economic conditions and tax incentives, support activities aimed at fostering links between NGOs and businesses and encouraging corporate philanthropy.

- Work with government bodies to institute policies, procedures, and mechanisms to facilitate transparent and accountable public financing of NGOs via grants and/or social service contracts. Encourage knowledge transfer/replication of effective models especially at the municipal level.

- Link philanthropy activities to efforts to raise the visibility, improve public understanding, and promote a positive image of the sector as a whole, not just individual NGOs (see more below).

- Gradually step down funding levels to domestic NGO grantees/beneficiaries while requiring increasing levels of cost sharing.

- Undertake a more in-depth assessment of the prospects for foundation development in BiH. Depending upon the findings of this assessment, prepare and initiate a strategy for foundation development in coordination with other donors/implementing organizations promoting philanthropy.

Recommendation 4: Pursue a more comprehensive strategy to develop the public image of civil society.

Program Options:

- Sponsor a series of video programs, to be aired both on state and independent television, which explain the role of civil society within democracy, acquaint viewers with different types of groups that make up civil society, and showcase success stories from around the country.

- Foster increased links and cooperation between NGOs and associations of journalists and build awareness and understanding of the sector among journalists.

- Continue to develop the capacity of civil society actors to clearly articulate their message, forge and maintain relations with the media, and better appreciate media's needs, e.g. deadlines, 'sound bites' and newsworthiness.

Recommendation 5: Further build the capacity of civil society to engage in policy dialogue.

Program Options:

- Foster more informed participation by civil society by supporting efforts to increase access to information, develop skills in policy analysis and formulation, and vertical integration of policy research organizations and action-oriented networks at the grassroots level.

- Strengthen NGO networks defined by common issues and interest groups, particularly in sub-sectors where engagement has been lacking.

- Facilitate the consolidation and movement of issue-based initiatives or coalitions working at lower levels to a national forum.

- Link capacity building measures to systems and processes, e.g. PRSP, feasibility studies, development policies, etc. that allow for immediate application of skills and experience based learning.

- Ensure that support of issue-based advocacy by coalitions adequately provides for knowledge and skills transfer from stronger to weaker organizations.

- Support NGO approaches to advocacy that foster institutional development, e.g. government bodies and political parties, and that seek to create mechanisms for public-private partnership rather than relying disproportionately on individual contacts.

- Encourage watchdog activities by NGO networks as a means of improving implementation of reform oriented policies and laws.

Catherine Barnes: Since 1990, Ms. Barnes has worked on democracy and governance projects in 24 countries, primarily in Eastern Europe and the former Soviet Union.   Ms. Barnes' applies her expertise in organizational and mass communications and public information, outreach, and advocacy to political development, electoral reform, local governance, and NGO sector support projects. Her experience spans all facets of project realization from design and implementation to management (both at headquarters and in the field) and evaluation. Following employment at IRI and IFES, Ms. Barnes established her own consultancy in 1997.   She has worked with an array of partners in government, politics, advertising, mass media, academia, and civil society. She is the author of several articles on approaches to foreign aid and on political developments in the former Soviet Union and Yugoslavia.

Milan Mrdja: Mr. Mrdja was born on 27 July 1954 in Postojna, Republic of Slovenia. He graduated from the Faculty of Political Science, University of Sarajevo. For six years he has been working at the Civil Society Promotion Center (CSPC) in Sarajevo, serving as the organization's secretary and program manager. He has designed, managed, and implemented of a number of programs and operational projects related to the main areas of activity of CSPC.

Selma Sijercic: Ms. Sijercic was born on 22 October 1973 in Zenica, Bosnia and Herzegovina. For almost seven years, she has been involved in USAID funded democracy programs. Presently, she works as a Project Manager for USAID/BiH policy development, civil society development, and NGO legal reform programs. Previously, Ms. Sijercic worked for the International Rescue Committee (IRC) and USAID's Office of Transition Initiatives.

Mirjana Popovic: Ms. Popovic has been involved in USAID funded democracy programs for over three years now. Presently she works as a Project Manager for USAID/BiH Building of Philanthropy in Third Sector and Supporting Religious Reconciliation projects. Previously Ms. Popovic worked with different international organizations and diplomatic missions in BiH (Housing Verification and Monitoring – HVM; International Center for Migration Policy Development – ICMPD/RIC) and media (CBS News; CANAL +).

ANNEX II
LIST OF PERSONS INTERVIEWED FOR CIVIL SOCIETY ASSESSMENT IN BiH
2 – 21 MAY 2004

Note: *Most domestic NGOs participated in focus groups conducted in the four cities visited.*

SARAJEVO INTERVIEWS	
USAID/Bosnia	Howard Sumka, Michael Henning, Marc Ellingstad, John Seong, Caroline Brearley, Cvjetlana Derajic, Gene Ward (TDY)
Office of Public Affairs, US Embassy	Douglas Ebner, Irma Harambasic, and Rahela Dzidic
European Community	Paolo Scialla
OSCE	Sima Osdoby
OHR	Denisa Sarajlic-Maglic, Marsaili Fraser, and Archie Tuta
Open Society Fund	Hrvoje Batinic
Dutch Embassy	Jan De Boer
SIDA	Marie Larsson and
CRS	Greg Auberry and Melinda Burrell
DFID/British Embassy	Ruvejda Hadzihrustic and Sabina Dapo
UNDP	Hideko Shimoji
World Learning	Mike Wenzler
World Vision	Sue Birchmore and Claudia Bade
UMCOR	Andrea Zeravcic and John Farquharson
CIPE	Dana Southworth and Vivek Date
Urban Institute	Chris Miller
PADCO	Jon Thiele and Ana Jokic
CHF	Zoran Radic
Municipality Centar	Ljubisa Markovic
ICNL	Dragan Golubovic
ADF – DemNet/Izbor +	Tia Pausic and Tom McClure
	Elmida Saric, Zlatko Saric, Zlatan Mujanovic, Samir Ibesevic, Slavica Draskovic, Tihomir Knezicek, Aneza Cavdar
ICVA	Milan Miric
Women's Initiative BiH	Taib Bajramovic and Marijana Dinek
AEOBiH	Irena Hadziabdic
Assoc. of Drivers and Auto Mechanics	Muhamed Hamzagic
Center for Civil Society Promotion	Fadil Sero and Elvira Imsirevic
DISS	Jovo Janjic
DUGA	Anka Izetbegovic
Education Builds BiH	Mehmed Agic
Employer's Association FBiH	Azra Muric and Mersiha Kurspahic
Independent Union of Professional Journalists	Borka Rudic
NGO Foundation	Zoran Puljic and Renato Zrnic
OAZA	Haris Causevic
PROI	Amer Rastoder
Renesansa	Snjezana Rubcic
Union of Assoc. for Assistance to the Mentally Retarded FBiH	Haris Haveric
Women for Women International	Seida Saric
Association of Municipalities	Anton Stitic

BANJA LUKA INTERVIEWS	
RS Ministry of Economics	Aida Bogdan
CARE Intl.	John Crownover
IOCC	Gregory Manzuk and Tina Wolfe
NGO "Duga"	Stela Pavlovic
CCI	Igor Stojanovic
TI	Aleksandra Martinovic
Center for Information	Aleksandar Trifuncic
Helsinki Parliament	Lidija Zivenovic
Teledom Lakasi	Sasa Raditic
Teledom Kotor Varos	Predrag Pesic
MOSTAR INTERVIEWS	
NGO of Entrepreneurs	Vehbija Bilic
Women of BiH	Azra Hasanbegovic
Altruist	Dubravka Andric
Lijepa Nasa, Capljina	Marinko Dalmatin
Under the Same Sun,	Ozren Islamovic
Association of Entrepreneurs (Stolac)	Ernest Djonko
Malteser Hilfsdienst	Wolfgang J. Herdrt
City of Mostar	Sead Maslo, Predrag Supljeglav, Mirsad Saric, Mirsad
TUZLA INTERVIEWS	
CCI	Zlatan Ohranovic and Asmir Cilimkovic
Neda (Hope) Association	Senada Pasalic
Initiative 21	Rusmir Avdic
Referent Group	Sanela Sehic
BOSPO	Elvira Fatic
TALDI	Indira Prljaca
Prijateljice	Jasminka Tadic Husanovic
Red Cross	Jadranka Durakovic
Association of Paraplegics	Bozana Kubinek
Zemlja djece	Mirsada Bajramovic
Vesta NGO and Radio	Amra Seleskovic
Tuzla Municipality	Jasmin Imamovic, Safet Husanovic
Lukavac Municipality	Izudin Delikovic
Gracanica Municipality	Nusret Helic, Omer Hamzic
Gradacac Municipality	Ferhat Mustafic

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ANNEX IV: RELATIVE STRENGTHS AND WEAKNESSES OF VARIOUS USAID-FUNDED APPROACHES TO CIVIL SOCIETY BUILDING IN BiH

APPROACH ONE: COMMUNITY-BASED INITIATIVES THAT DO NOT ACTIVELY INVOLVE AN INDIGENOUS NGO[1] (for example some recipients of Dem Net II micro grants)	
Relative Strengths	*Relative Weaknesses*
Builds practical skills of ordinary citizens	Poor or no interface with NGOs
Focused (single or prioritized set of issues)	No assurance of continued activism
Provides coverage and may build democracy in rural/remote areas	No mechanism for program (institutional) sustainability
Sets the stage for potential organizational development	
Facilitates cooperation between local government and citizens	
APPROACH TWO: COMMUNITY-BASED INITIATIVES THAT ACTIVELY INVOLVE AN INDIGENOUS NGO (some ADF Dem Net II and CCI program components)	
Relative Strengths	*Relative Weaknesses*
All strengths listed under approach one	Risk that NGO will perpetuate 'middle-man' role rather than fostering direct links or independent capacities
NGO mechanism for continued activity, community support, and TA	
Access to broader NGO community	
Allows for concentration of resources that may enhance NGO impact	
APPROACH THREE: SUPPORT AND STRENGTHEN THE INDIGENOUS NGO SECTOR (for example ADF Dem Net II)	
Relative Strengths	*Relative Weaknesses*
Helps to build the capacity and viability of NGO beneficiaries	May foster dependency
Contributes to the creation of a critical mass of professional NGOs	Can contribute to elitism and exclusivity
Leverages local resources and international investments	May result in greater orientation toward donor than to citizens
Encourages networking and collective action	
Elevates the status of the sector	
Builds leadership within the sector	

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[1] These strengths and weaknesses of this approach are barely changed from those identified in 2000. See *Civic Participation and Organizing Assessment*, 30 March 2000, pp. 23-24.

APPROACH FOUR: ISSUE ADVOCACY BY A SINGLE NGO (one component of CCI)	
Relative Strengths	*Relative Weaknesses*
Streamlined decision-making can lead to more rapid action	Broad rather than focused approach to advocacy may not be sustainable
Specialized leadership built within NGO	May contribute to exclusive or elitist approach
Brand developed (specifically recognized as change agent)	May isolate NGO from broader sector
	No information-sharing or knowledge transfer between NGOs
	No leveraging of resources
	Risk that approach will not be strategic or that impact will be limited

APPROACH FIVE: ISSUE ADVOCACY CARRIED OUT BY A COALITION (a component of both of CCI and ADF Dem Net II)	
Relative Strengths	*Relative Weaknesses*
Inclusive and participatory approach	Consensual decision-making and planning takes more time
Provides for information-sharing and knowledge transfer	Failure to reach consensus among members can derail effort
Elevates status of the *sector* vis-à-vis government	Greater effort and capacity required to manage and maintain coalition
Leverages resources of coalition members	Uneven capacity among members may equate to uneven participation
Ensures broad-based buy-in to results	

APPROACH SIX: POLICY DIALOGUE THROUGH PUBLIC/PRIVATE COLLABORATION (primarily although not exclusively illustrated by ICNL)	
Relative Strengths	*Relative Weaknesses*
Empowers participating NGOs to influence reforms affecting them	Lack of political will by government actors, may frustrate effort
Provides the opportunity for focused activity that has tangible results	Reforms may not be implemented in a timely or consistent fashion
Provides a clear point of access to information and decision-makers	
Helps to formalize and professionalize government-NGO relationship	
Contributes to more informed decision-making by officials	
Helps to raise the status of the sector vis-à-vis government partners	