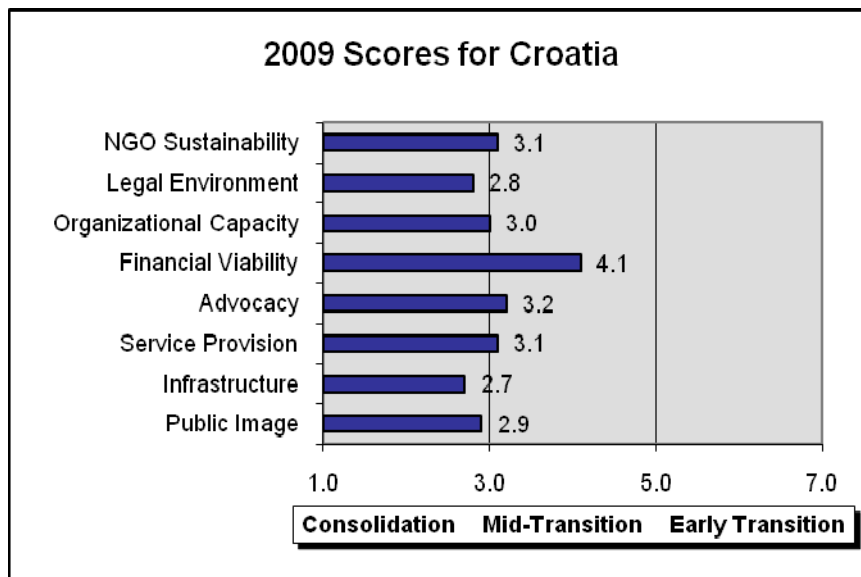


# CROATIA



**Capital:** Zagreb

**Polity:**  
Presidential/Parliamentary  
Democracy

**Population:**  
4,486,881 (July 2010 est.)

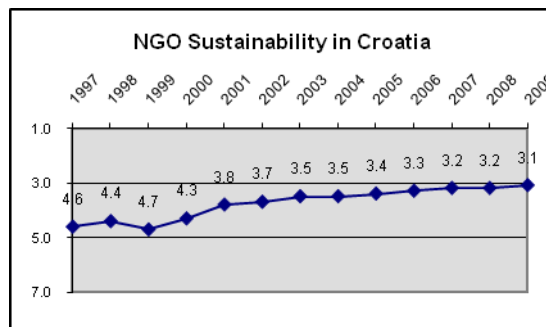
**GDP per capita (PPP):**  
\$17,600 (2009 est.)

## NGO SUSTAINABILITY: 3.1

The adoption of policy documents such as the National Strategy for the Creation of an Enabling Environment for Civil Society Development, the Operational Plan for Implementation of the Civil Society Strategy, and the Code of Good Practices in Public Financing of NGOs further improved the legal, institutional and financial frameworks for civil society and increased the transparency of government grantmaking. These documents provide a framework which enables NGOs to structure their activities more effectively and provides them with the opportunity to plan their activities in accordance with their goals and relevant government assistance. This framework has led to a more sustainable and proactive approach by NGOs.

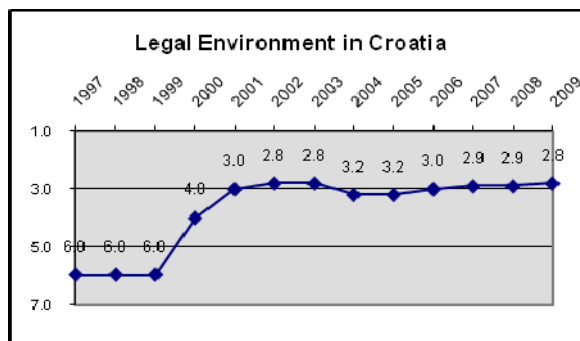
Financial viability remains the weakest aspect of NGO sustainability in Croatia. Despite the harsh impact of the global financial crisis on the Croatian economy, NGOs received significant support from local and national governments

and other domestic sources. Initial signs that NGOs are adjusting to the financial crisis are visible. Since the majority of foreign donors closed their offices in Croatia, EU pre-accession funds remain the only significant foreign funding source in the country, yet some other opportunities are emerging.



In 2009, there were more than 37,000 registered civil society organizations, including NGOs, sports and religious organizations.

## LEGAL ENVIRONMENT: 2.8



The legal environment for NGOs in Croatia slightly improved as a result of progress achieved in the process of preparing for EU accession. The legal framework has been harmonized with *acquis communautaire*, the legal basis of the European Union, which encompasses EU treaties, laws, declarations, resolutions, and international agreements.

The Code of Good Practices in Public Financing of NGOs, adopted in 2007, proved to be a valuable tool for standardizing funding procedures. The code regulates state administrative bodies' basic standards and practices in the procedure of allocating state budget funds to NGOs for the implementation of programs and projects in the public interest. Donors are complying with the provisions of the code, ensuring that available resources are used efficiently, rationally, and transparently when allocating funds to NGOs. A manual for implementation of the code was published in cooperation between the government Office for Cooperation with NGOs and the National Foundation for Civil Society Development

## ORGANIZATIONAL CAPACITY: 3.0

In 2009, NGOs maintained their organizational capacities through training and technical assistance supported by different mechanisms, mainly EU pre-accession funds. The National Foundation for Civil Society Development established the Program of Regional Development and Strengthening of the Capacities of Civil Society Organizations on the Local and Regional Levels. The program targets

(NFCSD), providing useful examples of good practice and suggestions to relevant stakeholders.

The Code of Consultation was adopted in 2009 and emerged from the goals of the National Strategy, which was adopted in 2006. The final text of the Code of Consultation was the result of a broad consultation process that the Office for Cooperation with NGOs and the Council for Civil Society Development conducted with numerous NGOs. The code should help ensure the involvement of NGOs in decision-making processes, as it defines and recommends the ways in which the consultation processes should be managed in order to involve representatives of all interested parties.

Humanitarian organizations, political parties, trade unions, chambers of industry, religious communities, and medical and cultural institutions remain exempt from the 23 percent VAT (which used to be 22 percent), while advocacy, watchdog, human rights and peace organizations are not. NGOs are exempt from paying taxes on grants and donations as long as the funds are used to further the organization's nonprofit activities. An NGO is only permitted to have income from grants and donations if it establishes a company, in which case its income is not exempt from VAT. NGOs are permitted by law to compete for government contracts and procurement opportunities at the central and local levels, an opportunity used primarily by social services NGOs.

both registered and unregistered organizations and civic initiatives, and is conducted in partnership with five regional networks of NGOs, which disseminate information to NGOs and provide free consultations and training.

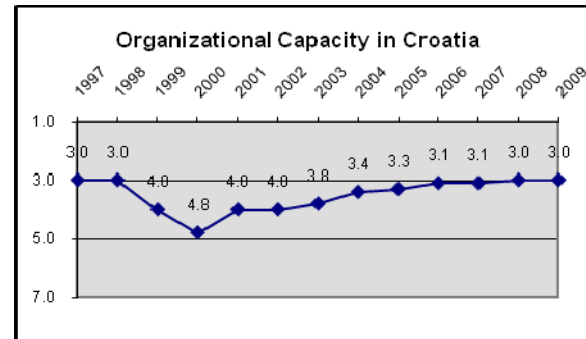
Several Croatian universities continued to offer courses that focus on NGOs, covering subjects

such as marketing and accounting for nonprofit organizations.

NGOs are starting to recognize strategic plans as necessary. NGOs have also advanced in terms of introducing clear divisions of roles and responsibilities in management and supervisory structures, although there are still cases of conflicts of interest among steering committee members who are also employees or members of NGOs. Many NGOs promote their transparency and openness through websites, annual reports, and public events.

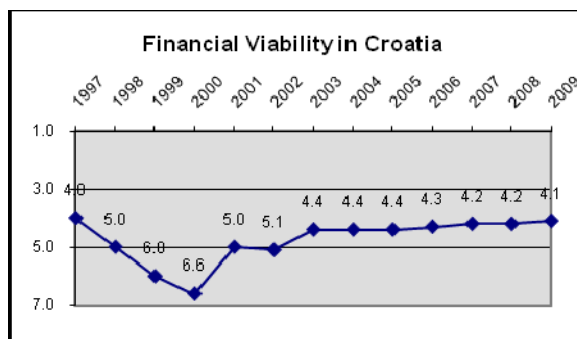
There are hopes that the recent decrease in the employment rate as a result of the global financial crisis could result in a higher number of people engaged in NGO-related activities,

improving the labor market for NGOs, and stopping or at least reducing the significant migration of professional personnel from the NGO sector to other sectors. The financial instability of smaller NGOs leads professional and educated staff to migrate to bigger NGOs that can offer long-term employment.



### FINANCIAL VIABILITY: 4.1

The NFCSD retained its position as the largest donor oriented towards institutional support, enabling NGOs to focus more on their basic activities and programs rather than working from project to project. The NFCSD has continued to decentralize its funding, signing agreements with four regional foundations responsible for managing community grants programs in their specific regions, which contributed to the diversification of funding and initiated a re-granting model. The NFCSD Program of Decentralization of Grants for Civil Society Development in the Republic of Croatia, in partnership with four regional foundations, streamlines the process of funding short-term civic initiatives at the local level.



Various ministries and government offices implement grant programs from state budget

sources. The Ministry of Health and Social Welfare supported disabled persons' NGOs, the Ministry of Culture supported cultural NGOs, and the Ministry of Science, Education and Sport supported scientific and professional NGOs.

Along with the EU Instrument for Pre-Accession Assistance (IPA), the Europe for Citizens program was recently opened to applicants from Croatia. The aim of the program is to give citizens the opportunity to participate in constructing a more integrated Europe, develop a sense of European identity, and enhance mutual understanding between Europeans by promoting cultural and linguistic diversity. The Office for Cooperation with NGOs coordinates the program and functions as the Europe for Citizens Contact Point. Numerous presentations of the program made information available to all interested NGOs.

The Anna Lindh Foundation, which is funded by forty-three Euro-Mediterranean countries and aims to promote intercultural dialogue and respect for diversity, was another source of NGO funding. The foundation leads regional initiatives and supports local NGO activities. In early 2009, the Croatian national network of the Anna Lindh Foundation, entitled the Croatian

Network for Cooperation in Euro-Mediterranean, was established at the recommendation of the Ministry of Foreign Affairs and European Integration. The NFCSD heads the forty-four member network and coordinates its activities to promote human rights and fundamental freedoms.

### ADVOCACY: 3.2

NGOs and national and local governments continued to cooperate. NGO representatives regularly participate in parliamentary committees on human rights, prevention of corruption, security, environmental protection, minorities, youth and other issues. Several NGO representatives are members of the Croatian National Television (HRT) Program Council, the body that regulates the programming of the only national public television network. The NGO members of the council orchestrated a public debate regarding alleged human rights violations that occurred within HRT when certain journalists were reportedly subjected to internal censorship, contributing to a wider discourse on the mass media and their role in society.

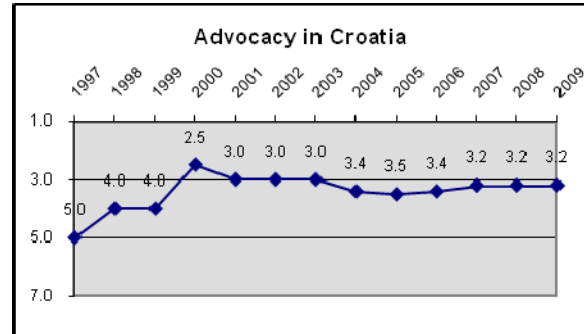
The government and a small group of NGO representatives developed a number of legal reform initiatives. NGOs are actively recommending policy changes and participating in implementation of the National Strategy for the Creation of an Enabling Environment for Civil Society Development. Priority issues for the sector still include the NGO-government consultation process, NGO public benefit status, and improvements to the Law on Funds and Foundations.

Large and well-developed advocacy NGOs are effective advocates for the public interest, are increasingly organized around formal or

### SERVICE PROVISION: 3.1

In 2009, very few NGOs used self-financing activities, including providing services for fees, as their primary source of funding. Some new networks of service providers are emerging in

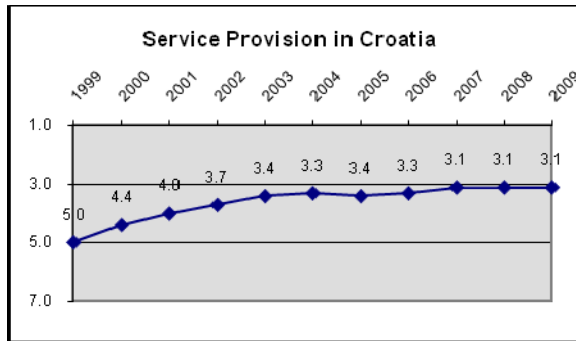
Even though the business sector increasingly engages in socially responsible behavior, in some cases businesses used the economic situation as an excuse not to increase the level of donations to NGOs. In other cases businesses were truly hard hit by the recession and remained minor supporters of NGOs in 2009.



informal coalitions, and take part in EU-based platforms, alliances and networks. For example, women's rights groups are engaged in an anti-domestic violence campaign, Transparency International Croatia advocates against corruption, and Green Action (Croatian members of the international Friends of the Earth network) stages protests and actions related to the problem of pollution. Smaller NGOs still lack the capacity and professional knowledge for such activities.

The main obstacles to establishing stronger partnerships between NGOs and state institutions are NGOs' weak influence on the decision-making process (although this depends on which level of government NGOs are interacting with), local authorities' lack of capacity and lack of interest, the uncertain sustainability of civil society organizations, and the lack of adequately trained staff both in NGOs and government.

the areas of community and rural development, such as the informal Network for Rural Development, which focuses on social contracting on the local and national levels.



The Office for Cooperation with NGOs has launched a process of consultations with administrative bodies and other relevant stakeholders on improving the system of

contracting NGOs to provide social services with funding from the state budget and gambling revenues. A working group was formed that will seek to elaborate the Proposal for Improvement of the System of Contracting Social Services of Public Interest with Civil Society Organizations, a document that will serve as a guide for all stakeholders in establishing more transparent and efficient social services provision.

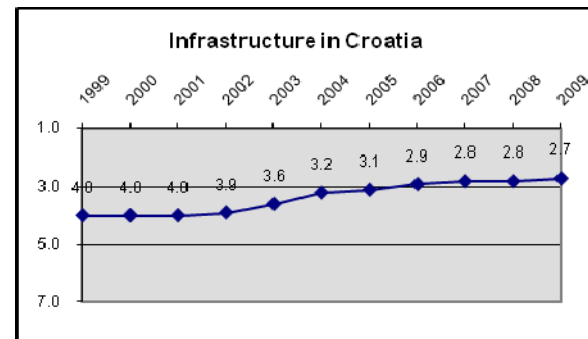
While specialized NGOs could provide many social services, complementing or matching state efforts, in many cases local authorities and other relevant stakeholders lack sufficient interest. Training organizations continue to be the most successful in terms of cost recovery.

## INFRASTRUCTURE: 2.7

As the strongest grantmaking organization in Croatia, the NFCSD continues to provide support services to NGOs. The NFCSD program operates through focal points in key regions and provides various types of training, networking, technical assistance, and clearinghouse services. The NFCSD Program for Regional Development and Strengthening of Civil Society Organizations on the Local and Regional Levels is a network of associated partners and provides an infrastructure to direct existing capacities and financial support towards the regional development of civil society. Newly established community foundations are active in raising funds and distributing grants for smaller NGO projects. The NFCSD also supports capacity development of these smaller foundations.

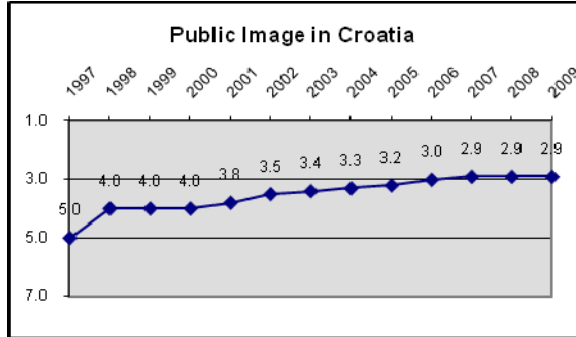
The NFCSD Cross-Sectoral Cooperation Program, implemented through IMPACT–European Centre for Cross-Sectoral Partnership in Zadar, aims to establish the first center of excellence in Southeastern Europe for training on cross-sector cooperation, promoting partnerships between the public, business and NGO sectors on both national and regional levels. The core of IMPACT's operation consists of training programs for representatives of the public, business and NGO sectors; the

organization of public discussions concerning cross-sector cooperation; and interdisciplinary research, expert assistance, consulting services and publishing.



The NFCSD, together with the IMPACT Centre and in cooperation with European Citizen Action Service, established a regional representation office in Brussels, the IMPACT Office for Cross-Sector Partnership and Civic Dialogue. The office will collaborate with different European associations and networks to develop partnerships and joint initiatives with NGOs from the Southeast Europe region, as well as advocate for NGOs from the region and defend their interests with the European Union institutions.

## PUBLIC IMAGE: 2.9



The public image of NGOs continued to improve gradually as a result of NGOs' increasing efforts to inform the public about their role in society and their advocacy efforts. For example, Transparency International Croatia used jumbo posters focusing on the fight against corruption, and women's rights groups aired TV spots on the problem of domestic violence.

The NFCSD continued to support almost thirty projects focused on nonprofit media, broadening

the audience for information about NGO activities. These projects included radio and TV shows as well as major Internet portals. The new Non-Profit Media Cooperation Program will provide long-term financial support for the most influential and advanced not-for-profit media projects.

Both commercial and public media outlets recognized NGO leaders as experts on specific issues. Media coverage of NGO activities was mostly positive, although sometimes criticism prevailed. This was mainly because of the lack of a proactive approach by NGOs, but sometimes also resulted from the lack of funding that NGOs dedicated to media activities. The planned comprehensive digitalization of TV channels and the anticipated increase in specialized and content-heavy programs as a result of this process may provide new possibilities for the promotion of NGOs.